SENATE

2nd

Special Session

28th Legislature

JOURNAL

OF THE

SENATE

TWENTY-EIGHTH LEGISLATURE

OF THE

STATE OF ARIZONA

SECOND SPECIAL SESSION

-1967-

SESSION CONVENED, MONDAY, OCTOBER 30, 1967

SESSION ADJOURNED SINE DIE

FRIDAY, NOVEMBER 17, 1967, AT 4:04 P.M.

OFFICERS OF THE SENATE OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

MARSHALL HUMPHREY ..... President
LOUISE C. BRIMHALL ..... Secretary
RILLA S. DEAN ..... Assistant Secretary
DON SMYTH ..... Sergeant at Arms
LOUIS BISBINES ..... Assistant Sergeant at Arms

ALPHABETICAL LIST OF MEMBERS OF THE SENATE OF THE TWENTY-EIGHTH LEGISLATURE

Senators	County & District	Home
Blansett, Glenn (D)	Apache, Navajo, Greenlee—3	Joseph City
Burgess, Mrs. Isabel (Richard) (R)	Maricopa—8E	Phoenix
Campbell, Cloves C. (D)	Maricopa—8G	Phoenix
Cardella, Kenneth C. (R)	Pima—7E	Tucson
Castillo, Joseph A. (D)	Pima—7A	Tucson
Conlan, John B., Jr. (R)	Maricopa—8C	Scottsdale
Crowley, William T. (D)	Maricopa—8M	Phoenix
Garfield Ernest (R)	Pima—7C	Tucson
Gibbings, F. T. (D)	Pima—7B	Tucson
Giss, Harold C. (D)	Yuma—6	Yuma
Goetze, Ray A. (R)	Maricopa—8K	Sun City
Goldberg, Chet K., Jr. (R)	Maricopa—8I	Phoenix
Gregovich, John (D)	Gila, Pinal—5	Claypool
Halacy, Daniel Stephen, Jr. (R)	Maricopa—8O	Glendale
Holsclaw, Douglas (R)	Pima—7D	Tucson
Humphrey, Marshall (R)	Maricopa—8A	Chandler
Huso, William (D)	Apache, Navajo, Greenlee—3	Show Low
Jacquin, William C. (R)	Pima—7F	Tucson

ALPHABETICAL LIST OF MEMBERS OF THE SENATE
OF THE
TWENTY-EIGHTH LEGISLATURE
(Continued)

Senators	County & District	Home
Johnson, Chris T. (R)	Maricopa—8L	Phoenix
Kitchel, Dan S. (D)	Graham, Cochise, Santa Cruz—2	Bisbee
Knoles, Thomas M., Jr. (D)	Coconino—4	Flagstaff
Kret, David B. (R)	Maricopa—8D	Scottsdale
Lewis, Orme, Jr. (R)	Maricopa—8H	Phoenix
Ong, Wing F. (D)	Maricopa—8F	Phoenix
Porter, William S. (R)	Maricopa—8B	Mesa
Spikes, A. R. (D)	Graham, Cochise, Santa Cruz—2	Douglas
Stump, Bob (D)	Maricopa—8N	Tolleson
Tenney, Boyd (R)	Mohave, Yavapai—1	Prescott
Thode, Mrs. E. Blodwen (D)	Gila, Pinal—5	Casa Grande
Wilcox, Robert C. (R)	Maricopa—8J	Phoenix

SENATE JOURNAL

TWENTY-EIGHTH LEGISLATURE
SECOND SPECIAL SESSION
1967

MONDAY, OCTOBER 30
First Day

Pursuant to executive proclamation issued by the Honorable Jack Williams, Governor of Arizona, under date of October 26, 1967, the State Senate of the Twenty-eighth Legislature convened in special session in the Senate chamber at 12 o'clock noon.

The President of the Senate, Hon. Marshall Humphrey, of Maricopa county, called the Senate to order.

Dr. John L. Mitchell, Pastor, Bethany Bible Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag of the United States of America was led by Senator Blansett.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Castillo, Jacquin, and Porter had been excused; and that Senator Holsclaw is excused because of illness.

The Sergeant at Arms at 12:17 p.m. announced that Senator Jacquin had entered the Senate chamber and taken his seat.

The Sergeant at Arms, at 12:41 p.m., announced that Senator Porter had entered the Senate chamber and taken his seat.

PROCLAMATION OF THE GOVERNOR

The President laid before the Senate the proclamation of the Governor of Arizona under date of October 26, 1967, which was read as follows:

PROCLAMATION

CALLING A SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a special session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, the Legislature of Arizona in 1963 did establish by Chapter 43 of the Laws of 1963 the Division of Appraisal and Assessment Standards and by preamble used the following words: "It is the sense of this Legislature that in

order to assure that the state's ad valorem tax structure is uniform and equitable a revaluation of all property in the state is to be undertaken immediately. The Legislature recognizes that a revaluation of all property within the state will necessarily take time." This legislation came into being by virtue of Southern Pacific Co. vs. Cochise County, 92 Ariz. 395, 377 P2d 770; and

WHEREAS, four years have elapsed since the Division of Appraisal and Assessment Standards came into being and several million dollars have been spent and many thousands of man hours expended; and

WHEREAS, the responsible committees of both Houses of the Legislature have worked arduously to achieve the goals established in 1963; and

WHEREAS, the people of this State expect that their elected representatives can and will solve one of the great problems facing this State fairly, efficiently and quickly;

NOW, THEREFORE, I, Jack Williams, Governor of Arizona, by virtue of the authority vested in me by the Constitution and in pursuance of my duty, call the Twenty-eighth Arizona Legislature to meet in Second Special Session in the Capitol on Monday, the 30th day of October, 1967 at 12:00 noon.

The following is the subject to be considered during this Special Session:

> Any and all matters relating to the imposition of taxes, ad valorem or otherwise, the raising and distribution of revenue from any source and any matter germane to the raising and distribution of revenue in order to finance the operation of the State government or its subdivisions.

ATTEST:
Wesley Bolin
Secretary of State

SIGNED: Jack Williams
Governor
10-26-67

The proclamation was placed on file in the Secretary's office.

RULES OF THE SENATE

Senator Goldberg stated that in view of the fact that the initial organization of the Senate at the opening of the Twenty-eighth Legislature in January, 1967, included the adoption of Rules for the operation of the entire Twenty-eighth Legislature, the Senate of the Second Special Session of the Twenty-eighth Legislature is therefore properly organized.

Monday, October 30, 1967
First Day

READING OF BILLS BY NUMBER AND TITLE ONLY

Senator Goldberg moved that without objection all bills, resolutions and memorials under the order of business first and second reading of bills during the second special session of the Twenty-eighth Legislature be read by number and title only. The motion was agreed to.

NOTIFICATION OF THE HOUSE AND THE GOVERNOR

Senator Goldberg moved that a committee be appointed to notify the House that the Senate is organized and ready for the transaction of business and to act with a like committee from the House to notify the Governor that the second special session of the Twenty-eighth Legislature is organized and ready to receive any communication he may wish to deliver. The motion was agreed to and the President designated Senators Wilcox, Goetze, Tenney, Conlan, and Gibbings as members of this committee.

RECESS

Without objection at 12:07 p.m. the Senate stood at recess subject to the call of the gavel to await a committee from the House.

The President called the Senate to order at 12:17 p.m.

PRIVILEGES OF THE FLOOR

Senator Giss called attention to the presence in the gallery of Hon. John Mickelson, former Senator from Graham county, and the privileges of the floor were extended to Mr. Mickelson.

COMMITTEE FROM THE HOUSE

The Sergeant at Arms, at 12:17 p.m., announced a committee from the House of Representatives consisting of Members Ellsworth, Rockwell, Biles, Roeder, and Abril. The committee informed the Senate that the House is organized and ready for the transaction of business.

RECESS

Without objection, at 12:18 p.m., the Senate stood at recess subject to the call of the gavel following the joint session.

JOINT SESSION

In accordance with the recess taken by the two Houses, the Senate and the House of Representatives assembled in joint session at 12:24 p.m. in the House chamber, the President of the Senate in the chair.

The President called the joint session of the Legislature to order and a quorum of each House was shown to be present.

His Excellency, the Governor of Arizona, the Honorable Jack Williams, appeared in the House chamber escorted by Senators Wilcox,

Goetze, Tenney, Conlan, and Gibbings, the committee appointed by the Senate; and Members Ellsworth, Rockwell, Biles, Roeder, and Abril, the committee appointed by the House.

The Governor was introduced by the President of the Senate and a cordial welcome was extended him.

THE GOVERNOR'S MESSAGE

The Governor addressed the joint session of the Legislature as follows:

> You are gathered together today to fulfill an obligation placed upon you some four years ago by the Supreme Court of Arizona. In response to that judgment your predecessors took the first step, establishing authority for a statewide reappraisal program. Much time has been spent and several millions of dollars of the taxpayers' money has been expended preparatory to this day. You do not face an easy task, but then neither did your predecessors in many other periods of Arizona's history, both territorial and state.
>
> I am confident that in an unemotional, calm atmosphere you can achieve a program that will redound to the benefit of the people of this state. No matter how taxes are sugar coated, they are still taxes and a burden upon the people. The only purpose of taxation is to provide funds to meet the necessary expenses of a government.
>
> Social concepts have no place in a fair scheme of taxation. I say this because social concepts change, but the concept of a fair burden of taxation must continue to have the support of the great bulk of the taxpayers. If any tax structure you create places an undue burden upon any segment of this population, you will have done the state and its citizens a great disservice. I am confident you will not do this. Industry has come to Arizona and will remain here and provide jobs for the citizens of this state as long as they feel they are fairly treated. If we undertake a punishing program in any form we are endangering some jobs for some citizens of this state. The only "social aim" of a tax program that I believe the majority of this state will support is one that insures more jobs for more people. This means we must also protect all those Arizonans with varied forms of investment, whether it be the farmers and ranchers or the developers and the owners of real property such as apartment buildings or office buildings.
>
> Of course the largest taxpaying segment of all are the state's home owners, who must receive treatment that will prevent home owning from becoming a burden. Taxes have been a matter of concern since the earliest recorded history of any people. What you face has been faced by generations before us and I am sure will be faced by those to come.
>
> Basically, it is the question of how do we pay for the services we want the government to provide for us. It will

do no good to discuss how complex the problem is, nor to wring our hands and to say it is too complicated for solution. No problem is too complicated when people of good faith resolve to come to grips with the problem. I have been in many, many meetings with your leadership. Their efforts to achieve equitable results are commendable, their diligence will remain as an example for all subsequent legislatures to follow. I am convinced that you are able and capable of achieving a tax program that the people of this state can live with and prosper under. May I, at the risk of appearing to lecture, give you my thoughts on the essential elements of a fair tax program?

First. It must be simple and easily understood by every citizen of this state. Complicated formulas, exceptions, cumbersome exemptions and too many classifications only lead to the suspicion that the average citizen is not receiving a fair shake. I am of the firm thought that our citizens will pay their taxes if they understand fully the basis upon which they are assessed and the reason therefor.

Second. Fairness to all segments of the populations in all counties in all sections of the state. The power manifested in the two big counties must not be used against citizens or businesses located in counties where there are few voters.

Third. Quickness of remedy and appeal provisions. Truly, justice delayed is justice denied. The appeal provisions of any assessment must be quick and within the economic reach of any citizen, otherwise he is denied a very basic right.

Fourth. Ease of collection by the taxing authorities. The best tax in the world is of no consequence if it cannot be collected quickly and cheaply. I state this because if there are any supplemental tax programs enacted in connection with an ad valorem reform, then this concept must be kept in mind.

In the next few days the people of this state expect much of you and I know that you will not disappoint them.

A rising vote of thanks was accorded the Governor. Whereupon, at 12:31 p.m. the joint session was dissolved.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

STAN TURLEY
Speaker of the House of Representatives

K. E. "BETTY" WEST
Chief Clerk of the House of Representatives

The President called the Senate to order at 12:41 p.m.

Tuesday, October 31, 1967
Second Day

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 12:44 p.m. the Senate stood adjourned until tomorrow, Tuesday, October 31, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

TUESDAY, OCTOBER 31
Second Day

The Senate met at 9 a.m.

Rev. Jack Willems, of the Lighthouse Mission, Phoenix, offered prayer.

Pledge of Allegiance to the flag was led by Senator Burgess.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Cardella, Conlan, and Jacquin had been excused.

Senator Holsclaw is excused because of illness.

The Sergeant at Arms announced that:

At 9:03 a.m. Senator Jacquin had entered the Senate chamber and taken his seat.

At 9:05 a.m. Senator Conlan had entered the Senate chamber and taken his seat.

At 9:06 a.m. Senator Cardella had entered the Senate chamber and taken his seat.

THE JOURNAL

The President announced that without objection the reading of the Journal of Monday, October 30, 1967, is dispensed with and the Journal stands approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

The following bills and resolutions were introduced and, by unanimous consent, read the first time by number and title:

Tuesday, October 31, 1967
Second Day

Senate Bill No. 1, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending section 42-227, Arizona Revised Statutes."

Senate Bill No. 2, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for a transaction privilege tax on storage fees or rents, and amending section 42-1314, Arizona Revised Statutes."

Senate Bill No. 3, by a Majority of the Committee on Finance and Revenue, entitled: "An relating to taxation; providing for the elimination of federal income taxes as a deduction; providing for depreciation allowances; eliminating net operating loss carry-backs as a deduction; eliminating the deduction for dividends from Arizona corporations; providing for twenty per cent bonus first-year depreciation; providing an exception relating to the sale of corporate assets in the year of dissolution; providing for nonrecognition of gain for corporations selling assets and liquidating within a twelve-month period; providing for taxation of gain from disposition of depreciable property as ordinary income; providing for taxation of gain from disposition of depreciable realty as ordinary income; providing for recognition of gain or loss in certain reacquisitions of real property; prescribing a ninety-day statutory period for protest and finalization of assessments; providing for an Arizona withholding tax rate of one per cent, and amending sections 43-123, 43-152, 43-157, 43-177, and 43-188, Arizona Revised Statutes."

Senate Bill No. 4, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for hearing of appeal from state board of property tax appeals; providing for method of payment of judgment, and amending section 42-147, Arizona Revised Statutes."

Senate Bill No. 5, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for appeal of valuations; requiring assessor or department of property valuation to furnish copy of petition to the owner of the property, and amending section 42-245, Arizona Revised Statutes."

Senate Bill No. 6, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for review of and appeal from classification assigned by county assessor or the department of property valuation, and amending title 42, chapter 2, article 2, Arizona Revised Statutes, by adding section 42-254."

Senate Bill No. 7, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending section 42-221, Arizona Revised Statutes."

Senate Bill No. 8, by a Majority of the Committee on Finance

Tuesday, October 31, 1967
Second Day

and Revenue, entitled: "An Act relating to taxation; prescribing dates within which proof of exemption shall be submitted, and amending section 42-275, Arizona Revised Statutes."

Senate Bill No. 9, by a Majority of the Committee on Finance and Revenue, entitled "An Act relating to counties; providing for the issuance and filing of building permits issued by cities and counties; prescribing penalties; amending section 11-321, Arizona Revised Statutes, and amending title 11, chapter 2, article 9, Arizona Revised Statutes, by adding section 11-322."

Senate Bill No. 10, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for determination of valuation of gas, water and utilities, pipelines and cable television or transmission systems, and amending section 42-124.01, Arizona Revised Statutes."

Senate Bill No. 11, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for a tax on implements as unsecured personal property, and amending title 42, chapter 3, Arizona Revised Statutes, by adding article 4, section 42-651."

Senate Bill No. 12, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to zoning; providing for giving notice of changes to county assessor; amending title 9, chapter 4, article 6, Arizona Revised Statutes, by adding section 9-465.01, and amending title 11, chapter 6, article 2, Arizona Revised Statutes, by adding section 11-829.01."

Senate Bill No. 13, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing the rate of the education excise tax, and amending section 42-1361, Arizona Revised Statutes."

Senate Bill No. 14, by Senator Lewis, entitled: "An Act relating to taxation; prescribing limitations upon amount of ad valorem taxes that may be levied, and amending title 42, chapter 1, article 1, Arizona Revised Statutes, by adding section 42-108.02."

Senate Bill No. 15, by Senator Knoles, entitled: "An Act relating to taxation; providing a general fund excise tax for the maintenance of state government; providing for the deposit of such tax in the state general fund, amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2, sections 42-1371 and 42-1372."

Senate Concurrent Resolution No. 1, by a Majority of the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected disabilities and amending article 9, section 2, Constitution of Arizona."

Senate Concurrent Resolution No. 2, by a Majority of the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain widows, and amending article 9, section 2, Constitution of Arizona."

Tuesday, October 31, 1967
Second Day

Senate Concurrent Resolution No. 3, by a Majority of the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain persons who have attained the age of sixty-five years, and amending article 9, section 2, Constitution of Arizona."

Senate Concurrent Resolution No. 4, by a Majority of the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to taxation; exempting household goods from personal property taxation, and amending article 9, section 2, Constitution of Arizona."

Senator Goldberg moved that, without objection, an emergency be declared, the rules be suspended and that all bills, memorials, and resolutions under the order of business, introduction and first reading of bills, for the duration of the second special session of the Twenty-eighth Legislature, be advanced to the order of business second reading of bills on the day of introduction. The motion was agreed to.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent the following bills and resolutions were read the second time by number and title:

Senate Bill No. 1, classification of property for taxation. Referred to the Committee on Finance and Revenue.

Senate Bill No. 2, providing for sales tax on certain rents or storage fees. Referred to the Committee on Finance and Revenue.

Senate Bill No. 3, amending laws relating to income tax. Referred to the Committee on Finance and Revenue.

Senate Bill No. 4, hearing of appeal and method of payment of judgment. Referred to the Committee on Finance and Revenue.

Senate Bill No. 5, method required for appealing valuations. Referred to the Committee on Finance and Revenue.

Senate Bill No. 6, review of and appeal from classification. Referred to the Committee on Finance and Revenue.

Senate Bill No. 7, time for placing improvements on tax roll. Referred to the Committee on Finance and Revenue.

Senate Bill No. 8, dates for proof of exemption. Referred to the Committee on Finance and Revenue.

Senate Bill No. 9, issuance and filing of building permits. Referred to the Committee on Finance and Revenue.

Senate Bill No. 10, determining valuation of utilities, transmission systems, etc. Referred to the Committee on Finance and Revenue.

Senate Bill No. 11, tax on implements. Referred to the Committee on Finance and Revenue.

Senate Bill No. 12, giving notice of changes to county assessor. Referred to the Committee on Finance and Revenue.

Senate Bill No. 13, rate of education excise tax. Referred to the Committee on Finance and Revenue.

Senate Bill No. 14, limitations upon amount of ad valorem tax levy. Referred to the Committee on Finance and Revenue.

Senate Bill No. 15, general fund excise tax for maintaining state government. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 1, constitutional amendment relating to tax exemption for veterans. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 2, constitutional amendment relating to tax exemption for widows. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 3, constitutional amendment relating to tax exemption for persons over 65 years of age. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 4, constitutional amendment exempting household goods from taxation. Referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to, and at 9:21 a.m. the Senate stood adjourned until tomorrow, Wednesday, November 1, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

WEDNESDAY, NOVEMBER 1
Third Day

The Senate met at 9 a.m.

Rev. Dick Mercado, Director of the Mexican Gospel Mission, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Campbell.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Conlan, Crowley, Porter, and Spikes had been excused.

Senator Holsclaw is excused because of illness.

Senator Conlan, although unable to be present in time to answer roll call, arrived at the Senate to conduct and to attend Committee meetings later in the morning and during the afternoon.

THE JOURNAL

The President announced that without objection the reading of the Journal of Tuesday, October 31, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:05 a.m. the Senate stood adjourned until tomorrow, Thursday, November 2, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

THURSDAY, NOVEMBER 2
Fourth Day

The Senate met at 9 a.m.

Rev. Guy Davidson, Pastor of the Grace Community Church, Tempe, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Cardella.

The roll was called and the following Senators answered to their names:

Burgess, Campbell, Cardella, Castillo, Crowley Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Jacquin, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Blansett, Conlan, Garfield, Kret, and Spikes had been excused.

Senator Holsclaw is excused because of continued illness.

The Sergeant at Arms, at 9:05 a.m., announced that Senator Garfield had entered the Senate and taken his seat; and that Senator Kret had entered the Senate chamber and taken his seat.

THE JOURNAL

The President announced that without objection the reading of the Journal of Wednesday, November 1, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 16, by Senator Kret, entitled: "An Act relating to taxation; providing for a tax in lieu of school district taxes upon real property and improvements thereon not located in any school district, and amending title 42, chapter 2, Arizona Revised Statutes, by adding article 12, section 42-521," was introduced and read the first time by number and title.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent Senate Bill No. 16, assessment of real property outside of school district, was read the second time by number and title, and was referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:06 a.m. the Senate stood adjourned until tomorrow, Friday, November 3, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

FRIDAY, NOVEMBER 3
Fifth Day

The Senate met at 9 a.m.

Rev. Ken Stevens, Pastor of the Scottsdale Baptist Church, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Castillo.

The roll was called and the following Senators answered to their names:

Burgess, Campbell, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Johnson, Kitchel, Knoles, Lewis, Ong, Stump, Wilcox, President Humphrey.

The President announced that Senators Blansett, Cardella, Garfield, Jacquin, Kret*, Porter, Spikes*, and Tenney*, had been excused.

Senator Holsclaw is excused because of continued illness.

*The President laid before the Senate letters from Senators Kret and Tenney requesting to be excused from attendance at certain sessions which were read as follows:

November 2nd, 1967

Senate President Marshall Humphrey
Capitol Building, Senate Wing
Phoenix, Arizona 85007

Dear Senate President Humphrey:

Business demands require that I be in Los Angeles tomorrow, Friday, November 3rd from approximately 8:00 A.M. to 8:00 P.M. In case of an emergency, I can be reached at the Roger Young Auditorium in Los Angeles.

Similar business requirements dictate that I be in Seattle, Washington on Wednesday, November 8th. I will be leaving Phoenix on the night of Tuesday the 7th, returning to Phoenix very late on the night of November 8th. I will be able to be contacted in Seattle at the Edgewater Hotel.

For the purposes of these business trips, I would appreciate being excused from attendance at any sessions of the Senate or any Committees thereof held during the period of my absences.

Sincerely yours,
David B. Kret
State Senator

November 2, 1967
To President Humphrey:

Due to business pressures I would like to be excused from attending the session of the Arizona State Senate on November 3 and 4.

Boyd Tenney

*See Journal of November 4th for letter from Senator Spikes.

The communications were placed on file in the Secretary's office.

Friday, November 3, 1967
Fifth Day

THE JOURNAL

The President announced that without objection the reading of the Journal of Thursday, November 2, 1967 is dispensed with and the Journal is approved as recorded by the Secretary.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported the following:

Senate Bill No. 4, hearing of appeal and method of payment of judgment, with the recommendation that the bill do pass with the following amendments: (reference is to the printed bill)

Page 1, line 8, after "docketed," insert "WITH OR"

Page 2, line 2, after "TAXES" insert "DURING THE NEXT FISCAL YEAR,"

Page 2, line 2, after "SHALL" insert "THEN"

Page 2, line 7, after "APPELLANT." insert "THE STATE AND ANY POLITICAL SUBDIVISION AFFECTED BY THE JUDGMENT SHALL INCLUDE THE PROPORTIONAL AMOUNT OF THE JUDGMENT FOR WHICH EACH IS LIABLE IN ITS BUDGET FOR THE NEXT FISCAL YEAR. ANY INCREASE IN THE BUDGET BECAUSE OF THE PORTION OF THE JUDGMENT BEING INCLUDED THEREIN SHALL NOT BE SUBJECT TO ANY BUDGET LIMITATION AS MAY BE PROVIDED BY LAW."

Senate Bill No. 5, method required for appealing valuations, with the recommendation that the bill do pass with the following amendments: (reference is to the printed bill)

Page 1, line 24, strike "orders" and insert "HAS ORDERED"

Page 2, line 7, strike "LETTER" and insert "MAIL"

Page 2, line 9, after "TO THE" insert "LISTED"

Page 2, lines 12 and 13, strike "THEREAFTER"

Page 2, line 13, strike "FURTHER"

Senate Bill No. 6, review of and appeal from classification, with the recommendation that the bill do pass.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:04 a.m. the Senate stood adjourned until tomorrow, Saturday, November 4, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

SATURDAY, NOVEMBER 4
Sixth Day

The Senate met at 9 a.m.

Senator Goetze offered prayer.

Pledge of Allegiance to the Flag was led by Senator Crowley.

The roll was called and the following Senators answered to their names:

Burgess, Campbell, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Gregovich, Halacy, Huso, Jacquin, Johnson, Kitchel, Kret, Lewis, Ong, Stump, Wilcox, President Humphrey.

The President announced that Senators Blansett, Cardella, Castillo,* Goldberg, Holsclaw, Knoles, Porter, Spikes,* Tenney,* and Thode* had been excused.

Senator Holsclaw is excused because of continued illness.

*Senator Tenney is excused as per his written request of November 2, 1967 which appears in the Journal under date of November 3rd.

*Senators Castillo and Thode are excused in accordance with their written requests as follows:

Marshall Humphrey, President
Arizona State Senate

Dear Mr. President:

Due to previous commitments and not knowing that we would have Saturday sessions, I will be unable to attend the Saturday, November 4th session. I request that I be excused.

(signed) Joseph A. Castillo
Pima County — 7-A

November 3, 1967

The Honorable Marshall Humphrey
President of the Senate
Senate Wing, State Capitol
Phoenix, Arizona

Dear President Humphrey:

Because of a very important appointment with the United States Forest Service which was set up sometime ago, I must attend a meeting in Springerville, and respectfully ask to be excused Saturday, November 4th.

Respectfully,
(signed) E. B. Thode

Saturday, November 4, 1967
Sixth Day

*The following letter from Senator Spikes was laid before the Senate and placed on file:

November 3, 1967

Senator Marshall Humphrey
President of the Senate

Arizona State Senate
Phoenix, Arizona

Dear President Humphrey:

Due to health conditions it was inconvenient for me to attend the sessions of the State Senate on November 1, 2 and 3.

I am expecting to return for the meeting on Saturday, November 4.

Sincerely,

A. R. SPIKES
State Senator, District 2

Senator Spikes is excused today also because of illness, although his letter of November 3, 1967, expressed his intention and hope of being able to return to the Senate for today's session, following an illness of several days.

THE JOURNAL

The President announced that without objection the reading of the Journal of Friday, November 3, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 17, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages, and amending section 42-1204, Arizona Revised Statutes," was introduced and by unanimous consent, was read the first time by number and title.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent Senate Bill No. 17, increasing sales tax on alcoholic beverages, was read the second time by number and title, and was referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Huso moved that the Senate stand adjourned until Monday at 9 a.m. The motion was agreed to and at 9:05 a.m. the Senate stood adjourned until Monday, November 6, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

CHIEF CLERK'S OFFICE
ARIZONA HOUSE
OF REPRESENTATIVES

Monday, November 6, 1967
Eighth Day

MONDAY, NOVEMBER 6
Eighth Day

The Senate met at 9 a.m.

Rabbi Moshe Tutnauer, of Beth El Congregation, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Huso.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goldberg, Gregovich, Halacy, Huso, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Cardella, *Goetze, *Holsclaw, Jacquin, *Kret, and *Spikes have been excused.

*Senator Goetze is excused to attend a breakfast as guest of United States Senator Paul Fannin, on the "Central Arizona Project."

*Senator Holsclaw is excused because of continued illness.

*Senator Spikes is excused because of hospitalization.

*The President laid before the Senate a memorandum from Senator Kret which was read as follows:

November 6, 1967

To: Senate President Humphrey

Business has unexpectedly required that I be in Seattle, Washington on Monday, November 6th, 1967 and I would appreciate being excused from Committee meetings and Senate attendance for that day. I expect to return in time for the session, Tuesday, November 7th.

Sincerely,

David B. Kret
By: Leonor F. Canter, Secretary

The communication was placed on file in the Secretary's office.

THE JOURNAL

The President announced that without objection the reading of the Journal of Saturday, November 4, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

RECESS

Without objection, at 9:04 a.m. the Senate stood at recess until 2 p.m.

AFTERNOON SESSION

The President called the Senate to order at 2 p.m.

The Sergeant at Arms, at 2 p.m., announced that Senator Goetze had entered the Senate chamber and taken his seat.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 2:02 p.m. the Senate stood adjourned until tomorrow, Tuesday, November 7, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

TUESDAY, NOVEMBER 7
Ninth Day

The Senate met at 9 a.m.

Dr. Fletcher Scharer, Pastor of the First Methodist Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Garfield.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators *Campbell, *Holsclaw, and *Spikes have been excused.

*Senator Holsclaw is excused because of continued illness.

*Senator Spikes is excused because of hospitalization.

*Senator Campbell is excused in compliance with his letter which was read as follows:

November 7, 1967

Mr. Marshall Humphrey, President
Arizona State Senate

Phoenix, Arizona

Dear Mr. President:

I wish to be excused from today's roll call due to a

speaking engagement scheduled for this morning at 8 a.m.

Thank you.

Sincerely,

/s/ Cloves Campbell
Senator

The letter was placed on file in the Secretary's office.

THE JOURNAL

The President announced that without objection the reading of the Journal of Monday, November 6, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 18, by Senator Crowley, entitled: "An Act relating to taxation; providing for the exemption of prescription medicine from transaction privilege taxes and the use tax, and amending sections 42-1321 and 42-1409, Arizona Revised Statutes," was introduced and, by unanimous consent, was read the first time by number and title.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent Senate Bill No. 18, exempting prescription medicine from sales and use tax, was read the second time by number and title. Referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:04 a.m. the Senate stood adjourned until tomorrow, Wednesday, November 8, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

Wednesday, November 8, 1967
Tenth Day

WEDNESDAY, NOVEMBER 8
Tenth Day

The Senate met at 9 a.m.

Father Eugene Maguire, Pastor of Our Lady of Perpetual Help Catholic Church, Scottsdale, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Garfield.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators *Holsclaw and *Spikes have been excused.

