

REFERENCE TITLE: municipalities; counties; law enforcement budgets

State of Arizona
House of Representatives
Fifty-fifth Legislature
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2021

HB 2310

Introduced by
Representatives Roberts: Barton, Biasiucci, Blackman, Bolick, Bowers,
Burges, Carroll, Chaplik, Cobb, Dunn, Fillmore, Finchem, Grantham,
Griffin, Hoffman, Kaiser, Kavanagh, Nguyen, Nutt, Osborne, Parker, Payne,
Pingerelli, Toma, Wilmeth

AN ACT

AMENDING TITLE 41, CHAPTER 1, ARTICLE 5, ARIZONA REVISED STATUTES, BY
ADDING SECTION 41-194.02; AMENDING SECTIONS 42-5029 AND 43-206, ARIZONA
REVISED STATUTES; RELATING TO THE ATTORNEY GENERAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, chapter 1, article 5, Arizona Revised
3 Statutes, is amended by adding section 41-194.02, to read:

4 41-194.02. Law enforcement agency budgets; attorney general
5 investigation; report; withholding of state
6 shared revenues; applicability; definition

7 A. AT THE REQUEST OF ONE OR MORE MEMBERS OF THE LEGISLATURE, THE
8 ATTORNEY GENERAL SHALL INVESTIGATE ANY ORDER OR OTHER OFFICIAL ACTION
9 ADOPTED OR TAKEN BY THE GOVERNING BODY OF A COUNTY, CITY OR TOWN THAT
10 REDUCES A LAW ENFORCEMENT AGENCY'S BUDGET BY AT LEAST TEN PERCENT BELOW
11 THE PREVIOUS YEAR'S BUDGET.

12 B. THE ATTORNEY GENERAL SHALL MAKE A WRITTEN REPORT OF FINDINGS AND
13 CONCLUSIONS AS A RESULT OF THE INVESTIGATION WITHIN THIRTY DAYS AFTER
14 RECEIPT OF THE REQUEST AND SHALL PROVIDE A COPY OF THE REPORT TO THE
15 GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF
16 REPRESENTATIVES AND THE MEMBER OR MEMBERS OF THE LEGISLATURE MAKING THE
17 ORIGINAL REQUEST. IF THE ATTORNEY GENERAL CONCLUDES THAT THE ORDER OR
18 OTHER ACTION UNDER INVESTIGATION HAS RESULTED IN A REDUCTION TO THE LAW
19 ENFORCEMENT AGENCY'S BUDGET OF AT LEAST TEN PERCENT BELOW THE PREVIOUS
20 YEAR'S BUDGET, THE ATTORNEY GENERAL SHALL PROVIDE NOTICE TO THE COUNTY,
21 CITY OR TOWN, BY CERTIFIED MAIL, OF THE ATTORNEY GENERAL'S CONCLUSION AND
22 SHALL INDICATE THAT THE COUNTY, CITY OR TOWN HAS THIRTY DAYS TO RESTORE
23 THE BUDGET REDUCTION. IF THE ATTORNEY GENERAL DETERMINES THAT THE COUNTY,
24 CITY OR TOWN HAS FAILED TO RESTORE THE BUDGET REDUCTION WITHIN THIRTY
25 DAYS, THE ATTORNEY GENERAL SHALL:

26 1. NOTIFY THE STATE TREASURER WHO SHALL WITHHOLD AND REDISTRIBUTE
27 STATE SHARED MONIES IN AN AMOUNT EQUAL TO THE REDUCTION OF THE LAW
28 ENFORCEMENT AGENCY'S BUDGET FROM THE COUNTY, CITY OR TOWN AS PROVIDED BY
29 SECTION 42-5029, SUBSECTION M AND FROM THE CITY OR TOWN AS PROVIDED BY
30 SECTION 43-206, SUBSECTION G.

31 2. CONTINUE TO MONITOR THE RESPONSE OF THE GOVERNING BODY, AND WHEN
32 THE REDUCTION TO THE LAW ENFORCEMENT AGENCY'S BUDGET HAS BEEN RESTORED,
33 THE ATTORNEY GENERAL SHALL NOTIFY:

34 (a) THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE
35 HOUSE OF REPRESENTATIVES AND THE MEMBER OR MEMBERS OF THE LEGISLATURE
36 MAKING THE ORIGINAL REQUEST THAT REDUCTION TO THE LAW ENFORCEMENT AGENCY'S
37 BUDGET HAS BEEN RESTORED.

