

Arizona

PUBLICITY PAMPHLET

Propositions to be submitted to the
qualified electors of the State of Arizona
at the

GENERAL ELECTION
NOVEMBER 6, 1990



Compiled and issued by

JIM SHUMWAY

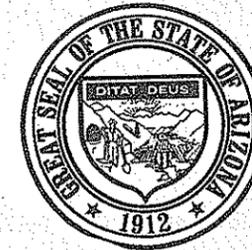
Secretary of State

TABLE OF CONTENTS

Propositions	Page
100	An Amendment to the Arizona Constitution referred by the Legislature authorizing the state to exchange state trust land for public or private land. 7
	<i>Ballot Format</i> 11
101	An Amendment to the Arizona Constitution referred by the Legislature prescribing purposes for which a city or town may incur additional, voter approved debt. 12
	<i>Ballot Format</i> 14
102	An Amendment to the Arizona Constitution referred by the Legislature increasing the jurisdiction of justice of the peace courts and other courts inferior to the superior court. 15
	<i>Ballot Format</i> 17
103	An Amendment to the Arizona Constitution by Initiative Petition creating the Arizona Classroom Improvement Program. 18
	<i>Ballot Format</i> 32
104	An Amendment to the Arizona Constitution by Initiative Petition enacting a Victims' Bill of Rights. 33
	<i>Ballot Format</i> 44
105	An Amendment to the Arizona Constitution by Initiative Petition allowing enactment of a voluntary auto insurance system limiting recovery of damages. 45
	<i>Ballot Format</i> 59
200	Proposing an act by Initiative Petition providing state lottery funding for the Arizona State Parks Board and the Arizona Game and Fish Commission. 60
	<i>Ballot Format</i> 73
201	Proposing an act by Initiative Petition creating an Insurance Consumer Office and prescribing a 20% auto insurance rate reduction. 74
	<i>Ballot Format</i> 95
202	Proposing an act by Initiative Petition relating to the creation of a waste reduction, recycling and management plan. 97
	<i>Ballot Format</i> 117
203	Proposing an act by Initiative Petition providing a choice between modified "no-fault" auto insurance and traditional coverage. 119
	<i>Ballot Format</i> 147

TABLE OF CONTENTS (Cont'd)

Propositions	Page
300 Recommendation by the Commission on Salaries for Elected State Officers to increase the salaries of Legislators.	149
<i>Ballot Format</i>	151
301 Referendum ordered by petition of the people relating to creation of a paid state holiday for Martin Luther King, Jr. and an unpaid holiday for Columbus Day.	152
<i>Ballot Format</i>	154
302 Referendum ordered by petition of the people relating to creation of a paid state holiday for Martin Luther King, Jr./Civil Rights Day.	155
<i>Ballot Format</i>	164
303 Referendum ordered by petition of the people relating to the 1990 tax package.	165
<i>Ballot Format</i>	220
VOTER'S GUIDE – may be detached and taken to the polls on General Election Day	223



DEAR ARIZONA VOTERS:

Once again you will have an opportunity to vote on constitutional amendments, initiated and referred matters on November 6, 1990. Your vote does count and your participation in Arizona elections is an expression of your caring about our great state.

Fourteen measures are being submitted for your approval or rejection on the November 6, 1990, General Election Ballot. This publicity pamphlet contains the complete text of each measure, a legislative council analysis, arguments for and against, the ballot format containing the official title, descriptive title and the effect of a "yes" and "no" vote, as well as the number by which each proposition will be designated. These items are published pursuant to Section 19-123, Arizona Revised Statutes.

The descriptive titles and the effect of a "yes" vote and the effect of a "no" vote contained within the ballot formats have been revised and approved by the Attorney General, pursuant to Section 19-125, A.R.S.

As mandated by the Federal Voting Rights Act of 1965, amended in 1970, 1975 and 1982, this pamphlet is available in both English and Spanish.

The propositions contained herein represent issues of vital importance to all Arizona voters. I urge you to read carefully each of the measures and the effect a "yes" or "no" vote will have upon them so that you will be ready to fully exercise your right to vote on November 6th. A voter's guide is printed on page 223 to assist you in casting your ballot.

Sincerely,

JIM SHUMWAY
Secretary of State

CAPITALS indicate additions to the text of the propositions.

Strikeouts indicate deleted language.

PROPOSITION 301 will not appear on the General Election ballot if PROPOSITION 302 does not qualify, with sufficient valid signatures, for the ballot.

The signatures on the referendum petitions seeking to put PROPOSITION 302 on the 1990 General Election ballot had not been certified at the time of the printing of this pamphlet.

The referendum petitions seeking to put PROPOSITION 303 on the 1990 General Election ballot had not been filed at the time of the printing of this pamphlet.

Please review the sample ballot to be delivered to your household before the General Election to determine whether or not PROPOSITIONS 302 AND 303 have qualified for the ballot.

PROPOSITION 100

OFFICIAL TITLE

SENATE CONCURRENT RESOLUTION 1002

A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO STATE AND SCHOOL LANDS; PROVIDING FOR EXCHANGES OF STATE TRUST LANDS FOR OTHER PUBLIC OR PRIVATE LANDS; PRESCRIBING CERTAIN REQUIREMENTS, AND AMENDING ARTICLE X, CONSTITUTION OF ARIZONA, BY ADDING SECTION 12.

TEXT OF PROPOSED AMENDMENT

Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

1. The following amendment of article X, Constitution of Arizona, by adding section 12, is proposed to become valid when approved by a majority of the qualified electors voting thereon and on proclamation of the Governor:

12. Land exchanges

SECTION 12. THIS STATE MAY EXCHANGE LANDS GRANTED OR CONFIRMED BY THE ENABLING ACT FOR OTHER PUBLIC OR PRIVATE LANDS UNDER SUCH REGULATIONS AS THE LEGISLATURE MAY BY LAW PRESCRIBE, PROVIDED THAT THE TRUE VALUE, AS DETERMINED BY APPRAISAL, OF ANY LANDS RECEIVED IN ANY SUCH EXCHANGE EQUALS OR EXCEEDS THE TRUE VALUE, AS DETERMINED BY APPRAISAL, OF THE EXCHANGED LANDS GRANTED OR CONFIRMED BY THE ENABLING ACT. EXCHANGES INVOLVING FEDERAL LANDS MAY BE MADE ONLY AS AUTHORIZED BY ACTS OF CONGRESS AND FEDERAL REGULATIONS.

FINAL VOTE CAST BY THE LEGISLATURE ON SCR 1002 (PROPOSITION 100)

House — Ayes, 56	Senate — Ayes, 27
Nays, 0	Nays, 0
Not Voting, 4	Not Voting, 3

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

In 1910, Congress passed the Arizona-New Mexico Enabling Act that authorized the residents of the Territory of Arizona to form a state government. One provision of the Enabling Act granted the new state millions of acres of federal land to be held in trust to support various public institutions (schools, colleges, penitentiaries, etc.). Congress allowed Arizona to dispose of the land only under very specific conditions. The new State Constitution explicitly incorporated the Enabling Act restrictions on disposal of trust lands.

Through the years Congress has amended the Enabling Act to allow Arizona more flexibility in managing and disposing of trust land. In the 1930's two acts of Congress authorized the state to exchange trust land for other public or private lands. The state never amended its constitution to incorporate the authority for land exchanges but did enact statutes to provide for exchanges of trust land. Since that time the State Land Department,

acting under the statutory authorization, has exchanged more than 2 million acres of land with the federal government and several hundred thousand acres with private landowners. In March, 1990 the State Supreme Court determined that without amending the State Constitution the Legislature had no power to authorize public land exchanges by statute. The State Land Department has halted its land exchange activities.

If approved, Proposition 100 will amend the State Constitution to allow exchanges of state trust land for other public or private lands of equal value (as determined by separate appraisals) as authorized by the Enabling Act and under procedures, conditions and restrictions that the Legislature may enact by law. Exchanges of state land for federal land would be subject to any additional restrictions imposed by Congress. The effect of Proposition 100 will be to allow the State Land Department to resume state trust land exchanges.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 100

Sound public land policy requires that all options must be available to land managers in order to maximize the benefit to the state. Without land exchanges, the state would not be able to take advantage of all opportunities to improve the use and management of public lands. The federal government recognized this fact more than fifty years ago. Proposition 100 is really a formality to continue a practice that has a proven history of great benefit to the state.

Much of the rural state land is owned in a checkerboard pattern interspersed with federal and private land. In many cases it is desirable to unify the ownership patterns to apply uniform management and to increase trust land values. Land exchanges are also used to obtain land having unique environmental and recreational value. Several parks and wildlife and ecological areas have been created and enhanced because of exchanges to bring the land under the appropriate governmental agency. Finally, the state has been able to use exchanges to get large acreages of developable lands that can be leased or sold to raise hundreds of millions of dollars. Many of the state commercial lands and groundwater reserves were acquired through land exchanges.

Whether for management, recreation, environmental or commercial purposes, this land could not be obtained without land exchanges. The state simply does not have the cash to buy land for these purposes. Land that the state currently owns is a valuable asset if it can be used instead of money to acquire other lands that would be more beneficial to the public. Recent legislation has strengthened the exchange review process to assure equivalent values of lands being exchanged.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 100

Land exchanges should not be allowed in order to preserve the land base on which our schools and state institutions rely for funding. The unstable world of speculative real estate markets is no place for bureaucrats. Exchanges give the opportunity for sharp real estate developers and their financial backers to take advantage of public land managers in the land exchange game.

The State Land Commissioner who is responsible for managing state land and for conducting exchanges under Proposition 100 is not required to have any knowledge or experience in land development or financing. Instead, the only required qualification is to have the political connections necessary for appointment. How can the public rely on such a person to deal on equal terms with land developers?

The problem is not merely hypothetical. The state trust lacks the kind of checks and balances for ensuring accountability that other trusts have. Land exchanges do not go through public auctions as do other public land dispositions. Until recently the state didn't even require its own appraisals of land being exchanged but used the land developer's appraisals as a basis for exchanges. Despite recent changes in land exchange statutes and regulations, supervision and control must be further tightened and upgraded, including more public input, before more chances are taken with trading our public land.

ARGUMENT "FOR" PROPOSITION 100

The Federal Government granted the State of Arizona certain lands to be held in Trust and leased or sold to support public schools. Many of these lands are widely scattered parcels inside National Forests, National Parks and Monuments, and lands dedicated to wilderness areas, wildlife refuges and other purposes. The Trust cannot realize maximum earnings from lands so situated.

Land Exchanges have enabled the State to rearrange its land ownership to:

- * protect environmentally sensitive lands at little or no cost to the taxpayers;
- * acquire Federal and private lands near urban areas to increase the value of Trust assets;
- * consolidate Trust lands in rural areas for better management.

The State needs the option of trading environmentally sensitive Trust lands to other public agencies whose duty it is to protect and manage resources for scenic, wildlife, wilderness, recreation, historic preservation and archeological purposes. However, these agencies do not have the funds to acquire the lands from the Trust at public auction. Trust lands within the Saguaro and Organ Pipe National Monuments, Lake Mead National Recreation Area, the Tumamoc Hill Desert Research Area, the Tortolita and McDowell Mountains near Tucson, and Scottsdale, and the Rogers Lake wildlife area near Flagstaff should be traded to the appropriate public land management agency.

State land exchange statutes and procedures have been revised to require a minimum of two separate appraisals of each parcel to be exchanged. Public participation is provided at properly advertised meetings before the State Selection Board, which consists of the Governor, the State Attorney General, and the State Treasurer, who, at a public meeting, must review and approve all land exchanges.

Enactment of Proposition 100 will make Arizona's Constitution conform to the Enabling Act and empower the State to exchange Trust lands under laws enacted by the Legislature.

Vote "YES."

Lynn Anderson
Peoria, AZ

ARGUMENT "FOR" PROPOSITION 100

The State Trust Lands provide a unique opportunity to secure financial support for our educational institutions. State Trust Land Exchange provides a method to strike a balance between securing environmental protection for sensitive areas, and acquiring valuable developable lands which will raise millions of dollars for the support of public schools and universities.

The Home Building industry in Arizona is dedicated to enhancing the already attractive Arizona life-style. The expansion of public recreation sites, the protection of environmental sensitive areas, the creation of jobs and economic development from valuable developable lands, and the financial benefit to our educational institutions are good reasons to

VOTE "YES" on Proposition 100.

Kathleen Wade, President
Home Builders Association
of Central Arizona
Phoenix, AZ

Connie Wilhelm, Executive Vice President
Home Builders Association
of Central Arizona
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 100

The Nature Conservancy is vitally interested in protecting our natural resources — our rare plants, cacti and habitat areas important for the survival of Arizona's wildlife.

You can help protect Arizona's natural resources by voting "yes" on proposition 100 which gives the State the authority to exchange State Trust lands.

State Trust lands must be sold or leased to raise money for schools, universities, and other institutions throughout the State. There is no provision for environmental protection. The best way to protect ecologically important parcels of State Trust land is to trade them to agencies with an environmental protection mandate in exchange for land that can be developed. Some examples:

- The State acquired land for Catalina and lower Oak Creek State Parks and valuable additions to Picacho, Lake Patagonia and Homolovi Ruins State Parks through exchanges.
- The State transferred to public ownership the Trust land parcels inside Grand Canyon National Park, in wildlife refuges, Wilderness areas, Aravaipa Canyon and Lake Pleasant so these lands can be protected and managed for their scenic, wildlife, riparian and public recreation resources.

The job is far from done. There are wonderful opportunities:

- The State Trust owns land in the Rogers Lake wildlife habitat area near Flagstaff, in the Burro Creek and Bill Williams Riparian Areas, in Saguaro and Organ Pipe National Monuments. These should be traded to federal agencies for protection and public enjoyment.

- Trust lands are dotted all around metropolitan Phoenix and Tucson. Trust lands in the Tortolita Mountains, the Empire Cienega Ranch, the Usery, San Tan and McDowell Mountains all could be traded to protect natural values and provide recreation opportunities.

This can only be done by giving the State the authority to exchange State Trust lands. Vote "yes".

Dan Campbell, Director
Arizona Nature Conservancy
Tucson, AZ

BALLOT FORMAT

PROPOSITION 100	
PROPOSED AMENDMENT TO THE CONSTITUTION BY THE LEGISLATURE	
OFFICIAL TITLE	
SENATE CONCURRENT RESOLUTION 1002	
A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO STATE AND SCHOOL LANDS; PROVIDING FOR EXCHANGES OF STATE TRUST LANDS FOR OTHER PUBLIC OR PRIVATE LANDS; PRESCRIBING CERTAIN REQUIREMENTS, AND AMENDING ARTICLE X, CONSTITUTION OF ARIZONA, BY ADDING SECTION 12.	
DESCRIPTIVE TITLE	
AMENDING ARIZONA CONSTITUTION TO AUTHORIZE THE STATE TO EXCHANGE STATE TRUST LANDS FOR PUBLIC OR PRIVATE LANDS. THE PUBLIC OR PRIVATE LAND MUST EQUAL OR EXCEED THE TRUE VALUE OF THE STATE LAND TO BE EXCHANGED. THE LEGISLATURE MAY PRESCRIBE LAND EXCHANGE REGULATIONS.	
PROPOSITION 100	
A "yes" vote shall have the effect of authorizing the state to exchange state trust land for public or private land of equal or greater value.	YES →
A "no" vote shall have the effect of prohibiting the state to exchange state trust land for public or private land.	NO →

PROPOSITION 101

OFFICIAL TITLE

HOUSE CONCURRENT RESOLUTION 2017

A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION; PRESCRIBING PURPOSES FOR WHICH A CITY OR TOWN MAY INCUR VOTER APPROVED DEBT, AND AMENDING ARTICLE IX, SECTION 8, CONSTITUTION OF ARIZONA.

TEXT OF PROPOSED AMENDMENT

Be it resolved by the House of Representatives of the State of Arizona, the Senate concurring:

1. The following amendment of article IX, section 8, Constitution of Arizona, is proposed to become valid when approved by a majority of the qualified electors voting thereon and on proclamation of the Governor:

8. Local debt limits: assent of taxpayers

Section 8. (1) No county, city, town, school district, or other municipal corporation shall for any purpose become indebted in any manner to an amount exceeding six per centum of the taxable property in such county, city, town, school district, or other municipal corporation, without the assent of a majority of the property taxpayers, who must also in all respects be qualified electors, therein voting at an election provided by law to be held for that purpose, the value of the taxable property therein to be ascertained by the last assessment for state and county purposes, previous to incurring such indebtedness; except, that in incorporated cities and towns assessments shall be taken from the last assessment for city or town purposes; Provided, that under no circumstances shall any county or school district become indebted to an amount exceeding fifteen per centum of such taxable property, as shown by the last assessment roll thereof; and Provided further, that any incorporated city or town, with such assent, may be allowed to become indebted to a larger amount, but not exceeding twenty per centum additional, for:

(a) Supplying such city or town with water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality; and for.

(b) The acquisition and development by the incorporated city or town of land or interests therein for open space preserves, parks, playgrounds and recreational facilities.

(c) THE CONSTRUCTION, RECONSTRUCTION, IMPROVEMENT OR ACQUISITION OF STREETS, HIGHWAYS OR BRIDGES OR INTERESTS IN LAND FOR RIGHTS-OF-WAY FOR STREETS, HIGHWAYS OR BRIDGES.

(2) The provisions of section 18, subsections (3), (4), (5) and (6) of this article shall not apply to this section.

**FINAL VOTE CAST BY THE LEGISLATURE ON HCR 2017
(PROPOSITION 101)**

House — Ayes, 48	Senate — Ayes, 28
Nays, 10	Nays, 1
Not Voting, 2	Not Voting, 1

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

The Arizona Constitution places limits on municipal debt. A city or town can become indebted for any general municipal purpose in an amount up to 6% of the assessed valuation of taxable property in the city or town.

In addition, the city or town can incur debt over the limit (up to 20% of assessed valuation) for waterworks, lights, sewers, and parks and recreation purposes, but only if allowed by the voters at an election.

Proposition 101 would amend the State Constitution to add acquiring, constructing or improving streets, highways and bridges and rights-of-way for streets, highways and bridges to the purposes for which a city or town could incur additional debt (up to the 20% limit) with voter approval.

This proposition would affect city and town debt, but not other governmental debt, and would not change the amount of the existing debt limits.

**LEGISLATIVE COUNCIL ARGUMENTS FAVORING
PROPOSITION 101**

Proposition 101 will allow cities and towns greater flexibility in meeting citizens' demands for improved transportation systems, but it will not allow cities and towns to exceed constitutional debt limits. It simply allows cities and towns that are nearing their 6% debt limit to ask their voters to place street, highway and bridge acquisition (including right-of-way), construction and reconstruction costs in a separate debt limit category.

Proposition 101 will not allow city or town councils to go into debt on their own. The voters will control not only whether the cost of streets, highways and bridges comes under the 6% or 20% debt limit category, but the voters will continue to have the opportunity to approve or disapprove the actual issuance of bonds under either limit. This proposition actually enhances voter control over municipal affairs.

**LEGISLATIVE COUNCIL ARGUMENTS OPPOSING
PROPOSITION 101**

This proposal would encourage more government debt at a time when governments from the national to the local levels are failing to practice financial responsibility. Indebtedness steadily increases while the ability to pay lags behind.

Proposition 101 is merely a device to produce extra bonding capacity. Here is how it would work under Proposition 101:

If a city or town needs \$25 million in street construction, it would go to the voters for the extra bonding capacity under the 20% debt limit. If the voters approve, those street improvements would be financed under the 20% voter-approved debt limit, and \$25 million worth of other projects could be financed under the 6% limit, if approved by the voters, for a total of \$50 million of new debt. If the voters disapprove, the city or town would still finance the streets under the 6% debt limit as is allowed under current law.

This proposition is thus not really aimed at street improvements at all but at providing debt capacity for other projects.

BALLOT FORMAT

PROPOSITION 101	
<p>PROPOSED AMENDMENT TO THE CONSTITUTION BY THE LEGISLATURE</p> <p>OFFICIAL TITLE</p> <p style="text-align: center;">HOUSE CONCURRENT RESOLUTION 2017</p> <p>A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION; PRESCRIBING PURPOSES FOR WHICH A CITY OR TOWN MAY INCUR VOTER APPROVED DEBT, AND AMENDING ARTICLE IX, SECTION 8, CONSTITUTION OF ARIZONA.</p>	
<p>DESCRIPTIVE TITLE</p> <p>AMENDING ARIZONA CONSTITUTION TO INCLUDE THE CONSTRUCTION, RECONSTRUCTION, IMPROVEMENT OR ACQUISITION OF STREETS, HIGHWAYS OR BRIDGES OR INTERESTS IN LAND FOR RIGHTS-OF-WAY FOR STREETS, HIGHWAYS OR BRIDGES BY INCORPORATED CITIES OR TOWNS WITHIN THE EXISTING PROVISION AUTHORIZING AN ADDITIONAL TWENTY PER CENTUM VOTER APPROVED INDEBTEDNESS.</p>	
PROPOSITION 101	
<p>A "yes" vote shall have the effect of adding rights-of-way and construction, improvement or acquisition of streets, highways or bridges to the categories for which cities or towns may issue bonds with voter approval up to the additional twenty per cent debt limit.</p>	<p>YES →</p>
<p>A "no" vote shall have the effect of retaining the existing constitutional provision concerning the purposes for which incorporated cities and towns may issue bonds up to the additional twenty per cent debt limit.</p>	<p>NO →</p>

PROPOSITION 102

OFFICIAL TITLE

SENATE CONCURRENT RESOLUTION 1003

A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO THE JUDICIAL DEPARTMENT; PRESCRIBING THE JURISDICTION OF JUSTICE OF PEACE COURTS, AND AMENDING ARTICLE VI, SECTION 32, CONSTITUTION OF ARIZONA.

TEXT OF PROPOSED AMENDMENT

Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

1. The following amendment of article VI, section 32, Constitution of Arizona, is proposed to become valid when approved by a majority of the qualified electors voting thereon and on proclamation of the Governor:

32. Justices of the peace and inferior courts: jurisdiction, powers and duties; terms of office; salaries

Section 32. A. The number of justices of the peace to be elected in precincts shall be as provided by law. Justices of the peace may be police justices of incorporated cities and towns.

B. The jurisdiction, powers and duties of courts inferior to the superior court and of justice courts, and the terms of office of judges of such courts and justices of the peace shall be as provided by law. The legislature may classify counties and precincts for the purpose of fixing salaries of judges of courts inferior to the superior court and of justices of the peace.

C. The civil jurisdiction of courts inferior to the superior court and of justice courts shall not exceed the sum of two TEN thousand five hundred dollars, exclusive of interest and costs. Criminal jurisdiction shall be limited to misdemeanors. The jurisdiction of such courts shall not encroach upon the jurisdiction of courts of record but may be made concurrent therewith, subject to the limitations provided in this section.

**FINAL VOTE CAST BY THE LEGISLATURE ON SCR 1003
(PROPOSITION 102)**

House — Ayes, 53	Senate — Ayes, 24
Nays, 0	Nays, 4
Not Voting, 7	Not Voting, 2

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

The Constitution of Arizona currently provides that the dollar amount of a civil case brought before a justice of the peace court or another court lower than the superior court shall not exceed \$2,500.

Proposition 102 would amend the Constitution by raising this jurisdictional amount from \$2,500 to \$10,000 so that cases involving \$10,000 or less may be brought before court lower than the superior court including justice of the peace courts and city courts.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 102

Today's high court costs and attorney fees keep many people from pursuing their valid claims in court. Even if a person could afford to retain an attorney, the amount that person might receive after paying court costs and attorney fees could be so small that the suit would not be worth it. By raising the jurisdictional limit of justice of the peace courts and other courts lower than the superior court, many more people could have access to the court because they would be more likely to represent themselves and therefore would not have to pay attorney fees.

Proposition 102 would also reduce the case load of the superior court because all those civil cases involving \$10,000 or less could be heard by a justice of the peace court or other lower court.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 102

Although Proposition 102 would reduce the case load of the superior court, it overlooks the fact that justice of the peace courts are also overburdened with work and would be hard pressed to take on these cases.

The Constitution recognized that civil claims involving small amounts generally aren't legally complex and could be easily presented to a justice of the peace court by a person representing himself. If the jurisdictional limit were raised by Proposition 102, the legal issues heard by the justice of the peace may be more complicated. The superior court is much better equipped to handle more complex legal issues than justice of the peace courts and other lower courts because the superior court has more highly trained judges and skilled staff than the lower courts and the superior court has more resources available to it.

BALLOT FORMAT

PROPOSITION 102	
PROPOSED AMENDMENT TO THE CONSTITUTION BY THE LEGISLATURE OFFICIAL TITLE SENATE CONCURRENT RESOLUTION 1003 A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO THE JUDICIAL DEPARTMENT; PRESCRIBING THE JURISDICTION OF JUSTICE OF PEACE COURTS, AND AMENDING ARTICLE VI, SECTION 32, CONSTITUTION OF ARIZONA.	
DESCRIPTIVE TITLE AMENDING ARIZONA CONSTITUTION TO INCREASE THE JURISDICTION OF JUSTICE OF THE PEACE COURTS AND COURTS INFERIOR TO THE SUPERIOR COURT IN CIVIL CASES FROM THE CURRENT LIMIT OF \$2,500 TO A MAXIMUM OF \$10,000 EXCLUDING INTEREST AND COSTS.	
PROPOSITION 102	
A "yes" vote shall have the effect of allowing justice of the peace, city and other lower courts to hear civil cases involving amounts up to \$10,000.	YES →
A "no" vote shall have the effect of limiting justice of the peace, city and other lower courts to hearing civil cases involving amounts up to only \$2,500.	NO →

PROPOSITION 103**OFFICIAL TITLE****AN INITIATIVE MEASURE**

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE STATE OF ARIZONA RELATING TO EDUCATION, ESTABLISHING A CLASSROOM IMPROVEMENT PROGRAM TO IMPROVE THE QUALITY OF PUBLIC SCHOOLS AND TO ACHIEVE THE THREE STATED GOALS OF IMPROVING BASIC READING, WRITING, AND MATHEMATIC SKILLS, REDUCING HIGH SCHOOL DROPOUT RATES, AND BETTER PREPARING STUDENTS FOR EMPLOYMENT AND HIGHER EDUCATION OPPORTUNITIES, AND REQUIRING SCHOOL DISTRICTS TO PREPARE A PUBLIC ACCOUNTABILITY REPORT CARD TO DEMONSTRATE PROGRESS TOWARD THESE GOALS; AND PROVIDING FOR ADDITIONAL REVENUE AND ADDITIONAL FUNDING IN THE AMOUNT OF \$100 PER STUDENT PER FISCAL YEAR FOR USE SOLELY ON EDUCATIONAL IMPROVEMENTS TO ACHIEVE THE STATED GOALS, AND ESTABLISHING A MINIMUM FUNDING LEVEL AND INCREASING AGGREGATE EXPENDITURE LIMITATION FOR SCHOOL DISTRICTS; AMENDING ARTICLE XI, CONSTITUTION OF ARIZONA, BY ADDING NEW SECTION 11, AND ARTICLE IX, CONSTITUTION OF ARIZONA, BY AMENDING SECTION 21 TO ADD NEW SUBSECTION 7 AND ADDING NEW SECTION 22.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the people of the State of Arizona:

The following amendments to the Constitution of Arizona, consisting of amending Article XI, by adding section 11, and amending Article IX, section 21 by adding new subsection 7 and adding new section 22, are proposed to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

Section 1. Article XI, Constitution of Arizona, is amended by adding Section 11, to read:
§ 11. THE ARIZONA CLASSROOM IMPROVEMENT PROGRAM

SECTION 11. (1) THE ARIZONA CLASSROOM IMPROVEMENT PROGRAM IS ESTABLISHED UNDER THE STATE BOARD OF EDUCATION FOR THE PURPOSE OF ACHIEVING THE FOLLOWING THREE GOALS: a) IMPROVING THE BASIC SKILLS OF STUDENTS IN READING, WRITING, AND MATHEMATICS; b) REDUCING STUDENT DROPOUT RATES; AND c) BETTER PREPARING STUDENTS FOR EMPLOYMENT AND HIGHER EDUCATION OPPORTUNITIES. THE STATE BOARD OF EDUCATION SHALL ESTABLISH APPROPRIATE MEASUREMENTS AND TECHNIQUES FOR REPORTING PROGRESS IN THE STATED GOALS.

(2) REVENUE MADE AVAILABLE FOR THE ARIZONA CLASSROOM IMPROVEMENT PROGRAM PURSUANT TO SECTION 22 OF ARTICLE IX OF THE CONSTITUTION OF ARIZONA SHALL BE EXPENDED SOLELY FOR THE PURPOSE OF EDUCATIONAL IMPROVEMENTS WHICH HELP ACHIEVE THE GOALS SET FORTH IN SUBSECTION (1) OF THIS SECTION.

(3) THE GOVERNING BOARD OF EACH SCHOOL DISTRICT, IN CONSULTATION WITH A COALITION OF PARENTS, LOCAL BUSINESS LEADERS, TEACHERS, ADMINISTRATORS, AND SCHOOL EMPLOYEES, SHALL DETERMINE THE BEST USE OF DISTRICT FUNDS TO MEET THE STATED GOALS. SPECIFIC EDUCATIONAL IMPROVEMENTS MAY VARY FROM DISTRICT TO DISTRICT AND, WHILE NOT RESTRICTED TO THE FOLLOWING, MAY INCLUDE IMPROVEMENTS SUCH AS

ENHANCED DRUG PREVENTION EDUCATION PROGRAMS, EXPANDED READING, WRITING, AND MATHEMATICS PROGRAMS, INCREASED TECHNOLOGY, EARLY CHILDHOOD EDUCATION, COMPENSATION OF EDUCATORS AT PROFESSIONALLY COMPETITIVE LEVELS, REDUCTION IN CLASS SIZES, AND OTHER IMPROVEMENTS THE LOCAL COALITION DEEMS NECESSARY TO MEET THE STATED GOALS.

(4) EVERY SCHOOL DISTRICT SHALL ANNUALLY PREPARE AND MAKE AVAILABLE TO THE PUBLIC A SCHOOL ACCOUNTABILITY REPORT CARD DETAILING THE PROGRESS MADE IN THE THREE STATED GOALS. THE STATE BOARD OF EDUCATION SHALL COMPILE DISTRICT REPORTS INTO A STATEWIDE REPORT CARD WHICH SHALL ALSO BE MADE AVAILABLE TO THE PUBLIC.

Section 2. Article IX, Constitution of Arizona, is amended by adding section 22, to read:

§ 22. REVENUES FOR SCHOOL FUNDING AND THE ARIZONA CLASSROOM IMPROVEMENT PROGRAM

SECTION 22. (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CONSTITUTION, THE TOTAL ANNUAL REVENUE AVAILABLE TO SCHOOL DISTRICTS IN ANY FISCAL YEAR SHALL NOT BE LESS THAN THE "MINIMUM FUNDING LEVEL" FOR THAT YEAR, AS DEFINED IN SUBSECTION (4) OF THIS SECTION.

(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CONSTITUTION, AND IN ADDITION TO THE MINIMUM FUNDING LEVEL REQUIRED BY THIS SECTION, THE LEGISLATURE SHALL MAKE AVAILABLE ADDITIONAL REVENUE TO EACH SCHOOL DISTRICT FOR THE SUPPORT OF THE ARIZONA CLASSROOM IMPROVEMENT PROGRAM CREATED BY SECTION 11 OF ARTICLE XI OF THIS CONSTITUTION, IN AN AMOUNT DETERMINED BY INCREASING THE PRIOR FISCAL YEAR'S BASE LEVEL, AS DEFINED BY LAW, BY \$100 AFTER ADJUSTMENTS ARE MADE FOR CHANGES IN THE COST OF LIVING IN THE MANNER REQUIRED BY LAW, FOR EACH FISCAL YEAR COMMENCING WITH FISCAL YEAR 1991-1992 AND CONCLUDING IN FISCAL YEAR 2000-2001. EACH \$100 ADDED TO THE BASE LEVEL EACH FISCAL YEAR SHALL REMAIN AS PART OF THE BASE LEVEL FOR ALL SUBSEQUENT FISCAL YEARS.

(3) IN FISCAL YEAR 1991-1992, THE BASE LEVEL SHALL NOT BE LESS THAN THE BASE LEVEL FOR FISCAL YEAR 1989-1990, ADJUSTED FOR THE COST OF LIVING AS PROVIDED BY LAW.

(4) (a) IN FISCAL YEAR 1991-1992, THE MINIMUM FUNDING LEVEL, FOR PURPOSES OF THIS SECTION, SHALL BE THE GREATER OF: (i) THE TOTAL AMOUNT OF ALL REVENUES AVAILABLE TO SCHOOL DISTRICTS IN THE PRIOR FISCAL YEAR, ADJUSTED FOR CHANGES IN THE COST OF LIVING AND STUDENT POPULATION IN THE MANNER REQUIRED BY LAW, OR (ii) THE TOTAL AMOUNT OF ALL REVENUES AVAILABLE TO SCHOOL DISTRICTS IN 1989-1990, ADJUSTED ANNUALLY FOR CHANGES IN THE COST OF LIVING AND STUDENT POPULATION IN THE MANNER REQUIRED BY LAW.

(b) IN FISCAL YEARS 1992-1993 THROUGH 2000-2001, THE MINIMUM FUNDING LEVEL, FOR PURPOSES OF THIS SECTION, SHALL BE EQUAL TO THE TOTAL AMOUNT OF ALL REVENUES AVAILABLE TO SCHOOL DISTRICTS IN THE PRIOR FISCAL YEAR, INCLUDING THE TOTAL AMOUNT OF FUNDS MADE AVAILABLE FOR THE ARIZONA CLASSROOM IMPROVEMENT PROGRAM IN THE PRIOR FISCAL YEAR, ADJUSTED FOR CHANGES IN THE COST OF LIVING AND STUDENT POPULATION IN THE MANNER REQUIRED BY LAW.

(c) FOR FISCAL YEARS 2001-2002 AND EACH SUCCEEDING YEAR THEREAFTER THE TOTAL AMOUNT OF REVENUES MADE AVAILABLE TO SCHOOL DISTRICTS SHALL NOT BE LESS THAN THE MINIMUM FUNDING LEVEL IN THE PRIOR FISCAL YEAR ADJUSTED FOR CHANGES IN THE COST OF LIVING AND STUDENT POPULATION IN THE MANNER REQUIRED BY LAW.

Proposition 103

(5) FOR PURPOSES OF THIS SECTION, "REVENUE AVAILABLE" SHALL MEAN ALL REVENUES THAT ARE ALLOCATED FROM ALL SOURCES TO FUND THE DISTRICT SUPPORT LEVEL.

(6) (a) THE LEGISLATURE SHALL PROVIDE BY LAW FOR ADDITIONAL REVENUES REQUIRED BY THIS SECTION, AND SHALL ASSURE THAT THE FUNDS REQUIRED BY THIS SECTION ARE AVAILABLE TO EACH SCHOOL DISTRICT, AND THAT EACH SCHOOL DISTRICT IS AUTHORIZED TO BUDGET AND SPEND SUCH FUNDS.

(b) IT IS THE INTENT OF THIS SECTION THAT THE LEGISLATURE PROVIDE ADDITIONAL REVENUES TO FUND THE ARIZONA CLASSROOM IMPROVEMENT PROGRAM, AND NOT THAT THE LEGISLATURE DECREASE FUNDING FOR OTHER PUBLIC PROGRAMS.

Section 3. Article IX, Section 21, Constitution of Arizona, is amended by adding new subsection 7, and renumbering subsequent subsections, to read:

(7) THE ECONOMIC ESTIMATES COMMISSION SHALL INCREASE THE EXPENDITURE LIMITATION PURSUANT TO SUBSECTION (2) OF THIS SECTION, TO REFLECT THE INCREASES REQUIRED BY ARTICLE IX, SECTION 22, OF THE CONSTITUTION OF ARIZONA.

Section 4. If any provision of this initiative, or the application of any provision of this initiative to any person or circumstance, shall be held invalid, the remainder of the initiative shall be given effect to the fullest extent possible, and to this end the provisions of this initiative are severable.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 103 would amend the Constitution of Arizona by establishing the Arizona Classroom Improvement Program and by increasing revenues for school funding. The Arizona Classroom Improvement Program would be established under the State Board of Education with the purpose of achieving the following three goals: (1) Improve basic reading, writing and mathematical skills; (2) Reduce drop-out rates; and (3) Provide better preparation for employment and higher education opportunities. The Legislature would be required to increase public school funding by \$100 per student per year compounded annually over the next ten years.

The Arizona Constitution currently limits the amount of money that the state and school districts can spend each fiscal year. Proposition 103 would increase the constitutional expenditure limitations so that the state and school districts can spend more money for schools and the Arizona Classroom Improvement Program.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 103

Arizona's public school system is in drastic need of improvement. According to recent federal statistics, Arizona has the fourth-highest drop-out rate in the country. However, the State of Arizona does not stand alone when it comes to inadequate education. The academic performance of students throughout the United States continues to lag behind other industrialized nations in the crucial areas of mathematics and science. Recent surveys have shown that an alarming number of American high school students, many of whom are only a year or two short of voting age, display an embarrassing lack of knowledge concerning basic historical and geographical facts.

Proposition 103

Proposition 103 is an innovative and cost-effective solution to the problems currently facing Arizona's educational system. This proposition would establish the Arizona Classroom Improvement Program for the purpose of improving academic performance. School districts would be held accountable to the public because each district would be required to make available to the public a "school accountability report card" that shows the district's progress in achieving the goals of the program.

Proposition 103 also provides that an additional \$100, compounded annually, will be spent for each student for each of the next ten years. The additional funding is a small price to pay in order to improve academic performance and to make sure that our students become productive members of society and that those students become able to compete for well-paying jobs.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 103

This proposition is a misguided attempt to deal with an extremely complex issue by simply throwing vast amounts of money at the problem. Some estimates put the cost of Proposition 103 at nearly \$6 billion. That will mean a \$6 billion tax increase over the next ten years for the taxpayers of this state.

Arizona spends more on public elementary and high school education than any other government activity. The Arizona Department of Education received \$1.2 billion from the state's general fund in 1990. That amount is 36% of the appropriations from the state general fund. The people of Arizona already invest a tremendous amount of their tax dollars on an educational system whose performance record has been mediocre at best. The question whether increased funding, per se, has any beneficial effect on school performance has been extensively studied: no such effect can be demonstrated. A more effective approach would be to design a reform plan for Arizona's schools and then fund the plan appropriately.

Proposition 103 is an extremely expensive initiative without any guarantee of positive results. This proposition would give an additional \$6 billion to school districts regardless of whether or not the schools show any type of academic improvement. In fact, by assuring that funding would be available regardless of performance, this proposition could seriously hamper efforts to reform and improve our schools. Therefore, taxpayers should reject this expensive attempt to solve Arizona's educational dilemma.

ARGUMENT "FOR" PROPOSITION 103

There is no greater investment we can make than for our classrooms. While we have made recent progress improving the quality of public education, there is much left to do.

In Arizona one in every three students drops out of high school. Given that 80 percent of our prison population are drop outs, the costs of a neglected school system clearly affects everyone.

We must improve classroom education. That's why the Classroom Improvement Initiative is supported by one of the largest coalitions of parents, educators, business leaders and taxpayers in Arizona's history.

Proposition 103 constitutionally establishes three goals:

- Improve basic reading, writing and math skills,
- Reduce the drop-out rate,
- Better prepare students for employment and higher education opportunities.

Proposition 103 provides the financial resources to meet these goals.

It requires the Arizona Legislature invest an additional \$100 per student each year for the next ten years. In the tenth year, when funds are fully phased-in, we will be spending an additional \$1.2 billion on our kids -- an investment we can afford.

Finally, Proposition 103 provides strong accountability to ensure funds are properly spent.

- Funds must be invested IN THE CLASSROOM to achieve the goals. Improvements will vary but may include remedial reading, drop-out and substance abuse prevention programs, reductions in class size, computer training, or compensation of classroom teachers at professionally competitive levels.
- Local coalitions of parents, taxpayers, educators and business leaders will work with school boards to determine best use of funds for schools and to demand changes where progress is unsatisfactory.
- School districts must prepare annual accountability report cards, detailing progress made.

Invest in our future now.

Vote YES for Proposition 103.

Signed by the Chairs of Arizona Citizens for Education

Eddie Basha, Parent and Businessperson,
Chandler, AZ

Joann Mortensen, Past President
Arizona School Boards Association
Safford, AZ

ARGUMENT "FOR" PROPOSITION 103

There is nothing more important to the State of Arizona and to the nation than the education of our children. I do not believe the average American understands the problems we face today. Not only must we provide the opportunities for quality education for scientists and engineers, but we must also teach people the fundamentals of going to work, how to work and how to get things done.

One of the goals of Proposition 103 is to provide better educational preparation not only for those going on to college, but just as important, for those going into the work force.

As an honorary co-chairman of the Proposition 103 Campaign, I encourage all Arizonans to support this important measure to improve the education of our children by improving our public school classrooms.

Barry Goldwater
Scottsdale, AZ

Arizona Citizens for Education; Joann Mortensen, Chairman; Bill Maas, Treasurer

ARGUMENT "FOR" PROPOSITION 103

One of the most compelling aspects of the Classroom Improvement Initiative is its mandate for strong accountability in Arizona's schools. Each year, every school district in Arizona will be required to provide an "accountability report card," an accurate accounting of local district progress in reaching its goals for educational excellence.

These "report cards" are the educational equivalent of business sales or manufacturing reports and will serve as reliable indicators of success or progress. The information will be readily available to every parent and concerned member of the community, including the business community. Of particular importance will be the preparation students receive in order to be effective and skilled workers in Arizona companies.

These report cards complement the Arizona Student Assessment Program, approved in the 1990 session of the Arizona Legislature. This program creates the much needed, valid and comprehensive means of accurately evaluating student progress. Student skills in reading, writing, mathematics and other basic subjects can now be measured and reported. Student achievement and behavior, through this accountability process, will become the basis for school accreditation.

Proposition 103 provides full accountability not only to the Arizona Legislature but, more important, to the taxpayers of Arizona.

The Arizona Classroom Improvement Initiative, through Proposition 103, brings the strongest measure of accountability for our public schools in Arizona's history. Vote YES for Proposition 103.

Burton Barr President, Maverick Stores Fixtures, Inc., Former Majority Leader, AZ House of Representatives Phoenix, AZ	Steven Lynn Chief Executive Officer Nordensson Lynn & Assocs., Inc. Tucson, AZ	Wendell W. DeCross Vice President & Regional Branch Manager M&I Thunderbird Bank Glendale, AZ
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ARGUMENT "FOR" PROPOSITION 103

Arizona's future can be seen today. Our future is now sitting in our public school classrooms, learning all the traditions, heritage, values and knowledge of all previous generations to be applied by future generations. For this reason, our schools must have our support to ensure they are the best that they can be. This is the clear promise of PROPOSITION 103, the Arizona Classroom Improvement Initiative.

Priorities are changing in Arizona. While we once could point with unreserved pride at one of the nation's finest public school systems, today our schools are no longer the envy of the nation. By nearly every measurement, Arizona's schools now lag behind those of nearly every other state. Our classrooms are among the most crowded, our drop-out rate is exceeded by only four other states, and employers increasingly complain that our students are not adequately prepared for the work place.

The Arizona Classroom Improvement Initiative sets a vision for our schools in the Arizona Constitution by setting clear goals for student achievement, for reducing our drop-out rate, and for better preparing our students for college or for the work place.

Just as important, successful passage of PROPOSITION 103 will bring parents, community and business leaders, teachers and other school employees, administrators, and others in the community into the process of developing the right kinds of schools for each community.

PROPOSITION 103 will bring long overdue improvements to every classroom without penalizing badly needed services in Arizona. It will help local businesses by providing better trained workers. It will ensure a bright future for every citizen of this state.

Arizona must change. We must return to the vision that once made Arizona the model for the future. Arizonans can begin by voting YES on PROPOSITION 103.

Bruce Babbitt
Phoenix, AZ

Arizona Citizens for Education; Joann Mortensen, Chairman; Bill Maas, Treasurer

ARGUMENT "FOR" PROPOSITION 103

It is estimated by the U. S. Department of Education that approximately 15,000 of Arizona's high school students drop out of school each year, and there is little reason for hope that Arizona's drop-out rate can be improved without major new programs. The only hope for improvement is voter approval of Proposition 103, the Arizona Classroom Improvement Initiative.

First, the initiative adds drop-out reduction to the Arizona Constitution as one of the goals of our public schools. Second, it requires school districts to develop programs to reduce drop outs, and third, it requires strong accountability by local school districts to improve student achievement as well as to reduce drop outs.

Most important, it provides funding to develop successful programs to reduce drop outs. There have been several successful drop-out prevention programs in Arizona, ones that actually keep at-risk kids in school, but we have not been able to afford to expand them state-wide. We spend too much money for prisons for kids -- \$22,100 per year per child in Arizona -- when we should be doing more to keep children in school. We invest only \$3,750 per child per year in our public schools. That's not enough.

There is perhaps nothing more important than improving our schools and reducing drop outs in Arizona. Proposition 103 is the single best hope for our children to succeed.

Senator Jaime Gutierrez Rose Marie Lopez Mary Rose Wilcox
District 11 Chair, Phoenix Hispanic Forum Phoenix City Council
Tucson, AZ Phoenix, AZ Phoenix, AZ

Raul Grijalva Pete Garcia
Pima County Supervisor President and CEO
District 5 Chicanos por la Causa
Tucson, AZ Phoenix, AZ

Arizona Citizens for Education; Joann Mortensen, Chairman; Bill Maas, Treasurer

ARGUMENT "FOR" PROPOSITION 103

Is it a coincidence that Arizona has one of the highest rates of incarceration and one of the highest rates of drop outs from our public schools? More than 80 percent of Arizona's felons now serving terms as part of our growing prison population did not finish high school.

The state of Arizona's public schools should be a concern of everyone whether they have children or grandchildren in the schools or not. The quality of life is dependent on successful schools.

Arizona is in need of major reform in our schools. For the past ten years, our schools have been asked to exist on the same per pupil investment as 1979-80 in real dollars. They cannot keep up with today's technology and the increased demand that our changing school populations require, much less move ahead as so many other states have done.

The Arizona Classroom Improvement Initiative will change that. It will set goals for our schools, and it will hold each school district, and every employee in that district accountable to the taxpayers in the local community. The schools will be required to improve student achievement in reading, writing and mathematics. Programs will be developed to keep students in school, and districts will have to improve the preparation school children receive so they can go to the college of their choice, or get good jobs.

Basic education is the goal of Proposition 103. By voting YES, you can help solve many problems including crime, drugs, and the costly prison system.

VOTE YES ON PROPOSITION 103.

Idelia Riggs
Governor's Advisory Council on Aging
Prescott, AZ

Arizona Citizens for Education; Joann Mortensen, Chairman; Bill Maas, Treasurer

ARGUMENT "FOR" PROPOSITION 103

As a parent of a child in a public school, I want all of Arizona's school children to have the same chance for a quality education as those in most other states. For the past ten years, however, other priorities have increasingly replaced our public schools as the most important function of state government -- educating our children.

PROPOSITION 103 will return concern for our schools by requiring more meaningful participation by parents and all those who have a stake in Arizona's future.

Because funding for public schools has become so poor in Arizona -- we've dropped to the bottom one-third of all the states in what we invest for each pupil -- there aren't enough teachers and we have crowded classrooms; there aren't enough teachers aides, so some children who have special needs can't learn as well; there never seems to be enough materials, so children have to bring glue and paper from home.

Lately, our schools have been forced to spend too much time campaigning for override elections. These elections are not for new or expanded programs, but only to maintain the status quo. Every day, it seems, we hear threats that courses in art, athletics or special classes and field trips that provide our children with well-rounded school experience will have to be dropped.

The Classroom Improvement Initiative promises to bring badly needed reform to our schools. I urge every parent and everyone else interested in quality education in Arizona to vote for Proposition 103.

Darlene Fields, President,
Arizona Congress of Parents and Teachers
(PTA)
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 103

Research has been conducted through the years that has demonstrated there is nothing that improves student achievement more than the active support and involvement of parents in public schools. This support translates directly into better grades and more success in the classroom.

PROPOSITION 103 encourages more involvement by parents and every other concerned member of the community than they have ever had before. It should be supported even if this were its only feature. Fortunately, there is much more in this initiative to benefit children in the classroom. Perhaps that explains why there was such widespread, grassroots support when signatures were gathered by more than 6,000 volunteers throughout Arizona.

PROPOSITION 103 focuses all of its provisions in the classroom, where learning occurs. It will enable schools to have more and better teachers; it will provide teacher aides, especially in the elementary grades at the age where the patterns of study and self-esteem are developed for a child's entire life. It will permit schools to have up-to-date materials and equipment so children can become proficient with the technologies of tomorrow.

Some believe that PROPOSITION 103 is too costly for Arizona, but they have been unable to offer an alternative -- only talk. Ten years from now, when the program is fully funded, it is estimated that Arizona's investment in its schools will climb from near the bottom to near the national average. Apparently some do not believe our children should have an equal chance with school children in other states.

As a teacher, I disagree completely. Our children deserve the best. Vote yes for Proposition 103. The school children of Arizona are depending on you.

Alan Sullivan
Yuma Junior High Teacher and
1990 Ambassador of Excellence
Yuma, AZ

Arizona Citizens for Education; Joann Mortensen, Chairman; Bill Maas, Treasurer

ARGUMENT "AGAINST" PROPOSITION 103

1. Having UNELECTED OFFICIALS dictating spending and taxing to the Legislature is TAXATION WITHOUT REPRESENTATION,
2. There is NO PLAN written, no way to assess - therefore NO ACCOUNTABILITY.

3. SIX BILLION in ADDITIONAL SPENDING will cost taxpayers either a 30% to 40% PERSONAL INCOME TAX SURCHARGE or a 10% TAX ON FOOD or a PROPERTY TAX INCREASE from 47 cents to over \$2.50 per \$100.00 valuation phased in over 10 years.

4. Between 1981 - 1988, spending increased \$1.09 billion for K through 12 education - a 77.6% INCREASE while ACHIEVEMENT DECREASED. More money has not and will not improve education.

5. Common sense says this is a FOOLISH WASTE OF RESOURCES and threatens the power of the people to be taxed fairly, with no guarantee of improvement.

VOTE NO ON PROPOSITION 103.

Submitted by: Arizona Coordinating Council of Republican Women

Alexandra Thielking, President Rosemary Barr, Treasurer
Phoenix, AZ Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 103

Throwing more money at Arizona schools will not solve our educational crisis. Giving more money to those school leaders who are ineffective innovators will not improve our school system. Increasing the salaries of those teachers who are ineffective educators will not improve our children's test results. Money is not the answer.

Americans spent one-third more on public education in the 1980's, yet student achievement continues to plummet. The Japanese spend substantially less per student than does the U.S., yet in mathematics and science, 95 percent of all Japanese students outperform the top 5 percent of U.S. students.

A recent study by the Brookings Institute, one of the most comprehensive studies of American educational institutions ever completed, concluded that "neither expenditures, teacher salaries, class size... or any other individual school policy... matters.... there is little reason to believe that school reform, as it is proceeding, is going to work." The answer lies in structural change.

The Arizona Classroom Improvement Initiative sponsored by ACE, an education establishment-business coalition, misses the target. Increasing expenditures by \$1.3 billion does nothing to address the real issue--improving educational effectiveness. The ACE initiative does not truly provide accountability for increased expenditures. What happens when the extra spending fails to produce the desired results? ACE says the schools would be accountable to the state. That's putting the fox in charge of the hen house. How do we know the school districts will be responsive to what parents want? The ACE initiative erodes parental control over real educational reform.

Parents, not government agencies, should be empowered to make choices that compel schools to maintain high standards. Oregon, Wisconsin, and Louisiana are leading the way in educational choice. Take a positive step toward educational freedom. Vote NO on Proposition 103.

Gary Fallon, President
Citizens for Educational Choice
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 103

If passed, the Classroom Improvement Initiative would require the Arizona Legislature to spend an additional \$100 per pupil annually for the next 10 years for a total of \$5.8 billion. Yet the initiative does not define how the money will be spent nor where the money will come from.

This initiative is based on the theory that by spending more our children learn more. In fact, Arizona has been spending more money without results.

Arizona's per pupil expenditures have increased by 31 percent since 1980. Teacher salaries have increased 27 percent (in inflation adjusted dollars, U.S. Department of Education). Unfortunately, Arizona students have not been learning more.

The scores of Arizona students on the SAT college entrance exam have fallen every year since 1980 for a total drop of 39 points while ACT scores have remained virtually flat since 1986. Arizona ranks 48th nationally in the numbers of dropouts with nearly 40 percent of our high school students failing to finish high school.

More money has not improved education in the 1980's. Since the initiative contains no accountability measures forcing schools to produce results, there is no reason to believe that more money will produce improved educational achievement in the 1990's.

Every Arizonan wants to improve the educational levels of our children. Unfortunately, this initiative will not meet that goal. What will work is to emphasize the teaching of basic skills, to increase discipline and parental involvement, and to increase local control.

What will work is to provide parents with more choice in how their children are educated. A recent study by the Brookings Institution demonstrated that the structure of our schools is the primary reason for their failure. This study recommended that our schools reorganize to provide parents with choice between alternative school programs and alternative schools.

VOTE NO!

Cathi Herrod, Esq.
Arizona Representative
Concerned Women for America
Scottsdale, AZ

ARGUMENT "AGAINST" PROPOSITION 103

Improving the quality of education in Arizona is a laudable goal and one which we all must make a priority. But throwing massive amounts of money at the existing system with little or no accountability for how the money will be spent is not the answer.

All one needs to do is look at the amount of money spent in other states and countries compared to educational performance to see that no correlation can be found between increased dollars and improved performance - none whatsoever.

In Arizona, we spend an average of \$3544 per student - slightly under the U.S. average of \$3970. But compare these amounts to our international competitors: West Germany, \$2253; France, \$1996; Great Britain, \$1860; Japan, \$1805. All of these countries spend less on education than we do - some far less - and yet all of them outperform American schoolchildren.

In the United States, in real inflation-adjusted dollars, education spending per pupil has more than tripled since the 1950's. During that period, there was no gain at all in what the average student learned and in many areas, knowledge and skills have deteriorated.

A recent review of 187 separate studies on the impact of funding on school performance found that there is no relationship between funding levels and achievement in America's schools.

Clearly, we have to turn our attention to improving our schools. But real reforms must be looked at. We must look carefully at curriculum, organization, structure, prioritization of funds, administration, bureaucracy. These needed reforms are stalled by attempts to pass off our educational woes as having been caused by simple lack of funding.

If this initiative passes, we will have once again delayed needed reforms. Please, vote NO.

Sydney A. Hoff, President
The Lincoln Caucus
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 103

Arizona's constitution should never be changed to force the legislature to raise taxes. The legislature should keep the right to decide how much to spend. That way it can adjust as times change.

The 1980's taught us that we cannot buy better schools! In the last ten years the dollars provided for education increased over 50%. Schools did not improve. The latest research suggests more money could even make things worse.

Our educators must learn to better manage the funds they already get. Until then we must stop subsidizing their wasteful habits with a forced tax increase by voting No.

Bob Miller, Candidate
Superintendent of Public Instruction
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 103

As a member of the Senate Education Committee for the past eight years, I have witnessed the continuous decline in the quality of education provided to our children by the educational establishment in our public schools. (It has been estimated that nearly half of Arizona's public high school graduates are functionally illiterate.)

Over the past decade, the state budget has escalated from a little over \$1 billion to over \$3.2 billion of which nearly 57% goes to education.

Throwing money at the problem obviously hasn't worked. Throwing more money at the problem won't work any better and Proposition 103 does throw more money at the problem. Conservative estimates indicate that Proposition 103 will raise your taxes at least \$6 billion.

Proposition 103

The \$6 billion (or more) of Proposition 103 added to budgets which already total nearly \$3.5 billion will in a few short years produce budgets of \$10 billion or more.

As the old saying goes, "Don't throw good money after bad."

Vote NO on Proposition 103.

Wayne Stump
State Senator, District 16
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 103

Study after study proves that merely spending more money does not improve the quality of education. This is the most important reason we oppose the Classroom Improvement Initiative. There are other reasons.

This initiative provides no accountability to force schools to improve education quality. Schools will continue to receive additional funding under this initiative, even if they show no improvement in their ability to educate students.

It would make sense to target additional funding to those districts who have the most needs, and to programs that have demonstrated the most success. Under this initiative, however, funding is equally divided on a per student basis to all districts in the state.

Constitutionally requiring the legislature to spend additional billions of dollars on education with no guarantees to improve student achievement makes no sense.

The need to raise taxes by \$5.8 BILLION over the next 10 years to pay for this initiative will mean less support will be available for other state needs, such as behavioral health care, the environment and transportation. Examples of the level of the tax increase necessary to pay for this initiative are:

- an increase of 20% in property taxes, or
- an increase of 30% in state sales taxes, or
- an increase of 40% in income taxes

The annual increases in education funding under this initiative must be paid regardless of whether we are in good or bad economic times.

This initiative removes most possibilities for meaningful education reforms, and simply commits the taxpayers to pay \$5.8 BILLION to continue the present education system without requiring reforms and without any controls over the additional spending.

Vote no.

Arizona Tax Research Association
Barry M. Aarons, Pres. Elliott Hibbs, Exec. Dir.
Phoenix, AZ Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 103

The Arizona Chamber of Commerce believes and supports a quality public education system. A strong educational system is the key to Arizona's future. The need to review, evaluate and restructure the present system is now. This process needs to be conducted and completed before we, the public, vote to spend \$5,800,000,000 on a proposal that in essence says, "provide money without accountability". This is the Classroom Improvement Initiative Proposition 103.

Proposition 103

Documented studies have shown increased spending alone does not automatically improve education. Constitutionally guaranteed funding for whatever purpose circumvents the checks and balances of our system of government. These are the major reasons the Arizona Chamber of Commerce is opposed to Proposition 103. However, there are others.

The proposition sets forth some laudable goals but contains absolutely no provisions to guarantee that such goals will be achieved. Secondly, proposition 103 would provide more money whether or not schools show improvement. This isn't accountability. And finally, the proposition requires nearly \$6 billion but does not define the funding source. Commitment to spend billions of dollars without knowing the source is not financially responsible.

Proposition 103 locks us into a system that can only be changed by a vote of the people. We believe it is not in Arizona's best interest to constitutionally mandate this education initiative. This proposition eliminates the possibility to effectively reform Arizona's educational system to help insure our children's future.

Donald H. Reck
Chairman of the Board
Arizona Chamber of Commerce
Phoenix, AZ

BALLOT FORMAT

PROPOSITION 103	
<p style="text-align: center;">PROPOSED AMENDMENT TO THE CONSTITUTION BY THE INITIATIVE</p> <p>OFFICIAL TITLE PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE STATE OF ARIZONA RELATING TO EDUCATION, ESTABLISHING A CLASSROOM IMPROVEMENT PROGRAM TO IMPROVE THE QUALITY OF PUBLIC SCHOOLS AND TO ACHIEVE THE THREE STATED GOALS OF IMPROVING BASIC READING, WRITING, AND MATHEMATIC SKILLS, REDUCING HIGH SCHOOL DROPOUT RATES, AND BETTER PREPARING STUDENTS FOR EMPLOYMENT AND HIGHER EDUCATION OPPORTUNITIES, AND REQUIRING SCHOOL DISTRICTS TO PREPARE A PUBLIC ACCOUNTABILITY REPORT CARD TO DEMONSTRATE PROGRESS TOWARD THESE GOALS; AND PROVIDING FOR ADDITIONAL REVENUE AND ADDITIONAL FUNDING IN THE AMOUNT OF \$100 PER STUDENT PER FISCAL YEAR FOR USE SOLELY ON EDUCATIONAL IMPROVEMENTS TO ACHIEVE THE STATED GOALS, AND ESTABLISHING A MINIMUM FUNDING LEVEL AND INCREASING AGGREGATE EXPENDITURE LIMITATION FOR SCHOOL DISTRICTS; AMENDING ARTICLE XI, CONSTITUTION OF ARIZONA, BY ADDING NEW SECTION 11, AND ARTICLE IX, CONSTITUTION OF ARIZONA, BY AMENDING SECTION 21 TO ADD NEW SUBSECTION 7 AND ADDING NEW SECTION 22.</p>	
<p>DESCRIPTIVE TITLE AMENDING ARIZONA CONSTITUTION TO CREATE A CLASSROOM IMPROVEMENT PROGRAM WITH GOALS OF IMPROVING SKILLS IN READING, WRITING AND MATHEMATICS; REDUCING DROPOUT RATES; AND PREPARATION FOR EMPLOYMENT AND HIGHER EDUCATION WHILE REQUIRING ANNUAL PROGRESS REPORTS OF SCHOOL DISTRICTS AND PROVIDING \$100 PER STUDENT EACH YEAR OVER THE PREVIOUS YEAR'S FUNDING LEVEL.</p>	
PROPOSITION 103	
A "yes" vote shall have the effect of creating an improvement program to achieve educational goals in public schools and requiring legislative funding at the previous year's level plus \$100 per student each year.	YES
A "no" vote shall have the effect of public schools continuing to operate within current expenditure limitations.	NO

PROPOSITION 104

OFFICIAL TITLE

AN INITIATIVE MEASURE

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO VICTIMS' RIGHTS; RECOGNIZING VICTIMS' RIGHTS TO JUSTICE AND DUE PROCESS; PROVIDING THAT VICTIMS SHALL HAVE THE RIGHT TO BE TREATED WITH FAIRNESS, RESPECT, AND DIGNITY, AND TO BE FREE FROM INTIMIDATION, HARASSMENT, OR ABUSE; THE RIGHT TO BE INFORMED, UPON REQUEST, ABOUT ESCAPES OR RELEASES; THE RIGHT TO BE PRESENT AT AND, UPON REQUEST, TO BE INFORMED OF ALL PROCEEDINGS WHERE THE DEFENDANT HAS THE RIGHT TO BE PRESENT; THE RIGHT TO BE HEARD AT CERTAIN PROCEEDINGS; THE RIGHT TO REFUSE AN INTERVIEW, DEPOSITION, OR OTHER DISCOVERY REQUEST BY THE DEFENDANT OR OTHER PERSON ON HIS BEHALF; THE RIGHT TO CONFER WITH THE PROSECUTION AT CERTAIN STAGES AND TO BE INFORMED OF THE DISPOSITION; THE RIGHT TO READ PRE-SENTENCE REPORTS; THE RIGHT TO RECEIVE PROMPT RESTITUTION; THE RIGHT TO BE HEARD REGARDING RELEASE FROM CONFINEMENT; THE RIGHT TO A SPEEDY TRIAL OR DISPOSITION AND PROMPT AND FINAL CONCLUSION AFTER CONVICTION AND SENTENCE; THE RIGHT TO HAVE RULES OF PROCEDURE AND EVIDENCE PROTECT VICTIMS' RIGHTS AND BE SUBJECT TO AMENDMENT OR REPEAL BY THE LEGISLATURE; THE RIGHT TO BE INFORMED OF THE VICTIMS' CONSTITUTIONAL RIGHTS; PROVIDING THAT THE EXERCISE OF ANY RIGHT GRANTED TO VICTIMS SHALL NOT BE GROUNDS FOR DISMISSING ANY CRIMINAL PROCEEDING OR SETTING ASIDE ANY CONVICTION OR SENTENCE; PROVIDING A DEFINITION OF "VICTIM"; PROVIDING THE LEGISLATURE OR THE PEOPLE WITH AUTHORITY TO ENACT SUBSTANTIVE AND PROCEDURAL LAWS REGARDING VICTIMS' RIGHTS, INCLUDING THE EXTENSION OF THOSE RIGHTS TO JUVENILE PROCEEDINGS; PROTECTING OTHER VICTIMS' RIGHTS GRANTED OR RETAINED; AND AMENDING THE CONSTITUTION OF ARIZONA BY ADDING ARTICLE II, § 2.1.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

The following amendment to the Constitution of Arizona, adding Article II, § 2.1, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and on proclamation of the governor:

Section 1. The Constitution of Arizona is amended by adding Article II, § 2.1:

ARTICLE II, § 2.1

§ 2.1. Victims' Bill of Rights

SECTION 2.1. (A) TO PRESERVE AND PROTECT VICTIMS' RIGHTS TO JUSTICE AND DUE PROCESS, A VICTIM OF CRIME HAS A RIGHT:

1. TO BE TREATED WITH FAIRNESS, RESPECT, AND DIGNITY, AND TO BE FREE FROM INTIMIDATION, HARASSMENT, OR ABUSE, THROUGHOUT THE CRIMINAL JUSTICE PROCESS.
2. TO BE INFORMED, UPON REQUEST, WHEN THE ACCUSED OR CONVICTED PERSON IS RELEASED FROM CUSTODY OR HAS ESCAPED.
3. TO BE PRESENT AT AND, UPON REQUEST, TO BE INFORMED OF ALL CRIMINAL PROCEEDINGS WHERE THE DEFENDANT HAS THE RIGHT TO BE PRESENT.
4. TO BE HEARD AT ANY PROCEEDING INVOLVING A POST-ARREST RELEASE DECISION, A NEGOTIATED PLEA, AND SENTENCING.

5. TO REFUSE AN INTERVIEW, DEPOSITION, OR OTHER DISCOVERY REQUEST BY THE DEFENDANT, THE DEFENDANT'S ATTORNEY, OR OTHER PERSON ACTING ON BEHALF OF THE DEFENDANT.

6. TO CONFER WITH THE PROSECUTION, AFTER THE CRIME AGAINST THE VICTIM HAS BEEN CHARGED, BEFORE TRIAL OR BEFORE ANY DISPOSITION OF THE CASE AND TO BE INFORMED OF THE DISPOSITION.

7. TO READ PRE-SENTENCE REPORTS RELATING TO THE CRIME AGAINST THE VICTIM WHEN THEY ARE AVAILABLE TO THE DEFENDANT.

8. TO RECEIVE PROMPT RESTITUTION FROM THE PERSON OR PERSONS CONVICTED OF THE CRIMINAL CONDUCT THAT CAUSED THE VICTIM'S LOSS OR INJURY.

9. TO BE HEARD AT ANY PROCEEDING WHEN ANY POST-CONVICTION RELEASE FROM CONFINEMENT IS BEING CONSIDERED.

10. TO A SPEEDY TRIAL OR DISPOSITION AND PROMPT AND FINAL CONCLUSION OF THE CASE AFTER THE CONVICTION AND SENTENCE.

11. TO HAVE ALL RULES GOVERNING CRIMINAL PROCEDURE AND THE ADMISSIBILITY OF EVIDENCE IN ALL CRIMINAL PROCEEDINGS PROTECT VICTIMS' RIGHTS AND TO HAVE THESE RULES BE SUBJECT TO AMENDMENT OR REPEAL BY THE LEGISLATURE TO ENSURE THE PROTECTION OF THESE RIGHTS.

12. TO BE INFORMED OF VICTIMS' CONSTITUTIONAL RIGHTS.
(B) A VICTIM'S EXERCISE OF ANY RIGHT GRANTED BY THIS SECTION SHALL NOT BE GROUNDS FOR DISMISSING ANY CRIMINAL PROCEEDING OR SETTING ASIDE ANY CONVICTION OR SENTENCE.

(C) "VICTIM" MEANS A PERSON AGAINST WHOM THE CRIMINAL OFFENSE HAS BEEN COMMITTED OR, IF THE PERSON IS KILLED OR INCAPACITATED, THE PERSON'S SPOUSE, PARENT, CHILD OR OTHER LAWFUL REPRESENTATIVE, EXCEPT IF THE PERSON IS IN CUSTODY FOR AN OFFENSE OR IS THE ACCUSED.

(D) THE LEGISLATURE, OR THE PEOPLE BY INITIATIVE OR REFERENDUM, HAVE THE AUTHORITY TO ENACT SUBSTANTIVE AND PROCEDURAL LAWS TO DEFINE, IMPLEMENT, PRESERVE AND PROTECT THE RIGHTS GUARANTEED TO VICTIMS BY THIS SECTION, INCLUDING THE AUTHORITY TO EXTEND ANY OF THESE RIGHTS TO JUVENILE PROCEEDINGS.

(E) THE ENUMERATION IN THE CONSTITUTION OF CERTAIN RIGHTS FOR VICTIMS SHALL NOT BE CONSTRUED TO DENY OR DISPARAGE OTHERS GRANTED BY THE LEGISLATURE OR RETAINED BY VICTIMS.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

The Constitution of Arizona sets forth the declaration of rights of the people of Arizona. The Constitution specifically guarantees the rights of accused persons in criminal prosecutions, but it does not provide any specific rights for the victims of crime. This Proposition would amend the Constitution by guaranteeing that victims of crime have the right:

1. To fair treatment.
2. To be notified of the accused or convicted person's release or escape from prison.
3. To be present at any proceeding if the defendant has the right to be present.
4. To be present at post-conviction, plea or sentencing proceedings.

5. To refuse an interview or other discovery request by the defendant, his attorney or any other person working on behalf of the defendant.

6. To consult with the prosecutor and be informed of the case's disposition.

7. To read presentence reports if they are available to the defendant.

8. To receive restitution.

9. To be heard at any proceeding at which post-conviction relief is being considered.

10. To a speedy trial.

11. To have the rules of evidence and criminal procedure protect victims' rights.

12. To be informed of their constitutional rights.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 104

For too long victims of crime have been second-class citizens. The rights of defendants have been eagerly fought for and protected while the victim has been overlooked, at best, and, at worst, trampled upon by the judicial system. This Proposition would attempt to equalize the rights of defendants and victims so that the scales of justice would no longer weigh heavily in favor of the defendant.

Although the State Supreme Court adopted Rule 39 relating to victims' rights last year, it did not go far enough. Unlike Rule 39, this Proposition would guarantee the right of a victim to be in the courtroom along with the defendant. Under Rule 39, a judge is permitted to decide whether to allow a victim into the courtroom to hear the testimony of others.

Another problem with Rule 39 is that court rules are too easy to change. In the future the State Supreme Court could easily change Rule 39 to restrict or reduce the rights it has given to victims.

This Proposition would require the defendant to pay the victim for any harm caused to the victim. This requirement acknowledges that the victim has been harmed and should be compensated for that harm.

This Proposition would guarantee victims' rights because it would put victims' rights under the protection of the State Constitution, where they are not subject to change except by vote of the people. Victims' rights would not be subject to judicial whim.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 104

A constitutional amendment is not necessary to establish victims' rights. There are currently 47 state statutes and 17 court rules which protect victims of crime.

These statutes and rules include victims' rights to restitution and compensation, notice of hearings and the right to participate in most hearings. In fact 10 of the 12 rights in Proposition 104 are currently guaranteed to victims under current law. In addition, the State Supreme Court adopted judicial rules last year which offer even further rights and protection to victims.

The two provisions not currently covered by state law alter the constitutional guarantee that all citizens are presumed innocent until proven guilty. Presently, it is the jury which

Proposition 104

determines who is guilty. Under this proposition the government, not the jury, will decide guilt or innocence before all the facts are presented.

Proposition 104 ignores the high hidden costs that taxpayers will bear as a result of this proposal. It will increase the number of hearings and trials with all attendant costs.

The Proposition interjects politics into the judicial system. Proposition 104 would take from the courts the authority to set rules of evidence and procedure and give this power to the legislature. Such rule-making would be subject to legislative whim rather than years of well-tested and well-reasoned court decisions.