*Senator Holsclaw is excused because of continued illness.

*Senator Spikes is excused because of continued hospitalization.

THE JOURNAL

The President announced that without objection the reading of the Journal of Tuesday, November 7, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 19, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for an Arizona withholding tax rate of one per cent, and amending section 43-188, Arizona Revised Statutes," was introduced and by unanimous consent was read the first time by number and title.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent Senate Bill No. 19, increasing state withholding tax rate, was read the second time by number and title, and was referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:05 a.m. the Senate stood adjourned until tomorrow, Thursday, November 9, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

THURSDAY, NOVEMBER 9

Eleventh Day

The Senate met at 9 a.m.

Dr. W. W. McReynolds, Secretary-Director of the Arizona Society of Christian Churches, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Gibbings.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators *Jacquin and *Spikes have been excused.

*Senator Spikes is excused because of continued illness and hospitalization.

*The Sergeant at Arms, at 1:30 p.m., announced that Senator Jacquin had entered the Senate chamber and taken his seat.

THE JOURNAL

The President announced that without objection the reading of the Journal of Wednesday, November 8, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

EXCUSED ABSENCE OF SENATOR BLANSETT

The President laid before the Senate a letter of delayed date, November 2, 1967, from Senator Blansett requesting that he be excused from the Senate sessions from November 2nd through the 4th, because of an emergency at his place of business in Northern Arizona.

Therefore President Humphrey approved the absence of Senator Blansett from the Senate on the above mentioned dates, as shown by the letter of request which is placed on file in the Secretary's office.

NOTE OF THANKS

The President laid before the Senate a note of thanks from Senator and Mrs. Spikes which was read as follows:

To the Arizona State Senate and Staff:

> We wish to express to each of you our sincere appreciation for the very beautiful arrangement of red rosebuds delivered to Senator Spikes' room in the hospital.
>
> Thank you.
>
> /s/ A. R. and NELLIE SPIKES

The note was placed on file in the Secretary's office.

Thursday, November 9, 1967
Eleventh Day

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 20, by Senator Garfield, entitled: "An Act relating to education; providing a system of equalization for school districts; amending sections 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221, 15-1222, 15-1223, 15-1224, 15-1225, 15-1235 and 15-1245, Arizona Revised Statutes, and repealing sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes," was introduced and, by unanimous consent, was read the first time by number and title, and placed under the order of business, second reading of bills.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent Senate Bill No. 20, system of equalization for school districts, was read the second time by number and title. Referred to the Committee on Education.

PERSONAL PRIVILEGE

Senator Goetze spoke on personal privilege.

Senator Campbell spoke on personal privilege.

RECESS

Without objection, at 9:17 a.m. the Senate stood at recess until 1:30 p.m.

AFTERNOON SESSION

The President called the Senate to order at 1:30 p.m.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported the following, with the recommendation that the bills do pass:

Senate Bill No. 2, providing for sales tax on certain rents or storage fees, with the following amendments: (reference is to the printed bill)

Page 1, line 4, before "AMUSEMENT" insert "OPERATING"

Page 1, strike line 5 and insert "LEASING OR RENTING OF PROPERTY;"

Page 1, line 23, strike "ANY" and strike all of line 24 and insert, "LEASING OR RENTING TANGIBLE PERSONAL PROPERTY FOR A CONSIDERATION. SALES OF TANGIBLE PERSONAL PROPERTY TO BE LEASED OR RENTED TO A PERSON ENGAGED IN THE BUSINESS OF LEASING OR RENTING SUCH TANGIBLE PERSONAL PROPERTY FOR A CONSIDERATION SHALL BE DEEMED TO BE RESALE SALES."

Page 2, strike lines 1, 2 and 3 and insert paragraph 3 to read:

"3. LEASING OR RENTING FOR A CONSIDERATION THE USE OR OCCUPANCY OF REAL PROPERTY, INCLUDING ANY IMPROVEMENTS, RIGHTS OR INTEREST THEREIN."

Amend title to read:

AN ACT relating to taxation; providing for a transaction privilege tax on leasing or renting certain property, and amending §42-1314, Arizona Revised Statutes.

Senate Bill No. 8, dates for proof of exemption.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 1:35 p.m. the Senate stood adjourned until tomorrow, Friday, November 10, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

FRIDAY, NOVEMBER 10
Twelfth Day

The Senate met at 9 a.m.

Rev. Kenneth Brooks, Pastor of the First Church of Christ, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Giss.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators, Holsclaw, Jacquin, Porter and Spikes* have been excused.

*Senator Spikes is excused because of continued illness and hospitalization.

The Sergeant at Arms, at 9:03 a.m., announced that Senator Jacquin had entered the Senate chamber and taken his seat.

Friday, November 10, 1967
Twelfth Day

The Sergeant at Arms, at 1:30 p.m., announced that Senator Holsclaw had entered the Senate chamber and taken his seat.

THE JOURNAL

The President announced that without objection the reading of the Journal of Thursday, November 9, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

The following bills were introduced and, by unanimous consent, were read the first time by number and title:

Senate Bill No. 21, by a Majority of the Committee on Education, entitled: "An Act relating to education; providing a state equalization aid plan for school districts; amending sections 15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1211, 15-1212, 15-1221, 15-1223, 15-1224, 15-1225, 15-1235, 15-1241, and 15-1246, Arizona Revised Statutes; amending title 15, chapter 4, article 2, Arizona Revised Statutes, by adding section 15-445.01; repealing sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes, and amending title 15, chapter 12, article 1, Arizona Revised Statutes, by adding a new section 15-1203."

Senate Bill No. 22, by Senators Tenney and Giss, entitled: "An Act relating to taxation; providing for determination of the valuation of certain property; defining 'full cash value'; defining 'net farm or ranch income', and amending sections 42-201 and 42-227, Arizona Revised Statutes."

Senate Bills Nos. 21 and 22 were placed under the order of business second reading of bills.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent the following bills were read the second time by number and title and were referred to their proper Committees:

Senate Bill No. 21, state equalization aid plan for school districts. Referred to the Committee on Education.

Senate Bill No. 22, determining value of certain property. Referred to the Committee on Finance and Revenue.

RECESS

Without objection, at 9:05 a.m. the Senate stood at recess until 1:30 p.m.

AFTERNOON SESSION

The President called the Senate to order at 1:30 p.m.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until

tomorrow at 9 a.m. The motion was agreed to and at 1:31 p.m. the Senate stood adjourned until tomorrow, Saturday, November 11, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

SATURDAY, NOVEMBER 11
Thirteenth Day

The Senate met at 9 a.m.

Dr. Herbert A. Donnenworth, Pastor of the United Church, Sun City, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Goetze.

The roll was called and the following Senators answered to their names:

Campbell, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Blansett, Burgess, Cardella, Castillo,* Conlan,* Jacquin, Porter, and Spikes* had been excused.

*Senator Spikes is excused because of continued illness.

*Senator Castillo is excused in compliance with his memorandum as follows:

To: President Humphrey
Arizona State Senate

Dear Mr. President:

Due to pressing business commitments, I will be unable to attend the Saturday, November 11, session. I request that I be excused.

/s/ Joseph A. Castillo
Pima County (7-A)

The letter was placed on file in the Secretary's office.

*Senator Conlan is excused in accordance with his memorandum as follows:

November 10, 1967

President Marshall Humphrey:

Plans made previous to the beginning of this Special Ses-

Saturday, November 11, 1967
Thirteenth Day

sion necessitate my being out of town tomorrow, Saturday, November 11, and I request that I be excused from the session of that date.

Respectfully submitted,
/s/ John B. Conlan

The memo was placed on file in the Secretary's office.

THE JOURNAL

The President announced that without objection the reading of the Journal of Friday, November 10, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

MEMORY OF VETERAN'S DAY

Senator Goldberg moved that in honor of the heroes of the other wars and of all veterans as well as those now in Viet Nam, the Senate stand for a moment of respectful silence. The motion was agreed to and the Senate stood in honor of the heroes and veterans of the other wars and in remembrance of this date forty-nine years ago, Armistice Day, 1918.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 23, by Senator Kret, entitled: "An Act relating to taxation; providing for determination of valuation of gas, water and utilities, pipelines and cable television or transmission systems; providing that full cash value of property shall be used by the corporation commission in determining rates, and amending section 42-124.01, Arizona Revised Statutes," was introduced and, by unanimous consent, was read the first time by number and title, and was placed under the order of business second reading of bills.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent Senate Bill No. 23, determining valuation of utilities, transmission systems, etc.; method of determining rates by corporation commission, was read the second time by number and title, and was referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until Monday at 9 a.m. The motion was agreed to and at 9:18 a.m. the Senate stood adjourned until Monday, November 13, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

MONDAY, NOVEMBER 13
Fifteenth Day

The Senate met at 9 a.m.

Rev. George Bearden, Pastor of the Valley Bible Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Goldberg.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

THE JOURNAL

The President announced that without objection the reading of the Journal of Saturday, November 11, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:12 a.m. the Senate stood adjourned until tomorrow, Tuesday, November 14, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

Tuesday, November 14, 1967
Sixteenth Day

The Senate met at 9 a.m.

Rev. Milton Johnson, Pastor of the Faith Lutheran Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Gregovich.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Garfield, Johnson, and Spikes had been excused.

The Sergeant at Arms, at 2 p.m., announced that Senators Johnson and Spikes had entered the Senate chamber and taken their seats.

THE JOURNAL

The President announced that without objection the reading of the Journal of Monday, November 13, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 24, by Senators Holsclaw and Kret, Co-sponsors, entitled: "An Act relating to taxation; providing for the inclusion of taxable and non-taxable property on the roll, and amending section 42-238, Arizona Revised Statutes," was introduced and, by unanimous consent, was read the first time by number and title and placed under the order of business, second reading of bills.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent Senate Bill No. 24, inclusion of taxable and non-taxable property on tax roll, was read the second time by number and title and was referred to the Committee on Finance and Revenue.

RECESS

Without objection, at 9:04 a.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 10 a.m.

Committee meetings were announced.

Without objection, at 10:01 a.m. the Senate stood at recess until 2 p.m.

Tuesday, November 14, 1967
Sixteenth Day

AFTERNOON SESSION

The President called the Senate to order at 2 p.m.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported the following, with the recommendation that the bills and the resolution do pass:

Senate Bill No. 7, time for placing improvements on tax roll, with the following amendments: (reference is to the printed bill)

Page 2, line 4, after "rolls." insert:

"AT THE TIME SUCH PERSON IS ADVISED OF HIS PROPERTY VALUATION THE ASSESSOR SHALL DELIVER SUCH PERSON WRITTEN NOTICE OF THE LAST DATE UPON WHICH HIS APPEAL, AS PRESCRIBED IN THIS SECTION, MAY BE FILED."

Senate Bill No. 12, giving notice of changes to county assessor.

Senate Concurrent Resolution No. 4, constitutional amendment exempting household goods from taxation.

The Committee on Rules, Senator Goldberg, Chairman, reported for consideration of the Senate, the following bills and resolution:

Senate Concurrent Resolution No. 4; and Senate Bills Nos. 4, 5, 6, 7, 8, and 12.

COMMITTEE OF THE WHOLE

Senator Goldberg moved that the Senate resolve itself into Committee of the Whole for the consideration of bills on the Calendar. The motion was agreed to and at 2:02 p.m. the Senate resolved itself into Committee of the Whole, with Senator Wilcox in the chair.

At 2:19 p.m. the Committee of the Whole arose.

REPORT OF THE COMMITTEE OF THE WHOLE

Senator Wilcox, for the Committee of the Whole, submitted the following recommendations:

That Senate Concurrent Resolution No. 4, constitutional amendment exempting household goods from taxation, do pass.

That Senate Bill No. 4, hearing of appeal and method of payment of judgment, be amended as follows: (reference is to the printed bill)

Page 1, line 8, after "docketed," insert "WITH OR"

Page 2, line 2, after "TAXES" insert "DURING THE NEXT FISCAL YEAR,"

Page 2, line 2, after "SHALL" insert "THEN"

Page 2, line 7, after "APPELLANT." insert "THE STATE AND ANY POLITICAL SUBDIVISION AFFECTED BY THE JUDGMENT SHALL INCLUDE THE PROPORTIONAL AMOUNT OF THE JUDGMENT FOR WHICH EACH IS LIABLE IN ITS BUDGET FOR THE NEXT FISCAL YEAR. ANY INCREASE IN THE BUDGET BECAUSE OF THE PORTION OF THE JUDGMENT BEING INCLUDED THEREIN SHALL NOT BE SUBJECT TO ANY BUDGET LIMITATION AS MAY BE PROVIDED BY LAW."
and, as so amended, the bill do pass.

That Senate Bill No. 5, method required for appealing valuations, be amended as follows: (reference is to the printed bill)

Page 1, line 24, strike "orders" and insert "HAS ORDERED"

Page 2, line 7, strike "LETTER" and insert "MAIL"

Page 2, line 9, after "TO THE" insert "LISTED"

Page 2, lines 12 and 13, strike "THEREAFTER"

Page 2, line 13, strike "FURTHER"

and, as so amended, the bill do pass.

That Senate Bill No. 6, review of and appeal from classification, do pass.

That Senate Bill No. 7, time for placing improvements on tax roll, be amended as follows: (reference is to the printed bill)

Page 2, line 4, after "rolls." insert:

"AT THE TIME SUCH PERSON IS ADVISED OF HIS PROPERTY VALUATION THE ASSESSOR SHALL DELIVER SUCH PERSON WRITTEN NOTICE OF THE LAST DATE UPON WHICH HIS APPEAL, AS PRESCRIBED IN THIS SECTION, MAY BE FILED."

and, as so amended, the bill do pass.

That Senate Bill No. 8, dates for proof of exemption, do pass.

That Senate Bill No. 12, giving notice of changes to county assessor, do pass.

Senator Wilcox moved the acceptance of the report and the motion was agreed to.

DISPOSITION OF MEASURES REPORTED BY COMMITTEE OF THE WHOLE

Senate Bills Nos. 4, 5, 6, 7, 8, and 12, and Senate Concurrent

Resolution No. 4 were referred to the Committee on Administration for engrossing.

RECESS

Without objection, at 2:20 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 2:22 p.m.

Without objection the Senate reverted to the order of business,

REPORTS OF STANDING COMMITTEES

The Committee on Administration, Senator Conlan, Chairman, reported Senate Bills Nos. 4, 5, 6, 7, 8, and 12; and Senate Concurrent Resolution No. 4 as properly engrossed, and the bills and the resolution were placed under the order of business, third reading of bills, for today.

THIRD READING OF BILLS

Senate Concurrent Resolution No. 4, by a Majority of the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to taxation; exempting household goods from personal property taxation, and amending article 9, section 2, Constitution of Arizona," was read in full on third reading, as follows:

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

1. The following amendment of article 9, section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. All household goods shall be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer, shall be exempt from taxation.

There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of

auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation, to be ascertained as provided by law. This section shall be self-executing.

2. The proposed amendment (approved by a majority of the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by article 21, Constitution of Arizona.

and was adopted on roll call which resulted: Ayes 26, Noes 3, Not voting 1, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Stump, Thode.

Not voting: Garfield.

The President announced the signing in open session of Senate Concurrent Resolution No. 4 and directed the Secretary to transmit the resolution to the House.

Senate Bill No. 4, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for hearing of appeal from state board of property tax appeals; providing for method of payment of judgment, and amending section 42-147, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 29, Not voting 1, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Not voting: Garfield.

The President announced the signing in open session of Senate Bill No. 4 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 5, by a Majority of the Committee on Finance

and Revenue, entitled: "An Act relating to taxation; providing for appeal of valuations; requiring assessor or department of property valuation to furnish copy of petition to the owner of the property, and amending section 42-245, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 29, Not voting 1, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Not voting: Garfield.

The President announced the signing in open session of Senate Bill No. 5 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 6, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for review of and appeal from classification assigned by county assessor or the department of property valuation, and amending title 42, chapter 2, article 2, Arizona Revised Statutes, by adding section 42-254." was read in full on third reading and passed on roll call which resulted: Ayes 29, Not voting 1, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Not voting: Garfield.

The President announced the signing in open session of Senate Bill No. 6 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 7, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending section 42-221, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 29, Not voting, 1, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Not voting: Garfield.

The President announced the signing in open session of Senate Bill No. 7 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 8 by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing dates within which proof of exemption shall be submitted, and amending section 42-275, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 29, Not voting, 1, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Not voting: Garfield.

The President announced the signing in open session of Senate Bill No. 8 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 12 by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to zoning; providing for giving notice of changes to county assessor; amending title 9, chapter 4, article 6, Arizona Revised Statutes, by adding section 9-465.01, and amending title 11, chapter 6, article 2, Arizona Revised Statutes, by adding section 11-829.01." was read in full on third reading and passed on roll call which resulted: Ayes, 28, Noes 1, Not voting 1, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Noes: Lewis.

Not voting: Garfield.

The President announced the signing in open session of Senate Bill No. 12 and directed the Secretary to transmit the bill to the House.

Senator Lewis offered the following explanation of his vote on Senate Bill No. 12, with the request that without objection, his remarks be inserted in the Journal:

> The passage of Senate Bill 12 will place the County Assessor on notice for any zoning change occurring in his county. In my opinion, it is of utmost importance that the intent of this act shall not necessarily be construed by the assessor to change the "full cash value" of the subject property.
>
> Only as the result of a sophisticated reappraisal of the subject property and surrounding properties, can any change in value be fairly determined. In my judgment, zoning affects value differently in each instance. Consequently, it is improbable that in the mass appraisal techniques utilized by county assessors, it can be reasonably evaluated. Real estate value can be better determined on the basis of comparable sales, not permitted uses.
>
> If the effect of zoning changes on a neighborhood is to be fairly determined, then deed restrictions should also be examined. Moreover, if the influence of zoning is to be considered in urban areas, does this not significantly change the appraising technique used in such cities, by comparison to communities and areas without zoning, or is this act imposing a double standard?

Wednesday, November 15, 1967
Seventeenth Day

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 2:45 p.m. the Senate stood adjourned until tomorrow, Wednesday, November 15, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

WEDNESDAY, NOVEMBER 15
Seventeenth Day

The Senate met at 9 a.m.

Rev. Albert M. Smith, Pastor of the Scottsdale Methodist Church, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Halacy.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators *Kret and Spikes had been excused.

*Senator Kret is excused in accordance with his memorandum to President Humphrey as follows:

November 13, 1967

To: Senate President Marshall Humphrey

Business requires that I be in San Francisco on Wednesday, November 15th. I shall be departing on the evening of the 14th and returning on the evening of the 15th.

During this period of time, I will be accessible, except while traveling, at the Jack Tar Hotel in downtown San Francisco. I hope to return in time for the open hearing on Educational Finance on the evening of the 15th.

/s/ David B. Kret
State Senator

The communication was placed on file in the Secretary's office.

Wednesday, November 15, 1967
Seventeenth Day

THE JOURNAL

The President announced that without objection the reading of the Journal of Tuesday, November 14, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

MESSAGES FROM THE HOUSE

A message from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had adopted unanimously House Concurrent Resolution No. 8, on the death of the Hon. W. P. Mahoney, Sr.

House Concurrent Resolution No. 8 was placed under the order of business introduction and first reading of bills.

INTRODUCTION AND FIRST READING OF BILLS

House Concurrent Resolution No. 8, entitled: "A Concurrent Resolution on the death of the Honorable W. P. Mahoney, Sr.," was introduced and read in full.

Senator Giss moved that House Concurrent Resolution No. 8 be adopted unanimously and that the Senate stand for a moment of silence in memory of Bill Mahoney.

The motion was agreed to, the resolution was adopted unanimously and the Senate stood for one minute of respectful silence.

The President announced the signing in open session of House Concurrent Resolution No. 8 and directed the Secretary to return the resolution to the House.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:07 a.m. the Senate stood adjourned until tomorrow, Thursday, November 16, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

THURSDAY, NOVEMBER 16
Eighteenth Day

The Senate met at 9 a.m.

Dr. Ernest Laycock, Pastor of the First Baptist Church, Tempe, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Holsclaw.

The roll was called and the following Senators answered to their names.

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senator Spikes had been excused.

The Sergeant at Arms, at 3 p.m., announced that Senator Spikes had entered the Senate chamber and taken his seat.

THE JOURNAL

The President announced that without objection the reading of the Journal of Wednesday, November 15, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

PRIVILEGES OF THE FLOOR

Senator Tenney called attention to the presence of former Senator Robert E. Morrow of Mohave county and he, together with members of the press from Mohave county, was granted privileges of the floor.

RECESS

Without objection, at 9:07 a.m. the Senate stood at recess until 3 p.m.

AFTERNOON SESSION

The President called the Senate to order at 3 p.m.

RECESS

Without objection, at 3:01 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 4:05 p.m.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had passed the following:

Senate Bill No. 4, hearing of appeal and method of payment of judgment.

Senate Bill No. 5, method required for appealing valuations.

Senate Bill No. 6, method of review of and appeal from classification.

Senate Bill No. 8, dates for proof of exemption.

Senate Bills Nos. 4, 5, 6, and 8 were transmitted to the Governor.

House Bill No. 7, changing dates for corrections in valuations of property. (Passed without enacting the emergency).

House Bill No. 7 was placed under the order of business, introduction and first reading of bills.

INTRODUCTION AND FIRST READING OF BILLS

House Bill No. 7, entitled: "An Act relating to taxation; prescribing dates for corrections in valuations of property, and amending section 42-127, Arizona Revised Statutes," was introduced and, by unanimous consent, read the first time by number and title, and was placed under the order of business, second reading of bills.

SECOND READING AND REFERENCE OF BILLS

By unanimous consent House Bill No. 7, changing dates for corrections in valuations of property, was read the second time by number and title, and was referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 4:07 p.m. the Senate stood adjourned until tomorrow, Friday, November 17, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

FRIDAY, NOVEMBER 17
Nineteenth (and last) Day

The Senate met at 9 a.m.

Rev. Don Diller, Pastor of the First Mennonite Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Huso.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Campbell and Spikes had been excused.

The Sergeant at Arms, at 9:03 a.m., announced that Senator Campbell had entered the Senate chamber and taken his seat.

The Sergeant at Arms, at 1:30 p.m., announced that Senator Spikes had entered the Senate chamber and taken his seat.

THE JOURNAL

The President announced that without objection the reading of the Journal of Thursday, November 16, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

RECESS

Without objection, at 9:12 a.m. the Senate stood at recess until 11:30 a.m.

The President called the Senate to order at 11:30 a.m.

Without objection, at 11:31 a.m. the Senate stood at recess until 1:30 p.m.

AFTERNOON SESSION

The President called the Senate to order at 1:30 p.m.

Without objection, at 1:31 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 1:32 p.m.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported House Bill No. 7, changing dates for corrections in valuations of property, with the recommendation that the bill do pass, with the following amendments: (reference is to the House engrossed bill)

Page 2, add new Section 2 to read:

"Sec. 2. **Emergency**

To preserve the public peace, health and safety it is necessary that this act become immediately operative. It is therefore declared to be an emergency measure, to take effect as provided by law."

The Committee on Rules, Senator Goldberg, Chairman, reported House Bill No. 7 for the consideration of the Senate.

COMMITTEE OF THE WHOLE

Senator Goldberg moved that the Senate resolve itself into Committee of the Whole for the consideration of the bill on the Calendar. The motion was agreed to and at 1:33 p.m. the Senate resolved itself into Committee of the Whole, with Senator Garfield in the chair.

At 1:59 p.m. the Committee of the Whole arose.

REPORT OF THE COMMITTEE OF THE WHOLE

Senator Garfield, for the Committee of the Whole, submitted the following recommendations:

That House Bill No. 7, changing dates for corrections in valuations of property, be amended as follows: (reference is to the House engrossed bill)

Page 2, add new section 2 to read:

"Sec. 2. **Emergency**

To preserve the public peace, health and safety it is necessary that this act become immediately operative. It is therefore declared to be an emergency measure, to take effect as provided by law."

and, as so amended, the bill do pass.

Senator Garfield moved the acceptance of the report and the motion was agreed to.

DISPOSITION OF MEASURES REPORTED BY COMMITTEE OF THE WHOLE

House Bill No. 7 was referred to the Committee on Administration, for engrossing.

RECESS

Without objection, at 2 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 2:02 p.m.

Without objection, the Senate reverted to the order of business.

Friday, November 17, 1967
Nineteenth (and last) Day

REPORTS OF STANDING COMMITTEES

The Committee on Administration, Senator Conlan, Chairman, reported House Bill No. 7 as properly engrossed, and the bill was placed under the order of business, third reading of bills.

RECESS

Without objection, at 2:03 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 2:11 p.m.

THIRD READING OF BILLS

House Bill No. 7, entitled: "An Act relating to taxation; prescribing dates for corrections in valuations of property, and amending section 42-127, Arizona Revised Statutes," was read in full on third reading and, without enacting the emergency, passed on roll call which resulted: Ayes 17, Noes 12, Not voting 1, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

Not voting: Kret.

The President announced the signing in open session of House Bill No. 7 and directed the Secretary to return the bill to the House.

COMMITTEE ON SINE DIE ADJOURNMENT

Senator Goldberg moved that a committee be appointed to notify the House that the Senate is ready to adjourn sine die, and to act with a like committee from the House to notify the Governor that the second special session of the Twenty-eighth Legislature is ready to adjourn sine die and to receive any communication he may wish to deliver. The motion was agreed to and the President designated Senators Conlan, Burgess, Tenney, Porter, and Garfield as members of this committee.

RECESS

Without objection, at 2:15 p.m. the Senate stood at recess subject to the call of the gavel to await the committee from the House.

The President called the Senate to order at 3:45 p.m.

COMMITTEE FROM THE HOUSE ON SINE DIE ADJOURNMENT

The Sergeant at Arms, at 3:45 p.m., announced a committee from the House consisting of Members Stone, McConnell, Rickard, Pena, and Lyman. The committee informed the Senate that the House was ready to adjourn sine die.

Friday, November 17, 1967
Nineteenth (and last) Day

RECESS

Without objection, at 3:48 p.m., the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 4 p.m.

COMMUNICATIONS FROM THE GOVERNOR

The President laid before the Senate three communications from the Governor, viz., a letter of transmittal; his Message to the adjourning session; and his Proclamation calling the Twenty-eighth Legislature to meet in Third Special Session on Monday, November 27, 1967, which were read as follows:

The Honorable Marshall Humphrey
State Senate
State Capitol
Phoenix, Arizona

Dear Marshall:

Attached is a message I would appreciate your delivering to the members of the Senate.

I feel this adjournment is in a sense simply a recess and I have tried to express this sentiment, along with my confidence that your body will return on November 27th with renewed energy and dedication to complete the arduous task demanded by Supreme Court mandate.

My best personal regards,

Sincerely,
Jack Williams

GOVERNOR'S MESSAGE

November 17, 1967

Ladies and Gentlemen of the 28th Legislature:

This adjournment is in no sense the conclusion of an effort. Rather than observe the formality of addressing you in person, I take this means of expressing my comments.

I understand the reason you wish to adjourn for a few days is for Thanksgiving Holidays and the desire to be with your families.

I feel these past nineteen days have been conducive to the ultimate achievement of your goal.

You have a beginning.

I have discussed these matters with your leaders and it is their desire to reconvene on November 27th and then and there complete your assignment, without further special sessions.

The people of Arizona join me in every confidence that you will so do.

Friday, November 17, 1967
Nineteenth (and last) Day

I have issued the call for the third special session of the 28th Legislature to reconvene at ten a.m., November 27 for what we all hope and pray will be the successful completion of over four years of desperately hard endeavor.

May you go safely to your homes and enjoy a pleasant and happy Thanksgiving holiday.

PROCLAMATION

CALLING A SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a special session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, the Legislature of Arizona in 1963 did establish by Chapter 43 of the Laws of 1963 the Division of Appraisal and Assessment Standards and by preamble used the following words: "It is the sense of this Legislature that in order to assure that the state's ad valorem tax structure is uniform and equitable a revaluation of all property in the state is to be undertaken immediately. The Legislature recognizes that a revaluation of all property within the state will necessarily take time." This legislation came into being by virtue of Southern Pacific Co. v. Cochise County, 92 Ariz. 395, 277 P2d 770; and

WHEREAS, four years have elapsed since the Division of Appraisal and Assessment Standards came into being and several million dollars have been spent and many thousands of man hours expended; and

WHEREAS, the responsible committees of both Houses of the Legislature have worked arduously to achieve the goals established in 1963, and one Special Session has been devoted to these goals; and

WHEREAS, the people of this State expect that their elected representatives can and will solve one of the great problems facing this state fairly, efficiently and quickly;

NOW, THEREFORE, I, Jack Williams, Governor of Arizona, by virtue of the authority vested in me by the Constitution and in pursuance of my duty, call the Twenty-eighth Arizona Legislature to meet in Third Special Session in the Capitol on Monday, the 27th day of November, 1967, at 10:00 A.M.

The following is the subject to be again considered during this Special Session:

> Any and all matters relating to the imposition of taxes, ad valorem or otherwise, the raising and distribution of revenue from any source and any matter germane to the raising and distribution of revenue in order to finance the operation of the State government or its subdivisions.

Friday, November 17, 1967
Nineteenth (and last) Day

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

DONE at the Capitol in Phoenix this 17th day of November in the year of Our Lord One Thousand Nine Hundred and Sixty Seven and of the Independence of the United States the One Hundred and Ninety-second.

JACK WILLIAMS
GOVERNOR

ATTEST:

WESLEY BOLIN
Secretary of State

The letter, the Message, and the Proclamation were placed on file in the Secretary's office.

APPROVAL OF THE JOURNAL

The President announced that without objection the reading of the Journal of this day, Friday, November 17, 1967, is dispensed with, and the Journal stands approved as recorded by the Secretary.

SINE DIE ADJOURNMENT

Senator Goldberg moved that the Senate adjourn sine die. The motion was agreed to, and at 4:04 p.m., Friday, November 17, 1967, the Senate of the second special session of the Twenty-eighth Legislature of the State of Arizona adjourned, sine die.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

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The following communications were received from the Governor, Jack Williams, relative to his action on Senate and House Bills after the adjournment sine die:

On November 16, 1967, the Governor approved the following:

House Concurrent Resolution 8, on the death of the Honorable W. P. Mahoney, Sr.

