

REFERENCE TITLE: urban revenue sharing; small municipalities

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SB 1334

Introduced by
Senators O'Halleran, Aguirre, Miranda, Rios; Representatives Rios P: Burns
J, Konopnicki

AN ACT

AMENDING SECTION 43-206, ARIZONA REVISED STATUTES; RELATING TO URBAN REVENUE SHARING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-206, Arizona Revised Statutes, is amended to
3 read:

4 43-206. Urban revenue sharing fund; allocation; distribution

5 A. There is established an urban revenue sharing fund. ~~For fiscal~~
6 ~~year 2000-2001 and fiscal year 2001-2002, the urban revenue sharing fund~~
7 ~~shall consist of an amount equal to fifteen per cent of the net proceeds of~~
8 ~~the state income taxes for fiscal year 1998-1999 and 1999-2000, respectively.~~
9 ~~For fiscal years 2002-2003 and 2003-2004, the fund shall consist of an amount~~
10 ~~equal to fifteen per cent of the amount of monies transferred pursuant to law~~
11 ~~in fiscal year 2000-2001 and 2001-2002, respectively, from the budget~~
12 ~~stabilization fund to the tax refund account of the state general fund plus~~
13 ~~fourteen and eight-tenths per cent of the net proceeds of the state income~~
14 ~~taxes, not including any amounts transferred from the budget stabilization~~
15 ~~fund to the tax refund account, for fiscal year 2000-2001 and 2001-2002,~~
16 ~~respectively. For fiscal year 2004-2005 and each fiscal year thereafter, The~~
17 fund shall consist of an amount equal to fifteen per cent of the net proceeds
18 of the state income taxes for the fiscal year two years preceding the current
19 fiscal year PLUS A SUPPLEMENTAL AMOUNT APPROPRIATED FROM THE STATE GENERAL
20 FUND BY THE LEGISLATURE TO ASSURE SUFFICIENT MONIES FOR DISTRIBUTION FOR THE
21 PURPOSES OF SUBSECTION B, PARAGRAPH 3 OF THIS SECTION. The fund shall be
22 distributed to incorporated cities and towns as provided in this section.
23 The transfer of net proceeds prescribed by section 49-282, subsection B does
24 not affect the calculation of net proceeds prescribed by this subsection.

25 B. BEGINNING IN FISCAL YEAR 2008-2009, THE MONIES IN THE FUND SHALL BE
26 DISTRIBUTED AMONG CITIES AND TOWNS IN TWO CLASSES. Each city or town IN EACH
27 CLASS shall share in the urban revenue sharing fund in the proportion that
28 the population of each bears to the population of all CITIES AND TOWNS IN
29 THAT CLASS. Except as provided by sections 42-5033 and 42-5033.01, the
30 population of a city or town as determined by the most recent United States
31 decennial census plus any revisions to the decennial census certified by the
32 United States bureau of the census shall be used as the basis for
33 apportioning monies pursuant to this subsection. THE JOINT LEGISLATIVE
34 BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND
35 BUDGETING SHALL JOINTLY APPORTION THE MONIES IN THE FUND AMONG THE CLASSES AS
36 FOLLOWS:

37 1. COMPUTE THE PERCENTAGE OF TOTAL URBAN REVENUE SHARING MONIES
38 DISTRIBUTED IN FISCAL YEAR 2007-2008 AMONG CITIES AND TOWNS WITH A POPULATION
39 OF MORE THAN ONE HUNDRED THOUSAND PERSONS AND AMONG CITIES AND TOWNS WITH A
40 POPULATION OF ONE HUNDRED THOUSAND PERSONS OR LESS.

41 2. COMPUTE AN AMOUNT FOR DISTRIBUTION FOR THE CURRENT FISCAL YEAR
42 AMONG CITIES AND TOWNS WITH A POPULATION OF MORE THAN ONE HUNDRED THOUSAND
43 PERSONS BY APPLYING THE PERCENTAGE COMPUTED UNDER PARAGRAPH 1 TO THE URBAN
44 REVENUE SHARING DISTRIBUTIONS DERIVED FROM FIFTEEN PER CENT OF THE ACTUAL NET
45 PROCEEDS OF THE STATE INCOME TAXES FOR THE FISCAL YEAR TWO YEARS PRECEDING
46 THE CURRENT FISCAL YEAR.