ARGUMENT "FOR" PROPOSITION 104

My husband and I are the parents of Christy Ann Fornoff who was abducted, raped and murdered 6 years ago in Tempe. We have learned from this very devastating experience that a criminal has basic constitutional rights that we, as victims, do not have. We had no idea that we could have been at the arraignment or any other court appearance that the defendant was at. We were not notified about every court proceeding. We could not sit in the courtroom during the trial until the end arguments were given. (THE RIGHT TO BE PRESENT IN THE COURTROOM DURING THE WHOLE CASE.) We received calls from the suspected murderer while he was in jail before the trial began. (THE RIGHT TO BE FREE FROM HARASSMENT.) We were not allowed to read the pre-sentence report, nor were we given the opportunity to tell the court about the pain caused by the crime. (THE RIGHT TO TELL THE COURT OR THE PAROLE BOARD ABOUT THE DAMAGE AND PAIN CAUSED BY THE CRIME.) We fear that, as the rules stand now, there will be no final conclusion to this case. In Arizona, the death penalty has not been carried out for twenty-five years. The appeals will go on and on as they have been known to do in this state. (THE RIGHT TO A SPEEDY TRIAL AND TO A REASONABLY SWIFT CONCLUSION OF THE CASE.) We are seldom informed about the status of the appeal. (THE RIGHT TO KNOW THE STATUS OF THE CASE.)

The reason we feel so strongly about the need to pass the Victims' Bill of Rights Proposition is so that future victims will have the Constitutional Rights that we didn't have. We urge you to vote YES for Victims' Rights.

Carol and Roger Fornoff
Tempe, AZ

ARGUMENT "FOR" PROPOSITION 104

We The People Courtwatch supports the Victims' Bill of Rights based on our first-hand observations of the Arizona judicial system during the past six years. Victims do not choose to become victims, and once in our state's judicial system, they are needlessly traumatized once again.

A constitutional amendment is needed to protect and guarantee that victims will have rights. Judicial rules of procedure are largely ignored in Arizona courtrooms. A defendant's rights are guaranteed by the United States Constitution and Bill of Rights and no power on earth can diminish them in anyway. Defendants already possess each of the rights this initiative would provide victims.

At this time, 40 other states, as well as our Federal Judicial System, have similar or same rights provided for victims. Most states, including the federal system, have never allowed

Proposition 104

pre-trial interviews, yet function very well within the guidelines of our federal constitution.

In Arizona, judicial rules of procedure are written by lawyers for lawyers with no consideration for victims. Giving our state legislature power to enact rules regarding victims' rights will restore the system of checks and balances which has not existed in Arizona in 30 years. Citizens will be given a voice through their legislators while the Arizona Supreme Court would retain 99% of their exclusive rule making power.

Currently, Arizona has the third highest crime rate in the nation, with approximately 250,000 victims each year. These rights have not been drafted for a few individuals, but rather for the hundreds of thousands of potential victims of crime.

Kelly McMahon, President
We The People Courtwatch
Tucson, AZ

ARGUMENT "FOR" PROPOSITION 104

For the past seventeen years I have been dealing with the criminal justice system: appeals, hearings and new trials. I speak as a victim of crime. My daughter was murdered in 1973. With the approval of the voters of Arizona, other families will not have to endure the pain of constant confrontation with a criminal justice system that totally disregards the rights or interests of victims that my family has had to face. The man who murdered our daughter was convicted and sentenced to life in prison with no chance of parole, in 1973 and in 1985. The years between have been a series of hearings and appeals. We wait now for another appeal to be heard.

Most people, and attorneys, do not understand that everything that happens in a trial or hearing affects the victim and the victim's family. These people say that what occurs in the courts is not a victims' issue - the case belongs to the courts and the impact of the procedure on the victims is of no importance.

Believe me, when someone you love is murdered and you are told you cannot be in the courtroom during the trial, you feel the impact. When the trial date is moved again and again, month after month, you feel the impact. When the murderer is given leave from prison or released, and you are not informed, you feel the impact. When the truth is kept needlessly from the jury, you feel the impact much more directly than do the attorneys. These are victims' issues - not prosecutors issues and not defense attorney issues.

For these reasons, we, as victims, are fighting for the Victims' Bill of Rights. We are asking for constitutional rights for victims in order to balance those with the constitutional rights criminal defendants now have.

Nancy H. Koger
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 104

In 1981 when my husband was stabbed to death in our home and I was nearly killed too, I was very naive about our court system and its treatment of victims of crime. After three agonizing trials for the man I had witnessed kill my husband, my eyes were wide open to the changes that needed to be made.

The Victims' Bill of Rights will give victims of crime constitutional rights which cannot be taken away by judges or attorneys.

Consideration, at least, will have to be given to victims. No longer will they be treated as pieces of evidence. No longer will they be denied the right to be in the courtroom. No longer will they be forced to submit to endless pre-trial questioning. They will be given notification when the defendant's status has changed or he has been released. They will be allowed to read pre-trial sentencing reports. They will be allowed to make a statement at the sentencing hearing and parole hearing. Victims will have constitutional rights.

Defendants have constitutional rights, why shouldn't victims?

Please vote for the Victims' Bill of Rights in November.

Barbara J. DeMint
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 104

Our Criminal Justice System is based upon the fundamental principles of liberty and justice. This system's authority flows from the United States Constitution, the supreme law of the land. We look to that Constitution to preserve our freedoms and ensure that justice prevails for all citizens equally.

In theory, the constitutional guarantees that protect all citizens from the arbitrary application of laws should result in justice, not only for those accused of crime, but for those who are the victims of crime. In practice, this is not always the case.

How can such a situation exist? I believe it is because the rights that are so carefully spelled out in the federal and state constitutions pertain only to those persons who will appear in court as defendants. Comparable language does not exist in Arizona's constitution for the victims of crime. As a result, the attention of the courts, in interpreting the law, has focused primarily on the rights of defendants, and the interests of victims become lost in a complex body of rules and technicalities.

The Victims' Bill of Rights can change this. It will give the courts an opportunity to consider the defendant and the victim, equally. By embedding victims' rights in our state constitution, we will be taking an important first step toward a more balanced system of justice.

I urge you to vote for the Victims' Bill of Rights.

Richard M. Romley
Maricopa County Attorney
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 104

For the past several years I have been involved in the victims' rights movement. I have seen the hardship, the pain, the frustration that victims endure following a crime - which is all too often made worse by their involvement in the criminal justice system. Across Arizona, victims are routinely treated with indifference and in many cases further abused by the very system they turned to for protection. Our constitution rightfully gives those accused of committing a crime specific rights. Yet innocent victims have none.

One important feature of the Victims' Bill of Rights is the right to refuse to be interviewed by the attorney for the accused before trial. In more than 40 states and the federal system, victims have this right. Now, because of Arizona court rule, victims are forced to submit to such an interview - to go over facts already contained in a police report which has been given to the accused. Can you imagine what it must be like for young children, who have been sexually molested, to be questioned in detail by the defendant's attorney about each act committed by the defendant?

Constitutional rights for victims are important. Somehow, sometime over the past two hundred years, our criminal justice system lost sight of the fact that innocent victims of crime also deserve protection, not only the accused. By amending our state constitution, Arizonans will join many other states that have recognized that justice must be balanced - both for those accused of crime and for those victimized by crime.

Carol L. McFadden
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 104

Our criminal justice system has long been a system that excludes innocent victims from the process. The victim is treated solely as a piece of evidence and not as a person whose life has been drastically changed as a result of the crime.

Currently, victims must submit to a face to face interview, prior to trial, conducted by the defense while the defendant is never required to answer questions from the prosecution. Currently, victims can be excluded from hearings and the trial, while defendants have a constitutional right to be present. Currently, victims have no constitutional right to be informed when the person accused of the crime is released. Currently, victims have no constitutional right to confer with the prosecutor handling their case, while the defendant is represented by his own attorney.

We need to change all this. Victims need to become active participants in the process if they choose. They need to have the same access to the system as defendants do. We who support the passage of Proposition 104 do not wish to delete any rights currently enjoyed by the defendant, we only wish to add rights for victims. We want to restore balance to our criminal justice system and give to victims what they deserve, the right to be treated with respect and dignity. The passage of Proposition 104 will insure all these rights.

Sharon Sikora
MADD Board Member
Glendale, AZ

ARGUMENT "FOR" PROPOSITION 104

The Victims' Bill of Rights Task Force is a network of people throughout Arizona joined together by a common belief that our Constitution ought to protect and give rights to crime victims, not just those accused and convicted of crimes.

We have worked hard so that you will have the opportunity to establish a Bill of Rights for Victims. In our country, every person ought to have basic constitutional guarantees to be secure in life, liberty and property. But today, when a crime is committed, the criminal defendant has all the rights, and the victim of crime has none. The pain and suffering experienced by victims of crime is only made worse by a system which treats them as nothing more than another piece of evidence for the trial.

Passage of Proposition 104 will give us a fair criminal justice system -- one that balances the rights of the criminal defendant with new rights for victims. Proposition 104 will give us a system of justice that fully protects the rights of the innocent and law-abiding and that is fair to all.

Contrary to arguments opposing the Victims' Bill of Rights, nothing, not one word or syllable, of the Amendment alters the presumption of innocence or allows the "government . . . to decide guilt or innocence." Those arguments are false. The right to a jury trial and the presumption of innocence are both protected by U.S. and Arizona Constitutions and nothing in the Victims' Bill of Rights alters them. Proposition 104 will only add to the rights that protect every citizen in our state.

Citizens across Arizona signed the Victims' Bill of Rights petition to voice their agreement that our system of justice is severely out of balance. You can restore that balance by voting "yes" on Proposition 104.

Donna Pickering, Chairperson Victims' Bill of Rights Task Force Phoenix, AZ	Peggy Bray, Treasurer Victims' Bill of Rights Task Force Phoenix, AZ
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ARGUMENT "FOR" PROPOSITION 104

This year in Arizona, hundreds of thousands of our people will become victims of murder, rape, robbery, aggravated assault, drunk driving crashes and other serious crimes. These innocent victims will then suffer not only the pain of the crime, but also the betrayal of a criminal justice system that fails to give them any constitutional rights.

They will have no constitutional right to be told when the person who attacked them is released from custody or to tell the judge what they think about the release before it happens.

They will have no constitutional right to be in the courtroom throughout the entire trial of the case, or to know about any plea bargain before it happens and tell the judge how they feel about it.

They will have no constitutional right to a speedy trial, or to any reasonable finality, or to restitution, or to be heard at sentencing, or even to be treated with fairness and respect. They will have no right to choose whether to be interrogated before trial, a right that other victims all across America enjoy today.

We must stop this injustice through the movement for the Victims' Bill of Rights. Not to take constitutional rights away from the accused; the Amendment doesn't take any away. Not to give more power to government; the Victims' Bill of Rights empowers the people. Not to remove the presumption of innocence, or the right to a jury trial; the Amendment could not do those things. What it will do is guarantee constitutional rights for victims that no one will be able to take away.

By your support for Proposition 104 you will be able to say that you too saw injustice and had the courage and vision to end it.

Steve Twist
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 104

Although I am a staunch supporter of victims' rights and have been active in serving victims of crimes, I must oppose the so-called Victims' Rights Amendment to the Arizona Constitution. I fear it would do more damage than good in our state.

Justice in Arizona and in America comes at a high cost. The proposed amendment to our state's Constitution removes two protections currently provided citizens in Arizona: the right to question your accuser prior to trial, and the right to exclude your accuser from the courtroom until after he or she has testified, to make sure the accusation is untainted by other witnesses' testimony.

We cannot permit the presumption of innocence to be eroded in the name of necessity when other less harmful means are available. "Necessity," it has been said, is the "plea for every infringement of human liberty; it is the argument of tyrants and the creed of slaves." -- William Penn.

Moving toward a presumption of guilt in Arizona such as prevails in totalitarian regimes will only serve to deprive innocent men and women of their freedoms, and perhaps their lives.

The Attorney General and other prosecutors should truly work toward serving all Arizonans and, in particular, victims of crime. Lip service and rhetoric must give way to responsiveness and prosecutorial responsibility. Pre-trial harassment by defense attorneys has been quashed by the Arizona Supreme Court. Arizonans' right to a fair trial when accused of a crime must be preserved, however. Any reduction of protections held by the citizens, increases the power of the state and the damage it can do by a mistake.

David Eisenstein, Chairman
Citizens for Eisenstein
Tucson, AZ

ARGUMENT "AGAINST" PROPOSITION 104

VICTIMS RIGHTS ARE ALREADY PROTECTED UNDER THE LAW - There are currently 47 laws and 17 Rule Provisions that protect victims' rights. For example, the right of a victim to receive restitution is guaranteed in eight separate laws; the right to receive notice of a prisoner's release/escape is guaranteed in four separate laws. The list goes on.

WHO DRAFTED THIS INITIATIVE? Did the writers know these rights already existed? Proposition 104 was initiated and drafted by government attorneys. These government attorneys took legitimate concerns that are already covered by law, and are trying to camouflage their own private agenda to increase their power.

In our country citizens are presumed innocent until proven guilty. It is the jury who determines the facts and determines guilt or innocence. Under this government sponsored proposition, citizens would be presumed guilty. Under Proposition 104, it is the government, not the jury, who determines who is the victim.

Under our constitution, the Supreme Court supervises all lower courts by reviewing their rules. With Proposition 104, the power would be given to the legislature. The legislature is a political body. It is subject to pressure from lobbyists and special interest groups.

Proposition 104

Our constitutional system is a system of checks and balances. Proposition 104 changes that system by interfering with the Supreme Court's supervision of the lower courts. This is the most significant affect of Proposition 104. The government attorneys who wrote this proposition tried to hide this from the public by proposing "rights" that are already law. The 47 laws and numerous Rule Provisions already protect victims. If the government wants to increase its power it should be honest and present those specific issues in a separate proposition. Don't be misled. VOTE NO ON PROPOSITION 104.

MIKE TERRIBILE, Chair
Citizens for Preservation of Rights
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 104

Proposition 104 entitled "Victims' Rights" is an attempt by certain special interest groups to promote their own agenda. Hidden within Proposition 104 is an amendment to the Arizona Constitution that transfers the rule making authority of the Arizona Supreme Court to the whim of the Arizona legislature.

The rights of victims contained in Proposition 104 are currently protected by 47 Arizona statutes and 12 court rules. "The government that governs least governs best". Henry David Thoreau. Do we need more laws for lawyers to play with? No, we need to enforce those we have.

Experts agree that Proposition 104 will add substantial cost to an already overburdened and expensive court system. Who will pay? You and I, the Arizona taxpayer.

Proposition 104 is an unnecessary and costly amendment to constitutional provisions that have served us well for 80 years. Transfer of the rule-making power of the Supreme Court to the legislature will only serve to increase the spiraling cost of state government to the benefit of a few. Vote No on Proposition 104.

Larry L. Debus
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 104

Proposition 104 would deprive the citizens of Arizona of the right to a fair and impartial trial by jury.

Presently all witnesses in both civil and criminal cases are subject to pretrial interviews by both sides.

Proposition 104 would change the rules in criminal cases only. These changes would mean that certain government witnesses in a criminal case would not have to give a pretrial interview.

The result of Proposition 104 would be that in civil cases involving only money witnesses would be interviewed by both sides before trial but in a criminal case where years in prison or even death might be the penalty, the most important witnesses would not be required to give a pretrial interview.

Proposition 104

Why would the government lawyers who drafted this proposition, desire such a result? With so much at stake in a criminal trial, all witnesses should be required to give pretrial witnesses so that neither side is caught by surprise in trial.

Defend our right as citizens of Arizona to a fair and impartial trial by jury. Vote NO on Proposition 104.

Robert Hirsh, President
Arizona Attorneys for Criminal Justice
Tucson, AZ

BALLOT FORMAT

PROPOSITION 104

PROPOSED AMENDMENT TO THE CONSTITUTION BY THE INITIATIVE

OFFICIAL TITLE

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO VICTIMS' RIGHTS; RECOGNIZING VICTIMS' RIGHTS TO JUSTICE AND DUE PROCESS; PROVIDING THAT VICTIMS SHALL HAVE THE RIGHT TO BE TREATED WITH FAIRNESS, RESPECT, AND DIGNITY, AND TO BE FREE FROM INTIMIDATION, HARASSMENT, OR ABUSE; THE RIGHT TO BE INFORMED, UPON REQUEST, ABOUT ESCAPES OR RELEASES; THE RIGHT TO BE PRESENT AT AND, UPON REQUEST, TO BE INFORMED OF ALL PROCEEDINGS WHERE THE DEFENDANT HAS THE RIGHT TO BE PRESENT; THE RIGHT TO BE HEARD AT CERTAIN PROCEEDINGS; THE RIGHT TO REFUSE AN INTERVIEW, DEPOSITION, OR OTHER DISCOVERY REQUEST BY THE DEFENDANT OR OTHER PERSON ON HIS BEHALF; THE RIGHT TO CONFER WITH THE PROSECUTION AT CERTAIN STAGES AND TO BE INFORMED OF THE DISPOSITION; THE RIGHT TO READ PRE-SENTENCE REPORTS; THE RIGHT TO RECEIVE PROMPT RESTITUTION; THE RIGHT TO BE HEARD REGARDING RELEASE FROM CONFINEMENT; THE RIGHT TO A SPEEDY TRIAL OR DISPOSITION AND PROMPT AND FINAL CONCLUSION AFTER CONVICTION AND SENTENCE; THE RIGHT TO HAVE RULES OF PROCEDURE AND EVIDENCE PROTECT VICTIMS' RIGHTS AND BE SUBJECT TO AMENDMENT OR REPEAL BY THE LEGISLATURE; THE RIGHT TO BE INFORMED OF THE VICTIMS' CONSTITUTIONAL RIGHTS; PROVIDING THAT THE EXERCISE OF ANY RIGHT GRANTED TO VICTIMS SHALL NOT BE GROUNDS FOR DISMISSING ANY CRIMINAL PROCEEDING OR SETTING ASIDE ANY CONVICTION OR SENTENCE; PROVIDING A DEFINITION OF "VICTIM"; PROVIDING THE LEGISLATURE OR THE PEOPLE WITH AUTHORITY TO ENACT SUBSTANTIVE AND PROCEDURAL LAWS REGARDING VICTIMS' RIGHTS, INCLUDING THE EXTENSION OF THOSE RIGHTS TO JUVENILE PROCEEDINGS; PROTECTING OTHER VICTIMS' RIGHTS GRANTED OR RETAINED; AND AMENDING THE CONSTITUTION OF ARIZONA BY ADDING ARTICLE II, § 2.1.

DESCRIPTIVE TITLE

AMENDING ARIZONA CONSTITUTION BY ADDING A CRIME VICTIMS' BILL OF RIGHTS REQUIRING THAT VICTIMS RECEIVE PROMPT RESTITUTION, BE INFORMED OF CRUCIAL EVENTS, BE PRESENT AND HEARD AT CRITICAL STAGES AND BE ALLOWED TO CHOOSE WHETHER TO SUBMIT TO PRETRIAL QUESTIONING BY THE DEFENSE.

PROPOSITION 104

A "yes" vote shall have the effect of providing constitutional rights to victims of criminal offenses without amending any of the constitutional provisions guaranteeing rights of criminal defendants.

YES



A "no" vote shall have the effect of not amending the Arizona Constitution to include a Victims' Bill of Rights.

NO



PROPOSITION 105

OFFICIAL TITLE

AN INITIATIVE MEASURE

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO COMPENSATION FOR MOTOR VEHICLE ACCIDENTS, ALLOWING THE ENACTMENT OF A CONSUMER CHOICE IN MOTOR VEHICLE ACCIDENT COMPENSATION LAW; AND DECLARATION OF RIGHTS AND LABOR, ABROGATING AND LIMITING THE RIGHT TO CLAIM OR RECOVER DAMAGES IN CERTAIN CIRCUMSTANCES IN EXCHANGE FOR BENEFITS; ADDING ARTICLE XXIX TO THE CONSTITUTION OF ARIZONA, AND AMENDING ARTICLE II, SECTION 31 AND ARTICLE XVIII, SECTION 6 OF THE CONSTITUTION OF ARIZONA.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

The following amendments to the Constitution of Arizona, consisting of adding Article XXIX and amending Article II, Section 31 and Article XVIII, Section 6, are proposed to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

Section 1. Article XXIX, which reads as follows, is added to the Constitution of Arizona:

Article XXIX. CONSUMER CHOICE IN MOTOR VEHICLE ACCIDENT COMPENSATION.

THE LEGISLATURE MAY ENACT A CONSUMER CHOICE IN MOTOR VEHICLE ACCIDENT COMPENSATION LAW APPLICABLE TO CERTAIN TYPES OF MOTOR VEHICLE ACCIDENTS. THE LAW SHALL CREATE A COMPENSATION SYSTEM FOR INJURIES ARISING OUT OF SUCH ACCIDENTS, TO INCLUDE ABROGATION OF THE RIGHT TO RECOVER DAMAGES AND LIMITATION ON THE AMOUNT OF DAMAGES RECOVERABLE FOR DEATH OR INJURY ARISING OUT OF THE OWNERSHIP, OPERATION OR USE OF MOTOR VEHICLES WITHIN THIS STATE. PROVIDED, HOWEVER, THAT SUCH LAW SHALL PERMIT THOSE PERSONS WHO WISH TO REMAIN SUBJECT TO TORT LAW AND THEREBY RETAIN THE OPPORTUNITY TO SUE AND BE SUED, TO REJECT, PRIOR TO INJURY, SUCH COMPENSATION SYSTEM.

Section 2. Article II, Section 31, Constitution of Arizona is amended to read:

§ 31. Damages for death or personal injuries

Section 31. No law shall be enacted in this State limiting the amount of damages to be recovered for causing the death or injury of any person, EXCEPT AS PROVIDED FOR IN ARTICLE XXIX, CONSUMER CHOICE IN MOTOR VEHICLE ACCIDENT COMPENSATION.

Section 3. Article XVIII, Section 6, Constitution of Arizona is amended to read:

§ 6. Recovery of damages for injuries

Section 6. The right of action to recover damages for injuries shall never be abrogated, and the amount recovered shall not be subject to any statutory limitation, EXCEPT IN BOTH CASES AS PROVIDED FOR IN ARTICLE XXIX, CONSUMER CHOICE IN MOTOR VEHICLE ACCIDENT COMPENSATION.

ANALYSIS BY LEGISLATIVE COUNCIL*(In compliance with A.R.S. section 19-124)*

The Constitution of Arizona protects the right to sue for the death or injury of any person and provides that no law eliminating this right can be adopted.

This proposition would amend the Constitution to make an exception to the right to sue. The right to sue and the amount of damages a person could recover for death or injury resulting from an automobile accident would be limited by an optional automobile insurance compensation law. That new law is Proposition 203.

This proposition would have to be approved for proposition 203 to be valid.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 105

The cost of automobile insurance in this state is too high. The Constitution of Arizona was written at a time when excessive lawsuits and costly jury awards were not common, as they are today. The fact that the Arizona consumer pays directly to finance these lawsuits and especially the jury awards for pain and suffering, is clearly shown by the high automobile insurance premiums the consumer pays. Many people are being forced to drive without automobile insurance because they cannot afford it, and for many other people, the cost of automobile insurance is so high that it is both difficult to obtain and difficult to pay for.

This has resulted in an automobile insurance crisis in this state. Allowing the legislature or the people, by initiative, to limit the right to sue and the amount of damages that can be recovered for automobile accidents will help limit automobile insurance costs and make automobile insurance available and affordable to all.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 105

The so-called automobile insurance crisis is a manufactured crisis by an insurance industry that wants higher profits. Any financial downturn they may be experiencing is a result of poor management and is their own fault. Now these huge multimillion dollar corporations want to make innocent injured parties and the injured party's family suffer even more by limiting what a jury would otherwise reasonably award them.

For more than half a century, the Constitution of Arizona has wisely protected the rights of a person injured in an automobile accident to damages, therefore guaranteeing that the injured person will get everything that a jury finds he or she is entitled to. This proposition would let an injured person collect only his or her monetary loss. The injured person would not be allowed to sue for his or her pain and suffering or for those damages that are awarded as punishment for grossly negligent conduct or intentional harms.

The Arizona Constitution should remain as it is. There should be no artificial limits on a jury compensating for the pain and suffering a person injured in an automobile accident must endure or for a family's loss of a loved one.

ARGUMENT "FOR" PROPOSITION 105

1. **CONSUMER CHOICE** - Consumers want and need a choice in auto insurance, just as we have in other important matters affecting our personal lives. Right now the politicians decide what type of auto insurance we should have. This proposition lets us, rather than the state, choose the type of auto insurance policy we want for ourselves and our families.

2. **A CHOICE** - A consumer choice system lets us choose a policy which best meets our needs. If we don't want expensive liability coverage, then we can choose a personal protection policy. Unlike no-fault, personal protection coverage does not make us give up our right to sue when we might really need it ... and personal protection benefits, unlike no-fault benefits, cannot be collected by drunk and drugged drivers.

3. **CUT PREMIUMS 20%** - If we choose a personal protection policy, our insurance company must reduce our premiums an average of 20% below the statewide average premiums for required liability and uninsured motorist coverage.

4. **30-DAY PAYMENT GUARANTEE** - Insurance companies must pay our personal protection benefits within 30 days, or pay 18% interest. Payment under the current lawsuit-based system can take a year-and-a-half or longer.

5. **PROTECT OUR FAMILIES, NOT DRUNK, DRUGGED AND UNINSURED DRIVERS** - Consumer choice gives conscientious Arizona drivers a way to protect our families without having to subsidize drunk, drugged and uninsured motorists. Up to 40% of Arizona drivers are uninsured -- yet they still sue and recover, and we pay for them and their lawyers. These bad drivers would not get personal protection benefits.

6. **TAKE CHARGE, TAKE CONTROL. TAKE CONSUMER CHOICE** - The politicians and pressure groups have failed. The only one who is really going to look after your auto insurance is you. And you deserve and need a choice ... **CONSUMER CHOICE.**

Joel Rudd, Chairman
Consumer Choice Coalition
Phoenix, AZ

Maryann Watkins, State Director
Consumer Choice Coalition
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 105

As Arizona's top law enforcement officer, I enthusiastically support Propositions 105 and 203 because ...

1. **UP TO FORTY PERCENT OF ARIZONA'S DRIVERS ARE DRIVING UNINSURED** because the current auto insurance law is bad law, and bad law is hard to enforce. A law flouted by 40 percent of those to whom it applies is no law at all. It's closer to anarchy. There are so many uninsured motorists because, in part, premiums are too expensive and benefits are paid too slowly.

2. **AUTO INSURANCE PREMIUMS HAVE SKYROCKETED** because the current auto insurance system is based on lawsuits -- and lawsuits are an expensive way to make decisions.

3. **BENEFITS ARE PAID TOO SLOWLY**, sometimes taking months or years, because the courts have become clogged with auto insurance decisions, and there are few ways under current law to force the insurance companies to pay promptly. This system ties up money that belongs to Arizona's citizens.

4. **THE BEST LAW IS THE LAW OF INDIVIDUAL CHOICE**, where individuals, not the government, make decisions. Such law is fair and it is self-enforcing. Individuals freely making a choice will accept responsibility for their choice, stick to the choice, and stick to the law.

5. **THIS PROPOSED LAW IS A LAW OF INDIVIDUAL CONSUMER CHOICE**, letting individual Arizona drivers decide the best kind of auto insurance for themselves and their families. Some drivers will stick with the current system. Others will want to select the personal protection policy. But it's our right to choose.

6. **THE PROPOSED LAW IS TOUGH ON THE DRUNK, THE DRUGGED AND THE UNINSURED**, making them responsible for their actions. Current law gives them the right to sue and collect, even though they may be at fault for an accident.

7. **CONSUMER CHOICE IS INDIVIDUAL RESPONSIBILITY -- AND THAT'S GOOD LAW.**

Hon. Bob Corbin
Attorney General
Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

As ARIZONA SHERIFFS WE ARE FOR CONSUMER CHOICE and support Propositions 105 and 203 because . . .

RESPONSIBLE DRIVERS DESERVE A CHOICE. Our current auto insurance system punishes good drivers by making them pay for the harm done by bad drivers. Responsible drivers have to pay rising liability insurance premiums to pay for the injury, death and damage caused by drunk, drugged and other irresponsible motorists. People deserve a choice in their basic coverage so they don't have to subsidize lawbreakers.

IF IT'S NOT AFFORDABLE, IT'S NOT ENFORCEABLE. Arizona auto insurance is becoming unaffordable for many. In fact, four out of ten drivers are going without any coverage even though basic coverage is required by state law. Respect for the law is weakened when people lack confidence in their insurance system.

GOOD DRIVERS ARE PAYING TOO MUCH. The four in ten Arizona drivers who don't carry insurance may be uninsured but they are not unpaid, because they can still sue and collect under our current system. That's one reason premiums are so high for the six out of ten drivers who do carry insurance. Consumer choice will help correct this situation.

Hon. Marvin L. Hare, Sr.,
Sheriff
La Paz County

Hon. Richard I. Mack,
Sheriff
Graham County

Hon. John R. Phipps,
Sheriff
Yuma County

Hon. Joe M. Rodriguez,
Sheriff
Gila County

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

We are MAYORS WHO SUPPORT CONSUMER CHOICE in Arizona Auto Insurance. We choose Consumer Choice because CONSUMER CHOICE MEANS . . .

1. **KEEPING TAXES DOWN** -- The cost to insure government owned cars would be reduced under Consumer Choice. There also would be fewer lawsuits seeking windfall awards, which helps to keep a lid on public budgets . . . and on public taxes.

2. **SAFER STREETS** -- The Consumer Choice Personal Protection Policy is tough on drunk and drugged drivers -- it prohibits them from collecting benefits. These bad drivers, therefore, will have an additional incentive for, straightening up their driving habits . . . making our streets safer.

3. **CITIZEN CONTROL** -- Our constituents want more control over their lives, and Consumer Choice gives them more control over their own auto insurance. So long as basic safeguards are met, governments -- state, local or federal -- should not be dictating the details of personal auto insurance to their citizens.

4. **FEWER LAWSUITS** -- Since, under Consumer Choice, people would have less need to go to court to collect on their auto insurance, there will be fewer lawsuits, and cities would need to hire fewer lawyers. The costs, and the awards, of auto lawsuits would be less of a burden to the taxpayer.

5. **FEWER UNINSURED DRIVERS** -- Today up to 40% of Arizona motorists are "uninsured." That means the rest of us -- the 60% -- are having to cover costs for the 40%. Since the Consumer Choice Personal Protection Policy does not pay benefits to the uninsured, the uninsured would have an incentive to become insured. They would have an additional incentive because the cost of basic auto insurance would drop under Consumer Choice, making auto insurance more affordable.

6. **A BETTER, LEANER GOVERNMENT** --- Consumer Choice takes auto insurance decision making out of government bureaucracy and gives it back to the people . . . where it belongs. This means a better, leaner government.

Mayor Carol Anderson
City of Kingman

Mayor Jimmie Kerr
City of Casa Grande

Mayor George Renner
City of Glendale

Mayor Peggy Rubach
City of Mesa

Mayor Paul Johnson
City of Phoenix

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

As ARIZONA SENIORS WHO ARE FOR CONSUMER CHOICE IN AUTO INSURANCE we support Propositions 105 and 203 because..

CONSUMER CHOICE IS SENIORS CHOICE -- We are tired of paying high premiums despite our good driving records. We support Consumer Choice so we can receive the lower insurance costs we deserve.

SINCE THE POLITICIANS WON'T ACT, SENIORS WILL by supporting the Consumer Choice ballot propositions. Even though auto insurance is, in reality, a tax on driving, we have no voice in determining this tax. The politicians are deadlocked, the courts are bogged down, and insurance is becoming too expensive. It's time we had a voice, our own seniors voice, through consumer choice.

FIXED INCOME EARNERS ARE HURT BY HIGH PREMIUMS AND SLOW PAYMENT OF BENEFITS -- Our premiums have jumped 100% in five years, and payments for accidents can take months and even years. This does seniors living on fixed income no good. It eats away at our purchasing power. Consumer choice will give us the chance to reduce our basic coverage cost an average of 20 percent and enable us to count on benefit payments within 30 days.

GOOD, LAW-ABIDING SENIOR CITIZEN DRIVERS SHOULD NOT BE FORCED TO SUPPORT DRUNK, DRUGGED AND UNINSURED DRIVERS through the current system of high-priced premiums and lengthy lawsuits. We need an alternative. We need consumer choice.

DRIVING IS A NECESSITY; SO IT SHOULD BE AFFORDABLE. We need consumer choice.

ELLIS DANNER
Sun City, AZ

NAOMI HARWARD
Tempe, AZ

ALLEN JONES
Mesa, AZ

MURRAY KARSTEN
Sun City, AZ

WILLIAM LEE
Sun City, AZ

KATIE WAGHER
Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

Arizona businesspeople support Propositions 105 and 203 because . . .

CONSUMERS WITH CHOICES MAKE THE BEST DECISIONS -- The best decision-maker in the world is a consumer with choices. Governments everywhere are learning this. Arizona has known it for a long time. Now Arizona needs to get its auto insurance law in step with experience . . . and with Arizona's consumers, by giving them a choice.

CONSUMER CHOICE IS A "PRICE FIGHTER" -- Arizona's auto insurance premiums, 12th highest in the nation, are pushing up Arizona's retail prices. Consumer choice in auto insurance means lower premiums, fewer frivolous lawsuits and more competitive pricing. These help fight business costs . . . and help keep business prices down.

ARIZONA BENEFITS FROM COMPETITION -- When consumers are given choices, more companies compete for consumer attention. Consumer choice auto insurance means competition . . . in premium prices, in policy provisions and in service. Arizonans like competition . . . and we are good at competing. Consumer Choice benefits both the Arizona business . . . and the Arizona consumer.

A STRONG ECONOMY MEANS A STRONG ARIZONA -- Lawsuits, insurance claims, needless paperwork -- these all contribute to a sluggish economy. Arizona needs to clean the cobwebs out of its auto insurance system and get the bureaucracy out of the auto insurance business. We need to put auto insurance decision-making where it belongs -- with the Arizona consumer, through Consumer Choice.

Kirby Garrett, State Director
National Federation of
Independent Business
Phoenix, AZ

Brent Crosby, Executive
Director
Service Station Dealers
of Arizona
Phoenix, AZ

Gary Gillespie, Director
Arizona Association of Dry
Cleaners and Launderers
Phoenix, AZ

Stan Wilson, Executive
Vice President
Arizona Auto Dealers
Association
Scottsdale, AZ

Terry Smalley, Executive
Vice President
Arizona Motor Transport
Association
Scottsdale, AZ

Sam Garcia, Sr.
Garcia's Market
Avondale, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

As **COMMUNITY LEADERS WHO ARE FOR CONSUMER CHOICE IN AUTO INSURANCE WE SUPPORT PROPOSITIONS 105 AND 203** because . . .

CONSUMER CHOICE LETS PEOPLE CHOOSE WHAT IS BEST FOR THEIR OWN PERSONAL NEEDS AND THOSE OF THEIR FAMILY. Under Arizona's current system of automobile insurance, the politicians make the choice for us. This is wrong. There should be minimum public standards, but the selection of an insurance policy to meet our personal needs should be up to the individual, not the state.

THE POLITICAL LEADERSHIP HAS FAILED, SO IT IS UP TO THE CITIZENS OF ARIZONA TO HELP SOLVE THE AUTO INSURANCE CRISIS by using this initiative process to enact legislation that gives the consumer a choice of auto insurance policies.

HIGH AUTO INSURANCE PREMIUMS ARE DRIVING US OFF THE ROAD! Premiums have soared 20% a year, now up to an average of over \$600 a year, making Arizona 12th highest in the nation. Our premiums are becoming unaffordable, and unacceptable. Lower cost alternatives are available . . . through the consumer choice system.

UNDER THE CURRENT SYSTEM, INSURANCE COMPANIES MAY TAKE MONTHS OR EVEN YEARS TO PAY BENEFITS, because the current system too often relies on lawyers, lawsuits and the courts to determine who gets benefits.

THE CONSUMER CHOICE AUTO INSURANCE SYSTEM WOULD OFFER AN ALTERNATIVE POLICY THAT REQUIRES INSURANCE COMPANIES TO PAY BASIC BENEFITS WITHIN THIRTY DAYS.

CONSUMER CHOICE ALSO WOULD OFFER AN ALTERNATIVE POLICY THAT COSTS AN AVERAGE OF 20% LESS THAN CURRENT REQUIRED AUTO INSURANCE.

ARIZONA NEEDS A PLAIN LANGUAGE POLICY THAT COSTS LESS AND PAYS US QUICKLY. ARIZONA NEEDS CONSUMER CHOICE.

CONSUMER CHOICE -- OUR STRONGEST VOICE!

Hon. Cloves Campbell, Sr.
Phoenix, AZ

Bob Elliott
Tucson, AZ

Pete Garcia, President/CEO
Chicanos Por La Causa
Phoenix, AZ

Bob Perrine, Sr., Regional
President
Teamsters Local 104
Phoenix, AZ

Thomas Dunlavey
Phoenix, AZ

Hon. Katie Dusenberry
Tucson, AZ

Hon. Raul Castro
Former Governor of Arizona,
Former U.S. Ambassador to Argentina
Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

ARIZONA COMMUNITY LEADERS SUPPORT PROPOSITIONS 105 AND 203 because . . .

YES! We need a fresh start with consumer choice auto insurance. The price of premiums has gotten out of hand. Benefits are paid late. Claims are tied up in the courts. We need a new system.

NO! We cannot look to the politicians to solve this crisis. They have failed. Meanwhile, our pockets are being drained by a costly, inefficient auto insurance system that does not even give us security and peace of mind.

YES! We chose Arizona. We live here because we are independent and self-reliant. We can make our own personal choices . . . including our choice of auto insurance. We should have the right to choose our basic auto insurance.

No! It is not up to the politicians of Arizona to tell us which auto insurance policy is good for us and our families. As long as minimum standards are met, it is up to us.

YES! It is time for us to take control of our own fate through this ballot initiative. When the politicians won't act, the people will.

YES! Auto "insurance" should mean just that: protection for those who buy it. But under the current law, the 60% who do pay cover the up to 40% who do not -- because the "uninsured" can still collect. They're not uninsured. They just don't pay. That's not right.

YES! We're not putting up with the current system anymore.

YES! We are voting YES on Propositions 105 and 203.

Al Briggs, Jr., President
Automobile Hobbyist Council
Phoenix, AZ

J. Rukin Jelks, Jr.
Elgin, AZ

Madeline Ong Sakata,
President, Arizona Asian
American Association
Phoenix, AZ

Al Sterman, Secretary
Arizona Consumers Council
Tucson, AZ

E. Claude Mattox, Chairman
Maricopa Neighbors
Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

As RETIRED MILITARY WE ARE FOR CONSUMER CHOICE AND SUPPORT Propositions 105 and 203 because . . .

CONSUMER CHOICE REPRESENTS INDIVIDUAL FREEDOM. Strengthening the Arizona Constitution to protect the consumer's right to choose basic auto insurance coverage is in our tradition of supporting freedom of the individual. Consumer choice is consistent with the principles the men and women of our armed forces have fought and died for, and will continue to fight and die for, since our country's founding.

RESPONSIBLE CITIZENS DESERVE CONSUMER CHOICE. Law-abiding good drivers, including those who have served their country in uniform, should not have to pay ever higher premiums because of others who are less responsible -- such as drunk and drugged drivers and uninsured motorists. Consumer choice will give Arizonans a chance to cut average premiums for basic coverage 20 percent and to require insurance companies to pay losses within 30 days.

WE CAN CLEAN UP ARIZONA'S AUTO INSURANCE MESS WITH CONSUMER CHOICE. State government has not been able to fix the auto insurance problem in our state. Things have been getting worse instead of better. Consumers are showing the can-do spirit by rallying behind consumer choice. We support this citizens' effort to regain control over rising costs and put some sense into a system which too often doesn't make good sense.

Col. Charles L. Flynn,
USAF, Ret
Prescott, AZ

Lt. Col. Chuck Servocky,
USAF, Ret
Phoenix, AZ

Hon. Robert W. Williams,
Brigadier General
U. S. Army, Ret.
Sun City West, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 105

As ARIZONA LEGISLATORS WE ARE FOR CONSUMER CHOICE and support Propositions 105 and 203 because . . .

IT'S TIME TO FIX THE PROBLEM. Unfortunately, state government leaders have not been able to come together and agree on a solution to the auto insurance problem in our state. Consumer choice is a sound measure which will benefit consumers across the state.

ARIZONANS DESERVE A CHOICE. Just as citizens have the right to vote for us, they should have the right to choose the basic type of auto insurance they want. Having auto insurance is required by state law; and we ought to help make that requirement affordable by giving each citizen a chance to choose a less expensive alternative to the current system.

CONSUMER CHOICE IS IN THE PUBLIC INTEREST. Consumer choice will benefit the public by strengthening the consumer's right to shop and by giving consumers an option to reduce their basic coverage costs 20 percent and require insurance companies to pay their losses within 30 days. Some of the interest groups which lobby state government may not be completely happy about consumer choice, but it's clearly a solution which is in the public's best interest.

State Representative Kyle Hindman State Representative Candice Nagel
Buckeye, AZ Phoenix, AZ

State Senator Tom Patterson State Representative Nancy Wessel
Phoenix, AZ Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "AGAINST" PROPOSITION 105

Proposition 105 is not insurance reform. It is no-fault insurance, which is a 20 year old idea that has never worked.

And rather than list the bad things that this proposal does, let me list the many good things it doesn't do. For instance, it has:

- * No Consumer Office; no Consumer Advocate; no Consumer Protection Division;
- * No beefed-up regulatory powers; no required justification and approval of rate increases;
- * No "Good Driver" discounts (in fact, it penalizes good drivers); no minimum rate setting rules;
- * No rights to representation; no choice in medical care; no recourse; and finally,
- * No real coverage or savings after the first year.

As the author of the real reform initiative (Proposition 201), I am convinced that this proposal was designed to confuse voters. I really think that the insurance companies who cooked this up believe that if they call it "consumer choice", voters will buy it. They really are that arrogant.

This proposition does nothing for consumers. It changes nothing about the way insurance companies do business in this state. In fact, it gives companies more power over their policyholders.

It gives consumers no input, representation or protection from rate abuse. In fact, it takes away a number of our current remedies.

I urge every voter to reject this blatant attempt to hide behind words like "consumer" and "reform". There is a wolf hiding within this proposition's clothing. It's the insurance industry. Please vote "NO".

Representative John Kromko
District 11
Tucson, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 105

There is a principle that's as old as civilization, perhaps older. Simply put: "You pay for what you break." And in America we have developed an extraordinary system - the envy of all the world - where we can make sure the wrongdoers pay for their acts and are accountable to ordinary citizens, like ourselves: the right to a trial by jury.

To this day we guarantee this right - that everyone may be heard, with or without a lawyer, in blue jeans or in suits... it's absolute. It's your right to sue if the person who "broke" (injured) you won't pay.

The framers of both the American and Arizona Constitutions thought it important enough to mention several times in each document.

Yes, the world has changed since then, and issues have become more complex. But certain rights - this among them - are too important to be changed.

The dramatic changes in Eastern Europe were about rights as well - the capturing and regaining of fundamental rights. Don't talk to Lech Walesa about trading rights away!

I simply submit to you what you already know: that once you relinquish a right, you never get it back. Especially if we vote it away.

Bruce Babbitt
Phoenix, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 105

The Arizona Constitution represents the best of our 200+ year experiment with freedom and democracy. Drafted in 1910-11, our Constitution was the last, and possibly best, attempt to limit the abuses of special interests in the contiguous 48 states.

It is no accident that Article II (Statement of Rights) includes a specific prohibition against the Legislature ever attempting to limit the power of juries. The framers of Arizona's Constitution trusted juries of average citizens and knew, from experience, how easily the Legislature could be used by powerful special interests.

It is no accident that Article 18, Section 6 reaffirms the framers' trust in juries and the citizens' absolute right to seek justice from their peers. No special interest could ever buy or control a jury of ordinary citizens, while few Legislatures have ever resisted completely the power and money represented by those same special interests.

Proposition 105 is a blatant attempt by the national insurance industry to abolish these constitutional protections and get decisions affecting your rights into the Legislature where they can more likely control votes.

The Arizona Constitution stands to protect the rights of everyone. It should never be amended to allow special interests like the national insurance industry to prevail over the ordinary citizens it was written to protect. I urge you to vote NO on Proposition 105.

David K. Udall
Mesa, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 105

Here they go again!

In the mid-1980's when their profits began to shrink, the big insurance companies began a nationwide campaign to balance their books on the backs of innocent victims. They called it "tort reform", but it was really "revenue enhancement", and Arizona voters wisely said "no".

The insurance companies always want us to believe it's our fault ... never theirs.

Now they've got a new twist. This time it's "no-fault". But it's really just "back-door tort reform" and if we don't say "no" again, they'll have a foot in that door forever.

First they just want to limit our rights in auto accidents. Maybe next they'll say utilities need special rights (i.e., ours). Then a little more . . . and a little more.

What happens when some day some court or some well-funded voter group succeeds in limiting the rights of victims of negligent transportation or disposal of hazardous waste?

Take a closer look. Today is "some day".

This proposal was cooked up in the incinerators of the insurance industry. It's hazardous. And that well-funded group is here, buying up rights, as they say.

I care about the environment, not fine points in the law. I have opposed the attempts by corporations (EXXON), government agencies (EPA) and the insurance industry to limit their duty and responsibility to us and the environment. There aren't any environmental "accidents". When we get behind their cover-ups, we always find negligence and fault.

I hope to sound a warning, Arizona.

If we accept no-fault "this", what's to prevent no-fault "that"? For a person concerned about environmental safety and clean-up, "that" is positively frightening. Please vote "no".

Carolina Butler
Scottsdale, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 105

To say that no one is at fault in automobile crashes flies in the face of common sense and alarming statistical evidence. Every year in America, over 24,000 people are killed, and hundreds of thousands seriously injured, by drunk drivers. It is senseless, negligent slaughter and it certainly doesn't happen without fault.

The proponents of Proposition 105 take great pains to say that their plan will exclude drunk drivers, that drunks will still be sued and punished. They miss the point.

That very idea that a person can drive a car with no responsibility for the enormous damage they can cause is what we have fought so hard to dispel. Yes, we abhor the damage done by drunk drivers. That does not mean we condone driving recklessly or irresponsibly simply because the driver could pass a breathalyzer test.

The law cannot pick and choose between so-called acceptable and unacceptable behaviors. The law exists as a deterrent to all irresponsible and negligent behavior.

Being responsible and accountable for our actions is the key to our nationwide campaign to eliminate the senseless slaughter on our streets and highways. And that is where this measure fails to meet the test. It is, on its face, wrong-headed and irresponsible.

The concept of no-fault simply reinforces the irresponsible rationale of the drunk driver who thinks: "I'll be okay - just this once. I won't get caught." It's too easy to rationalize. The Law should not make it easier.

It's tough enough to get courtroom convictions against negligent, even drunk drivers. This measure would only allow these crimes to escape punishment in the court of public opinion as well.

Don't make some future mother explain to her children, "Daddy is gone forever, but it's nobody's fault."

Katherine A. Rice
Tucson, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 105

This proposition should be called the "Victims' Bill of NO Rights." It is one of the worst proposals ever placed on the ballot in the State of Arizona. Since pioneer days, our rights as citizens to collect fair and just damages when wrongfully injured or maimed have been guaranteed by the Constitution and this ill-conceived measure -- backed by vested special interest groups -- will negate those fundamental rights.

During the 20 years in which I have had the honor of serving in the Arizona Legislature, I've seen a very disturbing trend toward diminishing an individual's responsibility for his own actions. This dangerous attitude is typified by this proposal to create "no-fault" insurance.

As a sponsor of the Victims' Rights Initiative, I think it would be absolutely bizarre for Arizona voters to ratify this proposal, denying victims of auto accidents their rights, while extending rights to the victims of crime.

Proposition 105 is a victims' rights issue and I urge you to be consistent in protecting all victims by voting "NO".

Representative Jim Skelly
Chairman, Judiciary Committee
Scottsdale, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 105

The Arizona Constitution is currently based on the simple premise that people injured by the negligence of others should be compensated, and that persons who cause those injuries should be held responsible for their actions.

This principle lies at the very core of our social fabric - our sense of right and wrong - from the 10 year-old who hits a baseball through a neighbor's window to the reckless driver who runs a red light smashing into another car.

Our traditional auto insurance system mirrors this basic social rule. No, it's not perfect, but it does try to produce fairness and personal responsibility.

Proposition 105 on the other hand, is not concerned with personal responsibility. Whether intentional or not, the practical effect of the no-fault system set up by Proposition 105 is to take compensation from the innocent and give it to the guilty. Even the PR gimmick of calling it "consumer choice" doesn't change that fact. As if voters should "choose" to give away constitutional rights and overturn a basic social rule as easily as going to the supermarket.

And since insurance costs are allocated to those who make claims, further insult is added to the innocently injured by having their rates increased by their insurance company for something that was not their fault. Over time, good drivers subsidize bad drivers in all no-fault systems.

Driving is a privilege, one that must be exercised with great care and responsibility. Proposition 105 fails to recognize this fact and will only lead to greater irresponsibility and hazards on our roads.

Randy Gray, Chairman
Citizens Against No-Fault
Mesa, AZ

Henrietta Catalan, Director
Housing and Neighborhood Development
Phoenix, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

BALLOT FORMAT

PROPOSITION 105

PROPOSED AMENDMENT TO THE CONSTITUTION BY THE INITIATIVE

OFFICIAL TITLE

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO COMPENSATION FOR MOTOR VEHICLE ACCIDENTS, ALLOWING THE ENACTMENT OF A CONSUMER CHOICE IN MOTOR VEHICLE ACCIDENT COMPENSATION LAW; AND DECLARATION OF RIGHTS AND LABOR, ABROGATING AND LIMITING THE RIGHT TO CLAIM OR RECOVER DAMAGES IN CERTAIN CIRCUMSTANCES IN EXCHANGE FOR BENEFITS; ADDING ARTICLE XXIX TO THE CONSTITUTION OF ARIZONA, AND AMENDING ARTICLE II, SECTION 31 AND ARTICLE XVIII, SECTION 6 OF THE CONSTITUTION OF ARIZONA.

DESCRIPTIVE TITLE

AMENDING ARIZONA CONSTITUTION TO ALLOW THE ENACTMENT OF LAWS LIMITING SUITS FOR DAMAGES AND RECOVERY OF DAMAGES AND AUTHORIZING CREATION OF A COMPENSATION SYSTEM FOR MOTOR VEHICLE ACCIDENT INJURIES AS VOLUNTARY ALTERNATIVE TO THE RIGHT TO SUE.

PROPOSITION 105

A "yes" vote shall have the effect of amending the constitution to permit laws to be enacted that would allow persons to choose a compensation system for motor vehicle accident injuries limiting recovery of damages.

YES



A "no" vote shall have the effect of retaining the current constitutional provisions that forbid the enactment of laws limiting the amount of damages that can be recovered or limiting the right to sue.

NO



PROPOSITION 200**OFFICIAL TITLE****AN INITIATIVE MEASURE**

TO PROVIDE FOR ANNUAL FUNDING FROM STATE LOTTERY REVENUES FOR THE ARIZONA STATE PARKS BOARD HERITAGE FUND AND THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND FOR THE PURPOSES OF PRESERVING, PROTECTING, AND ENHANCING ARIZONA'S NATURAL AND SCENIC ENVIRONMENT, HISTORICAL AND CULTURAL HERITAGE, BIOLOGICAL DIVERSITY, STATE, REGIONAL AND LOCAL PARKS FOR OUTDOOR RECREATION AND OPEN SPACE, WILDLIFE AND WILDLIFE HABITAT, ENDANGERED AND THREATENED SPECIES, URBAN WILDLIFE, TRAILS, AND FOR ENVIRONMENTAL EDUCATION; TO ESTABLISH DEFINITIONS AND GUIDELINES FOR DETERMINING HOW SUCH MONIES AND INTEREST EARNED FROM SUCH MONIES SHALL BE EXPENDED ANNUALLY AND FOR THE ADMINISTRATION OF SUCH PROGRAMS BY THE ARIZONA STATE PARKS BOARD AND THE ARIZONA GAME AND FISH COMMISSION; AMENDING § 5-522, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 3, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 1; AMENDING TITLE 17, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 6.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the people of the state of Arizona:

The following amendments, amending § 5-522, Arizona Revised Statutes, amending Title 41, Chapter 3, Arizona Revised Statutes, by adding a new Article 1, and amending Title 17, Chapter 2, Arizona Revised Statutes, by adding a new Article 6 are proposed to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor.

SECTION 1. DECLARATION OF POLICY

A. THE PEOPLE OF ARIZONA BELIEVE IT IS IN THE BEST INTEREST OF THE GENERAL ECONOMY AND WELFARE OF ARIZONA AND ITS CITIZENS TO SET ASIDE ADEQUATE STATE FUNDS ON AN ANNUAL BASIS TO PRESERVE, PROTECT AND ENHANCE ARIZONA'S NATURAL AND CULTURAL HERITAGE, WILDLIFE, BIOLOGICAL DIVERSITY, SCENIC WONDER AND ENVIRONMENT AND PROVIDE NEW OPPORTUNITIES FOR OUTDOOR RECREATION IN ARIZONA.

B. IT IS THE INTENTION AND DESIRE OF THE PEOPLE OF ARIZONA IN ENACTING THIS STATUTE BY INITIATIVE THAT THE FUNDS PROVIDED HEREBY ARE IN ADDITION TO AND SEPARATE FROM OTHER FUNDS THAT ARE NOW AND SHALL BE ANNUALLY APPROPRIATED BY THE LEGISLATURE.

SECTION 2. Section 5-522, Arizona Revised Statutes, is amended by adding subsection 5-522(D), to read:

§ 5-522. Use of monies in state lottery fund

A. The monies in the state lottery fund shall be expended only for the following purposes and in the order provided:

1. For the expenses of the commission incurred in carrying out its powers and duties and in the operation of the lottery.
2. For the repayment to the state general fund of any amount appropriated to the fund.

3. For payment to the commerce and economic development commission fund established pursuant to § 41-1505.10 of not less than thirty-two and one-half per cent of the revenues received from the sale of two special lottery games conducted for the benefit of economic development.

B. Of the monies remaining in the state lottery fund after the appropriations authorized in subsection A of this section seventy-five per cent up to a maximum of twenty-three million dollars each fiscal year shall be deposited in the local transportation assistance fund established pursuant to § 28-2601 and twenty-five per cent up to a maximum of seven million six hundred fifty thousand dollars each fiscal year shall be deposited in the county assistance fund established pursuant to § 41-175.

C. Notwithstanding subsection B of this section, if the state lottery director determines at the beginning of any fiscal year that monies available to cities, towns and counties under this section may not equal thirty million six hundred fifty thousand dollars, then he shall not authorize deposits to the county assistance fund until the deposits to the local transportation assistance fund equal twenty-three million dollars.

D. OF THE MONIES REMAINING IN THE STATE LOTTERY FUND EACH FISCAL YEAR AFTER APPROPRIATIONS AND DEPOSITS AUTHORIZED IN SUBSECTIONS A, B AND C OF THIS SECTION, TEN MILLION DOLLARS SHALL BE DEPOSITED IN THE ARIZONA STATE PARKS BOARD HERITAGE FUND ESTABLISHED PURSUANT TO § 41-502 AND TEN MILLION DOLLARS SHALL BE DEPOSITED IN THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND ESTABLISHED PURSUANT TO § 17-297.

~~D.E.~~ All monies remaining in the state lottery fund after the appropriations and deposits authorized in this section shall be deposited in the state general fund.

~~E.F.~~ Except for monies expended as provided in § 5-504, subsection C and § 41-1505.10, monies expended under subsection A of this section shall be subject to legislative appropriation beginning with the fiscal year which commences July 1, 1989.

SECTION 3. Title 41, Chapter 3, Arizona Revised Statutes, is amended by adding Article 1 to read:

ARTICLE 1. ARIZONA STATE PARKS BOARD HERITAGE FUND

§ 41-501. **DEFINITIONS**

IN THIS ARTICLE:

1. "NATURAL AREAS" MEANS PARCELS OF LAND OR WATER THAT CONTAIN EXAMPLES OF UNIQUE NATURAL TERRESTRIAL OR AQUATIC ECOSYSTEMS, RARE SPECIES OF PLANTS AND ANIMALS OR UNUSUAL OR OUTSTANDING GEOLOGIC OR HYDROLOGIC FEATURES.

2. "TRAILS" ARE THOSE TRAILS FOR NON-MOTORIZED USE NOMINATED FOR INCLUSION IN THE STATE TRAILS SYSTEM, INCLUDING URBAN, CROSS-STATE, RECREATION, INTERPRETIVE OR HISTORIC TRAILS.

3. "ENVIRONMENTAL EDUCATION" MEANS EDUCATIONAL PROGRAMS DEALING WITH BASIC ECOLOGICAL PRINCIPLES AND THE EFFECTS OF NATURAL AND MAN RELATED PROCESSES ON NATURAL AND URBAN SYSTEMS AND PROGRAMS TO ENHANCE PUBLIC AWARENESS OF THE IMPORTANCE OF SAFEGUARDING NATURAL RESOURCES.

4. "HISTORIC PRESERVATION" MEANS ARCHEOLOGICAL OR HISTORIC PROPERTIES LISTED ON OR ELIGIBLE FOR LISTING ON THE ARIZONA REGISTER OF HISTORIC PLACES THAT REQUIRE FUNDING FOR EASEMENTS, STABILIZATION, REHABILITATION, EDUCATION AND PRESERVATION PROGRAM DEVELOPMENT, RECONSTRUCTION, RESTORATION, INTERPRETIVE DEVELOPMENT, ACQUISITION AND MAINTENANCE.

§ 41-502. ESTABLISHMENT OF FUND

A. THE ARIZONA STATE PARKS BOARD HERITAGE FUND IS ESTABLISHED IN THE OFFICE OF THE STATE TREASURER CONSISTING OF MONIES DEPOSITED FROM THE STATE LOTTERY FUND PURSUANT TO § 5-522 AND INTEREST EARNED ON THOSE MONIES.

B. THE FUND SHALL BE ADMINISTERED BY THE ARIZONA STATE PARKS BOARD AND IS NOT SUBJECT TO APPROPRIATION. EXPENDITURES FROM THE FUND ARE NOT SUBJECT TO ADDITIONAL APPROVAL NOTWITHSTANDING ANY PROVISION OF § 41-511.05, § 41-511.11 OR ANY OTHER STATUTORY PROVISION TO THE CONTRARY. MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE DEPOSITED DIRECTLY WITH THE ARIZONA STATE PARKS BOARD HERITAGE FUND. ON NOTICE FROM THE ARIZONA STATE PARKS BOARD, THE STATE TREASURER SHALL INVEST MONIES IN THE FUND AS PROVIDED IN § 35-311. THE STATE TREASURER SHALL CREDIT MONIES EARNED FROM THOSE INVESTMENTS TO THE FUND.

C. THE BOARD SHALL NOT USE ITS RIGHTS OF EMINENT DOMAIN UNDER § 41-511.06 TO ACQUIRE PROPERTY TO BE PAID FOR WITH MONIES FROM THE ARIZONA STATE PARKS BOARD HERITAGE FUND.

D. ALL MONIES IN THE ARIZONA STATE PARKS BOARD HERITAGE FUND SHALL BE SPENT BY THE ARIZONA STATE PARKS BOARD ONLY FOR THE PURPOSES AND IN THE PERCENTAGES SET FORTH IN THIS ARTICLE. IN NO EVENT SHALL ANY MONIES IN THE FUND REVERT TO THE STATE GENERAL FUND AND MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF § 35-190, RELATING TO LAPSING OF APPROPRIATIONS.

§ 41-503. EXPENDITURES FROM FUND; PURPOSE AND AMOUNTS

A. MONIES IN THE FUND FOR LOCAL, REGIONAL AND STATE TRAILS, PARKS, OUTDOOR RECREATION AND OPEN SPACE SHALL CONSIST OF:

1. FIVE PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON LOCAL, REGIONAL AND STATE TRAILS.
2. THIRTY-FIVE PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON LOCAL, REGIONAL OR STATE PARKS, FOR OUTDOOR RECREATION AND OPEN SPACE.

B. ARIZONA STATE PARKS BOARD HERITAGE FUND MONIES ALLOCATED PURSUANT TO SUBSECTIONS 1 AND 2 OF THIS SUBSECTION SHALL BE SPENT IN ACCORDANCE WITH § 41-511.25 AND SHALL BE AVAILABLE AS MATCHING FUNDS.

C. NO ENTITY RECEIVING FUNDS UNDER SUBSECTIONS A AND B OF THIS SECTION SHALL RECEIVE MORE THAN TWENTY PERCENT OF THE MONIES AVAILABLE IN ANY FISCAL YEAR.

D. SEVENTEEN PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON ACQUISITION OF NATURAL AREAS.

E. FOUR PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON OPERATION AND MANAGEMENT OF NATURAL AREAS ADMINISTERED BY THE STATE PARKS BOARD.

F. SEVENTEEN PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON LOCAL, REGIONAL AND STATE HISTORIC PRESERVATION PROJECTS. MONIES PROVIDED UNDER THIS SUBSECTION SHALL BE ADMINISTERED BY THE ARIZONA STATE PARKS BOARD THROUGH THE STATE HISTORIC PRESERVATION OFFICER.

G. SEVENTEEN PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON STATE PARK ACQUISITION OR DEVELOPMENT.

H. FIVE PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON ENVIRONMENTAL EDUCATION.

I. ALL MONIES EARNED AS INTEREST ON MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ONLY IN THE PERCENTAGES AND FOR THE PURPOSES DESCRIBED IN SUBSECTIONS A THROUGH H OF THIS SECTION OR FOR COSTS OF ADMINISTERING THE ARIZONA STATE PARKS BOARD HERITAGE FUND IN SUCH AMOUNTS AS DETERMINED BY THE ARIZONA STATE PARKS BOARD.

SECTION 4. Title 17, Chapter 2, Arizona Revised Statutes, is amended by adding Article 6 to read:

ARTICLE 6. ARIZONA GAME AND FISH COMMISSION HERITAGE FUND

§ 17-296. DEFINITIONS

IN THIS ARTICLE:

1. "PUBLIC ACCESS" MEANS PROVIDING ENTRY TO PUBLICLY HELD LANDS FOR RECREATIONAL USE WHERE SUCH ENTRY IS CONSISTENT WITH THE PROVISIONS ESTABLISHING THOSE LANDS.

2. "SENSITIVE HABITAT" MEANS THE SPECIFIC AREAS WITHIN THE GEOGRAPHICAL AREA HISTORICALLY OR CURRENTLY OCCUPIED BY A SPECIES OR COMMUNITY OF SPECIES IN WHICH ARE FOUND THOSE PHYSICAL OR BIOLOGICAL FEATURES ESSENTIAL TO THE ESTABLISHMENT OR CONTINUED EXISTENCE OF THE SPECIES AND WHICH MAY REQUIRE SPECIAL MANAGEMENT, CONSERVATION OR PROTECTION CONSIDERATIONS.

3. "ENDANGERED SPECIES" MEANS A SPECIES OR SUBSPECIES OF NATIVE ARIZONA WILDLIFE WHOSE POPULATION HAS BEEN REDUCED DUE TO ANY CAUSE WHATSOEVER TO SUCH LEVELS THAT IT IS IN IMMINENT DANGER OF ELIMINATION FROM ITS RANGE IN ARIZONA, OR HAS BEEN ELIMINATED FROM ITS RANGE IN ARIZONA.

4. "THREATENED SPECIES" MEANS A SPECIES OR SUBSPECIES OF NATIVE ARIZONA WILDLIFE THAT, ALTHOUGH NOT PRESENTLY IN IMMINENT DANGER OF BEING ELIMINATED FROM ITS RANGE IN ARIZONA, IS LIKELY TO BECOME AN ENDANGERED SPECIES IN THE FORESEEABLE FUTURE.

5. "CANDIDATE SPECIES" MEANS A SPECIES OR SUBSPECIES OF NATIVE ARIZONA WILDLIFE FOR WHICH HABITAT OR POPULATION THREATS ARE KNOWN OR SUSPECTED BUT FOR WHICH SUBSTANTIAL POPULATION DECLINES FROM HISTORIC LEVELS HAVE NOT BEEN DOCUMENTED.

6. "URBAN WILDLIFE" MEANS THE WILDLIFE THAT OCCURS WITHIN THE LIMITS OF AN INCORPORATED AREA OR IN CLOSE PROXIMITY TO AN URBAN AREA THAT RECEIVES SIGNIFICANT IMPACT FROM HUMAN USE.

7. "ENVIRONMENTAL EDUCATION" MEANS EDUCATIONAL PROGRAMS DEALING WITH BASIC ECOLOGICAL PRINCIPLES AND THE EFFECTS OF NATURAL AND MAN RELATED PROCESSES ON NATURAL AND URBAN SYSTEMS AND PROGRAMS TO ENHANCE PUBLIC AWARENESS OF THE IMPORTANCE OF SAFEGUARDING NATURAL RESOURCES.

8. "HABITAT EVALUATION" MEANS THE ASSESSMENT OF THE STATUS, CONDITION AND ECOLOGICAL VALUE OF HABITAT AND SUBSEQUENT RECOMMENDATIONS OF MANAGEMENT, CONSERVATION OR OTHER PROTECTION MEASURES, OR MITIGATION MEASURES, INCLUDING BUT NOT LIMITED TO, RECOMMENDATION OF REASONABLE

ALTERNATIVES FOR THE PROPOSED PROJECTS THAT MIGHT OTHERWISE AFFECT THE HABITAT UNDER ASSESSMENT.

9. "HABITAT PROTECTION" MEANS THE PROCESS OF PROTECTING THE QUALITY, DIVERSITY, ABUNDANCE, AND SERVICEABILITY OF HABITATS FOR THE PURPOSES OF MAINTAINING OR RECOVERING POPULATIONS OF ARIZONA WILDLIFE.

§ 17-297. ESTABLISHMENT OF FUND

A. THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND IS ESTABLISHED IN THE OFFICE OF THE STATE TREASURER CONSISTING OF MONIES DEPOSITED FROM THE STATE LOTTERY FUND PURSUANT TO § 5-522 AND INTEREST EARNED ON THOSE MONIES.

B. THE FUND SHALL BE ADMINISTERED BY THE ARIZONA GAME AND FISH COMMISSION AND IS NOT SUBJECT TO APPROPRIATION AND EXPENDITURES FROM THE FUND ARE NOT SUBJECT TO OUTSIDE APPROVAL NOTWITHSTANDING ANY PROVISION OF § 17-241, § 17-261 OR ANY OTHER STATUTORY PROVISION TO THE CONTRARY. MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE DEPOSITED DIRECTLY WITH THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND. ON NOTICE FROM THE ARIZONA STATE GAME AND FISH COMMISSION, THE STATE TREASURER SHALL INVEST MONIES IN THE FUND AS PROVIDED BY § 35-311. THE STATE TREASURER SHALL CREDIT MONIES EARNED FROM THESE INVESTMENTS TO THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND.

C. ALL MONIES IN THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND SHALL BE SPENT BY THE ARIZONA GAME AND FISH COMMISSION ONLY FOR THE PURPOSES AND IN THE PERCENTAGES SET FORTH IN THIS ARTICLE. IN NO EVENT SHALL ANY MONIES IN THE FUND REVERT TO THE STATE GENERAL FUND AND MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF § 35-190, RELATING TO LAPSING OF APPROPRIATIONS.

D. THE COMMISSION SHALL NOT USE ITS RIGHTS OF EMINENT DOMAIN TO ACQUIRE PROPERTY TO BE PAID FOR WITH MONEY FROM THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND.

§ 17-298. EXPENDITURES FROM FUND; PURPOSE AND AMOUNTS

A. FIVE PERCENT OF THE MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON PUBLIC ACCESS.

B. SIXTY PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON THE IDENTIFICATION, INVENTORY, ACQUISITION, PROTECTION AND MANAGEMENT OF SENSITIVE HABITAT. AT LEAST FORTY PERCENT OF THE MONIES AVAILABLE UNDER THIS SUBSECTION SHALL BE SPENT ON THE ACQUISITION OF SENSITIVE HABITAT UTILIZED BY ENDANGERED, THREATENED AND CANDIDATE SPECIES.

C. FIFTEEN PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON HABITAT EVALUATION OR HABITAT PROTECTION.

D. FIFTEEN PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON URBAN WILDLIFE AND URBAN WILDLIFE HABITAT PROGRAMS.

E. FIVE PERCENT OF MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ON ENVIRONMENTAL EDUCATION.

F. ALL MONIES EARNED AS INTEREST ON MONIES RECEIVED PURSUANT TO § 5-522 SHALL BE SPENT ONLY IN THE PERCENTAGES AND FOR THE PURPOSES DESCRIBED IN SUBSECTIONS A THROUGH E OF THIS SECTION OR FOR COSTS OF ADMINISTERING THE ARIZONA STATE GAME AND FISH COMMISSION HERITAGE FUND IN SUCH AMOUNTS AS DETERMINED BY THE ARIZONA GAME AND FISH COMMISSION.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 200 would establish two separate "heritage funds" consisting of money transferred from the existing state lottery fund. Each fiscal year, a total of \$20 million would be diverted from the state lottery fund by depositing \$10 million in the Arizona State Parks Board Heritage Fund and \$10 million in the Arizona Game and Fish Commission Heritage Fund. The money deposited in the respective heritage funds would be used to finance, among other things, wildlife and natural habitat protection, parks, trails, natural areas, historic preservation projects and environmental education.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 200

The State of Arizona is known throughout the world for its unique scenic beauty and the variety of its wildlife. Unfortunately, the relentless encroachment of mankind poses a continuing threat to the survival of the abundant plant and animal life in this state. Proposition 200 is an innovative plan to set aside state funds on a yearly basis to preserve, protect and enhance the natural environment of this state.

It is time for the citizens of the State of Arizona to take a stand on issues concerning the environmental health of this state. We can either stand idly by and watch the continued destruction of Arizona's unique but fragile environment or we can provide the funding and vision necessary to preserve the natural beauty of this state for the enjoyment of future generations of Arizonans.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 200

Proposition 200 would remove \$20 million from the state lottery fund each year. That money would otherwise go to the general fund for the Legislature to appropriate to more deserving programs. The Legislature will have to choose between two unpleasant alternatives in order to maintain current funding levels. \$20 million would have to be cut from the budgets of existing state agencies or taxes would have to be raised by \$20 million. In this time of economic uncertainty, the Arizona State Parks Board and the Arizona Game and Fish Commission should be forced to live within their budgets.

The passage of this proposition could lead to another unintended but potentially severe consequence. The funding sought by Proposition 200 will be used for, among other things, the acquisition of private land for the development and preservation of state parks and wildlife refuges. Eliminating private land from the tax rolls would make it even more difficult for rural school districts to fund their schools. The natural environment of this state can surely be protected without threatening the quality of education for rural schoolchildren.

ARGUMENT "FOR" PROPOSITION 200

We urge your support for proposition 200. A "yes" vote on this initiative is the most important thing you can do to ensure Arizona's future.

Eighty years ago Theodore Roosevelt said, "Nothing short of defending the country in wartime . . . compares in importance with the central task of leaving this land even a better land for our descendants than it was for us." These words are especially true for us today in Arizona as our population grows and our natural resources decline. We need to take action now to leave a "better land for our descendants."

Our families were all pioneers in this magnificent state and our lives, like many of yours, have been shaped by the natural beauty of our mountains, canyons, streams and deserts. Protection of our natural and cultural heritage for recreation and wildlife is our legacy to future generations. A "yes" vote for the Heritage Fund is your way of saying that wildlife, recreational opportunities and Arizona's unique natural environment are worth an investment; that what we have enjoyed about this state can also be enjoyed by the next generation of Arizonans and all who come after us.