On November 21, 1967, the Governor approved the following:

Senate Bill 4, Relating to taxation; providing for hearing of appeal from state board of property tax appeals.

Senate Bill 5, Relating to taxation; providing for appeal of valuations; requiring assessor or department of property and valuation to furnish copy of petition.

Senate Bill 6, Relating to taxation; providing for review of and appeal from classification assigned by county assessor or the department of property valuation.

Senate Bill 8, Relating to taxation; prescribing dates within which proof of exemption shall be submitted.

House Bill 7, Relating to taxation; prescribing dates for corrections in valuations of property, and amending section 42-127, Arizona Revised Statutes.

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11/14 Third reading, passed, ayes 28, noes 1, not voting 1 38

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11/14 Signed by President; transmitted to House 38
Died on Order of Business, Messages from House
House Action: 11/14 received from Senate, first reading, advanced second reading, referred to Committees on Rules, Couns & Muns, Ways & Means; 11/16 Couns & Muns, do pass; 11/16 Ways & Means, amend do pass; 11/16 Rules, as amended by Ways & Means, constitutional and in proper form; 11/16 Rules report; 11/16 Committee of Whole, amend do pass; 11/16 Third reading, passed amended, 56 ayes, 3 nays, 1 not voting. Held in Senate.

SENATE BILL 13, by Majority of Committee on Finance and Revenue, rate of education excise tax
10/31 Introduction and first reading 12
10/31 Second reading; referred to Committee on Fin & Rev.... 14
Died in Committee

SENATE BILL 14, by Senator Lewis, limitations upon amount of ad valorem tax levy
10/31 Introduction and first reading 12
10/31 Second reading; referred to Committee on Fin & Rev.... 14
Died in Committee

SENATE BILL 15, by Senator Knoles, general fund excise tax for maintaining state government
10/31 Introduction and first reading 12
10/31 Second reading; referred to Committee on Fin & Rev.... 14
Died in Committee

SENATE BILL 16, by Senator Kret, assessment of real property outside of school district
11/2 Introduction and first reading 16
11/2 Second reading; referred to Committee on Fin & Rev.... 16
Died in Committee

SENATE BILL 17, by Committee on Finance and Revenue, increasing sales tax on alcoholic beverages
11/4 Introduction and first reading 20
11/4 Second reading; referred to Committee on Fin & Rev.... 20
Died in Committee

SENATE BILL 18, by Senator Crowley, exempting prescription medicine from sales and use tax
11/7 Introduction and first reading 23
11/7 Second reading; referred to Committee on Fin & Rev.... 23
Died in Committee

SENATE BILL 19, by Committee on Finance and Revenue, increasing state withholding tax rate
11/8 Introduction and first reading 24
11/8 Second reading; referred to Committee on Fin & Rev.... 24
Died in Committee

SENATE BILL 20, by Senator Garfield, system of equalization for school districts
11/9 Introduction and first reading 26

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11/9 Second reading; referred to Committee on Edu 26
Died in Committee

SENATE BILL 21, by Majority of Committee on Education, state equalization aid plan for school districts
11/10 Introduction and first reading 28
11/10 Second reading; referred to Committee on Edu 28
Died in Committee

SENATE BILL 22, by Senators Tenney and Giss, determining value of certain property
11/11 Introduction and first reading 28
11/11 Second reading; referred to Committee on Fin & Rev.... 28
Died in Committee

SENATE BILL 23, by Senator Kret, determining valuation of utilities, transmission systems, etc.; method of determining rates by corporation commission
11/11 Introduction and first reading..... 30
11/11 Second reading; referred to Committee on Fin & Rev.... 30
Died in Committee

SENATE BILL 24, by Senators Holsclaw and Kret, Co-sponsors, inclusion of taxable and non-taxable property on tax roll
11/14 Introduction and first reading 32
11/14 Second reading; referred to Committee on Fin & Rev.... 32
Died in Committee

SENATE RECORD OF SENATE MEMORIALS AND RESOLUTIONS
SENATE CONCURRENT RESOLUTIONS

SENATE CONCURRENT RESOLUTION 1, by Majority of Finance and Revenue, constitutional amendment relating to tax exemption for veterans
10/31 Introduction and first reading 12
10/31 Second reading; referred to Committee on Fin & Rev.... 14
Died in Committee

SENATE CONCURRENT RESOLUTION 2, by Majority of Committee on Finance and Revenue, constitutional amendment relating to tax exemptions for widows
10/31 Introduction and first reading 12
10/31 Second reading; referred to Committee on Fin & Rev.... 14
Died in Committee

SENATE CONCURRENT RESOLUTION 3, by a Majority of Committee on Finance and Revenue, constitutional amendment relating to tax exemption for persons over 65 years of age
10/31 Introduction and first reading 13
10/31 Second reading; referred to Committee on Fin & Rev.... 14
Died in Committee

SENATE CONCURRENT RESOLUTION 4, by Majority of Committee on Finance and Revenue, constitutional amendment exempting household goods from taxation
10/31 Introduction and first reading 13
10/31 Second reading; referred to Committee on Fin & Rev.... 14

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11/14 Reported by Fin & Rev, do pass 33
11/14 Rules Report 33
11/14 Reported by Committee of Whole, do pass 33
11/14 Third reading, passed, ayes 26, noes 3, not voting 1 35-36
11/14 Signed by President; transmitted to House 36
Died in House

RESUME OF HOUSE BILLS, MEMORIALS AND RESOLUTIONS RECEIVED BY SENATE

BILLS

Number of House Bills introduced		33
Number received by Senate		1
Passed by Senate	1	
	1	1
Transmitted to Governor		1
Signed by Governor	1	

CONCURRENT RESOLUTIONS

Number of House Concurrent Resolutions introduced		8
Received by Senate		1
Passed by Senate	1	
Transmitted to Governor		1
Signed by Governor	1	

RECORD OF HOUSE BILLS RECEIVED BY SENATE

HOUSE BILL 7, changing dates for corrections in valuations of property

11/16 Introduction and first reading 42
11/16 Second reading; referred to Committee on Fin & Rev..... 42
11/17 Reported by Fin & Rev, do pass 43
11/17 Rules Report 44
11/17 Reported by Committee of Whole, amend, do pass (Emergency Clause added) 44
11/17 Third reading, passed (Without Emergency), ayes 17 noes 12, not voting 1 45
11/17 Signed by President, returned to House 45
11/21 Approved by Governor
Chapter 5

RECORD OF HOUSE MEMORIALS AND RESOLUTIONS RECEIVED BY SENATE

HOUSE CONCURRENT RESOLUTION 8, on the death of the Honorable W. P. Mahoney, Sr.

11/15 Introduction and first reading 40
11/15 Read in full—unanimously adopted 40
11/15 Signed by President, returned to House 40
11/16 Approved by Governor

SENATE

3rd

Special Session

28th Legislature

JOURNAL

OF THE

SENATE

TWENTY-EIGHTH LEGISLATURE

OF THE

STATE OF ARIZONA

THIRD SPECIAL SESSION

- 1967 -

SESSION CONVENED, MONDAY, NOVEMBER 27, 1967

SESSION ADJOURNED SINE DIE
FRIDAY, DECEMBER 22, 1967, AT 3:45 A.M.

OFFICERS OF THE SENATE OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

MARSHALL HUMPHREY ..... President
LOUISE C. BRIMHALL ..... Secretray
RILLA S. DEAN ..... Assistant Secretary
DON SMYTH ..... Sergeant at Arms
LOUIS BISBINES ..... Assistant Sergeant at Arms

ALPHABETICAL LIST OF MEMBERS OF THE SENATE OF THE TWENTY-EIGHTH LEGISLATURE

Senators	County & District	Home
Blansett, Glenn (D)	Apache, Navajo, Greenlee—3	Joseph City
Burgess, Mrs. Isabel (Richard) (R)	Maricopa—8E	Phoenix
Campbell, Cloves C. (D)	Maricopa—8G	Phoenix
Cardella, Kenneth C. (R)	Pima—7E	Tucson
Castillo, Joseph A. (D)	Pima—7A	Tucson
Conlan, John B., Jr. (R)	Maricopa—8C	Scottsdale
Crowley, William T. (D)	Maricopa—8M	Phoenix
Garfield, Ernest (R)	Pima—7C	Tucson
Gibbings, F. T. (D)	Pima—7B	Tucson
Giss, Harold C. (D)	Yuma—6	Yuma
Goetze, Ray A. (R)	Maricopa—8K	Sun City
Goldberg, Chet K., Jr. (R)	Maricopa—8I	Phoeinx
Gregovich, John (D)	Gila, Pinal—5	Claypool
Halacy, Daniel Stephen, Jr. (R)	Maricopa—8O	Glendale
Holsclaw, Douglas (R)	Pima—7D	Tucson
Humphrey, Marshall (R)	Maricopa—8A	Chandler
Huso, William (D)	Apache, Navajo, Greenlee—3	Show Low
Jacquin, William C. (R)	Pima—7F	Tucson

ALPHABETICAL LIST OF MEMBERS OF THE SENATE
OF THE
TWENTY-EIGHTH LEGISLATURE
(Continued)

Senators	County & District	Home
Johnson, Chris T. (R)	Maricopa—8L	Phoenix
Kitchel, Dan S. (D)	Graham, Cochise, Santa Cruz—2	Bisbee
Knoles, Thomas M., Jr. (D)	Coconino—4	Flagstaff
Kret, David B. (R)	Maricopa—8D	Scottsdale
Lewis, Orme, Jr. (R)	Maricopa—8H	Phoenix
Ong, Wing F. (D)	Maricopa—8F	Phoenix
Porter, William S. (R)	Maricopa—8B	Mesa
Spikes, A. R. (D)	Graham, Cochise, Santa Cruz—2	Douglas
Stump, Bob (D)	Maricopa—8N	Tolleson
Tenney, Boyd (R)	Mohave, Yavapai—1	Prescott
Thode, Mrs. E. Blodwen (D)	Gila, Pinal—5	Casa Grande
Wilcox, Robert C. (R)	Maricopa—8J	Phoenix

SENATE JOURNAL

TWENTY-EIGHTH LEGISLATURE

THIRD SPECIAL SESSION

1967

MONDAY, NOVEMBER 27

First Day

Pursuant to executive proclamation issued by the Honorable Jack Williams, Governor of Arizona, under date of November 17, 1967, the State Senate of the Twenty-eighth Legislature convened in special session in the Senate chamber at 10 o'clock A.M.

The President of the Senate, Hon. Marshall Humphrey, of Maricopa county, District 8-A, called the Senate to order.

Rev. Willard May, Pastor of the Christian and Missionary Alliance Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag of the United States of America was led by Senator Johnson.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Conlan, Crowley, Garfield, Gibbings, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Castillo, *Giss, Jacquin, and Stump had been excused.

*Senator Giss is excused in accordance with the following letter:

November 16, 1967

The Honorable Marshall Humphrey
President, Arizona State Senate
State Capitol
Phoenix, Arizona 85007

Dear Mr. President:

Because of a previous commitment made by me prior to the call of the Second Special Session of the Arizona State Legislature, I feel compelled to be in Yuma on Monday, November 27, 1967.

Therefore, it will not be possible for me to be in

attendance on that day should the Legislature then meet and I respectfully ask to be excused.

Thank you and with best wishes, I am

Sincerely,
/s/ Harold C. Giss

The Sergeant at Arms, at 10:02 a.m. announced that Senator Stump had entered the Senate chamber and taken his seat.

The Sergeant at Arms, at 10:04 a.m. announced that Senator Jacquin had entered the Senate chamber and taken his seat.

PROCLAMATION OF THE GOVERNOR

The President laid before the Senate the proclamation of the Governor of Arizona under date of November 17, 1967, which was read as follows:

PROCLAMATION
CALLING A SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a special session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, the Legislature of Arizona in 1963 did establish by Chapter 43 of the Laws of 1963 the Division of Appraisal and Assessment Standards and by preamble used the following words: "It is the sense of this Legislature that in order to assure that the state's ad valorem tax structure is uniform and equitable a revaluation of all property in the state is to be undertaken immediately. The Legislature recognizes that a revaluation of all property within the state will necessarily take time." This legislation came into being by virtue of Southern Pacific Co. v. Cochise County, 92 Ariz. 395, 277 P2d 770; and

WHEREAS, four years have elapsed since the Division of Appraisal and Assessment Standards came into being and several million dollars have been spent and many thousands of man hours expended; and

WHEREAS, the responsible committees of both Houses of the Legislature have worked arduously to achieve the goals established in 1963, and one Special Session has been devoted to these goals; and

WHEREAS, the people of this State expect that their elected representatives can and will solve one of the great problems facing this State fairly, efficiently and quickly;

NOW, THEREFORE, I, Jack Williams, Governor of

Monday, November 27, 1967
First Day

Arizona, by virtue of the authority vested in me by the Constitution and in pursuance of my duty, call the Twenty-eighth Arizona Legislature to meet in Third Special Session in the Capitol on Monday, the 27th day of November, 1967, at 10:00 A.M.

The following is the subject to be again considered during this Special Session:

> Any and all matters relating to the imposition of taxes, ad valorem or otherwise, the raising and distribution of revenue from any source and any matter germane to the raising and distribution of revenue in order to finance the operation of the State government or its subdivisions.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

DONE at the Capitol in Phoenix this 17th day of November in the year of Our Lord One Thousand Nine Hundred and Sixty Seven and of the Independence of the United States the One Hundred and Ninety-second.

JACK WILLIAMS
Governor

ATTEST:

WESLEY BOLIN
Secretary of State

The proclamation was placed on file in the Secretary's office.

RULES OF THE SENATE

Senator Goldberg stated that in view of the fact that the initial organization of the Senate at the convening of the Twenty-eighth Legislature in January 1967 included the adoption of Rules for the operation of the entire Twenty-eighth Legislature, the Senate of the third special session of the Twenty-eighth Legislature is therefore properly organized.

READING OF BILLS BY NUMBER AND TITLE ONLY

Senator Goldberg moved that, without objection, all bills, resolutions and memorials under the order of business first and second reading of bills during the third special session of the Twenty-eighth Legislature be read by number and title only. The motion was agreed to.

NOTIFICATION OF THE HOUSE AND THE GOVERNOR

Senator Goldberg moved that a committee be appointed to

notify the House that the Senate is organized and ready for the transaction of business and to act with a like committee from the House to notify the Governor that the third special session of the Twenty-eighth Legislature is organized and ready to receive any communication he may wish to deliver. The motion was agreed to and the President designated Senators Kret, Garfield, Halacy, Burgess and Tenney as members of this committee.

RECESS

Without objection at 10:07 a.m. the Senate stood at recess subject to the call of the gavel to await a committee from the House.

The President called the Senate to order at 10:16 a.m.

COMMITTEE FROM THE HOUSE

The Sergeant at Arms, at 10:17 a.m. announced a committee from the House of Representatives consisting of Members Kelley, Stinson, Gardner, Coppinger, and Hardt. The committee informed the Senate that the House is organized and ready for the transaction of business.

RECESS

Without objection, at 10:18 a.m., the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 10:24 a.m.

COMMUNICATIONS FROM THE GOVERNOR

The President laid before the Senate communications from the Governor which read as follows:

OFFICE OF THE GOVERNOR
State House
Phoenix, Arizona

November 27, 1967

The Honorable Marshall Humphrey
President
Arizona State Senate
State Capitol
Phoenix, Arizona

Dear Marshall:

Rather than take up the time of yourself and members of the Legislature with a personal appearance before your joint bodies, I am sending over a message to be delivered. As I wrote on November 17, I felt that your adjournment in a sense was simply a recess and you are now to continue the effort to complete the arduous task demanded by Supreme Court Mandate.

Monday, November 27, 1967
First Day

I am sure you and your associates will do what you think is right to do and none ask more.

Sincerely,
Jack Williams
Governor

GOVERNOR'S MESSAGE

Sharing your great concern for getting on with the job I am taking this means of communicating with you on the opening of your Third Special Session.

As I told you a month ago the time for action is with us. The matter before you has been discussed for four years and now either the purpose is to be accomplished or failure must be admitted. I know that none of you are desirous of failure. We want a successful session in order to comply with the court's mandate requiring re-evaluation of the property of this state for tax purposes. I would like to again set forth the standards that I think should be your guidelines to a fair tax program:

First. It must be simple and easily understood by every citizen of this state. Complicated formulas, exceptions, cumbersome exemptions and too many classifications only lead to the suspicion that the average citizen is not receiving a fair shake. I am of the firm thought that our citizens will pay their taxes if they understand fully the basis upon which they are assessed and the reason therefor.

Second. Fairness to all segments of the populations in all counties in all sections of the state. The power manifested in the two big counties must not be used against citizens or businesses located in counties where there are few voters.

Third. Quickness of remedy and appeal provisions. Truly, justice delayed is justice denied. The appeal provisions of any assessment must be quick and within the economic reach of any citizen, otherwise he is denied a very basic right.

Fourth. Ease of collection by the taxing authorities. The best tax in the world is of no consequence if it cannot be collected quickly and cheaply. I state this because if there are any supplemental tax programs enacted in connection with an ad valorem reform, then this concept must be kept in mind.

It is my sincere hope that this session will speedily and effectively do its work. The people of our state expect this and I am sure you will fulfill your obligation.

The letter and the Governor's Message were placed on file in the Secretary's office.

RECESS

Without objection, at 10:33 a.m. the Senate stood at recess until 2:30 p.m.

Monday, November 27, 1967
First Day

AFTERNOON SESSION

The President called the Senate to order at 2:30 p.m.

Senator Goldberg moved that, without objection, an emergency be declared, the rules be suspended and that all bills, memorials, and resolutions under the order of business, introduction and first reading of bills, for the duration of the third special session of the Twenty-eighth Legislature be advanced to the order of business second reading of bills on the day of introduction. The motion was agreed to.

INTRODUCTION AND FIRST READING OF BILLS

The following bills and resolutions were introduced and, by unanimous consent, were read the first time by number and title, and placed under the order of business second reading of bills for today:

Senate Bill No. 1, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; providing basis for tax assessment on producing oil and gas interests; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending sections 42-227 and 42-227.02, Arizona Revised Statutes."

Senate Bill No. 2, by a Majority of the Committee on Education, entitled: "An Act relating to education; providing a state equalization aid plan for school districts; amending sections 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1211, 15-1212, 15-1221, 15-1223, 15-1224, 15-1225, 15-1235, 15-1241, and 15-1246, Arizona Revised Statutes; repealing sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes, and amending title 15, chapter 12, article 1, Arizona Revised Statutes, by adding a new section 15-1203."

Senate Bill No. 3, by a Majority of the Committee on Education, entitled: "An Act relating to education; prescribing definitions of 'average daily attendance' and 'district qualifying tax rate'; providing a basic cost of education; providing the method of apportionment of county school fund by county school superintendent, and amending sections 15-1212, 15-1221, 15-1223, 15-1224 and 15-1241, Arizona Revised Statutes."

Senate Bill No. 4, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending title 42, chapter 8, article 1, Arizona Revised Statutes, by adding section 42-1312.01, and amending section 42-1409, Arizona Revised Statutes."

Senate Bill No. 5, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for an increase in the rate of taxation on income, and amending section 43-102, Arizona Revised Statutes."

Senate Bill No. 6, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for an Arizona

withholding tax rate of one per cent, and amending section 43-188, Arizona Revised Statutes."

*Senate Bill No. 7, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing duties of director of department of property valuation; declaring full cash value and market value as being synonymous; providing that certain property be valued at market value, and amending sections 42-123, 42-201 and 42-227, Arizona Revised Statutes."

*(See Substitute Senate Bill No. 7. Introduced and referred on November 28, 1967.)

Senate Bill No. 8, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing limitation upon amount of ad valorem property tax collectible by political subdivisions for the tax year of 1968."

Senate Bill No. 9, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for a transaction privilege tax on leasing or renting certain property, and amending section 42-1314, Arizona Revised Statutes."

Senate Bill No. 10, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for an additional tax on property at state level for education purposes, and amending title 42, chapter 1, article 1, Arizona Revised Statutes, by adding section 42-108.02."

Senate Bill No. 11, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for the elimination of federal income taxes as a deduction, and amending section 43-123, Arizona Revised Statutes."

Senate Bill No. 12, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2."

Senate Bill No. 13, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for the repeal of the procedure for setting the state property tax rate, and repealing section 42-108, Arizona Revised Statutes."

Senate Bill No. 14, by Senator Knoles, entitled: "An Act relating to taxation; providing a general fund excise tax for the maintenance of state government; providing for the deposit of such tax in the state general fund, amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2, sections 42-1371 and 42-1372."

Senate Concurrent Resolution No. 1, by the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the constitution of Arizona relating to tax exemptions; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected disabilities and amending article 9, section 2, Constitution of Arizona."

Senate Concurrent Resolution No. 2, by the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to taxation; exempting household goods from personal property taxation, and amending article 9, section 2, Constitution of Arizona."

Senate Concurrent Resolution No. 3, by the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain widows and amending article 9, section 2, constitution of Arizona."

SECOND READING AND REFERENCE OF BILLS

The following bills and resolutions were read the second time by number and title and were referred to their proper committees:

Senate Bill No. 1, classification of property for taxation; valuation of certain oil and gas interests. Referred to the Committee on Finance and Revenue.

Senate Bill No. 2, state equalization aid plan for school districts. Referred to the Committee on Education.

Senate Bill No. 3, prescribing certain definitions; providing basic cost of education; method of apportioning county school fund. Referred to the Committee on Education.

Senate Bill No. 4, prescribing exemptions to sales and use tax. Referred to the Committee on Finance and Revenue.

Senate Bill No. 5, increasing rate of income tax. Referred to the Committee on Finance and Revenue.

Senate Bill No. 6, increasing state withholding tax rate. Referred to the Committee on Finance and Revenue.

*Senate Bill No. 7, duties of director of property valuation; definition of full cash value; determining value of certain property. Referred to the Committee on Finance and Revenue.

*(See Substitute Senate Bill No. 7. Introduced and referred on Nov. 28, 1967).

Senate Bill No. 8, limitation on property tax collectible by political subdivisions. Referred to the Committee on Finance and Revenue.

Senate Bill No. 9, providing for sales tax on leasing or renting certain property. Referred to the Committee on Finance and Revenue.

Senate Bill No. 10, additional property tax at state level for education. Referred to the Committee on Finance and Revenue.

Senate Bill No. 11, eliminating federal income tax as a deduction. Referred to the Committee on Finance and Revenue.

Senate Bill No. 12, services excise tax. Referred to the Committee on Finance and Revenue.

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First Day

Senate Bill No. 13, repealing procedure for setting state property tax rate. Referred to the Committee on Finance and Revenue.

Senate Bill No. 14, general fund excise tax. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 1, constitutional amendment relating to tax exemptions for certain veterans. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 2, constitutional amendment exempting household goods from taxation. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 3, constitutional amendment relating to tax exemptions for certain widows. Referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 2:40 p.m. the Senate stood adjourned until tomorrow, Tuesday, November 28, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

Tuesday, November 28, 1967
Second Day

TUESDAY, NOVEMBER 28

Second Day

The Senate met at 9 a.m.

Father Joel Scott, Principal of St. Mary's Catholic High School, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Kitchel.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

THE JOURNAL

The President announced that without objection the reading of the Journal of Monday, November 27, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

The following bills were introduced and, by unanimous consent, were read the first time by number and title and were placed under the order of business second reading and reference of bills:

Substitute Senate Bill No. 7, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for determination of valuation of gas, water and utilities, pipelines and cable television or transmission systems, and amending section 42-124.01, Arizona Revised Statutes."

Senate Bill No. 15, by Senators Holsclaw and Kret, Co-sponsors, entitled: "An Act relating to taxation; providing for the inclusion of taxable and non-taxable property on the roll, and amending section 42-238, Arizona Revised Statutes."

SECOND READING AND REFERENCE OF BILLS

The following bills were read the second time by number and title and were referred to their proper Committees:

Substitute Senate Bill No. 7, determination of certain utilities and transmission systems. Referred to the Committee on Finance and Revenue.

Senate Bill No. 15, inclusion of all property on tax roll. Referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until

tomorrow at 9 a.m. The motion was agreed to and at 9:07 a.m. the Senate stood adjourned until tomorrow, Wednesday, November 29, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

WEDNESDAY, NOVEMBER 29

Third Day

The Senate met at 9 a.m.

Rev. Hollis Nix, Pastor of the Coronado Baptist Church, Scottsdale, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Knoles.

The roll was called and the following Senators answered to their names:

Blansett, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced that Senators Burgess and Holsclaw had been excused.

The Sergeant at Arms, at 9:07 a.m. announced that Senators Burgess and Holsclaw had entered the Senate chamber and taken their seats.

THE JOURNAL

The President announced that without objection the reading of the Journal of Tuesday, November 28, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

The following bills were introduced and, by unanimous consent, read the first time by number and title and were placed under the order of business, second reading of bills for today:

Senate Bill No. 16, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing duties of director of department of property valuation; declaring full cash

value and market value as being synonymous; providing that certain property be valued at market value, and amending sections 42-123, 42-201 and 42-227, Arizona Revised Statutes."

Senate Bill No. 17, by the Committee on Finance and Revenue, entitled: "An Act relating to cities, towns and counties; providing for the issuance and filing of building permits; providing for distribution of copies; prescribing penalties; amending section 11-321, Arizona Revised Statutes; amending title 11, chapter 2, article 9, Arizona Revised Statutes, by adding section 11-322, and amending title 9, chapter 4, Arizona Revised Statutes, by adding article 6.1."

Senate Bill No. 18, by Senator Kret, entitled: "An Act relating to taxation; providing for determination of valuation of gas, water and utilities, pipelines and cable television or transmission systems; providing that full cash value of property shall be used by the corporation commission in determining rates, and amending section 42-124.01, Arizona Revised Statutes."

SECOND READING AND REFERENCE OF BILLS

The following bills were read the second time by number and title and were referred to their proper Committees:

Senate Bill No. 16, duties of director of property valuation and defining full cash value and market value. Referred to the Committee on Finance and Revenue.

Senate Bill No. 17, issuance and filing of building permits. Referred to the Committee on Finance and Revenue.

Senate Bill No. 18, valuation of certain utilities and transmission systems and use by corporation commission for setting rates. Referred to the Committee on Finance and Revenue.

RECESS

Without objection, at 9:31 a.m. the Senate stood at recess until 11:45 a.m.

The President called the Senate to order at 11:45 a.m.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 11:46 a.m. the Senate stood adjourned until tomorrow, Thursday, November 30, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

THURSDAY, NOVEMBER 30

Fourth Day

The Senate met at 9 a.m.

Rev. Lowell Megorden, pastor of the Maryvale Christian Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Kret.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senator Campbell was excused on roll call.

Senator Campbell was seated at 9:03 a.m.

THE JOURNAL

The President announced that without objection the reading of the Journal of Wednesday, November 29, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

The following resolutions were introduced and, by unanimous consent, read the first time by number and title and were placed under the order of business, second reading of bills:

Senate Concurrent Resolution No. 4, by Senator Holsclaw, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending article 9, section 2, Constitution of Arizona."

Senate Concurrent Resolution No. 5, by Senator Holsclaw, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations upon tax exemptions of veterans, and amending article 9, section 2, Constitution of Arizona."

SECOND READING AND REFERENCE OF BILLS

The following resolutions were read the second time by number and title and were referred to their proper Committees:

Senate Concurrent Resolution No. 4, constitutional amendment

prescribing limitations on widows' exemptions. Referred to the Committee on Finance and Revenue.

Senate Concurrent Resolution No. 5, constitutional amendment prescribing limitations upon tax exemptions of veterans. Referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:10 a.m. the Senate stood adjourned until tomorrow, Friday, December 1, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

FRIDAY, DECEMBER 1

Fifth Day

The Senate met at 9 a.m.

Dr. Culver Nelson, of the Church of the Beatitudes, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Lewis.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Cardella and *Spikes were excused on roll call.

Senator Cardella was seated at 9:12 a.m.

*Senator Spikes is excused because of illness.

THE JOURNAL

The President announced that the reading of the Journal of Thursday, November 30, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

Senate Resolution No. 1, by The Arizona State Senate, entitled:

"A Resolution on the death of the Honorable Hiram Corbett," was introduced and read in full as follows:

On July 5, 1967, the Honorable Hiram Corbett, lifetime Arizona resident and former member of the Senate, passed away in the City of Tucson.

The Honorable Hiram Corbett was born September 13, 1886 in Tucson. He attended the Tucson schools and graduated from the University of Arizona.

"Hi", as he was affectionately known by his friends, was appointed to the State Senate in 1953 and served for twelve years. The Honorable Hiram Corbett, during his years in the Senate, sponsored legislation toward the establishment of the Arizona Children's Colony at Randolph and the State School for the Deaf and the Blind. In addition, he served ably and competently on numerous committees. Prior to his death, Senator Corbett was serving on the Oil and Gas Conservation Commission.

During his long and active career in politics, Senator Corbett served on the Pima County Republican Committee. The Honorable Hiram Corbett also served as Republican State Chairman from 1920 to 1928 and was elected National Chairman for Arizona from 1928 to 1932.

"Hi" had a deep interest in sports and was active in the selection of Arizona by the professional baseball teams for their spring training camps.

Senator Corbett, a veteran of World War I, served as Chairman of the Selective Service Board for Pima County. He held memberships and leadership positions in many civic and fraternal organizations. "Hi" Corbett was a member of the Arizona Pioneers' Historical Society and the members of many organizations demonstrated their high regard for him by selecting him as the president of their organization. He served as president of the El Rio Country Club, Old Pueblo Club, Tucson Towncats, Tucson Cowboys' Baseball Club, Tucson Chamber of Commerce, Tucson Sunshine Club and the Tucson Branch of the American Red Cross. He was also a member of the Epes Randolph Masonic Lodge, Knights of the Templar, El Zaribah Shrine and Brotherhood of the Protective Order of Elks. Therefore

Be it resolved by the Senate of the State of Arizona:

That the members of the Senate, having learned of the death of the Honorable Hiram Corbett, wish to express their regret and extend their condolences to the surviving members of the family.