38 (b) THE STATE TREASURER TO RESTORE THE DISTRIBUTION OF STATE SHARED
39 REVENUES TO THE COUNTY, CITY OR TOWN.

40 C. THIS SECTION DOES NOT APPLY IF A COUNTY, CITY OR TOWN HAS
41 REDUCED THE COUNTY'S, CITY'S OR TOWN'S OVERALL BUDGET BY AT LEAST TEN
42 PERCENT BELOW THE PREVIOUS YEAR'S BUDGET.

43 D. FOR THE PURPOSE OF THIS SECTION, "LAW ENFORCEMENT AGENCY" MEANS
44 A COUNTY SHERIFF'S DEPARTMENT OR MUNICIPAL POLICE DEPARTMENT.

1 Sec. 2. Section 42-5029, Arizona Revised Statutes, is amended to
2 read:

3 42-5029. Remission and distribution of monies; withholding;
4 definitions

5 A. The department shall deposit, pursuant to sections 35-146 and
6 35-147, all revenues collected under this article and articles 4, 5 and 8
7 of this chapter pursuant to section 42-1116, separately accounting for:

8 1. Payments of estimated tax under section 42-5014, subsection D.

9 2. Revenues collected pursuant to section 42-5070.

10 3. Revenues collected under this article and article 5 of this
11 chapter from and after June 30, 2000 from sources located on Indian
12 reservations in this state.

13 4. Revenues collected pursuant to section 42-5010, subsection G and
14 section 42-5155, subsection D.

15 5. Revenues collected pursuant to section 42-5010.01 and section
16 42-5155, subsection E.

17 B. The department shall credit payments of estimated tax to an
18 estimated tax clearing account and each month shall transfer all monies in
19 the estimated tax clearing account to a fund designated as the transaction
20 privilege and severance tax clearing account. The department shall credit
21 all other payments to the transaction privilege and severance tax clearing
22 account, separately accounting for the monies designated as distribution
23 base under sections 42-5010, 42-5164 and 42-5205. Each month the
24 department shall report to the state treasurer the amount of monies
25 collected pursuant to this article and articles 4, 5 and 8 of this
26 chapter.

27 C. On notification by the department, the state treasurer shall
28 distribute the monies deposited in the transaction privilege and severance
29 tax clearing account in the manner prescribed by this section and by
30 sections 42-5164 and 42-5205, after deducting warrants drawn against the
31 account pursuant to sections 42-1118 and 42-1254.

32 D. Of the monies designated as distribution base, and subject to
33 the requirements of section 42-5041, the department shall:

34 1. Pay twenty-five percent to the various incorporated
35 municipalities in this state in proportion to their population to be used
36 by the municipalities for any municipal purpose.

37 2. Pay 38.08 percent to the counties in this state by averaging the
38 following proportions:

39 (a) The proportion that the population of each county bears to the
40 total state population.

41 (b) The proportion that the distribution base monies collected
42 during the calendar month in each county under this article, section
43 42-5164, subsection B and section 42-5205, subsection B bear to the total
44 distribution base monies collected under this article, section 42-5164,

subsection B and section 42-5205, subsection B throughout the state for the calendar month.

3. Pay an additional 2.43 percent to the counties in this state as follows:

(a) Average the following proportions:

(i) The proportion that the assessed valuation used to determine secondary property taxes of each county, after deducting that part of the assessed valuation that is exempt from taxation at the beginning of the month for which the amount is to be paid, bears to the total assessed valuations used to determine secondary property taxes of all the counties after deducting that portion of the assessed valuations that is exempt from taxation at the beginning of the month for which the amount is to be paid. Property of a city or town that is not within or contiguous to the municipal corporate boundaries and from which water is or may be withdrawn or diverted and transported for use on other property is considered to be taxable property in the county for purposes of determining assessed valuation in the county under this item.

(ii) The proportion that the distribution base monies collected during the calendar month in each county under this article, section 42-5164, subsection B and section 42-5205, subsection B bear to the total distribution base monies collected under this article, section 42-5164, subsection B and section 42-5205, subsection B throughout the state for the calendar month.