The Arizona Heritage Fund is critical to the future of Arizona. Please vote "yes".

Arizona Heritage Fund Co-chairmen

Barry Goldwater
United States Senate (RET)
Scottsdale, AZ

Bruce Babbitt
Former Governor,
State of Arizona
Phoenix, AZ

Morris K. Udall
U.S. Congressman, District 2
Tucson, AZ

ARGUMENT "FOR" PROPOSITION 200

The Arizona Heritage Fund can play a significant role in shaping the future of our cities and towns; we urge your support for Proposition 200.

Parks, open spaces, trees, museums and recreation facilities contribute significantly to a community's overall quality of life and provide an identity and sense of place that is so important to all of us.

Natural and scenic resources and parks also play an important role in local economic development. They generate tourist activity, enhance land values and strengthen the overall image and attractiveness of our cities and towns. Economic studies have shown that the Arizona "outdoor lifestyle and recreation opportunities" are key factors in both personal and corporate decisions to locate here.

The Heritage Fund will provide matching funds to local communities for parks, trails, recreation projects and for urban wildlife programs. We need to provide more scenic corridors, open space and recreation areas close to home. Vote yes for Proposition 200.

Paul Johnson, Mayor
City of Phoenix

George Renner, Mayor
City of Glendale

Christopher J. Bavasi, Mayor
City of Flagstaff

Herb Drinkwater, Mayor
City of Scottsdale

Harry E. Mitchell, Mayor
City of Tempe

Thomas Volgy, Mayor
City of Tucson

ARGUMENT "FOR" PROPOSITION 200

The passage of Proposition 200 will ensure the acquisition and development of needed state park and recreation facilities, including picnic sites, campgrounds, swimming beaches, hiking and equestrian trails, boat ramps and docks, nature centers, and other facilities. In addition, it will provide monies for the acquisition of imperiled natural and scenic areas and preservation of unprotected historic and cultural sites. Funds will also be used to conduct environmental educational programs and for operation and maintenance of natural areas.

"Close-to-home" park systems operated by cities, counties, and towns will receive nearly 40 percent of the available funds to acquire neighborhood, community, urban and regional parks and to develop picnic areas, children's playgrounds, swimming pools, softball and baseball diamonds, tennis, volleyball, basketball, and racquetball courts, hiking and bicycle paths, equestrian trails, and similar facilities.

The lack of adequate local park lands and outdoor recreation facilities to serve people close to where they live is widespread. The existing Arizona State Parks System ranks 43rd in the nation in park acreage and 46th in dollars spent per capita. Despite the best efforts of the federal government, visitors are literally swamping the Grand Canyon and other national parks and U. S. forests located within Arizona in search of outdoor recreational opportunities.

With Arizona's population expected to double in the next 30 years, the need to acquire, develop, and protect state and local park sites and recreation areas to serve both present and future generations has never been more pressing.

A "yes" vote for Proposition 200 will help improve the quality of life for Arizonans, protect our natural heritage, and generate substantial economic benefits for our state through increased tourism.

Roger S. Hacker, Executive Director
Arizona Parks and Recreation Association
Phoenix, AZ

Arizona Heritage Fund; Dale Pontius, Chairman; Craig Tribken, Treasurer

ARGUMENT "FOR" PROPOSITION 200

There is no stronger bond among the people of Arizona than a common love for the land. From our unique Sonoran Desert, ageless canyons and pine clad mountains, to our stately saguaros, majestic big horn sheep and remarkably varied bird populations, Arizona's treasure trove of natural wealth is unmatched.

Time is running out, however, if we are to safeguard these special resources for future generations. The development that Arizona has experienced is not without a cost, a cost to our natural world. Twenty-six of our original 32 types of native fish have either vanished or are in danger of vanishing soon. Our major desert river systems such as the Salt and Santa Cruz Rivers are now sandy washes that seldom flow. The Game & Fish Department lists 116 species of native wildlife as threatened or endangered. We owe it to ourselves and to our children to take the steps necessary to ensure that the natural world is given a helping hand. The Heritage Fund is one way we can help see that it does.

Proposition 200

The Heritage Fund will help safeguard wildlife and the special places where they live by:

- Acquiring and protecting important habitat areas that will enable our fish and wildlife species to survive and prosper.
- Protecting endangered animals such as the bald eagle, thick-billed parrot and Apache trout.
- Encouraging the use of native plants and the protection of habitat for wildlife in urban areas.
- Establishing state natural areas that protect unique places like Arizona's newest state parks, Karchner Caverns near Benson and Tonto Natural Bridge near Payson.
- Re-building and restoring our damaged fishing streams.

It's time we made the necessary commitment before we lose any more of the special character that we have all come to love and cherish. Keep Arizona wild and beautiful, VOTE YES on Proposition 200.

Dan K. Campbell, Director Arizona Nature Conservancy Tucson, AZ	Anita MacFarlane, Chair Arizona Audubon Council Sedona, AZ	Lee Kohlase, President Arizona Wildlife Federation Phoenix, AZ
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Jim Norton, Southwest Regional Director The Wilderness Society Santa Fe, NM	Michael Gregory, Conservation Chairman Grand Canyon Chapter, Sierra Club McNeal, AZ
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Arizona Heritage Fund; Dale Pontius, Chairman; Craig Tribken, Treasurer

ARGUMENT "FOR" PROPOSITION 200

Environmental Education needs to be an integral part of the schooling of children and the public. The only way people are going to make intelligent decisions affecting our Earth and life on it is through a comprehensive and aggressive statewide environmental education program. The Heritage Fund has an important component providing one million dollars to further enhance the establishment of such programs for schools and the public throughout Arizona. We must take active steps today to equip ourselves and our children to make the responsible and informed decisions that will be required tomorrow.

Throughout Arizona there is a growing public awareness of the serious environmental problems facing us. No one knows for certain what Arizona will look like 20, 50, or 100 years from now, but the trends are there. The Arizona Heritage Fund can play a significant role in making sure Arizona's future includes wildlife, cultural resources and special environments.

The degradation of our state's natural surroundings and the conflicts associated with them create the need to initiate and establish some sort of environmental ethic. A new vision must be established so we may better understand the interrelationships of all living things, most notably, of man and his environment. Our ability to create a sustainable future depends on this awareness. Only through education can this be accomplished. This proposition would benefit this goal immensely.

Proposition 200

Now is the time to think globally, act locally and care personally about our natural and cultural environments. Our organization of teachers and resource people throughout our state urge you to vote "YES" on proposition 200. The future is in your hands.

Lorna K. Taylor, President
Arizona Association for Learning in
and about the Environment
Chandler, AZ

ARGUMENT "FOR" PROPOSITION 200

We urge you to vote "yes" for the Arizona Heritage Fund, which would provide \$1.7 million annually to Arizona State Parks for dispersal to preserve significant prehistoric and historic cultural resources throughout the State.

Arizona's rich cultural heritage includes some of the most significant prehistoric and historic properties in North America. Historic properties are represented by the remains of 18th century Spanish missions and presidios, territorial adobe ranch houses, 1880's railroad facilities and historic urban neighborhoods.

Cultural resources are non-renewable components of our environment and need our protection. Many of Arizona's best cultural sites and structures are currently endangered because of vandalism, neglect, or threats from development. Looters, artifact collectors, and other vandals present hazards to prehistoric and historic archaeological sites. The Heritage Fund would provide money to not only protect the more significant and endangered archaeological sites, but also for educational programs to promote awareness and stewardship for our cultural environments.

Many historic structures and buildings have not been well maintained and need to be rehabilitated. Individual buildings and historic neighborhoods can be brought back to life. The Heritage Fund would be used to help finance cultural resource protection projects requested by private citizens, neighborhood groups, organizations, cities or state agencies.

If you care about our heritage, you will care about preserving it. We urge you to vote in support of the Arizona Heritage Fund.

Bob Gasser, President Arizona Archaeological Council Tempe, AZ	Bob Graham, President Arizona Preservation Foundation Phoenix, AZ
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ARGUMENT "FOR" PROPOSITION 200

As our lives become more stressful, the trail offers a unique place to regenerate one's inner self and at the same time exercise one's body without a large financial strain. Arizona is far behind other states, notably California, in recognizing the value of trail opportunities. The funds provided by this initiative will go a long way toward correcting this deficiency by making it possible for more users to experience Arizona in all its varied beauty.

Trail recreation (hiking, horse riding, bicycling, cross-country skiing) is the most popular outdoor recreation activity in the State, according to a study done as a part of the 1988 Arizona Trails Plan. Nevertheless, trail maintenance, construction, signage, and information are falling further behind each year. Despite an active statewide Adopt-A-Trail program, much remains to be done to keep up with demand.

Proposition 200

The Initiative would benefit all categories of trails; long distance such as the historic Black Canyon Sheep Trail and the new Arizona Trail, which will run from the Mexican border to Utah, to urban trails such as the much traveled Squaw Peak Trail in the Phoenix Mountain Preserve. The Arizona Hiking and Equestrian Trails Committee, Pima Trails Association, and the Arizona State Horsemen's Association support the inclusion of multi-use, non-motorized trails in planning future suburban developments. In some cases, it is necessary to purchase trail corridors. Currently, no funds are available for this purpose.

The Arizona Hiking and Equestrian Trails Committee, an advisory group representing a variety of trail providers and trail users, along with the Pima Trails Association and the Arizona State Horsemen's Association, heartily endorse the Arizona Heritage Fund Initiative.

Sue Lockridge, President Arizona State Horsemen's Association Phoenix, AZ	Jan Nathanson, President Pima Trails Association Tucson, AZ	Sara C. Bollman, Chairman Arizona Hiking & Equestrian Trails Committee Scottsdale, AZ
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ARGUMENT "FOR" PROPOSITION 200

There is no greater cause than protecting Arizona's natural and cultural heritage. This is why we must all vote "yes" on Proposition 200, in support of the Arizona Heritage Fund.

This initiative designates \$20 million of growing lottery proceeds each year for conservation, parks and recreation, wildlife habitat, historic preservation and environmental education.

As a resident of Pima County, I am continually struck by the magnificence of Southern Arizona's landscape. However, I realize that my fellow residents and I cannot take for granted the recreational and scenic opportunities of our community that we have grown to love. The Heritage Fund is essential in guaranteeing that our parks and wildlife will be shared with future generations. We must act immediately. We must vote for Arizona's future.

I urge Arizonans to join me in voting "yes" on Proposition 200.

Phil Pierce, Candidate
Legislative District 12
House of Representatives
Oro Valley, AZ

ARGUMENT "FOR" PROPOSITION 200

Arizona is in danger of losing many animal and plant species unless we act now to protect our priceless heritage.

This initiative will provide for the expansion of outdoor recreation areas and the preservation of open spaces. By making this investment, we ensure that future generations will be able to enjoy our natural treasures. An improved quality of life will benefit our state economy by showing the rest of the nation that we are serious about preserving our unique resources.

Proposition 200

This measure will not raise taxes. It will use unallocated state lottery monies. A portion of the money will be spent on educating our children on the importance of being environmentally conscious.

As a candidate for state representative in Legislative District 25, I am committed to working with my constituents and the legislature to protect the rare ecology of our state.

Please join me in supporting the Arizona Heritage Fund Initiative.

Chris Cumiskey, Candidate
Legislative District 25
House of Representatives
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 200

Arizona's most important attraction is its natural beauty. Visitors as well as residents will benefit with the passage of this ballot proposition.

Marion L. Pickens, Candidate
Legislative District 9
House of Representatives
Tucson, AZ

ARGUMENT "FOR" PROPOSITION 200

This initiative offers the promise to maintain and enhance the scenic vistas, wildlife, trails, lakes, mountains and parks which are unique to Arizona. These features will be protected for us, our children and future generations, while at the same time ensuring the flow of tourists, who come here to share briefly our way of life and who contribute greatly to our economy.

Katherine Jacobson, Candidate
District 12, State Senate
Tucson, AZ

ARGUMENT "FOR" PROPOSITION 200

Arizona is a rapidly growing state. It is extremely important that we act now to set aside some of the natural beauty that has attracted so many of us to Arizona.

Ruth Solomon
District 14
State Representative
Tucson, AZ

ARGUMENT "AGAINST" PROPOSITION 200

Designating \$20 million of General Fund revenues annually for a Heritage Fund spending instead of requiring this program to compete with other state funded programs for limited dollars is a bad idea. The needs of the Heritage Fund may be justified, but so are a lot of other state funding needs, such as for transportation improvements, environmental clean-up, and mental health care.

This initiative hampers effective budgetary control by the Legislature:

- It restricts the Legislature's ability to weigh the merits of each state program relative to total funds available.

- It will cause misallocation of funds by giving revenues to the Heritage Fund while other programs that may provide more benefit to Arizona citizens go underfunded.

- Earmarked or designated revenues tend to be allocated to a program long after the need for which they were established has passed.

- Automatic annual funding removes that governmental service from periodic review since the program already has its funding source.

- Earmarking such as this causes total spending and taxes to increase since programs currently funded by the \$20 million that would be designated for the Heritage Fund will demand continued funding, and probably get it.

- Earmarking results in the expenditures of funds even when economic conditions may not warrant it.

The Arizona Heritage Fund should compete with other state needs in the state budgetary process.

Vote no.

Arizona Tax Research Association

Barry M. Aarons, Pres. Elliott Hibbs, Exec. Dir.
Phoenix, AZ Phoenix, AZ

BALLOT FORMAT

PROPOSITION 200

PROPOSED BY INITIATIVE PETITION

OFFICIAL TITLE

AN INITIATIVE MEASURE TO PROVIDE FOR ANNUAL FUNDING FROM STATE LOTTERY REVENUES FOR THE ARIZONA STATE PARKS BOARD HERITAGE FUND AND THE ARIZONA GAME AND FISH COMMISSION HERITAGE FUND FOR THE PURPOSES OF PRESERVING, PROTECTING, AND ENHANCING ARIZONA'S NATURAL AND SCENIC ENVIRONMENT, HISTORICAL AND CULTURAL HERITAGE, BIOLOGICAL DIVERSITY, STATE, REGIONAL AND LOCAL PARKS FOR OUTDOOR RECREATION AND OPEN SPACE, WILDLIFE AND WILDLIFE HABITAT, ENDANGERED AND THREATENED SPECIES, URBAN WILDLIFE, TRAILS, AND FOR ENVIRONMENTAL EDUCATION; TO ESTABLISH DEFINITIONS AND GUIDELINES FOR DETERMINING HOW SUCH MONIES AND INTEREST EARNED FROM SUCH MONIES SHALL BE EXPENDED ANNUALLY AND FOR THE ADMINISTRATION OF SUCH PROGRAMS BY THE ARIZONA STATE PARKS BOARD AND THE ARIZONA GAME AND FISH COMMISSION; AMENDING § 5-522, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 3, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 1; AMENDING TITLE 17, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING A NEW ARTICLE 6.

DESCRIPTIVE TITLE

AN ACT PROPOSED TO ESTABLISH HERITAGE FUNDS FOR THE STATE PARKS BOARD AND THE GAME AND FISH COMMISSION EACH FUNDED WITH \$10 MILLION ANNUALLY FROM THE STATE LOTTERY FUND FOR SPECIFIC PURPOSES SUCH AS TRAILS, NATURAL AREAS, ENVIRONMENTAL EDUCATION, HISTORIC PRESERVATION, AND THE PROTECTION OF HABITATS OF ENDANGERED SPECIES.

PROPOSITION 200

A "yes" vote shall have the effect of authorizing \$20 million annually of lottery monies to be used by the State Parks Board and the Game and Fish Commission for historic preservation, enhancing the state's natural environment, and outdoor recreation areas.

YES



A "no" vote shall have the effect of maintaining the current funding of the State Parks Board and the Game and Fish Commission.

NO



PROPOSITION 201

OFFICIAL TITLE

AN INITIATIVE MEASURE

RELATING TO INSURANCE; ESTABLISHING AN INSURANCE CONSUMER OFFICE; PRESCRIBING DEFINITIONS; PRESCRIBING AN INSURANCE CONSUMER BOARD; PRESCRIBING BOARD MEMBERS, TERMS AND COMPENSATION; PRESCRIBING POWERS AND DUTIES OF THE INSURANCE CONSUMER BOARD; PROVIDING FOR A CONSUMER PROTECTION DIVISION AND AN OFFICE OF RATE ADVOCACY IN THE INSURANCE CONSUMER OFFICE; PROVIDING FOR AN INSURANCE CONSUMER PROTECTION FUND; PROSCRIBING CANCELLATION ON THE BASIS OF AGE; PROSCRIBING INEXPERIENCED DRIVER SURCHARGES; PROSCRIBING TERRITORIAL RATING UNLESS APPROVED BY THE DIRECTOR; PROVIDING FOR A GOOD DRIVER DISCOUNT; PROSCRIBING THE CANCELLATION OF AN AGREEMENT WITH AN AGENT; PRESCRIBING DEFINITIONS; PROVIDING FOR PRIOR APPROVAL OF RATES OR RATE CHANGES; PROVIDING FOR PREMIUM COMPARISONS AND COMPLAINT RATIOS; PROVIDING FOR PUNITIVE DAMAGES; PRESCRIBING A CIVIL PENALTY FOR CERTAIN PROHIBITED ACTS OR PRACTICES; PROVIDING FOR PAYMENT OF INTEREST IF CLAIM IS NOT TIMELY PAID; PRESCRIBING AN INSURANCE RATE ROLLBACK; PRESCRIBING AUTHORITY OF THE INSURANCE CONSUMER OFFICE; PRESCRIBING NOTICE OF CANCELLATION OR NONRENEWAL OF VEHICLE INSURANCE POLICIES; PROVIDING THAT THE MOTOR VEHICLE DIVISION PROVIDE THE INFORMATION TO PEACE OFFICERS ELECTRONICALLY; PRESCRIBING FEES TO REINSTATE REGISTRATION; AMENDING TITLE 20, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 5; AMENDING SECTIONS 20-263, 20-456, 20-461 AND 20-462, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-265; AMENDING TITLE 20, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-323; AMENDING TITLE 20, CHAPTER 2, ARTICLE 4.1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 20-383.01, 20-383.02 AND 20-383.03; AMENDING TITLE 20, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 10; AMENDING TITLE 28, CHAPTER 7, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-1226, AND AMENDING TITLE 28, CHAPTER 7, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-1262.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

The following amendments to title 20, chapter 1, Arizona Revised Statutes, by adding article 5; to sections 20-263, 20-456, 20-461 and 20-462, Arizona Revised Statutes; to title 20, chapter 2, article 2, Arizona Revised Statutes, by adding section 20-265; to title 20, chapter 2, article 3, Arizona Revised Statutes, by adding section 20-323; to title 20, chapter 2, article 4.1, Arizona Revised Statutes, by adding sections 20-383.01, 20-383.02 and 20-383.03; to title 20, chapter 2, Arizona Revised Statutes, by adding article 10; to title 28, chapter 7, article 6, Arizona Revised Statutes, by adding section 28-1226, and to title 28, chapter 7, article 8, Arizona Revised Statutes, by adding section 28-1262, are proposed to become valid when approved by a majority of the qualified electors voting thereon and on proclamation of the Governor:

Section 1. Title 20, chapter 1, Arizona Revised Statutes, is amended by adding article 5, to read:

ARTICLE 5. INSURANCE CONSUMER OFFICE

20-193. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "BOARD" MEANS THE INSURANCE CONSUMER BOARD.
2. "OFFICE" MEANS THE INSURANCE CONSUMER OFFICE.

20-193.01. Insurance consumer office; director; funding

A. AN INSURANCE CONSUMER OFFICE IS ESTABLISHED TO REPRESENT THE INTERESTS OF INSURANCE CONSUMERS.

B. THE INSURANCE CONSUMER BOARD SHALL APPOINT THE DIRECTOR OF THE OFFICE. THE DIRECTOR OF THE OFFICE SERVES AT THE PLEASURE OF THE BOARD. THE DIRECTOR OF THE OFFICE SHALL POSSESS MANAGEMENT AND ADMINISTRATIVE SKILLS, AS WELL AS KNOWLEDGE AND EXPERIENCE RELATING TO THE INSURANCE BUSINESS.

C. THE INSURANCE CONSUMER OFFICE IS FUNDED BY THE PREMIUM TAX RAISED BY SECTION 20-224. THE MONIES NOT EXPENDED PURSUANT TO APPROVAL OF THE INSURANCE CONSUMER OFFICE REVERT TO THE STATE GENERAL FUND.

20-193.02. Insurance consumer board; fund; appropriation

A. AN INSURANCE CONSUMER BOARD IS ESTABLISHED.

B. THE BOARD CONSISTS OF SEVEN MEMBERS APPOINTED BY THE GOVERNOR PURSUANT TO SECTION 38-211. THE GOVERNOR SHALL APPOINT THE CHAIRMAN OF THE BOARD. THE BOARD SHALL MEET AT LEAST MONTHLY AND ON CALL OF THE CHAIRMAN.

C. THE TERM OF OFFICE OF BOARD MEMBERS IS SEVEN YEARS.

D. NO MORE THAN FOUR BOARD MEMBERS MAY BELONG TO THE SAME POLITICAL PARTY. NO MORE THAN TWO BOARD MEMBERS MAY BE RESIDENTS OF THE SAME COUNTY AT THE TIME OF APPOINTMENT.

E. MEMBERS SHALL NOT BE EMPLOYED BY OR ACT IN AN OFFICIAL CAPACITY WITH ANY INSURANCE COMPANY OR HAVE A PECUNIARY INTEREST IN OR HOLD STOCKS OR BONDS OF ANY INSURANCE COMPANY. MEMBERS SHALL NOT BE EMPLOYED BY, ACT IN AN OFFICIAL CAPACITY WITH OR REPRESENT ANY INSURANCE COMPANY WITHIN TWO YEARS AFTER THEIR TERM ON THE BOARD ENDS. EACH MEMBER SHALL CERTIFY TO THIS EFFECT BEFORE HE TAKES OFFICE. A MEMBER WHO VIOLATES THIS CERTIFICATION IS LIABLE TO THE STATE IN AN AMOUNT EQUAL TO ALL REMUNERATION RECEIVED FROM ANY INSURANCE COMPANY PLUS ANY FEES AND COSTS NECESSARY TO RECOVER THAT AMOUNT. FOR THE PURPOSES OF THIS SECTION A PECUNIARY INTEREST SHALL NOT BE CONSTRUED TO PROHIBIT THE PURCHASE OF SERVICES FROM AN INSURANCE COMPANY BY CUSTOMERS OF THAT COMPANY.

F. IF, AFTER INITIAL APPOINTMENT, A MEMBER OF THE BOARD BECOMES THE OWNER OF STOCKS OR BONDS OF AN INSURANCE COMPANY OR OTHERWISE BECOMES PECUNIARILY INTERESTED IN AN INSURANCE COMPANY, THE BOARD MEMBER SHALL DIVEST HIMSELF OF HIS OWNERSHIP OR INTEREST WITHIN A REASONABLE TIME. IF THE BOARD MEMBER FAILS TO DIVEST HIMSELF OF HIS OWNERSHIP OR INTEREST, HIS APPOINTMENT IS TERMINATED.

G. A VACANCY ON THE BOARD OCCURRING OTHER THAN BY EXPIRATION OF A TERM SHALL BE FILLED BY APPOINTMENT BY THE GOVERNOR PURSUANT TO SECTION 38-211 FOR THE UNEXPIRED TERM.

H. MEMBERS OF THE BOARD ARE NOT ELIGIBLE TO RECEIVE COMPENSATION FOR THEIR SERVICE.

I. THE BOARD SHALL ADVISE THE OFFICE ON ALL MATTERS RELATING TO AND INVOLVING THE INTERESTS OF INSURANCE CONSUMERS.

J. THE BOARD MAY ADVISE THE GOVERNOR AND THE LEGISLATURE ON ALL MATTERS RELATING TO THE OFFICE.

K. THE BOARD AND THE DIRECTOR OF THE OFFICE SHALL JOINTLY PREPARE THE PROPOSED ANNUAL BUDGET REQUEST FOR THE OFFICE.

L. A SEPARATE FUND IS ESTABLISHED DESIGNATED AS THE INSURANCE CONSUMER PROTECTION FUND. THE MONIES IN THE FUND SHALL BE USED EXCLUSIVELY BY AND FOR THE PURPOSES OF THE INSURANCE CONSUMER BOARD.

M. ONE AND ONE-HALF PER CENT OF THE PREMIUM TAX COLLECTED PURSUANT TO SECTION 20-224 IS APPROPRIATED TO THE INSURANCE CONSUMER PROTECTION FUND AND SHALL BE PAID BY THE STATE TREASURER FOR DEPOSIT IN THE FUND. ALL MONIES REMAINING IN THE FUND AT THE END OF EACH FISCAL YEAR REVERT TO THE STATE GENERAL FUND.

20-193.03. Powers and duties

A. THE DIRECTOR OF THE OFFICE MAY:

1. RESEARCH, STUDY AND ANALYZE INSURANCE CONSUMER INTERESTS.
2. MAKE AND EXECUTE CONTRACTS AND OTHER INSTRUMENTS AS NECESSARY TO PERFORM HIS DUTIES.
3. HIRE EMPLOYEES AS NECESSARY TO CARRY OUT THIS ARTICLE AND CONTRACT FOR SPECIAL SERVICES AS NEEDED.

B. THE DIRECTOR OF THE OFFICE SHALL:

1. ADOPT RULES NECESSARY TO CARRY OUT THE PURPOSES OF THIS ARTICLE.

2. ESTABLISH AND OVERSEE THE FOLLOWING:

- (a) THE CONSUMER PROTECTION DIVISION.
- (b) THE OFFICE OF RATE ADVOCACY.
3. SUBMIT A REPORT TO THE GOVERNOR, SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PRESIDENT OF THE SENATE AT LEAST ONCE EACH YEAR DESCRIBING THE ACTIVITIES AND ACCOMPLISHMENTS OF THIS OFFICE.

20-193.04. Consumer Protection Division

A. A CONSUMER PROTECTION DIVISION IS ESTABLISHED IN THE INSURANCE CONSUMER OFFICE FOR THE PURPOSE OF PROTECTING THE INSURANCE CONSUMERS OF THIS STATE. THE DIRECTOR OF THE OFFICE SHALL APPOINT THE DEPUTY DIRECTOR OF THE CONSUMER PROTECTION DIVISION. THE PURPOSES OF THE DIVISION INCLUDE:

1. RESEARCHING, STUDYING, ANALYZING AND PROTECTING CONSUMER INTERESTS.
2. PROMOTING CONSUMER AWARENESS AND EDUCATION, INCLUDING A PRICE AND AVAILABILITY HOTLINE.
3. DETECTING AND PREVENTING FRAUD AGAINST CONSUMERS.
4. PROTECTING CONSUMERS AGAINST UNFAIR INCREASES IN THE COST OF INSURANCE DUE TO ACTS AND PRACTICES OF FRAUD BY DETECTING AND PREVENTING THESE ACTS AND PRACTICES.
5. INVESTIGATING ANY ACT OR PRACTICE OF FRAUD BY OR AGAINST AN INSURER OR ENTITY LICENSED UNDER THIS TITLE.

B. THE DEPUTY DIRECTOR OF THE CONSUMER PROTECTION DIVISION MAY REQUEST THE SUBMISSION TO HIM OF PAPERS, DOCUMENTS, REPORTS OR OTHER EVIDENCE RELATIVE TO AN INVESTIGATION UNDER THIS SECTION. THE MATERIALS ARE CONFIDENTIAL UNTIL THE DEPUTY DIRECTOR COMPLETES THE INVESTIGATION. THE MATERIALS ARE NOT SUBJECT TO SUBPOENA UNTIL OPENED FOR PUBLIC INSPECTION BY THE CONSUMER PROTECTION DIVISION UNLESS THE

DEPUTY DIRECTOR CONSENTS OR, AFTER NOTICE AND A HEARING, A COURT DETERMINES THAT THE DEPUTY DIRECTOR WOULD NOT BE UNDULY BURDENED BY COMPLIANCE WITH THE SUBPOENA. A CONSUMER PROTECTION DIVISION INVESTIGATOR IS NOT SUBJECT TO A SUBPOENA IN A CIVIL ACTION TO TESTIFY CONCERNING ANY MATTER OF WHICH HE HAS KNOWLEDGE PURSUANT TO A PENDING INSURANCE FRAUD INVESTIGATION BY THE DIRECTOR.

C. IF MATERIALS THE DEPUTY DIRECTOR OF THE CONSUMER PROTECTION DIVISION SEEKS TO OBTAIN BY REQUEST ARE LOCATED OUTSIDE THIS STATE, THE PERSON REQUESTED TO PROVIDE THE MATERIALS SHALL ARRANGE FOR THE CONSUMER PROTECTION DIVISION OR ITS REPRESENTATIVE, INCLUDING OFFICIALS OF THE STATE IN WHICH THE MATERIALS ARE LOCATED, TO EXAMINE THE MATERIALS WHERE THE MATERIALS ARE LOCATED. THE DEPUTY DIRECTOR MAY RESPOND TO SIMILAR REQUESTS FROM OTHER STATES.

D. AN INSURER THAT BELIEVES A FRAUDULENT CLAIM IS BEING MADE SHALL SEND TO THE DEPUTY DIRECTOR OF THE CONSUMER PROTECTION DIVISION WITHIN SIXTY DAYS OF RECEIPT OF NOTICE, ON A FORM PRESCRIBED BY THE DEPUTY DIRECTOR, INFORMATION RELATIVE TO THE CLAIM AND THE PARTIES CLAIMING LOSS OR DAMAGE AS A RESULT OF AN ACCIDENT AND ANY OTHER INFORMATION THE CONSUMER PROTECTION DIVISION MAY REQUIRE. THE DEPUTY DIRECTOR SHALL REVIEW THE REPORT AND DETERMINE IF FURTHER INVESTIGATION IS NECESSARY. IF THE DEPUTY DIRECTOR DETERMINES THAT FURTHER INVESTIGATION IS NECESSARY, HE SHALL CONDUCT AN INDEPENDENT EXAMINATION TO DETERMINE IF FRAUD, DECEIT OR INTENTIONAL MISREPRESENTATION IN THE SUBMISSION OF THE CLAIM EXISTS. THE DEPUTY DIRECTOR SHALL REPORT ANY ALLEGED VIOLATIONS TO THE ATTORNEY GENERAL.

E. A PERSON WHO WITHOUT MALICE FILES A REPORT OR PROVIDES OTHER INFORMATION TO THE CONSUMER PROTECTION DIVISION PURSUANT TO THIS SECTION IS NOT SUBJECT TO CIVIL LIABILITY.

F. THE DEPUTY DIRECTOR OF THE CONSUMER PROTECTION DIVISION SHALL TRANSFER TO THE OFFICE OF RATE ADVOCACY ESTABLISHED PURSUANT TO SECTION 20-193.05 THE AMOUNT OF MONIES APPROPRIATED TO THAT OFFICE FOR THE FOLLOWING YEAR.

20-193.05. Office of rate advocacy

A. AN OFFICE OF RATE ADVOCACY FOR INSURANCE IS ESTABLISHED IN THE INSURANCE CONSUMER OFFICE. THE OFFICE OF RATE ADVOCACY SHALL INTERVENE AND APPEAR ON BEHALF OF INSURANCE CONSUMERS AT INSURANCE RATE HEARINGS BEFORE THE DEPARTMENT OF INSURANCE.

B. THE DEPUTY DIRECTOR OF RATE ADVOCACY MAY PETITION THE DIRECTOR OF THE DEPARTMENT OF INSURANCE FOR REHEARING OR REVIEW OF THE DIRECTOR'S DECISION.

C. THE DEPUTY DIRECTOR OF RATE ADVOCACY MAY:

1. MAKE AND EXECUTE CONTRACTS AND OTHER INSTRUMENTS AS NECESSARY TO PERFORM HIS DUTIES.
2. HIRE EMPLOYEES AS NECESSARY TO CARRY OUT THE PURPOSE OF THIS SECTION AND CONTRACT FOR SPECIAL SERVICES AS NEEDED.
3. EMPLOY ATTORNEYS PURSUANT TO SECTION 41-192 AS REQUIRED TO REPRESENT THE INTERESTS OF INSURANCE CONSUMERS.

D. THE DIRECTOR OF THE INSURANCE CONSUMER OFFICE SHALL APPOINT A DEPUTY DIRECTOR OF RATE ADVOCACY PURSUANT TO SECTION 38-211. THE DEPUTY MUST BE EXPERIENCED IN THE FIELD OF PROPERTY AND CASUALTY INSURANCE AND MUST POSSESS MANAGEMENT AND ADMINISTRATIVE SKILLS.

Sec. 2. Section 20-263, Arizona Revised Statutes, is amended to read:
 20-263. Vehicle insurance; Prohibited act by insurer; hearing; penalty

A. No insurer shall increase the motor vehicle insurance premium of an insured FOR A NONMOVING TRAFFIC VIOLATION OR as a result of an accident not caused or significantly contributed to by the actions of the insured. Any insurer which increases the premium as a result of accident involvement shall notify the insured of the reason for such increase.

B. NO INSURER MAY CANCEL THE INSURANCE OF ANY INSURED SOLELY BECAUSE OF THE AGE OF THE INSURED.

C. NO INSURER MAY APPLY AN INEXPERIENCED DRIVER SURCHARGE TO ANY NAMED INSURED WHO HAS BEEN LICENSED TO OPERATE A MOTOR VEHICLE FOR MORE THAN FIVE YEARS.

D. TERRITORIAL RATING OF MOTOR VEHICLE LIABILITY INSURANCE POLICIES BY ZIP CODE OR OTHER GEOGRAPHIC SEGMENTATION MUST BE APPROVED BY THE DIRECTOR AS BEING BASED ON JUSTIFIABLE DISTINCTIONS WHICH FAIRLY REPRESENT ACTUAL LOSS EXPOSURE BEFORE IMPLEMENTATION.

E. The director, after a hearing, shall order an insurer that has raised the premium of an insured in violation of subsection A OF THIS SECTION to refund the amount attributable to such premium increase and shall impose a civil penalty OF not to exceed three hundred dollars. In determining whether an insurer has violated subsection A OF THIS SECTION, the director may conduct such investigation as he deems necessary and the costs shall be paid by the insurer pursuant to section 20-159.

F. IN ADDITION TO AN ADMINISTRATIVE REMEDY TO THE DIRECTOR FOR ANY VIOLATION OF THIS SECTION OR A RULE RELATED TO THIS SECTION, THIS SECTION IS INTENDED TO PROVIDE A PRIVATE RIGHT OR CAUSE OF ACTION TO, OR ON BEHALF OF, ANY INSURED OR UNINSURED RESIDENT OR NONRESIDENT OF THIS STATE WHO IS HARMED BY ANY VIOLATION OF THIS SECTION.

Sec. 3. Title 20, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 20-265, to read:

20-265. Good driver discount

A. AN INSURER SHALL PROVIDE A GOOD DRIVER DISCOUNT TO A PERSON IF:

1. THE PERSON HAS BEEN LICENSED FOR AT LEAST THREE YEARS.
2. THE PERSON HAS NOT BEEN CONVICTED OF ANY MOVING VIOLATION OR A VIOLATION OF SECTION 28-692 DURING THE PRIOR THREE YEARS.
3. THE PERSON HAS NOT BEEN INVOLVED IN AN AT-FAULT ACCIDENT IN THE PRECEDING THREE YEARS IN WHICH THE PERSON WAS FOUND AT FAULT.

B. THE ABSENCE OF PRIOR MOTOR VEHICLE LIABILITY INSURANCE IS NOT A FACTOR IN DETERMINING ELIGIBILITY FOR A GOOD DRIVER DISCOUNT POLICY.

C. A GOOD DRIVER DISCOUNT MEANS A REDUCTION OF AT LEAST TEN PERCENT OF THE PREMIUM WHICH WOULD HAVE BEEN CHARGED FOR THE SAME COVERAGE IN THE ABSENCE OF THE DISCOUNT.

D. A GOOD DRIVER DISCOUNT MEANS A REDUCTION OF AT LEAST TEN PERCENT OF THE PREMIUM WHICH WOULD HAVE BEEN CHARGED FOR THE SAME COVERAGE IN THE ABSENCE OF THE DISCOUNT.

Sec. 4. Title 20, chapter 2, article 3, Arizona Revised Statutes, is amended by adding section 20-323, to read:

20-323. Cancellation of agreement with agent prohibited; restrictions prohibited; definitions

A. AN INSURER, WITHOUT THE WRITTEN CONSENT OF THE AGENT, SHALL NOT CANCEL A WRITTEN AGREEMENT WITH AN AGENT OR REDUCE OR RESTRICT AN AGENT'S AUTHORITY TO TRANSACT CASUALTY OR PROPERTY INSURANCE BASED SOLELY ON THE LOSS RATIO EXPERIENCE ON INSURANCE TRANSACTED BY THE AGENT IF:

1. THE AGENT IS REQUIRED TO SUBMIT THE INSURANCE APPLICATION FOR UNDERWRITING APPROVAL.
2. EACH APPLICATION FORM IS FULLY COMPLETED.

3. THE AGENT DOES NOT ALTER OR OMIT ANY INFORMATION PROVIDED BY AN APPLICANT FOR THE INSURANCE.

B. AN INSURER SHALL NOT ENTER INTO AN AGREEMENT WITH AN AGENT OR BROKER WHICH LIMITS THE AGENT'S OR BROKER'S ABILITY TO PLACE THE BUSINESS OF A CLIENT WITH ANY INSURER QUALIFIED TO TRANSACT BUSINESS IN THIS STATE OR TO SELL OR PROCURE FOR THE CLIENT INSURANCE FROM ANY INSURER QUALIFIED TO TRANSACT BUSINESS IN THIS STATE.

C. AS USED IN THIS SECTION, "LOSS RATIO EXPERIENCE" MEANS THE AMOUNT OF MONEY RECEIVED BY THE INSURER IN PAYMENT OF PREMIUMS DIVIDED BY THE AMOUNT OF MONEY EXPENDED BY THE INSURER IN PAYMENT OF CLAIMS FOR A SPECIFIED PERIOD.

Sec. 5. Title 20, chapter 2, article 4.1, Arizona Revised Statutes, is amended by adding sections 20-383.01, 20-383.02 and 20-383.03, to read:

20-383.01. Rate making standards; definition

A. THE DIRECTOR SHALL APPROVE FOR EACH KIND OF INSURANCE DEFINED IN ARTICLE 2 OF THIS CHAPTER ALL INSURANCE RATES AND ALL SUPPLEMENTARY RATE INFORMATION BEFORE THEY MAY BE USED.

B. AN INSURER SHALL NOT CHARGE RATES THAT ARE EXCESSIVE. RATES ARE EXCESSIVE IF THEY ARE LIKELY TO PRODUCE A PROFIT THAT IS UNREASONABLY HIGH FOR THE CLASS OF BUSINESS OR IF EXPENSES ARE UNREASONABLY HIGH IN RELATION TO ESTABLISHED SERVICES RENDERED.

C. INSURERS SHALL ESTABLISH AND USE RATES, RATING SCHEDULES OR RATING MANUALS TO ALLOW THE INSURER A REASONABLE RATE OF RETURN ON INSURANCE WRITTEN IN THIS STATE. A COPY OF RATES OR RATE CHANGES AND ALL SUPPLEMENTARY RATE INFORMATION SHALL BE FILED WITH THE DEPARTMENT AT LEAST THIRTY DAYS BEFORE THE PROPOSED EFFECTIVE DATE OF THE RATE.

D. THE DIRECTOR SHALL REVIEW THE RATE OR RATE CHANGE FILED WITH THE DEPARTMENT TO DETERMINE IF THE RATE OR RATE CHANGE IS EXCESSIVE AND, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, SHALL APPROVE OR DISAPPROVE THE RATE OR RATE CHANGE WITHIN THIRTY DAYS AFTER RECEIPT OF THE RATE FILING. NO RATE OR RATE CHANGE MAY BE CONSIDERED FILED UNTIL ADEQUATE DOCUMENTATION TO JUSTIFY THE REQUEST HAS BEEN RECEIVED BY THE DIRECTOR. THE DIRECTOR, FOR ANY REASON, MAY EXTEND BY NOT MORE THAN THIRTY DAYS THE PERIOD WITHIN WHICH HE SHALL APPROVE OR DISAPPROVE THE RATE OR RATE CHANGE BY GIVING NOTICE OF THE EXTENSION BEFORE THE END OF THE INITIAL THIRTY DAY PERIOD. IF THE DIRECTOR HAS NOT APPROVED OR DISAPPROVED THE RATE OR RATE CHANGE WITHIN THE PERIOD OF TIME IN WHICH HE IS REQUIRED TO ACT UNDER THIS SECTION, THE RATE OR RATE CHANGE IS DEEMED APPROVED.

E. ONCE THE DIRECTOR HAS APPROVED THE RATE OR RATE CHANGE FILED WITH THE DEPARTMENT, THE RATE IS DEEMED APPROVED FOR ONE YEAR AND SHALL NOT BE REDUCED BY ORDER OF THE DIRECTOR. AT THE END OF THE ONE YEAR PERIOD, THE DIRECTOR HAS DISCRETIONARY AUTHORITY TO REVIEW THE RATE.

F. IN REVIEWING A RATE FILING, THE DEPARTMENT MAY REQUIRE THE INSURER TO PROVIDE AT THE INSURER'S EXPENSE ALL INFORMATION NECESSARY TO EVALUATE THE CONDITION OF THE INSURER AND WHETHER THE RATE OR RATE CHANGE IS JUSTIFIED IN ACCORDANCE WITH THE CRITERIA SET FORTH IN THIS SECTION. IF THE DEPARTMENT DETERMINES THAT AN INSURER HAS NOT PROVIDED ADEQUATE INFORMATION, THE DEPARTMENT SHALL INFORM THE

INSURER AS TO THE NATURE OF THE INADEQUACY AND AS TO WHAT ADDITIONAL INFORMATION IS REQUIRED.

G. THE DEPARTMENT MAY REVIEW A RATE OR RATE CHANGE. IF THE DEPARTMENT FINDS ON A PRELIMINARY BASIS THAT THE RATE OR RATE CHANGE MAY BE EXCESSIVE, THE DEPARTMENT SHALL NOTIFY THE INSURER. ON RECEIPT OF NOTICE, THE INSURER OR RATING ORGANIZATION SHALL FILE WITH THE DEPARTMENT WITHIN SIXTY DAYS ADEQUATE DOCUMENTATION TO SUPPORT THE RATE OR RATE CHANGE. THE INSURER OR RATING ORGANIZATION HAS THE BURDEN OF PROOF BY A PREPONDERANCE OF THE EVIDENCE TO SHOW THAT THE RATE IS NOT EXCESSIVE.

H. IF THE DEPARTMENT FINDS THAT A RATE OR RATE CHANGE IS EXCESSIVE THE DEPARTMENT SHALL ORDER THAT A NEW RATE OR RATE SCHEDULE BE FILED BY THE INSURER AND SHALL PROVIDE INFORMATION AS TO THE MANNER IN WHICH NONCOMPLIANCE MAY BE CORRECTED. SUPPORTING INFORMATION RESPONSIVE TO THE FINDINGS OF THE DEPARTMENT SHALL BE SUBMITTED WITH THE FILING.

I. THE DIRECTOR SHALL ASSESS ALL INSURERS AUTHORIZED TO TRANSACT INSURANCE FOR THE NECESSARY COSTS OF THE DEPARTMENT IN CARRYING OUT ITS RESPONSIBILITIES UNDER THIS SECTION.

J. THE TOTAL ASSESSMENT MADE UNDER THIS SECTION MAY NOT EXCEED ONE MILLION THREE HUNDRED THOUSAND DOLLARS PER FISCAL YEAR.

K. MONIES RECEIVED PURSUANT TO THE ASSESSMENT PROVISIONS OF THIS SECTION SHALL BE DEPOSITED IN A SPECIAL FUND PURSUANT TO SECTION 35-142, SUBSECTION A, PARAGRAPH 7 AND DO NOT REVERT TO THE STATE GENERAL FUND.

L. THE DEPARTMENT MAY ADOPT RULES UTILIZING REASONABLE TECHNIQUES OF ACTUARIAL SCIENCE AND ECONOMICS TO SPECIFY THE MANNER IN WHICH INSURERS SHALL CALCULATE INVESTMENT INCOME ATTRIBUTABLE TO CLASSES OF INSURANCE WRITTEN IN THIS STATE AND THE MANNER IN WHICH THE INVESTMENT INCOME SHALL BE USED IN THE CALCULATION OF INSURANCE RATES. THIS MANNER SHALL CONTEMPLATE ALLOWANCES FOR A REASONABLE PROFIT FACTOR WITH FULL CONSIDERATION OF INVESTMENT INCOME ATTRIBUTABLE AND PROJECTED TO BE ATTRIBUTABLE TO INSURANCE WRITTEN IN THIS STATE WHICH PRODUCES A REASONABLE RATE OF RETURN FOR AN INVESTMENT OF SIMILAR RISK.

20-383.02. Premium comparisons and complaint ratios

THE DEPARTMENT SHALL COMPILE PREMIUM COMPARISONS AND COMPLAINT RATIOS AND SHALL FORWARD COPIES OF THE PREMIUM COMPARISONS AND COMPLAINT RATIOS TO THE MOTOR VEHICLE DIVISION OF THE DEPARTMENT OF TRANSPORTATION FOR DISTRIBUTION PURSUANT TO SECTION 28-1226.

20-383.03. Punitive damages

A. IN A CIVIL ACTION FOR DAMAGES WHERE THE TRIER OF FACT FINDS FROM A PREPONDERANCE OF THE EVIDENCE THAT THE CONDUCT OF THE INSURER SHOWS WILLFUL MISCONDUCT OR BAD FAITH, THE TRIER OF FACT MAY ASSESS PUNITIVE DAMAGES AGAINST THE INSURER.

B. AN AWARD OF PUNITIVE DAMAGES AGAINST AN INSURER SHALL IN NO WAY BE PASSED ON TO THE POLICYHOLDERS.

Sec. 6. Section 20-456, Arizona Revised Statutes, is amended to read:

20-456. Cease and desist order for defined or prohibited practices: civil penalty

A. If after a hearing the director finds that the person charged has engaged or is engaging in any act or practice defined in or prohibited under this article as an illegal or unfair method of competition or an unfair or deceptive act or practice, the director shall order the person to cease and desist from the proscribed acts or practices.

B. If the act or practice is a violation of section 20-443 through 20-449, 20-451, or 20-452 OR 20-461 or a general business practice of committing or performing acts or omissions proscribed by section 20-461, the director may also impose a civil penalty of not more than one thousand dollars for each act or violation but not to exceed an aggregate penalty of ten thousand dollars unless the person intentionally violates any section enumerated in this subsection, in which case the director may impose a civil penalty of up to five thousand dollars for each act or violation but not to exceed an aggregate penalty of fifty thousand dollars in any six month period.

C. No order of the director pursuant to this section or order of court to enforce it, or holding of a hearing, may in any manner relieve or absolve any person affected by the order or hearing from any other liability, penalty or forfeiture under law.

D. IN ADDITION TO AN ADMINISTRATIVE REMEDY TO THE DIRECTOR FOR ANY VIOLATION OF THIS SECTION OR A RULE RELATED TO THIS SECTION, THIS SECTION IS INTENDED TO PROVIDE A PRIVATE RIGHT OR CAUSE OF ACTION TO, OR ON BEHALF OF, ANY INSURED OR UNINSURED RESIDENT OR NONRESIDENT OF THIS STATE WHO IS HARMED BY ANY VIOLATION OF THIS SECTION.

Sec. 7. Section 20-461, Arizona Revised Statutes, is amended to read:

20-461. Unfair claim settlement practices

A. A person shall not commit or perform with such a frequency to indicate as a general business practice any of the following:

1. Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue.
2. Failing to acknowledge and act reasonably and promptly upon communications with respect to claims arising under an insurance policy.
3. Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under an insurance policy.
4. Refusing to pay claims without conducting a reasonable investigation based upon all available information.
5. Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed.
6. Not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear.
7. Compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by the insureds.
8. Attempting to settle a claim for less than the amount to which a reasonable person would have believed he was entitled by reference to written or printed advertising material accompanying or made part of an application.
9. Attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of, the insured.
10. Making claims payments to insureds or beneficiaries not accompanied by a statement setting forth the coverage under which the payments are being made.
11. Making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration.
12. Delaying the investigation or payment of claims by requiring an insured, claimant or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information.
13. Failing to promptly settle claims if liability has become reasonably clear under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage.

14. Failing to promptly provide a reasonable explanation of the basis in the insurance policy relative to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

B. In prescribing rules and regulations to implement this section, the director shall follow, to the extent appropriate, the national association of insurance commissioners unfair claims settlement practices model regulation.

C. ~~Nothing contained in this section is intended to provide any private right or cause of action to, or on behalf of any insured or uninsured resident or nonresident of this state. It is, however, the specific intent of this section to provide solely~~ IN ADDITION TO an administrative remedy to the director for any violation of this section or rule related thereto, THIS SECTION IS INTENDED TO PROVIDE A PRIVATE RIGHT OR CAUSE OF ACTION TO, OR ON BEHALF OF ANY INSURED OR UNINSURED RESIDENT OR NONRESIDENT OF THIS STATE WHO IS HARMED BY ANY VIOLATION OF THIS SECTION.

D. The director shall deposit all civil penalties collected pursuant to this article with the state treasurer for placement in the state general fund.

Sec. 8. Section 20-462, Arizona Revised Statutes, is amended to read:

20-462. Timely payment of claims

A. From and after July 15, 1986 IF any first party claim IS not paid within thirty days after the receipt of an acceptable proof of loss by the insurer which contains all information necessary for claim adjudication, THE INSURER shall be required to pay interest at the legal rate from the date the claim is received by the insurer. IN ADDITION, IF THE PAYMENT IS MADE BY DRAFT AND THE DRAFT IS NOT PAID WITHIN FIFTEEN DAYS FROM THE FIRST PRESENTMENT OF PAYMENT, THE INSURER SHALL PAY INTEREST AT THE LEGAL RATE FROM THE DATE THE CLAIM IS RECEIVED BY THE INSURER. The interest shall be calculated on the amount the insurer is legally obligated to pay according to the terms of the insurance contract under which the claim is being submitted.

B. For purposes of determining whether the claim has been paid within thirty days, the date of payment shall be deemed to have been received by the addressee on the date shown by the postmark or other official mark of the United States mail stamped on the payment envelope. If the receipt disputes the date where there is no mark or the mark is not legible, the sender may establish the mailing or transfer date by competent evidence.

C. This section shall DOES not apply to:

1. Claims submitted for payment under medicare, title XVIII of the social security act (42 United States Code section 1301).
2. Claims submitted under a medicare supplement contract where, according to the terms of the supplement contract, claims will be based upon the amount paid by medicare.
4. 3. Claims submitted to a person who is the processing agent for a foreign insurer or other person providing an insurance program for retirees residing in Arizona.
5. 4. Claims denied in good faith within thirty days after THE receipt of AN acceptable proofs PROOF of loss.

3. D. The payment of a claim shall not be overdue during any period in which the insurer is unable to pay such claim because there is no recipient who is legally able to give a valid release for such payment, or in which the insurer is unable to determine who is entitled to receive such payment, if the insurer has promptly notified the claimant of such inability and has offered in good faith to promptly pay said claim upon determination of who is entitled to receive such payment.

D. E. This section shall apply APPLIES only to claims that are to be paid by the insurer directly to the insured, to a beneficiary named in the contract, or to a provider who has been assigned the right to receive benefits under the contract by the insured.

Sec. 9. Title 20, chapter 2, Arizona Revised Statutes, is amended by adding article 10, to read:

ARTICLE 10. MOTOR VEHICLE INSURANCE RATE REGULATION

20-486. Insurance rate rollback: commissions

A. FOR ANY COVERAGE FOR A MOTOR VEHICLE LIABILITY POLICY WHICH IS ISSUED OR RENEWED ON OR AFTER JULY 1, 1990, EACH INSURER SHALL REDUCE ITS RATES TO LEVELS WHICH ARE AT LEAST TWENTY PER CENT LOWER THAN THE RATES FOR THE SAME COVERAGE WHICH WERE IN EFFECT ON NOVEMBER 1, 1989.

B. RATES AND PREMIUMS REDUCED PURSUANT TO SUBSECTION A MAY NOT BE INCREASED UNTIL JULY 1, 1991.

C. THE RATE FOR A PERSON WHO FIRST APPLIES FOR MOTOR VEHICLE LIABILITY INSURANCE ON OR AFTER JULY 1, 1990 SHALL BE TWENTY PER CENT LESS THAN THE RATE WHICH WAS IN EFFECT ON NOVEMBER 1, 1989 FOR SIMILAR RISKS.

D. A SEPARATE AFFILIATE OF AN INSURER ESTABLISHED ON OR AFTER JULY 1, 1989 SHALL REDUCE ITS RATE BY AT LEAST TWENTY PERCENT LESS THAN THE RATES IN EFFECT ON THAT DATE.

E. NO INSURER MAY REDUCE THE COMMISSION OF ANY LICENSED AGENT, BROKER OR SOLICITOR IN RESPONSE TO THE RATE ROLLBACK.

Sec. 10. Title 28, chapter 7, article 6, Arizona Revised Statutes, is amended by adding section 28-1226, to read:

28-1226. Notice requirements

THE MOTOR VEHICLE DIVISION OF THE DEPARTMENT OF TRANSPORTATION SHALL INCLUDE WITH EACH MAILING OF INITIAL REGISTRATION AND REGISTRATION RENEWAL A COPY OF THE PREMIUM COMPARISON AND COMPLAINT RATIO ISSUED BY THE DEPARTMENT OF INSURANCE.

Sec. 11. Title 28, chapter 7, article 8, Arizona Revised Statutes, is amended by adding section 28-1262, to read:

28-1262. Notice of cancellation or nonrenewal

A. FROM AND AFTER JUNE 30, 1991 THE MOTOR VEHICLE DIVISION SHALL NOT REGISTER OR RENEW THE REGISTRATION OF ANY VEHICLE UNLESS THE OWNER OF THE VEHICLE PROVIDES EVIDENCE OF FINANCIAL RESPONSIBILITY WHICH SATISFIES SUBSECTION B OF THIS SECTION.

B. EVIDENCE, FOR THE PURPOSES OF THIS SECTION, INCLUDES AN ELECTRONIC RECORD AS DESCRIBED IN SUBSECTIONS C AND D OF THIS SECTION OR AN ORIGINAL OR A COPY OF A CURRENT AND VALID:

1. MOTOR VEHICLE OR AUTOMOBILE LIABILITY POLICY WHICH MEETS THE REQUIREMENTS OF SECTION 28-1170.
2. BINDER OR CERTIFICATE OF MOTOR VEHICLE OR AUTOMOBILE LIABILITY INSURANCE WHICH MEETS THE REQUIREMENTS OF SECTION 28-1170.
3. CERTIFICATE OF SELF-INSURANCE ISSUED BY THE DEPARTMENT UNDER ARTICLE 6 OF THIS CHAPTER.
4. SURETY BOND WHICH MEETS THE REQUIREMENTS OF SECTION 28-1173.
5. CERTIFICATE OF DEPOSIT WHICH MEETS THE REQUIREMENTS OF SECTION 28-1174.

6. MOTOR VEHICLE INSURANCE IDENTIFICATION CARD ISSUED BY AN AUTHORIZED INSURER OR AN AUTHORIZED AGENT OF THE INSURER FOR A MOTOR VEHICLE OR AUTOMOBILE LIABILITY POLICY WHICH MEETS THE REQUIREMENTS OF SECTION 28-1170.

C. ON JUNE 30, 1991 EACH INSURER WHO INSURES MOTOR VEHICLES IN THIS STATE SHALL PROVIDE TO THE MOTOR VEHICLE DIVISION ON MAGNETIC TAPE IN A FORMAT SPECIFIED BY THE DIVISION A CURRENT RECORD OF EVERY VEHICLE INSURED IN THIS STATE INCLUDING THE BEGINNING AND ENDING DATE OF COVERAGE AND ANY OTHER INFORMATION REQUESTED BY THE DIVISION.

D. FROM AND AFTER JUNE 30, 1991, EACH INSURER WHO CANCELS OR BECOMES AWARE OF THE CANCELLATION OR NONRENEWAL OF OR FAILURE TO

RENEW OR OF ISSUANCE OR RENEWAL OF A MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED ON A VEHICLE IN THIS STATE SHALL NOTIFY THE MOTOR VEHICLE DIVISION ELECTRONICALLY IN A FORMAT SPECIFIED BY THE DIRECTOR WITHIN TWENTY-FOUR HOURS.

E. ON CANCELLATION OR NONRENEWAL OF A POLICY, AN INSURER SHALL NOTIFY THE INSURED THAT THE MOTOR VEHICLE DIVISION HAS BEEN NOTIFIED OF THE CANCELLATION OR NONRENEWAL AND THAT HIS MOTOR VEHICLE REGISTRATION MAY BE SUSPENDED.

F. WHEN THE MOTOR VEHICLE DIVISION IS NOTIFIED THAT A REGISTERED VEHICLE IS UNINSURED, THE MOTOR VEHICLE DIVISION SHALL SEND THE REGISTERED OWNER AN INTENT TO SUSPEND THE REGISTRATION OF THE VEHICLE IN FOURTEEN DAYS AND SHALL CANCEL THE REGISTRATION ON THAT DATE.

G. THE MOTOR VEHICLE DIVISION SHALL PROVIDE VEHICLE INSURANCE STATUS TO ALL LAW ENFORCEMENT AGENCIES ELECTRONICALLY FROM LAW ENFORCEMENT VEHICLES.

H. ON RECEIVING EVIDENCE OF FINANCIAL RESPONSIBILITY WITHIN FOURTEEN DAYS, THE MOTOR VEHICLE DIVISION SHALL DELETE THE CANCELLATION FROM THE RECORD.

I. IF THE OWNER'S MOTOR VEHICLE REGISTRATION PRIVILEGE IS SUSPENDED, THE MOTOR VEHICLE DIVISION SHALL NOT TERMINATE THE SUSPENSION UNTIL EVIDENCE OF FINANCIAL RESPONSIBILITY IS FILED WITH THE MOTOR VEHICLE DIVISION.

J. A PERSON SHALL PAY A FEE OF NOT MORE THAN FIFTY DOLLARS FOR THE REINSTATEMENT OF A MOTOR VEHICLE REGISTRATION AS PRESCRIBED BY THE MOTOR VEHICLE DIVISION FOR THE PURPOSES PRESCRIBED IN THIS SECTION. THE DIRECTOR SHALL TRANSMIT THE FEES COLLECTED UNDER THIS SECTION TO THE STATE TREASURER FOR DEPOSIT IN THE STATE HIGHWAY FUND, AND THEY SHALL BE USED SOLELY FOR THE ADMINISTRATION OF THIS SECTION.

K. EACH INSURER WHO CANCELS OR BECOMES AWARE OF THE CANCELLATION OR NONRENEWAL OF OR FAILURE TO RENEW A MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED ON A VEHICLE IN THIS STATE AND WHO FAILS TO PROVIDE TO THE MOTOR VEHICLE DIVISION NOTICE OF THE CANCELLATION OR NONRENEWAL IS RESPONSIBLE FOR ANY LOSS CAUSED BY THAT UNINSURED VEHICLE.

Sec. 12. Severability

If a provision of this act or its application to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 201 would establish an Insurance Consumer Office outside of the Department of Insurance to represent consumer interests. A Consumer Protection Division and an Office of Rate Advocacy would be established within the Insurance Consumer Office. The purpose of the Consumer Protection Division would be to promote consumer education and awareness as well as to detect and prevent insurance fraud. The Office of Rate Advocacy would intervene in and appear on behalf of consumers at insurance rate hearings.

Proposition 201 would prohibit the cancellation of a person's insurance coverage based on that person's age and would limit territorial rating (basing an insurance premium

on a person's postal zip code). Insurance companies would be required to give a good driver discount of at least 10%.

Proposition 201 would require the Director of the Department of Insurance to review and approve insurance rates before they go into effect and to disapprove excessive rates. Proposition 201 would require that consumers receive premium comparisons and complaint ratios from the state.

Proposition 201 requires that automobile insurance rates be reduced 20% below the rates in effect on November 1, 1989.

Proposition 201 would require insurance companies to notify the Motor Vehicle Division of each cancellation or nonrenewal of an insurance policy. This information would be given to law enforcement personnel by the Division, and the Division would suspend the registration of the automobile if the person does not submit proof of insurance.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 201

The costs of automobile insurance in this state continue to skyrocket. Passing Proposition 201 would be the first step toward lowering automobile insurance rates.

The consumers of this state have been taken advantage of for too long. The establishment of an Insurance Consumer Office, including the Consumer Protection Division and the Office of Rate Advocacy, would act as a check against the power of insurance companies. For the first time, consumer interests would be represented.

The prior approval of all insurance rates would protect the consumer from unfair price increases. The Director of the Department of Insurance would examine every rate increase to determine if the increase was excessive. If it was, the Director would not allow the insurer to increase its rates that much.

Proposition 201 would specifically lower automobile insurance rates by reducing those rates 20% below November 1989 levels, by providing for good driver discounts of at least 10% and by limiting rating based on a person's postal zip code.

Proposition 201 would lead to better enforcement of Arizona's mandatory insurance laws by requiring insurance companies to report to the Motor Vehicle Division all policy cancellations and nonrenewals. The Motor Vehicle Division would then have the authority to suspend the vehicle registration of those persons who fail to submit proof of insurance.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 201

Passing Proposition 201 will not significantly lower automobile insurance rates and may actually lead to higher rates.

Proposition 201 is too broad. It applies to all types of insurance. Any attempt at reducing automobile insurance rates should apply to only automobile insurance.

Passing Proposition 201 will not result in an immediate reduction in rates through the limiting of territorial or postal zip code rating, the good driver discount and especially the 20% rollback. As for the limitation of territorial rating, there are many other factors insurers can and do consider in determining rates. The good driver discount does not apply

to all drivers. The rollback may be unconstitutional and may be challenged in court, as happened last year in California when that state attempted to lower automobile insurance rates by 20%. California's rollback is still tied up in court, one year later!

Prior approval of automobile insurance rates by the state insurance director will not keep insurance costs down. Open competition works best to keep costs down. Prior approval would only increase the administrative costs of the Department of Insurance.

If Proposition 201 passes the costs of conducting insurance business in this state will increase and red tape will increase. These costs will be passed on to the consumer through increased insurance rates. If the rollback provisions are challenged in court, the costs of that suit would also be passed on to the consumer.

ARGUMENT "FOR" PROPOSITION 201

Proposition 201 is the Consumer Auto Insurance Reform Initiative. As its author, I can assure you it embodies real reform -- in spirit with the efforts of literally hundreds of consumer groups across the country.

To be honest, I never thought we'd have a chance to vote on it. I expected the State Legislature to come up with a compromised plan that would contain just enough good stuff to take the wind out of my initiative.

But they didn't, and that gives us a golden opportunity. Without the initiative, we'd have to take what we could get. With it, we can get what we really want.

Opponents will say this measure "goes too far". That's because they are the insurance industry and they cannot find anything real to say. There is nothing in this initiative which is not sensible and pro-consumer.

- * The requirements regarding approval of rate increases are already law in dozens of states.
- * The Consumer Advocate Office has a working model in this state in RUCO.
- * Good driver discounts and rates based primarily on driving record are merely rewards for the safe and efficient.

Proposition 201 was written from the perspective of someone who has watched insurance industry lobbyists for 14 years. I can say for a fact that this little law scares them to death.

That's because they and their employers have become too accustomed to getting their way at the Legislature.

So it's great to be able to bring you a bill untainted by the lobbyists' handiwork. This is real consumer reform. Vote "YES". You may never get a better opportunity.

Rep. John Kromko
Tucson, AZ

ARGUMENT "FOR" PROPOSITION 201

Please enter this statement in the publicity pamphlets for this year's elections under the Kromko Auto Insurance Initiative pro statements.

My auto insurance for two vehicles is over \$1,400 this year. My child's parochial school tuition is \$1,200. There is something definitely wrong here.

I support this initiative for the following reasons:

1. It gives a 10% good driver discount.
2. It sets up an independent consumer office like RUCO.
3. It makes insurance companies JUSTIFY why they are raising our rates.
4. Pays interest on claims which are not paid promptly.
5. Sets up an anti-fraud unit in the consumer's protection division which can lower rates up to 20%.

People who have been safely driving and faithfully paying their auto insurance rates for years deserve these statutory changes.

I urge you to vote YES on this ballot proposal.

Sue Laybe
State Representative, District 25
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 201

THE COST OF AUTOMOBILE INSURANCE in Arizona increased almost 10 percent in 1989. Our rates have doubled since 1982.

The public outcry over insurance company greed has placed tremendous pressure on state legislators to give the State Department of Insurance the power to force insurance companies to justify future increases. At the present time, insurance companies can charge whatever they wish and they are exempt from federal anti-trust laws.

THE INSURANCE INDUSTRY is financing a group called Arizona New Start which is leading their battle to prevent genuine reform. Arizona New Start offers 20% rate reduction by 1992 in exchange for selecting a "no-fault" option which would eliminate the constitutional right to sue for fair damages. The Arizona New Start proposal would also eliminate our possibility of controlling high insurance premiums through state regulatory power.

MANY QUESTIONS concerning the no-fault proposal remain unanswered. As an example, could a no-fault driver still be sued if involved in an accident with a driver who had purchased the additional protections offered by traditional liability insurance?

It is my conviction that the offer of no-fault insurance is an insurance company scam to avoid state regulation of their exorbitant rates.

A FAR BETTER ALTERNATIVE has been presented by Representative John Kromko. Kromko has launched an initiative drive to roll back automobile insurance rates 20 percent and require prior approval by the Department of Insurance of future rate hikes for All types of insurance, not just auto. It would also create an insurance consumer office with the power to intervene on behalf of insurance purchasers.

I URGE EVERYONE to avoid Arizona New Start's no-fault proposal like the plague. Let's go for the genuine reform offered by John Kromko's initiative.

John Dougherty, Candidate
State Senate, District 9
Green Valley, AZ

ARGUMENT "FOR" PROPOSITION 201

As a regulator of utility rates, I am aware of the many issues involved in the insurance rate crisis in Arizona. And because I know that even-handed, effective regulation can strengthen and stabilize markets, I strongly support Proposition 201.

To be truly effective, the Arizona Department of Insurance must have the authority and powers extended by this proposal. Rate setting, whether in utilities or insurance, is a complex process that absolutely requires the disclosure in advance of pertinent costs and calculations. Proposition 201 does nothing more than establish a fair system.

And to be truly fair, regulators must have accurate information on rates paid by consumers. That information should be provided by an independent agency whose only job is to research and report that information. Proposition 201 makes that possible and practical in its creation of a Consumer Advocate.

It is past time that insurance companies be made accountable to the consumers they serve. Insurance purchases are now the 3rd largest household expense in the average family, behind only food and housing. We pay, on average, more for insurance than we do in taxes!

This proposition seeks only to ensure that future purchases of insurance products can be made with the confidence that the rate being paid is fair.

Proposition 201 will restore consumer confidence in a market that appears out of control. I urge you to vote "YES" on Prop. 201.

Commissioner Renz D. Jennings
Arizona Corporation Commission
Phoenix, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "FOR" PROPOSITION 201

Over 45 years of insurance industry greed, waste, and mismanagement have created an auto insurance system that is out of control. Citizens across the country are fighting to reclaim their rights and restore fairness and justice to the auto insurance system.

Here in Arizona, almost 200,000 people exercised their rights and signed the Consumer Auto Insurance Reform petition. This measure will restore some sanity to this system gone crazy.

Among this measure's provisions:

- 1) Assure that insurance companies will have to justify their rate increases before passing them on to consumers.
- 2) Establish an independent Insurance Consumer Office that will protect consumers from insurance fraud and assure that consumers are represented at rate hearings.
- 3) Assure that good drivers receive rates substantially lower than bad drivers.

In addition, the measure will:

- 1) Prohibit the use of arbitrary rate-setting standards such as age, sex and neighborhood to inflate your rates.
- 2) End unnecessary claim payment delays by imposing new interest penalties upon insurance companies.

And finally, this measure introduces a roll-back of rates to reverse the rate gouging that insurance companies have engaged in for years.

The huge insurance companies are not sitting idly by, however. They have unleashed hundreds of paid campaigners and millions of dollars to support two initiatives calling for "Consumer Choice" auto insurance. These initiatives contain none of the reforms above. "Consumer Choice" will not reduce your rates; it will reduce your rights and benefits.

The Consumer Auto Insurance Reform Initiative offers the people of Arizona a fresh opportunity to clean up the auto insurance mess. It echoes the nation-wide call for a more just and efficient insurance industry, and amplifies and channels it into a concrete plan of action for the people of Arizona.

Ralph Nader
Washington, D.C.

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "FOR" PROPOSITION 201

As the former Director of RUCO, the Residential Utility Consumer Office, I urge every Arizonan to support Proposition 201 and its creation of an independent Office of Consumer Advocacy.

State agencies like the Department of Insurance and the Corporation Commission are charged by law with balancing the needs of citizens against the market forces involved in providing electric service or auto insurance. They cannot and should not, however, become the advocates of one side over the other.

That's why we needed RUCO in 1983 and a Consumer Advocate in insurance now. To make sure the Department of Insurance gets all the facts, and gets them as forcefully from consumers as they do from the large insurance companies, we need someone whose job it is to represent us. The Department will weigh the arguments on both sides and, more often than not, come to reasonable compromises.

But they cannot do that if the insurance companies are not balanced by an effective, independent advocate for consumers. Proposition 201 gives us that advocate.

RUCO has been a smashing success. It has helped stabilize the utility marketplace and bring fairness and objectivity to rate hearings.

We need nothing less in auto insurance. Please vote "YES" on Proposition 201.

Susan A. Williams
Chino Valley, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "FOR" PROPOSITION 201

A citizens' movement is sweeping across America. People from California to New Jersey are working to reclaim their rights and restore fairness to an auto insurance system that is out of control.

Here in Arizona, almost 200,000 people exercised their rights and signed the Consumer Auto Insurance Reform petition. This measure will restore some sanity to this system gone crazy.

Among the important provisions this measure will provide are the following:

- 1) Assure that insurance companies will have to justify their rate increases before passing them on to consumers. Right now, you get the bill before the Department of Insurance knows about the increase.
- 2) Assure that consumers are represented at rate hearings. Right now, there is no effective advocate for consumers' rights.

- 3) Assure that good drivers receive rates substantially lower than those of bad drivers. Right now, good drivers are at the mercy of their insurance companies. In addition, the measure will prohibit the following:
- 1) Arbitrary use of rate-setting standards such as age, sex and neighborhood to inflate your base rate.
 - 2) Increasing rates because of non-moving traffic violations or accidents that weren't your fault.
 - 3) Arbitrary claim delays by imposing new interest penalties upon insurance companies.

And finally, as there has been a 92% increase in insurance premiums in the past five years, this measure seeks to return some of the excessive gains of insurance companies through a roll-back of rates.

This insurance reform initiative is not the final answer to cleaning up the auto insurance mess, but it is certainly a first step. Citizens are angry. They can turn that anger into action by voting "YES" on Proposition 201.

William S. Johnson, Chairman
Arizona Policyholders' Association
Phoenix, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 201

While Arizona Tax Research Association supports insurance reform, we oppose the so called Kromko Initiative because it will result in increased taxes for Arizonans.

The Joint Legislative Budget Committee estimates that this initiative will cost the state, and consequently taxpayers, over \$10 million the first year and increased amounts thereafter. And that figure doesn't take into account the amount we will likely be paying in increased insurance costs because of the vaguely written language in this initiative, the new bureaucratic requirements mandated in this initiative and the cost to the state of defending the inevitable constitutional challenges to this measure.

