

House Engrossed

governor's declaration; fiscal impact analysis

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

HOUSE BILL 2587

AN ACT

AMENDING SECTION 9-626, ARIZONA REVISED STATUTES; RELATING TO CONVENTION
CENTER DEVELOPMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-626, Arizona Revised Statutes, is amended to
3 read:

4 9-626. Construction progress reports; auditor general
5 performance measures

6 A. The eligible city shall report progress on the development of
7 any eligible project to the joint committee on capital review twice
8 annually during construction of the eligible project.

9 B. Within five years after the filing of the certificate of
10 completion of construction of an eligible project pursuant to section
11 9-622, and after consultation with the eligible city, the auditor general
12 shall conduct or contract for an economic and fiscal impact analysis of
13 the eligible project in its fifth year of operation following the filing
14 of the certificate of completion of construction. At a minimum, the
15 analysis shall:

16 1. Estimate the effects of direct, indirect and induced economic
17 activity in this state associated with:

18 (a) Regional and national conventions and trade shows held at the
19 site of the eligible project, the total amount of state general fund
20 revenues derived from that economic activity and the estimated average
21 annual attendance at those events assuming:

22 (i) The eligible project had not been completed.

23 (ii) The eligible project has been completed.

24 (b) The construction of the eligible project and the total amount
25 of state general fund revenues derived from the construction activity.

26 2. Compute the total cumulative amount of distributions pursuant to
27 section 9-602 for the first through fifth years following the filing of
28 the certificate of completion of construction for the eligible project
29 pursuant to section 9-622 and from the first through each subsequent fifth
30 year.

31 3. Compute the net cumulative distributions for the eligible
32 project by subtracting the amount determined pursuant to paragraph 1,
33 subdivision (b) of this subsection from either the amounts determined
34 pursuant to paragraph 2 of this subsection or, if applicable, the amount
35 of state monies paid under a lease purchase agreement pursuant to section
36 41-791.04.

37 4. Based on the analysis conducted pursuant to this subsection,
38 estimate the minimum required attendance at the eligible project for the
39 fifth year following the filing of the certificate of completion of
40 construction of an eligible project pursuant to section 9-622 and each
41 year thereafter. The estimates shall be computed as follows:

42 (a) Divide the total state general fund revenues estimated pursuant
43 to paragraph 1, subdivision (a), item (ii) of this subsection by the
44 attendance estimated pursuant to paragraph 1, subdivision (a), item (ii)
45 of this subsection.

1 (b) Divide the net cumulative distribution amounts for the fifth
2 year following the filing of the certificate of completion of construction
3 of an eligible project pursuant to section 9-622 and each year thereafter
4 computed pursuant to paragraph 3 of this subsection by the quotient
5 computed pursuant to subdivision (a) of this paragraph.

6 (c) Add the average annual attendance estimated pursuant to
7 paragraph 1, subdivision (a), item (i) of this subsection to each of the
8 quotients determined pursuant to subdivision (b) of this paragraph. The
9 resulting sums are the minimum required attendance amounts for each year.

10 C. Beginning in the fifth calendar year following the filing of the
11 certificate of completion of construction of an eligible project pursuant
12 to section 9-622 and each year thereafter, the auditor general shall:

13 1. Estimate the average annual attendance at regional and national
14 conventions and trade shows held at the site of the eligible project using
15 any appropriate method to estimate the attendance. The eligible city
16 shall cooperate with and assist the auditor general in developing the
17 estimates.

18 2. Compute the ratio of the cumulative sum of the estimated
19 attendance amounts developed pursuant to paragraph 1 of this subsection
20 for all years through the current year to the cumulative sum of the
21 minimum required attendance amounts for those years computed pursuant to
22 subsection B, paragraph 4, subdivision (c) of this section.

23 3. Notify the president of the senate, the speaker of the house of
24 representatives and the governor of:

25 (a) The minimum required attendance amounts for those years
26 computed pursuant to subsection B, paragraph 4, subdivision (c) of this
27 section.

28 (b) The attendance estimate developed pursuant to paragraph 1 of
29 this subsection.

30 (c) The ratio computed pursuant to paragraph 2 of this subsection.

31 D. Except as provided in ~~paragraph~~ PARAGRAPHS 4 AND 5 of this
32 subsection, if the ratio computed pursuant to subsection C, paragraph 2 of
33 this section is less than one:

34 1. The auditor general shall compute the difference between the
35 estimated state general fund revenues and the net cumulative distributions
36 by multiplying the net cumulative distributions computed pursuant to
37 subsection B, paragraph 3 of this section by the difference between the
38 ratio computed pursuant to subsection C, paragraph 2 of this section and
39 one.