(b) If the proportion computed under subdivision (a) of this paragraph for any county is greater than the proportion computed under paragraph 2 of this subsection, the department shall compute the difference between the amount distributed to that county under paragraph 2 of this subsection and the amount that would have been distributed under paragraph 2 of this subsection using the proportion computed under subdivision (a) of this paragraph and shall pay that difference to the county from the amount available for distribution under this paragraph. Any monies remaining after all payments under this subdivision shall be distributed among the counties according to the proportions computed under paragraph 2 of this subsection.

4. After any distributions required by sections 42-5030, 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to the water quality assurance revolving fund as required by section 49-282, subsection B, credit the remainder of the monies designated as distribution base to the state general fund. From this amount the legislature shall annually appropriate to:

(a) The department of revenue sufficient monies to administer and enforce this article and articles 5 and 8 of this chapter.

(b) The department of economic security monies to be used for the purposes stated in title 46, chapter 1.

(c) The firearms safety and ranges fund established by section 17-273, fifty thousand dollars derived from the taxes collected from the retail classification pursuant to section 42-5061 for the current fiscal year.

E. If approved by the qualified electors voting at a statewide general election, all monies collected pursuant to section 42-5010, subsection G and section 42-5155, subsection D shall be distributed each fiscal year pursuant to this subsection. The monies distributed pursuant to this subsection are in addition to any other appropriation, transfer or other allocation of public or private monies from any other source and shall not supplant, replace or cause a reduction in other school district, charter school, university or community college funding sources. The monies shall be distributed as follows:

1. If there are outstanding state school facilities revenue bonds pursuant to title 15, chapter 16, article 7, each month one-twelfth of the amount that is necessary to pay the fiscal year's debt service on outstanding state school improvement revenue bonds for the current fiscal year shall be transferred each month to the school improvement revenue bond debt service fund established by section 15-2084. The total amount of bonds for which these monies may be allocated for the payment of debt service shall not exceed a principal amount of eight hundred million dollars exclusive of refunding bonds and other refinancing obligations.

2. After any transfer of monies pursuant to paragraph 1 of this subsection, twelve per cent of the remaining monies collected during the preceding month shall be transferred to the technology and research initiative fund established by section 15-1648 to be distributed among the universities for the purpose of investment in technology and research-based initiatives.

3. After the transfer of monies pursuant to paragraph 1 of this subsection, three per cent of the remaining monies collected during the preceding month shall be transferred to the workforce development account established in each community college district pursuant to section 15-1472 for the purpose of investment in workforce development programs.

4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this subsection, one-twelfth of the amount a community college that is owned, operated or chartered by a qualifying Indian tribe on its own Indian reservation would receive pursuant to section 15-1472, subsection D, paragraph 2 if it were a community college district shall be distributed each month to the treasurer or other designated depository of a qualifying Indian tribe. Monies distributed pursuant to this paragraph are for the exclusive purpose of providing support to one or more community colleges owned, operated or chartered by a qualifying Indian tribe and shall be used in a manner consistent with section 15-1472, subsection B. For the purposes of this paragraph, "qualifying Indian

1 tribe" has the same meaning as defined in section 42-5031.01,
2 subsection D.

3 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of
4 this subsection, one-twelfth of the following amounts shall be transferred
5 each month to the department of education for the increased cost of basic
6 state aid under section 15-971 due to added school days and associated
7 teacher salary increases enacted in 2000:

8 (a) In fiscal year 2001-2002, \$15,305,900.

9 (b) In fiscal year 2002-2003, \$31,530,100.

10 (c) In fiscal year 2003-2004, \$48,727,700.

11 (d) In fiscal year 2004-2005, \$66,957,200.

12 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
13 \$86,280,500.

14 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of
15 this subsection, seven million eight hundred thousand dollars is
16 appropriated each fiscal year, to be paid in monthly installments, to the
17 department of education to be used for school safety as provided in
18 section 15-154 and two hundred thousand dollars is appropriated each
19 fiscal year, to be paid in monthly installments to the department of
20 education to be used for the character education matching grant program as
21 provided in section 15-154.01.

22 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of
23 this subsection, no more than seven million dollars may be appropriated by
24 the legislature each fiscal year to the department of education to be used
25 for accountability purposes as described in section 15-241 and title 15,
26 chapter 9, article 8.