Senator Jacquin moved that the Resolution be unanimously adopted and that the Senate stand for a moment of silence in memory of Hi Corbett. The motion was agreed to, the Resolution was unanimously adopted and the Senate arose and stood in respectful silence to honor the memory of Senator Hi Corbett.

The President announced the signing in open session of Senate

Friday, December 1, 1967
Fifth Day

Resolution No. 1 and directed the Secretary to transmit the resolution to the Governor.

Senate Concurrent Resolution No. 6, by Senator Garfield, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona exempting owner-occupied homes from taxation, and amending article 9, section 2, Constitution of Arizona," was introduced and, by unanimous consent, read the first time by number and title and was placed under the order of business second reading of bills for today.

SECOND READING AND REFERENCE OF BILLS

Senate Concurrent Resolution No. 6, constitutional amendment exempting owner-occupied homes from taxation, was read the second time by number and title and was referred to the Committee on Finance and Revenue.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported the following:

Senate Concurrent Resolution No. 2, constitutional amendment exempting household goods from taxation, with the recommendation that the resolution do pass.

Senate Bill No. 4, prescribing exemptions to sales and use tax, with the recommendation that the bill be amended as follows: (reference is to the printed bill)

> Page 4, between lines 15 and 16, insert new paragraph to read:
>
> "10. TANGIBLE PERSONAL PROPERTY PURCHASED OUTSIDE THIS STATE BY ANY HOSPITAL ORGANIZED AND OPERATED EXCLUSIVELY FOR CHARITABLE PURPOSES, NO PART OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL."

and as so amended a majority of the Committee recommended that the bill do pass.

Senate Bill No. 9, providing for sales tax on leasing or renting certain property, with a majority of the Committee recommending that the bill do pass; and a minority of the Committee consisting of Senators Harold Giss and John Gregovich recommending that the bill do not pass.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:33 a.m. the Senate stood adjourned until tomorrow, Saturday, December 2, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

SATURDAY, DECEMBER 2

Sixth Day

The Senate met at 9 a.m.

Senator Goetze offered prayer.

Pledge of Allegiance to the Flag was led by Senator Ong.

The roll was called and the following Senators answered to their names:

Campbell, Cardella, Castillo, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Blansett, Burgess, *Conlan, Johnson, and Spikes were excused on roll call.

Senators Burgess and Spikes are excused because of illness.

*Senator Conlan is excused in accordance with his memorandum as follows:

December 1, 1967

President Humphrey:

I have a business appointment which requires that I be out of town Saturday, December 2, and I request that I be excused from the legislative session on that date.

/s/ John B. Conlan

THE JOURNAL

The President announced that the reading of the Journal of Friday, December 1, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 19, by Senator Garfield, entitled: "An Act relating to education; providing a system of equalization for school districts; amending sections 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221, 15-1222, 15-1223, 15-1224, 15-1225, 15-1235 and 15-1245, Arizona Revised Statutes, and repealing sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes." was introduced and, by unanimous consent, read the first time by number and title and was placed under the order of business, second reading of bills for today.

SECOND READING AND REFERENCE OF BILLS

Senate Bill No. 19, system of equalization for school districts,

was read the second time by number and title and was referred to the Committee on Education.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported Senate Bill No. 6, increasing state withholding tax rate, with a majority of the Committee recommending that the bill do pass; and a minority of the Committee consisting of Senator Giss recommending that the bill do not pass.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until Monday at 9 a.m. The motion was agreed to and at 9:08 a.m. the Senate stood adjourned until Monday, December 4, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

MONDAY, DECEMBER 4

Eighth Day

The Senate met at 9 a.m.

Rev. Avis Wigging, Pastor of the Camelback Church of Christ, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Porter.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Tenney, Thode, Wilcox, President Humphrey.

Senators Cardella, Castillo, Garfield, Jacquin, *Spikes, and *Stump were excused on roll call.

*Senator Spikes is excused because of illness.

*Senator Stump is attending a conference of the Western Interstate Compact for Higher Education, in Denver.

Monday, December 4, 1967
Eighth Day

THE JOURNAL

The President announced that without objection the reading of the Journal of Saturday, December 2, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported the following:

Senate Bill No. 1, classification of property for taxation; valuation of certain oil and gas interests, with the recommendation that the bill be amended as follows: (reference is to the printed bill)

Page 2, line 22, strike "SEVENTY-FIVE" and insert "NINETY"

Page 2, line 24, strike "FORTY-FIVE" and insert "FIFTY-FOUR"

Page 2, line 26, strike "FIFTEEN" and insert "EIGHTEEN"

and, as so amended, a majority of the Committee recommended that the bill do pass.

Senate Bill No. 17, issuance and filing of building permits, with the recommendation that the bill do pass.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:11 a.m. the Senate stood adjourned until tomorrow, Tuesday, December 5, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

TUESDAY, DECEMBER 5
Ninth Day

The Senate met at 9 a.m.

Rev. Walter Frutiger, Pastor of the West Congregational Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Spikes.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

THE JOURNAL

The President announced that without objection the reading of the Journal of Monday, December 4, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

COMMUNICATIONS FROM THE GOVERNOR

The President laid before the Senate a communication from the Governor which was read advising that on December 4, 1967 he had transmitted to the secretary of state Senate Resolution No. 1, on the death of the Honorable Hiram Corbett, which had been signed by him on December 1, 1967.

INTRODUCTION AND FIRST READING OF BILLS

Senate Bill No. 20, by Senators Thode, Blansett, Ong, Kitchel, Gibbings, Giss, Gregovich, Crowley, and Campbell, entitled: "An Act, relating to taxation; providing for a food sales tax credit for resident individual taxpayers; prescribing an increase in the income tax fund used for refunds; amending title 43, chapter 1, article 1, Arizona Revised Statutes, by adding section 43-128.01, and amending section 43-196, Arizona Revised Statutes," was introduced and, by unanimous consent, read the first time by number and title, and was placed under the order of business second reading of bills.

SECOND READING AND REFERENCE OF BILLS

Senate Bill No. 20, food sales tax credit allowed resident individual and disposition of proceeds, was read the second time by number and title and was referred to the Committee on Finance and Revenue.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:08 a.m. the Senate stood adjourned until tomorrow, Wednesday, December 6, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

WEDNESDAY, DECEMBER 6
Tenth Day

The Senate met at 9 a.m.

Father Maseo Fujita, of St. Mathews Episcopal Church, Chandler, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Stump.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Cardella, Castillo, Jacquin and Kret were excused on roll call.

Senator Castillo was seated at 9:03 a.m.

Senators Cardella, Jacquin and Kret were seated at 2 p.m.

THE JOURNAL

The President announced that the reading of the Journal of Tuesday, December 5, 1967 is dispensed with and the Journal is approved as recorded by the Secretary.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported the following:

Senate Bill No. 8, limitation on property tax collectible by political subdivisions, with the recommendation that the bill be amended as follows: (reference is to the printed bill)

Page 1, line 8, strike "five" and insert "SIX" and, as so amended a majority of the Committee recommended that the bill do pass.

As so amended, a minority of the Committee consisting of Senators Harold Giss and John Gregovich recommended that the bill do not pass.

Senate Bill No. 15, inclusion of all property on tax roll, with a majority of the Committee recommending that the bill do pass, and a minority of the Committee consisting of Senator Harold C. Giss recommending that the bill do not pass.

Senate Bill No. 16, duties of director of property valuation and defining full cash value and market value, with the recommendation that the bill be amended as follows: (reference is to the printed bill)

Page 2, strike lines 3 through 17 and insert:

"5. ADOPT STANDARD APPRAISAL METHODS AND TECHNIQUES FOR USE BY THE DEPARTMENT AND COUNTY ASSESSORS IN DETERMINING THE VALUATION OF PROPERTY, AND PREPARE AND MAINTAIN

MANUALS AND OTHER NECESSARY GUIDELINES REFLECTING SUCH METHODS AND TECHNIQUES IN ORDER TO PERPETUATE A CURRENT INVENTORY OF ALL PROPERTY SUBJECT TO TAXATION AND THE VALUATION THEREOF. IN THE STANDARD APPRAISAL METHODS AND TECHNIQUES ADOPTED CURRENT USEAGE SHALL BE INCLUDED IN THE FORMULA FOR REACHING A DETERMINATION OF FULL CASH VALUE AND WHEN THE METHODS AND TECHNIQUES ADOPTED PRESCRIBE THE USE OF MARKET DATA AS AN INDICATION OF MARKET VALUE, THE PRICE PAID FOR FUTURE ANTICIPATED PROPERTY VALUE INCREMENTS SHALL BE EXCLUDED."

Page 4, line 35, reinsert the following:

"4. "CURRENT USAGE" MEANS THE USE TO WHICH PROPERTY IS PUT AT THE TIME OF VALUATION BY THE ASSESSOR OR THE DEPARTMENT."

Page 5, line 7, after "TECHNIQUES" insert a period and strike remainder of line 7 and 8

and, as so amended, a majority of the Committee recommended that the bill do pass.

Senate Bill No. 12, services excise tax, with the recommendation that the bill be amended as follows: (reference is to the printed bill)

Page 1, between lines 1 and 2 insert new section to read:

"Section 1. Sec. 42-1312, Arizona Revised Statutes, is amended to read:

42-1312. Tangible personal property; exceptions; classification of proceeds; sales to establishments preparing foods for human consumption

A. The tax imposed by subsection A of Sec. 42-1309 shall be levied and collected at an amount equal to two per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of selling any tangible personal property whatever at retail, but the tax shall not apply to the gross proceeds of sales or gross income from:

1. The sales of stocks and bonds.

2. Professional or personal service occupations, or businesses which involve sales or transfers of tangible personal property only as inconsequential elements thereof.

3. Services rendered in connection with or in addition to the sale of tangible personal property at retail by businesses or occupations other than those to which subdivisions (a) through (h) of paragraph 2 of Sec. 42-1310 and Sec. 42-1311 are applicable.

4. DRUGS WHICH MAY BE DISPENSED OR SOLD ONLY BY OR ON THE PRESCRIPTION OF A MEMBER OF THE MEDICAL, DENTAL OR VETERINARIAN PROFESSION WHO IS LICENSED BY LAW TO ADMINISTER SUCH DRUGS.

B. When any person is engaged in an occupation or business to which subsection A of this section is applicable, such person's books shall be kept so as to show separately the gross proceeds of sales of tangible personal property and the gross income from sales of services, and if not so kept the tax shall be imposed upon the total of such person's gross proceeds of sales of tangible personal property and gross income from services.

C. When any person is engaged in the business of selling tangible personal property at both wholesale and retail, the retail rate shall be applied only to the gross proceeds of the sales made other than at wholesale when such person's books are kept so as to show separately the gross proceeds of sales of each class, and when such books are not so kept the retail rate shall be applied to the gross proceeds of every sale so made.

D. The sale to hotels, restaurants, dining cars, lunch rooms, boarding houses or similar establishments of articles used by human beings for food, drink, or condiment, whether simple, mixed or compounded, where such articles are customarily prepared and served to patrons for consumption on the premises or on such dining cars, shall be deemed wholesale sales as to such commodities, and the person who then resells such commodities in cooked or prepared form shall be deemed to be engaged in the business classified in Sec. 42-1313."

Renumber following section to conform.

Page 2, line 29, strike "2.1" and insert "1.2"

Amend title to read:

AN ACT relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2.

and, as so amended, a majority of the Committee recommended that the bill do pass.

The Committee on Education, Senator Huso, Chairman, reported Senate Bill No. 2, state equalization aid plan for school districts, with the recommendation that the bill be amended as follows: (reference is to the printed bill)

Page 1, after enacting clause, insert:

"Section 1. Title 15, chapter 4, article 2, Arizona Revised Statutes, is amended by adding section 15-442.01, to read:

15-442.01 **Lease-purchase agreements prohibited; exceptions**

A. The board of trustees shall not enter into any lease-purchase agreement except as prescribed by the terms of subsection B.

B. The following lease-purchase agreements may be permitted:

1. The continuation until the termination date of any lease-purchase agreement entered into before and still in effect on July 1, 1968.

2. A lease-purchase agreement for transportation equipment which provides for payment thereof from the levy prescribed by the terms of section 15-445, subsection B, or other budgeted funds.

3. A lease-purchase agreement for portable classrooms which provides for payment thereof from the levy prescribed by the terms of §15-445, subsection B."

Renumber following sections to conform.

Page 2, strike lines 7 to 16, inclusive and "TION B" on line 17, and insert:

"for the purchase of sites, improvement of school grounds, erecting, purchasing, improving and furnishing of school buildings and appurtenances, the improving and furnishing of buildings used for school purposes when such buildings are leased from the national park service AND THE LEASE-PURCHASE OF PORTABLE CLASSROOMS. The county superintendant shall include such items".

Page 5, strike lines 8 to 33, inclusive.

Page 7, line 10, strike: "TEXTBOOKS _____ _____ _____".

Page 8, line 13, strike "SERVICES" and insert "SERVICE".

Page 8, line 15, strike "SERVICE" and insert "OFFICERS".

Page 8, lines 28 and 29, strike "-TIME BASIS".

Page 9, line 9, after "Rent" strike "(EXCLUSIVE" and all of lines 10 to 13, inclusive, and on line 14, strike "EXISTING LEASES)" and insert "OR LEASE FOR A PERIOD NOT TO EXCEED ONE YEAR".

Page 9, line 15, after "Premiums" insert "OTHER THAN PERSONNEL".

Page 9, line 16, after "INSURANCE" strike the hyphen and insert "PREMIUMS FOR".

Page 9, line 31, strike "textbooks" and insert "Textbooks".

Page 10, line 7, strike "FIVE" and insert "SIX".

Page 10, line 25, strike "FIVE" and insert "six".

Page 10, line 26, strike "5%)" and insert "6%)".

Page 12, strike lines 3 to 29, inclusive, and insert:

"Sec. 7. Sec. 15-1201.01, Arizona Revised Statutes, is amended to read:

15-1201.01. **Budget control; exceptions**

A. The funds budgeted under item VIII of the budget prescribed by §15-1201 shall be used only for the purpose of capital outlay.

B. For the purposes of the budget six per cent limit check only, as prescribed by §15-1201, the actual AVERAGE daily attendance for the previous year may be used when such actual AVERAGE daily attendance IS GREATER than the ESTIMATED actual AVERAGE daily attendance for the PROPOSED BUDGET year.

C. The budget six per cent limit check as prescribed by the terms of §15-1201 shall not apply to any school district employing four classroom teachers or less.

Sec. 8. Sec. 15-1202, Arizona Revised Statutes, is amended to read:

15-1202. **Presentation of budget to district taxpayers; notice; meeting; adoption; expenditures pending final adoption; limitations on expenditures by school district; exceptions; budget of new school district**

A. The board of trustees of each district shall prepare a notice fixing a time not later than July 10 and designating a public place within each district at which a meeting will be held at which the board of trustees will present the proposed budget for consideration of the residents and taxpayers of the district.

B. The board of trustees of each district, prior to the meeting shall publish a copy of the notice with a copy of the proposed budget one time in a newspaper of general circulation within the school district, but if no newspaper is published therein, publication shall be made in a newspaper published in the nearest district within the county. The cost of publication shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the board of trustees with the state superintendent of public instruction within thirty days after publication.

C. At the time and place fixed in the notice the members of the board of trustees shall hold the meeting and present the proposed budget to the residents and taxpayers attending the meeting. Upon request of any person, the board of trustees shall explain the budget and any resident or taxpayer may protest the inclusion of any item.

D. After the meeting the board of trustees shall adopt the budget, PROVIDED IT DOES NOT REPRESENT AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT PER CAPITA BASED ON AVERAGE DAILY ATTENDANCE OVER THE PAST FISCAL YEAR, making such deductions therefrom as it sees fit, but no additions thereto, and shall enter the budget as adopted in its minutes. Not later than July 12 the budget as finally adopted shall be filed by the board of trustees in triplicate with the county school superintendent, who shall immediately transmit a copy to the board of supervisors of the county and a copy to the state superintendent of public instruction.

E. IF THE BUDGET INCLUDES AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT BUT NOT MORE THAN TEN PER CENT PER CAPITA BASED ON AVERAGE DAILY ATTENDANCE OVER THE PAST FISCAL YEAR, THE BOARD OF TRUSTEES SHALL CALL AN ELECTION FOR THE PURPOSE OF PRESENTING THE BUDGET TO THE QUALIFIED ELECTORS WHO ARE REAL PROPERTY TAXPAYERS OF THE SCHOOL DISTRICT FOR APPROVAL. IF APPROVED, THE PROPOSED BUDGET SHALL BE IMMEDIATELY TRANSMITTED TO THE BOARD OF SUPERVISORS OF THE COUNTY AND A COPY TO THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION. IF DISAPPROVED, AN ALTERNATE BUDGET WHICH DOES NOT INCLUDE AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT PER CAPITA OVER THE PAST FISCAL YEAR SHALL BE IMMEDIATELY TRANSMITTED TO THE BOARD OF SUPERVISORS AND A COPY TO THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION.

F. Pending final adoption of the budget, a district may expend not to exceed five per cent of the proposed budget.

G. No expenditure shall be made for a purpose not particularly itemized and included in the budget, and no expenditure shall be made, and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for such item, irrespective of whether the district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under such budget, except pursuant to the provisions of §15-1245.

H. When a new school district is created pursuant to the provisions of §§15-404 and 15-408 the trustees shall adopt

a budget in the form set forth in §15-1201 which will provide funds sufficient for operation of the district during its first year, but thereafter such district shall be subject to the provisions of this article.

I. IF THE PROPOSED BUDGET REPRESENTS AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT PER CAPITA BASED ON AVERAGE DAILY ATTENDANCE OVER THE PAST FISCAL YEAR, AN ELECTION SHALL BE HELD IN WHICH THE QUALIFIED ELECTORS WHO ARE REAL PROPERTY TAXPAYERS OF THE SCHOOL DISTRICT BY A MAJORITY VOTE OF THOSE VOTING EITHER AFFIRM OR REJECT SUCH BUDGET. IN SUCH EVENT, THE TERMS OF SUBSECTION A SHALL BE MODIFIED SO THAT THE NOTICE SHALL OCCUR NO LATER THAN JUNE 1. THE BOARD OF TRUSTEES SHALL PUBLISH A COPY OF THE PROPOSED INCREASE IN THE BUDGET ONE TIME IN A NEWSPAPER OF GENERAL CIRCULATION WITHIN THE SCHOOL DISTRICT, BUT IF NO NEWSPAPER IS PUBLISHED THEREIN, PUBLICATION SHALL BE MADE IN A NEWSPAPER PUBLISHED IN THE NEAREST DISTRICT WITHIN THE COUNTY. THE COST OF PUBLICATION SHALL BE A CHARGE AGAINST THE SCHOOL DISTRICT. THE PUBLISHER'S AFFIDAVIT OF PUBLICATION SHALL BE FILED BY THE BOARD OF TRUSTEES WITH THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION WITHIN THIRTY DAYS AFTER PUBLICATION.

J. THE ELECTION PRESCRIBED BY THE TERMS OF SUBSECTION I SHALL BE CONDUCTED AS NEARLY AS PRACTICABLE IN THE MANNER PRESCRIBED IN ARTICLE 1, CHAPTER 13 OF THIS TITLE, RELATING TO SCHOOL BOND ELECTIONS. THE BALLOTS SHALL CONTAIN THE WORDS 'BUDGET INCREASE, YES' AND 'BUDGET INCREASE, NO', AND THE VOTER SHALL SIGNIFY HIS DESIRED CHOICE."

Page 13, strike lines 14 to 17, inclusive, and insert:

"D. Not more than twenty-five per cent of state monies apportioned to common and high schools shall be used for other than instructional costs, as defined by the state board of education."

Page 15, line 15, after "SHALL BE" insert "ADJUSTED ON AN ESTIMATE WHICH IS".

Page 15, line 18, after the period insert: "THE APPORTIONMENT FOR THE FINAL THREE MONTHS OF THE SCHOOL YEAR SHALL BE BASED ON A CORRECTED ESTIMATE OF ACTUAL AVERAGE DAILY ATTENDANCE FOR THE REMAINDER OF THE YEAR, EXCEPT AS PROVIDED BY THE TERMS OF §15-1201.01, SUBSECTION B."

Page 16, line 6, strike "FIVE" and insert "FIFTY".

Page 16, line 8, strike "FIVE" and insert "FIFTY".

Page 16, line 17, strike "FIVE" and insert "FIFTY".

Page 16, line 19, strike "The district tax rate" and strike all of lines 20, 21 and 22.

Page 17, line 9, strike "equalization aid".

Page 17, line 10, after "expenses" strike remainder of line and on line 11, strike, "education".

Page 17, line 27, after "for" insert "EMERGENCY OPERATIONAL AID (P.L. 81-874) AND".

Page 17, line 29, after "PAYMENTS" insert a period and strike "and emer-" and on line 30, strike "gency operational aid (P.L. 81-874)."

Page 17, strike lines 34 to 42, inclusive.

Page 18, line 6, strike "equalization aid".

Page 18, line 7, after "expenses" strike remainder of line and on line 8, strike "education."

Page 20, line 23, strike "FIFTEEN" and insert "FIFTY".

Page 20, line 34, after "Sections" insert "15-1203,".

Amend title to read:

AN ACT relating to education; providing a state equalization aid plan for school districts; amending §§15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01 15-1202, 15-1211, 15-1212, 15-1221, 15-1223, 15-1224, 15-1225, 15-1235, 15-1241, and 15-1246, Arizona Revised Statutes; amending title 15, chapter 4, article 2, Arizona Revised Statutes, by adding §15-442.01, and repealing §§15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

and as so amended a majority of the Committee recommended that the bill do pass.

RECESS

Without objection, at 9:05 a.m. the Senate stood at recess until 2 p.m.

AFTERNOON SESSION

The President called the Senate to order at 2 p.m.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported Senate Bill No. 5, increasing rate of income tax, with a majority of the Committee recommending that the bill do pass with the following amendments: (reference is to the printed bill)

Page 2, strike lines 15 to 44, inclusive, and insert: "in the following amounts and at the following rates:

Upon net income not in excess of one thousand dollars, TWO per cent of such net income.

TWENTY 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, THREE per cent in addition of such excess.

FIFTY 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, FOUR per cent in addition of such excess.

NINETY 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, FIVE per cent in addition of such excess.

One hundred and FORTY 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, SIX AND ONE-FOURTH per cent in addition of such excess.

TWO HUNDRED TWO DOLLARS FIFTY CENTS 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, SEVEN AND FIVE-TENTHS per cent in addition of such excess.

TWO HUNDRED SEVENTY-SEVEN DOLLARS FIFTY CENTS upon net income of six thousand dollars; and upon net income in excess of six thousand dollars, EIGHT AND FIVE-TENTHS per cent in addition of such excess.

Page 3, strike lines 7 to 45, inclusive and strike all of page 4 and insert:

Gross Income		Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
At Least	But Less Than		
$1,100.00	$1,150.00	$ .25	$ -0-
1,150,00	1,200.00	1.15	-0-
1,200.00	1,250.00	2.05	-0-
1,250.00	1,300.00	2.95	-0-
1,300.00	1,350.00	3.85	-0-
1,350.00	1,400.00	4.75	-0-
1,400.00	1,450.00	5.65	-0-
1,450.00	1,500.00	6.55	-0-
1,500.00	1,550.00	7.45	-0-
1,550.00	1,600.00	8.35	-0-
1,600.00	1,650.00	9.25	-0-
1,650.00	1,700.00	10.15	-0-
1,700.00	1,750.00	11.05	-0-
1,750.00	1,800.00	11.95	-0-
1,800.00	1,850.00	12.85	-0-

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
1,850.00	1,900.00	13.75	-0-
1,900.00	1,950.00	14.65	-0-
1,950.00	2,000.00	15.55	-0-
2,000.00	2,050.00	16.45	-0-
2,050.00	2,100.00	17.35	-0-
2,100.00	2,150.00	18.25	-0-
2,150.00	2,200.00	19.15	-0-
2,200.00	2,250.00	20.06	.05
2,250.00	2,300.00	21.19	.95
2,300.00	2,350.00	22.31	1.85
2,350.00	2,400.00	23.44	2.75
2,400.00	2,450.00	24.56	3.65
2,450.00	2,500.00	25.69	4.55
2,500.00	2,550.00	26.81	5.45
2,550.00	2,600.00	27.94	6.35
2,600.00	2,650.00	29.06	7.25
2,650.00	2,700.00	30.19	8.15
2,700.00	2,750.00	31.31	9.05
2,750.00	2,800.00	32.44	9.95
2,800.00	2,850.00	33.56	10.85
2,850.00	2,900.00	34.69	11.75
2,900.00	2,950.00	35.81	12.65
2,950.00	3,000.00	36.94	13.55
3,000.00	3,050.00	38.06	14.45
3,050.00	3,100.00	39.19	15.35
3,100.00	3,150.00	40.31	16.25
3,150.00	3,200.00	41.44	17.15
3,200.00	3,250.00	42.56	18.05
3,250.00	3,300.00	43.69	18.95
3,300.00	3,350.00	44.81	19.85
3,350.00	3,400.00	46.13	20.75
3,400.00	3,450.00	47.48	21.65
3,450.00	3,500.00	48.83	22.55
3,500.00	3,550.00	50.17	23.45
3,550.00	3,600.00	51.52	24.35
3,600.00	3,650.00	52.87	25.25
3,650.00	3,700.00	54.22	26.15
3,700.00	3,750.00	55.57	27.05
3,750.00	3,800.00	56.92	27.95
3,800.00	3,850.00	58.27	28.85
3,850.00	3,900.00	59.62	29.75
3,900.00	3,950.00	60.97	30.65
3,950.00	4,000.00	62.32	31.55
4,000.00	4,050.00	63.67	32.45
4,050.00	4,100.00	65.02	33.35
4,100.00	4,150.00	66.37	34.25
4,150.00	4,200.00	67.72	35.15
4,200.00	4,250.00	69.07	36.05
4,250.00	4,300.00	70.42	36.95
4,300.00	4,350.00	71.77	37.85
4,350.00	4,400.00	73.12	38.75
4,400.00	4,450.00	74.47	39.65

Wednesday, December 6, 1967
Tenth Day

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
4,450.00	4,500.00	75.96	40.68
4,500.00	4,550.00	77.54	41.81
4,550.00	4,600.00	79.11	42.94
4,600.00	4,650.00	80.69	44.06
4,650.00	4,700.00	82.26	45.19
4,700.00	4,750.00	83.84	46.31
4,750.00	4,800.00	85.41	47.44
4,800.00	4,850.00	86.99	48.56
4,850.00	4,900.00	88.56	49.69
4,900.00	4,950.00	90.14	50.81
4,950.00	5,000.00	91.71	51.94

The Committee on Rules, Senator Goldberg, Chairman, reported for the consideration of the Senate the following bills and resolution:

Senate Bills Nos. 1, 2, 4, 5, 6, 8, 9, 12, 15, 16, and 17, and Senate Concurrent Resolution No. 2.

RECESS

Without objection, at 2:01 p.m. the Senate stood at recess until 3 p.m.

The President called the Senate to order at 3 p.m.

COMMITTEE OF THE WHOLE

Senator Goldberg moved that the Senate resolve itself into Committee of the Whole for the consideration of bills on the Calendar. The motion was agreed to and at 3:12 p.m. the Senate resolved itself into Committee of the Whole, with Senator Wilcox in the chair.

At 6:17 p.m. the Committee of the Whole arose.

REPORT OF THE COMMITTEE OF THE WHOLE

Senator Wilcox, for the Committee of the Whole, submitted the following recommendations:

That Senate Bill No. 1, classification of property for taxation; valuation of certain oil and gas interests be amended as follows: (reference is to the printed bill)

Page 2, line 16, after "42-227." insert "VALUATION OF PROPERTY AT MARKET VALUE; SEPARATE VALUATION OF LAND AND IMPROVEMENTS;"

Page 2, between lines 17 and 18 insert new subsection A to read:

"A. FOR PROPERTY TAX PURPOSES the valuation of all taxable property shall be determined at its MARKET value. The valuation of LAND and improvements thereon shall be determined separately. THE COMBINED VALUA-

TION OF ALL LAND AND IMPROVEMENTS SHALL NOT EXCEED THE MARKET VALUE OF THE TOTAL PROPERTY."

Reletter following subsections to conform

Page 2, line 22, strike "SEVENTY-FIVE" and insert "NINETY"

Page 2, line 24, strike "FORTY-FIVE" and insert "FIFTY-FOUR"

Page 2, line 26, strike "FIFTEEN" and insert "EIGHTEEN"

Amend title to read:

AN ACT relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending sections 42-227 and 42-227.02, Arizona Revised Statutes.

and, as so amended, the bill do pass.

That Senate Bill No. 2, state equalization aid plan for school districts, be amended as follows: (reference is to the printed bill)

Page 1, after enacting clause, insert:

"Section 1. Title 15, chapter 4, article 2, Arizona Revised Statutes, is amended by adding section 15-442.01, to read:

15-442-01. **Lease-purchase agreements prohibited; exceptions**

A. The board of trustees shall not enter into any lease-purchase agreement except as prescribed by the terms of subsection B.

B. The following lease-purchase agreements may be permitted:

1. The continuation until the termination date of any lease-purchase agreement entered into before and still in effect on July 1, 1968.

2. A lease-purchase agreement for transportation equipment which provides for payment thereof from the levy prescribed by the terms of section 15-445, subsection B, or other budgeted funds.

3. A lease-purchase agreement for portable classrooms which provides for payment thereof from the levy prescribed by the terms of §15-445, subsection B."

Renumber following sections to conform.

Page 2, strike lines 7 to 16, inclusive and "TION B" on line 17, and insert:

"for the purchase of sites, improvement of school grounds, erecting, purchasing, improving and furnishing of school buildings and appurtenances, the improving and furnishing of buildings used for school purposes when such buildings are leased from the national park service AND THE LEASE-PURCHASE OF PORTABLE CLASSROOMS. The county superintendent shall include such items".