1 3. COMPUTE AN AMOUNT FOR DISTRIBUTION FOR THE CURRENT FISCAL YEAR
2 AMONG CITIES AND TOWNS WITH A POPULATION OF ONE HUNDRED THOUSAND PERSONS OR
3 LESS AS FOLLOWS:

4 (a) COMPUTE AN AMOUNT THAT WOULD BE PRODUCED BY APPLYING THE STATE
5 INCOME TAX RATES AND TAXABLE INCOME BRACKETS IN EFFECT FOR TAXABLE YEARS
6 BEGINNING FROM AND AFTER DECEMBER 31, 2004 THROUGH DECEMBER 31, 2005, AS
7 PROVIDED BY SECTION 43-1011, PARAGRAPH 3 AND SECTION 43-1111, AGAINST THE
8 ACTUAL TAXABLE INCOME REPORTED FOR STATE INCOME TAX PURPOSES FOR THE FISCAL
9 YEAR TWO YEARS PRECEDING THE CURRENT FISCAL YEAR.

10 (b) APPLY THE PERCENTAGE COMPUTED IN PARAGRAPH 1 TO FIFTEEN PER CENT
11 OF THE AMOUNT COMPUTED UNDER SUBDIVISION (a).

12 (c) THE AMOUNT FOR DISTRIBUTION FOR THE CURRENT FISCAL YEAR AMONG
13 CITIES AND TOWNS WITH A POPULATION OF ONE HUNDRED THOUSAND PERSONS OR LESS
14 SHALL BE THE AMOUNT COMPUTED UNDER SUBDIVISION (b) OR THE ACTUAL AMOUNT
15 DISTRIBUTED AMONG CITIES AND TOWNS WITH A POPULATION OF ONE HUNDRED THOUSAND
16 PERSONS OR LESS IN FISCAL YEAR 2007-2008, WHICHEVER IS GREATER.

17 4. IF A CITY'S OR TOWN'S POPULATION INCREASES ABOVE ONE HUNDRED
18 THOUSAND PERSONS OR DECREASES TO ONE HUNDRED THOUSAND PERSONS OR LESS, THE
19 CITY OR TOWN SHALL BE PLACED IN THE NEW CLASS UNDER PARAGRAPH 2 OR 3 IN THE
20 FIRST FISCAL YEAR AFTER THE NEW POPULATION IS ESTABLISHED.

21 C. The treasurer, upon instruction from the department, shall
22 transmit, no later than the tenth day of each month, to each city or town an
23 amount equal to one-twelfth of that city's or town's total entitlement for
24 the current fiscal year from the urban revenue sharing fund as determined by
25 the department.

26 D. A newly incorporated city or town shall share in the urban revenue
27 sharing fund beginning the first month of the first full fiscal year
28 following incorporation.

29 E. On receipt of a certificate of default from the greater Arizona
30 development authority pursuant to section 41-1554.06 or 41-1554.07, the state
31 treasurer, to the extent not otherwise expressly prohibited by law, shall
32 withhold from the next succeeding distribution of monies pursuant to this
33 section due to the city or town the amount specified in the certificate of
34 default and immediately deposit the amount withheld in the greater Arizona
35 development authority revolving fund. The state treasurer shall continue to
36 withhold and deposit the monies until the authority certifies to the state
37 treasurer that the default has been cured. In no event shall the state
38 treasurer withhold any amount that is necessary, as certified by the
39 defaulting political subdivision to the state treasurer and the authority, to
40 make any required deposits then due for the payment of principal and interest
41 on bonds of the political subdivision that were issued prior to the date of
42 the loan repayment agreement or bonds and that have been secured by a pledge
43 of distributions made pursuant to this section.

44 Sec. 2. Effective date; application

45 This act is effective from and after June 30, 2008 and applies to urban
46 revenue sharing fund distributions beginning in fiscal year 2008-2009.