



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED

FACT SHEET FOR S.C.R. 1049

~~educational opportunities; children; support~~
(NOW: fire districts; funding; TPT increment)

As passed by the Senate, S.C.R. 1049 expressed the Legislature's support for opportunities in education for all children.

The House of Representatives adopted a strike-everything amendment that does the following:

Purpose

Subject to voter approval, statutorily establishes an additional 0.1 percent transaction privilege tax (TPT) and use tax on certain business classifications for a period of 20 years and requires the collections to be deposited in the Fire District Safety Fund (Fund). Prescribes payments to fire districts from the Fund and an order of priority for the payments.

Background

A fire district is a special taxing district funded through statutorily authorized secondary property tax levies. A county board of supervisors (county BOS) must levy a tax on all taxable property within the district's boundaries based on the fire district's annual budget, which may not exceed the lesser of: 1) for TY 2022, \$3.375 per \$100 of assessed valuation and, for TY 2023 and thereafter, \$3.50 per \$100 of assessed valuation; or 2) the amount of the levy in the previous tax year multiplied by 1.08. In an override election, the electors of a fire district may authorize a fire district board to levy a tax exceeding the limit under certain circumstances.

A county BOS may also levy a fire district assistance tax (FDAT) on all taxable property within a county, capped at \$0.10 per \$100 of assessed valuation. The FDAT is paid by the county treasurer to the fire district in an amount up to 20 percent of the fire district's property tax levy, with certain exceptions ([A.R.S. § 48-807](#)).

All gross receipts are subject to tax under 1 of the 16 classifications of TPT, unless specifically exempted or excluded by statute. The state TPT rate for most classifications is 5.6 percent, which includes a 0.6 percent additional amount for education ([A.R.S. Title 42, Chapter 5, Articles 2 and 4](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Establishes an additional 0.1 percent TPT and use tax on the following business classifications from January 1, 2023, through December 31, 2042:
 - a) transporting classification;
 - b) utilities classification;
 - c) telecommunications classification;
 - d) pipeline classification;
 - e) private car line classification;
 - f) publication classification;
 - g) job printing classification;
 - h) prime contracting classification;
 - i) amusement classification;
 - j) restaurant classification;
 - k) personal property rental classification; and
 - l) retail classification
2. Requires a taxpayer to pay the additional 0.1 percent tax in the same manner as other TPT and use tax payments.
3. Requires ADOR to separately account for the revenues collected from the additional 0.1 percent tax and to deposit the monies in the Fund.
4. Establishes the Fund, administered by the State Treasurer, consisting of the additional 0.1 percent tax, private donations and interest.
5. Requires the State Treasurer to transfer monies from the Fund to pay:
 - a) the actual reasonable costs incurred by the State Treasurer to administer the Fund;
 - b) the actual reasonable costs incurred by ADOR to impose and collect the additional 0.1 percent tax; and
 - c) any other mandatory expenditure of state revenues required to implement the Fund and the additional 0.1 percent tax.
6. Requires the State Treasurer, at the end of each month and after Fund administration payments, to transfer monies to each fire district as follows:
 - a) in initial distributions, in proportion to each fire district's most recent finally equalized valuation of all real property appearing on the tax roll in the current year (current year valuation) in an amount not to exceed 3 percent of the total initial distributions transferred to all fire districts each month;
 - b) in second distributions of the remaining monies, to fire districts that received less than 3 percent of the total initial distributions, in proportion to those fire district's current year valuation in an amount not to exceed 3 percent of the total secondary distributions; and
 - c) in final distributions of any remaining monies divided equally between all fire districts.
7. Specifies that monies transferred to a fire district from the Fund:
 - a) for a district that does not participate in a joint power authority (JPA), must be deposited in the fire district's general fund kept by the county treasurer;

- b) for a district that participates in a JPA, must be deposited in the JPA's general fund kept by the county treasurer;
 - c) may be deposited in the relevant government funds
8. Allows the State Treasurer to prescribe forms necessary to make transfers from the Fund.

Miscellaneous

9. Designates this legislation as the *Arizona Fire District Safety Act* (Act).
10. Directs the State of Arizona to defend the Act if approved by the voters and subsequently challenged in court.
11. Grants any Arizona resident standing to initiate or intervene in any action or proceeding to enforce or defend the Act if the Attorney General:
- a) fails to defend or enforce the Act; or
 - b) fails to appeal an adverse judgment against the Act's validity or application.
12. Requires the court to award fees and expenses to the prevailing Arizona resident who initiates or intervenes in any action or proceeding to enforce or defend the Act.
13. Contains a statement of legislative intent and a severability clause.
14. Defines terms.
15. Makes technical and conforming changes.
16. Requires the Secretary of State to submit the proposition to the voters at the next general election.
17. Becomes effective if approved by the voters and on proclamation of the Governor.

Amendments Adopted by the House of Representatives

- Adopted the strike-everything amendment relating to fire district funding.

House Action

LARA	3/21/22	DPA/SE	8-1-1-1
3 rd Read	6/22/22		34-25-1

Prepared by Senate Research
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MG/slp