40 2. The auditor general shall notify the state treasurer of:

41 (a) The ratio computed pursuant to subsection C, paragraph 2 of
42 this section.

43 (b) The difference computed pursuant to paragraph 1 of this
44 subsection.

1 3. At the time of the next regularly scheduled distribution, the
2 state treasurer shall withhold from the amount that would otherwise be
3 distributed to the eligible city pursuant to section 42-5029 an amount
4 equal to the amount stated in the notice received pursuant to paragraph 2
5 of this subsection. If the amount available for distribution is less than
6 the amount to be withheld, the state treasurer shall continue withholding
7 from subsequent distributions until the full amount stated in the notice
8 has been withheld.

9 4. The eligible city may request and the auditor general shall
10 conduct or contract for a complete economic and fiscal impact analysis of
11 the eligible project. If an analysis is requested:

12 (a) The auditor general shall not notify the state treasurer
13 pursuant to paragraph 2 of this subsection, and the state treasurer shall
14 not withhold pursuant to paragraph 3 of this subsection, pending
15 completion of the analysis.

16 (b) The analysis shall be similar to the analysis described in
17 subsection B of this section, except that the analysis shall examine the
18 operations of the eligible project in the year for which the ratio is less
19 than one.

20 (c) The analysis, at a minimum, shall estimate the total cumulative
21 incremental revenues to the state general fund resulting from the
22 completion of the eligible project including the revenues resulting from
23 the construction activity associated with the completion of the eligible
24 project.

25 (d) And the analysis demonstrates that the total cumulative
26 incremental revenues to the state general fund exceed the total cumulative
27 amount of distributions pursuant to section 9-602 as computed in
28 subsection B, paragraph 3 of this section, the auditor general shall not
29 notify the state treasurer pursuant to paragraph 2 of this subsection and
30 the state treasurer shall not withhold pursuant to paragraph 3 of this
31 subsection.

32 (e) And the analysis demonstrates that the total cumulative
33 incremental revenues to the state general fund are less than the total
34 cumulative amount of distributions pursuant to section 9-602 as computed
35 in subsection B, paragraph 3 of this section:

36 (i) The auditor general shall subtract the amount of the total
37 cumulative incremental revenues to the state general fund from the amount
38 of the total cumulative distributions.

39 (ii) The auditor general shall notify the state treasurer of the
40 difference computed pursuant to item (i) of this subdivision.

41 (iii) At the time of the next regularly scheduled distribution, the
42 state treasurer shall withhold from the amount that would otherwise be
43 distributed to the eligible city pursuant to section 42-5029 an amount
44 equal to the amount stated in the notice received pursuant to item (ii) of
45 this subdivision. If the amount available for distribution is less than

1 the amount to be withheld, the state treasurer shall continue withholding
2 from subsequent distributions until the full amount stated in the notice
3 has been withheld.

4 5. IN ANY YEAR IN WHICH A STATE OF WAR EMERGENCY OR STATE OF
5 EMERGENCY FOR A PUBLIC HEALTH EMERGENCY IS INITIALLY DECLARED BY THE
6 GOVERNOR AS PRESCRIBED IN SECTION 36-787, THE STATE TREASURER SHALL NOT
7 WITHHOLD ANY AMOUNT FROM THE ELIGIBLE CITY FOR THAT YEAR PURSUANT TO
8 PARAGRAPH 3 OF THIS SUBSECTION. IN CONDUCTING THE ANALYSIS OR ESTIMATE OF
9 THE ECONOMIC IMPACT OF ANY ELIGIBLE PROJECT PURSUANT TO THIS SECTION IN
10 SUBSEQUENT YEARS FOLLOWING THE INITIAL EMERGENCY DECLARATION, THE AUDITOR
11 GENERAL SHALL ASSUME THE FOLLOWING:

12 (a) THE ELIGIBLE CITY SATISFIED THE MINIMUM REQUIRED ATTENDANCE IN
13 THE YEAR OF THE INITIAL EMERGENCY DECLARATION AND THE YEAR FOLLOWING THAT
14 DECLARATION.

15 (b) THE INCREMENTAL REVENUES TO THE STATE GENERAL FUND IN ANY YEAR
16 OF AN INITIAL EMERGENCY DECLARATION AND THE YEAR FOLLOWING THAT
17 DECLARATION AT LEAST EQUALED THE AMOUNT OF DISTRIBUTIONS BY THIS STATE
18 PURSUANT TO SECTION 9-602, SUBSECTION D.

19 E. The eligible city shall reimburse the auditor general for any
20 costs incurred in complying with the requirements of this section.

21 Sec. 2. Retroactivity

22 Section 9-626, Arizona Revised Statutes, as amended by this act,
23 applies retroactively to from and after December 31, 2019.