With all of the pressing problems we have in Arizona and the budget shortfalls and tax increases we are facing, wasting another \$10 million on a measure that duplicates many existing programs - which we are already paying for in our tax bill - just doesn't make sense.

The bottom line is very simple: this initiative isn't worth the price we are being asked to pay in higher taxes and in what will almost certainly be higher premiums for all types of insurance, including health, life and auto.

Vote no.

Arizona Tax Research Association
Barry M. Aarons, Pres. Elliott Hibbs, Exec. Dir.
Phoenix, AZ Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 201

Proposition 201 is a fraud. It is deceiving to the people of Arizona because rollbacks don't work. The people of California passed a similar measure and didn't get a rate

reduction. In fact, their rates went up and after two years in the courts, it's costing the people millions of dollars in legal fees.

In addition, Proposition 201 has a provision for prior approval of insurance rate increases. This is the same provision that Massachusetts and New Jersey have and these two states now have the highest auto insurance rates in America.

Proposition 201 is a fraud because it builds expectations and delivers nothing. It is misleading. It gives people false hope. We believe that the sponsors of this proposition are well aware that it won't offer one cent of relief to the people of Arizona. In fact, the increase in bureaucracy needed to support Proposition 201 will end up costing us more in taxes.

NO, Proposition 201 will not reduce our auto rates and the lawyers and politicians who are pushing Prop 201 know it. The trial lawyers do not suggest reducing their rates by 20% to help reduce insurance costs. Maybe that's why they are spending so much money trying to pass this initiative. Proposition 201 is a fraud.

Linda Francisco, Chairman
People For Fair Insurance
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 201

There is no such thing as a free lunch. Proposition 201, the so-called "Kromko Initiative" proposes to "roll back" insurance rates by twenty percent. This cannot legally be done, anymore than we can "roll back" our grocery bills by twenty percent. This is the "carrot" that we will never get to enjoy.

On the other hand, the passage of this initiative will create a lawyer's paradise. Many of its provisions serve merely to encourage people to hire lawyers to bring more lawsuits. That is why lawyers spent thousands of dollars to hire professional signature gatherers to put this initiative measure on the ballot. The State will need to hire lawyers to regulate insurance rates, and the insurance companies will need to hire lawyers to get their rates approved. The so-called "consumer office" set-up by the initiative measure will also need to hire lawyers. And, of course, everyone affected by this initiative proposal will run out to hire lawyers to test and contest its numerous technical provisions. In short, this measure can best be described as a proposal for the further enrichment of lawyers.

Proposition 201 does nothing to make our roads safer, our drivers better, or our legal system more fair. In fact, the proposal is designed to benefit only one element of our society - the trial lawyers.

Common sense tells us that the passage of this initiative measure will do nothing except to increase the cost of insurance for all of us. Instead of passing laws that encourage more litigation, we need to do our utmost to discourage litigation and to keep lawyers out of the process.

On November 6, vote **NO** on Proposition 201. It just doesn't make sense.

Robert Ong Hing
Attorney
Scottsdale, AZ

ARGUMENT "AGAINST" PROPOSITION 201

Contrary to the claims of some supporters of Proposition 201, it will very likely increase the costs of insurance - including auto, health and life - for many of us, including those who are seniors or retired.

By including life, health and even homeowners insurance in its bureaucratic language, Proposition 201 simply goes too far. There is no need for such a broadly written and ill-conceived proposal to include health and life insurance, in particular. Unfortunately, this measure could make health and life insurance less accessible and certainly more expensive. Jeopardizing our health and life insurance coverage just doesn't make sense.

The Kromko measure also decrees that a whole new state bureaucracy be established which duplicates many existing programs. The Joint Legislative Budget Committee estimates that the Kromko proposal will cost us taxpayers millions and millions each and every year! That's wasted tax dollars!

This new bureaucracy will add layers of expensive regulations with long hearings and court challenges. Instead of encouraging negotiation or arbitration, the Kromko measure promotes lawsuits and big jury awards. Regulations, lawyers and lawsuits all cost money . . . and you know who winds up paying those costs - we do!

Kromko is a risk that just isn't worth taking, especially with the enormous price tag we're being asked to fund from our own pocketbooks.

Let's find real solutions instead of jeopardizing our insurance coverage and wasting more of our tax dollars. Please vote NO on Proposition 201 on November 6th.

Joseph Gerber
Former Insurance
Department Director
Professor Emeritus (Insurance),
University of Arizona - Tucson
Tucson, AZ

William R. Burns, CLU, FLMI
Former Director of The Insurance Center -
Drake University
Retired
Green Valley, AZ

ARGUMENT "AGAINST" PROPOSITION 201

Proposition 201 ignores the fact that some communities are safer than others. In smaller towns, farm communities and rural neighborhoods, losses are lower . . . so insurance costs are lower. Those savings are reflected in lower rates. If this proposition becomes law, those of us who live in rural areas or in quiet, adult neighborhoods could wind up paying higher rates . . . as expensive as those who live in high crime urban areas.

That's not fair!

Proposition 201 will very likely increase the costs of insurance -- including auto, health and life insurance -- for farm families, for retired people and for residents of Arizona towns.

This proposition also creates a whole new state bureaucracy to enforce these unfair rules. The new bureaucrats will add layers of expensive regulations, long hearings and court challenges. The initiative promotes expensive lawsuits and big jury awards by creating new types of litigation.

Regulations, bureaucrats, lawyers and lawsuits all cost money . . . and we are the ones who pay those costs.

Arizona farm families, senior citizens and residents of our smaller towns can not afford the enormous price tag of this poorly written and unfair initiative. Protect our traditional Arizona lifestyle. Vote no on Proposition 201.

This proposal is a risk that just isn't worth taking, especially with the enormous price tag we're being asked to fund from our own pocketbooks.

Let's find real solutions instead of jeopardizing our insurance coverage and wasting more of our tax dollars. Please vote NO on Proposition 201 on November 6th.

Cecil H. Miller, Jr., President
Arizona Farm Bureau
Litchfield Park, AZ

William R. Burns, CLU, FLMI
Former Director of The Insurance Center -
Drake University
Retired
Green Valley, AZ

ARGUMENT "AGAINST" PROPOSITION 201

Proposition 201 is anti-jobs, anti-business, and will not accomplish the aims of its author. Instead of reducing the cost of insurance, it will likely increase the cost of all types of insurance - health, life and auto.

That's because this measure does nothing to reduce the costs of insurance. It doesn't stop frivolous, but horribly expensive lawsuits. It doesn't reduce medical costs and it does nothing to stop fraudulent claims or to take bad drivers off the road. These are the ingredients for higher insurance costs for all of us, and Proposition 201 ignores them.

Instead, it adds huge layers of new bureaucracy, and according to the Joint Legislative Budget Committee, will cost some \$10.8 million over the next two years and reduce revenue to the state by some \$5.1 million next year alone. All of this extra cost, ultimately paid by policy holders and taxpayers, and the new bureaucracy, can only have a negative effect on the business and job climate of Arizona.

The last thing businesses looking to locate in Arizona need is additional bureaucracy and costs to deal with. This is not the climate or reputation we need as we strive to get Arizona's economy back on the road and our friends and neighbors back to work.

We need to lower the cost of insurance, but let's choose solutions that address the real problems. Proposition 201 is the wrong answer to the right problem. It adds more bureaucracy, regulation and lawsuits and does nothing about real problems. With Proposition 201 we're being asked to sacrifice too much for a proposal that won't help us reduce rates, and may have a chilling effect on our ability to attract new business and jobs.

A NO vote on Proposition 201 is a vote for a healthy Arizona economy.

C.A. Howlett,
Chairman of the Board
Phoenix Chamber of Commerce
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 201

Proposition 201 is not in the best interest of Arizona's citizens and will not reduce the cost of insurance. Rather, it will likely increase the cost of all types of insurance, including health, life, property and auto.

The only way to accomplish insurance rate reduction is to reduce the costs of insuring. This measure will not stop petty, but costly lawsuits, or reduce medical costs. It does nothing to stop fraudulent claims or to take bad drivers off the road. In fact it seeks to reward bad drivers with a reduction in the price they pay for their auto insurance. These factors create higher insurance costs for all of us, and Proposition 201 will not help control the runaway costs of insuring.

Instead, it adds layers of new bureaucracy, and encourages waste, inefficiency and duplication of efforts and programs already undertaken by the State and paid by Arizona taxpayers. According to the Joint Legislative Budget Committee, this measure will cost some \$10.8 million over the next two years and reduce revenue to the state by some \$5.1 million next year alone.

Laws should solve problems not create them. Instead, this measure would create many new problems and solve none. A NO vote on Proposition 201 is in the best interests of Arizona.

Don Reck,
Chairman of the Board
Arizona Chamber of Commerce
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 201

Proposition 201 is an unfortunate copycat version of California's Proposition 103 . . . the same automatic, arbitrary and illogical 20 percent rate rollbacks; the same expensive and burdensome increase in the state bureaucracy--and the same effort to make all drivers pay exactly the same price, regardless of whether they live in big cities or small towns.

In California, it took just a few court decisions to point out that the initiative's so-called "insurance reforms" would not and could not work.

Here in Arizona, all it takes is plain old common sense to tell us the same thing.

Auto insurance pays the medical costs for accident injuries. It pays to repair cars damaged in accidents. It pays to replace stolen cars. It costs more where accidents are more frequent and medical and legal costs are higher.

Auto insurance pays the lawyers who defend against the lawsuits filed when insured drivers are sued. It pays all settlements negotiated by attorneys and also the jury verdicts decided in the courtroom. It pays for short term medical and long term rehabilitation costs, and then it pays for what lawyers call "pain and suffering."

It turned out that California's "rollback" proposition was a big lie to the voters; not only did rates not go down, but the law actually made rates go up. Let's not repeat the same mistake in Arizona. Common sense tells us the only way to lower the cost of insurance is to lower the cost of what insurance pays for. Period.

That means fewer accidents, lower medical costs and, especially true here in Arizona, controlling the ever-increasing legal costs.

Common sense tells us that auto insurance is too complex to try to cure with simplistic, unrealistic and legally-flawed initiatives like Proposition 201. A "No" vote on Proposition 201 is a "Yes" vote for common sense.

Karen R. Mills
State Representative
Glendale, AZ

BALLOT FORMAT

PROPOSITION 201

PROPOSED BY INITIATIVE PETITION

OFFICIAL TITLE

AN INITIATIVE MEASURE RELATING TO INSURANCE; ESTABLISHING AN INSURANCE CONSUMER OFFICE; PRESCRIBING DEFINITIONS; PRESCRIBING AN INSURANCE CONSUMER BOARD; PRESCRIBING BOARD MEMBERS, TERMS AND COMPENSATION; PRESCRIBING POWERS AND DUTIES OF THE INSURANCE CONSUMER BOARD; PROVIDING FOR A CONSUMER OF PROTECTION DIVISION AND AN OFFICE OF RATE ADVOCACY IN THE INSURANCE CONSUMER OFFICE; PROVIDING FOR AN INSURANCE CONSUMER PROTECTION FUND; PROSCRIBING CANCELLATION ON THE BASIS OF AGE; PROSCRIBING INEXPERIENCED DRIVER SURCHARGES; PROSCRIBING TERRITORIAL RATING UNLESS APPROVED BY THE DIRECTOR; PROVIDING FOR A GOOD DRIVER DISCOUNT; PROSCRIBING THE CANCELLATION OF AN AGREEMENT WITH AN AGENT; PRESCRIBING DEFINITIONS; PROVIDING FOR PRIOR APPROVAL OF RATES OR RATE CHANGES; PROVIDING FOR PREMIUM COMPARISONS AND COMPLAINT RATIOS; PROVIDING FOR PUNITIVE DAMAGES; PRESCRIBING A CIVIL PENALTY FOR CERTAIN PROHIBITED ACTS OR PRACTICES; PROVIDING FOR PAYMENT OF INTEREST IF CLAIM IS NOT TIMELY PAID; PRESCRIBING AN INSURANCE RATE ROLLBACK; PRESCRIBING AUTHORITY OF THE INSURANCE CONSUMER OFFICE; PRESCRIBING NOTICE OF CANCELLATION OR NONRENEWAL OF VEHICLE INSURANCE POLICIES; PROVIDING THAT THE MOTOR VEHICLE DIVISION PROVIDE THE INFORMATION TO PEACE OFFICERS ELECTRONICALLY; PRESCRIBING FEES TO REINSTATE REGISTRATION; AMENDING TITLE 20, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 5; AMENDING SECTIONS 20-263, 20-456, 20-461 AND 20-462, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-265; AMENDING TITLE 20, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-323; AMENDING TITLE 20, CHAPTER 2, ARTICLE 4.1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 20-383.01, 20-383.02 AND 20-383.03; AMENDING TITLE 20, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 10; AMENDING TITLE 28, CHAPTER 7, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-1226, AND AMENDING TITLE 28, CHAPTER 7, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-1262.

BALLOT FORMAT (Cont'd)

DESCRIPTIVE TITLE

AN ACT CREATING AN OFFICE REPRESENTING INSURANCE CONSUMERS INTERESTS IN PROTECTION AGAINST FRAUD AND IN RATE ADVOCACY; REQUIRING PRIOR APPROVAL OF THE DEPARTMENT OF INSURANCE OF RATE OR RATE CHANGES; REQUIRING A 20% AUTO INSURANCE RATE REDUCTION; AUTHORIZING SUSPENSION OF VEHICLE REGISTRATION FOR CANCELLATION OR NONRENEWAL OF INSURANCE.

PROPOSITION 201

A "yes" vote shall have the effect of authorizing an auto insurance rate reduction of at least 20% and establishing an office to represent insurance consumer interests.

YES



A "no" vote shall have the effect of retaining the current laws governing insurance rates and procedures.

NO



PROPOSITION 202

OFFICIAL TITLE

AN INITIATIVE MEASURE

RELATING TO THE PROTECTION OF THE ENVIRONMENT AND PUBLIC HEALTH; PROPOSING AMENDMENTS TO THE ARIZONA REVISED STATUTES; PROVIDING FOR COLLECTION, DISPOSAL, TREATMENT, STORAGE, HANDLING AND TRANSPORTATION OF SPECIAL WASTE AND REDUCTION OF HAZARDOUS AND SOLID WASTE GENERATION; PROVIDING SPECIAL REQUIREMENTS FOR SOLID WASTE DISPOSAL FACILITIES IN OR NEAR FLOODPLAINS AND PRESCRIBING PROMULGATION OF RULES BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY FOR SOLID WASTE DISPOSAL FACILITIES IN OR NEAR FLOODPLAINS; PROVIDING FOR A PRIVATE RIGHT OF ACTION; PROVIDING FOR GROUNDWATER MONITORING OF SOLID WASTE DISPOSAL FACILITIES; PRESCRIBING AN ARIZONA SPECIAL WASTE MANAGEMENT PROGRAM TO BE ADMINISTERED BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY AND PRESCRIBING PROMULGATION OF RULES BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY FOR COLLECTION, TREATMENT, DISPOSAL, STORAGE, TRANSPORTING AND HANDLING OF SPECIAL WASTE; PRESCRIBING A RECYCLING AND WASTE SOURCE REDUCTION MANAGEMENT PLAN AND PRESCRIBING PROMULGATION OF RULES BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY FOR RECYCLING AND WASTE SOURCE REDUCTION; PRESCRIBING PROMULGATION OF RULES REQUIRING GENERATORS OF HAZARDOUS WASTE TO SUBMIT WASTE MINIMIZATION PLANS AND PROGRESS REPORTS; REQUIRING THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY TO PURSUE FORMATION OF A REGIONAL INTERSTATE COMPACT EQUITABLY ALLOCATING RESPONSIBILITY FOR TREATMENT AND DISPOSAL OF HAZARDOUS WASTE AMONG THE MEMBERS; AMENDING TITLE 49, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 49-241.01, 49-241.02 AND 49-244.01; AMENDING TITLE 49, CHAPTER 4, ARIZONA REVISED STATUTES, BY AMENDING SECTIONS 49-701 AND 49-767 AND BY ADDING SECTIONS 49-768 THROUGH 49-771; AND AMENDING TITLE 49, CHAPTER 5, ARIZONA REVISED STATUTES, BY AMENDING SECTION 49-922 AND BY ADDING SECTION 49-929.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the people of the State of Arizona:

THE FOLLOWING AMENDMENTS TO ARIZONA REVISED STATUTES TITLE 49, AMENDING CHAPTER 2, ARTICLE 3, BY ADDING SECTIONS 49-241.01, 49-241.02 AND 49-244.01; AMENDING CHAPTER 4 BY AMENDING SECTIONS 49-701 AND 49-767 AND BY ADDING SECTIONS 49-768 THROUGH 49-771; AMENDING CHAPTER 5 BY AMENDING SECTION 49-922 AND BY ADDING SECTION 49-929, ARE PROPOSED TO BECOME VALID WHEN APPROVED BY A MAJORITY OF THE QUALIFIED ELECTORATE VOTING THEREON AND ON PROCLAMATION OF THE GOVERNOR:

Section 1. Short Title

THIS ACT MAY BE REFERRED TO AS THE ARIZONA COMPREHENSIVE WASTE REDUCTION, RECYCLING AND MANAGEMENT ACT OF 1990.

Section 2. Purpose and Policy

A. THE PEOPLE OF ARIZONA FIND AND DECLARE THAT:

1. OUR QUALITY OF LIFE AND HEALTH ARE DEPENDENT ON PROTECTING THE ENVIRONMENT FROM HAZARDOUS AND INFECTIOUS WASTE.

2. THE COLLECTION, STORAGE, TREATMENT, HANDLING, TRANSPORTATION AND DISPOSAL OF MEDICAL AND INFECTIOUS WASTE DEFINED AS SPECIAL WASTE, IN A MANNER THAT PROTECTS THE HEALTH, SAFETY AND WELFARE OF THE WORKERS WHO HANDLE THE WASTE AND THE PUBLIC, IS A MATTER OF STATEWIDE CONCERN.

3. IT IS IN THE PUBLIC INTEREST TO REQUIRE THAT SPECIAL WASTE IS MANAGED IN AN ENVIRONMENTALLY PROTECTIVE AND ECONOMIC MANNER.

4. IN THE INTEREST OF PUBLIC HEALTH, SAFETY AND WELFARE, IT IS THE POLICY OF THIS STATE TO ESTABLISH REQUIREMENTS FOR COLLECTION, TRANSPORTATION, STORAGE, TREATMENT AND DISPOSAL OF SPECIAL WASTE.

5. MANY OF ARIZONA'S URBAN AREAS WILL SOON FACE A WASTE MANAGEMENT CRISIS IF WAYS ARE NOT FOUND TO REDUCE THE VOLUME OF WASTE GENERATED, DIVERT A SIGNIFICANT VOLUME OF WASTE FROM LANDFILLS, AND TO LOCATE NEW FACILITIES. THE EMERGING CRISIS HAS HIGHLIGHTED THE NEED FOR A WASTE RECYCLING AND REDUCTION PROGRAM.

6. IT IS IN THE PUBLIC INTEREST TO REQUIRE THAT REASONABLE METHODS OF RECYCLING AND REDUCTION OF THE AMOUNT OF SOLID WASTE GENERATED BE REQUIRED WHENEVER IT IS TECHNICALLY AND ECONOMICALLY PRACTICAL.

7. IT IS ALSO IN THE PUBLIC INTEREST TO DEVELOP A COMPREHENSIVE STATEWIDE PUBLIC EDUCATION PROGRAM EMPHASIZING WHAT INDIVIDUALS AND BUSINESSES CAN DO TO REDUCE THEIR WASTES AND IN AN EFFORT TO PROMOTE MEANS OF PREVENTING OR REDUCING AT THE SOURCE, MATERIALS WHICH WOULD OTHERWISE CONSTITUTE SOLID WASTE.

8. THAT AN INTERSTATE COMPACT AMONG STATES IN THE REGION OFFERS A POTENTIAL MEANS OF PREVENTING ANY SINGLE STATE FROM BEING BURDENED WITH A DISPROPORTIONATE VOLUME OF HAZARDOUS WASTE TREATMENT, STORAGE OR DISPOSAL ACTIVITIES.

THEREFORE, WE THE PEOPLE OF THE STATE OF ARIZONA DO HEREBY ENACT THE ARIZONA COMPREHENSIVE WASTE REDUCTION, RECYCLING AND MANAGEMENT ACT OF 1990, IN THE INTEREST OF PUBLIC HEALTH, SAFETY, WELFARE AND THE ENVIRONMENT.

Section 3. Title 49, Chapter 2, Article 3, Arizona Revised Statutes, is amended to add new sections 49-241.01, and 49-241.02 and 41-244.01, to read:

§ 49-241.01 SPECIAL REQUIREMENTS FOR SOLID WASTE DISPOSAL FACILITIES IN OR NEAR FLOODPLAINS; POWERS OF DIRECTOR

A. IN ADDITION TO THE REQUIREMENTS OF CHAPTER 4, ARTICLE 4 OF THIS TITLE, THE DIRECTOR SHALL, BY RULE, IMPOSE ADDITIONAL CONSTRUCTION AND OPERATION STANDARDS ON ALL CURRENTLY OPERATING AND FUTURE SOLID WASTE DISPOSAL FACILITIES THAT ARE DESIGNED TO PERMANENTLY STORE, TREAT OR DISPOSE OF SOLID WASTE AND ARE SITED IN OR WITHIN ONE-HALF MILE OF A FLOODPLAIN, AS DEFINED

IN SECTION 48-3601, THAT HAS ONE HUNDRED YEAR FLOWS IN EXCESS OF TEN THOUSAND CUBIC FEET PER SECOND AS DETERMINED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY (OR AS APPROVED BY THE DIRECTOR OF WATER RESOURCES IN THE EVENT THE FEDERAL EMERGENCY MANAGEMENT AGENCY HAS NOT DETERMINED THE FLOWS FOR A SPECIFIC FLOODPLAIN). FOR PURPOSES OF THIS SECTION, A SOLID WASTE DISPOSAL FACILITY DOES NOT INCLUDE A FACILITY USED SOLELY FOR MATERIAL PRODUCED IN CONNECTION WITH A MINING OR MINERAL PROCESSING OPERATION, FOR THE RECLAMATION OF LAND THROUGH THE INTRODUCTION OF RUBBLE, LANDSCAPING OR INERT MATERIAL OR AS A SOLID WASTE TRANSFER STATION OR RECYCLING FACILITY.

B. THE ADDITIONAL CONSTRUCTION AND OPERATIONAL STANDARDS SHALL INCLUDE BUT NOT BE LIMITED TO THE FOLLOWING:

1. A FLEXIBLE MEMBRANE LINER SYSTEM WHICH MAINTAINS LOW PERMEABILITY OVER AN EXTENDED PERIOD OF TIME.

2. A LEACHATE COLLECTION AND REMOVAL SYSTEM.

3. A SURFACE WATER DIVERSION SYSTEM USING ENGINEERED FEATURES SUCH AS DIKES AND CHANNELS WHICH ADDRESS OFF-SITE RUNOFF AND ON-SITE DRAINAGE.

4. ENGINEERED SYSTEMS, IF NECESSARY, TO PREVENT THE LATERAL INFILTRATION OF WATER INTO THE FACILITY.

5. A CLOSURE PLAN WHICH WILL ASSURE THAT THE FACILITY, WHEN CLOSED, WILL NOT CAUSE OR CONTRIBUTE TO A VIOLATION OF AQUIFER WATER QUALITY STANDARDS AT THE APPLICABLE POINT OF COMPLIANCE.

6. INSTALLATION OF GROUNDWATER MONITORING WELLS.

C. THE DIRECTOR SHALL, WITHIN ONE YEAR OF THE EFFECTIVE DATE OF THIS ACT, PROMULGATE SUCH RULES NECESSARY TO IMPLEMENT THE STANDARDS SET FORTH IN THIS SECTION AND COMPLETE AN INVENTORY OF CURRENTLY OPERATING SOLID WASTE DISPOSAL FACILITIES TO MAKE A DETERMINATION OF WHAT STEPS, IF ANY, WILL BE NECESSARY TO BRING EACH FACILITY INTO COMPLIANCE WITH THE STANDARDS REQUIRED BY THIS SECTION.

D. IF THE DIRECTOR DETERMINES THAT A CURRENTLY OPERATING SOLID WASTE DISPOSAL FACILITY CANNOT BE BROUGHT INTO COMPLIANCE WITH THE STANDARDS REQUIRED BY THIS SECTION, THE DIRECTOR SHALL ISSUE AN ORDER REQUIRING THE CLOSURE OF THE FACILITY WITHIN FIVE YEARS OF THE DATE OF THE ORDER.

E. NOTWITHSTANDING THE PROVISIONS OF SUBSECTION D OF THIS SECTION, THE DIRECTOR, BASED ON MONITORING WELL RESULTS OBTAINED IN COMPLIANCE WITH SECTION 49-244.01 WHICH SHOW THAT THE FACILITY IS NOT CAUSING OR CONTRIBUTING TO A VIOLATION OF AQUIFER WATER QUALITY STANDARDS AT THE APPLICABLE POINT OF COMPLIANCE, MAY WAIVE SOME OR ALL OF THE STANDARDS SET FORTH IN SUBSECTIONS B.1 AND B.2 OF THIS SECTION AND NOT REQUIRE THE SOLID WASTE FACILITY TO CLOSE SO LONG AS THE MONITORING WELLS CONTINUE TO SHOW THAT THE FACILITY IS NOT CAUSING OR CONTRIBUTING TO A VIOLATION OF AQUIFER WATER QUALITY STANDARDS AT THE APPLICABLE POINT OF COMPLIANCE.

F. IF THE DIRECTOR DETERMINES THAT A FACILITY'S NON-COMPLIANCE IS OF SUCH MAGNITUDE THAT ITS CONTINUED OPERATION CONSTITUTES A CLEAR DANGER TO THE PUBLIC HEALTH AND SAFETY, THE DIRECTOR SHALL ORDER THE IMMEDIATE CLOSURE OF THE FACILITY.

§ 49-241.02 PRIVATE RIGHT OF ACTION: CITIZEN SUITS

THE PROVISIONS OF SECTION 49-264, AUTHORIZING A CITIZEN'S RIGHT OF ACTION, SHALL BE APPLICABLE IF THE DIRECTOR FAILS TO IMPLEMENT AND ENFORCE THE PROVISIONS OF SECTION 49-241.01.

§ 49-244.01 EXISTING SOLID WASTE DISPOSAL FACILITIES: GROUNDWATER MONITORING WELL INSTALLATION

A. NOTWITHSTANDING OTHER ACTIONS THAT THE DIRECTOR MAY REQUIRE PRIOR TO ISSUING AN INDIVIDUAL PERMIT UNDER THE PROVISIONS OF THIS ARTICLE, THE OWNER OR OPERATOR OF EACH CURRENTLY OPERATING SOLID WASTE DISPOSAL FACILITY DESIGNED TO PERMANENTLY DISPOSE OF SOLID WASTE, REGARDLESS OF WHETHER AN INDIVIDUAL PERMIT HAS BEEN APPLIED FOR, SHALL SUBMIT TO THE DIRECTOR FOR HIS REVIEW AND APPROVAL, A PLAN FOR THE INSTALLATION OF GROUNDWATER MONITORING WELLS BASED ON THE CRITERIA ESTABLISHED IN THIS SECTION.

B. THE PLAN REQUIRED IN SUBSECTION A OF THIS SECTION SHALL INCLUDE THE FOLLOWING DETAILS FOR EACH SOLID WASTE DISPOSAL FACILITY:

1. THE PROPOSED NUMBER AND LOCATION OF MONITORING WELLS.
2. THE PROPOSED DEPTH OF EACH WELL.
3. THE PROPOSED DESIGN OF THE WELLS.
4. THE ESTIMATED COST OF INSTALLING THE WELLS.
5. THE ESTIMATED ANNUAL COST OF MAINTAINING AND OPERATING THE WELLS.
6. THE TIME FRAME FOR INSTALLATION OF THE WELLS AND COMMENCEMENT OF MONITORING. IN NO EVENT SHALL MONITORING COMMENCE LATER THAN SIX MONTHS FROM THE DATE THE PLAN IS APPROVED BY THE DIRECTOR.

7. A GROUNDWATER MONITORING PROGRAM.

C. FOR SOLID WASTE DISPOSAL FACILITIES RECEIVING SOLID WASTE AT AN AVERAGE VOLUME OF 500 TONS A DAY OR MORE, THE PLAN REQUIRED IN SUBSECTION A SHALL BE SUBMITTED NO LATER THAN JULY 1, 1991. FOR SOLID WASTE DISPOSAL FACILITIES RECEIVING SOLID WASTE AT AN AVERAGE VOLUME OF LESS THAN 500 TONS A DAY, THE PLAN REQUIRED IN SUBSECTION A SHALL BE SUBMITTED NO LATER THAN JULY 1, 1992.

D. WITHIN SIXTY DAYS OF SUBMITTAL OF A PLAN, THE DIRECTOR SHALL EITHER APPROVE THE PLAN OR NOTIFY THE PERSON SUBMITTING THE PLAN THAT IT IS INCOMPLETE OR INSUFFICIENT. AMENDED PLANS SHALL BE SUBMITTED TO THE DIRECTOR WITHIN SIXTY DAYS OF THE DIRECTOR'S NOTICE OF INCOMPLETENESS OR INSUFFICIENCY.

E. THE DIRECTOR IN HIS NOTICE OF APPROVAL SHALL ESTABLISH A SCHEDULE BY WHICH MONITORING INFORMATION IS TO BE SUBMITTED TO THE DEPARTMENT AND SHALL ADVISE THE OWNER OR OPERATOR THAT IF GROUNDWATER MONITORING INFORMATION IS OBTAINED THAT INDICATES THAT AQUIFER WATER QUALITY STANDARDS HAVE BEEN EXCEEDED, THE OWNER OR OPERATOR OF THE SOLID WASTE DISPOSAL FACILITY MAY BE SUBJECT TO REMEDIAL ACTIONS AS PROVIDED IN ARTICLE 5 OF THIS CHAPTER. THE NOTICE SHALL ALSO PROVIDE THAT DOCUMENTATION OF ALL MEASUREMENTS, SAMPLINGS, AND ANALYTICAL DATA SHALL BE MAINTAINED AT THE SITE AND BE MADE AVAILABLE UPON DEMAND TO AUTHORIZED DEPARTMENT PERSONNEL FOR THEIR REVIEW.

F. A SOLID WASTE DISPOSAL FACILITY THAT HAS NOT RECEIVED APPROVAL OF A GROUNDWATER MONITORING PLAN WITHIN 15 MONTHS FROM THE DATE OF THE ORIGINAL SUBMITTAL TO THE DIRECTOR SHALL DISCONTINUE OPERATIONS UNTIL SUCH PLAN IS APPROVED.

Section 4. Section 49-701, Arizona Revised Statutes, is amended to read:

§ 49-701. Definitions.

In this chapter, unless the context otherwise requires:

1. "Board" means the solid waste management advisory board.
2. "County" means:
 - (a) The board of supervisors in the context of the exercise of powers or duties.
 - (b) The unincorporated areas in the context of the area of jurisdiction.
3. "Department" means the department of environmental quality.
4. "Director" means the director of environmental quality.
5. "DISPOSABLE PRODUCT" MEANS ANY PRODUCT WITH AN ESSENTIAL PART WHICH CANNOT BE REPLACED, REFILLED OR RENEWED AND FOR WHICH A REUSABLE PRODUCT EXISTS.
6. "DISPOSAL" MEANS THE FINAL PLACEMENT OF SOLID OR SPECIAL WASTE IN A DISPOSAL SITE OPERATING UNDER A PERMIT ISSUED BY A STATE OR FEDERAL AGENCY.
7. "Facility plan" means any design or operating plan for a public facility or group of public facilities.
8. "Management agency" means any person responsible for the day to day operation, maintenance and management of a particular public facility or group of public facilities.
9. "Person" means any public or private corporation, company, partnership, firm, association or society of persons, the federal government and any of its departments or agencies, this state or any of its agencies, departments, political subdivisions, counties, towns or municipal corporations, as well as a natural person.
10. "Public facility" means any site owned and operated or utilized by any person and open to the general public for resource conservation or recovery or for the collection, source separation, storage, transportation, transfer, processing, treatment or disposal of solid waste.
11. "Resource recovery" means the recovery of energy or materials from solid waste.
12. "Salvaging" means the removal of solid waste from a public facility with the permission and in accordance with rules and regulations or ordinances of the management agency for purposes of productive reuse.
13. "Scavenging" means the unauthorized removal of solid waste from a public facility.
14. "SINGLE-USE PRODUCT" MEANS A NONCONSUMABLE PRODUCT DESIGNED TO BE DISCARDED AFTER ONE USE OR CUSTOMARILY USED ONLY ONCE AND FOR WHICH A REUSABLE SUBSTITUTE EXISTS.
15. "Solid waste" means any garbage, trash, rubbish, refuse, sludge from a waste treatment plant, water supply treatment plant or pollution control facility and other discarded material, including solid, liquid, semisolid or contained gaseous material but not including domestic sewage or hazardous wastes.
16. "Solid waste management" means the systematic administration of activities which provide for the collection, source separation, storage, transportation, transfer, processing, treatment or disposal of solid waste in a manner that protects public health, safety and the environment and prevents and abates public nuisances.

17. "Solid waste management plan" means the plan adopted pursuant to Section 49-721 which provides guidelines for the collection, source separation, storage, transportation, processing, treatment, reclamation and disposal of solid waste in a manner that protects public health, safety and the environment and prevents and abates public nuisances.

18. "SPECIAL WASTE" MEANS:

(a) BIOLOGICAL WASTE, WHICH INCLUDES BLOOD AND BLOOD PRODUCTS, EXCRETION, EXUDATES, SECRETIONS, SUCTIONINGS AND OTHER BODY FLUIDS, AND WASTE MATERIALS SATURATED WITH BLOOD OR BODY FLUIDS, BUT DOES NOT INCLUDE DIAPERS SOILED WITH URINE OR FECES.

(b) CULTURES AND STOCKS, WHICH INCLUDES ETIOLOGIC AGENTS AND ASSOCIATED BIOLOGICALS, INCLUDING SPECIMEN CULTURES AND DISHES AND DEVICES USED TO TRANSFER, INOCULATE AND MIX CULTURES, WASTES FROM PRODUCTION OF BIOLOGICALS, AND SERUMS AND DISCARDED LIVE AND ATTENUATED VACCINES, BUT DOES NOT INCLUDE THROAT OR URINE CULTURES.

(c) PATHOLOGICAL WASTE, WHICH INCLUDES BIOPSY MATERIALS AND ALL HUMAN TISSUES, ANATOMICAL PARTS THAT EMANATE FROM SURGERY, OBSTETRICAL PROCEDURES, AUTOPSY AND LABORATORY PROCEDURES AND ANIMAL CARCASSES EXPOSED TO PATHOGENS IN RESEARCH AND THE BEDDING AND OTHER WASTE FROM SUCH ANIMALS, BUT DOES NOT INCLUDE TEETH OR FORMALDEHYDE OR OTHER PRESERVATIVE AGENTS.

(d) SHARPS, WHICH INCLUDES NEEDLES, IV TUBING WITH NEEDLES ATTACHED, SCALPEL BLADES, LANCETS, GLASS TUBES THAT COULD BE BROKEN DURING HANDLING AND SYRINGES THAT HAVE BEEN REMOVED FROM THEIR ORIGINAL STERILE CONTAINERS.

(e) OTHER WASTE GENERATED IN THE DIAGNOSIS, TREATMENT OR IMMUNIZATION OF HUMAN BEINGS OR ANIMALS IN RESEARCH PERTAINING THERETO, OR IN THE PRODUCTION OR TESTING OF BIOLOGICALS WHICH THE DEPARTMENT HAS DETERMINED POSES A SUFFICIENTLY SIGNIFICANT RISK TO PUBLIC HEALTH, SAFETY, OR THE ENVIRONMENT TO WARRANT REGULATION.

19. "STORAGE" MEANS, IN THE CASE OF SPECIAL WASTE, THE TEMPORARY CONTAINMENT OF SPECIAL WASTE IN A MANNER THAT DOES NOT CONSTITUTE TREATMENT OR DISPOSAL OF SUCH WASTE.

20. "TRANSPORTATION" MEANS, IN THE CASE OF SPECIAL WASTE, THE MOVEMENT OF SPECIAL WASTE FROM THE POINT OF GENERATION OVER A PUBLIC HIGHWAY TO ANY INTERMEDIATE POINT OR TO THE POINT OF FINAL TREATMENT.

21. "TREATMENT" MEANS, IN THE CASE OF SPECIAL WASTE, INCINERATION, STERILIZATION OR OTHER METHOD, TECHNIQUE OR PROCESS APPROVED BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY THAT CHANGES THE CHARACTER OR COMPOSITION OF ANY SPECIAL WASTE SO AS TO ELIMINATE ITS INFECTIOUS PROPERTIES.

22. "WASTE REDUCTION" MEANS MINIMIZING, AS MUCH AS POSSIBLE, THE SOLID WASTE THAT IS GENERATED AND THAT SUBSEQUENTLY MUST BE DISPOSED OF OR STORED.

Section 5. Section 49-767, Arizona Revised Statutes is amended to read:

§ 49-767. Solid waste facilities, permission, notice of site to property owners, hearing, exemption

A. Any agency or political subdivision of this state which is required to select a possible permanent site for a facility designed to permanently store, treat or dispose of solid waste shall not select a site without obtaining approval of the city or town if the proposed permanent site is located within such city or town or the approval of the county in which the proposed permanent site is located if the proposed permanent site is located in the unincorporated area of the county.

B. A facility designed to permanently store, treat or dispose of solid waste shall not be placed ISSUED AN AQUIFER PROTECTION PERMIT UNDER AUTHORITY OF TITLE 49, CHAPTER 2, ARTICLE 3, OR RECEIVE APPROVAL OF FACILITY PLANS OR AUTHORIZATION FOR CONSTRUCTION AND OPERATION UNDER SECTION 49-762.A, OR OPERATE, IF SUCH FACILITY WILL BE LOCATED IN OR on any site if:

1. An irrigation grandfathered right created pursuant to Title 45, Chapter 2, Article 5 is appurtenant to all or any part of the site; OR

2. ALL OR ANY PART OF THE FACILITY WILL BE LOCATED WITHIN ONE-HALF MILE OF A FLOODPLAIN, AS DEFINED IN SECTION 48-3601, THAT HAS ONE HUNDRED-YEAR FLOWS IN EXCESS OF TEN THOUSAND CUBIC FEET PER SECOND AS DETERMINED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY (OR AS APPROVED BY THE DIRECTOR OF WATER RESOURCES IN THE EVENT THE FEDERAL EMERGENCY MANAGEMENT AGENCY HAS NOT DETERMINED THE FLOWS FOR A SPECIFIC FLOODPLAIN), UNLESS SUCH FACILITY MEETS THE STANDARDS SET FORTH IN SECTION 49-241.01.

C. An agency or political subdivision of this state which is required to select or permit a possible permanent site for any facility designed to permanently store, treat or dispose of any solid waste shall send written notice of the selection of the possible permanent site by first class mail to property owners in the following areas:

1. If the proposed permanent site is in an unincorporated area, within a three mile radius of the outer boundaries of the proposed permanent site unless the three mile radius intersects a municipal corporate boundary. In such a case, property owners inside the municipal corporate boundary within three hundred feet of the outer boundary of the proposed permanent site shall be notified as well as those property owners outside the municipal corporate boundary within the three mile radius of the outer boundary of the proposed permanent site.

2. If the proposed permanent site is in an incorporated area, within a three hundred foot radius of the outer boundaries of the proposed permanent site.

D. The notice required by subsection B C shall be mailed to each owner of real property as shown on the list of property owners furnished by the county assessor and the department of revenue. Within fifteen days after a request for such a list, the county assessor and the department of revenue shall furnish to the agency or political subdivision a written list stating the name and address of each owner in the areas specified in subsection B C.

E. Before a political subdivision makes a final decision on a possible permanent site for a facility specified in subsection B A the political subdivision shall hold a public hearing in the nearest public facility in the general vicinity of the proposed permanent sites, at which interested persons may appear and present their views. The political subdivision shall give notice of the hearing, to include both of the following:

1. Publication of notice in a daily or weekly newspaper or general circulation in the area of the proposed permanent site published once each week, beginning at least two weeks before the hearing.

2. Mailed notice as provided in subsection B C sent at least two weeks before the hearing.

F. Before any agency grants a final permit for a facility specified in subsection B A, the agency shall:

1. If the applicant is a political subdivision, require the applicant to certify that a public hearing concerning a possible permanent site selection for the facility has been held in the nearest public facility in the general vicinity of the proposed permanent site, at which interested persons were allowed to appear and present their views.

2. Hold a public hearing at least thirty days before a final decision concerning the permanent site, if such a hearing is warranted by the public interest, to be held in the nearest public facility in the general vicinity of the proposed permanent site, at which interested persons may appear and present their views. If such a hearing is held the agency shall send written notice of the selection of the possible permanent site as provided in subsection B C.

G. This section shall not be construed to apply to any facility which receives funding under § 201 of the Federal Clean Water Act, as amended (P.L. 97-117).
Section 6. Title 49, Chapter 4, Article 4, Arizona Revised Statutes, is amended to add new sections 49-768 through 49-771, to read:

§ 49-768. DEPARTMENT RULES: STANDARDS FOR SPECIAL WASTE MANAGEMENT; VARIANCES; CEASE AND DESIST ORDER.

THE DEPARTMENT SHALL PRESCRIBE RULES REGARDING STORAGE, COLLECTION, TREATMENT, TRANSPORTATION, HANDLING AND DISPOSAL OF SPECIAL WASTE. THE RULE SHALL PRESCRIBE MINIMUM STANDARDS FOR STORAGE, COLLECTION, TREATMENT, TRANSPORTATION, HANDLING AND DISPOSAL OF SPECIAL WASTE AND SHALL PROVIDE FOR INSPECTING PREMISES, CONTAINERS, PROCESSES, EQUIPMENT AND VEHICLES, AND FOR ABATING AS PUBLIC NUISANCES ANY PREMISES, CONTAINERS, PROCESSES, EQUIPMENT OR VEHICLES WHICH DO NOT COMPLY WITH THE MINIMUM STANDARDS.

§ 49-769. RECYCLING AND WASTE SOURCE REDUCTION MANAGEMENT PLAN; DEPARTMENT RULES.

A. WITHIN TWELVE MONTHS OF THE EFFECTIVE DATE OF THIS STATUTE, THE DIRECTOR SHALL ADOPT A RECYCLING AND WASTE SOURCE REDUCTION MANAGEMENT PLAN THAT PRESCRIBES SPECIFIC STRATEGIES TO RECYCLE AND TO REDUCE THE SOLID WASTE GENERATED IN THIS STATE.

B. THE DIRECTOR SHALL PRESCRIBE RULES WITHIN TWENTY-FOUR MONTHS OF THE EFFECTIVE DATE OF THIS STATUTE ESTABLISHING STANDARDS AND REQUIREMENTS CONSISTENT WITH THE PROVISIONS OF THE RECYCLING AND WASTE SOURCE REDUCTION MANAGEMENT PLAN.

C. THE GOAL OF THE RECYCLING AND WASTE SOURCE REDUCTION MANAGEMENT PLAN SHALL BE TO REDUCE BY THE YEAR 2010 THE VOLUME OF SOLID WASTE GENERATED WITHIN THE STATE OF ARIZONA BY TWENTY PERCENT (20%) OF THE AVERAGE ANNUAL PER PERSON SOLID WASTE GENERATION, AS ESTIMATED BY THE DEPARTMENT IN 1991.

D. THE RECYCLING AND WASTE SOURCE REDUCTION MANAGEMENT PLAN SHALL:

1. PROVIDE FOR SOURCE SEPARATION AND COLLECTION OF DESIGNATED RECYCLABLE MATERIALS WHICH MAY INCLUDE DESIGNATION OF A STATEWIDE RECYCLING COORDINATOR, DESIGNATION OF RECYCLABLE MATERIALS TO BE SOURCE SEPARATED FROM OTHER MUNICIPAL SOLID WASTE AND DESIGNATION OF STRATEGIES FOR COLLECTION, MARKETING AND DISPOSITION OF DESIGNATED RECYCLABLE MATERIALS.

2. PROVIDE FOR SOURCE SEPARATION OF LANDSCAPE WASTE INCLUDING POTENTIAL PROVISION FOR CURBSIDE COLLECTION, LANDFILL RESTRICTIONS ON ACCEPTANCE OF LOADS COMPOSED OF LANDSCAPE WASTE, COMPOST STANDARDS AND PUBLIC AGENCY USE OF LANDSCAPE COMPOST.

3. PROVIDE FOR ENCOURAGEMENT OF VOLUNTARY WASTE TIRE COLLECTION AT RETAIL BUSINESSES, ESTABLISHMENT OF WASTE TIRE PROCESSING FACILITIES AND DISPOSAL OF WASTE TIRES, INCLUDING ESTABLISHMENT OF INCENTIVE PROGRAMS FOR INDIVIDUALS TO ENCOURAGE RETURN OF USED TIRES TO WASTE TIRE COLLECTION CENTER.

4. PROVIDE FOR THE PROHIBITION OF USED LEAD ACID BATTERIES IN MUNICIPAL SOLID WASTE LANDFILLS, DISPOSAL OF VEHICLE BATTERIES BY VEHICLE BATTERY RETAILERS, POTENTIAL FOR ESTABLISHMENT OF DEPOSITS AND DEPOSIT FUNDS FOR BATTERIES USED OR OFFERED FOR SALE IN THE STATE.

5. REQUIRE STATE AGENCIES TO ESTABLISH A PROGRAM FOR THE RECYCLING OF WASTE PAPER GENERATED IN STATE GOVERNMENT, TOGETHER WITH GOALS FOR COLLECTION OF OFFICE WASTE PAPER AND THE USE OF RECYCLED PAPER BY STATE AGENCIES.

6. ADDRESS LIMITATIONS ON THE PLACEMENT OF USED OIL IN MUNICIPAL SOLID WASTE LANDFILLS, ESTABLISHMENT OF USED OIL COLLECTION CENTERS AND RECYCLING PROGRAMS.

7. ADDRESS THE REDUCTION OF PACKAGING MATERIAL AND DISPOSAL SINGLE USE PRODUCTS AND ESTABLISH STANDARDS FOR REFILLABLE AND REUSABLE PACKAGING.

8. PROVIDE STRATEGIES FOR REDUCTION OF TOXIC MATERIALS IN HOUSEHOLD WASTE.

§ 49-770. PUBLIC EDUCATION PROGRAM.

THE DIRECTOR SHALL DEVELOP A PUBLIC EDUCATION PROGRAM ON WASTE REDUCTION. THE PROGRAM SHALL INCLUDE (1) PROMOTION OF PACKAGES AND PRODUCTS THAT ARE REUSABLE OR RECYCLABLE AND (2) DISCOURAGEMENT OF PACKAGES WHICH ARE NOT RECYCLABLE, DIFFICULT TO RECYCLE, ARE MADE OF VIRGIN MATERIALS, HAVE EXCESSIVE AMOUNTS OF MATERIAL, OR MAY HAVE ADVERSE ENVIRONMENTAL IMPACTS WHEN DISPOSED OF BY INCINERATION OR IN A LANDFILL.

§ 49-771. ELIMINATION OF DISPOSABLE AND SINGLE-USE PRODUCTS IN STATE GOVERNMENT.

A. THE DIRECTOR SHALL DEVELOP AND IMPLEMENT A PLAN TO ELIMINATE, BY STAGES, THE USE OF DISPOSABLE AND SINGLE-USE PRODUCTS IN STATE GOVERNMENT, WHICH SHALL INCLUDE AN IMPLEMENTATION SCHEDULE AND A LIST OF PRODUCTS THAT MAY BE AFFECTED.

B. THIS SECTION SHALL NOT BE DEEMED TO APPLY TO DISPOSABLE OR SINGLE-USE PRODUCTS DIRECTLY RELATED TO HEALTH OR VETERINARY CARE OR MEDICAL OR SCIENTIFIC RESEARCH.

Section 7. Section 49-922, Arizona Revised Statutes, is amended to read:

§ 49-922. Department rules and standards; prohibited permittees.

A. The director shall adopt rules to establish a hazardous waste management program equivalent to and consistent with the federal hazardous waste regulations promulgated pursuant to subtitle C of the federal act. The director, however, shall not identify a waste as hazardous, if not so identified in the federal hazardous waste regulations, unless the director finds, based on all the factors in 40 Code of Federal Regulations part 261.11(a)(1), (2), or (3), that the waste

may cause or significantly contribute to an increase in serious irreversible, or incapacitating reversible, illness or pose a substantial present or potential hazard to human health or the environment when it is improperly treated, stored, transported, disposed or otherwise managed. Federal hazardous waste regulations may be adopted by reference.

B. These rules shall establish criteria and standards for the characteristics, identification, listing, generation, transportation treatment, storage and disposal of hazardous waste within this state. In establishing the standards the director shall, where appropriate, distinguish between new and existing facilities. The criteria and standards shall include requirements respecting:

1. Maintaining records of hazardous waste identified under this article and the manner in which the waste is generated, transported, treated, stored or disposed.

2. Submission of reports, data, manifests and other information necessary to ensure compliance with such standards.

3. The transportation of hazardous waste, including appropriate packaging, labeling and marking requirements and requirements respecting the use of a manifest system, which are consistent with the regulations of the state and United States departments of transportation governing the transportation of hazardous materials.

4. The operation, maintenance, location, design and construction of hazardous waste treatment, storage or disposal facilities, including such additional qualifications as to ownership, continuity of operation, contingency plans, corrective actions and abatement of continuing releases, monitoring and inspection programs, personnel training, closure and postclosure requirements and financial responsibility as may be necessary and appropriate.

5. Requiring a permit for a hazardous waste treatment, storage or disposal facility including the modification and termination of permits, the authority to continue activities and permits existing on July 27, 1983 consistent with the federal hazardous waste regulations, and the payment of a reasonable application fee which shall be directly related to the reasonable cost of processing the permit application, but not exceeding ten thousand dollars for each permit application.

6. Providing the right of entry for inspection and sampling to ensure compliance with the standards.

7. Providing for appropriate public participation in developing, revising, implementing, amending and enforcing any regulation, guideline, information or program under this article consistent with the federal hazardous waste program.

8. REQUIRING ALL GENERATORS OF HAZARDOUS WASTE TO ADOPT AND IMPLEMENT A WRITTEN HAZARDOUS WASTE MINIMIZATION PLAN DESIGNED TO REDUCE THE VOLUME AND TOXICITY OF HAZARDOUS WASTES TO THE EXTENT THAT IT IS ECONOMICALLY PRACTICABLE AND WHICH SHOWS THAT THE GENERATOR HAS SELECTED THE METHOD OF TREATMENT, STORAGE OR DISPOSAL CURRENTLY AVAILABLE WHICH MINIMIZES THE PRESENT AND FUTURE THREAT TO HUMAN HEALTH AND THE ENVIRONMENT, AND REQUIRING ALL GENERATORS TO SUBMIT THE HAZARDOUS WASTE MINIMIZATION PROGRAM BIENNIALY TO THE DEPARTMENT ALONG WITH A STATEMENT DEMONSTRATING THAT REASONABLE PROGRESS HAS BEEN MADE TOWARDS WASTE MINIMIZATION.

9. REQUIRING A PERSON WHO GENERATES HAZARDOUS WASTE AND THAT IS LOCATED OUTSIDE THIS STATE, IN ORDER TO USE A STORAGE, TREATMENT OR DISPOSAL FACILITY FOR HAZARDOUS WASTE THAT IS LOCATED WITHIN THIS STATE, TO ADOPT AND IMPLEMENT A HAZARDOUS WASTE MINIMIZATION PLAN THAT MEETS THE REQUIREMENTS OF PARAGRAPH 8 OF THIS SUBSECTION.

C. The director may refuse to issue a permit for a facility for storage, treatment or disposal of hazardous waste to a person if any of the following applies:

1. The person fails to demonstrate sufficient reliability, expertise, integrity and competence to operate a hazardous waste facility.

2. The person has been convicted of, or pled guilty or no contest to, a felony in any state or federal court during the five years before the date of the permit application.

3. In the case of a corporation or business entity, if any of its officers, directors, partners, key employees or persons or business entities holding ten per cent or more of its equity or debt liability has been convicted of, or pled guilty or no contest to, a felony in any state or federal court during the five years before the date of the permit application.

D. Nothing in this article shall affect the validity of any existing rules adopted by the director that are equivalent to and consistent with the federal hazardous waste regulations until new rules for hazardous waste are adopted.

E. Nothing in this article shall authorize the regulation of small quantity generators as defined by 40 Code of Federal Regulations part 261.5 in a manner inconsistent with the federal hazardous waste regulations. However, the director may require reports of any small quantity generator or group of small quantity generators regarding the treatment, storage, transportation, disposal or management of hazardous waste if the hazardous waste of such generator or generators may pose a substantial present or potential hazard to human health or the environment when it is improperly treated, stored, transported, disposed or otherwise managed.

Section 8. Title 49 Chapter 5, Article 2, Arizona Revised Statutes, is amended to add a new section 49-929, to read:

§ 49-929. INTERSTATE COMPACT.

THE DIRECTOR SHALL PURSUE FORMATION OF A COMPACT WITH THE STATES OF CALIFORNIA, NEVADA, UTAH, COLORADO AND NEW MEXICO AND SUCH OTHER STATES AS MAY BE APPROPRIATE FOR THE PURPOSES OF (1) EQUITABLY ALLOCATING RESPONSIBILITY FOR THE EFFICIENT AND EFFECTIVE USE OF HAZARDOUS WASTE TREATMENT AND DISPOSAL FACILITIES AMONG THE MEMBER STATES; (2) IDENTIFYING PRESENT AND FUTURE HAZARDOUS WASTE TREATMENT AND DISPOSAL NEEDS WITHIN THE MEMBER STATES AND COOPERATING TO ADDRESS THOSE NEEDS; (3) ESTABLISHING A SYSTEM TO MINIMIZE UNNECESSARY IMPEDIMENTS TO TRANSPORT OF HAZARDOUS WASTES WITHIN AND AMONG THE MEMBER STATES; AND (4) ESTABLISHING A FEE SYSTEM FOR THE IMPORTATION INTO THE MEMBER STATES FOR TREATMENT AND DISPOSAL OF HAZARDOUS WASTES GENERATED IN OR TRANSPORTED FROM NONMEMBER STATES.

Section 9. Appropriation

THE SUM OF FIVE HUNDRED THOUSAND DOLLARS IS APPROPRIATED FROM THE STATE GENERAL FUND TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY FOR THE PURPOSES PROVIDED IN THIS ACT.

Section 10. Exemption for Lapsing

THE APPROPRIATION MADE IN SECTION 9 OF THIS ACT IS EXEMPT FROM SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO LAPSING OF APPROPRIATIONS.

Section 11. Severability

IF A PROVISION OF THIS ACT OR ITS APPLICATION TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THE ACT WHICH CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF THIS ACT ARE SEVERABLE.

Proposition 202

Section 12. Liberal Interpretation

THE PROVISIONS OF THIS ACT SHOULD BE LIBERALLY CONSTRUED TO EFFECT THEIR OBJECTS AND TO PROMOTE JUSTICE.

Section 13. Effective Date; Applicability

THIS ACT SHALL BECOME EFFECTIVE IMMEDIATELY UPON APPROVAL BY A MAJORITY OF THE QUALIFIED ELECTORS VOTING THEREON AND ON PROCLAMATION OF THE GOVERNOR.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 202, the Arizona Comprehensive Waste Reduction Recycling and Management Act of 1990, would require the Director of the Department of Environmental Quality to develop a statewide plan to reduce the amount of solid waste in Arizona. The plan would set a goal of reducing the amount of solid waste by 20% by the year 2010. The plan would include several possible ways to meet that goal, such as providing for garbage to be separated into recyclable and nonrecyclable items, prohibiting disposal of certain items at public dumps and reducing the amount of wasted material in the packaging of consumer products. The law itself would not establish the entire program but would require the Director of the Department of Environmental Quality to determine exactly what the plan would include.

Proposition 202 also would establish laws to govern the location and operation of solid waste landfills and dumps. Existing landfills would be governed by one set of laws and future landfills would be governed by another set of laws. Existing landfills would have to install wells to allow the state to measure any leakage from the landfill, regardless of where the landfill is located. Future landfills, if located near a riverbed, would have to be built with liners and special underground collection systems and other safeguards, in addition to the monitoring wells.

Proposition 202 would also require the state to regulate the disposal of hazardous waste and medical waste (including used needles and infectious waste). Restrictions on hazardous waste would include requiring every company that produces hazardous waste to develop a plan to reduce the amount and strength of the waste. In addition, Proposition 202 would require the state to cooperate with other states to select hazardous waste disposal sites and to develop reasonable fees for hazardous waste disposal.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 202

Proposition 202 is a solid first step in making Arizona a clean and safe place to live. This proposition creates a comprehensive policy to deal with Arizona's serious problems with solid waste, hazardous waste, landfill space and recycling.

The proposition will require that the Director of the Department of Environmental Quality set up a plan to reduce Arizona's solid waste by 20%. The plan will include a recycling program, a program to require the state to purchase recycled or reusable products when possible, and the reduction of household toxic waste.

Proposition 202 gives the state much stronger authority over landfills and requires very specific procedures to provide long term environmental protection as well as a safe and economical method to dispose of our waste.

Proposition 202

This proposition allows the program to go into effect gradually and also provides for a public education program so that all Arizonans can learn to use their resources wisely. The Proposition also allows private citizens to file lawsuits when they believe that state officials have failed to enforce these new laws.

This proposition gives Arizona a strong program to deal with its most serious waste problems and provides enough money to the Department of Environmental Quality to enforce these laws for the protection of all of Arizona's citizens. In addition, Proposition 202 gives an incentive to all citizens to dispose of their waste in a legal, safe manner.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 202

Proposition 202 takes several very popular ideas, such as recycling and restrictions on hazardous waste disposal, and gives them very superficial treatment. This proposition creates vague untested programs to address these serious concerns and gives broad power to unelected bureaucrats in state government to determine the important features of those programs. All the appealing "buzzwords" are used but no specific solutions to Arizona's serious environmental problems are presented. The result is that Arizona's bureaucrats will have even more power to regulate our daily lives without any guarantee that the environment will benefit.

These broad powers give the bureaucrats too much power to set and waive environmental standards. Only a token amount of money is allocated to fund these broad new powers. The bottom line on this proposition is that it will almost certainly lead to a runaway bureaucracy which will demand higher taxes to fund unlimited recycling and waste reduction programs.

All of the worthwhile goals of this proposition were addressed in state legislation enacted this year: mandatory recycling in state agencies, restrictions on dumping used batteries and used tires and regulation of landfills were all covered in new state laws, in great detail, compared to this proposition's vague "plans" and bureaucratic "programs". In short, this proposition simply isn't needed.

ARGUMENT "FOR" PROPOSITION 202

In one of the fastest growing states in America, we must find ways to reduce the amount of waste we generate. Otherwise, we'll need more and more waste disposal sites and eventually, we'll run out of places to put our waste. We must also coordinate our recycling efforts which are currently operating piecemeal across the state.

Proposition 202 requires the Department of Environmental Quality (DEQ) to adopt a state-wide plan and issue regulations to require recycling and reduce the volume of solid waste generated in Arizona.

The Act has a goal of reducing the per person volume of waste by at least 20 percent by the year 2010. DEQ's plan must address and require:

- o source separation and collection of recyclable materials;
- o source separation of landscape waste and restrictions on putting it in landfills;
- o collection and disposal of used tires and used batteries; collection and recycling of used oil;
- o a program in state government to recycle waste paper, use recycled paper and eliminate the use of disposable and single use products;

- o strategies to reduce toxic materials in household waste;
- o reductions in the amount of packaging material and disposable single-use products;
- o standards for refillable and reusable packaging.

The Act also requires DEQ to create a public education program on waste reduction which promotes reusable and recyclable packaging and products and discourages use of packaging that may have adverse environmental impacts when disposed.

Make Arizona a leader in environmental protection. Vote Yes on 202.

Mike Morgan, Chairman	E. Claude Mattox
Maryvale Village Planning Committee	Resident, West Phoenix
Phoenix, AZ	Phoenix, AZ

Arizonans for a Safe Tomorrow; John Garza, Chairman; Eric Brown, Vice-Chairman

ARGUMENT "FOR" PROPOSITION 202

Proposition 202 would, for the first time, require comprehensive planning and enactment of state-wide policies addressing one of Arizona's most pressing issues -- the management and disposal of waste products. It requires the state to take an assertive stance on reducing the overall amount of waste, recycling, hazardous waste, medical waste and solid waste landfill operations.

This is a multi-issue piece of environmental legislation that affects every Arizonan. It addresses the need to reduce the amount of waste we produce in our homes, factories and businesses. It promotes recycling of appropriate materials; and it prescribes safety standards for locating and building sanitary landfills.

The Act establishes a goal of reducing the amount of waste per person by 20 percent by 2010 and mandates a state-wide plan for recycling requirements.

The Act requires the State to issue regulations controlling storage, collection, treatment, handling and disposal of medical and infectious waste.

The Act requires installation of monitoring wells in all existing landfills to check for leakage into the soil or groundwater. It authorizes remedial action or closure of landfills if detected problems cannot be resolved. New landfills near 100-year floodplains must have liners, monitoring wells, leachate collection systems and other safeguards.

The Act requires Arizona to negotiate a compact with neighboring states regarding the disposal of hazardous waste so none of the member states can be used as hazardous waste dumping grounds.

The Act requires every Arizona company that generates hazardous waste to be identified and to develop a plan to reduce the volume and toxicity of its waste production.

This Proposition puts Arizona in the forefront of waste management. Vote Yes on 202.

John A. Garza, Chairman
Arizonans for a Safe Tomorrow
El Mirage, AZ

ARGUMENT "FOR" PROPOSITION 202

Progress can be made in reducing the quantity of solid waste, but we will continue to need landfills. It's essential that groundwater protection and post-operation use of the land are considered in the design, construction and operation of these landfills.

Proposition 202 mandates strong new safeguards to be included in new landfill construction and requires groundwater monitoring at all existing landfill operations.

Most landfills in Arizona are operated by county or local governments and are not examples of sound environmental planning. None meet the standards established in this initiative.

Proposition 202 requires new landfill operations and additions to existing landfills located near floodplains to be constructed with liners, leachate collection and removal systems, surface water diversion systems, systems preventing the lateral infiltration of water, installation of groundwater monitoring wells and plans that assure the landfill will not pollute groundwater after it is closed.

Proposition 202 also requires groundwater monitoring wells be installed in every currently operating landfill. If groundwater contamination is detected, the Act gives DEQ the authority to close a landfill if it constitutes a danger to public health and safety.

Let's build safe landfills in the future. Vote Yes on Proposition 202.

Pastor Leon Hamm	Pastor Edwardo Calderon	Sarafina Martinez
Surprise, AZ	Surprise, AZ	Wittmann, AZ
Pastor Jesse Arce	Pastor Tony Martinez	Pastor David McNeal
El Mirage, AZ	Surprise, AZ	El Mirage, AZ

Arizonans for a Safe Tomorrow; John Garza, Chairman; Eric Brown, Vice-Chairman

ARGUMENT "FOR" PROPOSITION 202

Today, counties and municipalities run most of the landfills in Arizona and function as both operators and regulators. They have a lousy record. In Maricopa County alone, two government-run landfills are superfund clean-up sites and four others are responsible for groundwater contamination.

Proposition 202 sets up standards for the construction and operation of landfills which are unmet by existing government-operated landfills but are met, and even surpassed, by private companies who build large sanitary landfills.

Although the government-owned landfills haven't spent money on state-of-the-art environmental protection, they still cost millions of taxpayer dollars each year.

Opponents of Proposition 202 want to eliminate real competition and perpetuate government's monopoly on landfill operations.

The record is clear. Competition will provide us with safer landfills and cost savings for taxpayers and landfill users alike. Vote Yes on 202.

Brad J. Smith,	Murray W. Karsten,
Vice-Chairman	Vice-Chairman
Business Relations Sub-committee	Economic Impact and Taxpayer's Issues
Arizonans for a Safe Tomorrow	Sub-committee
Glendale, AZ	Arizonans for a Safe Tomorrow
	Sun City, AZ

ARGUMENT "FOR" PROPOSITION 202

Recent events have brought Arizona citizens face to face with the ugly reality of hazardous waste disposal. Public outcry over the ENSCO facility centered on the importation of hazardous waste from other states and it exposed the fact that Arizona has no long-range policy for dealing with hazardous waste.

Unfortunately, federal law will not allow the State of Arizona to prohibit or limit the importation of hazardous wastes.

Proposition 202 tries to correct that problem by requiring the State to negotiate a compact with neighboring states regarding the disposition of hazardous wastes.

This may be the only way Arizona can legally protect itself from having to accept hazardous waste from all over the country.

A properly drawn compact would require member states to enact identical regulations governing hazardous waste so that no single state would become attractive as a dumping ground for the stuff. And the compact would allow the member states to set up barriers to waste from all other non-member states.

Proposition 202 would not make it easier for ENSCO or any other operator to import hazardous waste. In fact, a successful compact would reduce ENSCO's source of supply. Also, Proposition 202 would not conflict with any action the State might take to limit or restrict ENSCO's operations.

After the ENSCO mess, Arizona needs long-term policies and protection. Vote YES on Proposition 202.

Eric P.A. Brown
Arizonans for a Safe Tomorrow
Vice-Chairman for Neighborhood
Compatibility and Community Outreach
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 202

Comprehensive programs for the identification, transportation and disposal of medical and infectious waste are needed in Arizona.

We're talking about things like discarded bandages, sutures, needles, scalpel blades, syringes, body fluids, cultures and pathological waste. These waste products are generated by hospitals, clinics, doctors' and dentists' offices and research and diagnostic laboratories.

It is common for some of these wastes to show up in trash barrels and dumpsters where anyone, including children, might come in contact with them. They also appear in sanitary landfills where they don't belong.

In theory, most of these wastes are burned in licensed incinerators, but even these incinerators are largely unregulated except under county air pollution standards. Long-term solutions for the disposal of infectious waste must be found, but Arizona has no standards in place at the present time.

Proposition 202 defines medical and infectious waste products and charges the Department of Environmental Quality with prescribing rules for the storage, collection, treatment, handling and disposal of medical and infectious waste.

We can protect ourselves and our environment from this dangerous waste by voting Yes on Proposition 202.

Kathryn Sentes
Sun City, AZ

Joseph Sentes, Vice-Chairman &
Volunteer
Recruitment & Coordination
Technical & Environmental Impact
Sun City, AZ

Arizonans for a Safe Tomorrow; John Garza, Chairman; Eric Brown, Vice-Chairman

ARGUMENT "AGAINST" PROPOSITION 202

This initiative is being passed off as a measure to protect the environment; it is exactly the opposite. I strongly urge you to vote NO.

It is not a measure to control hazardous wastes. It is a measure that will allow landfills in flood plains. It even excludes public access to water quality information from the landfills. It reduces citizen's existing rights to challenge improperly engineered landfills. If you are one of the people who remembers the smell and sight of landfill material that washed through Phoenix from the upstream Salt River landfills during the floods, you will vote no on this initiative.

The initiative also weakens the tire and battery recycling bill just passed by the legislature.

As far as hazardous wastes are concerned, the measure would have the effect of encouraging the importation of wastes. It also makes it more difficult for the state government to assure safe transport of toxics on our state highways.

Please vote NO on this misrepresented initiative.

Jim McCarthy, Candidate
Arizona House of Representatives
District Six
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 202

We strongly urge the voters of this state to vote AGAINST this measure. Despite claims to the contrary, this measure is NOT pro environment.

Unbelievably, this measure allows landfills to be built in floodplains and negates legislation passed this year that would prohibit such unjustifiable practices. It also limits a citizen's right to legal action against landfills and excludes public access to water quality monitoring information gathered at landfills. The measure defines infectious wastes as "special wastes" when those substances should be defined as hazardous wastes as they are in other states. It also seriously weakens the recently passed garbage recycling bill and establishes a limited waste reduction education program that for some reason only deals with packaging.

Finally, the measure directs the state to enter into hazardous waste agreements with neighboring states; in effect, that would guarantee imports of hazardous waste to Arizona. The measure's hazardous waste minimization program lacks standards, performance criteria, enforcement and any requirements to reduce emissions or the use or generation of toxic substances.

This measure should be defeated.

Michael Gregory,
Conservation Chair
Grand Canyon Chapter of the Sierra Club
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 202

This proposal is a ruse, cleverly concocted by representatives of the sponsor, Browning Ferris Industries, to fool decent, environmentally concerned Arizonans. Signers of these petitions were told that it would establish programs to educate the public about toxic wastes, reduce our reliance on non-recyclable materials and LIMIT THE IMPORTATION OF HAZARDOUS MATERIALS FROM OTHER STATES.

In fact, it will do none of these things!

This initiative will have the following effect:

- 1) deny Arizona the right to ban importation of toxic wastes from other states by weakening regulations on interstate transport and allowing such states to dump their waste here if they pay a fee;
- 2) require agreements with California, New Mexico and Nevada for the import of their hazardous waste;
- 3) remove industry records from public view;
- 4) limit penalties imposed on polluting landfills by declaring them to be, only, "public nuisances";
- 5) allow medical wastes to be treated as non-hazardous and to be buried in landfills;
- 6) limit a citizen's right to bring lawsuits against industries who poison our water; and
- 7) weaken laws on source reduction and public education.

I urge you to vote "no".

Cindy Resnick
State Representative
District 14
Tucson, AZ

ARGUMENT "AGAINST" PROPOSITION 202

I urge all citizens of the Grand Canyon State to vote against this proposition. If other states don't want their own mess, we don't want to import it to our state. Do not transform our desert homeland into the toxic wasteland or the garbage wasteland, or the sewage wasteland capitol of the nation.

Evan J. Adelstein, Candidate
State House of Representatives
District 12
Tucson, AZ

ARGUMENT "AGAINST" PROPOSITION 202

This will cost the State and the taxpayers a tremendous amount of money to implement. The company involved in sponsoring this Initiative couldn't even be honest enough to place it's name on this, but allowed a set of dupes to front for it.

It will not Stop Toxic Materials Importation, but will FORCE an Inter-state Compact of Western States to exchange these materials to our detriment.

It does not address Hazardous Waste controls at all.

It actually addresses only Solid Waste and only to lessen existent laws that are considered too liberal.

It separates Medical and Biological Waste into a Special category from it's current Hazardous rating to lessen the handling requirements.

It also forces the State to set up collection centers for gathering batteries, tires, and used oil at State expense.

It further extracts a half a million dollars (\$500,000.00) from the state to be used by the DEQ for furthering this spurious document.

It may be possible to seize private property under one of the sections included.

All in all, this will be confusing and expensive if it is passed. Vote against this Initiative.

STOP TOXIC WASTE IMPORTATION. VOTE AGAINST PROPOSITION 202.

Tom Baker, President
Concerned Citizens of Arizona
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 202

Please vote no on Proposition 202.

Toxic hazards pose an ever-growing threat to Arizona. From the water we drink to the back yard dirt our children play in, we fear for the health of our families.

Instead of protecting the health of the citizens of Arizona, this initiative actually ENDANGERS THE WATER WE DRINK by REMOVING RESTRICTIONS against placing hazardous waste and solid waste landfills near Arizona's major rivers and dry riverbeds. In Maricopa County alone, the Department of Environmental Quality has already identified nine landfills located near major rivers where the groundwater has been contaminated. This initiative clears the way for more of the same.