27 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of
28 this subsection, one million five hundred thousand dollars is appropriated
29 each fiscal year, to be paid in monthly installments, to the failing
30 schools tutoring fund established by section 15-241.

31 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of
32 this subsection, twenty-five million dollars shall be transferred each
33 fiscal year to the state general fund to reimburse the general fund for
34 the cost of the income tax credit allowed by section 43-1072.01.

35 10. After the payment of monies pursuant to paragraphs 1 through 9
36 of this subsection, the remaining monies collected during the preceding
37 month shall be transferred to the classroom site fund established by
38 section 15-977. The monies shall be allocated as follows in the manner
39 prescribed by section 15-977:

40 (a) Forty per cent shall be allocated for teacher compensation
41 based on performance.

42 (b) Twenty per cent shall be allocated for increases in teacher
43 base compensation and employee related expenses.

44 (c) Forty per cent shall be allocated for maintenance and operation
45 purposes.

1 F. The department shall credit the remainder of the monies in the
2 transaction privilege and severance tax clearing account to the state
3 general fund, subject to any distribution required by section 42-5030.01.

4 G. Notwithstanding subsection D of this section, if a court of
5 competent jurisdiction finally determines that tax monies distributed
6 under this section were illegally collected under this article or articles
7 5 and 8 of this chapter and orders the monies to be refunded to the
8 taxpayer, the department shall compute the amount of such monies that was
9 distributed to each city, town and county under this section. Each
10 city's, town's and county's proportionate share of the costs shall be
11 based on the amount of the original tax payment each municipality and
12 county received. Each month the state treasurer shall reduce the amount
13 otherwise distributable to the city, town and county under this section by
14 one thirty-sixth of the total amount to be recovered from the city, town
15 or county until the total amount has been recovered, but the monthly
16 reduction for any city, town or county shall not exceed ten percent of the
17 full monthly distribution to that entity. The reduction shall begin for
18 the first calendar month after the final disposition of the case and shall
19 continue until the total amount, including interest and costs, has been
20 recovered.

21 H. On receiving a certificate of default from the greater Arizona
22 development authority pursuant to section 41-2257 or 41-2258 and to the
23 extent not otherwise expressly prohibited by law, the state treasurer
24 shall withhold from the next succeeding distribution of monies pursuant to
25 this section due to the defaulting political subdivision the amount
26 specified in the certificate of default and immediately deposit the amount
27 withheld in the greater Arizona development authority revolving fund. The
28 state treasurer shall continue to withhold and deposit the monies until
29 the greater Arizona development authority certifies to the state treasurer
30 that the default has been cured. In no event may the state treasurer
31 withhold any amount that the defaulting political subdivision certifies to
32 the state treasurer and the authority as being necessary to make any
33 required deposits then due for the payment of principal and interest on
34 bonds of the political subdivision that were issued before the date of the
35 loan repayment agreement or bonds and that have been secured by a pledge
36 of distributions made pursuant to this section.

37 I. Except as provided by sections 42-5033 and 42-5033.01, the
38 population of a county, city or town as determined by the most recent
39 United States decennial census plus any revisions to the decennial census
40 certified by the United States bureau of the census shall be used as the
41 basis for apportioning monies pursuant to subsection D of this section.

42 J. Except as otherwise provided by this subsection, on notice from
43 the department of revenue pursuant to section 42-6010, subsection B, the
44 state treasurer shall withhold from the distribution of monies pursuant to
45 this section to the affected city or town the amount of the penalty for

1 business location municipal tax incentives provided by the city or town to
2 a business entity that locates a retail business facility in the city or
3 town. The state treasurer shall continue to withhold monies pursuant to
4 this subsection until the entire amount of the penalty has been withheld.
5 The state treasurer shall credit any monies withheld pursuant to this
6 subsection to the state general fund as provided by subsection D,
7 paragraph 4 of this section. The state treasurer shall not withhold any
8 amount that the city or town certifies to the department of revenue and
9 the state treasurer as being necessary to make any required deposits or
10 payments for debt service on bonds or other long-term obligations of the
11 city or town that were issued or incurred before the location incentives
12 provided by the city or town.