Page 5, strike lines 8 to 33, inclusive.

Page 7, line 10, strike: "TEXTBOOKS ....".

Page 8, line 13, strike "SERVICES" and insert "SERVICE".

Page 8, line 15, strike "SERVICE" and insert "OFFICERS".

Page 8, lines 28 and 29, strike "-TIME BASIS".

Page 9, line 9, after "Rent" strike "(EXCLUSIVE" and all of lines 10 to 13, inclusive, and on line 14, strike "EXISTING LEASES)" and insert "OR LEASE FOR A PERIOD NOT TO EXCEED ONE YEAR".

Page 9, line 15, after "Premiums" insert "OTHER THAN PERSONNEL".

Page 9, line 16, after "INSURANCE" strike the hyphen and insert "PREMIUMS FOR".

Page 9, line 31, strike "textbooks" and insert "Textbooks".

Page 10, line 7, strike "FIVE" and insert "SIX".

Page 10, line 25, strike "FIVE" and insert "six".

Page 10, line 26, strike "5%)" and insert "6%)".

Page 12, strike lines 3 to 29, inclusive, and insert:

"Sec. 7. Sec. 15-1201.01, Arizona Revised Statutes, is amended to read:

15-1201.01. **Budget control; exceptions**

A. The funds budgeted under item VIII of the budget prescribed by §15-1201 shall be used only for the purpose of capital outlay.

B. For the purposes of the budget six per cent limit check only, as prescribed by §15-1201, the actual AVERAGE daily attendance for the previous year may be used when such actual AVERAGE daily attendance IS GREATER than the ESTIMATED actual AVERAGE daily attendance for the PROPOSED BUDGET year.

C. The budget six per cent limit check as prescribed by the terms of §15-1201 shall not apply to any school district employing four classroom teachers or less.

Sec. 8. Sec. 15-1202, Arizona Revised Statutes, is amended to read:

15-1202. **Presentation of budget to district taxpayers; notice; meeting; adoption; expenditures pending final adoption; limitations on expenditures by school district; exceptions; budget of new school district**

A. The board of trustees of each district shall prepare a notice fixing a time not later than July 10 and designating a public place within each district at which a meeting will be held at which the board of trustees will present the proposed budget for consideration of the residents and taxpayers of the district.

B. The board of trustees of each district, prior to the meeting shall publish a copy of the notice with a copy of the proposed budget one time in a newspaper of general circulation within the school district, but if no newspaper is published therein, publication shall be made in a newspaper published in the nearest district within the county. The cost of publication shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the board of trustees with the state superintendent of public instruction within thirty days after publication.

C. At the time and place fixed in the notice the members of the board of trustees shall hold the meeting and present the proposed budget to the residents and taxpayers attending the meeting. Upon request of any person, the board of trustees shall explain the budget and any resident or taxpayer may protest the inclusion of any item.

D. After the meeting the board of trustees shall adopt the budget, PROVIDED IT DOES NOT REPRESENT AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT PER CAPITA BASED ON AVERAGE DAILY ATTENDANCE OVER THE PAST FISCAL YEAR, making such deductions therefrom as it sees fit, but no additions thereto, and shall enter the budget as adopted in its minutes. Not later than July 12 the budget as finally adopted shall be filed by the board of trustees in triplicate with the county school superintendent, who shall immediately transmit a copy to the board of supervisors of the county and a copy to the state superintendent of public instruction.

E. IF THE BUDGET INCLUDES AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT BUT NOT MORE THAN TEN PER CENT PER CAPITA BASED ON AVERAGE DAILY ATTENDANCE OVER THE PAST FISCAL YEAR, THE BOARD OF TRUSTEES SHALL CALL AN ELECTION FOR THE PURPOSE OF PRESENTING THE

BUDGET TO THE QUALIFIED ELECTORS WHO ARE REAL PROPERTY TAXPAYERS OF THE SCHOOL DISTRICT FOR APPROVAL. IF APPROVED, THE PROPOSED BUDGET SHALL BE IMMEDIATELY TRANSMITTED TO THE BOARD OF SUPERVISORS OF THE COUNTY AND A COPY TO THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION. IF DISAPPROVED, AN ALTERNATE BUDGET WHICH DOES NOT INCLUDE AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT PER CAPITA OVER THE PAST FISCAL YEAR SHALL BE IMMEDIATELY TRANSMITTED TO THE BOARD OF SUPERVISORS AND A COPY TO THE STATE SUPERINTENDANT OF PUBLIC INSTRUCTION.

F. Pending final adoption of the budget, a district may expend not to exceed five per cent of the proposed budget.

G. No expenditure shall be made for a purpose not particularly itemized and included in the budget, and no expenditure shall be made, and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for such item, irrespective of whether the district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under such budget, except pursuant to the provisions of §15-1245.

H. When a new school district is created pursuant to the provisions of §§15-404 and 15-408 the trustees shall adopt a budget in the form set forth in §15-1201 which will provide funds sufficient for operation of the district during its first year, but thereafter such district shall be subject to the provisions of this article.

I. IF THE PROPOSED BUDGET REPRESENTS AN INCREASE IN EXPENDITURES OF MORE THAN SIX PER CENT PER CAPITA BASED ON AVERAGE DAILY ATTENDANCE OVER THE PAST FISCAL YEAR, AN ELECTION SHALL BE HELD IN WHICH THE QUALIFIED ELECTORS WHO ARE REAL PROPERTY TAXPAYERS OF THE SCHOOL DISTRICT BY A MAJORITY VOTE OF THOSE VOTING EITHER AFFIRM OR REJECT SUCH BUDGET. IN SUCH EVENT, THE TERMS OF SUBSECTION A SHALL BE MODIFIED SO THAT THE NOTICE SHALL OCCUR NO LATER THAN JUNE 1. THE BOARD OF TRUSTEES SHALL PUBLISH A COPY OF THE PROPOSED INCREASE IN THE BUDGET ONE TIME IN A NEWSPAPER OF GENERAL CIRCULATION WITHIN THE SCHOOL DISTRICT, BUT IF NO NEWSPAPER IS PUBLISHED THEREIN, PUBLICATION SHALL BE MADE IN A NEWSPAPER PUBLISHED IN THE NEAREST DISTRICT WITHIN THE COUNTY. THE COST OF PUBLICATION SHALL BE A CHARGE AGAINST THE SCHOOL DISTRICT. THE PUBLISHER'S AFFIDAVIT OF PUBLICATION SHALL BE FILED BY THE BOARD OF TRUSTEES WITH THE STATE

SUPERINTENDENT OF PUBLIC INSTRUCTION WITHIN THIRTY DAYS AFTER PUBLICATION.

J. THE ELECTION PRESCRIBED BY THE TERMS OF SUBSECTION I SHALL BE CONDUCTED AS NEARLY AS PRACTICABLE IN THE MANNER PRESCRIBED IN ARTICLE 1, CHAPTER 13 OF THIS TITLE, RELATING TO SCHOOL BOND ELECTIONS. THE BALLOTS SHALL CONTAIN THE WORDS 'BUDGET INCREASE, YES' AND 'BUDGET INCREASE, NO', AND THE VOTER SHALL SIGNIFY HIS DESIRED CHOICE."

Page 13, strike lines 14 to 17, inclusive, and insert:

"D. Not more than twenty-five per cent of state monies apportioned to common and high schools shall be used for other than instructional costs, as defined by the state board of education."

Page 15, line 15, after "SHALL BE" insert "ADJUSTED ON AN ESTIMATE WHICH IS".

Page 15, line 18, after the period insert: "THE APPORTIONMENT FOR THE FINAL THREE MONTHS OF THE SCHOOL YEAR SHALL BE BASED ON A CORRECTED ESTIMATE OF ACTUAL AVERAGE DAILY ATTENDANCE FOR THE REMAINDER OF THE YEAR, EXCEPT AS PROVIDED BY THE TERMS OF §15-1201.01, SUBSECTION B."

Page 16, line 6, strike "FIVE" and insert "FIFTY".

Page 16, line 8, strike "FIVE" and insert "FIFTY".

Page 16, line 17, strike "FIVE" and insert "FIFTY".

Page 16, line 19, strike "The district tax rate" and strike all of lines 20, 21 and 22.

Page 17, line 9, strike "equalization aid".

Page 17, line 10, after "expenses" strike remainder of line and on line 11, strike, "education".

Page 17, line 27, after "for" insert "EMERGENCY OPERATIONAL AID (P.L. 81-874) AND".

Page 17, line 29, after "PAYMENTS" insert a period and strike "and emer-" and on line 30, strike "gency operational aid (P.L. 81-874)."

Page 17, strike lines 34 to 42, inclusive.

Page 18, line 6, strike "equalization aid".

Page 18, line 7, after "expenses" strike remainder of line and on line 8, strike "education."

Page 20, line 23, strike "FIFTEEN" and insert "FIFTY".

Page 20, line 34, after "Sections" insert "15-1203,".

Amend title to read:

AN ACT relating to education; providing a state equalization aid plan for school districts; amending §§15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1202, 15-1211, 15-1212, 15-1221, 15-1223, 15-1224, 15-1225, 15-1235, 15-1241, and 15-1246, Arizona Revised Statutes; amending title 15, chapter 4, article 2, Arizona Revised Statutes, by adding §15-442.01, and repealing §§15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

and, as so amended, the bill do pass.

That Senate Bill No. 4, prescribing exemptions to sales and use tax, be amended as follows: (reference is to the printed bill)

Page 4, between lines 15 and 16, insert new paragraph to read:

"10. TANGIBLE PERSONAL PROPERTY PURCHASED OUTSIDE THIS STATE BY ANY HOSPITAL ORGANIZED AND OPERATED EXCLUSIVELY FOR CHARITABLE PURPOSES, NO PART OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL."

and, as so amended, the bill do pass.

That Senate Bill No. 5, increasing rate of income tax, be amended as follows: (reference is to the printed bill)

Page 2, strike lines 15 to 44, inclusive, and insert:

"in the following amounts and at the following rates:

Upon net income not in excess of one thousand dollars, TWO per cent of such net income.

TWENTY 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, THREE per cent in addition of such excess.

FIFTY 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, FOUR per cent in addition of such excess.

NINETY 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, FIVE per cent in addition of such excess.

One hundred and FORTY 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, SIX AND ONE-FOURTH per cent in addition of such excess.

TWO HUNDRED TWO DOLLARS FIFTY CENTS 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, SEVEN AND FIVE-TENTHS per cent in addition of such excess.

TWO HUNDRED SEVENTY-SEVEN DOLLARS FIFTY CENTS upon net income of six thousand dollars; and upon net income in excess of six thousand dollars, EIGHT AND FIVE-TENTHS per cent in addition of such excess.

Page 3, strike lines 7 to 45, inclusive and strike all of page 4 and insert:

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
$1,100.00	$1,150.00	$ .25	$ -0-
1,150,00	1,200.00	1.15	-0-
1,200.00	1,250.00	2.05	-0-
1,250.00	1,300.00	2.95	-0-
1,300.00	1,350.00	3.85	-0-
1,350.00	1,400.00	4.75	-0-
1,400.00	1,450.00	5.65	-0-
1,450.00	1,500.00	6.55	-0-
1,500.00	1,550.00	7.45	-0-
1,550.00	1,600.00	8.35	-0-
1,600.00	1,650.00	9.25	-0-
1,650.00	1,700.00	10.15	-0-
1,700.00	1,750.00	11.05	-0-
1,750.00	1,800.00	11.95	-0-
1,800.00	1,850.00	12.85	-0-
1,850.00	1,900.00	13.75	-0-
1,900.00	1,950.00	14.65	-0-
1,950.00	2,000.00	15.55	-0-
2,000.00	2,050.00	16.45	-0-
2,050.00	2,100.00	17.35	-0-
2,100.00	2,150.00	18.25	-0-
2,150.00	2,200.00	19.15	-0-
2,200.00	2,250.00	20.06	.05
2,250.00	2,300.00	21.19	.95
2,300.00	2,350.00	22.31	1.85
2,350.00	2,400.00	23.44	2.75
2,400.00	2,450.00	24.56	3.65
2,450.00	2,500.00	25.69	4.55
2,500.00	2,550.00	26.81	5.45
2,550.00	2,600.00	27.94	6.35
2,600.00	2,650.00	29.06	7.25
2,650.00	2,700.00	30.19	8.15
2,700.00	2,750.00	31.31	9.05
2,750.00	2,800.00	32.44	9.95
2,800.00	2,850.00	33.56	10.85
2,850.00	2,900.00	34.69	11.75
2,900.00	2,950.00	35.81	12.65
2,950.00	3,000.00	36.94	13.55
3,000.00	3,050.00	38.06	14.45
3,050.00	3,100.00	39.19	15.35

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
3,100.00	3,150.00	40.31	16.25
3,150.00	3,200.00	41.44	17.15
3,200.00	3,250.00	42.56	18.05
3,250.00	3,300.00	43.69	18.95
3,300.00	3,350.00	44.81	19.85
3,350.00	3,400.00	46.13	20.75
3,400.00	3,450.00	47.48	21.65
3,450.00	3,500.00	48.83	22.55
3,500.00	3,550.00	50.17	23.45
3,550.00	3,600.00	51.52	24.35
3,600.00	3,650.00	52.87	25.25
3,650.00	3,700.00	54.22	26.15
3,700.00	3,750.00	55.57	27.05
3,750.00	3,800.00	56.92	27.95
3,800.00	3,850.00	58.27	28.85
3,850.00	3,900.00	59.62	29.75
3,900.00	3,950.00	60.97	30.65
3,950.00	4,000.00	62.32	31.55
4,000.00	4,050.00	63.67	32.45
4,050.00	4,100.00	65.02	33.35
4,100.00	4,150.00	66.37	34.25
4,150.00	4,200.00	67.72	35.15
4,200.00	4,250.00	69.07	36.05
4,250.00	4,300.00	70.42	36.95
4,300.00	4,350.00	71.77	37.85
4,350.00	4,400.00	73.12	38.75
4,400.00	4,450.00	74.47	39.65
4,450.00	4,500.00	75.96	40.68
4,500.00	4,550.00	77.54	41.81
4,550.00	4,600.00	79.11	42.94
4,600.00	4,650.00	80.69	44.06
4,650.00	4,700.00	82.26	45.19
4,700.00	4,750.00	83.84	46.31
4,750.00	4,800.00	85.41	47.44
4,800.00	4,850.00	86.99	48.56
4,850.00	4,900.00	88.56	49.69
4,900.00	4,950.00	90.14	50.81
4,950.00	5,000.00	91.71	51.94

and, as so amended, the bill do pass.

That Senate Bill No. 6, increasing state withholding tax rate, do pass.

That Senate Bill No. 8, limitation on property tax collectible by political subdivisions, be amended as follows: (reference is to the printed bill)

Page 1, line 8, strike "five" and insert "SIX"

and, as so amended, the bill do pass.

That Senate Bill No. 9, providing for sales tax on leasing or renting certain property, do pass.

That Senate Bill No. 12, services excise tax, be amended as follows: (reference is to the printed bill)

Page 1, between lines 1 and 2 insert new section to read:

"Section 1. Sec. 42-1312, Arizona Revised Statutes, is amended to read:

42-1312. Tangible personal property; exceptions; classification of proceeds; sales to establishments preparing foods for human consumption

A. The tax imposed by subsection A of Sec. 42-1309 shall be levied and collected at an amount equal to two per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of selling any tangible personal property whatever at retail, but the tax shall not apply to the gross proceeds of sales or gross income from:

1. The sale of stocks and bonds.

2. Professional or personal service occupations, or businesses which involve sales or transfers of tangible personal property only as inconsequential elements thereof.

3. Services rendered in connection with or in addition to the sale of tangible personal property at retail by businesses or occupations other than those to which subdivisions (a) through (h) of paragraph 2 of Sec. 42-1310 and Sec. 42-1311 are applicable.

4. DRUGS WHICH MAY BE DISPENSED OR SOLD ONLY BY OR ON THE PRESCRIPTION OF A MEMBER OF THE MEDICAL, DENTAL OR VETERINARIAN PROFESSION WHO IS LICENSED BY LAW TO ADMINISTER SUCH DRUGS.

B. When any person is engaged in an occupation or business to which subsection A of this section is applicable, such person's books shall be kept so as to show separately the gross proceeds of sales of tangible personal property and the gross income from sales of services, and if not so kept the tax shall be imposed upon the total of such person's gross proceeds of sales of tangible personal property and gross income from services.

C. When any person is engaged in the business of selling tangible personal property at both wholesale and retail, the retail rate shall be applied only to the gross proceeds of the sales made other than at wholesale when such person's books are kept so as to show separately the gross proceeds of sales of each class, and when such books are not so kept the retail rate shall be applied to the gross proceeds of every sale so made.

D. The sale to hotels, restaurants, dining cars, lunch

rooms, boarding houses or similar establishments of articles used by human beings for food, drink or condiment, whether simple, mixed or compounded, where such articles are customarily prepared and served to patrons for consumption on the premises or on such dining cars, shall be deemed wholesale sales as to such commodities, and the person who then resells such commodities in cooked or prepared form shall be deemed to be engaged in the business classified in Sec. 42-1313."

Renumber following section to conform.

Page 2, line 29, strike "2.1" and insert "1.2"
Amend title to read:

AN ACT relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending section 42-1312; and amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2.

and, as so amended, the bill do pass.

That Senate Bill No. 15, inclusion of all property on tax roll, be amended as follows: (reference is to the printed bill)

Page 1, line 8, after "PROPERTY" insert "EXCEPT FEDERAL"

and, as so amended, the bill do pass.

That Senate Bill No. 16, duties of director of property valuation and defining full cash value and market value, be amended as follows:

(reference is to the printed bill)

Page 2, strike lines 3 through 17 and insert:

"5. ADOPT STANDARD APPRAISAL METHODS AND TECHNIQUES FOR USE BY THE DEPARTMENT AND COUNTY ASSESSORS IN DETERMINING THE VALUATION OF PROPERTY, AND PREPARE AND MAINTAIN MANUALS AND OTHER NECESSARY GUIDELINES REFLECTING SUCH METHODS AND TECHNIQUES IN ORDER TO PERPETUATE A CURRENT INVENTORY OF ALL PROPERTY SUBJECT TO TAXATION AND THE VALUATION THEREOF. IN THE STANDARD APPRAISAL METHODS AND TECHNIQUES ADOPTED CURRENT USEAGE SHALL BE INCLUDED IN THE FORMULA FOR REACHING A DETERMINATION OF FULL CASH VALUE AND WHEN THE METHODS AND TECHNIQUES ADOPTED PRESCRIBE THE USE OF MARKET DATA AS AN INDICATION OF MARKET VALUE, THE PRICE PAID FOR FUTURE ANTICIPATED PROPERTY VALUE INCREMENTS SHALL BE EXCLUDED."

Page 4, line 35, reinsert the following:

"4. "CURRENT USAGE" MEANS THE USE TO WHICH PROPERTY IS PUT AT THE TIME OF VALUATION BY THE ASSESSOR OR THE DEPARTMENT."

Page 5, line 7, after "TECHNIQUES" insert a period and strike remainder of line 7 and 8

Page 5, strike lines 20 through 32

Amend title to read:

AN ACT relating to taxation; prescribing duties of director of department of property valuation; declaring full cash value and market value as being synonymous, and amending sections 42-123 and 42-201, Arizona Revised Statutes.

and, as so amended, the bill do pass.

That Senate Bill No. 17, issuance and filing of building permits, do pass.

That Senate Concurrent Resolution No. 2, constitutional amendment exempting household goods from taxation, do pass.

Senator Wilcox moved the acceptance of the report and that the bills and resolution be properly assigned. The motion was agreed to.

DISPOSITION OF MEASURES REPORTED BY COMMITTEE OF THE WHOLE

Senate Bills Nos. 1, 2, 4, 5, 6, 8, 9, 12, 15, 16 and 17, and Senate Concurrent Resolution No. 2 were referred to the Committee on Administration for engrossing.

RECESS

Without objection, at 6:20 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 6:46 p.m.

Without objection, the Senate reverted to the order of business,

REPORTS OF STANDING COMMITTEES

The Committee on Administration, Senator Conlan, Chairman, reported Senate Bills Nos. 1, 2, 4, 5, 6, 8, 9, 12, 15, 16, and 17, and Senate Concurrent Resolution No. 2 as properly engrossed, and the bills and resolution were placed under the order of business, third reading of bills for today.

THIRD READING OF BILLS

Senate Bill No. 1, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for the classification of property prescribing the basis for the determination of assessed

valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending sections 42-227 and 42-227.02, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 16, Noes 14, as follows:

Ayes: Burgess, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Cardella, Castillo, Crowley, Gibbings, Giss, Gregovich, Jacquin, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 1 and directed the Secretary to transmit the bill to the House.

Senator Cardella offered the following explanation of his vote on Senate Bill No. 1:

Mr. President:

I would like to explain my vote. I am impressed by the amount of work that has gone into this bill as formulated. It is essential in my mind that a set of classifications and percentages be finally imposed so that our reappraisal program can be implemented. I am 100% for this implementation. I would, however, like to point out a few salient points.

It is, of course, rather obvious that under the proposed plan of 18-54-90 certain industries would be placed on the rolls at a rate that is equivalent to 5 times the rate that certain other industries will be placed on the rolls. For instance, a mine in Pima County would go on the rolls at 90%, whereas the Motorola plant here in Maricopa County would only go on the rolls at 18%. As the amount of tax arrived at by simple multiplication of the assessed value times the tax rate, it becomes rather obvious that the mining industry would be paying taxes at a rate of 5 to 1 over other industries in the state, such as Motorola, for the same dollar property value.

This, Gentlemen, strikes the sensibilities. It is so obviously out of proportion that I think it could be fairly described as being "grotesque."

I would also like to point out the fact that although Maricopa County, for example, contains roughly 52% of the true cash value of property within the entire state of Arizona, under this proposed law Maricopa County, the richest county in the state of Arizona and having, as I say 52% of the true cash value within the state, would be paying taxes based on only 37% of the assessed property in the state. If we assume that the state of Arizona would collect in the neighborhood of $100,000,000 in property taxes in the pursuit of state-wide financing of education, this would approximate a tax reduction in Maricopa County of approximately $15,000,000. If we assume the tax to be levied of $250,000,000, it would be

a tax reduction to Maricopa County of something in the neighborhood of $37,500,000. This would entail total educational financing of common and high schools at state level.

Mr. President, I would consider myself remiss if I did not point out that this tax reduction in Maricopa County will find its way on to the tax rolls of other counties in the state of Arizona in the form of a tax increase.

Mr. President, any equitable law passed by this body should reflect some correlation between the total value of property in that county and the total tax dollars paid by that county. I submit to this body that this tax law does not approach that position of equity.

We have agreed we are here to solve years of inequities. That we cannot do so in one fell swoop is obvious. However, any plan must over a reasonable period of time **not make permanent the now existing inequities** but eliminate them to the best of our abilities. As this plan shows no such movement toward that equitable position, I vote **no.**

Senator Thode, in voting No on Senate Bill No. 1, requested that without objection Senator Cardella's remarks be inserted in the Journal.

Therefore, in accordance with paragraph 3 of Rule XXI, of the Senate Rules, the request was granted and Senator Cardella's remarks appear in the Journal in full.

Senate Bill No. 2, by a Majority of the Committee on Education, entitled: "An Act relating to education; providing a state equalization aid plan for school districts; amending sections 15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1202, 15,1211, 15-1212, 15-1221, 15-1223, 15-1224, 15-1225, 15-1235, 15-1241, and 15-1246, Arizona Revised Statutes; amending title 15, chapter 4, article 2, Arizona Revised Statutes, by adding section 15-442.01, and repealing sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 18, Noes 11, Not voting 1, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

Not voting: Campbell

The President announced the signing in open session of Senate Bill No. 2 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 4, by the Committee on Finance and Revenue entitled: "An Act relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending title 42, chapter 8, article 1, Arizona Revised Statutes, by adding section 42-1312.01, and amending section 42-1409, Arizona Revised Statutes," was read

in full on third reading and passed on roll call which resulted: Ayes 28, Noes 2, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Tenney, Thode, Wilcox, President Humphrey.

Noes: Blansett, Stump.

The President announced the signing in open session of Senate Bill No. 4 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 5, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for an increase in the rate of taxation on income, and amending section 43-102, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 29, Noes 1, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Noes: Blansett

The President announced the signing in open session of Senate Bill No. 5 and directed the Secretary to transmit the Bill to the House.

Senate Bill No. 6 by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for an Arizona withholding tax rate of one per cent, and amending section 43-188, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 29, Noes 1, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Noes: Blansett

The President announced the signing in open session of Senate Bill No. 6 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 8, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing limitation upon amount of ad valorem property tax collectible by political subdivisions for the tax year of 1968," was read in full on third reading and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 8 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 9, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; providing for a transaction privilege tax on leasing or renting certain property, and amending section 42-1314, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 28, Noes 2, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Tenney, Thode, Wilcox, President Humphrey.

Noes: Blansett, Stump.

The President announced the signing in open session of Senate Bill No. 9 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 12, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending section 42-1312; and amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2," was read in full on third reading and passed on roll call which resulted: Ayes 20, Noes 10, as follows:

Ayes: Burgess, Cardella, Castillo, Conlan, Garfield, Gibbings, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Crowley, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 12 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 15, by Senators Holsclaw and Kret co-sponsors, entitled: "An Act relating to taxation; providing for the inclusion of taxable and nontaxable property on the roll, and amending section 42-238, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 20, Noes 10, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacqin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 15 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 16, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing duties of director of department of property valuation; declaring full

cash value and market value as being synonymous, and amending sections 42-123 and 42-201, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of Senate Bill No. 16 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 17, by the Committee on Finance and Revenue, entitled: "An Act relating to cities, towns and counties; providing for the issuance and filing of building permits; providing for distribution of copies; prescribing penalties; amending section 11-321, Arizona Revised Statutes; amending title 11, chapter 2, article 9, Arizona Revised Statutes, by adding section 11-322, and amending title 9, chapter 4, Arizona Revised Statutes, by adding article 6.1," was read in full on third reading and passed on roll call which resulted: Ayes: 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of Senate Bill No. 17 and directed the Secretary to transmit the bill to the House.

Senate Concurrent Resolution No. 2, by the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to taxation; exempting household goods from personal property taxation, and amending article 9, section 2, Constitution of Arizona," was read in full on third reading as follows:

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

1. The following amendment of artcile 9, section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. All household goods shall be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or

finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of the revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons names herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation, to be ascertained as provided by law. This section shall be self-executing.

2. The proposed amendment (approved by a majority of the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by article 21, Constitution of Arizona, and was adopted on roll call which resulted: Ayes 18, Noes, 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Concurrent Resolution No. 2 and directed the Secretary to transmit the resolution to the House.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 10 a.m. The motion was agreed to and at 7:35 p.m. the Senate stood adjourned until tomorrow, Thursday, December 7, 1967, at 10 a.m.

MARSHALL HUMPREY
President

LOUISE C. BRIMHALL
Secretary

THURSDAY, DECEMBER 7
Eleventh Day

The Senate met at 10 a.m.

Rev. Don Reed, Pastor of the North Scottsdale Baptist Church, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Tenney.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Garfield and *Johnson were excused on roll call.

*Senator Johnson is excused because of illness.

Senator Garfield was seated at 10:03 a.m.

THE JOURNAL

The President announced that the reading of the Journal of Wednesday, December 6, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

RECESS

Without objection, at 10:04 a.m. the Senate stood at recess until 2 p.m.

AFTERNOON SESSION

The President called the Senate to order at 2 p.m.

PERSONAL PRIVILEGE

Senator Crowley moved that the Senate stand in silence for one minute in memory of the men who twenty-six years ago today lost their lives on the SS Arizona, at the bombing of Pearl Harbor. The motion was agreed to and the Senate arose and paid tribute to these men by standing for a moment of respectful silence in their memory.

RECESS

Without objection, at 2:06 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 2:44 p.m.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 2:45 p.m. the Senate stood adjourned until tomorrow, Friday, December 8, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

FRIDAY, DECEMBER 8
Twelfth Day

The Senate met at 9 a.m.

Father Lewis H. Long, Pastor of St. Mary's Episcopal Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Thode.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Jacquin, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Garfield, Holsclaw and Johnson were excused on roll call.

Senator Johnson was seated at 9:05 a.m.

Senator Holsclaw was seated at 9:06 a.m.

Senator Garfield was seated at 2 p.m.

THE JOURNAL

The President announced that without objection the reading of the Journal of Thursday, December 7, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had passed the following:

House Bill No., 1, providing for classification of property; prescribing percentage of assessed valuation.

House Bill No. 2, providing financial assistance and equalization aid to school districts.

House Bill No. 3, eliminating federal income tax as deduction by corporations.

House Bill No. 4, providing for increase in rate of taxation on income.

House Bill No. 6, providing for sales tax on leasing or renting certain property.

House Bill No. 7, prescribing rate of education excise tax.

Passed without enacting the emergency.

House Bill No. 8, increasing state withholding tax rate.

House Bill No. 9, imposing minimum income tax filing fee on corporations.

House Bill No. 14, providing for ascertainment of property subject to taxation.

House Bill No. 15, providing situs of railroad cars for taxation purposes.

House Bill No. 16, imposing real estate transfer tax. **Passed without enacting the emergency.**

House Bill No. 17, relating to zoning and providing for giving notice of changes to county assessor.

House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district.

House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed.

House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.

House Concurrent Resolution No. 2, constitutional amendment exempting certain household goods from taxation.

House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows.

House Bills Nos. 1, 2, 3, 4, 6, 7, 8, 9, 14, 15, 16, 17, 18, and 19, and House Concurrent Resolutions Nos. 1, 2 and 3 were placed under the order of business introduction and first reading of bills.

INTRODUCTION AND FIRST READING OF BILLS

The following bills and resolutions were introduced and, by unanimous consent, read the first time by number and title:

House Bill No. 1, entitled: "An Act relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending section 42-227, Arizona Revised Statutes."