This initiative INCREASES THE IMPORTATION OF HAZARDOUS WASTE INTO OUR STATE by encouraging the movement of hazardous waste across state lines. IT BRINGS OUR STATE ONE STEP CLOSER to becoming the TOXIC DUMPING GROUND OF THE WEST.

This initiative is sponsored and paid for by the TOXIC WASTE INDUSTRY. They spent thousands of dollars paying PROFESSIONAL signature gatherers to ensure that this "toxic hoax" would make the ballot.

Don't be fooled. This is NOT AN INITIATIVE FROM THE PEOPLE OF ARIZONA OR THE ENVIRONMENTAL COMMUNITY. It is from the special interests, specifically the toxics industry.

Vote NO on Proposition 202.

Carole Carpenter
Maricopa County Supervisor
Chairman, Citizens Against Toxic Hazards
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 202

Vote NO on Proposition 202.

Don't be fooled by this initiative. It is NOT SUPPORTED BY ENVIRONMENTAL GROUPS. This initiative is bought and paid for by the TOXIC WASTE INDUSTRY.

This initiative would actually ENCOURAGE THE IMPORTATION OF HAZARDOUS WASTE and REMOVE RESTRICTIONS AGAINST TOXIC LANDFILLS NEAR ARIZONA'S RIVERBEDS, which could ENDANGER OUR DRINKING SUPPLY.

This initiative is NOT AN ENVIRONMENTAL INITIATIVE. It is sponsored by the only people who stand to benefit from it; the owners and operators of HAZARDOUS WASTE TREATMENT FACILITIES.

Vote NO on Proposition 202.

George J. Seldin, Treasurer
Citizens Against Toxic Hazards
Phoenix, AZ

BALLOT FORMAT

PROPOSITION 202

PROPOSED BY INITIATIVE PETITION

OFFICIAL TITLE

AN INITIATIVE MEASURE RELATING TO THE PROTECTION OF THE ENVIRONMENT AND PUBLIC HEALTH; PROPOSING AMENDMENTS TO THE ARIZONA REVISED STATUTES; PROVIDING FOR COLLECTION, DISPOSAL, TREATMENT, STORAGE, HANDLING AND TRANSPORTATION OF SPECIAL WASTE AND REDUCTION OF HAZARDOUS AND SOLID WASTE GENERATION; PROVIDING SPECIAL REQUIREMENTS FOR SOLID WASTE DISPOSAL FACILITIES IN OR NEAR FLOODPLAINS AND PRESCRIBING PROMULGATION OF RULES BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY FOR SOLID WASTE DISPOSAL FACILITIES IN OR NEAR FLOODPLAINS; PROVIDING FOR A PRIVATE RIGHT OF ACTION; PROVIDING FOR GROUNDWATER MONITORING OF SOLID WASTE DISPOSAL FACILITIES; PRESCRIBING AN ARIZONA SPECIAL WASTE MANAGEMENT PROGRAM TO BE ADMINISTERED BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY AND PRESCRIBING PROMULGATION OF RULES BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY FOR COLLECTION, TREATMENT, DISPOSAL, STORAGE, TRANSPORTING AND HANDLING OF SPECIAL WASTE; PRESCRIBING A RECYCLING AND WASTE SOURCE REDUCTION MANAGEMENT PLAN AND PRESCRIBING PROMULGATION OF RULES BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY FOR RECYCLING AND WASTE SOURCE REDUCTION; PRESCRIBING PROMULGATION OF RULES REQUIRING GENERATORS OF HAZARDOUS WASTE TO SUBMIT WASTE MINIMIZATION PLANS AND PROGRESS REPORTS; REQUIRING THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY TO PURSUE FORMATION OF A REGIONAL INTERSTATE COMPACT EQUITABLY ALLOCATING RESPONSIBILITY FOR TREATMENT AND DISPOSAL OF HAZARDOUS WASTE AMONG THE MEMBERS; AMENDING TITLE 49, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 49-241.01, 49-241.02 AND 49-244.01; AMENDING TITLE 49, CHAPTER 4, ARIZONA REVISED STATUTES, BY AMENDING SECTIONS 49-701 AND 49-767 AND BY ADDING SECTIONS 49-768 THROUGH 49-771; AND AMENDING TITLE 49, CHAPTER 5, ARIZONA REVISED STATUTES, BY AMENDING SECTION 49-922 AND BY ADDING SECTION 49-929.

BALLOT FORMAT (Cont'd)

DESCRIPTIVE TITLE

AN ACT CHANGING THE MANNER IN WHICH THE DEPARTMENT OF ENVIRONMENTAL QUALITY MAY REGULATE MEDICAL WASTES AND CERTAIN LANDFILLS; REQUIRING ECONOMICALLY PRACTICAL HAZARDOUS WASTE MINIMIZATION; AND REQUIRING PURSUIT OF AN AGREEMENT WITH OTHER STATES TO MINIMIZE TRANSPORT RESTRICTIONS AND TO ALLOCATE WASTE TREATMENT AND DISPOSAL RESPONSIBILITY.

PROPOSITION 202

A "yes" vote shall have the effect of directing the Department of Environmental Quality to establish a waste reduction, recycling and management plan for Arizona.

YES



A "no" vote shall have the effect of retaining the Department of Environmental Quality's current ability to impose and enforce restrictions on landfills and solid, medical and hazardous wastes.

NO



PROPOSITION 203

OFFICIAL TITLE

AN INITIATIVE MEASURE

RELATING TO INSURANCE; ESTABLISHING A CONSUMER CHOICE IN MOTOR VEHICLE INSURANCE SYSTEM WHICH OFFERS A CHOICE OF COVERAGE AGAINST LOSSES FROM PERSONAL INJURY AND PROPERTY DAMAGE ARISING OUT OF THE OPERATION OR USE OF MOTOR VEHICLES; PRESCRIBING A TWENTY PERCENT REDUCTION IN RATES; ABOLISHING TORT LIABILITY IN CERTAIN CASES; PRESCRIBING DEFINITIONS; PRESCRIBING INSURANCE REQUIREMENTS; PRESCRIBING THE GEOGRAPHIC APPLICATION OF PERSONAL PROTECTION POLICIES; PRESCRIBING PERSONS WHO ARE NOT ENTITLED TO PERSONAL PROTECTION BENEFITS; PRESCRIBING THE PAYMENT OF PERSONAL PROTECTION BENEFITS; PRESCRIBING PROCEDURES WHEN TWO OR MORE COVERAGES APPLY; PRESCRIBING THE PRIORITY OF BENEFITS; PRESCRIBING SOURCES OF INDEMNITY; PRESCRIBING LEGAL LIABILITY; PRESCRIBING THE RIGHT TO CHOOSE TO REMAIN IN THE TORT SYSTEM; PROSCRIBING A SUBTRACTION AGAINST PERSONAL PROTECTION BENEFITS DUE; PRESCRIBING MONTHLY PAYMENTS OF PERSONAL PROTECTION BENEFITS; PRESCRIBING WHEN PAYMENTS ARE OVERDUE; PRESCRIBING THAT PERSONAL PROTECTION BENEFITS ARE EXEMPT FROM GARNISHMENT; PROSCRIBING AN ASSIGNMENT OF ANY RIGHT TO PERSONAL PROTECTION BENEFITS; PROSCRIBING CANCELLATION OR NONRENEWAL; PRESCRIBING A PENALTY; PRESCRIBING A TWO YEAR LIMITATION; PROVIDING FOR MENTAL OR PHYSICAL EXAMINATIONS; PRESCRIBING VERIFICATION OF ENTITLEMENT TO BENEFITS; PROVIDING FOR AN ASSIGNED CLAIMS PLAN; PRESCRIBING A PENALTY FOR A FRAUDULENT CLAIM; PROSCRIBING DISCRIMINATION FOR MEDICAL SERVICES FEES; PROVIDING FOR THE USE OF A MANAGED CARE SYSTEM; PRESCRIBING INCENTIVES TO USE SAFETY EQUIPMENT; PRESCRIBING THAT THE DIRECTOR OF THE DEPARTMENT OF INSURANCE MAY ADOPT RULES FOR THE ADMINISTRATION OF THE PERSONAL PROTECTION PROGRAM; PRESCRIBING A BIENNIAL COST OF LIVING REPORT; PROVIDING FOR ARBITRATION; PRESCRIBING COVERAGE OF OUT-OF-STATE MOTOR VEHICLES; PRESCRIBING A RATING SYSTEM; PRESCRIBING A PLAN OF OPERATION; AMENDING TITLE 28, CHAPTER 7, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 9, AND AMENDING 20-259.01(A) AND PROVIDING FOR CONDITIONAL ENACTMENT.

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

The following amendment to title 28 and title 20, Arizona Revised Statutes, are proposed to become valid when approved by a majority of the qualified electors voting thereon and on proclamation of the governor:

Section 1. Purpose

A. Under existing law, the ability of a person to recover losses incurred as a result of a motor vehicle accident is limited by factors over which the accident victim has no control. The recovery is dependent on the conduct of the other driver, the amount of liability insurance carried by the other driver and the financial resources of the other driver. Two individuals who have received identical injuries may recover markedly different amounts. Under existing law, many individuals receive no compensation for their losses.

B. This act would give motorists the right to choose the kind of personal protection available in case of an automobile accident and the amount of financial protection they deem appropriate and affordable. Instead of being forced to buy traditional fault liability insurance to protect strangers, motorists will have the opportunity to buy a new personal protection policy to protect themselves and their family members in the event of a motor vehicle accident. Motorists will also have the right to reject the provisions of this act and thus retain all rights to sue and be sued under the existing fault liability insurance system.

C. Motorists who choose traditional fault liability insurance and who are involved in an accident with any other motorist essentially will retain the system existing now where they have the opportunity to claim and sue based on fault for damages in court. They also will remain subject to being sued for their liability to others.

Motorists who choose the new personal protection policy system established by this act and who are involved in an accident with a motorist who has chosen traditional fault liability insurance will be promptly compensated for their own losses and can also claim and sue the other motorist for damages based on fault. They will also remain in this circumstance subject to being sued for their liability.

Two motorists who each choose the personal protection policy and who are involved in an accident with each other will be promptly compensated under their own policies for their own losses. In this situation, the two motorists who have chosen the personal protection policy do not have the right to claim and sue for full damages, but if either suffers a loss in excess of his policy's benefit levels, that person retains the right to claim and sue for unreimbursed economic loss if the other motorist was at fault.

If a motorist who has chosen fault liability insurance is involved in an accident with an uninsured motorist, the policy holder will be compensated for losses under the uninsured motorist provisions of his own policy based on fault and has the right to claim and sue for full damages. The uninsured motorist forfeits any right to claim for property damage up to ten thousand dollars and for non-economic loss against the motorist who has chosen fault liability insurance except where the motorist choosing fault liability insurance was driving under the influence of alcohol or illegal drugs or for intentional misconduct.

If a motorist who has chosen the personal protection policy is involved in an accident with an uninsured motorist, the policy holder will be promptly compensated for losses under his personal protection policy and has the right to claim and sue the uninsured motorist for full damages. The uninsured motorist forfeits any right to claim for the first ten thousand dollars of property damage and for non-economic loss against the motorist who has chosen the personal protection policy except where the motorist choosing personal protection was driving under the influence of alcohol or illegal drugs or committed intentional misconduct.

D. The statewide average premium to be charged by each insurer for the basic personal protection policy and the property damage liability coverage required by this act in such policy will be at least twenty percent lower during the first year of this act than the insurer's average statewide premium in effect on July 1, 1990 for the insurance required by the financial responsibility laws of this state, including uninsured motorist coverage. The trade-off for the partial shield against liability is the complete waiver of the right to claim for non-economic loss against other persons who are covered by a personal protection policy. In addition, persons covered by the personal protection policy are guaranteed minimum basic economic loss benefits up to fifteen thousand dollars, after a two hundred fifty dollar deductible, and have the right to purchase additional benefits. Persons who choose the personal protection policy are not required to purchase fault liability coverage for bodily injury.

E. A motorist who purchases the personal protection policy will have ten thousand dollars of property damage liability insurance as part of his mandatory coverage. In order to keep the cost of property damage liability insurance as low as possible, collision insurers of persons who have chosen personal protection policies are prohibited from asserting subrogation claims against other personal protection insureds.

F. To the extent the terms of Section 1 may differ from the terms of Section 2, the terms of Section 2 govern.

Section 2. Title 28, chapter 7, Arizona Revised Statutes, is amended by adding article 9, to read:

Article 9. CONSUMER CHOICE MOTOR VEHICLE INSURANCE

28-1281. Definitions

In this article, unless the context otherwise requires:

1. "Accidental Bodily Injury" means bodily injury, sickness or disease or death resulting therefrom, arising out of the ownership, operation or use of a motor vehicle, or while occupying such vehicle, which is accidental as to the person insured.

2. "Added Personal Protection" means an optional policy, plan or coverage for personal protection which each insurer issuing motor vehicle liability insurance in this state shall make available. The added personal protection coverage shall include a schedule of benefits with an aggregate limit of one hundred thousand dollars per person, which includes medical expenses, up to one thousand dollars per week for lost income from work, replacement services loss for up to three hundred dollars per week, and death benefits of twenty-five thousand dollars if the death occurs within one year after the date of a motor vehicle accident and was a direct result of the accident. Collateral sources shall be subtracted in calculating added personal protection benefits, but an insurer may write added personal protection as primary to collateral sources or as coinsurance with collateral sources. A personal protection insurer shall also make available a scheduled pain and suffering coverage with an aggregate limit of fifty thousand dollars payable if the injured person sustains an accidental bodily injury which is subject to the limitations on tort liability under section 28-1281.08 and is a serious injury. Nothing contained in this section prevents a personal protection insurer from also making available optional additional compensation benefits in amounts other than those prescribed in this section. No applicant or insured may be required to purchase a lesser amount than those prescribed by this subsection.

3. "Basic Personal Protection" means a policy, plan or coverage for personal protection which provides benefits for loss resulting from accidental bodily injury resulting from a motor vehicle accident. Basic personal protection benefits consists of the following with an aggregate limit of fifteen thousand dollars per person:

- (a) medical expenses.
- (b) lost income from work of up to two hundred dollars per week.
- (c) replacement services loss of up to one hundred dollars per week.
- (d) death benefits of five thousand dollars if the death of the injured person occurs within one year after the date of a motor vehicle accident and was a direct result of the accident.

4. "Cause of action for injury" means a claim for accidental bodily injury for economic or noneconomic loss or both, caused by the negligent conduct or intentional misconduct of another person, and includes a claim by any person other than a person suffering accidental bodily injury based on such injury, including but not limited to loss of consortium, companionship or any derivative claim.

5. "Collateral sources" means any benefit a person receives or is entitled to receive from any source, other than added personal protection benefits, as reimbursement for loss resulting from an accidental bodily injury. Such benefits shall be subtracted from loss in calculating added personal protection benefits and damages payable to a personal protection insured for uncompensated economic loss. In calculating the benefits payable to a personal protection insured, no subtraction may be made for the amounts the personal protection insured receives or is entitled to receive:

- (a) in discharge of familial obligations or support

- (b) by reason of another person's death, except that amounts received from Social Security or workers' compensation shall be subtracted.
- (c) as gratuities. Any amount paid by an employer to an employee or the survivors of the employee is not a gratuity.
6. "Dependent" means all persons related to another person by blood, marriage, adoption or otherwise who reside in the same household at the time of the accidental bodily injury and receive financial services or support from him or her.
7. "Director" means the director of the department of insurance.
8. "Driving under the influence of alcohol or illegal drugs" means conduct which causes or contributes to the harm claimed (a) if a blood, breath or urine test shows a blood or breath alcohol concentration of 0.10 or more, (b) if the driver refuses to submit to a blood, breath or urine test in violation of Section 28-691 or (c) if the driver is convicted of violating Section 28-692.
9. "Economic loss" means pecuniary loss and monetary expenses incurred by or on behalf of an injured person as the result of an accidental bodily injury.
10. "Governmental unit" means the United States government, the government of the State of Arizona, and any agency, authority, board, department, division, commission, institution, bureau or like governmental entity of either such government, or any local government in this state, and such units thereof, including, but not limited to, counties, cities, towns, and other regional governments.
11. "Injured person" means a person who sustains accidental bodily injury when eligible for benefits under a policy providing personal protection or under the assigned claims plan under section 28-1281.17. The term also includes where appropriate the personal representative of an estate.
12. "Intentional misconduct" means conduct whereby harm is intentionally caused or attempted to be caused by one who acts or fails to act for the purpose of causing harm or with knowledge that harm is substantially certain to follow when such conduct caused or substantially contributed to the harm claimed for. A person does not intentionally cause or attempt to cause harm:
- (a) merely because his act or failure to act is intentional or done with the realization that it creates a grave risk of causing harm.
- (b) if the act or omission causing bodily harm is for the purpose of averting bodily harm to oneself or another person.
13. "Loss of income from work" means eighty per cent loss of income from the work the injured person would have performed if he had not been injured, reduced by any income from substitute work actually performed by him or by income he would have earned in available appropriate substitute work he was capable of performing but unreasonably failed to undertake. Loss of income from work does not include any loss after the death of the injured person and payment for the period of disability shall not exceed two years from the date of the accident.
14. "Medical expenses" means reasonable amounts incurred by an injured person for necessary medical, surgical, radiological, dental, ambulance, hospital, medical rehabilitation and professional nursing services, eyeglasses, hearing aids and prosthetic devices. Personal protection insurers may review medical expenses to assure that the expenses are reasonable and necessary. Under basic personal protection and added personal protection, medical expenses are promptly payable to the injured person for covered expenses incurred within two years after the date of the accident. Medical expenses do not include that portion of a charge for a room in a hospital, clinic or convalescent or nursing home, or any other institution engaged in providing nursing care and related services, in excess of a reasonable and customary charge for semiprivate accommodations, unless medically required, and does not include treatments, services, products or procedures that are experimental in nature, for research or not primarily

- designed to serve a medical purpose, or which are not commonly and customarily recognized throughout the medical profession within the United States as appropriate treatment of the accidental bodily injury.
15. "Medical rehabilitation" means rehabilitation services which are reasonable and necessary to reduce the disability and restore the preaccident level of physical functioning of the injured person.
16. "Motor vehicle" means:
- (a) a vehicle of a kind required to be registered pursuant to this title other than a vehicle with three or fewer load bearing wheels; or
- (b) a vehicle, including a trailer designed for operation on a public roadway by other than any muscular power, except a vehicle used exclusively on stationary rails or tracks. For the purposes of this section, "public roadway" means a way open to the use of the public for purposes of automobile travel.
17. "Noneconomic loss" means any loss other than economic loss and includes, but is not necessarily limited to, pain, suffering, inconvenience, physical impairment, mental anguish, emotional pain and suffering, hedonic damages and loss of any of the following: consortium, society, companionship, comfort, protection, marital care, parental care, filial care, attention, advice, counsel, training, guidance or education, and all other noneconomic damage whether formerly recoverable under the law of this state or not. Noneconomic loss does not include economic loss caused by pain and suffering or by physical impairment.
18. "Operation or use" means operation or use of a motor vehicle as a motor vehicle, including, incident to its operation or use as a vehicle, occupying, entering into and alighting from it. Operation or use of a motor vehicle does not include:
- (a) Conduct within the course of manufacturing, sale or maintenance of a motor vehicle, including repairing, servicing, washing, loading or unloading, unless the conduct occurs while occupying it.
- (b) Conduct in the course of loading and unloading the vehicle unless the conduct occurs while occupying, entering into or alighting from it.
19. "Owner" means the person or persons, other than a lienholder or secured party, who owns or has title to a motor vehicle or is entitled to the use and possession of a motor vehicle subject to a security interest held by another person. Owner does not include a lessee under a lease not intended as security.
20. "Person" means a person or an organization, public or private.
21. "Personal protection" means a policy, a plan or other coverage which provides basis benefits for loss resulting from accidental bodily injury, regardless of fault.
22. "Personal protection insured" means:
- (a) A person identified by name as an insured in a contract providing personal protection benefits.
- (b) While residing in the same household with a named insured, the following persons:
- (i) A spouse or other relative of a named insured.
- (ii) A minor in the custody of a named insured. A person resides in the same household if he usually makes his home in the same family unit, even though he temporarily lives elsewhere.
- (c) A person with respect to accidents within this state who sustains accidental bodily injury while occupying or through being struck by a motor vehicle insured for personal protection, unless the person has rejected the coverage.
23. "Personal protection insurer" means an insurer or qualified self-insurer under Section 28-1222 who provides personal protection benefits.
24. "Replacement services loss" means expenses reasonably incurred in obtaining ordinary and necessary services from others, not members of the injured person's

household, in lieu of those the injured person would have performed for the benefit of the household. Replacement services loss shall not be paid if the injured person is entitled to receive personal protection benefits for loss of income from work for the same period. Under basic personal protection, replacement services loss does not include any loss incurred after the death of the injured person, and the disability period shall not exceed two years from the date of the accident.

25. "Serious injury" means an accidental bodily injury which results in death, dismemberment, significant and permanent loss of an important bodily function, or significant and permanent scarring or disfigurement.

26. "Uncompensated economic loss" means that portion of economic loss arising out of an accidental bodily injury of an injured person which exceeds the benefits provided by a personal protection insurer under a policy providing such benefits (except for loss incurred by a deductible under such a policy), and collateral sources. Such loss is payable under the same terms and limitations as under added personal protection, but shall not be subject to the aggregate limit of liability of such coverage.

27. "Uninsured Motorist" means the owner of a motor vehicle uninsured for either basic personal protection or liability insurance at the limits prescribed by the state's mandatory motor vehicle insurance law, Article 8 of Chapter 7 of Title 28.

28-1281.01. Insurance requirements

A. Each motor vehicle required to be registered in this state shall be insured for basic personal protection and for at least the minimum property damage liability limits prescribed by section 28-1170, unless the owner of the motor vehicle exercises his right of rejection pursuant to section 28-1281.09. An insurance policy written by a personal protection insurer pursuant to this article to provide basic personal protection is deemed to include all basic personal protection coverage required by this article. Coverage under basic personal protection meets the requirements of this state's mandatory motor vehicle insurance law.

B. In addition to any added personal protection coverage, a personal protection insurer shall make available additional insurance coverage. The additional coverage shall include bodily injury liability insurance, collision coverage and comprehensive physical damage.

28-1281.02. Geographic application of personal protection policies

A. A personal protection insurer shall pay to a personal protection insured benefits for accidental bodily injury sustained within the United States, its territories or possessions or Canada.

B. A personal protection policy issued in this state shall contain coverage such that it satisfies the financial responsibility laws of any other state or Canadian province in which the insured motor vehicle is operated.

28-1281.03. Persons not entitled to personal protection benefits.

A. A personal protection insurer may not pay benefits to or on behalf of an injured person who:

1. Was involved in a motor vehicle accident while committing a felony or while voluntarily occupying a motor vehicle that he knew to be stolen.
2. Was driving under the influence of alcohol or illegal drugs.
3. Was occupying an uninsured motor vehicle owned by the person.
4. Is guilty of intentional misconduct. If the person dies as a result of his own intentional misconduct, his survivors are not entitled to personal protection for loss arising from the decedent's injury or death.
5. Has rejected the limitation on his right to sue pursuant to section 28-1281.09.
6. Is an uninsured motorist.
7. Was operating or occupying a motor vehicle with three or fewer load bearing wheels.

B. A personal protection insurer may include in personal protection coverage any person under Subsection A if the insurer states his intent to do so clearly on the policy.

29-1281.04. Payment of personal protection benefits.

At the option of the personal protection insurer, personal protection benefits are payable to any of the following persons:

1. The injured person.
2. The parent or guardian of the injured person if the injured person is a minor or incompetent.
3. A survivor, executor or administrator of the injured person.

28-1281.05. Multiple coverage.

Notwithstanding the number of motor vehicles involved, persons covered, claims made, motor vehicles or premiums shown on the policy or premiums paid, the liability limits under a motor vehicle insurance policy for any coverage shall not be combined with or added to any other coverage limit to determine the maximum limit of coverage available to an injured person. Unless the contract clearly provides otherwise, the contract may provide that if two or more policies, plans or coverages apply equally to the same accident, the highest limit of liability applicable is the maximum amount available to an injured person under any one of the policies. Each policy, plan or coverage is responsible for its proportionate share of the loss.

28-1281.06. Priority of benefits

A. Subject to section 28-1281.05, a person who is entitled to receive personal protection benefits may claim the benefits in the following order up to the limits of personal protection in the listed category:

1. The personal protection applicable to a motor vehicle provided by an employer if the injured person is an employee and the injury results from a motor vehicle accident while the person was driving, was occupying or was struck by the employer's motor vehicle.
2. The personal protection of a motor vehicle used principally for the commercial transportation of persons or property if the injured person was an occupant of or was struck by the motor vehicle.
3. The personal protection covering a motor vehicle involved in the accident, if the injured person was an occupant of or was struck by the motor vehicle.
4. The personal protection under which the injured person is or was a named insured.
5. The personal protection under which the injured person is or was an insured, other than a named insured.

B. If two or more insurers are obligated to pay personal protection benefits, the insurer against whom the claim is first made shall pay the claim and may thereafter recover a pro rata contribution from any other insurer at the same priority level for the costs of the payments and for processing the claim. For the purposes of this section an unoccupied parked motor vehicle is not a motor vehicle involved in an accident unless parked in such a way as to cause unreasonable risk of injury.

28-1281.07. Other sources of indemnity for basic personal protection benefits.

A. A basic personal protection insurer is primarily obligated to indemnify an injured person, except that state mandated and workers' compensation benefits shall be subtracted from the basic personal protection benefits payable to the injured person. Any other benefits payable for accidental bodily injury are secondary to the benefits payable for the basic personal protection.

B. Basic personal protection is subject to a two hundred fifty dollar deductible with respect to a claim by the named insured or a person residing in the same household with the named insured. A basic personal protection insurer may write policies with a deductible that is higher or lower than that prescribed by this subsection pursuant to rules adopted by the director.

C. Added personal protection is written as excess insurance pursuant to section 28-1281, Paragraph 2. A provider of personal protection benefits or other collateral sources shall not recover any amount against the claimant pursuant to a claim for added protection.

benefits or for uncompensated loss and shall not be subrogated to any rights the claimant may have against the defendant.

D. Notwithstanding any provision to the contrary, a personal protection insurer is subrogated, to the extent of its obligations, to all of the rights of its personal protection insured with respect to an accident caused in whole or in part by:

1. The negligence of an uninsured motorist.
2. The negligence of the owner or operator of a motor vehicle having a gross weight of 7,000 pounds or more.
3. Driving under the influence of alcohol or illegal drugs.
4. Intentional misconduct.
5. Any person who has rejected, or is otherwise not affected by, the limitations on tort rights and liabilities.

28-1281.08. Legal liability; exemption of personal protection insured

A. No person covered by personal protection insurance shall have a cause of action for injury against any other person covered by personal protection insurance, including any other person for whom a personal protection insured is vicariously liable, except as provided by subsections B, C, D and E of this section, and except for such accidental bodily injury caused by other than the ownership, operation, or use of a motor vehicle by such other person.

B. A personal protection insured has a cause of action for injury not limited to economic loss against another person covered by personal protection who drove under the influence of alcohol or illegal drugs or who is guilty of intentional misconduct. The injured person may, as an alternative, claim personal protection benefits up to the amount specified in such other driver's policy, plus reasonable attorney fees under Subsection E. Any party who provides personal protection benefits or collateral sources to the injured person has a right of subrogation.

C. A personal protection insured who does not bring a cause of action pursuant to Subsection B of this section for economic or non-economic loss may bring a cause of action for injury, irrespective of Subsection A above, for uncompensated economic loss.

D. A person suffering accidental bodily injury while occupying or through being struck by a motor vehicle which is insured for personal protection and who is not at the time of the accident covered by a rejection of limitations on tort rights and liabilities pursuant to subsection 28-1281.09 and is not an uninsured motorist may receive personal protection benefits applicable to the motor vehicle and has a right to claim uncompensated economic loss against the personal protection insured. A person who files a claim pursuant to this subsection has the same rights and duties as a personal protection insured with respect to a claim by that insured.

E. Benefits received pursuant to this section shall include reasonable expenses incurred by the person in collecting the benefits and shall include reasonable attorney fees. No part of the attorney fees may be charged against benefits otherwise due the claimant, and an attorney may not charge an additional fee to collect the benefits. Part or all of the attorney fees may be deducted from the benefits otherwise owing if a significant part of the claim was fraudulent. In an action brought by a personal protection insurer, attorney fees shall be awarded to the injured person only if the injured person is the prevailing party.

F. A personal protection insured has a cause of action against another personal protection insured for property damage only to the extent that the property is not covered by collision insurance.

G. An uninsured motorist may not bring a cause of action for property damage except for such damage that exceeds ten thousand dollars or for non-economic damages against a personal protection insured unless the personal protection insured was driving under the influence of alcohol or illegal drugs or is guilty of intentional misconduct. An uninsured motorist remains liable in tort to an injured person for personal injury and property damage. A person driving under the influence of alcohol or illegal drugs may not bring a cause of action for either economic or non-economic damages against a personal protection insured.

H. A personal protection insured suffering accidental bodily injury has no cause of action against a governmental unit if:

1. The cause of action is based on something other than the operation or use of the motor vehicle, and
2. Within one hundred eighty days after the accident or after the filing of the cause of action, the governmental unit agrees in writing to pay the injured person added protection benefits to cover any economic loss in excess of any benefits paid by a personal protection insurer, including attorney fees.

28-1281.09. Right to choose to remain in tort system.

A. To ensure preservation of the right to choose to reject any limitations on tort rights and liability contained in this article, the director shall establish by rules procedures whereby any person may execute a form approved by the director for rejecting such limitations. The rules shall establish the effective date of such rejection. Any rejection by a person who is under a legal disability shall be made on behalf of such person by a parent, legal guardian or conservator and shall remain in effect until revoked or until the person is no longer under legal disability whichever is sooner.

B. The rules shall provide for the validity of such rejections except with respect to an injured person who is an uninsured motorist at the time of the accident. A motor vehicle liability insurance policy issued to satisfy the financial responsibility requirements under Article 8 of Chapter 7 of Title 28 may include basic personal protection benefits to cover those persons who have not rejected tort limitations.

C. A rejection results in the full retention of all tort rights and tort liabilities, except that an uninsured motorist may not claim in tort for property damages except for such damage that exceeds ten thousand dollars or for non-economic damages against a person who has rejected tort limitations, unless the person who has rejected tort limitations is driving under the influence of alcohol or illegal drugs or is guilty of intentional misconduct. An uninsured motorist retains fault liability with respect to others. A person driving under the influence of alcohol or illegal drugs may not claim in tort for either economic or non-economic damages against a person who has rejected tort limitations. A person who rejects tort limitation shall not collect personal protection benefits unless he has revoked his rejection pursuant to subsection D of this section.

D. A rejection of tort limitations shall be effective on the date prescribed by rule by the Department of Insurance, and the rejection applies to any motor vehicle accident occurring after that date. The rejection remains effective until it is revoked in writing on a form prescribed by the Director. The revocation is effective on the date prescribed by rules adopted by the Department of Insurance and remains effective until it is withdrawn in a manner prescribed by the Director. The rejection form is a public record.

E. The Director shall establish and maintain a program designed to assure that consumers are adequately informed about the comparative cost of personal protection insurance and liability insurance for those persons who choose to reject limitations on tort rights and liabilities, as well as the benefits, rights and responsibilities of insureds under each type of insurance.

F. A person who selects personal protection coverage or who rejects tort limitations on a form approved by the Director is bound by that choice and is precluded from claiming liability of any party based on being inadequately informed as to the coverage or rejection. This restriction applies to relatives residing in the same household as such person as well.

G. Each motor vehicle insurer issuing motor vehicle liability insurance in this state may require that all policies within a household be either personal protection policies or liability policies which satisfy the financial responsibility requirements under section 28-1170.

H. To further ensure preservation of the right to reject the limitations on tort rights contained in this Article, the Director shall establish by Rule procedures whereby any person who does not own a motor vehicle and who is not a resident relative of such an owner may

Proposition 203

execute a form prescribed by the Director for rejecting such limitations within 30 days after the date of notification of the right of rejection.

28-1281.10. Personal protection benefits and causes of action for injury.

No subtraction is made against personal protection benefits due because of the value of a cause of action for injury, except that after recovery is realized under such cause of action, a subtraction is made to the extent of the net recovery, exclusive of reasonable attorney fees and other reasonable expenses incurred in effecting the recovery. If personal protection benefits have already been received, the recipient thereof shall repay to the insurer paying personal protection benefits out of such recovery a sum equal to the personal protection benefits received but not more than the realized net recovery, and the insurer shall have a lien on the recovery to this extent. Any remainder of the net recovery from such a cause of action applies periodically against loss as it accrues, until an amount equal to the net recovery under such a cause of action has been subtracted.

28-1281.11. Periodic payments of personal protection benefits.

Personal protection benefits are payable monthly as loss accrues. The benefits are overdue if they are not paid within thirty days after the personal protection insurer receives reasonable proof of the fact and the amount of loss sustained, except that a personal protection insurer may accumulate claims for a period of not to exceed one month, in which case benefits are not overdue if they are paid within twenty days after the period of accumulation. If reasonable proof is not supplied for the whole claim, the amount supported by reasonable proof is overdue if it is not paid within thirty days after the proof is received by the insurer. Any part or all of the remainder of the claim that is later supported by reasonable proof is overdue if it is not paid within thirty days after the proof is received by the insurer. To determine the extent to which any benefits are overdue, a payment is treated as made on the date a draft or other valid instrument is mailed or, if it is not so posted, the date of delivery. A personal protection insurer may pay personal protection benefits to a person who supplies necessary products, services or accommodations to the injured person. All overdue payments bear interest at the rate of eighteen per cent per annum. If overdue benefits are recovered against a personal protection insurer or are paid by a personal protection insurer, the provisions of section 28-1281.08, subsection E, pertaining to expenses and attorney fees apply.

The remedy set forth in this section is the exclusive remedy for an insurer's failure to pay or delay in paying personal protection benefits or for conduct of an insurer rising out of the manner in which the insurer denied or delayed payment.

28-1281.12. Assignment or garnishment of personal protection benefits.

A. Personal protection benefits, except medical benefits, are exempt from garnishment, attachment, execution or any other process or claim to the extent that wages or earnings are exempt under any applicable law.

B. An agreement for assignment of any right to personal protection benefits payable in the future except for medical benefits is unenforceable except to the extent that the benefits are for the costs of products, services or accommodations provided or to be provided by the assignee or that the benefits are for loss of income from work or replacement services and are assigned to secure the payment of alimony, maintenance or child support. Pain and suffering coverage benefits may not be assigned.

28-1281.13. Cancellation or nonrenewal prohibited; penalty.

An insurer shall not cancel or refuse to renew the policy or increase the premium of an insured solely because of a claim for personal protection benefits or for a claim for collision damage to the insured vehicle, unless the insured caused the accident in whole or in part. The director may impose a civil penalty of up to one thousand dollars for each violation of this section.

28-1281.14. Limitation of actions.

Subject to any arbitration pursuant to section 28-1281.24, if no personal protection benefits have been paid a person may bring an action against the personal protection insurer not

Proposition 203

later than two years after the accidental bodily injury occurred. If personal protection benefits have been paid, a person may bring an action to recover further benefits not later than two years after the last payment of benefits.

28-1281.15. Mental and physical examinations.

A. If the mental or physical condition of an injured person is material to any claim for past or future personal protection benefits, the injured person shall submit to reasonable mental or physical examinations by a physician or physicians designated by the insurer. The examinations shall take place at a reasonably convenient time and reasonably convenient location. A personal protection insurer may include provisions of this nature in a personal protection policy.

B. If after a request by a personal protection insurer a person unreasonably refuses to undergo a mental or physical examination, the insurer, on written notice, may suspend all future benefits until the person complies with the request.

28-1281.16. Verification of entitlement to benefits.

A. An employer shall provide information on a form approved by the director regarding an employee who has filed a claim for personal protection benefits on a request by a personal protection insurer.

B. Every physician or other health care provider, hospital, clinic, or other medical institution providing, before or after an injury resulting from a motor vehicle accident upon which a claim for personal protection benefits is based, any products, services, or accommodations in relation to that or any other injury, or in relation to a condition claimed to be connected with that or any other injury shall, if requested to do so by the personal protection insurer against whom the claim has been made, furnish a written report of the history, condition, and treatment, and the dates and costs of such treatment, of the injured person. Such information shall be provided together with a sworn statement that the treatment or services rendered were reasonable and necessary with respect to the injury sustained and identifying which portion of the expenses for such treatment or services were incurred as a result of such injury. Every such physician or other health care provider, hospital, clinic, or other medical institution shall also promptly produce and permit the inspection and copying of its records regarding such history, condition, and treatment, and the dates and costs of treatment. The sworn statement required under this section reads as follows: "Under penalty of perjury I declare that I have read the foregoing and the facts alleged are true, to the best of my knowledge and belief." No cause of action for violation of a physician-patient privilege or invasion of the right of privacy is allowed against any physician or other health care provider, hospital, clinic, or other medical institution complying with the provisions of this section. The person requesting records and a sworn statement under this subsection shall pay all reasonable costs connected therewith.

C. A court may order discovery of any records under this section.

28-1281.17. Assigned claims plan.

A. All insurers and qualified self-insurers authorized to provide personal protection shall organize and maintain an assigned claims plan to provide personal protection benefits to any person who is injured as a result of a motor vehicle accident if the injured person is not:

1. An insured under any personal protection or liability policy applicable to the accident;
2. Eligible to recover damages for accidental bodily injury under any motor vehicle liability policy applicable to the accident;
3. An uninsured motorist; or
4. Occupying an uninsured motor vehicle owned or available for the regular use of a relative residing in the same household.

B. The assigned claims plan shall adopt rules for the operation of the plan and for the equitable distribution of costs approved by the director. A claim brought pursuant to the assigned claims plan shall be assigned to an insurer. The insurer has the rights and obligations it

would have had if it had issued a policy applicable to the loss. A person who accepts personal protection benefits under the assigned claims plan has the rights and obligations he would have had under a policy issued to him which provided personal protection benefits.

C. If a claim qualifies for assignment under this section, the assigned claim plan and the insurer to whom the claim is assigned are subrogated to the rights of the claimant against any person who is liable for the loss and against any insurer or other person legally obligated to provide personal protection benefits to the injured person for benefits provided by the assignment.

D. No personal protection benefits shall be paid to an injured person if such person is ineligible for personal protection benefits as provided in Section 28-1281.03.

28-1281.18. Fraudulent claims; penalty.

A person who with intent to injure, defraud or deceive prepares, presents, or causes to be presented any written or oral statement in connection with a claim for payment or other benefit which the person knows to be false, misleading or incomplete concerning a material fact is subject to a civil penalty of not to exceed ten thousand dollars.

28-1281.19. Nondiscrimination in fees for medical services.

A physician, hospital, clinic or other health care institution that renders treatment to an injured person or a person or institution providing medical rehabilitation services after an injury to an injured person may charge only a reasonable amount for the products, services and accommodations rendered. The charge shall not exceed the amount the person or institution customarily charges for the products, services and accommodations in cases not involving insurance.

28-1281.20. Managed care.

A personal protection insurer may use managed care systems including, but not limited to health maintenance and preferred provider organizations, and may require an injured person to obtain health care through a managed care system designated by the personal protection insurer if the injured person opts at the time of purchase of personal protection coverage to be subject to a managed care system at an appropriately reduced premium.

28-1281.21. Safety equipment.

The director shall adopt rules which encourage personal protection insurers to institute incentives for personal protection insureds to install, maintain and make use of injury reducing devices such as seat and harness belts, air bags and child restraint systems.

28-1281.22. Rules.

The director shall adopt rules as required by other provisions of this article, and may adopt additional rules for the effective administration of this article that are consistent with the purposes of this article and which are fair and equitable.

28-1281.23. Cost of living adjustment.

The director shall biannually report in writing to the legislature on the effect of changes in the cost of living on levels of benefits, limits of liability and deductibles mentioned in this article.

28-1281.24. Arbitration.

A personal protection insurer may include an arbitration clause in any personal protection policy as a method of resolving disputes regarding personal protection coverage between a personal protection insurer and an injured person.

28-1281.25. Out of state vehicles.

A. Each insurer authorized to transact business or transacting business in this state shall file with the director a form approved by the director which states that any contract of motor vehicle liability insurance covering the maintenance or use of a motor vehicle while the motor vehicle is in this state is deemed to satisfy section 28-1281.01 once the vehicle has been continuously present in this state for thirty days unless the named insured has rejected the limitations on tort rights and liabilities pursuant to section 28-1281.09.

B. If a person is entitled to personal protection benefits or their equivalent under the requirements of more than one state, the person shall elect to recover under the laws of one state. The election represents the exclusive source of recovery of all personal protection benefits, or their equivalent, paid or payable under the financial responsibility requirements of that or any other state.

28-1281.26. Terms, Conditions and exclusions.

All insurance coverages provided pursuant to this article are subject to terms, conditions and exclusions which are approved by the director.

28-1281.27. Rate differential.

A. The statewide average premium to be charged by each insurer for the basic personal protection policy and the property damage liability insurance required by section 28-1281.01 and section 28-1281.08(F) during the first year following the effective date of the act shall be at least twenty percent less than such insurer's statewide average policy premium in effect on July 1, 1990 for the insurance required by the financial responsibility law of this state, including required uninsured motorist coverage. Pursuant to rules prescribed by the director each insurer shall establish a fair, practical and nondiscriminatory plan for refunding or crediting the appropriate cost savings required by this section to those whose policy has been confirmed to meet the requirements of section 28-1281.01.

B. The state assigned risk plan shall adopt a rating system which provides premium reductions from the rates established by the plan after the effective date of this section which are comparable to those required by this section for the rating systems established by or on behalf of individual insurers.

C. The director shall administer and enforce this section subject to judicial review. The director may require that insurers provide appropriate information about their rating systems in effect on the effective date of this section or at any time within two years thereafter. If the director finds that an insurer has failed to comply with this section, the director may order the insurer to adopt rates in compliance with this section and to provide an appropriate remedy for any charges in excess of those permitted by this section.

Section 3. Arizona Revised Statutes section 20-259.01 is amended to read:

Section 20.259.01. Motor vehicle liability policy; uninsured required; underinsurance optional; definitions; subrogation.

A. No automobile liability or motor vehicle liability policy insuring against loss resulting from liability imposed by law for bodily injury or death suffered by a person arising out of the ownership, maintenance or use of a motor vehicle, EXCEPT FOR A POLICY ISSUED PURSUANT TO SECTION 28-1281.01, shall be delivered or issued for delivery in this state with respect to any motor vehicle registered or principally garaged in this state, unless coverage is provided in the policy or supplemental to the policy, in limits for bodily injury or death prescribed in subsection B of this section, but not less than the limits prescribed in § 28-1102, under provisions filed with and approved by the director, for the protection of persons insured who are legally entitled to recover damages from owners or operators or uninsured motor vehicles because of bodily injury, sickness or disease, including death, resulting therefrom. For the purposes of the coverage provided for pursuant to this section, "uninsured motor vehicles", subject to the terms and conditions of such coverage, includes any insured motor vehicle if the liability insurer of the vehicle is unable to make payment on the liability of its insured, within the limits of the coverage, because of insolvency.

Section 4. Severability and constitutionality.

If any provision of this act or the application thereof to any person or circumstance is held to be unconstitutional or otherwise invalid, the remainder of this act and the application of such provision to other persons or circumstances are not affected thereby, and it is to be conclusively presumed that the people would have enacted the remainder of this act without such invalid or unconstitutional provision, except that if section 28-1281.08, subsection A, or section 28-1281.09, subsection A or subsection D, is found to be unconstitutional or invalid by the

Court of Appeals or the Supreme Court, it is to be conclusively presumed that the people would not have enacted the remainder of this act without such limitations, and the entire act is invalid. If section 28-1281.08, subsection A, is found to be unconstitutional or invalid, personal protection insurers have no obligation to pay personal protection benefits with respect to accidents occurring on or after the date of the finding of such unconstitutionality or invalidity and, in addition, are subrogated to all of the rights of personal protection insureds for all previous such benefits paid.

Section 5. Declaratory judgment.

In addition to the provisions of section 4 and section 28-1281.26, the people find that questions of law with respect to this act should be resolved with expedition prior to such time as its mandatory provisions take effect in order to avoid disruption of the orderly implementation of its provisions. Therefore, the people find that the remedy of declaratory judgment to determine the constitutionality of the provisions of this act should be immediately made available to determine those important questions, in order to avoid confusion in the event this act is declared unconstitutional after the effective date of this section. Therefore, any resident of the state is authorized to forthwith bring an action for a declaratory judgment in the Supreme Court against the director to determine the constitutionality of this act's provisions.

Section 6. Effective Date.

Subject to section 7 of this act, title 28, chapter 7, article 9, Arizona Revised Statutes, as added by this act, is effective from and after April 1, 1991.

Section 7. Conditional enactment.

This act does not become effective unless the Constitution of Arizona is amended to allow consumer choice automobile insurance.

Section 8. Rules.

Any rules required to be adopted by the director under this act shall be adopted on or before January 1, 1991.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Current Arizona law requires that all automobiles be insured. Proposition 203 would give the consumer the option of purchasing either a traditional, fault based automobile insurance policy or an insurance policy that supporters have called a personal protection policy. The personal protection policy would be required unless the consumer specifically rejected it and chose the fault based policy.

The personal protection policy would limit the right of an injured person to sue someone else who was at fault in causing an accident.

Proposition 203 would require an average premium for a basic personal protection policy to be at least 20% less than that insurer's average statewide automobile insurance premium in effect on July 1, 1990 for minimum insurance coverage and would require the insurance company to pay its customers' claims within 30 days, regardless of who caused the accident.

A person insured under a personal protection policy would be covered for minimum economic loss benefits of up to \$15,000, and the person would be able to sue to recover other costs under some special circumstances.

An insurance company who issues a personal protection policy to a customer would not be allowed to cancel or refuse to renew that policy or increase the premium because of a claim for benefits unless the person covered by the personal protection policy caused the accident.

All of the benefits, exclusion, terms and conditions of the personal protection policy are too complex to fairly summarize in this short analysis. The full text of the proposition is set forth in this pamphlet.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 203

Proposition 203 would give the consumer the choice of either purchasing an automobile insurance policy called a personal protection policy and waiving the right to sue or of purchasing a traditional insurance policy and preserving the right to sue someone who is at fault for damages, including pain and suffering.

Arizona currently ranks 11th in the nation for the cost of auto insurance. This proposition would lower insurance premiums because it would require that the statewide average insurance premium charged by an insurer for basic insurance coverage be at least 20% lower during the first year than the insurer's average statewide premium in effect on July 1, 1990 for minimum liability insurance.

Insurance premiums would also be reduced by this proposition because this proposition would drastically reduce the number of cases taken to court. If fewer cases go to court, the number of costly jury awards would also be reduced. The costs of lawsuits and jury awards increase insurance premiums. Instead of going to court against the other driver, an insurance company would have to pay its own customer's claim within 30 days if that person's claim was not more than \$15,000. This avoids costly lawsuits and excessive jury awards.

The personal protection insurance system would make the automobile insurance system fair and rational. Every injured customer would receive compensation not just those injured persons who could prove fault and collect from the other driver. Now, even after fault is proved there may not be much money left to collect after the courts and lawyers are paid. The high jury awards that drive up the cost of insurance are not paid to all deserving injured persons alike.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 203

The personal protection policy would require the insurance consumer to give up his or her right to sue for damages.

This proposition would not become law unless the Constitution is amended to permit it. The Constitution should not be amended simply in a misguided attempt to lower automobile insurance rates.

The 20% rate reduction this proposition requires would not lower insurance premiums. California's experience with a 20% rollback legislation last year has proved that a mandatory rollback does not lower rates at all. In fact, in California insurance premiums have increased while the insurance companies fight over the mandatory rollback in court.

This proposition is complex and confusing. There is no guarantee that it will work, let alone lower insurance premiums. One only needs to look at the history of the few states that have an insurance plan similar to the personal protection plan proposed by this proposition to realize that personal protection insurance plans do not lower rates. For

instance, Massachusetts has an insurance plan similar to personal protection, yet its insurance rates are among the highest in the nation, even higher than Arizona's.

This proposition would complicate the transaction of insurance business in this state. The Department of Insurance would have to administer two different automobile insurance programs. It is likely that the increased paperwork and costs of administering separate programs will raise insurance rates.

ARGUMENT "FOR" PROPOSITION 203

1. **CONSUMER CHOICE** - Consumers want and need a choice in auto insurance, just as we have in other important matters affecting our personal lives. Right now the politicians decide what type of auto insurance we should have. This proposition lets us, rather than the state, choose the type of auto insurance policy we want for ourselves and our families.

2. **A CHOICE** - A consumer choice system lets us choose a policy which best meets our needs. If we don't want expensive liability coverage, then we can choose a personal protection policy. Unlike no-fault, personal protection coverage does not make us give up our right to sue when we might really need it ... and personal protection benefits, unlike no-fault benefits, cannot be collected by drunk and drugged drivers.

3. **CUT PREMIUMS 20%** - If we choose a personal protection policy, our insurance company must reduce our premiums an average of 20% below the statewide average premiums for required liability and uninsured motorist coverage.

4. **30-DAY PAYMENT GUARANTEE** - Insurance companies must pay our personal protection benefits within 30 days, or pay 18% interest. Payment under the current lawsuit-based system can take a year-and-a-half or longer.

5. **PROTECT OUR FAMILIES, NOT DRUNK, DRUGGED AND UNINSURED DRIVERS** - Consumer choice gives conscientious Arizona drivers a way to protect our families without having to subsidize drunk, drugged and uninsured motorists. Up to 40% of Arizona drivers are uninsured -- yet they still sue and recover, and we pay for them and their lawyers. These bad drivers would not get personal protection benefits.

6. **TAKE CHARGE, TAKE CONTROL. TAKE CONSUMER CHOICE** - The politicians and pressure groups have failed. The only one who is really going to look after your auto insurance is you. And you deserve and need a choice ... CONSUMER CHOICE.

Joel Rudd, Chairman
Consumer Choice Coalition
Phoenix, AZ

Maryann Watkins, State Director
Consumer Choice Coalition
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 203

As Arizona's top law enforcement officer, I enthusiastically support Propositions 105 and 203 because ...

1. **UP TO FORTY PERCENT OF ARIZONA'S DRIVERS ARE DRIVING UNINSURED** because the current auto insurance law is bad law, and bad law is hard to enforce. A law flouted by 40 percent of those to whom it applies is no law at all. It's closer to anarchy. There are so many uninsured motorists because, in part, premiums are too expensive and benefits are paid too slowly.

2. **AUTO INSURANCE PREMIUMS HAVE SKYROCKETED** because the current auto insurance system is based on lawsuits -- and lawsuits are an expensive way to make decisions.

3. **BENEFITS ARE PAID TOO SLOWLY**, sometimes taking months or years, because the courts have become clogged with auto insurance decisions, and there are few ways under current law to force the insurance companies to pay promptly. This system ties up money that belongs to Arizona's citizens.

4. **THE BEST LAW IS THE LAW OF INDIVIDUAL CHOICE**, where individuals, not the government, make decisions. Such law is fair and it is self-enforcing. Individuals freely making a choice will accept responsibility for their choice, stick to the choice, and stick to the law.

5. **THIS PROPOSED LAW IS A LAW OF INDIVIDUAL CONSUMER CHOICE**, letting individual Arizona drivers decide the best kind of auto insurance for themselves and their families. Some drivers will stick with the current system. Others will want to select the personal protection policy. But it's our right to choose.

6. **THE PROPOSED LAW IS TOUGH ON THE DRUNK, THE DRUGGED AND THE UNINSURED**, making them responsible for their actions. Current law gives them the right to sue and collect, even though they may be at fault for an accident.

7. **CONSUMER CHOICE IS INDIVIDUAL RESPONSIBILITY -- AND THAT'S GOOD LAW.**

Hon. Bob Corbin
Attorney General
Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

As ARIZONA SHERIFFS WE ARE FOR CONSUMER CHOICE and support Propositions 105 and 203 because ...

RESPONSIBLE DRIVERS DESERVE A CHOICE. Our current auto insurance system punishes good drivers by making them pay for the harm done by bad drivers. Responsible drivers have to pay rising liability insurance premiums to pay for the injury, death and damage caused by drunk, drugged and other irresponsible motorists. People deserve a choice in their basic coverage so they don't have to subsidize lawbreakers.

IF IT'S NOT AFFORDABLE, IT'S NOT ENFORCEABLE. Arizona auto insurance is becoming unaffordable for many. In fact, four out of ten drivers are going without any coverage even though basic coverage is required by state law. Respect for the law is weakened when people lack confidence in their insurance system.

GOOD DRIVERS ARE PAYING TOO MUCH. The four in ten Arizona drivers who don't carry insurance may be uninsured but they are not unpaid, because they can still sue and collect under our current system. That's one reason premiums are so high for the six out of ten drivers who do carry insurance. Consumer choice will help correct this situation.

Hon. Marvin L. Hare, Sr.,
Sheriff
La Paz County

Hon. Richard I. Mack,
Sheriff
Graham County

Hon. John R. Phipps,
Sheriff
Yuma County

Hon. Joe M. Rodriguez,
Sheriff
Gila County

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

We are MAYORS WHO SUPPORT CONSUMER CHOICE in Arizona Auto Insurance. We choose Consumer Choice because CONSUMER CHOICE MEANS . . .

1. KEEPING TAXES DOWN -- The cost to insure government owned cars would be reduced under Consumer Choice. There also would be fewer lawsuits seeking windfall awards, which helps to keep a lid on public budgets . . . and on public taxes.

2. SAFER STREETS -- The Consumer Choice Personal Protection Policy is tough on drunk and drugged drivers -- it prohibits them from collecting benefits. These bad drivers, therefore, will have an additional incentive for, straightening up their driving habits . . . making our streets safer.

3. CITIZEN CONTROL -- Our constituents want more control over their lives, and Consumer Choice gives them more control over their own auto insurance. So long as basic safeguards are met, governments -- state, local or federal -- should not be dictating the details of personal auto insurance to their citizens.

4. FEWER LAWSUITS -- Since, under Consumer Choice, people would have less need to go to court to collect on their auto insurance, there will be fewer lawsuits, and cities would need to hire fewer lawyers. The costs, and the awards, of auto lawsuits would be less of a burden to the taxpayer.

5. FEWER UNINSURED DRIVERS -- Today up to 40% of Arizona motorists are "uninsured." That means the rest of us -- the 60% -- are having to cover costs for the 40%. Since the Consumer Choice Personal Protection Policy does not pay benefits to the uninsured, the uninsured would have an incentive to become insured. They would have an additional incentive because the cost of basic auto insurance would drop under Consumer Choice, making auto insurance more affordable.

6. A BETTER, LEANER GOVERNMENT --- Consumer Choice takes auto insurance decision making out of government bureaucracy and gives it back to the people . . . where it belongs. This means a better, leaner government.

Mayor Carol Anderson Mayor Jimmie Kerr Mayor George Renner
City of Kingman City of Casa Grande City of Glendale

Mayor Peggy Rubach Mayor Paul Johnson
City of Mesa City of Phoenix

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

As ARIZONA SENIORS WHO ARE FOR CONSUMER CHOICE IN AUTO INSURANCE we support Propositions 105 and 203 because...

CONSUMER CHOICE IS SENIORS CHOICE -- We are tired of paying high premiums despite our good driving records. WE support Consumer Choice so we can receive the lower insurance costs we deserve.

SINCE THE POLITICIANS WON'T ACT, SENIORS WILL by supporting the Consumer Choice ballot propositions. Even though auto insurance is, in reality, a tax on driving, we have no voice in determining this tax. The politicians are deadlocked, the courts are bogged down, and insurance is becoming too expensive. It's time we had a voice, our own seniors voice, through consumer choice.

FIXED INCOME EARNERS ARE HURT BY HIGH PREMIUMS AND SLOW PAYMENT OF BENEFITS -- Our premiums have jumped 100% in five years, and payments for accidents can take months and even years. This does seniors living on fixed income no good. It eats away at our purchasing power. Consumer choice will give us the chance to reduce our basic coverage cost an average of 20 percent and enable us to count on benefit payments within 30 days.

GOOD, LAW-ABIDING SENIOR CITIZEN DRIVERS SHOULD NOT BE FORCED TO SUPPORT DRUNK, DRUGGED AND UNINSURED DRIVERS through the current system of high-priced premiums and lengthy lawsuits. We need an alternative. We need consumer choice.

DRIVING IS A NECESSITY; SO IT SHOULD BE AFFORDABLE. We need consumer choice.

ELLIS DANNER NAOMI HARWARD ALLEN JONES
Sun City, AZ Tempe, AZ Mesa, AZ
MURRAY KARSTEN WILLIAM LEE KATIE WAGHER
Sun City, AZ Sun City, AZ Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

Arizona businesspeople support Propositions 105 and 203 because . . .

CONSUMERS WITH CHOICES MAKE THE BEST DECISIONS -- The best decision-maker in the world is a consumer with choices. Governments everywhere are learning this. Arizona has known it for a long time. Now Arizona needs to get its auto insurance law in step with experience . . . and with Arizona's consumers, by giving them a choice.

CONSUMER CHOICE IS A "PRICE FIGHTER" -- Arizona's auto insurance premiums, 12th highest in the nation, are pushing up Arizona's retail prices. Consumer choice in auto insurance means lower premiums, fewer frivolous lawsuits and more competitive pricing. These help fight business costs... and help keep business prices down.

ARIZONA BENEFITS FROM COMPETITION -- When consumers are given choices, more companies compete for consumer attention. Consumer choice auto insurance means competition . . . in premium prices, in policy provisions and in service. Arizonans like competition . . . and we are good at competing. Consumer Choice benefits both the Arizona business . . . and the Arizona consumer.

A STRONG ECONOMY MEANS A STRONG ARIZONA -- Lawsuits, insurance claims, needless paperwork -- these all contribute to a sluggish economy. Arizona needs to clean the cobwebs out of its auto insurance system and get the bureaucracy out of the auto insurance business. We need to put auto insurance decision-making where it belongs -- with the Arizona consumer, through Consumer Choice.

Kirby Garrett, State Director National Federation of Independent Business Phoenix, AZ
Brent Crosby, Executive Director Service Station Dealers of Arizona Phoenix, AZ
Gary Gillespie, Director Arizona Association of Dry Cleaners and Launderers Phoenix, AZ

Stan Wilson, Executive Vice President Arizona Auto Dealers Association Scottsdale, AZ
Terry Smalley, Executive Vice President Arizona Motor Transport Association Scottsdale, AZ
Sam Garcia, Sr. Garcia's Market Avondale, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

As COMMUNITY LEADERS WHO ARE FOR CONSUMER CHOICE IN AUTO INSURANCE WE SUPPORT PROPOSITIONS 105 AND 203 because . . .

CONSUMER CHOICE LETS PEOPLE CHOOSE WHAT IS BEST FOR THEIR OWN PERSONAL NEEDS AND THOSE OF THEIR FAMILY. Under Arizona's current system of automobile insurance, the politicians make the choice for us. This is wrong. There should be minimum public standards, but the selection of an insurance policy to meet our personal needs should be up to the individual, not the state.

THE POLITICAL LEADERSHIP HAS FAILED, SO IT IS UP TO THE CITIZENS OF ARIZONA TO HELP SOLVE THE AUTO INSURANCE CRISIS by using this initiative process to enact legislation that gives the consumer a choice of auto insurance policies.

HIGH AUTO INSURANCE PREMIUMS ARE DRIVING US OFF THE ROAD! Premiums have soared 20% a year, now up to an average of over \$600 a year, making Arizona 12th highest in the nation. Our premiums are becoming unaffordable, and unacceptable. Lower cost alternatives are available . . . through the consumer choice system.

UNDER THE CURRENT SYSTEM, INSURANCE COMPANIES MAY TAKE MONTHS OR EVEN YEARS TO PAY BENEFITS, because the current system too often relies on lawyers, lawsuits and the courts to determine who gets benefits.

THE CONSUMER CHOICE AUTO INSURANCE SYSTEM WOULD OFFER AN ALTERNATIVE POLICY THAT REQUIRES INSURANCE COMPANIES TO PAY BASIC BENEFITS WITHIN THIRTY DAYS.

CONSUMER CHOICE ALSO WOULD OFFER AN ALTERNATIVE POLICY THAT COSTS AN AVERAGE OF 20% LESS THAN CURRENT REQUIRED AUTO INSURANCE.

ARIZONA NEEDS A PLAIN LANGUAGE POLICY THAT COSTS LESS AND PAYS US QUICKLY. ARIZONA NEEDS CONSUMER CHOICE.

CONSUMER CHOICE -- OUR STRONGEST VOICE!

Hon. Cloves Campbell, Sr. Phoenix, AZ
Bob Elliott Tucson, AZ
Pete Garcia, President/CEO Chicanos Por La Causa Phoenix, AZ

Bob Perrine, Sr., Regional President Teamsters Local 104 Phoenix, AZ
Thomas Dunlavy Phoenix, AZ

Hon. Katie Dusenberry Tucson, AZ
Hon. Raul Castro Former Governor of Arizona, Former U.S. Ambassador to Argentina Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

ARIZONA COMMUNITY LEADERS SUPPORT PROPOSITIONS 105 AND 203 because . . .

YES! We need a fresh start with consumer choice auto insurance. The price of premiums has gotten out of hand. Benefits are paid late. Claims are tied up in the courts. We need a new system.

NO! We cannot look to the politicians to solve this crisis. They have failed. Meanwhile, our pockets are being drained by a costly, inefficient auto insurance system that does not even give us security and peace of mind.

YES! We chose Arizona. We live here because we are independent and self-reliant. We can make our own personal choices . . . including our choice of auto insurance. We should have the right to choose our basic auto insurance.

No! It is not up to the politicians of Arizona to tell us which auto insurance policy is good for us and our families. As long as minimum standards are met, it is up to us.

YES! It is time for us to take control of our own fate through this ballot initiative. When the politicians won't act, the people will.

YES! Auto "insurance" should mean just that: protection for those who buy it. But under the current law, the 60% who do pay cover the up to 40% who do not -- because the "uninsured" can still collect. They're not uninsured. They just don't pay. That's not right.

YES! We're not putting up with the current system anymore.
 YES! We are voting YES on Propositions 105 and 203.

Al Briggs, Jr., President
 Automobile Hobbyist Council
 Phoenix, AZ

J. Rukin Jelks, Jr.
 Elgin, AZ

Madeline Ong Sakata,
 President, Arizona Asian
 American Association
 Phoenix, AZ

Al Sterman, Secretary
 Arizona Consumers Council
 Tucson, AZ

E. Claude Mattox, Chairman
 Maricopa Neighbors
 Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

As RETIRED MILITARY WE ARE FOR CONSUMER CHOICE AND SUPPORT Propositions 105 and 203 because . . .

CONSUMER CHOICE REPRESENTS INDIVIDUAL FREEDOM. Strengthening the Arizona Constitution to protect the consumer's right to choose basic auto insurance coverage is in our tradition of supporting freedom of the individual. Consumer choice is consistent with the principles the men and women of our armed forces have fought and died for, and will continue to fight and die for, since our country's founding.

RESPONSIBLE CITIZENS DESERVE CONSUMER CHOICE. Law-abiding good drivers, including those who have served their country in uniform, should not have to pay ever higher premiums because of others who are less responsible -- such as drunk and drugged drivers and uninsured motorists. Consumer choice will give Arizonans a chance to cut average premiums for basic coverage 20 percent and to require insurance companies to pay losses within 30 days.

WE CAN CLEAN UP ARIZONA'S AUTO INSURANCE MESS WITH CONSUMER CHOICE. State government has not been able to fix the auto insurance problem in our state. Things have been getting worse instead of better. Consumers are showing the can-do spirit by rallying behind consumer choice. We support this citizens' effort to regain control over rising costs and put some sense into a system which too often doesn't make good sense.

Col. Charles L. Flynn,
 USAF, Ret
 Prescott, AZ

Lt. Col. Chuck Servocky,
 USAF, Ret
 Phoenix, AZ

Hon. Robert W. Williams,
 Brigadier General
 U. S. Army, Ret.
 Sun City West, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "FOR" PROPOSITION 203

As ARIZONA LEGISLATORS WE ARE FOR CONSUMER CHOICE and support Propositions 105 and 203 because . . .

IT'S TIME TO FIX THE PROBLEM. Unfortunately, state government leaders have not been able to come together and agree on a solution to the auto insurance problem in our state. Consumer choice is a sound measure which will benefit consumers across the state.

ARIZONANS DESERVE A CHOICE. Just as citizens have the right to vote for us, they should have the right to choose the basic type of auto insurance they want. Having

auto insurance is required by state law; and we ought to help make that requirement affordable by giving each citizen a chance to choose a less expensive alternative to the current system.

CONSUMER CHOICE IS IN THE PUBLIC INTEREST. Consumer choice will benefit the public by strengthening the consumer's right to shop and by giving consumers an option to reduce their basic coverage costs 20 percent and require insurance companies to pay their losses within 30 days. Some of the interest groups which lobby state government may not be completely happy about consumer choice, but it's clearly a solution which is in the public's best interest.

State Representative Kyle Hindman
 Buckeye, AZ

State Representative Candice Nagel
 Phoenix, AZ

State Senator Tom Patterson
 Phoenix, AZ

State Representative Nancy Wessel
 Phoenix, AZ

Consumer Choice Coalition: Joel Rudd, Chairman; Maryann Watkins, State Director

ARGUMENT "AGAINST" PROPOSITION 203

This no-fault "choice" plan is no choice for consumers and disguises a blatant insurance industry scam.

Faced with true consumer reform in California two years ago, this industry spent \$80 million to defeat Proposition 103 and pass a no-fault law similar to this proposal. No-fault was defeated 3-1 and reform passed easily. But that didn't stop them.

Despite the vote of the people, an army of insurance company lawyers have spent two years trying to tie up the reform measure in court. They hired the PR people and paid them to re-package no-fault. Now they come to Arizona with a new and improved "consumer choice" plan and invent a so-called consumer group - Project New Start - to promote it. They even have the gall to tell us that "reform hasn't worked" in California, as though their hundreds of lawsuits and millions of dollars had nothing to do with it.

The plain truth is that New Start is an insurance industry front group and that the big insurance companies have never stopped spending millions to prevent real reform.

They say that reforms such as prior approval of their rates and a Consumer Advocate to protect citizens will cost consumers money. They say they'll have to raise premiums to pass along their cost. That's absurd.

The total cost to restore some sanity to the auto insurance system would not pay for one week of their nationwide anti-reform and pro-New Start campaign. We want to know how much our rates have already gone up to pay for this massive anti-consumer effort. What's the cost to date? \$200 million? Half a Billion?

Of course, they won't tell us. They don't have to.

It's time to send them a clear message. Vote NO on this bogus proposal and let them know real reform can't be stopped.

Jim Roush, Staff Director
 Fairness & Accountability in
 Insurance Reform
 Tempe, AZ

ARGUMENT "AGAINST" PROPOSITION 203

We have moved to Arizona from other states . . . states with no-fault auto insurance.

The "consumer choice" auto insurance plan is simply no-fault insurance dressed up in a new suit.

No-fault insurance has been around for 20 years and the evidence proves conclusively that it doesn't work. In fact, claims that no-fault produces savings for the consumer are totally unsupported and defy common sense.

The most recent U.S. Department of Transportation study showed no-fault premiums in 1987 to be 40% higher than in traditional states like Arizona. Massachusetts, which is the birthplace of no-fault, has the highest rates in the nation.

In addition, a recently published comparison by the A.M. Best Company (an insurance rating service) showed that of the 10 states with the highest auto insurance rates, 7 were no-fault states. Of the 10 states with the lowest rates, only two (North and South Dakota) are no-fault.

Insurance is a profitable business. The U. S. GAO released a study in October of 1989 showing that auto insurance alone produced an after-tax profit of \$22.6 billion over a ten-year period.

Voters should be wary of the "pie-in-the-sky" claims of no-fault supporters. The evidence clearly shows that no-fault doesn't work.

Voters should be doubly wary when no-fault comes dressed in a Madison Avenue suit and is pushed by free-spending "consumer" groups which are merely puppet organizations for the insurance industry.

Don't make "the Massachusetts Mistake". Vote NO on Proposition 203.

John L. Smith,
former PA resident
Phoenix, AZ

Martin R. Shaloo,
former NJ resident
Phoenix, AZ

Laurie R. Howard,
former MI resident
Phoenix, AZ

*Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer*

ARGUMENT "AGAINST" PROPOSITION 203

No-fault insurance scares me to death. In December of 1985, my wife and I were almost killed in a head-on collision that was not our fault. The bones in my face were shattered and the scars are still evident.

My wife experienced compound fractures of both legs. Initial prognosis was for amputation. 1 1/2 years later, after 11 surgeries, she finally took her first step. She has had to go through many painful operations and intensive therapy over the past five years. She still faces more.

The accident was not our fault, yet under the proposed basic no-fault plan we could have been limited to recover only \$15,000 from our own insurance company. Period.

\$15,000 would not have begun to cover the extensive medical costs we had to pay. Yet under no-fault, we would have given up our constitutional right to recover damages from the person that injured us.

Our lives as we knew them will never be the same. The accident was not our fault and yet under no-fault, who would have paid the huge bills we accumulated to cover our

medical and therapy costs? Who would have made up for the lost income and change of lifestyle we suffered? Under the proposed no-fault plan, no one!

The insurance industry is enticing the public with a claim of 20% reduction in rates for the first year. All we have to give up is our right to recover the real cost of being injured by someone else in a serious accident! Only the insurance industry really saves money under this plan. For your sake, say NO to no-fault insurance.

Randy Gray, Chairman
Citizens Against No-Fault
Mesa, Arizona

*Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer*

ARGUMENT "AGAINST" PROPOSITION 203

No choice we make as consumers is more personal or important than the choice of health care. Even though the era of the "country doctor" has given way to specialists, HMO's and PPO's, we all want to feel that we know our doctor (or doctors) and that he or she has our best interests in mind in providing care.

So it is ironic, at least, that the insurance industry would name its latest no-fault proposal "consumer choice", given that its adoption would eliminate virtually all choices regarding medical care for the unlucky consumers injured in an accident after purchasing it.

Insurance companies don't want you to choose your own doctor and course of treatment if you are hurt. They want to choose the doctor, and the treatment . . . and when it will begin and end. "Consumer choice" no-fault will give them that right.

It allows them to require your doctor to sign an oath as to the correctness and cost of your care. And since the punishment for being wrong is criminal perjury, many doctors will decline to sign it. If your doctor is one of them, your insurance company can, and will, refuse to pay for his care.

Under this proposal, your insurance company would be allowed to require your doctor to turn over your entire confidential medical history to them, even things totally unrelated to the auto accident. If you or your doctor refuse, they can, and will, refuse to pay for the care.

"Consumer choice" allows for independent medical (and psychological) exams whenever and wherever the insurance company desires. That means their doctor can tell your doctor what to do and when, even if your doctor disagrees. And if either of you refuse, once again, the company can, and will, refuse to pay for your care.

The only real choices under this proposal are the ones insurance companies can make. Don't be fooled. "Consumer choice" is no choice when it comes to medical care.

Dr. Lynne Pirie
Phoenix, AZ

*Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer*

ARGUMENT "AGAINST" PROPOSITION 203

Where insurance is concerned, the rule of thumb has always been to read the fine print. Take a look at this proposal. It is over 30 pages of fine print, written by the insurance

industry. It is, quite literally, more difficult to read and understand than the insurance policy which most of us have never read or understood.

Yet, its supporters say "It's simple. It's your right to choose." And yesterday's sellers of Florida swampland said, "Take it or leave it. It's your loss." And today's devastated buyers of American Continental's worthless junk bonds remember the pitch: "Okay, don't buy them. It's your money."