13 K. On notice from the auditor general pursuant to section 9-626,
14 subsection D, the state treasurer shall withhold from the distribution of
15 monies pursuant to this section to the affected city the amount computed
16 pursuant to section 9-626, subsection D. The state treasurer shall
17 continue to withhold monies pursuant to this subsection until the entire
18 amount specified in the notice has been withheld. The state treasurer
19 shall credit any monies withheld pursuant to this subsection to the state
20 general fund as provided by subsection D, paragraph 4 of this section.

21 L. Except as otherwise provided by this subsection, on notice from
22 the attorney general pursuant to section 41-194.01, subsection B,
23 paragraph 1 that an ordinance, regulation, order or other official action
24 adopted or taken by the governing body of a county, city or town violates
25 state law or the Constitution of Arizona, the state treasurer shall
26 withhold the distribution of monies pursuant to this section to the
27 affected county, city or town and shall continue to withhold monies
28 pursuant to this subsection until the attorney general certifies to the
29 state treasurer that the violation has been resolved. The state treasurer
30 shall redistribute the monies withheld pursuant to this subsection among
31 all other counties, cities and towns in proportion to their population as
32 provided by subsection D of this section. The state treasurer shall not
33 withhold any amount that the county, city or town certifies to the
34 attorney general and the state treasurer as being necessary to make any
35 required deposits or payments for debt service on bonds or other long-term
36 obligations of the county, city or town that were issued or incurred
37 before committing the violation.

38 M. EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION, ON NOTICE FROM
39 THE ATTORNEY GENERAL PURSUANT TO SECTION 41-194.02, SUBSECTION B,
40 PARAGRAPH 1 THAT AN ORDER OR OTHER OFFICIAL ACTION ADOPTED OR TAKEN BY THE
41 GOVERNING BODY OF A COUNTY, CITY OR TOWN HAS RESULTED IN A REDUCTION TO A
42 LAW ENFORCEMENT AGENCY'S BUDGET OF AT LEAST TEN PERCENT BELOW THE PREVIOUS
43 YEAR'S BUDGET, THE STATE TREASURER SHALL WITHHOLD THE DISTRIBUTION OF
44 MONIES PURSUANT TO THIS SECTION TO THE AFFECTED COUNTY, CITY OR TOWN IN AN
45 AMOUNT EQUAL TO THE REDUCTION TO THE LAW ENFORCEMENT AGENCY'S BUDGET AND

SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION UNTIL THE ATTORNEY GENERAL CERTIFIES TO THE STATE TREASURER THAT THE REDUCTION HAS BEEN RESTORED. THE STATE TREASURER SHALL REDISTRIBUTE THE MONIES WITHHELD PURSUANT TO THIS SUBSECTION AMONG ALL OTHER COUNTIES, CITIES AND TOWNS IN PROPORTION TO THEIR POPULATION AS PROVIDED BY SUBSECTION D OF THIS SECTION. THE STATE TREASURER SHALL NOT WITHHOLD ANY AMOUNT THAT THE COUNTY, CITY OR TOWN CERTIFIES TO THE ATTORNEY GENERAL AND THE STATE TREASURER AS BEING NECESSARY TO MAKE ANY REQUIRED DEPOSITS OR PAYMENTS FOR DEBT SERVICE ON BONDS OR OTHER LONG-TERM OBLIGATIONS OF THE COUNTY, CITY OR TOWN THAT WERE ISSUED OR INCURRED BEFORE REDUCING THE LAW ENFORCEMENT AGENCY'S BUDGET.

~~M.~~ N. For the purposes of this section: ~~;~~

1. "Community college district" means a community college district that is established pursuant to sections 15-1402 and 15-1403 and that is a political subdivision of this state and, unless otherwise specified, includes a community college tuition financing district established pursuant to section 15-1409.

2. "LAW ENFORCEMENT AGENCY" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-194.02.

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

43-206. Urban revenue sharing fund; allocation; distribution; withholding; definition

A. The urban revenue sharing fund is established. The fund shall consist of an amount equal to fifteen percent of the net proceeds of the state income taxes for the fiscal year two years preceding the current fiscal year. The fund shall be distributed to incorporated cities and towns as provided in this section, except that a city or town shall receive at least an amount equal to what a city or town with a population of fifteen hundred or more persons would receive. The transfer of net proceeds prescribed by section 49-282, subsection B does not affect the calculation of net proceeds prescribed by this subsection.