House Bill No. 2, entitled: "An Act relating to education; providing for state financial assistance and equalization aid to school districts; amending sections 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221 to 15-1225, inclusive, 15-1235, 15-1241 and 15-1246; repealing section 15-1203, Arizona Revised Statutes; amending title 15, chapter 12, article 1, Arizona Revised Statutes, by enacting a new section 15-1203; amending title 15, chapter 12, Arizona Revised Statutes, by adding article 2.2, and repealing sections 15-1203.01 and 15-1211.01, Arizona Revised Statutes."

House Bill No. 3, entitled: "An Act relating to taxation; providing for the elimination of federal income taxes as a deduction by corporations, and amending section 43-123, Arizona Revised Statutes."

House Bill No. 4, entitled: "An Act relating to taxation; providing for an increase in the rate of taxation on income, and amending section 43-102, Arizona Revised Statutes."

House Bill No. 6, entitled: "An Act relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions, and amending section 42-1314, Arizona Revised Statutes."

House Bill No. 7, entitled: "An Act relating to taxation; prescribing the rate of the education excise tax, and amending section 42-1361, Arizona Revised Statutes."

House Bill No. 8, entitled: "An Act relating to taxation; providing for an Arizona withholding tax rate of one per cent, and amending section 43-188, Arizona Revised Statutes."

House Bill No. 9, entitled: "An Act relating to taxation; providing for the imposition of a minimum income tax on corporations, and amending section 43-102, Arizona Revised Statutes."

House Bill No. 14, entitled: "An Act relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending section 42-221, Arizona Revised Statutes."

House Bill No. 15, entitled: "An Act relating to taxation; prescribing the situs of cars for taxation purposes, and amending section 42-742, Arizona Revised Statutes."

House Bill No. 16, entitled: "An Act relating to taxation; imposing a fee for transfer of certain real estate; providing for affidavits of legal value on certain transfers of real estate; providing for penalties, and amending title 42, Arizona Revised Statutes, by adding chapter 10, articles 1 and 2."

House Bill No. 17, entitled: "An Act relating to zoning; providing for giving notice of changes to county assessor; amending title 9, chapter 4, article 6, Arizona Revised Statutes, by adding section 9-465.01, and amending title 11, chapter 6, article 2, Arizona Revised Statutes, by adding section 11-829.01."

House Bill No. 18, entitled: "An Act relating to taxation; providing for determination of valuation of gas, water and electric utilities, pipelines, community antenna television systems and microwave services; amending section 42-124.01, Arizona Revised Statutes, and amending title 42, chapter 1, article 2, Arizona Revised Statutes, by adding section 42-124.03."

House Bill No. 19, entitled: "An Act relating to taxation; prescribing that notice of tax assessment on livestock shall show number of livestock and number of months assessed, and amending section 42-234, Arizona Revised Statutes."

House Concurrent Resolution No. 1, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for certain tax exemptions for certain veterans; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected and nonservice-connected disabilities, and amending article 9, section 2, Constitution of Arizona."

House Concurrent Resolution No. 2, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to taxation; exempting certain household goods from personal property taxation, and amending article 9, section 2, Constitution of Arizona."

House Concurrent Resolution No. 3, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain widows, and amending article 9, section 2, Constitution of Arizona."

House Bills Nos. 1, 2, 3, 4, 6, 7, 8, 9, 14, 15, 16, 17, 18, 19 and House Concurrent Resolutions Nos. 1, 2 and 3 were placed under the order of business, second reading of bills.

SECOND READING AND REFERENCE OF BILLS

The following bills and resolutions were read the second time by number and title and were referred to their proper committees:

House Bill No. 1, providing for classification of property; prescribing percentage of assessed valuation. Referred to the Committee on Finance and Revenue.

House Bill No. 2, providing financial assistance and equalization aid to school districts. Referred to the Committee on Education.

House Bill No. 3, eliminating federal income tax as deduction by corporations. Referred to the Committee on Finance and Revenue.

House Bill No. 4, providing for increase in rate of taxation on income. Referred to the Committee on Finance and Revenue.

House Bill No. 6, providing for sales tax on leasing or renting certain property. Referred to the Committee on Finance and Revenue.

House Bill No. 7, prescribing rate of education excise tax. Referred to the Committee on Finance and Revenue.

House Bill No. 8, increasing state withholding tax rate. Referred to the Committee on Finance and Revenue.

House Bill No. 9, imposing minimum income tax filing fee on corporations. Referred to the Committee on Finance and Revenue.

House Bill No. 14, providing for ascertainment of property subject to taxation. Referred to the Committee on Finance and Revenue.

House Bill No. 15, providing situs of railroad cars for taxation purposes. Referred to the Committee on Finance and Revenue.

House Bill No. 16, imposing real estate transfer tax. Referred to the Committee on Finance and Revenue.

House Bill No. 17, relating to zoning and providing for giving notice of changes to county assessor. Referred to the Committee on Finance and Revenue.

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House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district. Referred to the Committee on Finance and Revenue.

House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed. Referred to the Committee on Finance and Revenue.

House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans. Referred to the Committee on Finance and Revenue.

House Concurrent Resolution No. 2, constitutional amendment exempting certain household goods from taxation. Referred to the Committee on Finance and Revenue.

House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows. Referred to the Committee on Finance and Revenue.

RECESS

Without objection, at 9:26 a.m. the Senate stood at recess until 2 p.m.

AFTERNOON SESSION

The President called the Senate to order at 2 p.m.

Committee meetings were announced.

RECESS

Without objection, at 2:02 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 2:50 p.m.

RECESS

Without objection, at 2:55 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 5:07 p.m.

Majority and minority caucuses were announced.

RECESS

Without objection, at 5:08 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 5:27 p.m.

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman reported the following, with a majority of the Committee recommending that the bills and resolutions do pass:

House Bill No. 1, providing for classification of property; prescribing percentage of assessed valuation, with the following amendments: (reference is to the House engrossed bill)

Strike all after the enacting clause and insert:

"Section 1. **Repeal**

Section 42-136, Arizona Revised Statutes, is repealed.

Sec. 2. Title 42, chapter 1, article 2.1, Arizona Revised Statutes, is amended by adding a new section 42-136, to read:

42-136. **Classification of property for taxation**

There are established the following classes of property for taxation:

1. Class one:

(a) Flight property

(b) All real and personal property used in the operation of private car companies.

(c) All real and personal property of railroad companies used in the continuous operation of a railroad.

(d) Patented and unpatented mines, the personal property used thereon, the improvements thereto and the mills and smelters operated in conjunction therewith.

(e) Standing timber and the land upon which it is grown.

2. Class two:

All property, both real and personal, used in the operation of telephone and telegraph companies, gas, water and electric utility companies, and pipeline companies.

3. Class three:

(a) All real property and the improvements thereto not included in classes one and two.

(b) All personal property not included in classes one and two.

Sec. 3. Sec. 42-227, Arizona Revised Statutes, is amended to read:

42-227. **Valuation of property at market value; separate valuation of land and improvements; basis for determination of assessed valuation**

A. For property tax purposes the valuation of all taxable property shall be determined at its market value. The valuation of land and improvements thereon shall be determined separately. The combined valuation of all land and improvements shall not exceed the market value of the total property.

B. As a basis for determining the assessed valuation for the different classes of property specified in section 42-136, the following percentages shall apply:

1. Class one: ninety per cent of its full cash value.

2. Class two: fifty-four per cent of its full cash value.

3. Class three: eighteen per cent of its full cash value.

C. Upon preparation of the rolls, the assessor shall apply the appropriate percentage to the full cash value of all property so that the assessed valuation will be shown thereon.

Sec. 4. Sec. 42-227.02, Arizona Revised Statutes, is amended to read:

42-227.02. **Basis of valuation of producing oil and gas interests**

A. Producing oil or gas interests shall be assessed for tax purposes at one hundred per cent of the amount of the gross yield therefrom for the preceding calendar year. Such gross yield shall be the valuation of the oil or gas interests of the lands from which such oil or gas is produced as of the first day of January of the following year. This shall not affect the basis of valuation of property other than producing oil or gas interests.

B. The basis of valuation of producing oil or gas interests set forth in this section shall be in lieu of any method of valuation of such interests and the oil and gas deposits subject thereto for ad valorem tax purposes, notwithstand- any other provision of law to the contrary."

Amend title to read:

AN ACT relating to taxation; providing for the classification of property prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending sections 42-227 and 42-227.02, Arizona Revised Statutes.

House Bill No. 4, providing for increase in rate of taxation on income, with the following amendments: (reference is to the House engrossed bill)

Strike all after the enacting clause and insert:

"Section 1. Sec. 43-102, Arizona Revised Statutes, is amended to read:

43-102. **Imposition of tax**

(a) **Taxes and rates—individuals, estates and trusts.** There shall be levied, collected, and paid for each taxable year upon the entire net income of every estate or trust taxable under this title and of every resident of this state and upon the entire net income of every nonresident which is derived from sources within this state, taxes in the following amounts and at the following rates upon the amount of net income in excess of credits against net income provided in sections 43-127 and 43-128.

On the first one thousand dollars or any part thereof two per cent.

On the second one thousand dollars or any part thereof, two and five-tenths per cent.

On the third one thousand dollars or any part thereof, three per cent.

On the fourth one thousand dollars or any part thereof, three and five-tenths per cent.

On the fifth one thousand dollars or any part thereof, four per cent.

On the sixth one thousand dollars or any part thereof, five per cent.

On the seventh one thousand dollars or any part thereof, six per cent.

On the eighth one thousand dollars or any part thereof, seven per cent.

On the ninth one thousand dollars or any part thereof, and on all taxable income in excess of nine thousand dollars, eight per cent.

(b) **Taxes and rates—corporations.** There shall be levied, collected, and paid for each taxable year upon the entire net income of every corporation, except as otherwise provided in this title or by law, taxes in the following amounts and at the following rates:

Upon net income not in excess of one thousand dollars, two per cent of such net income.

Twenty 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, three per cent in addition of such excess.

Fifty 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, four per cent in addition of such excess.

Ninety 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, five per cent in addition of such excess.

One hundred and forty 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, six and one-fourth per cent in addition of such excess.

Two hundred two dollars fifty cents 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, seven and five-tenths per cent in addition of such excess.

Two hundred seventy-seven dollars fifty cents upon net income of six thousand dollars; and upon net income in excess of six thousand dollars, eight and five-tenths per cent in addition of such excess.

(c) **Optional tax**

(1) In lieu of the tax imposed under subsection (a), there shall be levied, collected and paid for each taxable year upon the gross income of each individual whose gross income for such year is less than five thousand dollars and who has elected to pay the tax imposed by this subsection for such year, the tax shown in the following table:

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
$1,100.00	$1,150.00	$ .25	$ -0-
1,150.00	1,200.00	1.15	-0-
1,200.00	1,250.00	2.05	-0-
1,250.00	1,300.00	2.95	-0-
1,300.00	1,350.00	3.85	-0-
1,350.00	1,400.00	4.75	-0-
1,400.00	1,450.00	5.65	-0-
1,450.00	1,500.00	6.55	-0-
1,500.00	1,550.00	7.45	-0-
1,550.00	1,600.00	8.35	-0-
1,600.00	1,650.00	9.25	-0-
1,650.00	1,700.00	10.15	-0-
1,700.00	1,750.00	11.05	-0-
1,750.00	1,800.00	11.95	-0-
1,800.00	1,850.00	12.85	-0-
1,850.00	1,900.00	13.75	-0-
1,900.00	1,950.00	14.65	-0-
1,950.00	2,000.00	15.55	-0-
2,000.00	2,050.00	16.45	-0-
2,050.00	2,100.00	17.35	-0-
2,100.00	2,150.00	18.25	-0-

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
2,150.00	2,200.00	19.15	-0-
2,200.00	2,250.00	20.06	.05
2,250.00	2,300.00	21.19	.95
2,300.00	2,350.00	22.31	1.85
2,350.00	2,400.00	23.44	2.75
2,400.00	2,450.00	24.56	3.65
2,450.00	2,500.00	25.69	4.55
2,500.00	2,550.00	26.81	5.45
2,550.00	2,600.00	27.94	6.35
2,600.00	2,650.00	29.06	7.25
2,650.00	2,700.00	30.19	8.15
2,700.00	2,750.00	31.31	9.05
2,750.00	2,800.00	32.44	9.95
2,800.00	2,850.00	33.56	10.85
2,850.00	2,900.00	34.69	11.75
2,900.00	2,950.00	35.81	12.65
2,950.00	3,000.00	36.94	13.55
3,000.00	3,050.00	38.06	14.45
3,050.00	3,100.00	39.19	15.35
3,100.00	3,150.00	40.31	16.25
3,150.00	3,200.00	41.44	17.15
3,200.00	3,250.00	42.56	18.05
3,250.00	3,300.00	43.69	18.95
3,300.00	3,350.00	44.81	19.85
3,350.00	3,400.00	46.13	20.75
3,400.00	3,450.00	47.48	21.65
3,450.00	3,500.00	48.83	22.55
3,500.00	3,550.00	50.17	23.45
3,550.00	3,600.00	51.52	24.35
3,600.00	3,650.00	52.87	25.25
3,650.00	3,700.00	54.22	26.15
3,700.00	3,750.00	55.57	27.05
3,750.00	3,800.00	56.92	27.95
3,800.00	3,850.00	58.27	28.85
3,850.00	3,900.00	59.62	29.75
3,900.00	3,950.00	60.97	30.65
3,950.00	4,000.00	62.32	31.55
4,000.00	4,050.00	63.67	32.45
4,050.00	4,100.00	65.02	33.35
4,100.00	4,150.00	66.37	34.25
4,150.00	4,200.00	67.72	35.15
4,200.00	4,250.00	69.07	36.05
4,250.00	4,300.00	70.42	36.95
4,300.00	4,350.00	71.77	37.85
4,350.00	4,400.00	73.12	38.75
4,400.00	4,450.00	74.47	39.65
4,450.00	4,500.00	75.96	40.68
4,500.00	4,550.00	77.54	41.81
4,550.00	4,600.00	79.11	42.94
4,600.00	4,650.00	80.69	44.05
4,650.00	4,700.00	82.26	45.19
4,700.00	4,750.00	83.84	46.31

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
4,750.00	4,800.00	85.41	47.44
4,800.00	4,850.00	86.99	48.56
4,850.00	4,900.00	88.56	49.69
4,900.00	4,950.00	90.14	50.81
4,950.00	5,000.00	91.71	51.94

In applying the above table to determine the tax of such individual, there shall be subtracted from his gross income the amount of the federal income tax paid during the taxable year.

In applying the above table to determine the tax of a taxpayer with one or more dependents, there shall be subtracted from his gross income six hundred dollars for each dependent, except that in the case of a "head of household" the deduction for dependents shall be permitted only for those dependents in excess of one.

(2) For the purpose of this subsection:

(A) "Married person" means a married person on the last day of the taxable year.

(B) "Dependent" means a person who is dependent under section 43-127(c).

(C) An individual, who is not a head of a family or a married person, shall be treated as a single person.

(D) "Head of household" means a head of household on the last day of the taxable year, unless such person dies during the taxable year, in which case such determination shall be made as of the date of death.

(E) In the case of a joint return of a husband and wife filed pursuant to section 43-141 (a) (2), the tax imposed under subsection (a) shall be twice the tax that would be determined if the net income and credits against net income provided by sections 43-127 and 43-128 were reduced by one-half.

(3) This subsection shall not apply to an estate or trust, 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 43-123 (aa) (1).

(d) **Effect of changes in rates during a taxable year**

If any rate of tax imposed by this chapter changes, and if the taxable year includes the effective date of the change (unless that date is the first day of the taxable year), then

(1) Tentative taxes shall be computed by applying the rate for the period before the effective date of the change,

and the rate for the period on and after such date, to the taxable income for the entire taxable year; and

(2) The tax for such taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears to the number of days in the entire taxable year.

Sec. 2. **Effective date**

The provisions of this act shall become effective on January 1, 1968."

Amend title to read:

AN ACT relating to taxation; providing for an increase in the rate of taxation on income, and amending section 43-102, Arizona Revised Statutes.

House Bill No. 7, prescribing rate of education excise tax, with the following amendments: (reference is to the House engrossed bill)

Strike all after the enacting clause and insert:

"Section 1. Sec. 42-1312, Arizona Revised Statutes, is amended to read:

42-1312. **Tangible personal property; exceptions; classification of proceeds; sales to establishments preparing foods for human consumption**

A. The tax imposed by subsection A of section 42-1309 shall be levied and collected at an amount equal to two per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of selling any tangible personal property whatever at retail, but the tax shall not apply to the gross proceeds of sales or gross income from:

1. The sale of stocks and bonds.

2. Professional or personal service occupations, or businesses which involve sales or transfers of tangible personal property only as inconsequential elements thereof.

3. Services rendered in connection with or in addition to the sale of tangible personal property at retail by businesses or occupations other than those to which subdivisions (a) through (h) of paragraph 2 of section 42-1310 and section 42-1311 are applicable.

4. Drugs which may be dispensed or sold only by or on the prescription of a member of the medical, dental or veterinarian profession who is licensed by law to administer such drugs.

B. When any person is engaged in an occupation or business to which subsection A of this section is applicable, such person's books shall be kept so as to show separately the

gross proceeds of sales of tangible personal property and the gross income from sales of services, and if not so kept the tax shall be imposed upon the total of such person's gross proceeds of sales of tangible personal property and gross income from services.

C. When any person is engaged in the business of selling tangible personal property at both wholesale and retail, the retail rate shall be applied only to the gross proceeds of the sales made other than at wholesale when such person's books are kept so as to show separately the gross proceeds of sales of each class, and when such books are not so kept the retail rate shall be applied to the gross proceeds of every sale so made.

D. The sale to hotels, restaurants, dining cars, lunch rooms, boarding houses or similar establishments of articles used by human beings for food, drink or condiment, whether simple, mixed or compounded, where such articles are customarily prepared and served to patrons for consumption on the premises or on such dining cars, shall be deemed wholesale sales as to such commodities, and the person who then resells such commodities in cooked or prepared form shall be deemed to be engaged in the business classified in section 42-1313.

Sec. 2. Title 42, chapter 8, Arizona Revised Statutes, is amended by adding article 1.2, sections 42-1371 and 42-1372, to read:

ARTICLE 1.2. SERVICES EXCISE TAX

42-1371. **Levy of tax**

There is levied and shall be collected by the commission an annual tax measured by an amount equal to one and one-half per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

1. Producing and furnishing, or furnishing to consumers, electricity, electric lights, current, power or gas, natural or artificial, and water, except electrical or thermal energy sold to distributors.

2. Transmitting local or long distance messages or conversations by telephone, or messages by telegraph, from one point to another point in the state, including gross income derived from tolls, subscriptions and services on behalf of subscribers, or by the publication of a directory of the names of subscribers.

3. Transporting for hire freight or passengers by railroads or aircraft from one point to another point in the state.

4. Publication of newspapers, magazines or other periodicals and publications, when published within the state, including the gross income derived from subscriptions, advertising and notices.

5. Contracting, but payments paid by the contractor for labor employed in construction, improvements or repairs shall not be subject to such tax.

42-1372. **Administration**

Unless the context otherwise requires, the provisions of article 1 of this chapter shall govern the administration of the tax imposed by section 42-1371, provided:

1. No separate license, return or record shall be required, made or kept or filed, and the tax due under section 42-1371 shall be included and reported, shown and paid with the transaction privilege tax in accordance with the provisions of article 1 of this chapter.

2. The provisions of section 42-1303 shall not require the execution of a separate bond conditioned upon the faithful discharge of the duties of any agent of the commission in the administration of this article. The conditions of bonds executed for the administration of article 1 shall be enlarged to include the administration of this article.

3. The provisions of sections 42-1341 and 42-1342 shall not apply to this article.

4. The commission shall each day remit all revenues collected under this article to the state treasurer through the state auditor, and the state treasurer shall credit the payments to a fund designated as the tax clearing account for businesses included by the terms of article 1.2, chapter 8, title 42.

5. After deducting from the tax clearing account, prescribed by paragraph 4, only warrants drawn against the account by the application of sections 42-1326, 42-1339 and 42-1413, the whole of the balance then remaining, without any further deductions, shall be credited to the state general fund.

6. The tax imposed by this article shall be a lien upon the property of any person subject to the tax to the extent provided in section 42-1337 and may be included, without segregation, in any lien filed for unpaid taxes under the provisions of that section.

7. Any person aggrieved by the enforcement of any provisions of this article shall have the right of protest and appeal as provided by sections 42-1338 and 42-1339."

Amend title to read:

AN ACT relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending section 42-1312; and amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2.

House Bill No. 14, providing for ascertainment of property subject to taxation, with the following amendments: (reference is to the House engrossed bill)

Page 1, line 17, after "roll" strike remainder of line and lines 18 and 19 in their entirety and insert:

"; PROVIDED THAT ANY IMPROVEMENTS TO REAL PROPERTY WHICH ARE NOT SUBSTANTIALLY COMPLETED BY APRIL 1 SHALL NOT BE VALUED AND PLACED ON THE ROLL FOR THAT YEAR."

Page 2, between lines 3 and 4 insert:

"AT THE TIME SUCH PERSON IS ADVISED OF HIS PROPERTY VALUATION THE ASSESSOR SHALL DELIVER SUCH PERSON WRITTEN NOTICE OF THE LAST DATE UPON WHICH HIS APPEAL, AS PRESCRIBED IN THIS SECTION, MAY BE FILED."

House Bill No. 15, providing situs of railroad cars for taxation purposes, with the following amendment: (reference is to the House engrossed bill)

Page 1, line 6, strike "exclusively".

House Bill No. 16, imposing real estate transfer tax, with the following amendment: (reference is to the House engrossed bill)

Page 2, line 21, strike "three" and insert "TWO".

House Bill No. 17, zoning and providing for giving notice of changes to county assessor, with the following amendments: (reference is to the House engrossed bill)

Page 1, line 8, after "is" insert "FINALLY"

Page 2, line 5, after "is" insert "FINALLY".

House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district, with the following amendment: (reference is to the House engrossed bill)

Page 1, line 7, after "find" strike "within each taxing district of the state".

House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed, with the following amendment: (reference is to the House engrossed bill)

Page 1, strike all of paragraph C. in its entirety.

House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans, with the following amendments: (reference is to the House engrossed resolution)

Strike all after the resolving clause and insert:

"1. The following amendment of article 9, section 2,

Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945, AND SUCH EXEMPTION FOR PERSONS OTHER THAN WIDOWS SHALL BE APPLICABLE ONLY TO REAL PROPERTY CONSISTING OF THE HOME OWNED AND OCCUPIED BY SUCH PERSON, AND PROVIDED THAT IF SUCH HOME OF SUCH PERSON IS OWNED AS COMMUNITY PROPERTY THE EXEMPTION GRANTED TO SUCH PERSON SHALL BE APLICABLE TO ONLY HIS ONE-HALF INTEREST IN SUCH HOME. NO PROPERTY SHALL BE EXEMPT WHICH HAS BEEN CONVEYED TO EVADE TAXATION. A PERSON WHO MAKES A FALSE STATEMENT IN SUPPORT OF A CLAIM FOR TAX EXEMPTION UNDER THE PROVISIONS OF THIS SECTION SHALL BE PUNISHED AS PROVIDED BY LAW. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

2. The proposed amendment (approved by a majority of the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that

purpose), as provided by article 21, Constitution of Arizona."

Amend title to read:

A CONCURRENT RESOLUTION proposing an amendment of the constitution of Arizona relating to tax exemptions; prescribing limitations upon tax exemptions of veterans, and amending article 9, §2, constitution of Arizona.

House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows, with the following amendments: (reference is to the House engrossed resolution)

Strike all after the resolving clause and insert:

"1. The following amendment of article 9, section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

THE EXEMPTION GRANTED TO WIDOWS BY THE TERMS OF THIS SECTION SHALL REMAIN IN FULL FORCE AND EFFECT. FOR THOSE WHO APPLY FOR A WIDOW'S EXEMPTION ON JANUARY 1, 1969 OR THEREAFTER FOR THE FIRST TIME, IN

ADDITION TO ALL OTHER QUALIFICATIONS PRESCRIBED BY THIS SECTION FOR SUCH EXEMPTION, THE ANNUAL NET TAXABLE INCOME AS DETERMINED FOR STATE OF ARIZONA INCOME TAX PURPOSES FROM ALL SOURCES OF SUCH WIDOW IN THE YEAR IMMEDIATELY PRECEDING EXEMPTION SHALL NOT EXCEED (1) THE SUM OF THREE THOUSAND FIVE HUNDRED DOLLARS IF NONE OF THE WIDOW'S CHILDREN UNDER THE AGE OF TWENTY-ONE YEARS IS RESIDING WITH OR DEPENDENT ON SUCH WIDOW, OR IF NONE OF THE WIDOW'S CHILDREN RESIDING WITH OR DEPENDENT ON SUCH WIDOW IS TOTALLY AND PERMANENTLY DISABLED, PHYSICALLY OR MENTALLY, AS SO CERTIFIED BY COMPETENT MEDICAL AUTHORITY AS PRESCRIBED BY LAW, OR (2) THE SUM OF FIVE THOUSAND DOLLARS IF ONE OR MORE OF THE WIDOW'S CHILDREN UNDER THE AGE OF TWENTY-ONE YEARS IS RESIDING WITH OR DEPENDENT ON SUCH WIDOW, OR IF ONE OR MORE OF THE WIDOW'S CHILDREN RESIDING WITH OR DEPENDENT ON SUCH WIDOW IS TOTALLY AND PERMANENTLY DISABLED, PHYSICALLY OR MENTALLY, AS SO CERTIFIED BY COMPETENT MEDICAL AUTHORITY AS PRESCRIBED BY LAW, AND PROVIDED FURTHER, THAT THE WIDOW SHALL SUBMIT SATISFACTORY EVIDENCE TO THE COUNTY ASSESSOR SHOWING THAT SHE RESIDED IN ARIZONA ON JANUARY 1, 1969 AND THAT SHE WAS A RESIDENT OF THIS STATE AT THE TIME OF HER LAST HUSBAND'S DEATH.

NO PROPERTY SHALL BE EXEMPT WHICH HAS BEEN CONVEYED TO EVADE TAXATION. A PERSON WHO MAKES A FALSE STATEMENT IN SUPPORT OF A CLAIM FOR TAX EXEMPTION UNDER THE PROVISIONS OF THIS SECTION SHALL BE PUNISHED AS PROVIDED BY LAW.

2. The proposed amendment (approved by a majority of the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by article 21, Constitution of Arizona."

Amend title to read:

A CONCURRENT RESOLUTION proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending article 9, section 2, constitution of Arizona.

Friday, December 8, 1967
Twelfth Day

The Committee on Rules, Senator Goldberg, Chairman, reported for the consideration of the Senate the following bills and resolutions: House Bills Nos. 1, 4, 7, 14, 15, 16, 17, 18, and 19, and House Concurrent resolutions Nos. 1 and 3.

COMMITTEE OF THE WHOLE

Senator Goldberg moved that the Senate resolve itself into Committee of the Whole for the considerations of the bills on the Calendar. The motion was agreed to and at 5:30 p.m. the Senate resolved itself into Committee of the Whole, with Senator Wilcox in the chair.

At 5:55 p.m. the Committee of the Whole arose.

REPORT OF THE COMMITTEE OF THE WHOLE

Senator Wilcox, for the Committee of the Whole, submitted the following recommendations:

That House Bill No. 1, providing for classification of property; prescribing percentage of assessed valuation, be amended as follows: (reference is to the House engrossed bill)

Strike all after the enacting clause and insert:

"Section 1. **Repeal**

Section 42-136, Arizona Revised Statutes, is repealed.

Sec. 2. Title 42, chapter 1, article 2.1, Arizona Revised Statutes, is amended by adding a new section 42-136, to read:

42-136. **Classification of property for taxation**

There are established the following classes of property for taxation:

1. Class one:

(a) Flight property.

(b) All real and personal property used in the operation of private car companies.

(c) All real and personal property of railroad companies used in the continuous operation of a railroad.

(d) Patented and unpatented mines, the personal property used thereon, the improvements thereto and the mills and smelters operated in conjunction therewith.

(e) Standing timber and the land upon which it is grown.

2. Class two:

All property, both real and personal, used in the operation of telephone and telegraph companies, gas, water and

electric utility companies, and pipeline companies.

3. Class three:

(a) All real property and the improvements thereto not included in classes one and two.

(b) All personal property not included in classes one and two.

Sec. 3. Sec. 42-227, Arizona Revised Statutes, is amended to read:

42-227. **Valuation of property at market value; separate valuation of land and improvements; basis for determination of assessed valuation**

A. For property tax purposes the valuation of all taxable property shall be determined at its market value. The valuation of land and improvements thereon shall be determined separately. The combined valuation of all land and improvements shall not exceed the market value of the total property.

B. As a basis for determining the assessed valuation for the different classes of property specified in section 42-136, the following percentages shall apply:

1. Class one: ninety per cent of its full cash value.

2. Class two: fifty-four per cent of its full cash value.

3. Class three: eighteen per cent of its full cash value.

C. Upon preparation of the rolls, the assessor shall apply the appropriate percentage to the full cash value of all property so that the assessed valuation will be shown thereon.

Sec. 4. Sec. 42-227.02, Arizona Revised Statutes, is amended to read:

42-227.02. **Basis of valuation of producing oil and gas interests**

A. Producing oil or gas interests shall be assessed for tax purposes at one hundred per cent of the amount of the gross yield therefrom for the preceding calendar year. Such gross yield shall be the valuation of the oil or gas interests of the lands from which such oil or gas is produced as of the first day of January of the following year. This shall not affect the basis of valuation of property other than producing oil or gas interests.

B. The basis of valuation of producing oil or gas interests set forth in this section shall be in lieu of any method of valuation of such interests and the oil and gas deposits subject thereto for ad valorem tax purposes, notwithstanding any other provision of law to the contrary."

Amend title to read:

AN ACT relating to taxation; providing for the classification of property prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending sections 42-227 and 42-227.02, Arizona Revised Statutes.

and, as so amended, the bill do pass.