Another dictum: If it sounds too good to be true, it probably isn't.

If this proposal were as good as they claim, it wouldn't take millions of insurance company dollars and a legion of modern day snakeoil salesmen to sell it. It would sell itself. People would "choose" it.

Instead, this proposal makes the no-fault "choice" policy mandatory. Citizens would have to file papers and sign affidavits simply to reject it. Are the insurance companies afraid to really let us choose?

And why on earth does this proposal state that insurance companies "may require that all policies within a household be either (no-fault or traditional) policies."? Husbands and wives, even parents and children, often disagree. But creating a law where your insurance company makes the decision is absurd. And it certainly doesn't say much for "your right to choose."

And what happens if one driver "chooses" no-fault and another doesn't, but the "no-fault driver" speeds through a red light and smashes #2? Will the law require any kind of responsibility from Mr. No-fault?

Or is no-fault never having to say you're sorry?

It's anybody's guess. Remember to read the fine print.

Vincent Doyle, Director
Phoenix Human Resource Center
Phoenix, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 203

While saying that this proposal will help bring auto insurance within financial reach of more consumers, its proponents ignore the devastating effect it could have on Arizona's older citizens. If seniors are lured into buying this "consumer choice" insurance by the promise of savings, they will find that the \$70 or \$80 saved on premiums may cost them enormously if they are injured in an accident.

No-fault insurance, even so-called "choice" no-fault, involves a significant trade-off. The bottom line is whether the no-fault system gives consumers enough benefits to make up for their loss of access to the legal system. This proposal fails that test, especially in relation to Arizona's older citizens.

Seniors who purchase the "Basic Personal Protection" coverage for its promised 20%, would be subject to a \$15,000 cap for medical expenses, lost income and replacement services. In addition, they could receive no compensation for their pain and suffering and are prohibited from suing the person who caused it.

Studies have shown that older people are generally injured more seriously in auto accidents than younger people and require more extensive rehabilitation services to fully

recover from those injuries. In today's medical marketplace, the \$15,000 cap on benefits virtually ensures that many older citizens will either go without needed care or bankrupt their retirement savings to obtain it.

The trade-off for Arizona's older consumers is simply no choice. Until the insurance industry brings forth a no-fault proposal recognizing the special needs of older citizens for extended medical and rehabilitative care, the senior community in Arizona should reject this proposal.

Harry C. Cooke
Tempe, AZ

Madelene VanArsdell
Phoenix, AZ

Frank Glotfelty
Cottonwood, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 203

Under the no-fault insurance plan, persons involved in automobile accidents would not receive more than a total of \$15,000 under basic coverage for medical expenses. During the past ten years, emergency medical care has come a long way in keeping injured persons alive. Today, a person who has suffered a severe head injury has an excellent chance of recovering and once again become a part of society. The cost, medical and rehabilitation expenses, for such a recovery averages about \$100,000 for the first year. With a coverage limit of \$15,000 the severely injured person will quickly expend all of his resources and will eventually have to be maintained by State or County funded social services, systems that are currently over burdened and underfunded. The social service delivery system, funded through our taxes, would eventually have to increase to support those who have expended all of their resources and who are still debilitated and unable to earn a living. People who have medical needs cannot be left in the street, tax dollars will have to be used to meet their needs. An initial decrease in insurance rates will eventually lead to an increase in taxes. We have an ethical and moral obligation to help those who cannot help themselves.

As soon as we begin to put an economic value on the life and worth of an individual, we begin to discriminate against those in our society who are undervalued. They include the handicapped, homemakers, children and even people who may happen to be unemployed. There is no way under no-fault to argue about a person's potential or their meaning to the lives of the people around them. We should not support a system that consistently undervalues the lives and worth of the citizens of this State.

Richard Eck, Ph.D.
Tucson, AZ

Lisa M. Huggins
Phoenix, AZ

Debbie McCune-Davis
State Representative
Phoenix, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

ARGUMENT "AGAINST" PROPOSITION 203

In an already over-priced market, where good drivers with accident-free records are faced with rate increases of as much as 30%, this no-fault auto insurance proposal will only make matters worse.

By overturning the common sense rule that wrongdoers pay for their negligent or irresponsible acts, this proposal will allow insurance companies to pass along their costs in greater proportion to good drivers.

What this proposal seeks to do is say that no one is at fault in an accident. That means no one accepts responsibility. So even reckless drivers can get off the hook, since no one in an accident is either guilty or innocent, including passengers.

And since each driver's respective insurance company settles damage and injury claims with their own policyholder, bad drivers aren't accountable to the good drivers they may injure.

Worse yet, instead of their rates going up because they cause more accidents, bad drivers will pay the same rates as good drivers! Under no-fault, there is no way to separate the good from the bad.

At a time when even good driver's rates are skyrocketing, no-fault insurance won't reform the system, but only make it worse. The voters of Arizona have a choice this year. They should reject this proposal and vote for real reform that protects good drivers with discounts and adequate rate-setting standards.

Alyce Manevitz, President
A.M.I. Agency
Phoenix, AZ

Fairness and Accountability in Insurance Reform;
Bill Steele, Chairman; Glenn Schultz, Treasurer

BALLOT FORMAT

PROPOSITION 203

PROPOSED BY INITIATIVE PETITION

OFFICIAL TITLE

AN INITIATIVE MEASURE RELATING TO INSURANCE; ESTABLISHING A CONSUMER CHOICE IN MOTOR VEHICLE INSURANCE SYSTEM WHICH OFFERS A CHOICE OF COVERAGE AGAINST LOSSES FROM PERSONAL INJURY AND PROPERTY DAMAGE ARISING OUT OF THE OPERATION OR USE OF MOTOR VEHICLES; PRESCRIBING A TWENTY PERCENT REDUCTION IN RATES; ABOLISHING TORT LIABILITY IN CERTAIN CASES; PRESCRIBING DEFINITIONS; PRESCRIBING INSURANCE REQUIREMENTS; PRESCRIBING THE GEOGRAPHIC APPLICATION OF PERSONAL PROTECTION POLICIES; PRESCRIBING PERSONS WHO ARE NOT ENTITLED TO PERSONAL PROTECTION BENEFITS; PRESCRIBING THE PAYMENT OF PERSONAL PROTECTION BENEFITS; PRESCRIBING PROCEDURES WHEN TWO OR MORE COVERAGES APPLY; PRESCRIBING THE PRIORITY OF BENEFITS; PRESCRIBING SOURCES OF INDEMNITY; PRESCRIBING LEGAL LIABILITY; PRESCRIBING THE RIGHT TO CHOOSE TO REMAIN IN THE TORT SYSTEM; PROSCRIBING A SUBTRACTION AGAINST PERSONAL PROTECTION BENEFITS DUE; PRESCRIBING MONTHLY PAYMENTS OF PERSONAL PROTECTION BENEFITS; PRESCRIBING WHEN PAYMENTS ARE OVERDUE; PRESCRIBING THAT PERSONAL PROTECTION BENEFITS ARE EXEMPT FROM GARNISHMENT; PROSCRIBING AN ASSIGNMENT OF ANY RIGHT TO PERSONAL PROTECTION BENEFITS; PROSCRIBING CANCELLATION OR NONRENEWAL; PRESCRIBING A PENALTY; PRESCRIBING A TWO YEAR LIMITATION; PROVIDING FOR MENTAL OR PHYSICAL EXAMINATIONS; PRESCRIBING VERIFICATION OF ENTITLEMENT TO BENEFITS; PROVIDING FOR AN ASSIGNED CLAIMS PLAN; PRESCRIBING A PENALTY FOR A FRAUDULENT CLAIM; PROSCRIBING DISCRIMINATION FOR MEDICAL SERVICES FEES; PROVIDING FOR THE USE OF A MANAGED CARE SYSTEM; PRESCRIBING INCENTIVES TO USE SAFETY EQUIPMENT; PRESCRIBING THAT THE DIRECTOR OF THE DEPARTMENT OF INSURANCE MAY ADOPT RULES FOR THE ADMINISTRATION OF THE PERSONAL PROTECTION PROGRAM; PRESCRIBING A BIENNIAL COST OF LIVING REPORT; PROVIDING FOR ARBITRATION; PRESCRIBING COVERAGE OF OUT-OF-STATE MOTOR VEHICLES; PRESCRIBING A RATING SYSTEM; PRESCRIBING A PLAN OF OPERATION; AMENDING TITLE 28, CHAPTER 7, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 9, AND AMENDING 20-259.01(A) AND PROVIDING FOR CONDITIONAL ENACTMENT.

BALLOT FORMAT (Cont'd)

DESCRIPTIVE TITLE

AN ACT CONDITIONED ON PASSAGE OF PROPOSITION 105 ALLOWING MOTORISTS EITHER TO CHOOSE AN AUTO INSURANCE COVERAGE OF AT LEAST \$15,000 PER PERSON REGARDLESS OF FAULT AND GENERALLY LIMITING THE RIGHT TO CLAIM AND RECOVER DAMAGES IN CERTAIN CIRCUMSTANCES OR TO CHOOSE TO RETAIN THE RIGHT TO SUE.

PROPOSITION 203

A "yes" vote shall have the effect of allowing motorists to choose either the traditional auto insurance coverage retaining the right to sue for damages or a modified "no-fault" coverage limiting the right of the injured person to sue for damages.

YES



A "no" vote shall have the effect of maintaining the existing type of auto insurance and methods of recovery for injuries incurred in an automobile accident.

NO



PROPOSITION 300

RECOMMENDATIONS OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS AS TO LEGISLATIVE SALARIES HAVE BEEN CERTIFIED TO THE SECRETARY OF STATE AND ARE HEREBY SUBMITTED TO THE QUALIFIED ELECTORS FOR THEIR APPROVAL OR REJECTION.

(In compliance with Ariz. Const. art. 5 § 13)

"SHALL THE RECOMMENDATIONS OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS CONCERNING LEGISLATIVE SALARIES BE ACCEPTED?"
 YES NO."

SUCH RECOMMENDATIONS IF APPROVED BY THE ELECTORS SHALL BECOME EFFECTIVE AT THE BEGINNING OF THE NEXT REGULAR LEGISLATIVE SESSION WITHOUT ANY OTHER AUTHORIZING LEGISLATION.

STATEMENT FROM THE COMMISSION ON SALARIES FOR ELECTIVE STATE OFFICERS

In accordance with the provisions of article V, section 13, Constitution of Arizona, and title 41, chapter 13, Arizona Revised Statutes, we hereby certify that the salary of \$24,000 per annum for each member of the Legislature is recommended by this Commission for submission to the qualified electors of the State of Arizona at the next regular general election.

Marilyn Hawker, Chairman

John K. Mangum, Member

Susan Beer O'Neill, Member

Kenneth J. Sherk, Member

Allan Stanton, Member

ARGUMENT "FOR" PROPOSITION 300

Arizona's legislators have had only one pay raise since 1969, and since 1981, their salary has been frozen at \$15,000 a year. Arizona presently is 25th in legislative pay, ranking far behind many states with smaller populations. Arizona ranks near the bottom among states with legislatures that meet for more than just a few weeks a year.

The Commission on Salaries for Elective State Officers has recommended that the salary for members of the Arizona Legislature be increased to \$24,000 a year. We strongly support this recommendation.

The pay raise that legislators received over nine years ago was inadequate even then, and barely made up for ground lost during the worst inflationary period in our nation's history. The cost of living has continued to rise since then, increasing nearly 30% during the 1980's, during which time legislators' salaries remained unchanged. Arizona's legislative salaries are so low that many qualified individuals decline to run for the office because they simply cannot afford to serve. Many legislators decide not to seek re-election due at least in part to the low pay. The increasing length of legislative sessions — which now typically last five to six months — makes it impossible for many legislators to hold decent-paying jobs outside of their public duties. Because the current salary level is barely higher than the federal poverty level for a family of four, some legislators find they must leave the legislature in order to earn enough money to support their families.

We must do better. Arizona must attract its best citizens to the legislature. The legislature must represent all the people of this state and not just those who can independently afford to serve there. A good place to start is by increasing legislative salaries.

C. Kimball Rose, President
Arizona Judges Association
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 300

Arizona has always had a citizen legislature composed of men and women from all walks of life who give of their time voluntarily to serve their fellow citizens in the Senate and House of Representatives. Over the years since statehood, few if any have ever sought elective office for the pay.

But in Arizona's early days as a state, the issues were less complex, far fewer bills were filed, and the sessions were rarely more than 100 days in length. If the pay was low, so was the workload.

Today, with longer regular sessions, numerous special sessions, study committees that meet between sessions and constituent requests for assistance, legislative service is nearly a full time job. Hundreds and hundreds of bills are filed on issues of great complexity. Legislators need to be able to understand everything from health care to air quality, from highway financing to prison reform.

Yet, while the nature of legislative service has become more rigorous, legislative pay has not increased in nine years. For nearly continuous service, legislators are paid only \$15,000. And more and more legislators must resign from public service in order to support themselves and their families.

For these reasons, the State Bar of Arizona supports the recommendation of the Commission on Salaries for Elected State Officers that legislative pay be increased to \$24,000 a year. This modest increase will help to keep the option of public service open to all our citizens, and assure that the quality of those who represent us remains at the highest possible level.

Frederick M. Aspey, President
State Bar of Arizona
Flagstaff, AZ

BALLOT FORMAT

PROPOSITION 300

RECOMMENDATION OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS AS TO LEGISLATIVE SALARIES HAVE BEEN CERTIFIED TO THE SECRETARY OF STATE AND ARE HEREBY SUBMITTED TO THE QUALIFIED ELECTORS FOR THEIR APPROVAL OR REJECTION.

DESCRIPTIVE TITLE

PROVIDING FOR AN INCREASE IN THE PRESENT SALARY OF STATE LEGISLATORS FROM \$15,000 PER ANNUM TO \$24,000 PER ANNUM AS RECOMMENDED BY THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS.

"SHALL THE RECOMMENDATIONS OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS CONCERNING LEGISLATIVE SALARIES BE ACCEPTED? YES NO"

SUCH RECOMMENDATIONS IF APPROVED BY THE ELECTORS SHALL BECOME EFFECTIVE AT THE BEGINNING OF THE NEXT REGULAR LEGISLATIVE SESSION WITHOUT ANY OTHER AUTHORIZING LEGISLATION.

Current Legislative Salary \$15,000
Salary Proposed by Salary Commission \$24,000

PROPOSITION 300

A "yes" vote shall have the effect of raising state legislator's annual salaries to \$24,000.

YES



A "no" vote shall have the effect of maintaining state legislator's annual salaries at \$15,000.

NO



PROPOSITION 301 WILL NOT APPEAR ON THE GENERAL ELECTION BALLOT IF **PROPOSITION 302** DOES NOT QUALIFY, WITH SUFFICIENT VALID SIGNATURES, FOR THE BALLOT. PLEASE REVIEW THE SAMPLE BALLOT TO BE DELIVERED TO YOUR HOUSEHOLD BEFORE THE GENERAL ELECTION TO DETERMINE WHETHER OR NOT **PROPOSITION 301** WILL APPEAR ON THE BALLOT.

PROPOSITION 301

OFFICIAL TITLE

REFERENDUM ORDERED BY PETITION OF THE PEOPLE
 ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO GENERAL PROVISIONS; PROVIDING THAT THE THIRD MONDAY IN JANUARY IS A LEGAL HOLIDAY KNOWN AS MARTIN LUTHER KING, JR. DAY, AND AMENDING SECTION 1-301, ARIZONA REVISED STATUTES.

Be it enacted by the Legislature of the State of Arizona:
 Section 1. Section 1-301, Arizona Revised Statutes, is amended to read:

- 1-301. Holidays enumerated
- A. The following days shall be holidays:
 - 1. Sunday of each week.
 - 2. January 1, "New Year's Day".
 - 3. **THIRD MONDAY IN JANUARY, "MARTIN LUTHER KING, JR. DAY"**.
 - 4. Second Monday in February, "Lincoln Day".
 - 5. Third Monday in February, "Washington Day".
 - 6. Second Sunday in May, "Mothers' Day".
 - 7. Last Monday in May, "Memorial Day".
 - 8. Third Sunday in June, "Fathers' Day".
 - 9. July 4, "Independence Day".
 - 10. First Sunday in August, "American Family Day".
 - 11. First Monday in September, "Labor Day".
 - 12. September 17, "Constitution Day".
 - 13. Second Monday SUNDAY in October, "Columbus Day".
 - 14. November 11, "Veterans' Day".
 - 15. Fourth Thursday in November, "Thanksgiving Day".
 - 16. December 25, "Christmas Day".
 - B. When any of the holidays enumerated in subsection A falls on a Sunday, the following Monday shall be observed as a holiday, with the exception of the holidays enumerated in subsection A, paragraphs 1, 5, 7, 9, 6, 8, 10, and 11 12 AND 13.
 - C. When any of the holidays enumerated in subsection A, paragraphs 2, 8, 13, 9, 14 and 15 16 falls on a Saturday, the preceding Friday shall be observed as a holiday.
 - D. When the holiday enumerated in subsection A, paragraph 11 12 falls on a day other than Sunday, the Sunday preceding September 17 shall be observed as such holiday.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

This proposition establishes a Martin Luther King, Jr. paid state legal holiday and changes the Columbus Day holiday from a paid legal holiday to an unpaid legal holiday.

The next proposition, Proposition 302, deals with a Martin Luther King, Jr./Civil Rights Day holiday. In order to avoid the possible confusion between these two propositions and how they affect each other, the following vote combinations are suggested:

If you favor a:	Proposition 301	Proposition 302
1. Martin Luther King, Jr./ Civil Rights paid holiday and Columbus paid holiday	NO	YES
2. Martin Luther King, Jr. paid holiday but no Columbus paid holiday	YES	NO
3. Columbus paid holiday but no Martin Luther King, Jr. paid holiday	NO	NO

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 301

The passage of Proposition 301 would honor Martin Luther King, Jr. for his contributions to the civil rights movement and to the development of racial equality in this nation and this state.

A Martin Luther King, Jr. holiday would remind us on a yearly basis to honor all those persons who work to better our society.

The passage of Proposition 301 would not cost the state additional money because the number of paid holidays would remain the same. Columbus Day would become an unpaid holiday.

A Martin Luther King, Jr. holiday would benefit the state economically by encouraging businesses, visitors, conventioners and special events to come to a state that recognizes the achievements of Martin Luther King, Jr.

All but two states in the nation have a Martin Luther King, Jr. holiday. Arizona will no longer be seen as a racist state if Proposition 301 is passed.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 301

Martin Luther King, Jr.'s life and work are too recent in our memory to know what his true place in history will be. We should wait at least another 25 years to see how history judges him before we honor him with a holiday.

Martin Luther King, Jr. was just one of many people involved in the civil rights movement. Instead of singling him out, the holiday should be for "civil rights" day or "equality" day to honor everyone involved in the civil rights movement.

Proposition 301

The passage of Proposition 301 would make Columbus Day an unpaid holiday. This state has had a paid legal holiday honoring Columbus and his achievements for years. It is wrong to substitute this well-deserved and long standing holiday for a Martin Luther King, Jr. Day. All existing holidays should remain intact. Further, Proposition 301 fails to consider that this state already has an unpaid Sunday Martin Luther King, Jr. holiday by a governor's proclamation.

BALLOT FORMAT

PROPOSITION 301	
REFERENDUM ORDERED BY PETITION OF THE PEOPLE	
OFFICIAL TITLE	
A REFERENDUM ORDERED BY PETITION OF THE PEOPLE ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO GENERAL PROVISIONS; PROVIDING THAT THE THIRD MONDY IN JANUARY IS A LEGAL HOLIDAY KNOWN AS MARTIN LUTHER KING, JR. DAY, AND AMENDING SECTION 1-301, ARIZONA REVISED STATUTES.	
DESCRIPTIVE TITLE	
ESTABLISHING THE MARTIN LUTHER KING, JR. PAID HOLIDAY ON THE THIRD MONDAY OF JANUARY AND REMOVING COLUMBUS DAY AS A PAID STATE HOLIDAY.	
PROPOSITION 301	
A "yes" vote shall have the effect of creating a paid state holiday known as Martin Luther King, Jr. Day and removing Columbus Day as a paid state holiday.	YES →
A "no" vote shall have the effect of retaining the existing state paid holidays including Columbus Day but not enacting a paid Martin Luther King, Jr. holiday.	NO →

Proposition 302

THE SIGNATURES ON THE REFERENDUM PETITIONS SEEKING TO PUT **PROPOSITION 302** ON THE BALLOT HAD NOT BEEN CERTIFIED AT THE TIME OF THE PRINTING OF THIS PAMPHLET. PLEASE REVIEW THE SAMPLE BALLOT TO BE DELIVERED TO YOUR HOUSEHOLD BEFORE THE GENERAL ELECTION TO DETERMINE WHETHER OR NOT PROPOSITION 302 HAS QUALIFIED FOR THE BALLOT.

PROPOSITION 302

OFFICIAL TITLE

REFERENDUM ORDERED BY PETITION OF THE PEOPLE

ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO GENERAL PROVISIONS; PROVIDING THAT THE THIRD MONDAY IN JANUARY IS A LEGAL HOLIDAY KNOWN AS MARTIN LUTHER KING, JR./CIVIL RIGHTS DAY; PRESERVING ALL OTHER HOLIDAYS AS THEY EXISTED BEFORE 1989; REPEALING 1989 HOLIDAY LEGISLATION WHICH ESTABLISHED MARTIN LUTHER KING, JR. DAY AND WHICH CHANGED COLUMBUS DAY FROM THE SECOND MONDAY TO THE SECOND SUNDAY IN OCTOBER; AMENDING SECTION 1-301, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1987, CHAPTER 6, SECTION 1, AND REPEALING SECTION 1-301, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1989, FIRST SPECIAL SESSION, CHAPTER 4, SECTION 1.

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

Section 1. Section 1-301, Arizona Revised Statutes, as amended by Laws 1987, Chapter 6, Section 1, is amended to read:

1-301. Holidays enumerated

A. The following days shall be holidays:

1. Sunday of each week.
2. January 1, "New Year's Day".
3. THIRD MONDAY IN JANUARY, "MARTIN LUTHER KING, JR./CIVIL RIGHTS DAY".
- 3- 4. Second Monday in February, "Lincoln Day".
- 4- 5. Third Monday in February, "Washington Day".
- 5- 6. Second Sunday in May, "Mothers' Day".
- 6- 7. Last Monday in May, "Memorial Day".
- 7- 8. Third Sunday in June, "Fathers' Day".
- 8- 9. July 4, "Independence Day".
- 9- 10. First Sunday in August, "American Family Day".
- 10- 11. First Monday in September, "Labor Day".
- 11- 12. September 17, "Constitution Day".
- 12- 13. Second Monday in October, "Columbus Day".
- 13- 14. November 11, "Veterans' Day".
- 14- 15. Fourth Thursday in November, "Thanksgiving Day".
- 15- 16. December 25, "Christmas Day".

B. When any of the holidays enumerated in subsection A falls on a Sunday, the following Monday shall be observed as a holiday, with the exception of the holidays enumerated in subsection A, paragraphs 1, 5, 6, 7, 8, 9 10, and 11 12.

C. When any of the holidays enumerated in subsection A, paragraphs 2, 8, 9, 13 14 and 15 16 falls on a Saturday, the preceding Friday shall be observed as a holiday.

D. When the holiday enumerated in subsection A, paragraph 4 12 falls on a day other than Sunday, the Sunday preceding September 17 shall be observed as such holiday.

Section 2. Repeal

Section 1-301, Arizona Revised Statutes, as amended by Laws 1989, first special session, chapter 4, section 1, is repealed.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

This proposition establishes a Martin Luther King, Jr./Civil Rights day paid state legal holiday. This proposition leaves Columbus Day as a paid holiday.

The previous proposition, proposition 301, deals with a Martin Luther King, Jr. holiday and the Columbus Day holiday. In order to avoid the possible confusion between these two propositions and how they affect each other, the following vote combinations are suggested:

If you favor a:	Proposition 301	Proposition 302
1. Martin Luther King, Jr./ Civil Rights paid holiday and Columbus paid holiday	NO	YES
2. Martin Luther King, Jr. paid holiday but no Columbus paid holiday	YES	NO
3. Columbus paid holiday but no Martin Luther King, Jr. paid holiday	NO	NO

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 302

The passage of Proposition 302 would honor Martin Luther King, Jr. for his contributions to the Civil Rights movement, and more importantly, would honor the Civil Rights movement itself and its goal of equality for all citizens regardless of race, creed or color. The passage of Proposition 302 would help heal the state's wounds by affirming that Arizona is a place where freedom and equality for all races are respected and revered.

The passage of Proposition 302 would benefit the state economically by encouraging businesses, visitors, conventioners and special events to come to a state in which the achievements of Martin Luther King, Jr. and the Civil Rights movement are recognized with a paid state holiday.

A Martin Luther King, Jr./Civil Rights day holiday has a wide spectrum of support in this state. Passing Proposition 302 would put to rest the idea that Arizona is a racist state.

It is time for Arizona to establish a paid Martin Luther King, Jr./Civil Rights day holiday and join the ranks of the federal government and the vast majority of states which have established holidays in Martin Luther King, Jr.'s honor.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 302

Martin Luther King, Jr.'s life and work are too recent in our memory to know what his true place in history will be. We should wait at least another 25 years to see how history judges him before we honor him with a holiday.

Martin Luther King, Jr. was just one of many people involved in the civil rights movement. Instead of singling him out, the holiday should be for "civil rights" day or "equality" day to honor everyone involved in the civil rights movement.

If Proposition 302 passes, state expenses would increase because the state would have to pay for an additional holiday that would only benefit state employees. State employees already have enough holidays.

Taxpayers would not get the day off and would end up paying for the extra holiday in terms of lost work by state employees.

This state already has an unpaid Sunday Martin Luther King, Jr. holiday by a governor's proclamation.

ARGUMENT "FOR" PROPOSITION 302

Dr. King was a drum major for justice, a giant whose life was a testament to the American ideal, that one man can make a difference.

In a sermon on the eve of his assassination, he surely described his own mission when he asked, "Who is it that is supposed to articulate the longings and aspirations of the people more than the preacher? Somehow the preacher must be Amos, and say, 'Let justice roll down like waters and righteousness like a mighty stream.'"

Martin Luther King Jr., did exactly that. He gave eloquent voice and powerful leadership to the long-cherished hopes of millions as he headed a crusade to end bigotry, segregation, and discrimination in our land; to foster equal opportunity, and to make universal America's promise of liberty and justice for all.

Dr. King's work is not done, but neither is his witness stilled. He urged again and again that all of us come to love and befriend one another, to live in brotherhood and reconciliation, to nourish each generation with the lessons of justice and charity that Dr. King taught with his unflinching determination, his complete confidence in the redeeming power of love, and his utter willingness to suffer, to sacrifice, and to serve.

We must and we can all be drum majors for justice. That is our duty and glory as Americans.

I hope that all Arizonans agree with me and join me in supporting a holiday to commemorate these ideals to which Dr. King dedicated his life.

RONALD REAGAN
Former President of the
United States

*Martin Luther King Better America Committee; John Rhodes, Bruce Babbitt,
Co-chairmen*

ARGUMENT "FOR" PROPOSITION 302

On May 16th, the Arizona Legislature established the third Monday of January as Martin Luther King Day.

In so doing, the state of Arizona joined our national government, 47 other states, and 21 Arizona cities including Tucson, Tempe, Glendale, Flagstaff, Scottsdale, and Phoenix.

A Martin Luther King holiday is important for many reasons.

First, it commemorates and celebrates the enormous social progress the United States has made in extending the American Dream to more and more of our citizens.

Just a generation ago, there were laws in many parts of the country that required discrimination on the basis of race.

Martin Luther King's peaceful, nonviolent efforts made a singular contribution to the enormous social progress our country has made over the last several decades.

Arizona should join the rest of the country in honoring this accomplishment—and our country—by upholding the Martin Luther King holiday.

We should do so because it is important to the state's economy. We live in an interdependent world where the image others have of us affects our future.

But most importantly, we should do so to commemorate and celebrate the progress America has made and Martin Luther King's contribution to that progress.

Please vote yes on Proposition 302.

Martin Luther King Better America Committee

John Rhodes	Bruce Babbitt
Co-chairman	Co-chairman
Mesa, AZ	Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

Dr. Martin Luther King, Jr. had a dream of an America in partnership.

It was a dream deeply rooted in the American ideals of equality, freedom and justice for all. He fought hard for this dream, and gave his life for its fulfillment.

Rather than inciting his brothers to raise their hands against one another, he asked that they join hands — as partners — to work for equality and justice. He understood that, "if a house be divided against itself, that house cannot stand." He recognized, as we recognize today, that we can accomplish much more through cooperation — sharing our hopes, dreams and aspirations — than through bitterness and division.

Today the struggle for partnership continues. And though we still face some of the difficulties that Dr. King faced, we can still take faith in his dream. He led America through a crossroads, but his journey was cut short. It is up to us to carry on.

New opportunities are opening up for people of all races — in industry as well as government. No longer are we caught up in ignoble, degrading squabbles over fellow human beings.

It was not so long ago when that was not true.

That is why we celebrate the partnership that Dr. King's work and ideals created. That is why we should celebrate a Martin Luther King holiday.

Kerry Dunne
Executive Director
East Valley Partnership
Mesa, AZ

ARGUMENT "FOR" PROPOSITION 302

As the Phoenix Cardinals play their third National Football League season in Arizona, we feel we are representatives of our state when we visit other NFL cities.

While we are proud of this, we also strongly believe that Arizona should join the national government and 47 other states which have established a Martin Luther King Holiday. The Cardinals are the only member of the 28-team NFL whose state does not have such a holiday.

In professional sports, players and teams are judged by their abilities which, in its own way, fulfills Dr. King's dream of a nation where we are not judged by the color of our skin — but by the content of our character.

Dr. King dedicated his life to expand the American dream of liberty and justice to peoples of all races and religions. He now symbolizes the civil rights movement in America.

When you cast your vote on November 6, reflect upon our nation's progress over the last thirty years. Please vote yes on Proposition 302.

WILLIAM V. BIDWILL, President
PHOENIX CARDINALS
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

Over the past two seasons our organization has achieved a great deal of success. Our accomplishments not only brought our team closer together but also brought a sense of unity to our entire state.

The airport reception we received after beating the Los Angeles Lakers during the playoffs was truly an emotional experience. All types of people, basketball fans and non-fans were buoyed by our success and shared in our accomplishments.

As professional basketball players we appreciate having the opportunity to fulfill our dreams. We are appreciative because it was not that long ago that a black man could not eat at a particular lunch counter or drink from a certain water fountain much less play on a professional athletic team.

Dr. Martin Luther King and the American civil rights movement made our success possible by pushing America to fulfill its promise. Dr. King fought to end segregation and to free the United States from the bonds of racial discrimination. Dr. King protested so that every man, no matter the color of his skin, would be given the opportunity to fulfill his dream.

As a team that lives and works in Arizona and represents our state all over the nation, we ask you to support the dream of Dr. King and the civil rights movement. Vote "yes" on Proposition 302 to create a Martin Luther King Jr. state holiday in Arizona.

Jerry Colangelo
President and C. E. O.
Phoenix Suns
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

The Arizona Young Republican League supports Proposition 302 honoring the late Dr. Martin Luther King, Jr. Dr. King serves as a symbol of justice and was a catalyst in ensuring civil rights to all Americans in this century.

Arizona holds a bright future and the passage of this proposition will reinforce within our state and around the nation, our commitment to the Constitutional concept that "all men are created equal."

We urge all Arizonans to please join us as we vote YES on Proposition 302.

Sarah Suggs, State Chairman
Arizona Young Republican League
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

A Martin Luther King Holiday should be upheld in recognition of what he accomplished and to show our support for equality and equal opportunity.

Additionally, there is an economic issue to be considered.

Tourism is Arizona's second largest income producing industry.

The Scottsdale Chamber of Commerce, Tempe Convention & Visitors Bureau, Phoenix Chamber of Commerce and the Tucson Convention & Visitors Bureau join us in indicating that the controversy over the Martin Luther King Holiday has badly damaged the tourism industry and our state's economy.

Since January 1987 the State of Arizona has lost over \$24 million in convention business directly attributable to the King Day controversy.

An additional \$6 million in convention business was lost because several organizations have refused to even consider Arizona as a potential convention destination.

We will continue to do great harm to our state's economy if we do not uphold the King holiday.

Such events as the 1993 Super Bowl, worth an estimated \$200 million to the local economy, the Episcopal Church convention with some 11,000 delegates and the 1992 meeting of the National League of Cities and Towns, all may be forfeited without the voters support of Proposition 302.

We urge the voting citizens of Arizona to uphold the Martin Luther King Holiday by supporting Proposition 302.

David Radcliffe
President, CEO
Phoenix & Valley of the Sun
Convention & Visitors Bureau
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

Martin Luther King, Jr. was a man who stood for people. All people, regardless of sex, race, or religion. Dr. King was a man who advanced civil rights for both the oppressed and the depressed. A man who resurfaced the constitution - the Bill of Rights. He spoke of women receiving equal pay as men for identical jobs, religious freedom, and all people being created equal. In essence, he was a true leader representing all concerns.

This Fall, when you vote, please take time to ask yourself these very simple questions: Do you believe in the Bill of Rights? Do you believe in the principles for which our United States were founded?

If you answer yes to these questions, then vote in favor of the Martin Luther King, Jr. Holiday. The Holiday is a celebration for a man who led our nation towards civil rights and unity, as well as a celebration for every American and every Arizonan.

Arnie Zaler, Chair
UNITY
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

THE MARTIN LUTHER KING JR. HOLIDAY REPRESENTS A MORAL COMMITMENT THAT UNITES PEOPLE OF ALL RELIGIONS, RACES AND POLITICAL AFFILIATIONS. IT IS A LIVING TRIBUTE NOT ONLY TO A MAN, BUT TO THE AMERICAN DREAM WHICH DR. KING STATED SO ELOQUENTLY: "WHERE OUR CHILDREN ARE JUDGED NOT BY THE COLOR OF THEIR SKIN, BUT BY THE CONTENT OF THEIR CHARACTER."

DR. KING LED THE FIGHT AGAINST RACIAL SEGREGATION AND INJUSTICE. HE WAS THE PREEMINENT VOICE OF THE CIVIL RIGHTS MOVEMENT FROM THE START OF THE BIRMINGHAM BUS BOYCOTT IN 1956 UNTIL HIS ASSASSINATION IN 1968. HIS METHOD WAS NON-VIOLENCE. HIS MOST POWERFUL WEAPONS WERE LOVE, HOPE AND UNITY FOR ALL PEOPLE, WHICH HE EXPRESSED EVEN AFTER HIS OWN HOME HAD BEEN BOMBED.

THERE IS NO NEED TO WAIT ANY LONGER TO JUDGE DR. KING'S PLACE IN HISTORY. THAT PLACE IS FIRMLY ESTABLISHED BY THE BREECHING OF OLD WALLS OF SEGREGATION AND THE STEADILY OPENING DOORS OF OPPORTUNITY FOR ALL PEOPLE REGARDLESS OF RACE, CREED OR ETHNIC BACKGROUND. DR. KING BECAME A MARTYR FOR HIS DREAM THAT ONE DAY AMERICANS OF EVERY COLOR AND CREED WOULD LIVE IN A SOCIETY OF "LIBERTY AND JUSTICE FOR ALL."

MARTIN LUTHER KING, JR., THE MAN, SUFFERED HUMAN FAILINGS, AS HAVE MANY GREAT FIGURES OF AMERICAN AND WORLD HISTORY. WE BELIEVE THAT THESE ARE MATTERS BEST LEFT TO DIVINE JUDGMENT, AND THEY OUGHT NOT AFFECT THE HONOR AND RECOGNITION DUE HIS MOMENTOUS ACCOMPLISHMENTS.

WE URGE ALL VOTERS TO SUPPORT A PAID LEGAL HOLIDAY IN HONOR OF THIS GREAT AMERICAN. IT IS ONE WAY WE CAN AFFIRM OUR OWN COMMITMENT TO MAKING THE AMERICAN DREAM A REALITY FOR EVERY CITIZEN.

Rabbi Robert Kravitz	Joel Breshin	Donald A. Eagle
American Jewish Committee	Anti-Defamation League	National Conference of
Phoenix, AZ	of B'nai B'rith	Christians and Jews
	Phoenix, AZ	Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

The Martin Luther King, Jr. holiday is a celebration of his historic contribution to civil rights, not only for blacks, but for every individual in this nation who has ever suffered the cruel sting of prejudice, injustice and inequity. Dr. King has a unique position in history as furthering the rights and dignity of all people, not only in our own nation, but across the world.

It is a struggle that continues today, and paying tribute to Dr. King, the men who embodied the civil rights movement, sends a strong symbolic message that the spirit of continued social progress marches on in this country . . . and in this state.

Dr. King was an accomplished individual, in addition to his leadership in the civil rights movement. He was a man who spoke for harmony and peace, not division and war. He was a man who encouraged faith in God, family and self. He was a man of great vision.

For all of these reasons, celebrating a King holiday is the right thing to do, as most of our nation has already recognized. The federal government officially recognizes Martin Luther King's contribution to breaking the chains of discrimination and segregation in this country. So do 47 of our 50 states.

Rejecting the King holiday would send the wrong message about Arizona, and about our state's level of civil rights awareness and racial tolerance.

But now we have the opportunity, in the words of King himself, to "let freedom ring, from every mountainside . . . from every peak . . . from every state and every city."

When you cast your vote on Tuesday, November 6, reflect on how much this country has accomplished in the last 30 years. Cast your vote in the spirit of continued social progress and dignity for all human life. Vote "Yes" on proposition 302.

Gene C. Blue, Chairman
Dr. Martin Luther King, Jr.
Arizona Celebration
Phoenix, AZ

ARGUMENT "FOR" PROPOSITION 302

Establishing a holiday honoring Martin Luther King Jr. represents a moral commitment that unites all religions, races and political affiliations. It is a commitment to make this country one in which — to quote Dr. King — "our children are judged not by the color of their skin, but by the content of their character."

Dr. King fought against racial segregation and injustice. His most powerful weapons in this struggle were his love for all people and his devotion to resolving differences peacefully. Even when his own home was bombed and his life threatened, he responded with his message of love, hope and unity.

Dr. King died for his belief that the American Dream should be extended to all citizens. Through his life and death our nation learned more about freedom. For Americans of every race and color, the painful bonds of racial prejudice were loosened.

I hope Arizonans will uphold the enduring truths represented by his cause and will honor their commitment to a just and more tolerant society by voting for the Martin Luther King Jr. holiday.

Joseph T. Heistand, Bishop
The Episcopal Church of Arizona
The Diocese of Arizona
Phoenix, AZ

ARGUMENT "AGAINST" PROPOSITION 302

I urge you to vote NO on both Proposition 302 and Proposition 301 relating to the establishment of a PAID Martin Luther King, Jr. Holiday.

Arizona already has a day honoring Dr. King. It is called the Dr. Martin Luther King Jr./Civil Rights Day. In 1987 I proclaimed this day to be on the third Sunday in January — a day in which all Arizonans, if they so choose, can celebrate and honor the memory of Dr. King and Civil Rights.

There are a few people in Arizona, and some powerful forces outside our state, who claim that 97% of the people in Arizona must pay the state workers, (about 3% of the state), to take a day off work in order to honor Dr. King. Taxpayers fail to see the logic of this position. How does paying a few state workers \$4 million of tax money to not work pay homage to anyone? This is economic discrimination. Are we not trying to eliminate discrimination of every kind in our society?

State employees already have 10 paid holidays, whereas private sector workers generally receive 6 or 7 holidays annually. The addition of a paid holiday for Dr. King would boost the number of paid holidays for state workers from 10 to 11! Is this the equity and fairness we are all seeking?

I urge all voters to stand firm against the threats and insults which are thrown at us by those who try to intimidate us to vote their way. Time is always on the side of truth and fairness. Arizona will yet be a shining star as we lead the nation to greater economic prosperity and fairness for all citizens.

Again I urge you to vote NO on Proposition 302 and Proposition 301.

Evan Mecham
Candidate for Governor
Glendale, AZ

BALLOT FORMAT

PROPOSITION 302	
REFERENDUM ORDERED BY PETITION OF THE PEOPLE	
OFFICIAL TITLE	
A REFERENDUM ORDERED BY PETITION OF THE PEOPLE ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO GENERAL PROVISIONS; PROVIDING THAT THE THIRD MONDAY IN JANUARY IS A LEGAL HOLIDAY KNOWN AS MARTIN LUTHER KING, JR. DAY/CIVIL RIGHTS DAY; PRESERVING ALL OTHER HOLIDAYS AS THEY EXISTED BEFORE 1989; REPEALING 1989 HOLIDAY LEGISLATION WHICH ESTABLISHED MARTIN LUTHER KING, JR. DAY AND WHICH CHANGED COLUMBUS DAY FROM THE SECOND MONDAY TO THE SECOND SUNDAY IN OCTOBER; AMENDING SECTION 1-301, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1987, CHAPTER 6, SECTION 1, AND REPEALING SECTION 1-301, ARIZONA REVISED STATES, AS AMENDED BY LAWS 1989, FIRST SPECIAL SESSION, CHAPTER 4, SECTION 1.	
DESCRIPTIVE TITLE	
ESTABLISHING MARTIN LUTHER KING, JR./CIVIL RIGHTS DAY AS A PAID STATE HOLIDAY ON THE THIRD MONDAY OF JANUARY.	
PROPOSITION 302	
A "yes" vote shall have the effect of creating a paid state holiday known as Martin Luther King, Jr./Civil Rights Day.	YES →
A "no" vote shall have the effect of retaining the existing paid state holidays.	NO →

THE REFERENDUM PETITIONS SEEKING TO PUT **PROPOSITION 303** ON THE BALLOT HAD NOT BEEN FILED AT THE TIME OF THE PRINTING OF THIS PAMPHLET. PLEASE REVIEW THE SAMPLE BALLOT TO BE DELIVERED TO YOUR HOUSEHOLD BEFORE THE GENERAL ELECTION TO DETERMINE WHETHER OR NOT **PROPOSITION 303** HAS QUALIFIED FOR THE BALLOT.

PROPOSITION 303

OFFICIAL TITLE

REFERENDUM ORDERED BY PETITION OF THE PEOPLE

ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO TAXATION; PROVIDING FOR REFORM OF STATE INCOME TAX CODE; PRESCRIBING RATES, ADDITIONS, SUBTRACTIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS; PRESCRIBING COMPUTATION OF TAXES; REMOVING INFLATION INDEXING FROM INCOME TAX COMPUTATION; PRESCRIBING PHASE-OUT OF HOMEOWNER'S PROPERTY-TAX REBATE; PRESCRIBING MINIMUM QUALIFYING PROPERTY TAX RATE AND APPLICATION TO CERTAIN CLASSES OF PROPERTY IN SCHOOL DISTRICTS THAT ARE NOT ELIGIBLE FOR EQUALIZATION ASSISTANCE; PRESCRIBING AMOUNT OF MINIMUM VEHICLE LICENSE TAX; PRESCRIBING PROPERTY TAX ASSESSMENT PERCENTAGES FOR PROPERTY CLASSES ONE, TWO AND SIX; PRESCRIBING LUXURY TAX RATE ON CIGARETTES AND DISPOSITION OF REVENUE; PROVIDING FOR A CIGARETTE FLOOR STOCK TAX; REMOVING CREDIT AGAINST TRANSACTION PRIVILEGE AND AFFILIATED EXCISE TAXES FOR ACCOUNTING EXPENSES; PRESCRIBING REDUCED TRANSACTION PRIVILEGE AND AFFILIATED EXCISE TAX RATE ON COMMERCIAL LEASE CLASSIFICATION; PRESCRIBING TRANSACTION PRIVILEGE TAX RATES ON WHICH TRANSPORTATION EXCISE AND COUNTY HOSPITAL TAXES ARE BASED; PRESCRIBING LIMITATION ON URBAN INCOME TAX REVENUE SHARING; PRESCRIBING WITHHOLDING TAX RATES; PRESCRIBING ESTIMATED INCOME TAX; PRESCRIBING 1990 STATE PROPERTY TAX RATES; PROVIDING FOR AMENDED PROPERTY TAX ROLLS AND DELAYED DUE DATE AND DELINQUENCY DATE; PROVIDING FOR STATE PROPERTY TAX RELIEF IN HIGH-TAX COUNTIES; PRESCRIBING DEFINITIONS AND CONFORMING AND TECHNICAL CHANGES; REPEALING SECTIONS 33-304, 42-1322.01, 43-1022.01, 43-1026, 43-1027, 43-1033, 43-1035, 43-1042 THROUGH 43-1051, 43-1054, 43-1055, 43-1056 AND 43-1058 THROUGH 43-1064, ARIZONA REVISED STATUTES; REPEALING TITLE 43, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES; AMENDING SECTIONS 11-293.01, 15-972, 15-992, 28-1591, 41-951, 42-108, 42-227, 42-1204, 42-1317, 42-1482, 42-1483, 42-1484, 42-1491, 43-102, 43-206, 43-401, 43-581, 43-612, 43-613, 43-615, 43-945, 43-961, 43-1001, 43-1011, 43-1012, 43-1023, 43-1041, 43-1043, 43-1072, 43-1073, 43-1095, 43-1098, 43-1101, 43-1111, 43-1122, 43-1123, 43-1231, 43-1332, 43-1401 AND 43-1412, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1021, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 2 AND CHAPTER 296, SECTION 1; AMENDING SECTION 43-1022, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 3; TRANSFERRING AND RENUMBERING SECTIONS 43-1025, 43-1029, 43-1052, 43-1030 AND 43-1032, ARIZONA REVISED STATUTES, FOR PLACEMENT IN TITLE 43, CHAPTER 11, ARTICLE 3, ARIZONA REVISED STATUTES, AS SECTIONS 43-1123, 43-1127, 43-1128, 43-1129 AND 43-1130, RESPECTIVELY; RENUMBERING SECTION 43-1057, ARIZONA REVISED STATUTES, AS SECTION 43-1043; AMENDING TITLE 43, CHAPTER 10, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1042; AMENDING SECTION 43-1043, ARIZONA REVISED STATUTES, AS

RENUMBERED; AMENDING SECTION 43-1075, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 1990, CHAPTER 296, SECTION 3; AMENDING SECTION 43-1121, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 5; AMENDING SECTION 43-1127, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 4 AND AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 43-1128 AND 43-1129, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTION 43-1130, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 296, SECTION 2 AND AS TRANSFERRED AND RENUMBERED; AMENDING SECTION 43-1163, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 1990, CHAPTER 296, SECTION 4, AND AMENDING LAWS 1989, CHAPTER 251, SECTION 1 AS AMENDED BY LAWS 1990, CHAPTER 251, SECTION 2.

TEXT OF PROPOSED AMENDMENT

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

Section 1. Repeal

A. Sections 33-304, 42-1322.01, 43-1022.01, 43-1026, 43-1027, 43-1033, 43-1035, 43-1042 through 43-1051, 43-1054, 43-1055, 43-1056 and 43-1058 through 43-1064, Arizona Revised Statutes, are repealed.

B. Title 43, chapter 2, article 4, Arizona Revised Statutes, is repealed.

Sec. 2. Section 11-293.01, Arizona Revised Statutes, is amended to read:

11-293.01. Adult foster care program for the indigent sick; specifications

A. Each county shall establish an adult foster care program for the indigent sick within the department charged with the delivery of hospitalization and medical care for the indigent sick in the county. The adult foster care program shall be operated in conjunction with the home health services and outpatient medical services provided by the county.

B. Any person who meets the standards prescribed by the county may apply to the county for certification as an adult foster care home provider qualified to receive placement of indigent persons qualified for hospitalization and medical care pursuant to this article. An adult foster care provider shall not provide care or residence on any basis to more than four adults who are not related to the provider. A person shall not be certified as an adult foster care home provider pursuant to this section unless such person agrees to maintain standards prescribed by the county with respect to the self-administration of medications, sanitation and nutrition.

C. The county shall contract with one or more adult foster care providers certified pursuant to this section for the custodial placement of adult indigent persons who are eligible for adult foster care pursuant to section 11-293.

D. The county shall provide all necessary hospitalization and medical care for indigent persons placed pursuant to this section.

~~E. Payments made by a county to a certified adult foster care home provider pursuant to this section are exempt from state individual income tax, pursuant to Section 43-1922.~~

Sec. 3. Section 15-952, Arizona Revised Statutes, is amended to read:

15-972. State limitation on homeowner property taxes; additional state aid to school districts

A. Notwithstanding section 15-971, there shall be additional state aid for education computed for school districts as provided in subsection B of this section.

B. The clerk of the board of supervisors shall compute such additional state aid for education as follows:

1. For a high school district or for a common school district within a high school district which does not offer instruction in high school subjects as provided in section 15-447:

(a) Determine the tax rate for primary property taxes for the school district which would be levied in lieu of the provisions of this section.

(b) Determine ~~fifty-six per cent~~ A PERCENTAGE of the tax rate determined in subdivision (a) of this paragraph AS FOLLOWS:

TAX YEAR	PERCENTAGE
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1990	50%
1991	45%
1992	40%
1993	35%
1994	30%
1995	25%
1996	20%
1997	15%
1998	10%
1999	5%
2000 AND AFTER	0%

(c) Select the lesser of the amount determined in subdivision (b) of this paragraph or two dollars thirty-six cents.

(d) Multiply the rate selected in subdivision (c) of this paragraph as a rate per one hundred dollars assessed valuation by the assessed valuation used for primary property taxes of the class five property in the school district, as determined in section 42-227.

2. For a unified school district, for a common school district not within a high school district or for a common school district which offers instruction in high school subjects as provided in section 15-447:

(a) Determine the tax rate for primary property taxes for the school district which would be levied in lieu of the provisions of this section.

(b) Determine ~~fifty-six per cent~~ A PERCENTAGE of the tax rate determined in subdivision (a) of this paragraph AS FOLLOWS:

TAX YEAR	PERCENTAGE
1990	50%
1991	45%
1992	40%
1993	35%
1994	30%
1995	25%
1996	20%
1997	15%
1998	10%
1999	5%
2000 AND AFTER	0%

(c) Select the lesser of the amount determined in subdivision (b) of this paragraph or four dollars seventy-two cents.

(d) Multiply the rate selected in subdivision (c) of this paragraph as a rate per one hundred dollars assessed valuation by the assessed valuation used for primary property taxes of the class five property in the district, as determined in section 42-227.

C. The clerk of the board of supervisors shall report to the department of revenue not later than the Friday following the third Monday in August of each year the amount by school district of additional state aid for education and the data used for computing the amount as provided in subsection B of this section. The department of revenue shall verify all of the amounts and report to the county board of supervisors not later than August 30 of each year the property tax rate or rates which shall be used for property tax reduction as provided in subsection E of this section.

D. The board of supervisors shall reduce the property tax rate or rates that would be levied in lieu of the provisions of this section by the school district or districts on the assessed valuation used for primary property taxes of the class five property in the school district or districts, as determined in section 42-227, by the rate or rates selected in subsection B, paragraph 1, subdivision (c) and paragraph 2, subdivision (c) of this section. The reduction in property taxes on a parcel of property resulting from the reduction in the property tax rate pursuant to this subsection shall not exceed five hundred dollars except as provided in subsection I of this section. The excess of the reduction in

property taxes for a parcel of property resulting from the reduction in the property tax rate pursuant to this subsection over five hundred dollars shall be deducted from the amount of additional state aid for education.

E. Prior to the levying of taxes for school purposes the board of supervisors shall determine whether the total primary property taxes to be levied for all taxing jurisdictions on each parcel of class five property, as determined in section 42-227, in lieu of the provisions of this subsection, violate article IX, section 18, Constitution of Arizona. For those properties that qualify for property tax exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of Arizona, eligibility for the credit is determined on the basis of the limited property value that corresponds to the taxable assessed value after reduction for the applicable exemption. If the board of supervisors determines that such a situation exists, the board shall apply a credit against the primary property taxes due from each such parcel in the amount in excess of article IX, section 18, Constitution of Arizona. Such excess amounts shall also be additional state aid for education for the school district or districts in which such parcel of property is located.

F. The clerk of the board of supervisors shall report to the department of revenue not later than September 5 of each year the amount by school district of additional state aid for education and the data used for computing the amount as provided in subsection B of this section. The department of revenue shall verify all of the amounts and report to the board of supervisors not later than September 10 of each year the property tax rate which shall be used for property tax reduction as provided in subsection E of this section.

G. The clerk of the board of supervisors shall report to the department of revenue not later than September 30 of each year in writing the following:

1. The data processing specifications used in the calculations provided for in subsections B and E of this section.

2. At the minimum copies of two actual tax bills for class five property, as determined in section 42-227, for each distinct tax area.

H. The department of revenue shall report to the state board of education not later than October 12 of each year the amount by school district of additional state aid for education as provided in this section. The additional state aid for education provided in this section shall be apportioned as provided in section 15-973, except that payments for additional state aid for education for unsecured property shall be paid on the fifteenth day of the month based on claims submitted by the department of revenue. The department of revenue shall submit claims for unsecured property before the first day of each month for which payments are requested.

I. If a parcel of property is owned by a cooperative apartment corporation as defined in section 43-1054 or is owned by the tenants of a cooperative apartment corporation as tenants in common, the reduction in the property taxes prescribed in subsection D of this section shall not exceed five hundred dollars for each owner occupied housing unit on the property. The assessed value used for determining the reduction in taxes for the property is equal to the total assessed value of the property times the ratio of the number of owner occupied housing units to the total number of housing units on the property. AS USED IN THIS SUBSECTION, "COOPERATIVE APARTMENT CORPORATION" MEANS A CORPORATION:

1. HAVING ONLY ONE CLASS OF OUTSTANDING STOCK.
 2. ALL OF THE STOCKHOLDERS OF WHICH ARE ENTITLED, SOLELY BY REASON OF THEIR OWNERSHIP OF STOCK IN THE CORPORATION, TO OCCUPY FOR DWELLING PURPOSES APARTMENTS IN A BUILDING OWNED OR LEASED BY SUCH CORPORATION AND WHO ARE NOT ENTITLED, EITHER CONDITIONALLY OR UNCONDITIONALLY, EXCEPT UPON A COMPLETE OR PARTIAL LIQUIDATION OF THE CORPORATION, TO RECEIVE ANY DISTRIBUTION NOT OUT OF EARNINGS AND PROFITS OF THE CORPORATION.

3. EIGHTY PER CENT OR MORE OF THE GROSS INCOME OF WHICH IS DERIVED FROM TENANT-STOCKHOLDERS. FOR PURPOSES OF THIS PARAGRAPH, "GROSS INCOME" MEANS GROSS INCOME AS DEFINED BY THE UNITED STATES INTERNAL REVENUE CODE, AS DEFINED IN SECTION 43-104.

Sec. 4. Section 15-992, Arizona Revised Statutes, is amended to read:
 15-992. School district tax levy

A. The board of supervisors of each county shall annually, at the time of levying other taxes, levy school district taxes on the property in any school district in which additional amounts are required, which shall be at rates sufficient to provide the additional amounts. The taxes shall be added to and collected in the same manner as other county taxes on the property within the school district. The amount of the school district taxes levied upon the property in a particular school district shall be paid into the school fund of such school district.

B. At the same time of levying taxes as provided in subsection A of this section, the county board of supervisors shall annually levy an additional tax on the property in each school district that is not eligible for equalization assistance as provided in section 15-971 in an amount determined as follows:

1. Determine the levy which would be produced by one-quarter A PERCENTAGE of the applicable qualifying tax rate, prescribed in section 15-971, subsection B, per one hundred dollars assessed valuation. THE APPLICABLE PERCENTAGE FOR PURPOSES OF THIS PARAGRAPH IS SIXTY-FIVE PER CENT FOR TAX YEAR 1990, SEVENTY-FIVE PER CENT FOR TAX YEAR 1991 AND EIGHTY-FIVE PER CENT FOR TAX YEAR 1992 AND THEREAFTER. In this paragraph "assessed valuation" includes ONLY THE VALUE OF PROPERTY LISTED IN CLASSES ONE AND TWO PURSUANT TO SECTION 42-162 AND the value used to determine voluntary contributions collected pursuant to title 48, chapter 1, article 8.

2. Subtract the amount determined in section 15-971, subsection A from the levy determined in paragraph 1 of this subsection. This difference is the additional amount levied ON PROPERTY LISTED AS CLASS ONE OR TWO PURSUANT TO SECTION 42-162 OR COLLECTED AS VOLUNTARY CONTRIBUTIONS PURSUANT TO TITLE 48, CHAPTER 1, ARTICLE 8, except that if the difference is zero or is a negative number, there shall be no levy.

C. Monies collected pursuant to subsection B of this section shall be transmitted to the state treasurer for deposit in the state general fund to aid in school financial assistance.

~~D. The additional tax prescribed in subsection B of this section is subject to the reduction in taxes for class five property prescribed in section 15-972, except that the state is not required to make the payments prescribed in section 15-972, subsection H for this reduction in taxes.~~

Sec. 5. Section 28-1591, Arizona Revised Statutes, is amended to read:

28-1591. Distribution of vehicle license tax

A. Except as provided in subsection F of this section, the license tax imposed by article IX, section 11, of the Constitution of Arizona, shall be collected by the registering officer at the time of application for and before registration of the vehicle each year and be immediately deposited with the county treasurer of the county in which the vehicle is registered. The license tax rate is four dollars on each one hundred dollars in value. During the first twelve months of the life of the vehicle as determined by its initial registration the value of the vehicle is sixty per cent of the manufacturer's base retail price of the vehicle. During each succeeding twelve-month period the value of the vehicle is fifteen per cent less than the value for the preceding twelve-month period. The minimum amount of the license tax computed under this section shall be AS FOLLOWS:

1. Thirty dollars per year for each vehicle subject to the tax THROUGH DECEMBER 31, 1990. On the fifteenth calendar day of each month, the county treasurer and the director shall transmit seventeen dollars fifty cents of the amount collected during the preceding month on each vehicle which is subject to the minimum vehicle license tax to the state treasurer for deposit in the state general fund for general purposes and the remainder shall be distributed pursuant to subsections C and F of this section.

2. TWENTY-THREE DOLLARS THIRTY-THREE CENTS PER YEAR FOR EACH VEHICLE SUBJECT TO THE TAX FROM AND AFTER DECEMBER 31, 1990 THROUGH DECEMBER 31, 1991. ON THE FIFTEENTH CALENDAR DAY OF EACH MONTH, THE COUNTY TREASURER AND THE DIRECTOR SHALL TRANSMIT TWELVE DOLLARS OF THE AMOUNT COLLECTED DURING THE PRECEDING MONTH ON EACH VEHICLE WHICH IS SUBJECT TO THE MINIMUM VEHICLE LICENSE TAX TO THE STATE

TREASURER FOR DEPOSIT IN THE STATE GENERAL FUND FOR GENERAL PURPOSES AND THE REMAINDER SHALL BE DISTRIBUTED PURSUANT TO SUBSECTIONS C AND F OF THIS SECTION.

3. SIXTEEN DOLLARS SIXTY-SIX CENTS PER YEAR FOR EACH VEHICLE SUBJECT TO THE TAX FROM AND AFTER DECEMBER 31, 1991 THROUGH DECEMBER 31, 1992. ON THE FIFTEENTH CALENDAR DAY OF EACH MONTH, THE COUNTY TREASURER AND THE DIRECTOR SHALL TRANSMIT SIX DOLLARS OF THE AMOUNT COLLECTED DURING THE PRECEDING MONTH ON EACH VEHICLE WHICH IS SUBJECT TO THE MINIMUM VEHICLE LICENSE TAX TO THE STATE TREASURER FOR DEPOSIT IN THE STATE GENERAL FUND FOR GENERAL PURPOSES AND THE REMAINDER SHALL BE DISTRIBUTED PURSUANT TO SUBSECTIONS C AND F OF THIS SECTION.

4. TEN DOLLARS PER YEAR FOR EACH VEHICLE SUBJECT TO THE TAX FROM AND AFTER DECEMBER 31, 1992.

B. The director may register or reregister a vehicle for less than a twelve-month period prorating the annual license tax, when in his opinion such proration tends to fulfill the purpose of the monthly registration system. The director shall initially register every vehicle so that the registration of the vehicle expires twelve months from the last day of the month in which the vehicle was initially purchased. No vehicle license tax may be collected retroactively for any period of nonregistration if the current owner of such vehicle was not the owner of the vehicle during any part of the nonregistration period.

C. On the first and the fifteenth calendar day of each month, the county treasurer shall distribute thirty-one and one-half per cent of the monies deposited pursuant to subsection A of this section, except monies deposited in the state general fund, to the state treasurer for deposit in the highway user revenue fund. On the first calendar day, the amount distributed shall include all monies received from the first through the fifteenth calendar day of the preceding month. On the fifteenth calendar day, the amount distributed shall include all monies received from the sixteenth through the last day of the preceding month. Additionally, on the fifteenth calendar day of each month the county treasurer shall distribute the remaining monies received pursuant to subsection A of this section during the entire preceding month as follows:

1. ~~Ten per cent to the state treasurer, to be placed in the general fund of the state for general purposes subject to subsection E of this section, except that from and after June 30, 1988, Twenty per cent shall be distributed to the state treasurer to be placed in the general fund of the state for general purposes subject to subsection E of this section.~~

2. ~~Ten per cent to the state treasurer, to be placed in the state highway fund, except that from and after June 30, 1988 no monies shall be distributed to the state highway fund.~~

3. 2. Twenty-five per cent to the general fund of the county.

4. 3. Twenty-five per cent to the state treasurer, to be placed in the state general fund to aid in school financial assistance.

5. 4. Twenty-five per cent to the several incorporated cities and towns of the county, apportioned in proportion to the population of each as shown by the most recent United States census.

6. 5. Five per cent to the county assessor to be placed in the special fund established pursuant to section 28-301, subsection C, except that no monies shall be distributed to the county assessor if the county has entered into an agreement pursuant to section 28-301.02, in which case five per cent shall be placed in the department's special fund pursuant to section 28-301.03.

D. If any incorporated city or town has had no federal enumeration, the supervisors shall appoint a qualified person to take an accurate census of the incorporated city or town, and the supervisors shall certify the results to the county treasurer, whereupon the incorporated city or town shall share in the distribution as provided by this section.

E. The state treasurer shall each year determine if the amounts distributed pursuant to subsection C, paragraphs 1 and 2 PARAGRAPH 1 and subsection F, paragraphs 1 and 2 PARAGRAPH 1 of this section, in the preceding fiscal year, exceed the amounts distributed

pursuant to subsection C, paragraphs 1 and 2 PARAGRAPH 1 and subsection F, paragraphs 1 and 2 PARAGRAPH 1 of this section, in the next preceding fiscal year, by more than seven per cent. If so, the state treasurer shall, from the amount credited to the general fund of the state, pursuant to subsection C, paragraphs 1 and 2 PARAGRAPH 1 and subsection F, paragraphs 1 and 2 PARAGRAPH 1 of this section, deposit each month for the next nine months in the highway user revenue fund one-ninth of the amount computed as follows:

1. Compound twelve million seven hundred thousand dollars by an annual rate of seven per cent for each fiscal year since fiscal year 1980-1981.

2. Subtract the amount computed in paragraph 1 of this subsection from the amount distributed pursuant to subsection C, paragraphs 1 and 2 PARAGRAPH 1 and subsection F, paragraphs 1 and 2 PARAGRAPH 1 of this section, in the preceding fiscal year.

F. On the first and the fifteenth calendar day of each month, the director shall distribute thirty-one and one-half per cent of the monies collected by the director pursuant to subsection A of this section, except monies deposited in the state general fund, to the state treasurer for deposit in the highway user revenue fund. On the first calendar day, the amount distributed shall include all monies received from the first through the fifteenth calendar day of the preceding month. On the fifteenth calendar day, the amount distributed shall include all monies received from the sixteenth through the last day of the preceding month. Additionally, on the fifteenth calendar day of each month the director shall distribute the remaining monies received pursuant to subsection A of this section during the entire preceding month as follows:

1. ~~Ten per cent to the state treasurer, to be placed in the general fund of this state for general purposes, except that from and after June 30, 1988, Twenty per cent shall be distributed to the state treasurer to be placed in the state general fund for general purposes subject to subsection E of this section.~~

2. ~~Ten per cent to the state treasurer, to be placed in the state highway fund, except that from and after June 30, 1988, no monies shall be distributed to the state highway fund.~~

3. 2. Twenty-five per cent to the general fund of the county.

4. 3. Twenty-five per cent to the state treasurer, to be placed in the state general fund to aid school financial assistance.

5. 4. Twenty-five per cent to the county treasurer to be distributed to the several incorporated cities and towns of the county apportioned in proportion to the population of each as shown by the most recent United States census.

6. 5. Five per cent to be placed in the special fund established pursuant to section 28-301.03.

Sec. 6. Section 41-951, Arizona Revised Statutes, is amended to read:

41-951. Qualification for pension; adjustment

A. Every person who for a period of not less than six months was a member of and received an honorable discharge from the organization known as the Arizona Rangers, created by chapter 2 of title 46, Revised Statutes of Arizona, 1901, and amended by chapter 64 of the Twenty-second Legislative Assembly of the Territory of Arizona, 1903, and who has continuously resided in the Territory and State of Arizona since the date of such honorable discharge, and has not been convicted of a felony, shall be entitled to a pension of six hundred fifty dollars per month as provided by this article, until death or removal from the state.

B. The department of administration shall annually adjust the amount of pensions in the same manner as adjustments of dollar amounts for inflation under title 43, chapter 2, article 4, except the change shall be based upon the change from the prior year to the current year and not upon a base year. ACCORDING TO THE ANNUAL CHANGES IN THE GNP PRICE DEFLATOR AS DEFINED IN SECTION 41-563.

Sec. 7. Section 42-108, Arizona Revised Statutes, is amended to read:

42-108. Disclosure of confidential information; unauthorized disclosure; definitions; violation; classification

A. As used in this section:

1. "Affidavits" includes forms received to report nontaxable estates.

2. "Claimant" means a person asserting an ownership interest in property presumed abandoned under title 44, chapter 3.

3. "Confidential information" includes:

(a) All returns and reports filed with the department for income tax, withholding tax, transaction privilege tax, luxury tax, use tax, rental occupancy tax, property tax, estate tax, severance tax and unclaimed property.

(b) All affidavits, reports or other information filed relating to taxable and nontaxable estates and to claims for unclaimed property.

(c) Applications for transaction privilege licenses, luxury tax licenses, use tax licenses and withholding licenses.

(d) All information discovered concerning taxes and receipts by the department, whether or not by compulsory process.

(e) All return information obtained from the United States internal revenue service and United States bureau of alcohol, tobacco and firearms.

(f) All information supplied at the special request of the department by a taxpayer or claimant of unclaimed property which the taxpayer requests to be held in confidence. Confidential information does not include information which is otherwise a public record.

4. "Reports" includes notices of insurance payments, requests for releases of bank accounts, inventories of safe deposit boxes and holders' reports of abandoned property.

5. "Returns" includes forms prescribed by the department and all supporting schedules, attachments and lists.

6. "Tax administration" includes assessment, collection, investigation, litigation, statistical gathering functions, enforcement, policymaking functions or management of such functions of the tax revenue laws of this state.

7. "Taxpayer", with respect to a joint return, means either party.

B. A person, including a former employee or agent of the department or a person previously having an administrative duty for the department, who has received confidential information while an employee or agent of the department, while performing an administrative duty for the department or pursuant to an exception under subsection D, paragraph 2 or 8 of this section shall not disclose such information except as provided in this section.

C. Confidential information may not be disclosed relating to applications for luxury tax licenses pursuant to section 42-1203.01 or payments under section 42-1204, subsection A, paragraph 10 or 11.

D. Confidential information may be disclosed in the following cases:

1. Confidential information relating to:

(a) A taxpayer may be disclosed to the taxpayer, its successor in interest or a designee of the taxpayer who is authorized in writing by the taxpayer.

(b) A corporate taxpayer may be disclosed to any principal officer of the corporation.

(c) A partnership may be disclosed to any partner of the partnership. This exception does not include disclosure of confidential information of a particular partner unless otherwise authorized.

(d) An estate may be disclosed to the personal representative of the estate and to any heir, next of kin or beneficiary under the will of the decedent if the department finds that the heir, next of kin or beneficiary has a material interest which will be affected by the confidential information.

(e) A trust may be disclosed to the trustee or trustees, jointly or separately, and to the grantor or any beneficiary of the trust if the department finds that the grantor or beneficiary has a material interest which will be affected by the confidential information.

(f) Any taxpayer may be disclosed if the taxpayer has waived any rights to confidentiality either in writing or on the record in any administrative or judicial proceeding.

(g) A claimant may be disclosed to the claimant, its successor in interest or a designee of the claimant pursuant to written authorization by the claimant.

2. Confidential information may be disclosed to:

(a) Any employee of the department whose official duties involve tax or unclaimed property administration.

(b) The office of the attorney general or the office of any county attorney authorized in writing by the attorney general solely for its use in preparation for, or in an investigation which may result in, any proceeding involving tax or unclaimed property administration before the department or other agency or board of this state, or before any grand jury or any state or federal court.

(c) The department of liquor licenses and control for its use in determining whether a spirituous liquor licensee listed in section 4-209.02, subsection A has paid all transaction privilege taxes and affiliated excise taxes incurred as a result of the sale of spirituous liquor at the licensed establishment and imposed on the licensed establishment by this state and its political subdivisions.

(d) Other state tax or unclaimed property officials of this state whose official duties require the disclosure for proper tax or unclaimed property administration purposes if the information is sought in connection with an investigation or other proceeding conducted by the official. Any disclosure is limited to information of a taxpayer or claimant who is being investigated or who is a party to a proceeding conducted by the official.

(e) The United States internal revenue service, United States bureau of alcohol, tobacco and firearms or state tax or unclaimed property officials of other states, if such federal agency or the other state grants substantially similar privileges to the department for the type of information being sought, pursuant to statute and a written agreement between the department and the federal agency or other state.

(f) The auditor general, in connection with any audit of the department subject to the restrictions in subsection F of this section.

(g) Any person to the extent necessary for effective tax or unclaimed property administration in connection with the processing, storage, transmission and reproduction of the information and the programming, maintenance, repair, testing and procurement of equipment for purposes of tax administration.

3. Confidential information may be disclosed in any state or federal judicial or administrative proceeding pertaining to tax or unclaimed property administration if:

(a) The taxpayer or claimant is a party to the proceeding.

(b) The treatment of an item reflected in the information is directly related to the resolution of an issue in such proceeding.

(c) The information directly relates to a transactional relationship between a person who is a party to the proceeding and the taxpayer or claimant which directly affects the resolution of an issue in the proceeding.

4. Identity information may be disclosed for purposes of notifying:

(a) Persons entitled to tax refunds if the department is unable to locate the persons after reasonable effort.

(b) Owners of unclaimed property pursuant to section 44-318.

5. The department shall, upon the request of any person, provide the names and addresses of bingo licensees as defined in section 5-401 or verify whether or not a person has a privilege license and number or withholding license and number.

6. A department employee may, in connection with the official duties relating to any audit, collection activity or civil or criminal investigation, disclose return information to the extent that such disclosure is necessary to obtain information which is not otherwise reasonably available. Such official duties include the correct determination of and liability for tax, the amount to be collected or the enforcement of other state tax revenue laws.

7. If an organization is exempt from the Arizona income tax as provided in section 43-1201, for any taxable year, the name and address of the organization and the application filed by the organization upon which the department made its determination for exemption together with any papers submitted in support of the application and any letter or document issued by the department concerning the application are open to public inspection.