B. Each city or town shall share in the urban revenue sharing fund in the proportion that the population of each bears to the population of all. Except as provided by sections 42-5033 and 42-5033.01, the population of a city or town as determined by the most recent United States decennial census plus any revisions to the decennial census certified by the United States bureau of the census shall be used as the basis for apportioning monies pursuant to this subsection.

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

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

4 E. On receipt of a certificate of default from the greater Arizona
5 development authority pursuant to section 41-2257 or 41-2258, the state
6 treasurer, to the extent not otherwise expressly prohibited by law, shall
7 withhold from the next succeeding distribution of monies pursuant to this
8 section due to the city or town the amount specified in the certificate of
9 default and immediately deposit the amount withheld in the greater Arizona
10 development authority revolving fund. The state treasurer shall continue
11 to withhold and deposit the monies until the authority certifies to the
12 state treasurer that the default has been cured. In no event shall the
13 state treasurer withhold any amount that is necessary, as certified by the
14 defaulting political subdivision to the state treasurer and the authority,
15 to make any required deposits then due for the payment of principal and
16 interest on bonds of the political subdivision that were issued prior to
17 the date of the loan repayment agreement or bonds and that have been
18 secured by a pledge of distributions made pursuant to this section.

19 F. Except as otherwise provided by this subsection, on notice from
20 the attorney general pursuant to section 41-194.01, subsection B,
21 paragraph 1 that an ordinance, regulation, order or other official action
22 adopted or taken by the governing body of a city or town violates state
23 law or the Constitution of Arizona, the state treasurer shall withhold the
24 distribution of monies pursuant to this section to the affected city or
25 town and shall continue to withhold monies pursuant to this subsection
26 until the attorney general certifies to the state treasurer that the
27 violation has been resolved. The state treasurer shall redistribute the
28 monies withheld pursuant to this subsection among all other cities and
29 towns in proportion to their population as provided by subsection B of
30 this section. The state treasurer shall not withhold any amount that the
31 city or town certifies to the attorney general and the state treasurer as
32 being necessary to make any required deposits or payments for debt service
33 on bonds or other long-term obligations of the city or town that were
34 issued or incurred before committing the violation.

35 G. EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION, ON NOTICE FROM
36 THE ATTORNEY GENERAL PURSUANT TO SECTION 41-194.02, SUBSECTION B,
37 PARAGRAPH 1 THAT AN ORDER OR OTHER OFFICIAL ACTION ADOPTED OR TAKEN BY THE
38 GOVERNING BODY OF A CITY OR TOWN HAS RESULTED IN A REDUCTION TO A LAW
39 ENFORCEMENT AGENCY'S BUDGET OF AT LEAST TEN PERCENT BELOW THE PREVIOUS
40 YEAR'S BUDGET, THE STATE TREASURER SHALL WITHHOLD THE DISTRIBUTION OF
41 MONIES PURSUANT TO THIS SECTION TO THE AFFECTED CITY OR TOWN IN AN AMOUNT
42 EQUAL TO THE REDUCTION TO THE LAW ENFORCEMENT AGENCY'S BUDGET AND SHALL
43 CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION UNTIL THE ATTORNEY
44 GENERAL CERTIFIES TO THE STATE TREASURER THAT THE REDUCTION HAS BEEN
45 RESTORED. THE STATE TREASURER SHALL REDISTRIBUTE THE MONIES WITHHELD

1 PURSUANT TO THIS SUBSECTION AMONG ALL OTHER CITIES AND TOWNS IN PROPORTION
2 TO THEIR POPULATION AS PROVIDED BY SUBSECTION B OF THIS SECTION. THE
3 STATE TREASURER SHALL NOT WITHHOLD ANY AMOUNT THAT THE CITY OR TOWN
4 CERTIFIES TO THE ATTORNEY GENERAL AND THE STATE TREASURER AS BEING
5 NECESSARY TO MAKE ANY REQUIRED DEPOSITS OR PAYMENTS FOR DEBT SERVICE ON
6 BONDS OR OTHER LONG-TERM OBLIGATIONS OF THE CITY OR TOWN THAT WERE ISSUED
7 OR INCURRED BEFORE REDUCING THE LAW ENFORCEMENT AGENCY'S BUDGET.

8 H. FOR THE PURPOSES OF THIS SECTION, "LAW ENFORCEMENT AGENCY" HAS
9 THE SAME MEANING PRESCRIBED IN SECTION 41-194.02.