That House Bill No. 4, providing for increase in rate of taxation on income, be amended as follows: (reference is to the House engrossed bill)

Strike all after the enacting clause and insert:

"Section 1. Sec. 43-102, Arizona Revised Statutes, is amended to read:

43-102. **Imposition of tax**

(a) **Taxes and rates—individuals, estates and trusts.** There shall be levied, collected, and paid for each taxable year upon the entire net income of every estate or trust taxable under this title and of every resident of this state and upon the entire net income of every nonresident which is derived from sources within this state, taxes in the following amounts and at the following rates upon the amount of net income in excess of credits against net income provided in sections 43-127 and 43-128.

On the first one thousand dollars or any part thereof, two per cent.

On the second one thousand dollars or any part thereof, two and five-tenths per cent.

On the third one thousand dollars or any part thereof, three per cent.

On the fourth one thousand dollars or any part thereof, three and five-tenths per cent.

On the fifth one thousand dollars or any part thereof, four per cent.

On the sixth one thousand dollars or any part thereof, five per cent.

On the seventh one thousand dollars or any part thereof, six per cent.

On the eighth one thousand dollars or any part thereof, seven per cent.

On the ninth one thousand dollars or any part thereof,

and on all taxable income in excess of nine thousand dollars, eight per cent.

(b) **Taxes and rates — corporations.** There shall be levied, collected, and paid for each taxable year upon the entire net income of every corporation, except as otherwise provided in this title or by law, taxes in the following amounts and at the following rates:

Upon net income not in excess of one thousand dollars, two per cent of such net income.

Twenty 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, three per cent in addition of such excess.

Fifty 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, four per cent in addition of such excess.

Ninety 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, five per cent in addition of such excess.

One hundred and forty 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, six and one-fourth per cent in addition of such excess.

Two hundred two dollars fifty cents 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, seven and five-tenths per cent in addition of such excess.

Two hundred seventy-seven dollars fifty cents upon net income of six thousand dollars; and upon net income in excess of six thousand dollars, eight and five-tenths per cent in addition of such excess.

(c) **Optional tax.**

(1) In lieu of the tax imposed under subsection (a), there shall be levied, collected and paid for each taxable year upon the gross income of each individual whose gross income for such year is less than five thousand dollars and who has elected to pay the tax imposed by this subsection for such year, the tax shown in the following table:

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
$1,100.00	$1,150.00	$ .25	$ -0-
1,150.00	1,200.00	1.15	-0-
1,200.00	1,250.00	2.05	-0-
1,250.00	1,300.00	2.95	-0-
1,300.00	1,350.00	3.85	-0-
1,350.00	1,400.00	4.75	-0-
1,400.00	1,450.00	5.65	-0-
1,450.00	1,500.00	6.55	-0-
1,500.00	1,550.00	7.45	-0-
1,550.00	1,600.00	8.35	-0-
1,600.00	1,650.00	9.25	-0-
1,650.00	1,700.00	10.15	-0-
1,700.00	1,750.00	11.05	-0-
1,750.00	1,800.00	11.95	-0-
1,800.00	1,850.00	12.85	-0-
1,850.00	1,900.00	13.75	-0-
1,900.00	1,950.00	14.65	-0-
1,950.00	2,000.00	15.55	-0-
2,000.00	2,050.00	16.45	-0-
2,050.00	2,100.00	17.35	-0-
2,100.00	2,150.00	18.25	-0-
2,150.00	2,200.00	19.15	-0-
2,200.00	2,250.00	20.06	.05
2,250.00	2,300.00	21.19	.95
2,300.00	2,350.00	22.31	1.85
2,350.00	2,400.00	23.44	2.75
2,400.00	2,450.00	24.56	3.65
2,450.00	2,500.00	25.69	4.55
2,500.00	2,550.00	26.81	5.45
2,550.00	2,600.00	27.94	6.35
2,600.00	2,650.00	29.06	7.25
2,650.00	2,700.00	30.19	8.15
2,700.00	2,750.00	31.31	9.05
2,750.00	2,800.00	32.44	9.95
2,800.00	2,850.00	33.56	10.85
2,850.00	2,900.00	34.69	11.75
2,900.00	2,950.00	35.81	12.65
2,950.00	3,000.00	36.94	13.55
3,000.00	3,050.00	38.06	14.45
3,050.00	3,100.00	39.19	15.35
3,100.00	3,150.00	40.31	16.25
3,150.00	3,200.00	41.44	17.15
3,200.00	3,250.00	42.56	18.05
3,250.00	3,300.00	43.69	18.95
3,300.00	3,350.00	44.81	19.85
3,350.00	3,400.00	46.13	20.75
3,400.00	3,450.00	47.48	21.65
3,450.00	3,500.00	48.83	22.55
3,500.00	3,550.00	50.17	23.45
3,550.00	3,600.00	51.52	24.35
3,600.00	3,650.00	52.87	25.25
3,650.00	3,700.00	54.22	26.15

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
3,700.00	3,750.00	55.57	27.05
3,750.00	3,800.00	56.92	27.95
3,800.00	3,850.00	58.27	28.85
3,850.00	3,900.00	59.62	29.75
3,900.00	3,950.00	60.97	30.65
3,950.00	4,000.00	62.32	31.55
4,000.00	4,050.00	63.67	32.45
4,050.00	4,100.00	65.02	33.35
4,100.00	4,150.00	66.37	34.25
4,150.00	4,200.00	67.72	35.15
4,200.00	4,250.00	69.07	36.05
4,250.00	4,300.00	70.42	36.95
4,300.00	4,350.00	71.77	37.85
4,350.00	4,400.00	73.12	38.75
4,400.00	4,450.00	74.47	39.65
4,450.00	4,500.00	75.96	40.68
4,500.00	4,550.00	77.54	41.81
4,550.00	4,600.00	79.11	42.94
4,600.00	4,650.00	80.69	44.06
4,650.00	4,700.00	82.26	45.19
4,700.00	4,750.00	83.84	46.31
4,750.00	4,800.00	85.41	47.44
4,800.00	4,850.00	86.99	48.56
4,850.00	4,900.00	88.56	49.69
4,900.00	4,950.00	90.14	50.81
4,950.00	5,000.00	91.71	51.94

In applying the above table to determine the tax of such individual, there shall be subtracted from his gross income the amount of the federal income tax paid during the taxable year.

In applying the above table to determine the tax of a taxpayer with one or more dependents, there shall be subtracted from his gross income six hundred dollars for each dependent, except that in the case of a "head of household" the deduction for dependents shall be permitted only for those dependents in excess of one.

(2) For the purpose of this subsection:

(A) "Married person" means a married person on the last day of the taxable year.

(B) "Dependent" means a person who is dependent under section 43-127(c).

(C) An individual, who is not a head of a family or a married person, shall be treated as a single person.

(D) "Head of household" means a head of household on the last day of the taxable year, unless such person dies during the taxable year, in which case such determination shall be made as of the date of death.

(E) In the case of a joint return of a husband and wife filed pursuant to section 43-141 (a) (2), the tax imposed under subsection (a) shall be twice the tax that would be determined if the net income and credits against net income provided by sections 43-127 and 43-128 were reduced by one-half.

(3) This subsection shall not apply to an estate or trust, 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 43-123 (aa) (1).

(d) **Effect of changes in rates during a taxable year**

If any rate of tax imposed by this chapter changes, and if the taxable year includes the effective date of the change (unless that date is the first day of the taxable year), then

(1) Tentative taxes shall be computed by applying the rate for the period before the effective date of the change, and the rate for the period on and after such date, to the taxable income for the entire taxable year; and

(2) The tax for such taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears to the number of days in the entire taxable year.

Section 2. Sec. 43-123, Arizona Revised Statutes, is amended to read:

43-123. **Deductions from gross income—items deductible**

(a) **Expenses**

(1) **Trade or business expenses**

(A) In computing net income there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

(B) In the case of a taxpayer engaged in the business of farming, expenditures made for the purpose of soil and water conservation and the prevention of erosion of land used in farming shall be allowed as deductions under subsection (a). For the purposes of this subparagraph, the term "expenditures made for the purpose of soil and water conservation and the prevention of erosion" means expenditures for the treatment,

moving, or cultivation of earth, including (but not limited to) leveling, grading and terracing, contour furrowing, the construction of diversion channels and drainage ditches, the control and protection of water courses, outlets and ponds, the planting and cultivation of cover and protective crops or windbreaks, the control of weeds and brush and other special or emergency cultivation and tillage; but such term does not include the purchase, construction, installation, or improvement of structures, appliances, and facilities made of masonry, concrete, tile, metal, or wood, such as tanks, reservoirs, pipes, conduits, canals, dams, wells, and pumps, which are subject to the allowance for depreciation provided in subsection (1) For the purposes of this subparagraph the term "land used in farming" means land used (prior to the expenditure for conservation made by the taxpayer) by the taxpayer or his tenant or the predecessor owner or his tenant for the production of crops, fruits, and similar agricultural products or for the sustenance of livestock.

(C) No deduction shall be allowable under subparagraph (A) or (B) of this paragraph, to a corporation for any contribution or gift which would be allowable as a deduction under subsection (q) (1), were it not for the five per cent limitation therein contained and for the requirements therein that payment must be made within the income year.

(2) **Non-trade or non-business expenses.** In computing net income there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income.

(3) **Expense, not deductible.** The deductions permitted by paragraph (1) shall not be allowed to the extent that they are connected with the production of income not taxable under this title. Proper apportionment and allocation of such deductions with respect to taxable and non-taxable income shall be determined under rules and regulations prescribed by the tax commission.

(b) **Interest.** In computing net income there shall be allowed as a deduction all interest paid or accrued within the taxable year on indebtedness of the taxpayer. However, no deduction shall be allowed to the extent that it is connected with income not taxable under this title. The proper apportionment and allocation of the deduction with respect to taxable and non-taxable income shall be determined under rules and regulations prescribed by the tax commission.

(c) **Taxes.** In computing net income there shall be allowed as a deduction taxes or licenses paid or accrued during the taxable year, except:

(1) Taxes on or according to or measured by income or profits paid or accrued within the taxable year imposed by the authority of the government of any foreign country, or

any state, other than the state of Arizona, any territory, or taxing subdivision of any such state or territory, and federal income taxes imposed by the government of the United States or its possessions. The exception for federal income taxes will apply in the case of any corporation for the taxable years beginning after December 31, 1967. However, such exception will not apply in the case of any individual taxpayer.

(2) Estate, inheritance, legacy, succession, and gift taxes.

(3) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed. This does not exclude the allowance as a deduction of so much of the taxes assessed against local benefits as is properly allocable to maintenance or interest charges, nor does this exclude the allowance of any irrigation or other water district taxes or assessments which are levied for the payment of the principal of any improvement or other bonds for which a general assessment on all lands within the district is levied as distinguished from a special assessment levied on part of the area within the district.

(d) **Sales and other taxes separately stated.** In computing net income there shall be allowed as a deduction any tax imposed by any state, territory, district or possession of the United States, or any political subdivision thereof, upon persons:

(1) Engaged in selling tangible personal property at retail, which is measured by the gross sales price or the gross receipts from the sale, or which is a stated sum per unit of such property sold; or

(2) Engaged in furnishing services at retail, which is measured by the gross receipts for furnishing such services; or

(3) Purchasing services or tangible personal property at retail which is measured by the gross receipts or gross sales price or which is a stated sum per unit of value sold, if the amount of the tax is separately stated, and if purchased otherwise than in connection with the consumer's trade or business. The amount of such tax paid by the consumer subject to the conditions in this paragraph shall be the deductions allowed. To such consumer the amount shall be allowed as a deduction in computing his net income as if the amount constituted a tax imposed upon and paid by him.

(e) **Losses by individuals.** In computing net income there shall be allowed as a deduction in the case of an individual losses sustained during the taxable year and not compensated for by insurance or otherwise:

(1) If incurred in trade or business; or

(2) If incurred in any transaction entered into for profit, though not connected with the trade or business; or

(3) Of property not connected with the trade or business, if the loss arises from fires, storms, shipwreck, or other casualty, or from theft; or

(4) If incurred by reason of the destruction or seizure of property, on or after December 7, 1941, in the course of military or naval operations by the United States or any other country engaged in time of war, subject to the rules and regulations prescribed by the tax commission. The basis for determining the amount of deduction for losses sustained, to be allowed under this subsection, shall be the adjusted basis provided in section 43-153(b) for determining the loss from the sale or other disposition of property.

(f) **Losses by corporations.** In computing net income there shall be allowed as a deduction in the case of a corporation, losses sustained during the income year and not compensated for by insurance or otherwise.

The basis for determining the amount of deduction for losses sustained, to be allowed under this subsection, shall be the adjusted basis provided in section 43-153(b) for determining the loss from the sale or other disposition of property.

(g) **Capital assets, losses.** Losses from sales or exchanges of capital assets shall be allowed only to the extent provided in section 43-157.

If any securities become worthless during the taxable year and are capital assets, the loss resulting therefrom shall, for the purposes of this title, be considered as a loss from the sale or exchange, on the last day of the taxable year, of capital assets.

"Securities", as used in this subsection, means (1) shares of stock in a corporation, and (2) rights to subscribe for or to receive such shares.

(h) **Wagering losses.** Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

(i) **Sixty day sales.** In the case of any loss claimed to have been sustained in any sale or disposition of property where it appears that within thirty days before or after the date of such sale or other disposition the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property and the property acquired is held by the taxpayer for any period after such sale or other disposition, no deduction for the loss shall be allowed unless the claim is made by a taxpayer, a dealer in such property, and with respect to a transaction made in the ordinary course of his business. If such acquisition or the contract or option to acquire is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed. Upon the subsequent sale or disposition of such property, in respect of which a loss has been disallowed, the basis for measuring

gain or loss in the case of property so acquired shall be the basis in the case of the property so sold or disposed of, except that if the repurchase price was in excess of the sale price such basis shall be increased in the amount of the difference, or if the repurchase price was less than the sale price such basis shall be decreased in the amount of the difference.

(j) **Wash sales.** In the case of any loss claimed to have been sustained from any sale or other disposition of shares of stock or securities where it appears that within a period beginning thirty days before the date of the sale or disposition and ending thirty days after that date, the taxpayer has acquired (by purchase or by an exchange upon which the entire amount of gain or loss was recognized by law) or has entered into a contract or option so to acquire, substantially identical stock or securities, then no deduction for the loss shall be allowed under subsection (e) (2); nor shall such deduction be allowed under subsection (f) unless the claim is made by a corporation, a dealer in stocks or securities and with respect to a transaction made in the ordinary course of its business.

If the amount of stock or securities acquired (or covered by the contract or option to acquire) is less than the amount of stock or securities sold or otherwise disposed of, then the particular shares of stock or securities the loss from the sale or other disposition of which is not deductible shall be determined under rules and regulations prescribed by the tax commission.

If the amount of stock or securities acquired (or covered by the contract or option to acquire) is not less than the amount of stock or securities sold or otherwise disposed of, then the particular shares of stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the non-deductibility of the loss shall be determined under the rules and regulations prescribed by the tax commission. If such acquisition or the contract or option to acquire is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed. Upon the subsequent sale or disposition of shares of stock or securities, in respect of which a loss has been disallowed, the basis for measuring gain or loss in the case of property so acquired shall be the basis in the case of the shares or securities so sold or disposed of, except that if the repurchase price was in excess of the sale price such basis shall be increased in the amount of the difference, or if the repurchase price was less than the sale price such basis shall be decreased in the amount of the difference.

(k) **Bad debts**

(1) **General rule.** In computing net income there shall be allowed as a deduction debts which become worthless within the taxable year or, in the discretion of the tax commission, a reasonable addition to a reserve for bad debts. When satisfied that a debt is recoverable only in part, the

tax commission may allow the debt as a deduction in an amount not in excess of the part charged off within the taxable year as a deduction. If a debt was actually worthless prior to January 1, 1954, but was not ascertained to be worthless and charged off prior to that date, a deduction may be taken therefor during the first taxable year ending after December 31, 1953; if a portion of a debt is claimed and allowed as a deduction in any year no deduction shall be allowed in any subsequent year for any portion of the debt which was charged off, regardless of whether or not claimed as a deduction in any prior year. This paragraph does not apply to a debt evidenced by a security as defined in paragraph (3). If a non-business debt becomes worthless within the taxable year, the loss resulting therefrom shall be considered a loss from the sale or exchange during the taxable year of a capital asset held for not more than six months. The term "non-business debt" means a debt other than a debt-evidenced by a security and other than a debt the loss from the worthlessness of which is incurred in the taxpayer's trade or business. The basis for determining the amount of deduction allowed under this paragraph shall be the adjusted basis provided in section 43-153(b) for determining the loss from the sale or other disposition of property.

(2) **Security losses**. If any securities, as defined in paragraph (3) become worthless within the taxable year and are capital assets, the loss resulting shall be considered as a loss from the sale or exchange, on the last day of the taxable year, of capital assets.

(3) **Definition—"securities".** "Securities", as used in paragraphs (1) and (2) means bonds, debentures, notes, or certificates, or other evidences of indebtedness, issued by any corporation (including those issued by a government or political subdivision thereof) with interest coupons or in registered form.

(4) **Bad debts—political.** This subsection shall not apply in the case of a taxpayer, other than a bank, as defined in section 104, of the internal revenue code, with respect to debts owed by (A) any political party, (B) any national, state or local committee of any political party, or (C) any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of presidential or vice presidential electors or of any individual whose name is presented for election to any federal, state, or local elective public office, whether or not such individual is elected. For the purpose of this paragraph, the terms "contributions" and "expenditure" shall have the meanings prescribed for such terms in section 591 of title 18 of the United States code.

(1) **Depreciation.** In computing net income there shall be allowed as a deduction a reasonable allowance for the exhaustion, wear and tear of property used in the trade or business or of property held for the production of income, includ-

ing a reasonable allowance for obsolescence. A taxpayer may elect to claim a deduction of amortization of emergency facilities, as defined by sections 124 and 124A of the internal revenue code, under regulations prescribed by the tax commission. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each.

(m) **Depletion.** In computing net income there shall be allowed as a deduction, in the case of mines, oil and gas wells, other natural deposits, and timber, a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under rules and regulations prescribed by the tax commission. In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof the prior estimate (but not the basis for depletion) shall be revised and the allowance under this subsection for subsequent taxable years shall be based upon the revised estimate. Any mine using the unit depletion method in computing depletion allowance for Arizona state income tax purposes immediately prior to Januay 1, 1954, shall continue to use that method and in no subsequent year shall the unit rate of depletion allowance exceed that in use by the mine for the tax year of 1949.

In the case of leases the deductions shall be equitably apportioned between the lessor and the lessee. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allowable to each.

The percentage of depletion allowable under this subsection shall be computed in accordance with the provisions of section 43-154(b) (3) and (4).

(n) **Basis for depreciation and depletion.** The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect to any property shall be as provided in section 43-154.

(o) **Charitable and other contributions**

(1) **Contributions.** In computing net income there shall

be allowed as a deduction, in the case of an individual, contributions or gifts payment of which is made within the taxable year to or for the use of:

(A) The United States, any state, territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes.

(B) A corporation, or trust, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation.

(C) Posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if the posts, organizations, units, or societies are organized in the United States and if no part of their net earnings inures to the benefit of any private shareholder or individual.

(D) A fraternal society, order, or association, operating under the lodge system, but only if the contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals.

(2) **Contributions, limitation.** In the case of an individual deductions for contributions or gifts shall be allowed to an amount which in all cases listed in paragraph (1) combined does not exceed twenty per cent of the taxpayer's adjusted gross income. The contributions or gifts shall be allowed as deductions only if verified under rules and regulations prescribed by the tax commission.

(p) **Contributions of an employer to an employee's trust or annuity plan and compensation under a deferred payment plan**

(1) **Pension fund contributions.** If contributions are paid by an employer to or under a stock bonus, pension, profit-sharing, or annuity plan, or if compensation is paid or accrued on account of any employee under a plan deferring the receipt of such compensation, such contributions or compensation shall not be deductible under subsection (a) but shall be deductible, if deductible under subsection (a) without regard to this subsection only to the following extent:

(A) In the taxable year when paid, if the contributions are paid into a pension trust, and if such taxable year ends within or with a taxable year of the trust for which the trust is exempt under section 43-165(a) in an amount determined as follows:

(i) An amount not in excess of five per cent of the compensation otherwise paid or accrued during the income year

to all the employees under the trust, but such amount may be reduced for future years if found by the tax commission upon periodical examinations at not less than five-year intervals to be more than the amount reasonably necessary to provide the remaining unfunded cost of past and current service credits of all employees under the plan, plus

(ii) Any excess over the amount allowable under clause (i) necessary to provide with respect to all of the employees under the trust the remaining unfunded cost of their past and current service credits distributed as a level amount, or a level percentage of compensation, over the remaining future service of each such employee, as determined under regulations prescribed by the tax commission, but if such remaining unfunded cost with respect to any three individuals is more than fifty per cent of such remaining unfunded cost, the amount of such unfunded cost attributable to such individuals shall be distributed over a period of at least five income years, or

(iii) In lieu of the amounts allowable under (i) and (ii) above, an amount equal to the normal cost of the plan, as determined under regulations prescribed by the tax commission, plus, if past service or other supplementary pension or annuity credits are provided by the plan, an amount not in excess of ten per cent of the cost which would be required to completely fund or purchase such pension or annuity credits as of the date when they are included in the plan, as determined under regulations prescribed by the tax commission, except that in no case shall a deduction be allowed for any amount (other than the normal cost) paid in after such pension or annuity credits are completely funded or purchased.

(iv) Any amount paid in an income year in excess of the amount deductible in such year under the foregoing limitations shall be deductible in the succeeding taxable years in order of time to the extent of the difference between the amount paid and deductible in each such succeeding year and the maximum amount deductible for such year in accordance with the foregoing limitations.

(B) In the taxable year when paid, in an amount determined in accordance with subparagraph (A) of this paragraph, if the contributions are paid toward the purchase of retirement annuities and such purchase is a part of a plan which meets the requirements of section 43-165(a) (3), (4), (5), and (6), and if refunds of premiums, if any, are applied within the current taxable year or next succeeding taxable year toward the purchase of such retirement annuities.

(C) In the taxable year when paid, if the contributions are paid into a stock bonus or profit-sharing trust, and if such taxable year ends within or with a taxable year of the trust with respect to which the trust is exempt under section 43-165(a), and in an amount not in excess of fifteen per cent of the compensation otherwise paid or accrued during the income year to all employees under the stock bonus or profit-

sharing plan. If in any taxable year beginning after December 31, 1953, there is paid into the trust, or a similar trust then in effect, amounts less than the amounts deductible under the preceding sentence, the excess, or if no amount is paid, the amounts deductible shall be carried forward and be deductible when paid in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any such succeeding taxable year shall not exceed fifteen per cent of the compensation otherwise paid or accrued during such succeeding taxable year to the beneficiaries under the plan. In addition any amount paid into the trust in a taxable year beginning after December 31, 1953, in excess of the amount allowable with respect to such year under the preceding provisions of this paragraph shall be deductible in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any one such succeeding taxable year together with the amount allowable under the first sentence of this subparagraph shall not exceed fifteen per cent of the compensation otherwise paid or accrued during such taxable year to the beneficiaries under the plan. "Stock bonus or profit-sharing trust" shall not include any trust designed to provide benefits upon retirement and covering a period of years, if under the plan the amounts to be contributed by the employer can be determined actuarially as provided in subparagraph (A). If the contributions are made to two or more stock bonus or profit-sharing trusts, such trusts shall be considered a single trust for the purpose of applying the limitations in this subparagraph.

(D) In the taxable year when paid, if the plan is not one included in subparagraphs (A), (B), or (C), if the employees' rights to or derived from such employer's contribution or such compensation are nonforfeitable at the time the contribution or compensation is paid.

(E) For the purposes of subparagraphs (A), (B) and (C), a taxpayer on the accrual basis shall be deemed to have made a payment on the last day of the year of accrual if the payment is on account of such income year and is made within sixty days after the close of the taxable year of accrual.

(F) If amounts are deductible under paragraphs (A) and (C), or (B) and (C), or (A), (B) and (C), in connection with two or more trusts, or one or more trusts and an annuity plan, the total amount deductible in a taxable year under such trusts and plans shall not exceed twenty-five per cent of the compensation otherwise paid or accrued during the taxable year to the persons who are the beneficiaries of the trusts or plans. In addition, any amount paid into such trust or under such annuity plans in a taxable year beginning after December 31, 1953, in excess of the amount allowable with respect to such year under the preceding provisions of this subparagraph shall be deductible in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any one such succeeding taxable year together with the

amount allowable under the first sentence of this subparagraph shall not exceed thirty per cent of the compensation otherwise paid or accrued during such taxable years to the beneficiaries under the trusts or plans. This subparagraph shall not have the effect of reducing the amount otherwise deductible under subparagraphs (A), (B), and (C), if no employee is a beneficiary under more than one trust, or a trust and an annuity plan. If there is no plan, but a method of employer contributions or compensation has the effect of a stock bonus, pension, profit-sharing, or annuity plan, or similar plan deferring the receipt of compensation, this paragraph shall apply as if there were such a plan.

(2) **Employers' contributions, where no plan.** If there is no plan, but a method of employer contributions or compensation has the effect of a stock bonus, pension, profit-sharing, or annuity plan, or similar plan deferring the receipt of compensation, this paragraph shall apply as if there were a plan.

(3) **Salesman—employees for pension plans.** For the purpose of applying the provisions of paragraph (1), with respect to contributions to or under a stock bonus, pension, profit-sharing, or annuity plan, and with respect to distributions under such a plan, or by a trust forming part of such a plan, the term "employee" shall include a full time life insurance salesman who is considered an employee for the purpose of subchapter A of chapter 9 of the federal internal revenue code, or in the case of services performed before January 1, 1954, who would be considered an employee if services were performed during 1954.

(4) **Pension plan in effect prior to January 1, 1954.** In the case of a stock bonus, pension, profit-sharing or annuity plan in effect on or before January 1, 1954:

(A) Such a plan shall not become subject to the requirements of section 43-165 until the beginning of the first taxable year beginning after December 31, 1953.

(B) Such a plan shall be considered as satisfying the requirements of section 43-165 for the period beginning with the beginning of the first taxable year following December 31, 1953, and ending on December 31, 1955, if the provisions of the plan satisfy such requirements by December 31, 1955, and if by that time all provisions of such plan which are necessary to satisfy such requirements are in effect and have been made effective for all purposes with respect to the portion of such period after December 31, 1953.

(C) If the contribution of an employer to such a plan in the employer's income year beginning in 1954 exceeds the maximum amount deductible for such year and under paragraph (1), the amount deductible in such year shall not be less than the sum of:

(i) The amount paid in such taxable year prior to Janu-

ary 1, 1954, and deductible under subsection (a); and

(ii) With respect to the amount paid in such taxable year on or after January 1, 1954, that proportion of the amount deductible for the taxable year under paragraph (1), which the number of months after December 31, 1953, in the taxable years bears to twelve.

(5) **Pension plan in effect after December 31, 1953.** In the case of a stock bonus, pension, profit-sharing or annuity plan put into effect after December 31, 1953, such a plan shall be considered as satisfying the requirements of section 43-165 for the period beginning with the date on which such plan was put into effect and ending December 31, 1955, if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all purposes with respect to the portion of such period after December 31, 1953.

(6) **Pension plan is effect after December 31, 1954.** In the case of a stock bonus, pension, profit-sharing or annuity plan put into effect after December 31, 1954, the plan will be considered as satisfying the requirements of section 43-165 for the period beginning with the date on which it was put into effect and ending with the fifteenth day of the fourth month following the close of the taxable year of the employer in which the plan was put into effect if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all purposes with respect to the whole of such period.

(q) **Charitable and other contributions by corporations**

(1) **Charitable contributions by corporations.** In computing net income there shall be allowed as a deduction in the case of a corporation contributions or gifts, payment of which is made within the taxable year to or for the use of:

(A) The United States, any state, territory, or any political subdivision thereof or the District of Columbia, or any possession of the United States, for exclusively public purposes; or

(B) A corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any state or territory, or of the District of Columbia, or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, veteran rehabilitation service, literary, or educational purposes or for the prevention of cruelty to children or animals (but only if such contributions or gifts are to be used within the United States or any of its possessions exclusively for such purposes), no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation. For disallowance of certain charitable, etc., deductions, otherwise allowable

under this paragraph, the provisions of section 43-162(g) (2) shall apply; or

(C) Posts or organizations of war veterans, or auxiliary units of, or trusts or foundations for, any such posts or organizations, if such posts, organizations, units, trusts or foundations are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or

(D) A corporation or organization which is organized in the United States or any of its possessions by or for members of the armed forces of the United States for the purpose of aiding or assisting members of such forces or their relatives if no part of the net earnings of such corporation or organization inures to the benefit of any private shareholder or individual.

(E) The amount of aggregate deductions allowable under subparagraphs (A), (B), (C) and (D) of this subsection, is limited to the extent it does not exceed five per cent of the taxpayer's net income as computed without the benefits of this subsection.

Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the tax commission.

(2) **Charitable contributions by corporations—accrual basis.** In the case of a bank or corporation reporting its net income on the accrual basis, at the election of the taxpayer any contribution or gift, payment of which is made after the close of the taxable year and on or before the fifteenth day of the fourth month following the close of such year shall, for the purposes of paragraph (1), be considered as paid during such taxable year if, during such year, the board of directors authorized such contribution or gifts. Such election shall be made only at the time of the filing of the return for the taxable year and shall be signified in such manner as the tax commission shall by regulations prescribe.

(r) **Savings banks, cooperative banks and building and loan associations—return paid or credited to withdrawable deposits.** In computing net income there shall be allowed as a deduction in the case of a savings bank, cooperative bank or building and loan association, organized and operating wholly or partly on a mutual plan, or a savings and loan association, organized and operating wholly or partly on a mutual plan, the return paid or credited on or apportioned to their withdrawable shares, account or deposits.

(s) **Net operating loss deduction.** In computing net income there shall be allowed as a deduction a net operating loss deduction computed under this subsection.

(1) **Definition of net operating loss.** As used in this subsection, the term "net operating loss" means the excess of

the deductions allowed by this title over the gross income, with the exceptions, additions, and limitations provided in paragraph (4).