8. Confidential information relating to transaction privilege tax, use tax and rental occupancy tax may be disclosed to any city, town or recreation center district tax official on whose behalf the department administers transaction privilege license tax or use tax, or a city, town or recreation center district which has entered into unified or coordinated auditing programs with the

Proposition 303

department pursuant to section 42-1451, if the information relates to a taxpayer who is or may be taxable by the city, town or recreation center district.

9. The department may disclose statistical information gathered from confidential information if it does not disclose confidential information attributable to any one taxpayer or claimant of unclaimed property.

10. Except as provided in subsection C of this section, confidential information, defined in subsection A, paragraph 3, subdivision (c) of this section, may be disclosed to law enforcement agencies for law enforcement purposes.

11. The department may disclose and publish the names of corporations, the dividends of which qualify for the deduction SUBTRACTION provided by section 43-1052 43-1128.

E. Except as provided in subsection F of this section, a court may order the department to disclose confidential information pertaining to a party to an action. An order shall be made only upon a showing of good cause and that the party seeking the information has made demand upon the taxpayer or claimant for the information.

F. Confidential information shall not be disclosed if the department determines that disclosure would seriously impair any civil or criminal tax investigation or if the disclosure would be contrary to the United States internal revenue code, section 6103(d), 6103(p)(8) or 7213.

G. Notwithstanding subsection D, paragraph 3 of this section, if the confidential information is a tax return of a taxpayer, the department shall not disclose the tax return unless the taxpayer is a party to the proceedings in which disclosure is sought.

H. This section does not prohibit the disclosure by the department of any information or documents submitted to the department by a bingo licensee. Before disclosing the information the department shall obtain the name and address of the person requesting the information.

I. If the department is required or permitted to disclose confidential information, it may charge the person or agency requesting the information for the reasonable cost of its services.

J. Except as provided in subsection F of this section, the department shall release confidential information relating only to the identity and location of any person as requested by the department of economic security pursuant to section 42-133 or 46-291.

K. A disclosure of confidential information in violation of this section is a class 1 misdemeanor. A knowing disclosure of confidential information is a class 6 felony.

Sec. 8. Section 42-227, Arizona Revised Statutes, is amended to read:

42-227. Determination of assessed valuation

A. As a basis for determining the assessed valuation for the different classes of property specified in section 42-162, the following percentages shall apply:

1. Class one: For tax year 1983, thirty-eight per cent of its full cash value. For each tax year after 1983 the percentage is reduced by two per cent of its full cash value per year until tax year 1990. For tax year 1990 and each tax year thereafter, twenty-five THIRTY per cent of its full cash value.

2. Class two: For tax year 1983, thirty-eight per cent of its full cash value. For each tax year after 1983 the percentage is reduced by two per cent of its full cash value per year until tax year 1990. For tax year 1990 and each tax year thereafter, twenty-five THIRTY per cent of its full cash value.

3. Class three: Twenty-five per cent of its full cash value.

4. Class four: Sixteen per cent of its full cash value.

5. Class five: Ten per cent of its full cash value.

6. Class six: For tax year 1984, eighteen per cent of its full cash value. For each tax year after 1984 the percentage is reduced by one per cent of its full cash value per year until tax year 1992. For tax year 1992 1990, FOURTEEN PER CENT OF ITS FULL CASH VALUE. FOR TAX YEAR 1991, THIRTEEN PER CENT OF ITS FULL CASH VALUE. FOR TAX YEAR 1992 and each tax year thereafter, ten TWELVE per cent of its full cash value.

7. Class seven: The director shall annually determine percentages equal to the ratios which:

(a) The total net assessed valuation for secondary tax purposes of all taxable property in classes 1, 2 and 3 and personal property in class 4 bears to the total full cash value of such property and such ratio shall be used for secondary tax purposes as required by federal law.

Proposition 303

(b) The total net assessed valuation of all taxable property for primary tax purposes in classes 1, 2 and 3 and personal property in class 4 bears to the total limited valuation used for primary tax purposes of such property and such ratio shall be used for primary tax purposes as required by federal law.

8. Class eight: Five per cent of its full cash value.

B. The valuation determined for producing oil, gas and geothermal resource interests valued under the provisions of sections 42-143 and 42-227.01 through 42-227.04 shall be the assessed valuation for such property.

C. Upon preparation of the rolls, the assessor shall apply the appropriate percentage to the full cash value and limited property value of all property so that the assessed valuation will be shown.

D. If a parcel of property has more than one percentage applied to its full cash value due to multiple uses pursuant to this section, the percentages shall be applied to the limited property value of the parcel in the same proportion and in the same manner as they were applied to the full cash value of the parcel.

Sec. 9. Section 42-1204, Arizona Revised Statutes, is amended to read:

42-1204. Levy of tax; purpose; classification of luxuries; applicable rate

A. In addition to all other taxes there is levied and imposed and there shall be collected and paid to the state treasurer in the manner provided by this article, on all spirituous, vinous, and malt liquors, on all cigarettes, cigars, smoking tobacco, plug tobacco, snuff and other forms of tobacco, and on cannabis and controlled substances, for use as may be prescribed by law the following tax:

1. On each sealed container of spirituous liquor at the rate of three dollars per gallon and at a proportionate rate for any lesser or greater quantity than one gallon.

2. On each container of vinous liquor of which the alcoholic content is not greater than twenty-four per cent by volume at the rate of eighty-four cents per gallon and at a proportionate rate for any lesser or greater quantity than one gallon.

3. On each container of vinous liquor of which the alcoholic content is greater than twenty-four per cent by volume, containing eight ounces or less, twenty-five cents, and for each eight ounces for containers containing more than eight ounces, twenty-five cents.

4. On each gallon of malt liquor, sixteen cents, and at a proportionate rate for any lesser or greater quantity than one gallon.

5. On each cigarette, two-tenths SEVEN-TWENTIETHS cent.

6. On smoking tobacco, snuff, fine cut chewing tobacco, cut and granulated tobacco, shorts and refuse of fine cut chewing tobacco, and refuse, scraps, clippings, cuttings and sweepings of tobacco, excluding tobacco powder or tobacco products used exclusively for agricultural or horticultural purposes and unfit for human consumption, two cents per ounce or major fraction thereof.

7. On all cavendish, plug or twist tobacco, one-half cent per ounce or fractional part thereof.

8. On each twenty small cigars or fractional part thereof weighing not more than three pounds per thousand, four cents.

9. On cigars of all descriptions except those included in paragraph 8 of this subsection, made of tobacco or any substitute therefor, if manufactured to retail at not more than five cents each, two cents on each three cigars, but if manufactured to retail at more than five cents each, two cents on each cigar.

10. On each ounce of cannabis, ten dollars, and at a proportionate rate for any greater or lesser quantity than one ounce, except that persons not required to obtain a license pursuant to section 42-1203.01, subsection E are not subject to the tax under this paragraph.

11. On each ounce of controlled substance, one hundred twenty-five dollars, and at a proportionate rate for any greater or lesser quantity than one ounce, except that persons not required to obtain a license pursuant to section 42-1203.01, subsection E are not subject to the tax under this paragraph.

B. Monies collected pursuant to this section shall be distributed as follows:

Proposition 303

1. Of the monies collected as prescribed by the terms of subsection A, paragraphs 1 and 3 of this section, three and one-half cents of the rates levied on each of the items prescribed in such paragraphs shall be allocated for the purpose of raising monies for state school aid.

2. The monies collected as prescribed by the terms of subsection A, paragraphs 10 and 11 of this section shall be allocated to the department or other agency of the state, city or county whose investigation resulted in the seizure of the cannabis or controlled substance and to the office of the county attorney in the county in which the seizure is made, if the county attorney has prosecuted the case, in equal shares.

3. Through June 30, 1994 twenty per cent of the monies collected pursuant to subsection A, paragraph 1 of this section, and fifty per cent of the monies collected pursuant to subsection A, paragraphs 2, 3, 4 AND 6 through 9 AND TWO-SEVENTHS OF THE MONIES COLLECTED PURSUANT TO SUBSECTION A, PARAGRAPH 5 of this section shall be deposited in the corrections fund established by section 41-1651 at the same time as other monies collected pursuant to this section are deposited with the state treasurer. From and after June 30, 1994, such monies shall be deposited pursuant to paragraph 4 of this subsection.

4. The remaining monies collected pursuant to this article shall be deposited in the state general fund to aid in defraying necessary and ordinary expenses of the state.

Sec. 10. Not referred

Sec. 11. Section 42-1482, Arizona Revised Statutes, is amended to read:

42-1482. County transportation excise tax for roads; counties with population of one million two hundred thousand or more persons

A. ~~From and after December 31, 1985,~~ A county with a population of one million two hundred thousand or more persons shall levy and the department shall collect a tax at a rate of not more than ten per cent of the transaction privilege tax rate applying, AS OF JANUARY 1, 1990, to each person engaging or continuing in the county in a business taxed under chapter 8, article 1 of this title if a majority of the qualified electors voting at a countywide special election approves the transportation excise tax.

B. The net revenues collected under this section shall be deposited in the regional area road fund pursuant to section 28-1594.01.

C. The tax levied under this section may be in effect for a period of not more than twenty years.

Sec. 12. Section 42-1483, Arizona Revised Statutes, is amended to read:

42-1483. County transportation excise tax for roads; counties with population exceeding four hundred thousand but fewer than one million two hundred thousand persons

A. A county with a population exceeding four hundred thousand but fewer than one million two hundred thousand persons shall levy and the department shall collect a tax at a rate of not more than ten per cent of the transaction privilege tax rate applying, AS OF JANUARY 1, 1990, to each person engaging or continuing in the county in a business taxed under chapter 8, article 1 of this title if a majority of the qualified electors voting at a countywide special election, or a majority of the qualified electors voting on the ballot proposition at a general election, approves the transportation excise tax.

B. The net revenues collected under this section shall be deposited in the regional area road fund pursuant to section 28-1594.02.

C. The tax shall be levied under this section beginning January 1 or July 1, whichever date occurs first after approval by the voters, and may be in effect for a period of not more than twenty years.

Sec. 13. Section 42-1484, Arizona Revised Statutes, is amended to read:

42-1484. County transportation excise tax for roads; counties with population of four hundred thousand or fewer persons

A. A county with a population of four hundred thousand or fewer persons shall levy and the department shall collect a tax at a rate of not more than ten per cent of the transaction privilege tax rate applying, AS OF JANUARY 1, 1990, to each person engaging or continuing in the county in a business taxed under chapter 8, article 1 of this title if a majority of the qualified electors voting at a

Proposition 303

countywide special election, or a majority of the qualified electors voting on the ballot proposition at a general election, approves the transportation excise tax.

B. The net revenues collected under this section within a county shall be deposited in the county's regional area road fund pursuant to section 28-1594.03.

C. The tax shall be levied under this section beginning January 1 or July 1, whichever date occurs first after approval by the voters, and may be in effect for a period of not more than twenty years.

Sec. 14. Section 42-1491, Arizona Revised Statutes, is amended to read:

42-1491. Public transportation excise tax; counties with population of one million two hundred thousand or more persons

A. If a majority of the qualified electors voting at a countywide special election or a majority of the qualified electors voting on the ballot proposition at a general election in a county with a population of one million two hundred thousand or more persons which has a regional public transportation authority under section 28-2502 approves a public transportation excise tax, the regional public transportation authority shall levy and the department shall collect a tax at a rate of not more than ten per cent of the transaction privilege tax rate applying, AS OF JANUARY 1, 1990, to each person engaging or continuing in the county in a business taxed under chapter 8, article 1 of this title beginning January 1 or July 1, whichever date occurs first after approval by the voters, but in no event before January 1, 1989.

B. The net revenues collected under this section shall be deposited in the public transportation fund pursuant to section 28-2502.

C. Unless the context otherwise requires, section 42-1485 governs the administration of and exceptions to the tax imposed by this section.

Sec. 15. Section 43-102, Arizona Revised Statutes, is amended to read:

43-102. Declaration of intent

A. It is the intent of the legislature by the adoption of this act TITLE to accomplish the following objectives:

1. To adopt the provisions of the federal internal revenue code relating to the measurement of adjusted gross income for individuals, to the end that adjusted gross income reported each taxable year by an individual to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in this title.

2. To adopt the provisions of the federal internal revenue code relating to the measurement of taxable income for corporations, trusts, estates and partnerships, to the end that taxable income reported each taxable year by a corporation, trust, estate or partnership to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in this title.

3. To achieve the results in paragraphs 1 and 2 by the application of the various provisions of the federal internal revenue code relating to the definitions of income, exceptions, deductions, ~~(except itemized deductions and personal exemptions for individuals);~~ accounting methods, taxation of individuals, corporations, trusts, estates and partnerships, basis and other pertinent provisions relating to gross income as defined, resulting in an amount called adjusted gross income for individuals and taxable income for corporations, trusts, estates and partnerships in the internal revenue code.

4. To impose on each resident of this state a tax measured by taxable income wherever derived.

5. To impose on each nonresident and each corporation with a business situs in this state a tax measured by taxable income which is the result of activity within or derived from sources within this state.

B. Nothing contained in this act TITLE shall be construed to require a taxpayer to include an item of income or permit a taxpayer to deduct an expense item more than once in computing Arizona taxable income.

Sec. 16. Section 43-206, Arizona Revised Statutes, is amended to read:

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

A. There is established an urban revenue sharing fund which shall, each fiscal year, consist of an amount equivalent to fifteen per cent of the net proceeds of the state income taxes for the fiscal year two years prior to the current fiscal year. FOR FISCAL YEAR 1992-1993 AND THEREAFTER, THE URBAN REVENUE SHARING FUND SHALL CONSIST OF AN AMOUNT EQUIVALENT TO TWELVE AND EIGHT-TENTHS PER CENT OF THE NET PROCEEDS OF THE STATE INCOME TAXES FOR THE FISCAL YEAR TWO YEARS BEFORE THE CURRENT FISCAL YEAR. The fund shall be distributed to incorporated cities and towns as provided in this section.

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 as determined by the United States bureau of the census in the last decennial census or special census pursuant to section 42-1341.01.

C. The treasurer, upon 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.

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

Sec. 17. Section 43-401, Arizona Revised Statutes, is amended to read:

43-401. Withholding tax: rates: election by employee

A. Every employer at the time of the payment of wages, salary, bonus or other emolument to any employee whose compensation is for services performed within this state shall deduct and retain therefrom an amount equal to a percentage of the total amount of the federal income tax deducted and withheld by an employer from the total value of such wages, bonus or other emolument of an employee under the provisions of the United States internal revenue code computed without deductions for any amount withheld. The percentage deducted and retained shall be:

1. Ten per cent, ~~seventeen~~ TWENTY per cent, ~~twenty-two~~ TWENTY-FIVE per cent or ~~twenty-five~~ TWENTY-NINE per cent, at the employee's election pursuant to subsection C, if the employee's annual compensation is less than fifteen thousand dollars.

2. ~~Seventeen~~ TWENTY per cent, ~~twenty-two~~ TWENTY-FIVE per cent or ~~twenty-five~~ TWENTY-NINE per cent, at the employee's election pursuant to subsection C, if the employee's annual compensation is fifteen thousand dollars or more.

B. If the amount collected and payable by the employer to the department in each of the preceding four calendar quarters did not exceed an average of one thousand five hundred dollars, the amount collected shall be paid to the department on or before April 30, July 31, October 31 and January 31 for the preceding calendar quarter. If such amount exceeded one thousand five hundred dollars in each of the preceding four calendar quarters, the employer shall pay to the department the amount he deducts and retains pursuant to this section at the same time as he is required to make deposits of federal tax pursuant to section 6302 of the internal revenue code. On or before April 30, July 31, October 31 and January 31 each year the employer shall reconcile the amounts payable, during the preceding calendar quarter in a manner prescribed by the department. For any business which has not had a withholding certificate for the four preceding consecutive quarters, the quarterly average shall be computed in a manner prescribed by the department.

C. Each employee shall elect which percentage of the federal income tax deducted and withheld shall be withheld for application toward his state income tax liability. The election provided under this subsection shall be exercised by each employee, in writing on a form prescribed by the department. The election shall be made within five days of employment. Each employer shall notify his employees of the election made available under this subsection and shall have election forms available at all times. Each form shall be completed in triplicate, with one copy each for the department, the employer and the employee. The employer shall file a copy of each completed form with the department. Any employee failing to complete an election form as prescribed shall be deemed to have elected the smallest applicable withholding percentage.

Sec. 18. Section 43-581, Arizona Revised Statutes, is amended to read:

43-581. Payment of estimated tax: penalty: forms

A. Any corporation subject to the tax imposed by this title and required to make federal estimated tax payments pursuant to the internal revenue code shall make payments of estimated tax during such corporation's tax year, if the corporation's tax liability under this title is at least one thousand dollars, at the same time a federal estimated tax payment is required to be made pursuant to the internal revenue code. The estimated tax payment shall be made to the department in such a manner that at least ninety per cent of the corporation's estimated Arizona tax liability is paid during the tax year. If the federal estimated tax payment is made on an installment basis, the corporation shall use the same installment percentage for Arizona estimated tax payments.

B. An individual who is subject to the tax imposed by this title and whose Arizona gross income, as defined by section 43-1001, for the taxable year can reasonably be expected to exceed one hundred thousand dollars, or whose Arizona gross income was greater than one hundred thousand dollars in the preceding taxable year, shall make payments of estimated tax during the individual's tax year. The amount of the payments of estimated tax shall be either:

1. If payments of estimated tax are required pursuant to the internal revenue code, twenty per cent of the amount required to be paid to the internal revenue service as estimated tax computed pursuant to the internal revenue code to be paid on or before the due dates established by the internal revenue code.

2. If no federal estimated tax payments are required to be made, an amount which reasonably reflects a taxpayer's Arizona income tax liability which will be unpaid at the end of the taxpayer's tax year. This amount shall be paid in four installments on or before the due dates established by the internal revenue code and shall total, when combined with the taxpayer's withholding tax, at least ninety per cent of the tax due for the current taxable year or one hundred per cent of the tax due for the preceding taxable year.

C. Any other individual who is subject to the tax imposed by this title may make payments of estimated tax during such individual's tax year. The amount of any payment of estimated tax shall be either:

1. If payments of estimated tax are made pursuant to the internal revenue code, ten, fifteen or twenty per cent of the amount paid to the internal revenue service as estimated tax computed pursuant to the internal revenue code and the income tax act of 1954, as amended, to be paid on or before the due dates established by the internal revenue code.

2. If no federal estimated tax payments are required to be made, an amount which reasonably reflects a taxpayer's Arizona income tax liability which will be unpaid at the end of such taxpayer's tax year.

D. The department shall prescribe rules for the payments of estimated tax which shall provide for estimated payments in a manner similar to the manner prescribed in the internal revenue code.

E. If the taxpayer does not pay the estimated tax required by subsection A or B OF THIS SECTION on or before the prescribed dates, there is assessed and the department shall collect a penalty upon the unpaid amount at the rate of sixteen per cent per year, without compounding, from the date prescribed for payment until the payment is received. No penalties or interest shall be assessed or collected if estimated tax payments made pursuant to subsection A OF THIS SECTION are allowable exceptions under the provisions of section 6655 of the internal revenue code.

F. The department shall make available suitable forms and instructions to taxpayers who make estimated tax payments pursuant to this article.

Sec. 19. Section 43-612, Arizona Revised Statutes, is amended to read:

43-612. Contribution of portion of income tax refund to political parties trust fund

A. The department shall provide a space on the individual income tax return form in which the taxpayer may designate an amount of the taxpayer's refund as a voluntary contribution to the political parties trust fund established under section 16-807. The form shall allow the taxpayer to choose among contribution amounts of ten dollars, five dollars or two dollars and shall require the taxpayer to designate the contribution to a political party currently qualified for representation on the state primary and general election ballot pursuant to title 16, chapter 5, article 1. If the contribution is not designated to a qualified political party, the monies shall not be subtracted from the refund and the refund shall be handled as if no voluntary contribution was made.

B. After subtracting any setoff for debts pursuant to section 42-133 the department shall subtract the designated amount from the refund due the taxpayer and pay it to the state treasurer for deposit in the fund.

C. The taxpayer may also donate any amount to the political parties trust fund, in lieu of or in addition to the designated portion of his refund, by an appropriate indication on his return and by including such amount with his return. If no political party is designated with the donation, the donation shall be returned.

~~D. The designated amount of any donation under subsection C of this section qualifies as a deduction under section 43-1059 for the taxable year in which the contribution is made.~~

Sec. 20. Section 43-613, Arizona Revised Statutes, is amended to read:

43-613. Contribution of portion of income tax refund to child abuse prevention and treatment fund

A. Unless not required pursuant to subsection B of this section, the department shall provide a space on the first page of the individual income tax return form in which the taxpayer may designate an amount of the taxpayer's refund as a voluntary contribution to the child abuse prevention and treatment fund established under section 8-550.01. The form shall allow the designation of ten dollars, five dollars or two dollars to be contributed.

B. The department shall subtract the designated amount from the refund due the taxpayer and pay it to the state treasurer who shall pay the department the initial administrative cost and deposit the remainder in the fund. The treasurer shall separately account for the monies in the fund derived from contributions under this section and notify the department if such monies exceed ten million dollars. If such monies do exceed ten million dollars on June 30, this section does not apply and the department shall not provide the space otherwise required by this section on the tax return for that taxable year.

C. The taxpayer may also donate any amount to the child abuse prevention and treatment fund, in lieu of or in addition to the designated portion of his income tax refund, by an appropriate indication on his return and by including that amount with his return.

~~D. The designated amount qualifies as a deduction under section 43-1046 for the taxable year in which the contribution is made.~~

Sec. 21. Section 43-615, Arizona Revised Statutes, is amended to read:

43-615. Contribution of portion of refund to game, non-game, fish and endangered species fund

A. Through tax year 1999, the department shall provide a space on the first page of the individual income tax return form in which the taxpayer may designate an amount of the taxpayer's refund as a voluntary contribution to the game, non-game, fish and endangered species fund established pursuant to section 17-268. The form shall allow the designation of amounts of ten dollars, five dollars or two dollars to be contributed.

B. The department shall subtract the designated amount from the refund due the taxpayer and pay it to the state treasurer for deposit in the fund.

C. The taxpayer may also donate any amount to the game, non-game, fish and endangered species fund, in lieu of or in addition to the designated portion of his income tax refund, by an appropriate indication on his return and by including such amount with his return.

~~D. The designated amount qualifies as a deduction under section 43-1046 for the taxable year in which the contribution is made.~~

Sec. 22. Section 43-945, Arizona Revised Statutes, is amended to read:

43-945. Allocation of personal and dependency exemptions

In the case of a return made for a fractional part of the year the exemptions allowed under sections 43-1023 and ~~43-1057~~ 43-1043 shall be reduced respectively to amounts which bear the same ratio to the full exemptions provided as the number of months in the period for which return is made bears to twelve months.

Sec. 23. Section 43-961, Arizona Revised Statutes, is amended to read:

43-961. Items not deductible in computation of taxable income

In computing taxable income no deduction shall in any case be allowed in respect of:

1. Personal, living or family expenses, except medical expenses deductible under section ~~43-1049~~ ALLOWED PURSUANT TO SECTION 43-1042.

2. With respect to financial institutions, as defined in section 6-101, that portion of any amount otherwise allowable as an interest expense deduction pursuant to the internal revenue code determined by dividing the total of the amount of interest income received on obligations of the United States, this state or any political subdivision of this state, by the sum of tax exempt interest as defined in section 103 of the internal revenue code plus gross income determined pursuant to the internal revenue code, and by multiplying the result thus obtained by any interest deduction allowed pursuant to section 163 of the internal revenue code without regard to the application of section 265 of the internal revenue code, and by adding to such result an amount equal to ten per cent of the total of the amount of interest income received on obligations of the United States, this state or any political subdivision of this state. The total amount disallowed by operation of this paragraph shall be reduced to the extent such disallowance would cause the tax payable by the financial institution under this title to exceed the total of gross income determined pursuant to the internal revenue code, plus the amount of interest income received on obligations of any state, territory or possession of the United States, or any political subdivision thereof, located outside this state, less the amount of interest income received on obligations of the United States.

3. Any amount paid or accrued on indebtedness incurred or continued to purchase a single premium life insurance or endowment contract. For the purposes of this paragraph, if substantially all the premiums of a life insurance or endowment contract are paid within a period of four years from the date on which such contract is purchased, such contract shall be considered a single premium life insurance or endowment contract.

4. Expenses attributable to Arizona gross income derived from illegal activities nor shall any deductions be allowed to any taxpayer on any of his Arizona gross income derived from any other activities which tend to promote or to further, or are connected or associated with, such illegal activities.

5. Any amount, not otherwise provided for by this section, that would otherwise be allowable as a deduction or an adjustment, which is allocable to one or more classes of income, whether or not any amount of income of that class or classes is received or accrued, that is not required to be included in a person's Arizona adjusted gross income or Arizona taxable income.

Sec. 24. Section 43-1001, Arizona Revised Statutes, is amended to read:

43-1001. Definitions

In this chapter, unless the context otherwise requires:

1. "Arizona adjusted gross income" of a resident individual means his Arizona gross income subject to modifications specified in sections 43-1021 and 43-1022.

2. "Arizona gross income" of a resident individual means his federal adjusted gross income for the taxable year, computed pursuant to the internal revenue code.

3. "Dependent" means any of the following persons over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer subject to the rules in section 43-1002:

- (a) A son or daughter of the taxpayer or a descendant of either.
- (b) A stepson or stepdaughter of the taxpayer.
- (c) A brother, sister, stepbrother or stepsister of the taxpayer.
- (d) The father or mother of the taxpayer or an ancestor of either.
- (e) A stepfather or stepmother of the taxpayer.
- (f) A son or daughter of a brother or sister of the taxpayer.
- (g) A brother or sister of the father or mother of the taxpayer.
- (h) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law of the taxpayer.

4. "Federal adjusted gross income" of a resident individual means his adjusted gross income computed pursuant to the internal revenue code.

5. "Head of household" means an individual who is not married at the close of his taxable year and who maintains as his home a household which constitutes for such taxable year the principal

place of abode, as a member of such household, of any person who is a dependent of the taxpayer, if the taxpayer is entitled to an exemption for the taxable year for such person under section 43-1023. An individual may be considered as maintaining a household only if over half of the cost of maintaining the household during the taxable year is furnished by such individual. A head of household means a head of household on the last day of the taxable year unless the taxpayer died during the year, in which case the determination shall be made at the date of death.

6. "Married person" means a married person on the last day of the taxable year subject to the rules in section 43-1002.
7. "Net income" means taxable income.
8. "Person" means an individual.
9. "Single person" means any person who is not married or who was legally separated on the last day of his or her taxable year.
10. "Spouse" means the wife or husband of the taxpayer.
11. "Taxable income" of a resident individual shall be Arizona adjusted gross income less the EXEMPTIONS AND deductions allowed in article 4 of this chapter.
12. "Taxpayer" means any person subject to a tax imposed by this chapter.

Sec. 25. Section 43-1011, Arizona Revised Statutes, is amended to read:

43-1011. Taxes and tax rates

A. There shall be levied, collected and paid for each taxable year upon the entire taxable income of every resident of this state and upon the entire taxable income of every nonresident which is derived from sources within this state taxes DETERMINED in the following MANNER:

1. IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY:

TAXABLE INCOME	TAX RATE
0 - \$10,000	3.80%
\$10,001 - \$25,000	4.40%
\$25,001 - \$50,000	5.25%
\$50,001 - \$150,000	6.50%
\$150,001 AND OVER	7.0%

2. IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:

TAXABLE INCOME	TAX RATE
\$0 - \$20,000	3.80%
\$20,001 - \$50,000	4.40%
\$50,001 - \$100,000	5.25%
\$100,001 - \$300,000	6.50%
\$300,001 AND OVER	7.0%

amounts and at the following rates upon taxable income:

1. On the first one thousand dollars or any part thereof, two per cent.
2. On the second one thousand dollars or any part thereof, three per cent.
3. On the third one thousand dollars or any part thereof, four per cent.
4. On the fourth one thousand dollars or any part thereof, five per cent.
5. On the fifth one thousand dollars or any part thereof, six per cent.
6. On the sixth one thousand dollars or any part thereof, seven per cent.
7. On the seventh one thousand dollars or any part thereof and all taxable income in excess of seven thousand dollars, eight per cent.

B. In the case of a joint return of a husband and wife filed pursuant to section 43-309, the tax imposed by this section shall be twice the tax that would be determined by subsection A of this section if the taxable income of the husband and wife were reduced by one-half.

C. The department shall annually revise the income dollar amounts for each rate bracket prescribed by subsection A of this section to reflect changes mandated by section 43-253.

Sec. 26. Section 43-1012, Arizona Revised Statutes, is amended to read:

43-1012. Optional tax table

A. In lieu of the tax imposed under section 43-1011, there shall be levied, collected and paid for each taxable year upon the Arizona adjusted gross TAXABLE income of each individual who has been a resident of this state for the entire taxable year and whose Arizona adjusted gross TAXABLE income for such year is less than twenty thousand dollars in the case of an individual and forty thousand dollars in the case of a husband and wife filing a joint return A TAX BASED ON THE RATES PRESCRIBED BY SECTION 43-1011 AS SHOWN IN OPTIONAL TAX TABLES DEVELOPED BY THE DEPARTMENT. THE TABLES SHALL PRESCRIBE TAX LIABILITY AMOUNTS, BASED ON FILING STATUS, IN FIFTY DOLLAR INCREMENTS OF TAXABLE INCOME, and who has elected to pay the tax imposed by this section for such year, the tax shown in the following tables or the modified tables as provided in subsection E of this section:

Arizona Adjusted Gross Income		Single Person or Married Person Filing Separately	Single Person Head of Household	Married Couple Filing Jointly
At least	But Less Than			
\$ 1,100.00	\$ 1,150.00	\$.25	\$ 0	\$ 0
1,150.00	1,200.00	1.15	0	0
1,200.00	1,250.00	2.05	0	0
1,250.00	1,300.00	2.95	0	0
1,300.00	1,350.00	3.85	0	0
1,350.00	1,400.00	4.75	0	0
1,400.00	1,450.00	5.65	0	0
1,450.00	1,500.00	6.55	0	0
1,500.00	1,550.00	7.45	0	0
1,550.00	1,600.00	8.35	0	0
1,600.00	1,650.00	9.25	0	0
1,650.00	1,700.00	10.15	0	0
1,700.00	1,750.00	11.05	0	0
1,750.00	1,800.00	11.95	0	0
1,800.00	1,850.00	12.85	0	0
1,850.00	1,900.00	13.75	0	0
1,900.00	1,950.00	14.65	0	0
1,950.00	2,000.00	15.55	0	0
2,000.00	2,050.00	16.45	0	0
2,050.00	2,100.00	17.35	0	0
2,100.00	2,150.00	18.25	0	0
2,150.00	2,200.00	19.15	0	0
2,200.00	2,250.00	20.07	.05	.05
2,250.00	2,300.00	21.42	.95	.95
2,300.00	2,350.00	22.77	1.85	1.85
2,350.00	2,400.00	24.12	2.75	2.75
2,400.00	2,450.00	25.47	3.65	3.65
2,450.00	2,500.00	26.82	4.55	4.55
2,500.00	2,550.00	28.17	5.45	5.45
2,550.00	2,600.00	29.52	6.35	6.35
2,600.00	2,650.00	30.87	7.25	7.25
2,650.00	2,700.00	32.22	8.15	8.15
2,700.00	2,750.00	33.57	9.05	9.05
2,750.00	2,800.00	34.92	9.95	9.95
2,800.00	2,850.00	36.27	10.85	10.85
2,850.00	2,900.00	37.62	11.75	11.75

Proposition 303

2,900.00	2,950.00	38.97	12.65	12.65
2,950.00	3,000.00	40.32	13.55	13.55
3,000.00	3,050.00	41.67	14.45	14.45
3,050.00	3,100.00	43.02	15.35	15.35
3,100.00	3,150.00	44.37	16.25	16.25
3,150.00	3,200.00	45.72	17.15	17.15
3,200.00	3,250.00	47.07	18.05	18.05
3,250.00	3,300.00	48.42	18.95	18.95
3,300.00	3,350.00	49.75	19.85	19.85
3,350.00	3,400.00	51.50	20.75	20.75
3,400.00	3,450.00	53.30	21.65	21.65
3,450.00	3,500.00	55.10	22.55	22.55
3,500.00	3,550.00	56.90	23.45	23.45
3,550.00	3,600.00	58.70	24.35	24.35
3,600.00	3,650.00	60.50	25.25	25.25
3,650.00	3,700.00	62.30	26.15	26.15
3,700.00	3,750.00	64.10	27.05	27.05
3,750.00	3,800.00	65.90	27.95	27.95
3,800.00	3,850.00	67.70	28.85	28.85
3,850.00	3,900.00	69.50	29.75	29.75
3,900.00	3,950.00	71.30	30.65	30.65
3,950.00	4,000.00	73.10	31.55	31.55
4,000.00	4,050.00	74.90	32.45	32.45
4,050.00	4,100.00	76.70	33.35	33.35
4,100.00	4,150.00	78.50	34.25	34.25
4,150.00	4,200.00	80.30	35.15	35.15
4,200.00	4,250.00	82.10	36.05	36.05
4,250.00	4,300.00	83.90	36.95	36.95
4,300.00	4,350.00	85.70	37.85	37.85
4,350.00	4,400.00	87.50	38.75	38.75
4,400.00	4,450.00	89.30	39.65	39.65
4,450.00	4,500.00	91.37	40.82	40.82
4,500.00	4,550.00	93.62	42.17	42.17
4,550.00	4,600.00	95.87	43.52	43.52
4,600.00	4,650.00	98.12	44.87	44.87
4,650.00	4,700.00	100.37	46.22	46.22
4,700.00	4,750.00	102.62	47.57	47.57
4,750.00	4,800.00	104.87	48.92	48.92
4,800.00	4,850.00	107.12	50.27	50.27
4,850.00	4,900.00	109.37	51.62	51.62
4,900.00	4,950.00	111.62	52.97	52.97
4,950.00	5,000.00	113.87	54.32	54.32
5,000.00	5,050.00	116.25	55.75	55.75
5,050.00	5,100.00	118.75	57.25	57.25
5,100.00	5,150.00	121.25	58.75	58.75
5,150.00	5,200.00	123.75	60.25	60.25
5,200.00	5,250.00	126.25	61.75	61.75
5,250.00	5,300.00	128.75	63.25	63.25
5,300.00	5,350.00	131.25	64.75	64.75
5,350.00	5,400.00	133.75	66.25	66.25
5,400.00	5,450.00	136.25	67.75	67.75
5,450.00	5,500.00	138.75	69.25	69.25
5,500.00	5,550.00	141.50	70.75	70.75

Proposition 303

5,550.00	5,600.00	144.50	72.25	70.52
5,600.00	5,650.00	147.50	73.75	71.87
5,650.00	5,700.00	150.50	75.25	73.22
5,700.00	5,750.00	153.50	76.75	74.57
5,750.00	5,800.00	156.50	78.25	75.92
5,800.00	5,850.00	159.50	79.75	77.27
5,850.00	5,900.00	162.50	81.25	78.62
5,900.00	5,950.00	165.50	82.75	79.97
5,950.00	6,000.00	168.50	84.25	81.32
6,000.00	6,050.00	171.50	85.75	82.67
6,050.00	6,100.00	174.50	87.25	84.02
6,100.00	6,150.00	177.50	88.75	85.37
6,150.00	6,200.00	180.50	90.25	86.72
6,200.00	6,250.00	183.50	91.75	88.07
6,250.00	6,300.00	186.50	93.25	89.42
6,300.00	6,350.00	189.50	94.75	90.77
6,350.00	6,400.00	192.50	96.25	92.12
6,400.00	6,450.00	195.50	97.75	93.47
6,450.00	6,500.00	198.50	99.25	94.82
6,500.00	6,550.00	201.75	101.00	96.17
6,550.00	6,600.00	205.25	103.00	97.52
6,600.00	6,650.00	208.75	105.00	98.87
6,650.00	6,700.00	212.25	107.00	100.30
6,700.00	6,750.00	215.75	109.00	102.10
6,750.00	6,800.00	219.25	111.00	103.90
6,800.00	6,850.00	222.75	113.00	105.70
6,850.00	6,900.00	226.25	115.00	107.50
6,900.00	6,950.00	229.75	117.00	109.30
6,950.00	7,000.00	233.25	119.00	111.10
7,000.00	7,050.00	236.75	121.00	112.90
7,050.00	7,100.00	240.25	123.00	114.70
7,100.00	7,150.00	243.75	125.00	116.50
7,150.00	7,200.00	247.75	127.00	118.30
7,200.00	7,250.00	250.75	129.00	120.10
7,250.00	7,300.00	254.25	131.00	121.90
7,300.00	7,350.00	257.75	133.00	123.70
7,350.00	7,400.00	261.25	135.00	125.50
7,400.00	7,450.00	264.75	137.00	127.30
7,450.00	7,500.00	268.25	139.00	129.10
7,500.00	7,550.00	272.00	141.00	130.90
7,550.00	7,600.00	276.00	143.00	132.70
7,600.00	7,650.00	280.00	145.00	134.50
7,650.00	7,700.00	284.00	147.00	136.30
7,700.00	7,750.00	288.00	149.00	138.10
7,750.00	7,800.00	292.00	151.00	139.90
7,800.00	7,850.00	296.00	153.00	141.70
7,850.00	7,900.00	300.00	155.00	143.50
7,900.00	7,950.00	304.00	157.00	145.30
7,950.00	8,000.00	308.00	159.00	147.10
8,000.00	8,050.00	312.00	161.00	148.90
8,050.00	8,100.00	316.00	163.00	150.70
8,100.00	8,150.00	320.00	165.00	152.50
8,150.00	8,200.00	324.00	167.00	154.30

Proposition 303

8,200.00	8,250.00	328.00	169.00	156.10
8,250.00	8,300.00	332.00	171.00	157.90
8,300.00	8,350.00	336.00	173.00	159.70
8,350.00	8,400.00	340.00	175.00	161.50
8,400.00	8,450.00	344.00	177.00	163.30
8,450.00	8,500.00	348.00	179.00	165.10
8,500.00	8,550.00	352.00	181.25	166.90
8,550.00	8,600.00	356.00	183.75	168.70
8,600.00	8,650.00	360.00	186.25	170.50
8,650.00	8,700.00	364.00	188.75	172.30
8,700.00	8,750.00	368.00	191.25	174.10
8,750.00	8,800.00	372.00	193.75	175.90
8,800.00	8,850.00	376.00	196.25	177.70
8,850.00	8,900.00	380.00	198.75	179.50
8,900.00	8,950.00	384.00	201.25	181.62
8,950.00	9,000.00	388.00	203.75	183.87
9,000.00	9,050.00	392.00	206.25	186.12
9,050.00	9,100.00	396.00	208.75	188.37
9,100.00	9,150.00	400.00	211.25	190.62
9,150.00	9,200.00	404.00	213.75	192.87
9,200.00	9,250.00	408.00	216.25	195.12
9,250.00	9,300.00	412.00	218.75	197.37
9,300.00	9,350.00	416.00	221.25	199.62
9,350.00	9,400.00	420.00	223.75	201.87
9,400.00	9,450.00	424.00	226.25	204.12
9,450.00	9,500.00	428.00	228.75	206.37
9,500.00	9,550.00	432.00	231.25	208.62
9,550.00	9,600.00	436.00	233.75	210.87
9,600.00	9,650.00	440.00	236.25	213.12
9,650.00	9,700.00	444.00	238.75	215.37
9,700.00	9,750.00	448.00	241.25	217.62
9,750.00	9,800.00	452.00	243.75	219.87
9,800.00	9,850.00	456.00	246.25	222.12
9,850.00	9,900.00	460.00	248.75	224.37
9,900.00	9,950.00	464.00	251.25	226.62
9,950.00	10,000.00	468.00	253.75	228.87
10,000.00	10,050.00	472.00	256.25	231.25
10,050.00	10,100.00	476.00	258.75	233.75
10,100.00	10,150.00	480.00	261.25	236.25
10,150.00	10,200.00	484.00	263.75	238.75
10,200.00	10,250.00	488.00	266.25	241.25
10,250.00	10,300.00	492.00	268.75	243.75
10,300.00	10,350.00	496.00	271.25	246.25
10,350.00	10,400.00	500.00	273.75	248.75
10,400.00	10,450.00	504.00	276.25	251.25
10,450.00	10,500.00	508.00	278.75	253.75
10,500.00	10,550.00	512.00	281.50	256.25
10,550.00	10,600.00	516.00	284.50	258.75
10,600.00	10,650.00	520.00	287.50	261.25
10,650.00	10,700.00	524.00	290.50	263.75
10,700.00	10,750.00	528.00	293.50	266.25
10,750.00	10,800.00	532.00	296.50	268.75
10,800.00	10,850.00	536.00	299.50	271.25

Proposition 303

10,850.00	10,900.00	540.00	302.50	273.75
10,900.00	10,950.00	544.00	305.50	276.25
10,950.00	11,000.00	548.00	308.50	278.75
11,000.00	11,050.00	552.00	311.50	281.50
11,050.00	11,100.00	556.00	314.50	284.50
11,100.00	11,150.00	560.00	317.50	287.50
11,150.00	11,200.00	564.00	320.50	290.50
11,200.00	11,250.00	568.00	323.50	293.50
11,250.00	11,300.00	572.00	326.50	296.50
11,300.00	11,350.00	576.00	329.50	299.50
11,350.00	11,400.00	580.00	332.50	302.50
11,400.00	11,450.00	584.00	335.50	305.50
11,450.00	11,500.00	588.00	338.50	308.50
11,500.00	11,550.00	592.00	341.50	311.50
11,550.00	11,600.00	596.00	344.50	314.50
11,600.00	11,650.00	600.00	347.50	317.50
11,650.00	11,700.00	604.00	350.50	320.50
11,700.00	11,750.00	608.00	353.50	323.50
11,750.00	11,800.00	612.00	356.50	326.50
11,800.00	11,850.00	616.00	359.50	329.50
11,850.00	11,900.00	620.00	362.50	332.50
11,900.00	11,950.00	624.00	365.50	335.50
11,950.00	12,000.00	628.00	368.50	338.50
12,000.00	12,050.00	632.00	371.50	341.50
12,050.00	12,100.00	636.00	374.50	344.50
12,100.00	12,150.00	640.00	377.50	347.50
12,150.00	12,200.00	644.00	380.50	350.50
12,200.00	12,250.00	648.00	383.50	353.50
12,250.00	12,300.00	652.00	386.50	356.50
12,300.00	12,350.00	656.00	389.50	359.50
12,350.00	12,400.00	660.00	392.50	362.50
12,400.00	12,450.00	664.00	395.50	365.50
12,450.00	12,500.00	668.00	398.50	368.50
12,500.00	12,550.00	672.00	401.75	371.50
12,550.00	12,600.00	676.00	405.25	374.50
12,600.00	12,650.00	680.00	408.75	377.50
12,650.00	12,700.00	684.00	412.25	380.50
12,700.00	12,750.00	688.00	415.75	383.50
12,750.00	12,800.00	692.00	419.25	386.50
12,800.00	12,850.00	696.00	422.75	389.50
12,850.00	12,900.00	700.00	426.25	392.50
12,900.00	12,950.00	704.00	429.75	395.50
12,950.00	13,000.00	708.00	433.25	398.50
13,000.00	13,050.00	712.00	436.75	401.75
13,050.00	13,100.00	716.00	440.25	405.25
13,100.00	13,150.00	720.00	443.75	408.75
13,150.00	13,200.00	724.00	447.25	412.25
13,200.00	13,250.00	728.00	450.75	415.75
13,250.00	13,300.00	732.00	454.25	419.25
13,300.00	13,350.00	736.00	457.75	422.75
13,350.00	13,400.00	740.00	461.25	426.25
13,400.00	13,450.00	744.00	464.75	429.75
13,450.00	13,500.00	748.00	468.25	433.25

Proposition 303

13,500.00	13,550.00	752.00	471.75	436.75
13,550.00	13,600.00	756.00	475.25	440.25
13,600.00	13,650.00	760.00	478.75	443.75
13,650.00	13,700.00	764.00	482.25	447.25
13,700.00	13,750.00	768.00	485.75	450.75
13,750.00	13,800.00	772.00	489.25	454.25
13,800.00	13,850.00	776.00	492.75	457.75
13,850.00	13,900.00	780.00	496.25	461.25
13,900.00	13,950.00	784.00	499.75	464.75
13,950.00	14,000.00	788.00	503.25	468.25
14,000.00	14,050.00	792.00	506.75	471.75
14,050.00	14,100.00	796.00	510.25	475.25
14,100.00	14,150.00	800.00	513.75	478.75
14,150.00	14,200.00	804.00	517.25	482.25
14,200.00	14,250.00	808.00	520.75	485.75
14,250.00	14,300.00	812.00	524.25	489.25
14,300.00	14,350.00	816.00	527.75	492.75
14,350.00	14,400.00	820.00	531.25	496.25
14,400.00	14,450.00	824.00	534.75	499.75
14,450.00	14,500.00	828.00	538.25	503.25
14,500.00	14,550.00	832.00	542.00	506.75
14,550.00	14,600.00	836.00	546.00	510.25
14,600.00	14,650.00	840.00	550.00	513.75
14,650.00	14,700.00	844.00	554.00	517.25
14,700.00	14,750.00	848.00	558.00	520.75
14,750.00	14,800.00	852.00	562.00	524.25
14,800.00	14,850.00	856.00	566.00	527.75
14,850.00	14,900.00	860.00	570.00	531.25
14,900.00	14,950.00	864.00	574.00	534.75
14,950.00	15,000.00	868.00	578.00	538.25
15,000.00	15,050.00	872.00	582.00	542.00
15,050.00	15,100.00	876.00	586.00	546.00
15,100.00	15,150.00	880.00	590.00	550.00
15,150.00	15,200.00	884.00	594.00	554.00
15,200.00	15,250.00	888.00	598.00	558.00
15,250.00	15,300.00	892.00	602.00	562.00
15,300.00	15,350.00	896.00	606.00	566.00
15,350.00	15,400.00	900.00	610.00	570.00
15,400.00	15,450.00	904.00	614.00	574.00
15,450.00	15,500.00	908.00	618.00	578.00
15,500.00	15,550.00	912.00	622.00	582.00
15,550.00	15,600.00	916.00	626.00	586.00
15,600.00	15,650.00	920.00	630.00	590.00
15,650.00	15,700.00	924.00	634.00	594.00
15,700.00	15,750.00	928.00	638.00	598.00
15,750.00	15,800.00	932.00	642.00	602.00
15,800.00	15,850.00	936.00	646.00	606.00
15,850.00	15,900.00	940.00	650.00	610.00
15,900.00	15,950.00	944.00	654.00	614.00
15,950.00	16,000.00	948.00	658.00	618.00
16,000.00	16,050.00	952.00	662.00	622.00
16,050.00	16,100.00	956.00	666.00	626.00
16,100.00	16,150.00	960.00	670.00	630.00

Proposition 303

16,150.00	16,200.00	964.00	674.00	634.00
16,200.00	16,250.00	968.00	678.00	638.00
16,250.00	16,300.00	972.00	682.00	642.00
16,300.00	16,350.00	976.00	686.00	646.00
16,350.00	16,400.00	980.00	690.00	650.00
16,400.00	16,450.00	984.00	694.00	654.00
16,450.00	16,500.00	988.00	698.00	658.00
16,500.00	16,550.00	992.00	702.00	662.00
16,550.00	16,600.00	996.00	706.00	666.00
16,600.00	16,650.00	1000.00	710.00	670.00
16,650.00	16,700.00	1004.00	714.00	674.00
16,700.00	16,750.00	1008.00	718.00	678.00
16,750.00	16,800.00	1012.00	722.00	682.00
16,800.00	16,850.00	1016.00	726.00	686.00
16,850.00	16,900.00	1020.00	730.00	690.00
16,900.00	16,950.00	1024.00	734.00	694.00
16,950.00	17,000.00	1028.00	738.00	698.00
17,000.00	17,050.00	1032.00	742.00	702.00
17,050.00	17,100.00	1036.00	746.00	706.00
17,100.00	17,150.00	1040.00	750.00	710.00
17,150.00	17,200.00	1044.00	754.00	714.00
17,200.00	17,250.00	1048.00	758.00	718.00
17,250.00	17,300.00	1052.00	762.00	722.00
17,300.00	17,350.00	1056.00	766.00	726.00
17,350.00	17,400.00	1060.00	770.00	730.00
17,400.00	17,450.00	1064.00	774.00	734.00
17,450.00	17,500.00	1068.00	778.00	738.00
17,500.00	17,550.00	1072.00	782.00	742.00
17,550.00	17,600.00	1076.00	786.00	746.00
17,600.00	17,650.00	1080.00	790.00	750.00
17,650.00	17,700.00	1084.00	794.00	754.00
17,700.00	17,750.00	1088.00	798.00	758.00
17,750.00	17,800.00	1092.00	802.00	762.00
17,800.00	17,850.00	1096.00	806.00	766.00
17,850.00	17,900.00	1100.00	810.00	770.00
17,900.00	17,950.00	1104.00	814.00	774.00
17,950.00	18,000.00	1108.00	818.00	778.00
18,000.00	18,050.00	1112.00	822.00	782.00
18,050.00	18,100.00	1116.00	826.00	786.00
18,100.00	18,150.00	1120.00	830.00	790.00
18,150.00	18,200.00	1124.00	834.00	794.00
18,200.00	18,250.00	1128.00	838.00	798.00
18,250.00	18,300.00	1132.00	842.00	802.00
18,300.00	18,350.00	1136.00	846.00	806.00
18,350.00	18,400.00	1140.00	850.00	810.00
18,400.00	18,450.00	1144.00	854.00	814.00
18,450.00	18,500.00	1148.00	858.00	818.00
18,500.00	18,550.00	1152.00	862.00	822.00
18,550.00	18,600.00	1156.00	866.00	826.00
18,600.00	18,650.00	1160.00	870.00	830.00
18,650.00	18,700.00	1164.00	874.00	834.00
18,700.00	18,750.00	1168.00	878.00	838.00
18,750.00	18,800.00	1172.00	882.00	842.00

Proposition 303

18,800.00	18,850.00	1176.00	886.00	846.00
18,850.00	18,900.00	1180.00	890.00	850.00
18,900.00	18,950.00	1184.00	894.00	854.00
18,950.00	19,000.00	1188.00	898.00	858.00
19,000.00	19,050.00	1192.00	902.00	862.00
19,050.00	19,100.00	1196.00	906.00	866.00
19,100.00	19,150.00	1200.00	910.00	870.00
19,150.00	19,200.00	1204.00	914.00	874.00
19,200.00	19,250.00	1208.00	918.00	878.00
19,250.00	19,300.00	1212.00	922.00	882.00
19,300.00	19,350.00	1216.00	926.00	886.00
19,350.00	19,400.00	1220.00	930.00	890.00
19,400.00	19,450.00	1224.00	934.00	894.00
19,450.00	19,500.00	1228.00	938.00	898.00
19,500.00	19,550.00	1232.00	942.00	902.00
19,550.00	19,600.00	1236.00	946.00	906.00
19,600.00	19,650.00	1240.00	950.00	910.00
19,650.00	19,700.00	1244.00	954.00	914.00
19,700.00	19,750.00	1248.00	958.00	918.00
19,750.00	19,800.00	1252.00	962.00	922.00
19,800.00	19,850.00	1256.00	966.00	926.00
19,850.00	19,900.00	1260.00	970.00	930.00
19,900.00	19,950.00	1264.00	974.00	934.00
19,950.00	20,000.00	1268.00	978.00	938.00

In the case of a married couple filing jointly the following shall apply:

Arizona Adjusted Gross Income		Married Couple Filing Jointly
At least	But Less Than	
20,000.00	20,050.00	942
20,050.00	20,100.00	946
20,100.00	20,150.00	950
20,150.00	20,200.00	954
20,200.00	20,250.00	958
20,250.00	20,300.00	962
20,300.00	20,350.00	966
20,350.00	20,400.00	970
20,400.00	20,450.00	974
20,450.00	20,500.00	978
20,500.00	20,550.00	982
20,550.00	20,600.00	986
20,600.00	20,650.00	990
20,650.00	20,700.00	994
20,700.00	20,750.00	998
20,750.00	20,800.00	1002
20,800.00	20,850.00	1006
20,850.00	20,900.00	1010
20,900.00	20,950.00	1014
20,950.00	21,000.00	1018
21,000.00	21,050.00	1022
21,050.00	21,100.00	1026
21,100.00	21,150.00	1030
21,150.00	21,200.00	1034

Proposition 303

21,200.00	21,250.00	1038
21,250.00	21,300.00	1042
21,300.00	21,350.00	1046
21,350.00	21,400.00	1050
21,400.00	21,450.00	1054
21,450.00	21,500.00	1058
21,500.00	21,550.00	1062
21,550.00	21,600.00	1066
21,600.00	21,650.00	1070
21,650.00	21,700.00	1074
21,700.00	21,750.00	1078
21,750.00	21,800.00	1082
21,800.00	21,850.00	1086
21,850.00	21,900.00	1090
21,900.00	21,950.00	1094
21,950.00	22,000.00	1098
22,000.00	22,050.00	1102
22,050.00	22,100.00	1106
22,100.00	22,150.00	1110
22,150.00	22,200.00	1114
22,200.00	22,250.00	1118
22,250.00	22,300.00	1122
22,300.00	22,350.00	1126
22,350.00	22,400.00	1130
22,400.00	22,450.00	1134
22,450.00	22,500.00	1138
22,500.00	22,550.00	1142
22,550.00	22,600.00	1146
22,600.00	22,650.00	1150
22,650.00	22,700.00	1154
22,700.00	22,750.00	1158
22,750.00	22,800.00	1162
22,800.00	22,850.00	1166
22,850.00	22,900.00	1170
22,900.00	22,950.00	1174
22,950.00	23,000.00	1178
23,000.00	23,050.00	1182
23,050.00	23,100.00	1186
23,100.00	23,150.00	1190
23,150.00	23,200.00	1194
23,200.00	23,250.00	1198
23,250.00	23,300.00	1202
23,300.00	23,350.00	1206
23,350.00	23,400.00	1210
23,400.00	23,450.00	1214
23,450.00	23,500.00	1218
23,500.00	23,550.00	1222
23,550.00	23,600.00	1226
23,600.00	23,650.00	1230
23,650.00	23,700.00	1234
23,700.00	23,750.00	1238
23,750.00	23,800.00	1242
23,800.00	23,850.00	1246

Proposition 303

23,850.00	23,900.00	1250
23,900.00	23,950.00	1254
23,950.00	24,000.00	1258
24,000.00	24,050.00	1262
24,050.00	24,100.00	1266
24,100.00	24,150.00	1270
24,150.00	24,200.00	1274
24,200.00	24,250.00	1278
24,250.00	24,300.00	1282
24,300.00	24,350.00	1286
24,350.00	24,400.00	1290
24,400.00	24,450.00	1294
24,450.00	24,500.00	1298
24,500.00	24,550.00	1302
24,550.00	24,600.00	1306
24,600.00	24,650.00	1310
24,650.00	24,700.00	1314
24,700.00	24,750.00	1318
24,750.00	24,800.00	1322
24,800.00	24,850.00	1326
24,850.00	24,900.00	1330
24,900.00	24,950.00	1334
24,950.00	25,000.00	1338
25,000.00	25,050.00	1342
25,050.00	25,100.00	1346
25,100.00	25,150.00	1350
25,150.00	25,200.00	1354
25,200.00	25,250.00	1358
25,250.00	25,300.00	1362
25,300.00	25,350.00	1366
25,350.00	25,400.00	1370
25,400.00	25,450.00	1374
25,450.00	25,500.00	1378
25,500.00	25,550.00	1382
25,550.00	25,600.00	1386
25,600.00	25,650.00	1390
25,650.00	25,700.00	1394
25,700.00	25,750.00	1398
25,750.00	25,800.00	1402
25,800.00	25,850.00	1406
25,850.00	25,900.00	1410
25,900.00	25,950.00	1414
25,950.00	26,000.00	1418
26,000.00	26,050.00	1422
26,050.00	26,100.00	1426
26,100.00	26,150.00	1430
26,150.00	26,200.00	1434
26,200.00	26,250.00	1438
26,250.00	26,300.00	1442
26,300.00	26,350.00	1446
26,350.00	26,400.00	1450
26,400.00	26,450.00	1454
26,450.00	26,500.00	1458

Proposition 303

26,500.00	26,550.00	1462
26,550.00	26,600.00	1466
26,600.00	26,650.00	1470
26,650.00	26,700.00	1474
26,700.00	26,750.00	1478
26,750.00	26,800.00	1482
26,800.00	26,850.00	1486
26,850.00	26,900.00	1490
26,900.00	26,950.00	1494
26,950.00	27,000.00	1498
27,000.00	27,050.00	1502
27,050.00	27,100.00	1506
27,100.00	27,150.00	1510
27,150.00	27,200.00	1514
27,200.00	27,250.00	1518
27,250.00	27,300.00	1522
27,300.00	27,350.00	1526
27,350.00	27,400.00	1530
27,400.00	27,450.00	1534
27,450.00	27,500.00	1538
27,500.00	27,550.00	1542
27,550.00	27,600.00	1546
27,600.00	27,650.00	1550
27,650.00	27,700.00	1554
27,700.00	27,750.00	1558
27,750.00	27,800.00	1562
27,800.00	27,850.00	1566
27,850.00	27,900.00	1570
27,900.00	27,950.00	1574
27,950.00	28,000.00	1578
28,000.00	28,050.00	1582
28,050.00	28,100.00	1586
28,100.00	28,150.00	1590
28,150.00	28,200.00	1594
28,200.00	28,250.00	1598
28,250.00	28,300.00	1602
28,300.00	28,350.00	1606
28,350.00	28,400.00	1610
28,400.00	28,450.00	1614
28,450.00	28,500.00	1618
28,500.00	28,550.00	1622
28,550.00	28,600.00	1626
28,600.00	28,650.00	1630
28,650.00	28,700.00	1634
28,700.00	28,750.00	1638
28,750.00	28,800.00	1642
28,800.00	28,850.00	1646
28,850.00	28,900.00	1650
28,900.00	28,950.00	1654
28,950.00	29,000.00	1658
29,000.00	29,050.00	1662
29,050.00	29,100.00	1666
29,100.00	29,150.00	1670

Proposition 303

29,150.00	29,200.00	1674
29,200.00	29,250.00	1678
29,250.00	29,300.00	1682
29,300.00	29,350.00	1686
29,350.00	29,400.00	1690
29,400.00	29,450.00	1694
29,450.00	29,500.00	1698
29,500.00	29,550.00	1702
29,550.00	29,600.00	1706
29,600.00	29,650.00	1710
29,650.00	29,700.00	1714
29,700.00	29,750.00	1718
29,750.00	29,800.00	1722
29,800.00	29,850.00	1726
29,850.00	29,900.00	1730
29,900.00	29,950.00	1734
29,950.00	30,000.00	1738
30,000.00	30,050.00	1742
30,050.00	30,100.00	1746
30,100.00	30,150.00	1750
30,150.00	30,200.00	1754
30,200.00	30,250.00	1758
30,250.00	30,300.00	1762
30,300.00	30,350.00	1766
30,350.00	30,400.00	1770
30,400.00	30,450.00	1774
30,450.00	30,500.00	1778
30,500.00	30,550.00	1782
30,550.00	30,600.00	1786
30,600.00	30,650.00	1790
30,650.00	30,700.00	1794
30,700.00	30,750.00	1798
30,750.00	30,800.00	1802
30,800.00	30,850.00	1806
30,850.00	30,900.00	1810
30,900.00	30,950.00	1814
30,950.00	31,000.00	1818
31,000.00	31,050.00	1822
31,050.00	31,100.00	1826
31,100.00	31,150.00	1830
31,150.00	31,200.00	1834
31,200.00	31,250.00	1838
31,250.00	31,300.00	1842
31,300.00	31,350.00	1846
31,350.00	31,400.00	1850
31,400.00	31,450.00	1854
31,450.00	31,500.00	1858
31,500.00	31,550.00	1862
31,550.00	31,600.00	1866
31,600.00	31,650.00	1870
31,650.00	31,700.00	1874
31,700.00	31,750.00	1878
31,750.00	31,800.00	1882

Proposition 303

31,800.00	31,850.00	1886
31,850.00	31,900.00	1890
31,900.00	31,950.00	1894
31,950.00	32,000.00	1898
32,000.00	32,050.00	1902
32,050.00	32,100.00	1906
32,100.00	32,150.00	1910
32,150.00	32,200.00	1914
32,200.00	32,250.00	1918
32,250.00	32,300.00	1922
32,300.00	32,350.00	1926
32,350.00	32,400.00	1930
32,400.00	32,450.00	1934
32,450.00	32,500.00	1938
32,500.00	32,550.00	1942
32,550.00	32,600.00	1946
32,600.00	32,650.00	1950
32,650.00	32,700.00	1954
32,700.00	32,750.00	1958
32,750.00	32,800.00	1962
32,800.00	32,850.00	1966
32,850.00	32,900.00	1970
32,900.00	32,950.00	1974
32,950.00	33,000.00	1978
33,000.00	33,050.00	1982
33,050.00	33,100.00	1986
33,100.00	33,150.00	1990
33,150.00	33,200.00	1994
33,200.00	33,250.00	1998
33,250.00	33,300.00	2002
33,300.00	33,350.00	2006
33,350.00	33,400.00	2010
33,400.00	33,450.00	2014
33,450.00	33,500.00	2018
33,500.00	33,550.00	2022
33,550.00	33,600.00	2026
33,600.00	33,650.00	2030
33,650.00	33,700.00	2034
33,700.00	33,750.00	2038
33,750.00	33,800.00	2042
33,800.00	33,850.00	2046
33,850.00	33,900.00	2050
33,900.00	33,950.00	2054
33,950.00	34,000.00	2058
34,000.00	34,050.00	2062
34,050.00	34,100.00	2066
34,100.00	34,150.00	2070
34,150.00	34,200.00	2074
34,200.00	34,250.00	2078
34,250.00	34,300.00	2082
34,300.00	34,350.00	2086
34,350.00	34,400.00	2090
34,400.00	34,450.00	2094

Proposition 303

34,450.00	34,500.00	2098
34,500.00	34,550.00	2102
34,550.00	34,600.00	2106
34,600.00	34,650.00	2110
34,650.00	34,700.00	2114
34,700.00	34,750.00	2118
34,750.00	34,800.00	2122
34,800.00	34,850.00	2126
34,850.00	34,900.00	2130
34,900.00	34,950.00	2134
34,950.00	35,000.00	2138
35,000.00	35,050.00	2142
35,050.00	35,100.00	2146
35,100.00	35,150.00	2150
35,150.00	35,200.00	2154
35,200.00	35,250.00	2158
35,250.00	35,300.00	2162
35,300.00	35,350.00	2166
35,350.00	35,400.00	2170
35,400.00	35,450.00	2174
35,450.00	35,500.00	2178
35,500.00	35,550.00	2182
35,550.00	35,600.00	2186
35,600.00	35,650.00	2190
35,650.00	35,700.00	2194
35,700.00	35,750.00	2198
35,750.00	35,800.00	2202
35,800.00	35,850.00	2206
35,850.00	35,900.00	2210
35,900.00	35,950.00	2214
35,950.00	36,000.00	2218
36,000.00	36,050.00	2222
36,050.00	36,100.00	2226
36,100.00	36,150.00	2230
36,150.00	36,200.00	2234
36,200.00	36,250.00	2238
36,250.00	36,300.00	2242
36,300.00	36,350.00	2246
36,350.00	36,400.00	2250
36,400.00	36,450.00	2254
36,450.00	36,500.00	2258
36,500.00	36,550.00	2262
36,550.00	36,600.00	2266
36,600.00	36,650.00	2270
36,650.00	36,700.00	2274
36,700.00	36,750.00	2278
36,750.00	36,800.00	2282
36,800.00	36,850.00	2286
36,850.00	36,900.00	2290
36,900.00	36,950.00	2294
36,950.00	37,000.00	2298
37,000.00	37,050.00	2302
37,050.00	37,100.00	2306

Proposition 303

37,100.00	37,150.00	2310
37,150.00	37,200.00	2314
37,200.00	37,250.00	2318
37,250.00	37,300.00	2322
37,300.00	37,350.00	2326
37,350.00	37,400.00	2330
37,400.00	37,450.00	2334
37,450.00	37,500.00	2338
37,500.00	37,550.00	2342
37,550.00	37,600.00	2346
37,600.00	37,650.00	2350
37,650.00	37,700.00	2354
37,700.00	37,750.00	2358
37,750.00	37,800.00	2362
37,800.00	37,850.00	2366
37,850.00	37,900.00	2370
37,900.00	37,950.00	2374
37,950.00	38,000.00	2378
38,000.00	38,050.00	2382
38,050.00	38,100.00	2386
38,100.00	38,150.00	2390
38,150.00	38,200.00	2394
38,200.00	38,250.00	2398
38,250.00	38,300.00	2402
38,300.00	38,350.00	2406
38,350.00	38,400.00	2410
38,400.00	38,450.00	2414
38,450.00	38,500.00	2418
38,500.00	38,550.00	2422
38,550.00	38,600.00	2426
38,600.00	38,650.00	2430
38,650.00	38,700.00	2434
38,700.00	38,750.00	2438
38,750.00	38,800.00	2442
38,800.00	38,850.00	2446
38,850.00	38,900.00	2450
38,900.00	38,950.00	2454
38,950.00	39,000.00	2458
39,000.00	39,050.00	2462
39,050.00	39,100.00	2466
39,100.00	39,150.00	2470
39,150.00	39,200.00	2474
39,200.00	39,250.00	2478
39,250.00	39,300.00	2482
39,300.00	39,350.00	2486
39,350.00	39,400.00	2490
39,400.00	39,450.00	2494
39,450.00	39,500.00	2498
39,500.00	39,550.00	2502
39,550.00	39,600.00	2506
39,600.00	39,650.00	2510
39,650.00	39,700.00	2514
39,700.00	39,750.00	2518

39,750.00	39,800.00	2522
39,800.00	39,850.00	2526
39,850.00	39,900.00	2530
39,900.00	39,950.00	2534
39,950.00	40,000.00	2538

B. This section shall not apply to an individual filing a return for a period of less than twelve months on account of a change in the accounting period or to a married individual whose spouse files a return and computes the tax without regard to this section or section 43-1041, subsection A.

C. An individual, who is not a head of a family HOUSEHOLD or a married person, shall be treated as a single person.

D. In order to facilitate compliance with this title for a great number of Arizona taxpayers, the department shall prescribe a short form return for THE use of taxpayers who:

1. Are eligible and elect to pay tax pursuant to this section.
2. Do not have income from sources other than wages, salaries, tips, dividends, interest and tax refunds.
3. Have dividend and interest income not in excess of four hundred dollars from either of such sources.
4. Elect not to file for credits against income tax liability other than those contained in sections 43-1072 and 43-1073.

E. ~~The department shall annually revise the optional tax tables provided in subsection A of this section to reflect changes mandated by sections 43-252 and 43-253 and shall round the revised dollar amounts to the nearest whole dollar.~~

Sec. 27. Section 43-1021, Arizona Revised Statutes, as amended by Laws 1990, chapter 255, section 2 and chapter 296, section 1, is amended to read:

43-1021. Additions to Arizona gross income

In computing Arizona adjusted gross income, the following amounts shall be added to Arizona gross income:

- ~~1. Moving expenses for persons moving into or out of this state, to the extent that such expenses deducted in computing federal adjusted gross income exceed the reimbursement for such expenses included in federal adjusted gross income.~~
- ~~2. 1. A beneficiary's share of trust or estate income includible under section 43-1344.~~
- ~~3. 2. A beneficiary's share of trust or estate deductions allowable under the internal revenue code.~~
- ~~4. 3. An amount equal to the "ordinary income portion" of a lump sum distribution that was excluded from federal adjusted gross income pursuant to section 402(e) of the internal revenue code.~~
- ~~5. Any income to be recognized pursuant to section 43-1026, subsection A, paragraph 2 due to a difference in capital loss carryover computed pursuant to the internal revenue code and the income tax act of 1954, as amended.~~
- ~~6. Combat pay of members of the armed forces excludible from income pursuant to section 112 of the internal revenue code.~~
4. The amount of interest income received on obligations of any state, territory or possession of the United States, or any political subdivision thereof, located outside the state of Arizona.
- ~~8. Federal income tax refunds received during the taxable year to the extent they were deducted in arriving at Arizona taxable income in a previous year.~~
- ~~9. The amount of net operating loss taken pursuant to section 172 of the internal revenue code.~~
5. Annuity income received during the taxable year to the extent that the sum of the proceeds received from such annuity in all taxable years prior to and including the current taxable year exceeds the total consideration and premiums paid by the taxpayer. This paragraph applies only to those annuities with respect to which the first payment was received prior to December 31, 1978.

~~11. 6. The excess of a partner's share of partnership taxable income required to be included under chapter 14, Article 2 of this title over the income required to be reported under section 702(a)(8) of the internal revenue code.~~

~~12. 7. The excess of a partner's share of partnership losses determined pursuant to section 702(a)(8) of the internal revenue code over the losses allowable under chapter 14, article 2 of this title.~~

~~13. 8. Any income to be recognized pursuant to section 43-1027, subsection A, paragraph 2 due to a difference in adjusted basis of depreciable property computed pursuant to the internal revenue code and the income tax act of 1954, as amended.~~

~~14. The amount of exploration expenses determined pursuant to section 617 of the internal revenue code to the extent that such expenses exceed seventy-five thousand dollars and to the extent that the election is made to defer those expenses not in excess of seventy-five thousand dollars.~~

~~15. 9. The amount by which the adjusted basis of property described in this paragraph and computed pursuant to the internal revenue code exceeds the adjusted basis of such property computed pursuant to this title and the income tax act of 1954, as amended. This paragraph shall apply to all property which is held for the production of income and which is sold or otherwise disposed of during the taxable year, except depreciable property used in a trade or business.~~

~~16. Amortization of costs incurred in the installation of pollution control devices and deducted pursuant to the internal revenue code or the amount of deduction for depreciation taken pursuant to the internal revenue code on such devices for which an election is made pursuant to section 43-1030.~~

~~17. 10. The amount of depreciation or amortization of costs of child care facilities deducted pursuant to section 167 or 188 of the internal revenue code for which an election is made to amortize pursuant to section 43-1032 or for which a credit is taken under section 43-1075, subsection A, paragraph 1 or section 43-1163, subsection A, paragraph 1.~~

~~18. 11. Amounts withdrawn from the state retirement system, the corrections officer retirement plan, the public safety personnel retirement system, the elected officials' retirement plan or a county or city retirement plan by an employee upon termination of employment before retirement to the extent they were deducted in arriving at Arizona taxable income in any year.~~

12. THAT PORTION OF THE NET OPERATING LOSS INCLUDED IN FEDERAL ADJUSTED GROSS INCOME WHICH HAS ALREADY BEEN TAKEN AS A NET OPERATING LOSS FOR ARIZONA PURPOSES.

~~19. Arizona state income tax refunds received, to the extent the amount of such refunds is not already included in the Arizona gross income, if a tax benefit was derived by deducting this amount in a prior year.~~

~~20. The amount of the community income exclusion allowed pursuant to section 66 of the internal revenue code.~~

~~21. Any amount excluded or deducted in computing Arizona income tax before the 1979 taxable year and carried forward into the 1979 or subsequent taxable years for purposes of federal income tax.~~

~~22. 13. Any nonitemized amount deducted pursuant to section 170 of the internal revenue code representing contributions to an educational institution which denies admission, enrollment or board and room accommodations on the basis of race, color or ethnic background except those institutions primarily established for the education of American Indians.~~

Sec. 28. Section 43-1022, Arizona Revised Statutes, as amended by Laws 1990, chapter 255, section 3, is amended to read:

43-1022. Subtractions from Arizona gross income

In computing Arizona adjusted gross income, the following amounts shall be subtracted from Arizona gross income:

1. The amount of exemptions allowed by section 43-1023.
2. Contributions made to the corrections officer retirement plan or the public safety personnel retirement system.
3. Benefits, annuities and pensions in an amount totalling not more than two thousand five hundred dollars received from one or more of the following:

(a) The United States government service retirement and disability fund, retired or retiree pay of the uniformed services of the United States, the United States foreign service retirement and disability system and any other retirement system or plan established by federal law.

(b) The state retirement system, the state retirement plan, the corrections officer retirement plan, the public safety personnel retirement system, the elected officials' retirement plan, an optional retirement program established by the Arizona board of regents under section 15-1628 or a retirement plan established for employees of a county, city or town in this state.

4. A beneficiary's share of trust or estate income recognized pursuant to the internal revenue code.

5. The amount of any distributions from an individual retirement account as provided for in section 408 of the internal revenue code or from a qualified retirement plan of a self-employed individual as provided for in section 401 of the internal revenue code to the extent that total adjustments made pursuant to this paragraph in all tax years do not exceed the total of all contributions made by the taxpayer to such plans prior to December 31, 1975, which were included in computing Arizona taxable income.

6. The amount of income on an installment receivable recognized pursuant to the internal revenue code which has already been recognized ON THE DEATH OF THE TAXPAYER for purposes of this title for tax years ending before January 1, 1990.

7. The amount allowed by section 43-1026, subsection A, paragraph 1 resulting from the difference between capital loss carryovers computed pursuant to the internal revenue code and the income tax act of 1954, as amended.

8. The salary, wages, bonuses, allowances and other compensation received by an individual for his services as a member of the armed forces of the United States, including any auxiliary branch thereof and public health officers, of not to exceed one thousand dollars in the aggregate.

9. 7. Interest income received on obligations of the United States, less any interest on indebtedness, or other related expenses, deducted in arriving at Arizona gross income, which were incurred or continued to purchase or carry such obligations.

10. The amount of any federal income taxes paid, accrued or withheld during the taxable year.

11. The amount of net operating loss allowed by section 43-1025.

12. 8. The amount of any income tax refunds received from states other than Arizona which were included as income in computing federal adjusted gross income.

13. 9. Annuity income included in federal adjusted gross income pursuant to section 72 of the internal revenue code if the first payment with respect to such annuity was received prior to December 31, 1978.

14. 10. The excess of a partner's share of income required to be included under section 702(a)(8) of the internal revenue code over the income required to be included under chapter 14, article 2 of this title.

15. 11. The excess of a partner's share of partnership losses determined pursuant to chapter 14, article 2 of this title over the losses allowable under section 702(a)(8) of the internal revenue code.

16. The amount allowed by section 43-1027, subsection A, paragraph 1 resulting from the difference between adjusted bases of depreciable property computed pursuant to the internal revenue code and the income tax act of 1954, as amended.

17. The amount of expense recapture included in income pursuant to section 617 of the internal revenue code for mine exploration expenses.

18. The amount of deferred exploration expenses allowed by section 43-1029.

19. The amount of exploration expenses related to the exploration of oil, gas or geothermal resources, computed in the same manner and on the same basis as a deduction for mine exploration pursuant to section 617 of the internal revenue code. Such computation shall be subject to the adjustments contained in section 43-1021, paragraph 14 and paragraphs 17 and 18 of this section relating to exploration expenses.

20. 12. The amount by which the adjusted basis of property described in this paragraph and computed pursuant to this title and the income tax act of 1954, as amended, exceeds the adjusted

basis of such property computed pursuant to the internal revenue code. This paragraph shall apply to all property which is held for the production of income and which is sold or otherwise disposed of during the taxable year other than depreciable property used in a trade or business.

13. THE AMOUNT OF PRIZES OR WINNINGS LESS THAN FIVE THOUSAND DOLLARS IN A SINGLE TAXABLE YEAR FROM ANY OF THE STATE LOTTERIES ESTABLISHED AND OPERATED PURSUANT TO TITLE 5, CHAPTER 5, ARTICLE 1, EXCEPT THAT ALL SUCH WINNINGS BEFORE MARCH 22, 1983, INCLUDING PERIODIC DISTRIBUTIONS FROM SUCH WINNINGS MADE AFTER MARCH 22, 1983, MAY BE SUBTRACTED.

14. THE AMOUNT OF EXPLORATION EXPENSES DETERMINED PURSUANT TO SECTION 617 OF THE INTERNAL REVENUE CODE WHICH HAVE BEEN DEFERRED IN A TAXABLE YEAR ENDING BEFORE JANUARY 1, 1990 AND FOR WHICH A SUBTRACTION HAS NOT PREVIOUSLY BEEN MADE. THE SUBTRACTION SHALL BE MADE ON A RATABLE BASIS AS THE UNITS OF PRODUCED ORES OR MINERALS DISCOVERED OR EXPLORED AS A RESULT OF THIS EXPLORATION ARE SOLD.

21. The amortization of pollution control devices allowed by section 43-1030.

22. The amount of amortization of the cost of child care facilities pursuant to section 43-1032.

23. The amount of income from a "domestic international sales corporation", commonly referred to as "disco", required to be included in the income of its shareholders pursuant to section 995 of the internal revenue code.

24. The amount allowed by section 43-1033 as recoupment of income taxes paid on reductions in military retirement pay.

25. Any amount included in computing Arizona income tax before the 1979 taxable year and carried forward into the 1979 or subsequent taxable years for purposes of federal income tax.

26. The amount of the community income inclusion required pursuant to section 66 of the internal revenue code.

27. The amount which is withheld from foreign dividends and interest and which is allowed as a foreign tax credit against federal income taxes pursuant to section 901 of the internal revenue code.

28. The amount received by an adult foster care home provider pursuant to section 11-293.01 from the county for accepting placement of up to four adults to the extent the amounts have been included in federal adjusted gross income.

29. For tax years ending before or in 1987, the amount of compensation paid to an employee who is a displaced homemaker by an employer during the first three months of continuous full-time employment as provided by section 43-1035.

30. 15. The amount included in federal adjusted gross income pursuant to section 86 of the internal revenue code, relating to taxation of social security and railroad retirement benefits.

Sec. 29. Section 43-1023, Arizona Revised Statutes, is amended to read:

43-1023. Exemptions for blind persons, persons over sixty-five years of age and dependents
A. Except as provided in subsection D of this section, there shall be allowed an exemption of ONE THOUSAND five hundred dollars:

1. For a taxpayer who is blind or if either his central visual acuity does not exceed 20-200 in the better eye with correcting lenses or his visual acuity is greater than 20-200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than twenty degrees.

2. For the spouse of a taxpayer if a separate return is made by the taxpayer, if the spouse is blind, as defined in paragraph 1 OF THIS SUBSECTION, has no Arizona adjusted gross income for the calendar year in which the taxable year of the taxpayer begins and is not the dependent of another taxpayer. For the purposes of this paragraph, the determination of whether the spouse is blind shall be made at the close of the taxable year of the taxpayer. If the spouse dies during such taxable year, such determination shall be made as of the time of such death.

B. Except as provided in subsection D of this section, there shall be allowed an exemption of one thousand dollars.

1. 3. For a taxpayer who has attained the age of sixty-five years before the close of his taxable year.

2. 4. For the spouse of a taxpayer if the spouse has attained the age of sixty-five years before the close of the taxable year and is not the dependent of another taxpayer.

~~C. B. Except as provided in subsection D of this section, There shall be allowed an exemption of six hundred TWO THOUSAND dollars:~~

1. For each dependent, as defined in section 43-1001.

2. For each person aged sixty-five or older regardless of his relationship to the taxpayer:

(a) If the taxpayer pays more than one-fourth of the total cost of maintaining such person in a nursing care institution or supervisory care home licensed pursuant to title 36, chapter 4, or an adult foster care home provider of a type certified pursuant to title 11, chapter 2, article 7, if such payments exceed eight hundred dollars in the taxable year.

(b) If the taxpayer otherwise makes payments exceeding eight hundred dollars in the taxable year for home health care or other types of medical care.

3. C. A taxpayer shall not take more than one exemption for any one person under this subsection B OF THIS SECTION.

~~B. The Department shall annually revise the dollar amounts specified in subsections A, B and C of this section to reflect changes mandated by section 43-252.~~

Sec. 30. Transfer and renumber

A. Sections 43-1025, 43-1029, 43-1052, 43-1030 and 43-1032, Arizona Revised Statutes, are transferred and renumbered for placement in title 43, chapter 11, article 3, Arizona Revised Statutes, as sections 43-1123, 43-1127, 43-1128, 43-1129 and 43-1130, respectively.

B. Section 43-1057, Arizona Revised Statutes, is renumbered as section 43-1043, Arizona Revised Statutes.

Sec. 31. Section 43-1041, Arizona Revised Statutes, is amended to read:

43-1041. Optional standard deduction

A. ~~Except as provided in subsection B of this section, an individual A TAXPAYER, at his election, may take a standard deduction as follows:~~

1. ~~If his Arizona adjusted gross income is five thousand dollars or more IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY, the standard deduction shall be THREE THOUSAND five hundred dollars.~~

2. ~~If his Arizona adjusted gross income is less than five thousand dollars, the standard deduction shall be an amount equal to ten per cent of the Arizona adjusted gross income.~~

3. ~~2. If the Arizona adjusted gross income IN THE CASE of a married couple filing a joint return is less than ten thousand dollars OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD, the standard deduction shall be an amount equal to twice ten per cent of one-half of the total Arizona adjusted gross income of both taxpayers SEVEN THOUSAND DOLLARS.~~

4. ~~If the Arizona adjusted gross income of a married couple filing a joint return is ten thousand dollars or more, the standard deduction shall be one thousand dollars.~~

~~B. The department shall annually revise the dollar amounts specified in subsection A of this section to reflect changes mandated by section 43-252.~~

~~C. B. The standard deduction provided for in subsection A of this section shall be in lieu of all ITEMIZED deductions ALLOWED BY SECTION 43-1042 which are to be subtracted from Arizona adjusted gross income in computing taxable income, except BUT NOT IN LIEU OF the personal exemption allowed by section 43-1057 43-1043.~~

~~D. C. The standard deduction shall be allowed if the taxpayer so elects in his return, and the department shall by regulation RULE prescribe the manner of signifying such election in the return. An election to compute the tax under section 43-1012 is an election to take the standard deduction.~~

~~E. D. In the case of a husband and wife, the standard deduction provided for in subsection A of this section shall not be allowed to either if the taxable income of one of the spouses is determined without regard to the standard deduction.~~

~~F. E. The standard deduction provided for by subsection A of this section shall not be allowed in the case of a taxable year of less than twelve months on account of a change in the accounting period.~~

~~G. F. Under regulations prescribed RULES ADOPTED by the department, a change of an election to take, or not to take, the standard deduction for any taxable year may be made after the filing of the return for such year. If the spouse of the taxpayer filed a separate return for any taxable year corresponding, for the purposes of subsection D of this section, to the taxable year of the taxpayer, the change shall not be allowed unless, in accordance with such regulations RULES, both paragraphs 1 and 2 of this subsection apply.~~

1. The spouse makes a change of election with respect to the standard deduction for the taxable year covered in such separate return consistent with the change of election sought by the taxpayer.

2. The taxpayer and his spouse consent in writing to the assessment, within such period as may be agreed upon with the department, of any deficiency, to the extent attributable to such change of election, even though at the time of the filing of such consent the assessment of such deficiency would otherwise be prevented by the operation of any law or rule of law.

Sec. 32. Title 43, chapter 10, article 4, Arizona Revised Statutes, is amended by adding a new section 43-1042, to read:

43-1042. Itemized deductions

AT THE ELECTION OF THE TAXPAYER, AND IN LIEU OF THE STANDARD DEDUCTION ALLOWED BY SECTION 43-1041, IN COMPUTING TAXABLE INCOME THE TAXPAYER MAY TAKE THE AMOUNT OF ITEMIZED DEDUCTIONS ALLOWED AND TAKEN ON THE TAXPAYER'S FEDERAL INCOME TAX RETURN FOR THE TAXABLE YEAR PURSUANT TO SUBTITLE A, CHAPTER 1, SUBCHAPTER 8, PARTS VI AND VII OF THE INTERNAL REVENUE CODE.

Sec. 33. Section 43-1043, Arizona Revised Statutes, as renumbered, is amended to read:

43-1043. Personal exemptions

~~A. Except as provided in subsection B of this section, There shall be allowed as an exemption, in the case of a single individual, a personal exemption of one TWO thousand dollars or, in the case of a head of a household or a married individual, a personal exemption of two FOUR thousand dollars. A husband and wife shall receive but one personal exemption of two FOUR thousand dollars. If the husband and wife make separate returns, the personal exemption may be taken by either or divided between them.~~

~~B. The department shall annually revise the dollar amounts specified in subsection A of this section to reflect changes mandated by section 43-252.~~

Sec. 34. Section 43-1072, Arizona Revised Statutes, is amended to read:

43-1072. Earned credit for property taxes: residents sixty-five years of age or older; definitions

A. There shall be allowed to each resident a credit against the taxes imposed by this title for a taxable year for property taxes accrued or rent, or both, paid in that taxable year, in accordance with subsection B of this section, if all of the following apply:

1. Such resident attained the age of sixty-five years prior to or during the taxable year or such resident is a recipient of public monies under title 16 of the social security act as amended.

2. Such person paid either property taxes or rent during the taxable year.

3. Such person either:

(a) Did not live with his spouse or any other persons and had an income from all sources in the taxable year of less than three thousand seven hundred fifty-one dollars.

(b) Lived with his spouse or one or more persons and the combined income from all sources in the taxable year of all persons residing in the residence was less than five thousand five hundred one dollars.

~~B. Except as provided in subsection C of this section, The credit allowed under this section is the amount of property taxes actually paid during the taxable year or the amount computed as follows, whichever is less:~~

1. For a person eligible under subsection A, paragraph 3, subdivision (a) of this section, according to the following table:

Household Income	Tax Credit
\$0-1,750	\$225 502
1,751-1,850	215 479
1,851-1,950	205 457
1,951-2,050	195 435
2,051-2,150	185 412
2,151-2,250	175 390
2,251-2,350	165 368
2,351-2,450	155 348
2,451-2,550	145 323
2,551-2,650	135 301
2,651-2,750	125 279
2,751-2,850	115 256
2,851-2,950	105 234
2,951-3,050	95 212
3,051-3,150	85 189
3,151-3,250	75 167
3,251-3,350	65 145
3,351-3,450	55 123
3,451-3,550	45 100
3,551-3,650	35 78
3,651-3,750	25 56

2. For a person eligible under subsection A, paragraph 3, subdivision (b) of this section, according to the following table:

Household Income	Tax Credit
\$ 0-2,500	\$225 502
2,501-2,650	215 479
2,651-2,800	205 457
2,801-2,950	195 435
2,951-3,100	185 412
3,101-3,250	175 390
3,251-3,400	165 368
3,401-3,550	155 345
3,551-3,700	145 323
3,701-3,850	135 301
3,851-4,000	125 279
4,001-4,150	115 256
4,151-4,300	105 234
4,301-4,450	95 212
4,451-4,600	85 189
4,601-4,750	75 167
4,751-4,900	65 145
4,901-5,050	55 123
5,051-5,200	45 100
5,201-5,350	35 78
5,351-5,500	25 56

C. The department shall annually revise the dollar amounts specified in subsection B of this section to reflect changes mandated by section 43-252.

C. THE OWNER OR LESSOR OF PROPERTY LEASED OR RENTED SOLELY FOR RESIDENTIAL PURPOSES, ON REQUEST, SHALL FURNISH TO THE TENANTS OF THE

PROPERTY A WRITTEN STATEMENT OF THE PERCENTAGE OF RENTAL PAYMENTS THAT ARE ATTRIBUTABLE TO PROPERTY TAX FOR PURPOSES OF THIS SECTION.

D. Disposition of the claimant's allowable credit shall be as provided below:

1. If the allowable amount of such claim exceeds the income taxes otherwise due on the claimant's income, the amount of the claim not used as an offset against income taxes, after audit by the department, shall be paid in the same manner as a refund granted under chapter 6, article 1 of this title. Refunds made pursuant to this paragraph are subject to setoff under section 42-133.

2. The amount of any claim otherwise payable for credit for property taxes accrued or rent may be applied by the department against any liability outstanding on the books of the department against the claimant or against his or her spouse who was a member of the claimant's household in the taxable year.

E. The department shall make available suitable forms with instructions for claimants. Claimants who certify on the prescribed form that they have no income tax liability for the taxable year shall not be required to file an individual income tax return. The claim shall be in such form as the department may prescribe but shall require the social security numbers of persons who were allowed to claim as dependents for the taxes imposed by this title claimants filing pursuant to this section. The claimant shall also submit a copy of his property tax statement or a suitable representation of the statement as prescribed by the department. The department shall audit a sufficient number of claims to enforce the provisions of this chapter.

F. No claim with respect to property taxes or with respect to rent shall be allowed or paid unless the claim is actually filed on or before April 15 for the next preceding calendar year. The department may, upon request, grant for a period of not to exceed six months an extension of time for filing the claim.

G. Only one claimant per household per year shall be entitled to a tax credit pursuant to this section.

H. In this section, unless the context otherwise requires:

1. "Claimant" means a person who has filed a claim for credit under this section and was a resident of this state during the entire taxable year. In the case of a claim for rent, the claimant shall have rented property in this state during the entire taxable year except as otherwise provided by this section. If two individuals of a household are able to meet the qualifications for a claimant, they may determine between them as to whom the claimant shall be. If they are unable to agree, the matter shall be referred to the department and its decision shall be final. If a homestead is occupied by two or more individuals and more than one individual is able to qualify as a claimant, and some or all of the qualified individuals are not related, the individuals may determine among them as to whom the claimant shall be. If they are unable to agree, the matter shall be referred to the department, and its decision shall be final.

2. "Gross rent" means rental paid for the right of occupancy of a homestead or space rental paid to a landlord for the parking of a mobile home. If the department is satisfied that the gross rent charge was paid solely for purposes of receiving a credit pursuant to this section, it shall not allow a claim.

3. "Homestead" means the principal dwelling, whether owned or rented by the claimant. "Homestead" may also include a mobile home and the land upon which it is located.

4. "Household" means the household of the claimant and such other persons as resided with the claimant in his homestead during the taxable year.

5. "Household income" means all income received by all persons of a household in a taxable year while members of the household.

6. "Income" means the sum of the following:

- (a) Adjusted gross income as defined by the department.
- (b) The amount of capital gains excluded from adjusted gross income.
- (c) Nontaxable strike benefits.
- (d) Nontaxable interest received from the federal government or any of its instrumentalities.
- (e) Payments received from a retirement program paid by this state or any of its political subdivisions.

(f) Payments received from a retirement program paid by the United States through any of its agencies, instrumentalities or programs, except as provided in subsection I of this section.

(g) The gross amount of any pension or annuity not otherwise exempted except as provided in subsection I of this section.

7. "Property taxes" means property taxes levied on a claimant's homestead in this state in any taxable year. For purposes of this paragraph, property taxes are "levied" when the tax roll is delivered to the county treasurer for collection. If a claimant and his household own their homestead part of the taxable year and rent it or different homesteads for the rest of the same year, provided property taxes were levied on the homestead which was owned by the claimant and his household, such claimant shall be eligible for a credit pursuant to this section.

I. Income as defined in subsection H, paragraph 6, subdivisions (f) and (g) of this section shall not include monies received from cash public assistance and relief, relief granted under the provisions of this section, railroad retirement benefits, payments received under the federal social security act (49 Stat. 620), payments received under Arizona state unemployment insurance laws, payments received from veterans' disability pensions, payments received as workers' compensation, the gross amount of "loss of time" insurance, and gifts from nongovernmental sources or surplus foods or other relief in kind supplied by a governmental agency.

Sec. 35. Section 43-1073, Arizona Revised Statutes, is amended to read:

43-1073. Credit for rent constituting property taxes: violation; classification; definitions

A. For tax years ending before December 31, 1992, there shall be allowed to each resident a credit of five per cent of rent paid against the taxes imposed by this title for a taxable year for rent constituting property taxes paid in that taxable year. The maximum credit allowed under this section is:

1. For tax years beginning before January 1, 1988, one hundred dollars.
2. For tax years beginning in calendar year 1988, eighty-five dollars.
3. For tax years beginning in calendar year 1989, seventy dollars.
4. For tax years beginning in calendar year 1990, fifty-five dollars.
5. For tax years beginning in calendar year 1991, forty dollars.
6. For tax years beginning after December 31, 1991, no credit is allowed.

B. Disposition of the claimant's allowable credit shall be as provided below:

1. If the allowable amount of such claim exceeds the income taxes otherwise due on the claimant's income, or if there are no state income taxes due on the claimant's income, the amount of the claim not used as an offset against income taxes, after audit by the department, shall be paid in the same manner as a refund granted under chapter 6, article 1 of this title. Refunds made pursuant to this paragraph are subject to setoff under section 42-133.

2. The amount of any claim otherwise payable for relief for rent constituting property taxes paid may be applied by the department against any liability outstanding on the books of the department against the claimant or against his or her spouse who was a member of the claimant's household in the taxable year.

C. No claim for a credit for rent constituting property taxes paid shall be allowed to any person who:

1. Was a recipient of public funds for the payment of property taxes or rent during the taxable year.

2. HAD ARIZONA GROSS INCOME FOR THE TAXABLE YEAR EXCEEDING TWENTY-FIVE THOUSAND DOLLARS.

D. The department shall make available suitable forms with instructions for claimants, including a form which may be included with or as a part of the individual income tax return. The claim shall be in such form as the department may prescribe. The claimant shall include the assessor's tax code number assigned to the property. The owner or lessor of the property shall furnish the assessor's tax code number in writing to the tenants of the property on request. An owner or lessor who knowingly refuses or fails when requested to furnish the tax code number as required by this subsection is guilty of a petty offense.

E. No claim with respect to rent constituting property taxes paid shall be allowed or paid unless the claim is actually filed on or before April 15 for the next preceding calendar year. The department may, upon request, grant for a period of not to exceed six months an extension of time for filing the claim if such request is received on or before April 15 of the year subsequent to the tax year.

F. Only one claimant per household per year shall be entitled to a credit pursuant to this section.

G. In this section, unless the context otherwise requires:

1. "Claimant" means a person who has filed a claim for credit under this section and was a resident of this state during the entire taxable year. To qualify for the credit such claimant shall have rented property in this state for not less than six months during the taxable year and, if he has rented for six months or more but less than the full taxable year, shall be entitled to receive a proportional share of the total amount to which he would have been entitled had he rented for the full taxable year. When two individuals of a household are able to meet the qualifications for a claimant, they may determine between them as to whom the claimant shall be. If they are unable to agree, the matter shall be referred to the department and its decision shall be final.

2. "Rent" means rental paid solely for the right of occupancy of a homestead or space rental paid to a landlord for the parking of a mobile home, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as part of the rental agreement, whether or not expressly set out in the rental agreement.

H. No person may claim both the credit authorized by this section and the credit allowed by section 43-1072 for rent constituting property taxes accrued.

Sec. 36. Section 43-1075, Arizona Revised Statutes, as added by Laws 1990, chapter 296, section 3, is amended to read:

43-1075. Credit for dependent day care facilities; definition

A. For tax years beginning after December 31, 1990 and ending before January 1, 1995, a credit against the taxes imposed by this title is allowed to each taxpayer who incurs expenses during the taxable year for providing dependent day care services for employees of the taxpayer. The amount of the credit is equal to either:

1. The lesser of fifteen thousand dollars or fifty per cent of the costs incurred to acquire, construct, renovate or remodel dependent day care facilities or property for dependent day care facilities. The credit allowed under this paragraph:

(a) Must be taken for the taxable year in which the dependent day care facility becomes operational.

(b) Is in lieu of any amortization of the facilities allowed under section 43-1032 and any allowance for state tax purposes for exhaustion, wear and tear of the property under section 167 or 188 of the internal revenue code.

2. The lesser of five thousand dollars or thirty per cent of the net costs incurred by the taxpayer to:

(a) Operate dependent day care facilities for employees.

(b) Provide dependent day care services for employees or pay employees, as reimbursement or compensation for dependent day care expenses incurred by the employee.

(c) Provide information and referral services to assist the taxpayer's employee to obtain dependent day care.

B. To qualify for a credit under subsection A of this section, the day care facility or services provided to the employee must be provided without profit to the employer.

C. Costs to provide day care services for employees under subsection A, paragraph 2, subdivision (b) of this section shall not include costs of day care services provided by a relative of the employee or the costs of dependent day care services in the employee's home.

D. If two or more taxpayers share in the cost of acquiring, constructing, renovating, remodeling or operating a day care facility, each taxpayer is allowed a credit under this section in proportion to his share of the expenses. The total of the credit allowed all such taxpayers shall not exceed the amount that would have been allowed for one taxpayer who incurred the entire cost.

E. The amount of the credit allowed by this section shall not in any case exceed the amount of the tax otherwise due from the taxpayer under this title for the taxable year.

F. That part of the costs incurred by an employer to provide dependent day care services for employees as part of a salary reduction plan shall be excluded from the credit under this section.

G. In this section, "day care facility" includes:

1. A day care center licensed under section 36-882 or 36-897.

2. A facility which provides on a regular basis care and supervision of adults who, because of age or a mental or physical condition, are incapable of caring for themselves and where they are unaccompanied by their custodians or guardians for periods of less than twenty-four hours a day.

Sec. 37. Section 43-1095, Arizona Revised Statutes, is amended to read:

43-1095. Taxable income of a nonresident

A. In computing Arizona taxable income a nonresident, except a member of the armed forces, shall be allowed that percentage of the exemptions set forth in section 43-1057 43-1043 which his Arizona gross income is of his federal adjusted gross income.

B. In the case of a nonresident the deductions DEDUCTION allowed in sections 43-1042 through 43-1056 SECTION 43-1042 shall be allowed in the percentage which his Arizona gross income is of his federal adjusted gross income.

~~C. Taxes or licenses paid or accrued to this state or its political subdivisions which are deductible under section 43-1043 are deductible to a nonresident even though not connected with income from sources from within this state.~~

~~D. In the case of a nonresident the deductions for contributions and gifts shall be allowed only as to contributions or gifts to corporations or associations incorporated by or organized under the laws of this state or any political subdivision of the state for exclusively public purposes.~~

Sec. 38. Section 43-1098, Arizona Revised Statutes, is amended to read:

43-1098. Apportionment of exemptions

A. Any resident taxpayer, other than an active member of the armed forces of the United States or any other auxiliary branch, who commences or terminates his residency in this state during any one taxable year, shall prorate the following on the basis of the proportion which such taxpayer's total Arizona gross income bears to the federal adjusted gross income:

1. The personal exemption provided in section 43-1057 43-1043.

2. The exemption EXEMPTIONS provided in section 43-1023, subsection A for the blind.

3. ~~The exemption provided in section 43-1023, subsection B AND for persons age sixty-five or older.~~

4. 3. The exemption provided in section 43-1023, subsection C B for dependents.

B. The percentage of exemption allowed shall be computed by dividing the taxpayer's Arizona adjusted gross income by the federal adjusted gross income.

Sec. 39. Section 43-1101, Arizona Revised Statutes, is amended to read:

43-1101. Definitions

In this chapter, unless the context otherwise requires:

1. "Arizona gross income" of a corporation means its federal taxable income for the taxable year.

2. "Arizona taxable income" of a corporation means its Arizona gross income adjusted by the modifications specified in article 3 of this chapter.

3. "Domestic corporation" means a corporation created or organized in the United States or under the laws of the United States or of any state of the United States or the District of Columbia.

4. "Federal taxable income" means the taxable income of a corporation computed pursuant to the internal revenue code.

5. "Foreign corporation" means any of the following:

(a) A corporation which is not a domestic corporation.

(b) A domestic corporation that has derived WITH less than twenty per cent of its federal gross income from sources PROPERTY, PAYROLL AND SALES in the United States for the three year period ending with the close of the taxable year of the corporation preceding the current taxable year, or for such part of that period as the corporation has been in existence.

(c) A domestic corporation that has derived eighty per cent or more of its federal gross income for the three year period immediately preceding the close of the taxable year, or for such part of that period as the corporation has been in existence, from sources in the Commonwealth of Puerto Rico or any other possession of the United States except the Virgin Islands If sixty per cent, for taxable years beginning in calendar year 1984, or sixty-five per cent, for taxable years beginning after calendar year 1984, or more of the domestic corporation's federal gross income for that period, or part of that period as the corporation has been in existence, was derived from the active conduct of a trade or business in the Commonwealth of Puerto Rico or any other possession of the United States except the Virgin Islands.

6. "Net income" means Arizona taxable income.

7. "Person" and "taxpayer" mean MEANS a corporation.

Sec. 40. Section 43-1111, Arizona Revised Statutes, is amended to read:

43-1111. Tax rates for corporations

A. There shall be levied, collected and paid for each taxable year upon the entire Arizona taxable income of every corporation, except UNLESS EXEMPT UNDER SECTION 43-1126 OR 43-1201 OR as otherwise provided in this title or by law, taxes in AN AMOUNT OF NINE AND THREE-TENTHS PER CENT OF NET INCOME OR FIFTY DOLLARS, WHICHEVER IS GREATER, the following amounts and at the following rates:

1. Upon net income not in excess of one thousand dollars, two and one-half per cent of such net income.

2. Twenty-five dollars upon net income of one thousand dollars; and upon net income in excess of one thousand dollars and not in excess of two thousand dollars, four per cent in addition of such excess.

3. Sixty-five dollars upon net income of two thousand dollars; and upon net income in excess of two thousand dollars and not in excess of three thousand dollars, five per cent in addition of such excess.

4. One hundred fifteen dollars upon net income of three thousand dollars; and upon net income in excess of three thousand dollars, and not in excess of four thousand dollars, six and one-half per cent in addition of such excess.

5. One hundred eighty dollars upon net income of four thousand dollars; and upon net income in excess of four thousand dollars and not in excess of five thousand dollars, eight per cent in addition of such excess.

6. Two hundred sixty dollars upon net income of five thousand dollars; and upon net income in excess of five thousand dollars and not in excess of six thousand dollars, nine per cent in addition of such excess.

7. Three hundred fifty dollars upon net income of six thousand dollars; and upon net income in excess of six thousand dollars, ten and one-half per cent in addition of such excess.

B. Each corporation that is required to file a return under this title, unless exempt under section 43-1126 or 43-1201, is assessed and shall pay a minimum tax equal to the greater of the following:

1. Fifty dollars for the taxable year.

2. The tax computed under subsection A of this section.

Sec. 41. Section 43-1121, Arizona Revised Statutes, as amended by Laws 1990, chapter 255, section 5, is amended to read:

43-1121. Additions to Arizona gross income: corporations

In computing Arizona taxable income for a corporation, the following amounts shall be added to Arizona gross income:

1. The amounts computed pursuant to section 43-1021, paragraphs 7 through 17, 19, 21 and 22 4 THROUGH 9 AND 13.

2. The amount of dividend income received from corporations and allowed as a deduction pursuant to sections 243, 244 and 245 of the internal revenue code.

3. Taxes which are based on income paid to other states, local governments or foreign governments and which were deducted in computing federal taxable income.

4. Expenses and interest relating to tax-exempt income on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the tax imposed by this title. Financial institutions, as defined in section 6-101, shall be governed by section 43-961, paragraph 2.

5. Commissions, rentals and other amounts paid or incurred to a domestic international sales corporation controlled by the payor corporation if the domestic international sales corporation is not required to report its taxable income to this state because its income is not derived from or attributable to sources within this state. If the domestic international sales corporation is subject to article 4 of this chapter, the department shall prescribe by rule the method of determining the portion of the commissions, rentals and other amounts paid or incurred to the controlled domestic international sales corporation which shall be deducted by the payor. "Control" for purposes of this paragraph means direct or indirect ownership or control of fifty per cent or more of the voting stock of the domestic international sales corporation by the payor corporation.

6. FEDERAL INCOME TAX REFUNDS RECEIVED DURING THE TAXABLE YEAR TO THE EXTENT THEY WERE DEDUCTED IN ARRIVING AT ARIZONA TAXABLE INCOME IN A PREVIOUS YEAR.

7. THE AMOUNT OF NET OPERATING LOSS TAKEN PURSUANT TO SECTION 172 OF THE INTERNAL REVENUE CODE.

8. THE AMOUNT OF EXPLORATION EXPENSES DETERMINED PURSUANT TO SECTION 617 OF THE INTERNAL REVENUE CODE TO THE EXTENT THAT THEY EXCEED SEVENTY-FIVE THOUSAND DOLLARS AND TO THE EXTENT THAT THE ELECTION IS MADE TO DEFER THOSE EXPENSES NOT IN EXCESS OF SEVENTY-FIVE THOUSAND DOLLARS.

9. AMORTIZATION OF COSTS INCURRED TO INSTALL POLLUTION CONTROL DEVICES AND DEDUCTED PURSUANT TO THE INTERNAL REVENUE CODE OR THE AMOUNT OF DEDUCTION FOR DEPRECIATION TAKEN PURSUANT TO THE INTERNAL REVENUE CODE ON POLLUTION CONTROL DEVICES FOR WHICH AN ELECTION IS MADE PURSUANT TO SECTION 43-1129.

10. THE AMOUNT OF DEPRECIATION OR AMORTIZATION OF COSTS OF CHILD CARE FACILITIES DEDUCTED PURSUANT TO SECTION 167 OR 188 OF THE INTERNAL REVENUE CODE FOR WHICH AN ELECTION IS MADE TO AMORTIZE PURSUANT TO SECTION 43-1130 OR FOR WHICH A CREDIT IS TAKEN UNDER SECTION 43-1163, SUBSECTION A, PARAGRAPH 1.

11. ARIZONA STATE INCOME TAX REFUNDS RECEIVED, TO THE EXTENT THE AMOUNT OF THE REFUNDS IS NOT ALREADY INCLUDED IN ARIZONA GROSS INCOME, IF A TAX BENEFIT WAS DERIVED BY DEDUCTION OF THIS AMOUNT IN A PRIOR YEAR.

Sec. 42. Section 43-1122, Arizona Revised Statutes, is amended to read:

43-1122. Subtractions from Arizona gross income: corporations

In computing Arizona taxable income for a corporation, the following amounts shall be subtracted from Arizona gross income:

1. The amounts computed pursuant to section 43-1022, paragraphs 6, 10 through 23, 25 and 29 7 THROUGH 11.

2. The amount of dividend income received from Arizona corporations as prescribed by section 43-1052 43-1128.

3. The amount of Arizona capital loss carryover as defined in section 43-1124 in an amount not to exceed one thousand dollars.

4. ~~The amount of foreign tax credit used to offset federal income tax liability pursuant to sections 901 through 908 of the internal revenue code unless the credits are attributable to nontaxable income or nonapportionable income not allocated to this state.~~

5. 4. Expenses and interest relating to tax-exempt income disallowed pursuant to section 265 of the internal revenue code.

6. 5. Dividends received from another corporation owned or controlled directly or indirectly by a recipient corporation that has its commercial domicile, as defined in section 43-1131, in this state. "Control" for purposes of this paragraph means direct or indirect ownership or control of fifty per cent or more of the voting stock of the payor corporation by the recipient corporation. Dividends shall have the meaning provided in section 316 of the internal revenue code. This subtraction shall apply without regard to the provisions of section 43-961, paragraph 2 and article 4 of this chapter with the exception of the deduction for federal income taxes. A CORPORATION THAT HAS ITS COMMERCIAL DOMICILE, AS DEFINED IN SECTION 43-1131, IN THIS STATE MAY SUBTRACT THE FULL AMOUNT OF THE DIVIDENDS. A CORPORATION THAT DOES NOT HAVE ITS COMMERCIAL DOMICILE IN THIS STATE MAY SUBTRACT:

(a) FOR ITS TAXABLE YEAR BEGINNING IN 1990, AN AMOUNT EQUAL TO ONE-HALF OF THE DIVIDENDS.

(b) FOR TAXABLE YEARS BEGINNING IN 1991 AND THEREAFTER, THE FULL AMOUNT OF THE DIVIDENDS.

7 6. Interest income received on obligations of the United States.

8 7. The amount of dividend income from foreign corporations.

9. THE AMOUNT OF NET OPERATING LOSS ALLOWED BY SECTION 43-1123.

10. THE AMOUNT OF ANY INCOME TAX REFUNDS RECEIVED FROM STATES OTHER THAN ARIZONA WHICH WERE INCLUDED AS INCOME IN COMPUTING FEDERAL TAXABLE INCOME.

11. THE AMOUNT OF EXPENSE RECAPTURE INCLUDED IN INCOME PURSUANT TO SECTION 617 OF THE INTERNAL REVENUE CODE FOR MINE EXPLORATION EXPENSES.

12. THE AMOUNT OF DEFERRED EXPLORATION EXPENSES ALLOWED BY SECTION 43-1127.

13. THE AMOUNT OF EXPLORATION EXPENSES RELATED TO THE EXPLORATION OF OIL, GAS OR GEOTHERMAL RESOURCES, COMPUTED IN THE SAME MANNER AND ON THE SAME BASIS AS A DEDUCTION FOR MINE EXPLORATION PURSUANT TO SECTION 617 OF THE INTERNAL REVENUE CODE. THIS COMPUTATION IS SUBJECT TO THE ADJUSTMENTS CONTAINED IN SECTION 43-1121, PARAGRAPH 8 AND PARAGRAPHS 10 AND 11 OF THIS SECTION RELATING TO EXPLORATION EXPENSES.

14. THE AMORTIZATION OF POLLUTION CONTROL DEVICES ALLOWED BY SECTION 43-1129.

15. THE AMOUNT OF AMORTIZATION OF THE COST OF CHILD CARE FACILITIES PURSUANT TO SECTION 43-1130.

16. THE AMOUNT OF INCOME FROM A DOMESTIC INTERNATIONAL SALES CORPORATION REQUIRED TO BE INCLUDED IN THE INCOME OF ITS SHAREHOLDERS PURSUANT TO SECTION 995 OF THE INTERNAL REVENUE CODE.

Sec. 43. Section 43-1123, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

43-1123. Net operating loss

A. As used in this section, the term "net operating loss" means the excess of the subtractions and deductions allowed by this title over the Arizona gross income plus the additions required by this title, with the exception, additions and limitations provided in PRESCRIBED BY subsection D of this section.

B. If for any taxable year the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carryover for each of the five succeeding taxable years, except that the carryover in the case of each such succeeding taxable year, other than the first succeeding taxable year, shall be the excess, if any, of the amount of such net operating loss over the sum of the taxable income for each of the intervening years computed:

1. With the exceptions, additions and limitations provided in EXCEPTION PRESCRIBED BY subsection D, paragraphs 1, 2 and 4 of this section.

2. By determining the net operating loss deduction for each intervening taxable year, without regard to such net operating loss or to the net operating loss for any succeeding taxable year and without regard to any reduction specified in subsection C of this section. For the purpose of the preceding sentence, the net operating loss for any taxable year shall be reduced by the amount, if any, of the taxable income for the preceding taxable year computed:

(a) With the exceptions, additions and limitations provided in EXCEPTION PRESCRIBED BY subsection D, paragraphs 1, 2, 3 and 4 of this section.

(b) By determining the net operating loss deduction for such preceding taxable year without regard to such net operating loss and without regard to any reduction specified in subsection C of this section.

C. The amount of the net operating loss deduction shall be the aggregate of the net operating loss carryovers to the taxable year reduced by the amount, if any, by which the taxable income computed with the exceptions and limitations provided in EXCEPTION PRESCRIBED BY subsection D, paragraphs 1, 2, 3 and 4 of this section exceeds the taxable income computed without such deduction.

D. The exceptions, additions and limitations referred to in subsections A, B, and C of this section shall be as follows:

1. The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value or to percentage depletion.

2. There shall be included in computing gross income the amount of interest received which is wholly exempt from the taxes imposed by this title, decreased by the amount of interest paid or accrued which is not allowed as a deduction by section 43-1042, relating to interest on indebtedness incurred or continued to purchase or carry certain tax-exempt obligations.

3. D. No net operating loss deduction shall be allowed OR INCLUDED IN THE COMPUTATIONS PRESCRIBED BY THIS SECTION.

4. Gains and losses from sales or exchanges of capital assets shall be taken into account without regard to the provisions of section 1202 of the internal revenue code. The amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includible on account of gains from such sales or exchanges.

5. Deductions, including federal income taxes, otherwise allowed by law not attributable to the operation of a trade or business regularly carried on by the taxpayer shall be allowed only to the extent of the amount of the gross income not derived from such trade or business. For the purposes of this paragraph, deductions and gross income shall be computed with the exceptions, additions and limitations specified in paragraphs 1 and 4 of this subsection. This subsection shall not apply with respect to deductions allowable for losses sustained in respect of property, if the losses arise from fire, storm, shipwreck, other casualty or theft and shall not apply to taxpayers that are corporations. For the purposes of this paragraph any gain or loss from the sale or other disposition of the following property shall be treated as attributable to the trade or business:

(a) Property, used in the trade or business, of a character which is subject to the allowance for depreciation provided in section 167 of the internal revenue code.

(b) Real property used in the trade or business.

Sec. 44. Section 43-1127, Arizona Revised Statutes, as amended by Laws 1990, chapter 255, section 4 and as transferred and renumbered, is amended to read:

43-1127. Deferred exploration expenditures

A. The amount of exploration expenses added to Arizona gross income pursuant to section 42-1021 43-1121, paragraph 14 8 may be subtracted on a ratable basis as the units of produced ores or minerals discovered or explored by reason of such expenditures are sold. An election made for any taxable year shall be binding for such year.

B. If such property is sold, it shall be treated in the same manner and on the same basis as property held for the production of income pursuant to section 43-1021, paragraph 15 9 or section 43-1022, paragraph 20 12.

Sec. 45. Section 43-1128, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

43-1128. Subtraction for dividends received from Arizona corporations

A. In computing ARIZONA taxable income, there shall be allowed a deduction SUBTRACTION FROM ARIZONA GROSS INCOME for dividends received from a corporation the income of which is subject to taxation under this title, which corporation has filed a report of income as required by this title and the principal business of which is attributable to Arizona. For the purpose of this section, the principal business of a corporation shall be considered attributable to Arizona if fifty per cent or more of the entire taxable income or loss of the corporation, after an adjustment for taxes has been made for the year preceding the payment of such dividends, was used in computing the Arizona taxable income provided by this title.

B. This section does not apply to:

1. a dividend received from a business trust which qualifies as a "real estate investment trust" under sections 856, 857 and 858 of the United States internal revenue code and which is entitled to a deduction under section 857(b) of the internal revenue code.

2. Amounts of distributed or undistributed earnings or capital gains, whether or not constructively received, of a stockholder of a small business corporation making an election pursuant to section 43-1126.

3. Those dividends excluded from Arizona gross income pursuant to section 116 of the internal revenue code.

Sec. 46. Section 43-1129, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

43-1129. Amortization of expenses incurred in acquisition of pollution control devices; depreciation

A. Any taxpayer may elect to amortize the adjusted basis of any device, machinery or equipment for the collection and control at the source of atmospheric and water pollutants and contaminants based upon a period of sixty months. In computing ARIZONA taxable income, such amortization shall be allowed as a subtraction ratably over the period allowed under this subsection beginning with the month in which such device, machinery or equipment is completed or acquired and is placed in service by the taxpayer. This election shall be indicated by the taxpayer in an appropriate statement in the taxpayer's income tax return for the taxable year of the acquisition or completion and placement in service of such devices, machinery or equipment. An election to discontinue amortization with respect to the remainder of the amortization period is permitted and shall be indicated by an appropriate statement in the taxpayer's income tax return for the taxable year of discontinuance.

B. If the taxpayer does not elect to amortize pursuant to subsection A, there shall be allowed a deduction for normal exhaustion, wear and tear of property. The amount of such deduction shall be computed pursuant to the provisions of section 167 of the internal revenue code.

C. In determining the adjusted basis for the purposes of subsection A, such device, machinery or equipment upon certification by the department of environmental quality as a device, machinery or equipment for the collection and control at the source of atmospheric and water pollutants and contaminants shall include only an amount that is properly attributable to the construction, reconstruction, remodeling, installation or acquisition of such device, machinery or equipment as certified by the department of health services ENVIRONMENTAL QUALITY.

Sec. 47. Section 43-1130, Arizona Revised Statutes, as amended by Laws 1990, chapter 296, section 2 and as transferred and renumbered, is amended to read:

43-1130. Amortization of the cost of child care facilities

A. At the election of any CORPORATE taxpayer operating a child care facility for the purpose of making profit, any expenditure made to purchase, construct, renovate or remodel child care facilities or equipment shall be allowable as a subtraction ratably over a period of sixty months, beginning with the month in which the property is placed in service.

B. At the election of a taxpayer operating a child care facility within this state primarily for the children of employees of the taxpayer, any expenditure made to acquire, construct, renovate or

remodel the child care facility or equipment is allowable as a subtraction ratably over a period of twenty-four months beginning with the month in which the property is placed in service.

C. The subtraction provided by this section shall be in lieu of:

1. Any allowance for the exhaustion, wear and tear of such property used in a trade or business or of property held for the production of income, including a reasonable allowance for obsolescence pursuant to section 167 or 188 of the internal revenue code.

2. A credit for the cost of day care facilities under section 43-1075, subsection A, paragraph 1 or section 43-1163, subsection A, paragraph 1.

D. In the case of a partnership, joint venture or other pooled investment or joint ownership of child care property each PARTICIPATING CORPORATE owner may claim the pro rata share of the subtraction based on the CORPORATE ownership interest in the property. The total of the subtractions allowed all such owners of the property shall not exceed the amount that would have been allowed for a sole owner of the property.

Sec. 48. Section 43-1163, Arizona Revised Statutes, as added by Laws 1990, chapter 296, section 4, is amended to read:

43-1163. Credit for dependent day care facilities: definition

A. For tax years beginning after December 31, 1990 and ending before January 1, 1995, a credit against the taxes imposed by this title is allowed to each taxpayer that incurs expenses during the taxable year for providing dependent day care services for employees of the taxpayer. The amount of the credit is equal to either:

1. The lesser of fifteen thousand dollars or fifty per cent of the costs incurred to acquire, construct, renovate or remodel dependent day care facilities or property for dependent day care facilities. The credit allowed under this paragraph:

(a) Must be taken for the taxable year in which the dependent day care facility becomes operational.

(b) Is in lieu of any amortization of the facilities allowed under section ~~43-1032~~ 43-1130 and any allowance for state tax purposes for exhaustion, wear and tear of the property under section 167 or 188 of the internal revenue code.

2. The lesser of five thousand dollars or thirty per cent of the net costs incurred by the taxpayer to:

(a) Operate dependent day care facilities for employees.

(b) Provide dependent day care services for employees or pay employees, as reimbursement or compensation for dependent day care expenses incurred by the employee.

(c) Provide information and referral services to assist the taxpayer's employee to obtain dependent day care.

B. To qualify for a credit under subsection A of this section, the day care facility or services provided to the employee must be provided without profit to the employer.

C. Costs to provide day care services for employees under subsection A, paragraph 2, subdivision (b) of this section, shall not include costs of day care services provided by a relative of the employee or the costs of dependent day care services in the employee's home.

D. If two or more taxpayers share in the cost of acquiring, constructing, renovating, remodeling or operating a day care facility, each taxpayer is allowed a credit under this section in proportion to his share of the expenses. The total of the credit allowed all such taxpayers shall not exceed the amount that would have been allowed for one taxpayer who incurred the entire cost.

E. The amount of the credit allowed by this section shall not in any case exceed the amount of the tax otherwise due from the taxpayer under this title for the taxable year.

F. That part of the costs incurred by an employer to provide dependent day care services for employees as part of a salary reduction plan shall be excluded from the credit under this section.

G. In this section, "day care facility" includes:

1. A day care center licensed under section 36-882 or 36-897.

2. A facility which provides on a regular basis care and supervision of adults who, because of age or a mental or physical condition, are incapable of caring for themselves and where they are unaccompanied by their custodians or guardians for periods of less than twenty-four hours a day.

Sec. 49. Section 43-1231, Arizona Revised Statutes, is amended to read:

43-1231. Taxation of unrelated business income

Any organization, trust or church or a convention or association of churches which is exempt, except as provided in this section, from taxation under this title by reason of section 43-1201, paragraphs 1 through 14 shall be subject to the tax imposed under section 43-1111 upon its "unrelated business income" as defined in section 512 of the internal revenue code, reduced by the amount of federal income taxes paid or accrued by the organization during the taxable year. Such taxes shall also apply to an organization described in section 43-1201, paragraph 8 if the income is payable to an organization which itself is subject to the tax imposed under this section or to a church or to a convention or association of churches.

Sec. 50. Section 43-1332, Arizona Revised Statutes, is amended to read:

43-1332. Subtractions from Arizona gross income: estates and trusts

A. In computing Arizona taxable income, the following items shall be subtracted from Arizona gross income:

1. Those items specified in section 43-1022.

2. ~~Except as provided in subsection B of this section:~~ An exemption of:

(a) One thousand dollars in the case of an estate.

(b) One hundred dollars in the case of a trust. If the amount of tax otherwise due under this title after applying such exemption is less than one dollar the amount of the exemption shall be the amount of the taxable income of such trust. Such exemption shall not exceed two hundred dollars.

3. Amounts currently distributable computed pursuant to section 43-1341.

4. Amounts properly paid or credited pursuant to section 43-1342.

5. AN AMOUNT WHICH BEARS THE SAME RATIO TO THE ARIZONA ESTATE TAX ATTRIBUTABLE TO THE NET VALUE FOR ESTATE TAX PURPOSES OF ALL ITEMS DESCRIBED IN SECTION 691(a) OF THE INTERNAL REVENUE CODE AS THE VALUE FOR ESTATE TAX PURPOSES OF THE ITEMS OF GROSS INCOME OR PORTIONS OF THOSE ITEMS IN RESPECT OF WHICH THAT PERSON INCLUDED THE AMOUNT IN GROSS INCOME OR THE AMOUNT INCLUDED IN GROSS INCOME, WHICHEVER IS LOWER, BEARS TO THE VALUE FOR ESTATE TAX PURPOSES OF ALL THE ITEMS DESCRIBED IN SECTION 691(a) OF THE INTERNAL REVENUE CODE. FOR PURPOSES OF THIS PARAGRAPH, "ESTATE TAX" MEANS THE TAX IMPOSED ON THE ESTATE OF THE DECEDENT UNDER TITLE 42, CHAPTER 9. THE NET VALUE FOR ESTATE TAX PURPOSES OF ALL THE ITEMS DESCRIBED IN SECTION 691(a) OF THE INTERNAL REVENUE CODE IS THE EXCESS OF THE VALUE FOR ESTATE TAX PURPOSES OF ALL ITEMS DESCRIBED IN SECTION 691(a) OF THE INTERNAL REVENUE CODE OVER THE DEDUCTIONS FROM THE GROSS ESTATE IN RESPECT OF CLAIMS WHICH REPRESENT THE DEDUCTIONS DESCRIBED IN SECTION 691(b) OF THE INTERNAL REVENUE CODE. THE ESTATE TAX ATTRIBUTABLE TO THE NET VALUE IS AN AMOUNT EQUAL TO THE EXCESS OF THE ESTATE TAX OVER THE ESTATE TAX COMPUTED WITHOUT INCLUDING THE NET VALUE IN THE GROSS ESTATE.

~~5. Amounts paid as estate taxes related to income in respect of a decedent allowed by section 43-1040.~~

~~B. The department shall annually revise the dollar amounts specified in subsection A, paragraph 2 of this section to reflect changes mandated by section 43-252.~~

Sec. 51. Section 43-1401, Arizona Revised Statutes, is amended to read:

43-1401. Definitions

In this chapter, unless the context otherwise requires:

1. "Arizona gross income" of a partnership means its taxable income for the year, computed according to subtitle A, chapter 1, subchapter K of the internal revenue code, exclusive of items requiring separate computation under paragraphs 1 through 10 of section 43-1412, PARAGRAPHS 1 THROUGH 16. For purposes of this title the provisions relating to interest on investment indebtedness contained in section 163(d) of the internal revenue code shall not apply.

2. "Arizona taxable income" of a partnership means its Arizona gross income adjusted by the modifications specified in sections 43-1021 and 43-1022.

Sec. 52. Section 43-1412, Arizona Revised Statutes, is amended to read:

43-1412. Partner's distributive share

In computing taxable income of each partner, he shall include, whether or not distribution is made to him, his distributive share of the partnership's:

1. Gains and losses from sales or exchanges of capital assets computed pursuant to the internal revenue code.
2. Gains and losses from sales or exchanges of property described in section 1231 of the internal revenue code, relating to certain property used in a trade or business and involuntary conversions.
- ~~3. Charitable contributions as defined in section 43-1046.~~
4. 3. Dividends with respect to which there is provided an exclusion under section 116 or a deduction under subtitle A, chapter 1, subchapter B, part VIII of the internal revenue code.
- ~~5. 4. Taxes described in section 43-1043 imposed by and paid to another state or country.~~
6. 5. Additional first year depreciation computed pursuant to section 179 of the internal revenue code.
7. 6. Recoveries of bad debts, prior taxes and delinquency amounts pursuant to section 111 of the internal revenue code.
- ~~8. 7. Gains and losses from wagering transactions pursuant to section 165(d) of the internal revenue code.~~
9. 8. Soil and water conservation expenditures pursuant to section 175 of the internal revenue code.
10. 9. Nonbusiness expenses as described in section 212 of the internal revenue code.
- ~~11. Medical expenses pursuant to section 43-1049.~~
12. 10. Expenses for care of certain dependents pursuant to section 214 of the internal revenue code.
13. 11. Payments pursuant to section 215 of the internal revenue code.
14. 12. Amounts representing taxes and interest paid to cooperative housing corporations pursuant to section 216 of the internal revenue code.
15. 13. Intangible drilling and development costs pursuant to section 263(c) of the internal revenue code.
16. 14. Certain mining exploration expenditures pursuant to section 617 of the internal revenue code.
17. 15. Income, gain or loss to the partnership under section 751(b) of the internal revenue code.
18. 16. Any items of income, gain, loss or deduction subject to a special allocation under the partnership agreement which differs from the allocation of partnership taxable income or loss generally.
19. 17. Arizona taxable income.

Sec. 53. Laws 1989, chapter 251, section 1, as amended by Laws 1990, chapter 251, section 2, is amended to read:

Section 1. County sales tax for retirement of county hospital warrants

A. Any county having a county hospital which has an occupancy rate for licensed hospital beds, except psychiatric beds, of less than twenty per cent as determined in subsection B of this section, on unanimous approval of all members of the board of supervisors, may levy and the department of revenue shall collect a tax at a rate equal to ten per cent of the transaction privilege tax rate applying, AS OF JANUARY 1, 1990, to each person engaging or continuing in the county in a business taxed under title 42, chapter 8, article 1, Arizona Revised Statutes.

B. After March 1 of each year the department of health services shall determine from the reports submitted the previous year pursuant to section 36-125.04, Arizona Revised Statutes, which county hospitals had an occupancy rate for licensed hospital beds, except psychiatric beds, of less than twenty per cent.

C. The tax prescribed by subsection A of this section shall be imposed beginning on the first day of the second month following the approval of the board of supervisors and shall terminate and not be imposed from and after the last day of the forty-eighth month in which the tax is imposed. A majority of the board of supervisors may terminate the imposition of the tax if it determines that the tax collected will be sufficient to retire the warrants before the forty-eighth month. The board shall give the department of revenue thirty days' notice before the termination of the tax.

D. Notwithstanding section 11-624.01, Arizona Revised Statutes, if the county treasurer cannot pay the outstanding county hospital warrants at the close of a fiscal year, he shall endorse the warrants "hospital warrant, not paid for lack of funds" and redeem those warrants pursuant to section 11-639, Arizona Revised Statutes, until all outstanding hospital warrants are redeemed.

E. The department of revenue shall transfer all monies collected under this section to the state treasurer for deposit in a separate county hospital control fund. The state treasurer shall disburse the money to the county on the fifteenth day of each month. The county shall use the tax revenues only to pay warrants issued for or attributable to maintenance and operation expenses of the county hospital.

F. If the county sells or otherwise disposes of real property, improvements, equipment or other assets used by its hospital, the county shall apply the proceeds of the conveyance to retire the hospital warrants and accelerate the termination of the tax imposed pursuant to this section.

G. Any excess tax revenues collected after payment of the last hospital warrants but before termination of collection of the tax shall be deposited in the state general fund to compensate for administering the tax.

H. The tax imposed under this section does not apply to the gross proceeds of sales or gross income derived pursuant to contracts entered into before the imposition of the tax by prime contractors who are subject to tax under section 42-1310.16, Arizona Revised Statutes, unless the contract contains a provision which entitles the contractor to recover the amount of the tax from a purchaser. To qualify for this exemption the contractor shall provide sufficient documentation, in a manner and form prescribed by the department of revenue, to verify that a contract was entered into before the imposition of the tax.

Sec. 54. Not referred

Sec. 55. Property tax relief for counties

A. In fiscal years 1990-1991 and 1991-1992, the state treasurer shall distribute ten million dollars each fiscal year to counties for the purpose of property tax relief. The monies shall be distributed from the state portion of transaction privilege tax revenues under section 42-1341. In each fiscal year, one-half of the monies shall be distributed on the first day of November and one-half shall be distributed on the first day of May.

B. The state treasurer shall provide the amount of reduction to the county board of supervisors before levying taxes pursuant to section 42-304, Arizona Revised Statutes.

C. For fiscal year 1990-1991, the state treasurer shall determine the amount of reduction for each county as follows:

1. Determine the total general purpose primary property tax levies for all counties for fiscal year 1989-1990 at the time taxes were levied for fiscal year 1989-1990.
2. Determine the total primary assessed valuation of the state for fiscal year 1989-1990 at the time taxes were levied for the fiscal year.
3. Divide the amount determined in paragraph 1 by the amount determined in paragraph 2 and divide the result by one hundred to determine the average county primary tax rate.
4. Add the primary county levies for those counties which had a primary tax rate higher than the average county primary tax rate determined in paragraph 3.
5. Divide ten million dollars by the sum determined in paragraph 4.
6. Multiply the amount determined in paragraph 5 by the primary property tax levy of each county used to arrive at the total in paragraph 4. The result is the amount by which each county board of supervisors shall reduce its primary property tax levy in fiscal year 1990-1991.

D. For fiscal year 1991-1992, the state treasurer shall determine the amount of reduction for each county as follows:

1. Determine the total general purpose primary tax levies for all counties for fiscal year 1990-1991 at the time taxes were levied for fiscal year 1990-1991 and add the amount of property tax reduction provided by this section for fiscal year 1990-1991.
2. Determine the total primary assessed valuation of the state for fiscal year 1990-1991 at the time taxes were levied for the fiscal year.
3. Divide the amount determined in paragraph 1 by the amount determined in paragraph 2 and divide the result by one hundred to determine the average county primary tax rate.
4. Add the primary county levies for those counties which had a primary tax rate higher than the average county primary tax rate determined in paragraph 3.
5. Divide ten million dollars by the sum determined in paragraph 4.
6. Multiply the amount determined in paragraph 5 by the primary levy of each county used to arrive at the total in paragraph 4. The result is the amount by which each county board of supervisors shall reduce its primary property tax levy in fiscal year 1991-1992.

Sec. 56. Cigarette floor stock tax

A. In addition to taxes levied and imposed by sections 42-1204 and 42-1231, Arizona Revised Statutes, there is levied and the department of revenue shall collect a tax equal to three-twentieths cent per cigarette on all cigarettes held by wholesalers on October 1, 1990. The tax imposed by this section shall be paid to the state treasurer as provided by title 42, chapter 7, article 1, Arizona Revised Statutes.

B. On or before October 15, 1990 each wholesaler who is subject to the tax imposed by this section shall file a sworn return with the department of revenue, on forms furnished by the department, showing the quantity of cigarettes in the wholesaler's possession on October 1, 1990 and the amount of the tax due. The tax shall be paid at the time of filing the return with the department and is delinquent after October 15, 1990. The failure to obtain forms is not a valid reason for failing to file a return as prescribed by this subsection.

C. A wholesaler who is subject to the tax imposed by this section and who fails or refuses to make or who intentionally makes a false or fraudulent return as required by this section is guilty of a class 3 misdemeanor.

D. A wholesaler who fails to pay the tax imposed by this section by October 15, 1990 is delinquent and is subject to and shall pay a penalty of ten per cent of the amount of tax due plus interest at the rate determined pursuant to section 42-134, Arizona Revised Statutes, from October 15, 1990 until the tax is paid.

Sec. 57. Changes to existing withholding tax rates

A. Unless an employee elects to change the rate of withholding tax prescribed by section 43-401, Arizona Revised Statutes, as amended by this act, if an employee's rate of withholding immediately before the effective date of this act was:

1. Seventeen per cent, the withholding tax rate shall be increased to twenty per cent.
2. Twenty-two per cent, the withholding tax rate shall be increased to twenty-five per cent.
3. Twenty-five per cent, the withholding tax rate shall be increased to twenty-nine per cent.

B. This section shall not be construed to preclude an employee from changing his or her rate of withholding pursuant to section 43-401, Arizona Revised Statutes, as amended by this act.

Sec. 58. 1990 additions to Arizona gross income

Notwithstanding section 43-1021, Arizona Revised Statutes, as amended by this act, in computing Arizona adjusted gross income pursuant to title 43, chapter 10, Arizona Revised Statutes, for the 1990 taxable year, the following amounts shall be added to Arizona gross income:

1. Federal income tax refunds received during the taxable year to the extent they were deducted in arriving at Arizona taxable income in a previous year.
2. Arizona state income tax refunds received to the extent the amount of these refunds is not already included in Arizona gross income, if a tax benefit was derived by deducting this amount in a prior year.

Sec. 59. Continuation of special amortization

If an individual has elected to amortize the basis of any pollution control device pursuant to section 43-1030, Arizona Revised Statutes, as in effect before the effective date of this act, or the cost

of child care facilities pursuant to section 43-1032, Arizona Revised Statutes, as in effect before the effective date of this act, the individual shall continue to amortize these items as prescribed by these sections and make the subtractions and additions to Arizona gross income prescribed in sections 43-1021 and 43-1022, Arizona Revised Statutes, as in effect before the effective date of this act.

Sec. 60. Emergency rules

The department of revenue shall adopt emergency rules pursuant to section 41-1026, Arizona Revised Statutes, to implement the administration of this act.

Sec. 61. Savings

This act does not affect the validity of any tax accrued, imposed or assessed, any penalty or interest assessed or any collection or enforcement proceedings begun before the effective dates of this act.

Sec. 62. Effective dates

- A. Sections 9 and 56 of this act are effective from and after September 30, 1990.
- B. Sections 1, 3, 4, 8, 15, 16, 19 through 35, 37 through 46, 49 through 52, 58 and 59 of this act apply retroactively to taxable years beginning from and after December 31, 1989.
- C. Sections 17, 36, 47, 48 and 57 of this act are effective from and after December 31, 1990.
- D. The remainder of this act is effective as provided by law.

BALLOT FORMAT

PROPOSITION 303

REFERENDUM ORDERED BY PETITION OF THE PEOPLE

OFFICIAL TITLE

A REFERENDUM ORDERED BY PETITION OF THE PEOPLE ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO TAXATION; PROVIDING FOR REFORM OF STATE INCOME TAX CODE; PRESCRIBING RATES, ADDITIONS, SUBTRACTIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS; PRESCRIBING COMPUTATION OF TAXES; REMOVING INFLATION INDEXING FROM INCOME TAX COMPUTATION; PRESCRIBING PHASE-OUT OF HOMEOWNER'S PROPERTY-TAX REBATE; PRESCRIBING MINIMUM QUALIFYING PROPERTY TAX RATE AND APPLICATION TO CERTAIN CLASSES OF PROPERTY IN SCHOOL DISTRICTS THAT ARE NOT ELIGIBLE FOR EQUALIZATION ASSISTANCE; PRESCRIBING AMOUNT OF MINIMUM VEHICLE LICENSE TAX; PRESCRIBING PROPERTY TAX ASSESSMENT PERCENTAGES FOR PROPERTY CLASSES ONE, TWO AND SIX; PRESCRIBING LUXURY TAX RATE ON CIGARETTES AND DISPOSITION OF REVENUE; PROVIDING FOR A CIGARETTE FLOOR STOCK TAX; REMOVING CREDIT AGAINST TRANSACTION PRIVILEGE AND AFFILIATED EXCISE TAXES FOR ACCOUNTING EXPENSES; PRESCRIBING REDUCED TRANSACTION PRIVILEGE AND AFFILIATED EXCISE TAX RATE ON COMMERCIAL LEASE CLASSIFICATION; PRESCRIBING TRANSACTION PRIVILEGE TAX RATES ON WHICH TRANSPORTATION EXCISE AND COUNTY HOSPITAL TAXES ARE BASED; PRESCRIBING LIMITATION ON URBAN INCOME TAX REVENUE SHARING; PRESCRIBING WITHHOLDING TAX RATES; PRESCRIBING ESTIMATED INCOME TAX; PRESCRIBING 1990 STATE PROPERTY TAX RATES; PROVIDING FOR AMENDED PROPERTY TAX ROLLS AND DELAYED DUE DATE AND DELINQUENCY DATE; PROVIDING FOR STATE PROPERTY TAX RELIEF IN HIGH-TAX COUNTIES; PRESCRIBING DEFINITIONS AND CONFORMING AND TECHNICAL CHANGES; REPEALING SECTIONS 33-304, 42-1322.01, 43-1022.01, 43-1026, 43-1027, 43-1033, 43-1035, 43-1042 THROUGH 43-1051, 43-1054, 43-1055, 43-1056 AND 43-1058 THROUGH 43-1064, ARIZONA REVISED STATUTES; REPEALING TITLE 43, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES; AMENDING SECTIONS 11-293.01, 15-972, 15-992, 28-1591, 41-951, 42-108, 42-227, 42-1204, 42-1317, 42-1482, 42-1483, 42-1484, 42-1491, 43-102, 43-206, 43-401, 43-581, 43-612, 43-613, 43-615, 43-945, 43-961, 43-1001, 43-1011, 43-1012, 43-1023, 43-1041, 43-1043, 43-1072, 43-1073, 43-1095, 43-1098, 43-1101, 43-1111, 43-1122, 43-1123, 43-1231, 43-1332, 43-1401 AND 43-1412, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1021, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 2 AND CHAPTER 296, SECTION 1; AMENDING SECTION 43-1022, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 3; TRANSFERRING AND RENUMBERING SECTIONS 43-1025, 43-1029, 43-1052, 43-1030 AND 43-1032, ARIZONA REVISED STATUTES, FOR PLACEMENT IN TITLE 43, CHAPTER 11, ARTICLE 3, ARIZONA REVISED STATUTES, AS SECTIONS 43-1123, 43-1127, 43-1128, 43-1129 AND 43-1130, RESPECTIVELY; RENUMBERING SECTION 43-1057, ARIZONA REVISED STATUTES, AS SECTION 43-1043; AMENDING TITLE 43, CHAPTER 10, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1042; AMENDING SECTION 43-1043, ARIZONA REVISED

BALLOT FORMAT (Cont'd)

OFFICIAL TITLE (CONT'D)

STATUTES, AS RENUMBERED; AMENDING SECTION 43-1075, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 1990, CHAPTER 296, SECTION 3; AMENDING SECTION 43-1121, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 5; AMENDING SECTION 43-1127, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 255, SECTION 4 AND AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 43-1128 AND 43-1129, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTION 43-1130, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1990, CHAPTER 296, SECTION 2 AND AS TRANSFERRED AND RENUMBERED; AMENDING SECTION 43-1163, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 1990, CHAPTER 296, SECTION 4, AND AMENDING LAWS 1989, CHAPTER 251, SECTION 1 AS AMENDED BY LAWS 1990, CHAPTER 251, SECTION 2.

DESCRIPTIVE TITLE

AN ACT REVISING FORMULAS FOR CALCULATING ARIZONA INCOME TAXES; INCREASING TAXES ON CIGARETTES, MINES, CERTAIN UTILITIES, RESIDENTIAL RENTAL PROPERTIES, NURSING HOMES AND CERTAIN CENTERS FOR DAY CARE, HANDICAPPED OR ELDERLY; INCREASING WITHHOLDING TAX RATES; ELIMINATING RENTERS' CREDIT IF TAXABLE INCOME IS OVER \$25,000; AND RAISING DEPENDENT EXEMPTION FROM \$600 TO \$2,000.

PROPOSITION 303

A "yes" vote shall have the effect of approving the tax package passed by the 1990 Legislature as House Bill 2028.

YES →

A "no" vote shall have the effect of maintaining the current tax rates and taxes imposed as enacted during previous legislative sessions, concerning provisions to which the referendum has been applied.

NO →

NOTES

VOTER'S GUIDE

This form is for your convenience to mark your choices after studying the Publicity Pamphlet. This page may be detached from the pamphlet and taken to the polling place General Election day November 6, 1990 to assist you in voting your ballot.

Proposition 100 Yes No
Authorizing the state to exchange state trust land for public or private land.

Proposition 101 Yes No
Prescribing purposes for which a city or town may incur additional, voter approved debt.

Proposition 102 Yes No
Increasing the jurisdiction of justice of the peace courts and other lower courts.

Proposition 103 Yes No
Creating the Arizona Classroom Improvement Program.

Proposition 104 Yes No
Enacting a Victims' Bill of Rights.

Proposition 105 Yes No
Allowing enactment of a voluntary auto insurance system limiting recovery of damages.

Proposition 200 Yes No
Providing state lottery funding for the State Parks Board and Game and Fish Commission.

Proposition 201 Yes No
Creating an Insurance Consumer Office; prescribing a 20% auto insurance rate reduction.

Proposition 202 Yes No
Relating to the creation of a waste reduction, recycling and management plan.

Proposition 203 Yes No
Providing a choice between modified "no-fault" auto insurance and traditional coverage.

Proposition 300 Yes No
Recommendation to increase the salaries of Legislators.

Proposition 301 Yes No
Creating a paid holiday for M. L. King, Jr. and an unpaid holiday for Columbus Day.

Proposition 302 Yes No
Creating a paid holiday for Martin Luther King, Jr./Civil Rights Day.

Proposition 303 Yes No
Relating to the 1990 tax package.

Detach on this line

VOTER INFORMATION

1. Anyone who is either physically or visually impaired or **WHO IS UNABLE TO READ** or to understand the contents of the ballot may be accompanied into the voting booth by a person of his choice or a representative of each major political party for the purpose of assisting him in casting his ballot.
2. Sample ballots may be brought to the voting place and may be taken into the voting booth on the day of the election.
3. Any qualified voter who at 7:00 P.M. is in the line of waiting voters shall be allowed to prepare and cast his ballot.

ABSENTEE VOTING

Qualifications – Arizona provides for absentee voting in all elections called pursuant to its laws. A qualified elector may vote absentee if he:

1. Is physically unable to go to the polls.
2. Is 65 years of age or older.
3. Lives more than 15 road miles from the polling place.
4. Expects to be absent from his precinct at the time of the election.
5. Is unable to go to the polls on election day because of the tenets of his religion.
6. Is legally blind.

Requirements – Electors qualified to vote absentee may:

1. Appear in person at the office of the County Recorder between 33 days prior and 4 days prior to the election.

OR

2. Submit a written request to the County Recorder with the following information:
 - A. Name and address as registered.
 - B. Date of birth.
 - C. Reason for requesting the absentee ballot.
 - D. Election (primary, general, special, etc.)
 - E. Complete address where ballot is to be mailed.
 - F. Signature of requestor.