(2) **Amount of carry-back and carry-over**

(A) **Net operating loss carry-back.** If for any taxable year beginning after December 31, 1954, the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-back for the preceding taxable year.

(B) **Net operating loss carry-over.** If for any taxable year beginning after December 31, 1953, the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-over for each of the five succeeding taxable years, except that the carry-over 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 net income for each of the intervening years computed:

(i) With the exceptions, additions, and limitations provided in paragraph (4) (A), (B), (D), and

(ii) 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 paragraph (3).

For the purpose of the preceding sentence, the net operating loss for any taxable year beginning after December 31, 1953, shall be reduced by the amount, if any, of the net income for the preceding taxable year computed:

(i) With the exceptions, additions, and limitations provided in paragraph (4) (A), (B), (D), and

(ii) 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 paragraph (3).

(3) **Amount of net operating loss deduction.** The amount of the net operating loss deduction shall be the aggregate of the net operating loss carry-overs and of the net operating loss carry-backs to the taxable year reduced by the amount, if any, by which the net income computed with the exceptions and limitations provided in paragraph (4) (A), (B), (C), and (D), exceeds the net income computed without such deduction.

(4) **Exceptions, additions, and limitations.** The exceptions, additions, and limitations referred to in paragraphs (1), (2), and (3) shall be as follows:

(A) The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value or to percentage depletion;

(B) 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 43-123(b), relating to interest on indebtedness incurred or continued to purchase or carry certain tax-exempt obligations;

(C) No net operating loss deduction shall be allowed;

(D) Gains and losses from sales or exchanges of capital assets shall be taken into account without regard to the provisions of section 43-157(b). 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.

(E) Deductions otherwise allowed by law not attributable to the operation of a trade or business regularly carried on by the taxpayer shall (in the case of a taxpayer other than a corporation) 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 subparagraph deductions and gross income shall be computed with the exceptions, additions, and limitations specified in subparagraphs (A) and (D) of this paragraph. This paragraph shall not apply with respect to deductions allowable for losses sustained in respect of property, if the losses arise from fire, storm, shipwreck, or other casualty, or from theft.

(5) **No carry-back to year prior to 1954.** As used in this subsection, the term "preceding taxable year" and the term "preceding taxable years" do not include any taxable year beginning prior to January 1, 1954.

(t) **Adoption expenses**

(1) In computing net income, there shall be allowed as a deduction, except as limited under paragraphs (2) and (3), any expenses paid or incurred by the taxpayer or his spouse in connection with the adoption of a child by them. Such expenses include any medical and hospital expenses of the natural mother of an adopted child which are incident to the child's birth, and any welfare agency, legal and other fees or costs relating to the adoption.

(2) A husband and wife who file a joint return may deduct only those adoption expenses which exceed five per cent of the aggregate adjusted gross income of the husband and wife, and the maximum deduction in any such return for any such expenses shall not exceed two thousand five hundred dollars.

(3) A husband or wife who files a separate return may deduct only those adoption expenses which exceed five per cent of the adjusted gross income of the taxpayer, and the maximum deduction in any such return for any such expense shall not exceed one thousand two hundred fifty dollars.

(5) A husband and wife who have paid or incurred both medical expenses and adoption expenses which in the aggregate exceed five per cent of the aggregate adjusted gross income of the husband and wife shall be allowed a deduction in the amount of such excess, subject to the usual applicable limitations, notwithstanding that the amount paid or incurred for each such type of expenses does not exceed five per cent of the aggregate adjusted gross income.

(6) A husband and wife filing separate returns who has paid or incurred both medical expenses and adoption expenses which in the aggregate exceed five per cent of his or her adjusted gross income shall be allowed a deduction in the amount of such excess, subject to the usual applicable limitations, notwithstanding that the amount paid or incurred for each such type of expenses does not exceed five per cent of the adjusted gross income.

(u) **Alimony.** In computing net income there shall be allowed as a deduction in the case of a husband described in section 43-112(e) (1), (2), and (4), amounts includible uder those sections in the gross income of his wife, payment of which is made within the husband's taxable year. If the amount of any payment is, under section 43-112(e) (1), (2) and (4), or under section 43-164 stated not to be includible in the husband's gross income, no deduction shall be allowed with respect to that payment under this subsection.

(v) **Bond premium deduction.** There shall be allowed as a deduction in the case of a bondholder, who makes the election in the method and under the conditions prescribed in paragraph (4), the deduction for amortizable bond premium provided in this subsection.

(1) **General rule.** In the case of any bond, as defined in paragraph (3), the following rules shall apply to the amortizable bond premium (determined under paragraph (2)) on the bond for any taxable year beginning after December 31, 1953.

(A) In the case of a bond (other than a bond the interest on which is excludible from gross income), the amount of the amortizable bond premium for the taxable year shall be allowed as a deduction.

(B) In the case of any bond the interest on which is excludible from gross income, no deduction shall be allowed for the amortizable bond premium for the taxable year.

(2) **Amortizable bond premium**

(A) For the purposes of subparagraph (B), the amount of bond premium, in the case of the holder of any bond, shall be determined with reference to the amount of the basis (for determining loss on sale or exchange) of such bond, and with reference to the amount payable on maturity or on earlier call date, with adjustments proper to reflect unamor-

tized bond premium with respect to the bond, for the period prior to the date as of which paragraph (1) becomes applicable with respect to the taxpayer with respect to such bond. In no case shall the amount of bond premium on a convertible bond include any amount attributable to the conversion features of the bond.

(B) The amortizable bond premium of the taxable year shall be the amount of the bond premium attributable to such year.

(C) The determinations required under subparagraphs (A) and (B) shall be made —

(i) In accordance with the method of amortizing bond premium regularly employed by the holder of the bond, if such method is reasonable;

(ii) In all other cases, in accordance with regulations prescribing reasonable methods of amortizing bond premium, prescribed by the tax commission.

(3) As used in this subsection, "bond" means any bond, debenture, note, or certificate or other evidence of indebtedness, issued by any corporation and bearing interest (including any like obligation issued by a government or political subdivision thereof) with interest coupons or in registered form, but does not include any such obligation which constitutes stock in trade of the taxpayer or any such obligation of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or any such obligation held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

(4) The amount of the amortizable bond premium for the taxable year shall be allowed as a deduction only if a taxpayer has elected to claim such deduction. Such election shall be made in accordance with such regulations as the tax commission shall prescribe. If such election is made with respect to any bond, it shall also apply to all such bonds held by the taxpayer at the beginning of the first taxable year to which the election applies and to all such bonds thereafter acquired by him, and shall be binding for all subsequent taxable years with respect to all such bonds of the taxpayer, unless, upon application by the taxpayer, the tax commission permits him, subject to such conditions as the tax commission deems necessary, to revoke such election.

(5) **"Short-term municipal bonds" — reference.** For special rules applicable, in the case of dealers in securities with respect to premium attributable to certain "short-term municipal bonds," see section 43-112(g) (1) and (2).

(w) **Deductions, in respect of decedent**

(1) In computing net income, there shall be allowed as a deduction in the case of a person described in section 43-158(b), the amount of the deductions in respect of a decedent to the extent allowed by that subsection;

(2) In computing net income, there shall be allowed as a deduc-

tion in the case of a person described in section 43-158(a), the amount of the deductions in respect of a decedent to the extent allowed by section 43-158(c).

(x) **Medical expenses**

(1) **In general.** In computing net income, there shall be allowed as a deduction, except as limited under paragraphs (2) and (3), expenses paid during the taxable year, not compensated for by insurance or otherwise, for medical care of the taxpayer, his spouse, or a dependent of the taxpayer specified in section 43-127(b). The term "medical care", shall include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body (including amounts paid for accident or health insurance), only when substantiated by a schedule showing to whom such amounts have been paid.

(2) **Medical expenses, limitation for joint return.** A husband and wife who file a joint return may deduct expenses paid for medical care, however the maximum deduction for the taxable year shall not exceed five thousand dollars.

(3) **Medical expenses, limitation for separate return.** An individual who files a separate return may deduct expenses paid for medical care, however the maximum deduction for the taxable year shall not exceed five thousand dollars in the case of the head of a household, and shall not exceed two thousand five hundred dollars in the case of all other individuals.

(4) **Medical expenses, over age sixty-five.** In the case of a husband and wife filing a joint return or an individual filing a separate return, if the husband or wife or the individual has reached the age of sixty-five before the close of the taxable year, the expenses for the medical care of the husband or wife or the individual are deductible without regard to the limitation specified in paragraphs (2) and (3). This paragraph does not relate to or in any way affect the deductibility of expenses incurred for the medical care of a dependent.

(y) **Deductions for care of qualified dependents.** Every taxpayer, in reporting income for purposes of taxation, shall be entitled to the following deductions:

(1) For payments made by any taxpayer who provides a home in his own household for any dependent as defined in paragraph (2), a deduction for wages paid in cash or its equivalent not exceeding the sum of one hundred dollars per month to a housekeeper or nursemaid for services rendered in such household for the care and supervision of such dependents, if such care and supervision is necessary to permit the taxpayer to be gainfully employed. Provided, that no deductions shall be allowed for payments made to a person who, except for such payments would be a dependent of the taxpayer as defined in section 43-127(c). Or, if no housekeeper or nursemaid is employed in the household of the taxpayer, he may deduct not exceeding the sum of one hundred dollars per month, fees paid to licensed nursery schools or rest homes for the care of such dependents, if such care and supervision is necessary to permit the taxpayer to be gainfully employed.

(2) A dependent for the purposes of this subsection shall be a child, step-child or adopted child of the taxpayer under the age of sixteen years, or any other dependent as defined in section 43-127(c) (including a spouse) who is physically or mentally incapable of self care.

(3) A deduction under this subsection shall be allowed only for months in which the taxpayer is gainfully employed on a full time basis for at least two weeks.

(4) Deductions under this subsection shall not be allowed to any taxpayer if the sum of his or her gross income together with the gross incomes of all members of his household exceed six thousand dollars per year. A member of the household, for the purposes of this subsection, is for any person set forth in section 43-127(c) who resided in the home of the taxpayer for a period in excess of six months for the taxable year involved.

(z) **Amounts representing taxes and interest paid to cooperative apartment corporation**

(1) **Tenant expenses.** In computing net income, there shall be allowed as a deduction in the case of a tenant-stockholder, amounts, not otherwise deductible, paid or accrued to a cooperative apartment corporation within the taxable year, if those amounts represent that proportion of the real estate taxes on the apartment building and the land on which it is situated, allowable as deductions under subsection (c), paid or incurred by the corporation, or of the interest paid or incurred by the corporation on its indebtedness contracted in the acquisition, construction, alteration, rehabilitation, or maintenance of the apartment building or in the acquisition of the land on which the building is located, which the stock of the corporation owned by the tenant-stockholder is of the total outstanding stock of the corporation, including that held by the corporation.

(2) **Definition — "cooperative apartment corporation".** As used in paragraph (1) "cooperative apartment corporation" means a corporation —

(A) Having one and only one class of stock outstanding;

(B) 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, and

(C) Eighty per cent or more of the gross income of which for the taxable year in which the taxes and interest described in paragraph (1) are paid or incurred is derived from tenant-stockholders.

(3) **Definition — "tenant-stockholder".** As used in paragraph (1), "tenant-stockholder" means an individual who is a stockholder in a cooperative apartment corporation, and whose stock is fully paid-up in an amount not less than an amount shown to the satisfaction of the tax commission as bearing a reasonable relationship

to the portion of the value of the corporation's equity in the building and the land on which it is situated, which is attributable to the apartment which such individual is entitled to occupy.

(aa) **Optional standard deduction for individuals**

(1) **Standard deductions.** An individual, at his election, may take a standard deduction as follows:

(A) If his adjusted gross income is five thousand dollars or more, the standard deduction shall be five hundred dollars;

(B) If his adjusted gross income is less than five thousand dollars, the standard deduction shall be an amount equal to ten per cent of the adjusted gross income upon the basis of which the tax applicable to the adjusted gross income of the taxpayer is determined under the tax table provided in section 43-102(c).

(C) If the adjusted gross income of a married couple filing a joint return is less than ten thousand dollars, the standard deduction shall be an amount equal to twice ten per cent of one-half of the total adjusted gross income of both taxpayers upon the basis of which the tax applicable to one-half of the adjusted gross income of the taxpayers is determined under the tax table provided in section 43-102(c).

(D) If the 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.

(2) **Standard deductions, in lieu of all deductions save those in section 43-112(f).** The standard deduction provided for in paragraph (1) shall be in lieu of all deductions other than those which under section 43-112(f) are to be subtracted from gross income in computing adjusted gross income.

(3) **Standard deduction, method of claiming.** The standard deduction shall be allowed if the taxpayer so elects in his return, and the tax commission shall by regulation prescribe the manner of signifying such election in the return.

An election to compute the tax under section 43-102(c) is an election to take the standard deduction.

(4) **Standard deduction, husband and wife.** In the case of a husband and wife, the standard deduction provided for in paragraph (1) shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. For the purposes of this paragraph the determination of whether an individual is married shall be made as of the last day of the taxable year, unless his spouse dies during the taxable year, in which case such determination shall be made as of the date of such spouse's death.

(5) **Standard deduction, less than twelve-month period.** The standard deduction provided for by paragraph (1) 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.

(6) **Election to take standard deductions revocable.** Under regulations prescribed by the tax commission, 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 paragraph (4) to the taxable year of the taxpayer, the change shall not be allowed unless, in accordance with such regulations —

(A) 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, and

(B) The taxpayer and his spouse consent in writing to the assessment, within such period as may be agreed upon with the tax commission, 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.

(bb) **Development expense, oil and gas.** Expenditures paid or incurred during the income year for the development of an oil or gas well if paid or incurred after December 31, 1953, may at the option of the taxpayer be deducted from gross income or charged to capital account.

(cc) **Development expense, mines**

(1) Except as provided in paragraph (2), in computing net income there shall be allowed as a deduction all expenditures paid or incurred during the taxable year for the development of a mine or other natural deposit (other than an oil or gas well) if paid or incurred after December 31, 1953, and after the existence of ores or minerals in commercially marketable quantities has been disclosed.

This subsection shall not apply to expenditures for the acquisition or improvement of property of a character which is subject to the allowance for depreciation provided in subsection (1), but allowances for depreciation shall be considered, for the purposes of this subsection, as expenditures.

(2) At the election of the taxpayer, made in accordance with regulations prescribed by the tax commission, expenditures described in paragraph (1) paid or incurred during the taxable year shall be treated as deferred expenses and shall be deductible on a ratable basis as the units of produced ores or minerals benefited by such expenditures are sold. In the case of such expenditures paid or incurred during the development stage of the mine or deposit, the election shall apply only with respect to the excess of such expenditures during the taxable year over the net receipts during the taxable year from the ores or minerals produced from such mine or deposit. The election must be for the total amount of such expenditures, or the total amount of such excess, as the case may be, with respect to the mine or deposit, and shall be binding for such taxable year.

(3) The amount of expenditures which are treated under paragraph (2) as deferred expenses shall be taken into account in com-

puting the adjusted basis of the mine or deposit, except that such amount, and the adjustments to basis provided in section 43-154(b) (2) (A), shall be disregarded in determining the adjusted basis of the property for the purpose of computing a deduction for depletion under section 43-153 of this title.

(dd) **Dividends from Arizona corporations.** Every taxpayer, in reporting income for purposes of taxation, shall be entitled to a deduction 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 principle business of which is attributable to Arizona. For the purpose of this subsection the principle business of a corporation shall be considered attributable to Arizona if fifty per cent or more of the entire net 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 average taxable income provided by this title.

(ff) **Exploration expense**

(1) In the case of expenditures paid or incurred during the taxable year for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral within the state of Arizona, and paid or incurred prior to the beginning of the development stage of the mine or deposit, in computing net income there shall be allowed as a deduction so much of such expenditures as does not exceed seventy-five thousand dollars.

This subsection shall apply only with respect to the amount of such expenditures which, but for this subsection, would not be allowable as a deduction for the taxable year.

This subsection shall not apply to expenditures for the acquisition or improvement of property of a character which is subject to the allowance for depreciation provided in subsection (1), but allowances for depreciation shall be considered, for the purposes of this subsection, as expenditures paid or incurred.

This subsection shall likewise apply with respect to amounts paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas.

(2) If the taxpayer elects, in accordance with regulations prescribed by the tax commission, to treat as deferred expenses any portion of the amount deductible for the taxable year under paragraph (1), such portion shall not be deductible under paragraph (1) but shall be deductible 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.

(3) The amount of expenditures which are treated under paragraph (2) as deferred expenses shall be taken into account in computing the adjusted basis of the mine or deposit, but such amounts, and the adjustments to basis provided in section 43-154(b) (2) (A) shall be disregarded in determining the adjusted basis of the property for

the purpose of computing a deduction for depletion under section 43-153 of this title.

(gg) **Farmers' cooperatives.** In the case of farmers, fruit growers, or like associations organized and operated on a cooperative or mutual basis, (1) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, which may include reasonable reserves on the basis of either the quantity or the value of the products furnished by them, or (2) for the purpose of purchasing, or producing, supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses, in computing net income there shall be allowed as a deduction all income resulting from or arising out of such business activities for or with their members carried on by them or their agents when and to the extent distributed in cash to such members.

(hh) **Other cooperatives.** In the case of any other association organized and operated on a cooperative or a mutual basis no deduction or exemption set forth in subsection (gg) shall be applicable.

Sec. 3. **Effective date**

The provisions of this act shall become effective on January 1, 1968."

Amend title to read:

AN ACT relating to taxation; providing for an increase in the rate of taxation on income; providing for the elimination of federal income taxes as a deduction by corporations, and amending sections 43-102 and 43-123, Arizona Revised Statutes.

and, as so amended, the bill do pass.

That House Bill No. 7, prescribing rate of education excise tax, be amended as follows:

Strike all after the enacting clause and insert:

"Section 1. Section 42-1312, Arizona Revised Statutes, is amended to read:

42-1312. **Tangible personal property; exceptions; classification of proceeds; sales to establishments preparing foods for human consumption**

A. The tax imposed by subsection A of section 42-1309 shall be levied and collected at an amount equal to two per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of selling any tangible personal property whatever at retail, but the tax shall not apply to the gross proceeds of sales or gross income from:

1. The sale of stocks and bonds.
2. Professional or personal service occupations, or businesses which involve sales or transfers of tangible personal property only as inconsequential elements thereof.

3. Services rendered in connection with or in addition to the sale of tangible personal property at retail by businesses or occupations other than those to which subdivisions (a) through (h) of paragraph 2 of section 42-1310 and section 42-1311 are applicable.

4. Drugs which may be dispensed or sold only by or on the prescription of a member of the medical, dental or veterinarian profession who is licensed by law to administer such drugs.

B. When any person is engaged in an occupation or business to which subsection A of this section is applicable, such person's books shall be kept so as to show separately the gross proceeds of sales of tangible personal property and the gross income from sales of services, and if not so kept the tax shall be imposed upon the total of such person's gross proceeds of sales of tangible personal property and gross income from services.

C. When any person is engaged in the busines of selling tangible personal property at both wholesale and retail, the retail rate shall be applied only to the gross proceeds of the sales made other than at wholesale when such person's books are kept so as to show separately the gross proceeds of sales of each class, and when such books are not so kept the retail rate shall be applied to the gross proceeds of every sale so made.

D. The sales to hotels, restaurants, dining cars, lunch rooms, boarding houses or similar establishments of articles used by human beings for food, drink or condiment, whether simple, mixed or compounded, where such articles are customarily prepared and served to patrons for consumption on the premises or on such dining cars, shall be deemed wholesale sales as to such commodities, and the person who then resells such commodities in cooked or prepared form shall be deemed to be engaged in the business classified in section 42-1313.

Sec. 2. Title 42, chapter 8, Arizona Revised Statutes, is amended by adding article 1.2, sections 42-1371 and 42-1372, to read:

ARTICLE 1.2. SERVICES EXCISE TAX

42-1371. **Levy of tax**

There is levied and shall be collected by the commission an annual tax measured by an amount equal to one and one-half per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

1. Producing and furnishing, or furnishing to consumers, electricity, electric lights, current, power or gas, natural or artificial, and water, except electrical or thermal energy sold to distributors.

2. Transmitting local or long distance messages or conversations by telephone, or messages by telegraph, from one point to another point in the state, including gross income derived from tolls, subscrip-

tions and services on behalf of subscribers, or by the publication of a directory of the names of subscribers.

3. Transporting for hire freight or passengers by railroads or aircraft from one point to another point in the state.

4. Publication of newspapers, magazines or other periodicals and publications, when published within the state, including the gross income derived from subscriptions, advertising and notices.

5. Contracting, but payments paid by the contractor for labor employed in construction, improvements or repairs shall not be subject to such tax.

42-1372. **Administration**

Unless the context otherwise requires, the provisions of article 1 of this chapter shall govern the administration of the tax imposed by section 42-1371, provided:

1. No separate license, return or record shall be required, made or kept or filed, and the tax due under section 42-1371 shall be included and reported, shown and paid with the transaction privilege tax in accordance with the provisions of article 1 of this chapter.

2. The provisions of section 42-1303 shall not require the execution of a separate bond conditioned upon the faithful discharge of the duties of any agent of the commission in the administration of this article. The conditions of bonds executed for the administration of artcile 1 shall be enlarged to include the administration of this article.

3. The provisions of sections 42-1341 and 42-1342 shall not apply to this article.

4. The commission shall each day remit all revenues collected under this article to the state treasurer through the state auditor, and the state treasurer shall credit the payments to a fund designated as the tax clearing account for businesses included by the terms of article 1.2, chapter 8, title 42.

5. After deducting from the tax clearing account, prescribed by paragraph 4, only warrants drawn against the account by the application of sections 42-1326, 42-1339 and 42-1413, the whole of the balance then remaining, without any further deductions, shall be credited to the state general fund.

6. The tax imposed by this article shall be a lien upon the property of any person subject to the tax to the extent provided in section 42-1337 and may be included, without segregation, in any lien filed for unpaid taxes under the provisions of that section.

7. Any person aggrieved by the enforcement of any provisions of this article shall have the right of protest and appeal as provided by sections 42-1338 and 42-1339."

Amend title to read:

AN ACT relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon

the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending section 42-1312; and amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2.

and, as so amended, the bill do pass.

That House Bill No. 14, providing for ascertainment of property subject to taxation, be amended as follows (reference is to the House engrossed bill)

Page 1, line 17, after "roll" strike remainder of line and lines 18 and 19 in their entirety and insert:

"; PROVIDED THAT ANY IMPROVEMENTS TO REAL PROPERTY WHICH ARE NOT SUBSTANTIALLY COMPLETED BY APRIL 1 SHALL NOT BE VALUED AND PLACED ON THE ROLL FOR THAT YEAR."

Page 2, between lines 3 and 4 insert:

"AT THE TIME SUCH PERSON IS ADVISED OF HIS PROPERTY VALUATION THE ASSESSOR SHALL DELIVER SUCH PERSON WRITTEN NOTICE OF THE LAST DATE UPON WHICH HIS APPEAL, AS PRESCRIBED IN THIS SECTION MAY BE FILED."

and, as so amended, the bill do pass.

That House Bill No. 15, providing situs of railroad cars for taxation purposes, be amended as follows: (reference is to the House engrossed bill)

Page 1, line 6, strike "exclusively"

and, as so amended, the bill do pass.

That House Bill No. 16, imposing real estate transfer tax, be amended as follows: (reference is to the House engrossed bill)

Page 2, line 21, strike "three" and insert "TWO"

and, as so amended, the bill do pass.

That House Bill No. 17, zoning and providing for giving notice of changes to county assessor, be amended as follows: (reference is to the House engrossed bill)

Page 1, line 8, after "is" insert "FINALLY"

Page 2, line 5, after "is" insert "FINALLY"

and, as so amended, the bill do pass.

That House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district, be amended as follows: (reference is to the House engrossed bill)

Page 1, line 7, after "find" strike "within each taxing district of the state"

and, as so amended, the bill do pass.

That House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed, be amended as follows: (reference is to the House engrossed bill)

Page 1, strike all of paragraph C, in its entirety

and, as so amended, the bill do pass.

That House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans, be amended as follows: (reference is to the House engrossed resolution)

Strike all after the resolving clause and insert:

"1. The following amendment of article 9, section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945, AND SUCH EXEMPTION FOR PERSONS OTHER THAN WIDOWS SHALL BE APPLICABLE ONLY TO REAL PROPERTY CONSISTING OF THE HOME OWNED AND OCCUPIED BY SUCH PERSON, AND PROVIDED THAT IF SUCH HOME OF SUCH PERSON IS OWNED AS COMMUNITY PROPERTY THE EXEMPTION GRANTED TO SUCH PERSON SHALL BE APPLICABLE TO ONLY HIS ONE-HALF INTEREST IN SUCH HOME. NO PROPERTY SHALL BE EXEMPT WHICH HAS BEEN CON-

VEYED TO EVADE TAXATION. A PERSON WHO MAKES A FALSE STATEMENT IN SUPPORT OF A CLAIM FOR TAX EXEMPTION UNDER THE PROVISIONS OF THIS SECTION SHALL BE PUNISHED AS PROVIDED BY LAW. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

2. The proposed amendment (approved by a majority of the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by article 21, Constitution of Arizona."

Amend title to read:

A CONCURRENT RESOLUTION proposing an amendment of the constitution of Arizona relating to tax exemptions; prescribing limitations upon tax exemptions of veterans, and amending article 9, §2, constitution of Arizona.

and, as so amended, the resolution do pass.

That House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows, be amended as follows: (reference is to the House engrossed resolution)

Strike all after the resolving clause and insert:

"1. The following amendment of article 9, section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not

exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

THE EXEMPTION GRANTED TO WIDOWS BY THE TERMS OF THIS SECTION SHALL REMAIN IN FULL FORCE AND EFFECT. FOR THOSE WHO APPLY FOR A WIDOW'S EXEMPTION ON JANUARY 1, 1969 OR THEREAFTER FOR THE FIRST TIME, IN ADDITION TO ALL OTHER QUALIFICATIONS PRESCRIBED BY THIS SECTION FOR SUCH EXEMPTION, THE ANNUAL NET TAXABLE INCOME AS DETERMINED FOR STATE OF ARIZONA INCOME TAX PURPOSES FROM ALL SOURCES OF SUCH WIDOW IN THE YEAR IMMEDIATELY PRECEDING EXEMPTION SHALL NOT EXCEED (1) THE SUM OF THREE THOUSAND FIVE HUNDRED DOLLARS IF NONE OF THE WIDOW'S CHILDREN UNDER THE AGE OF TWENTY-ONE YEARS IS RESIDING WITH OR DEPENDENT ON SUCH WIDOW, OR IF NONE OF THE WIDOW'S CHILDREN RESIDING WITH OR DEPENDENT ON SUCH WIDOW IS TOTALLY AND PERMANENTLY DISABLED, PHYSICALLY OR MENTALLY, AS SO CERTIFIED BY COMPETENT MEDICAL AUTHORITY AS PRESCRIBED BY LAW, OR (2) THE SUM OF FIVE THOUSAND DOLLARS IF ONE OR MORE OF THE WIDOW'S CHILDREN UNDER THE AGE OF TWENTY-ONE YEARS IS RESIDING WITH OR DEPENDENT ON SUCH WIDOW, OR IF ONE OR MORE OF THE WIDOW'S CHILDREN RESIDING WITH OR DEPENDENT ON SUCH WIDOW IS TOTALLY AND PERMANENTLY DISABLED, PHYSICALLY OR MENTALLY, AS SO CERTIFIED BY COMPETENT MEDICAL AUTHORITY AS PRESCRIBED BY LAW, AND PROVIDED FURTHER, THAT THE WIDOW SHALL SUBMIT SATISFACTORY EVIDENCE TO THE COUNTY ASSESSOR SHOWING THAT SHE RESIDED IN ARIZONA ON JANUARY 1, 1969 AND THAT SHE WAS A RESIDENT OF THIS STATE AT THE TIME OF HER LAST HUSBAND'S DEATH.

NO PROPERTY SHALL BE EXEMPT WHICH HAS BEEN CONVEYED TO EVADE TAXATION. A PERSON WHO MAKES A FALSE STATEMENT IN SUPPORT OF A CLAIM FOR TAX EXEMPTION UNDER THE PROVISIONS OF THIS SECTION SHALL BE PUNISHED AS PROVIDED BY LAW.

2. The proposed amendment (approved by a majority of

the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by article 21, Constitution of Arizona."

Amend title to read:

A CONCURRENT RESOLUTION proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending article 9, section 2, Constitution of Arizona.

and, as so amended, the resolution do pass.

Senator Wilcox moved the acceptance of the report and that the bills and resolutions be properly assigned. The motion was agreed to.

DISPOSITION OF MEASURES REPORTED BY COMMITTEE OF THE WHOLE

House bills Nos. 1, 4, 7, 14, 15, 16, 17, 18, and 19, and House Concurrent Resolutions Nos. 1 and 3 were referred to the Committee on Administration for engrossing.

Without objection at 5:58 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 7:10 p.m.

Without objection, the Senate reverted to the order of business,

REPORTS OF STANDING COMMITTEES

The Committee on Administration, Senator Conlan, Chairman, reported House Bills Nos. 1, 4, 7, 14, 15, 16, 17, 18, and 19, and House Concurrent Resolutions Nos. 1 and 3 as properly engrossed, and the bills and resolutions were placed under the order of business third reading of bills.

THIRD READING OF BILLS

House Bill No. 1, entitled: "An Act relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending sections 42-227 and 42-227.02, Arizona Revised Statutes," was read in full on third

reading and passed on roll call which resulted: Ayes 18, Noes 10, Not voting 2, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump.

Not voting: Blansett and Thode.

The President announced the signing in open session of House Bill No. 1 and directed the Secretary to return the bill to the House.

House Bill No. 4, entitled: An Act relating to taxation; providing for an increase in the rate of taxation on income; providing for the elimination of federal income taxes as a deduction by corporations, and amending sections 43-102 and 43-123, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 18, Noes 10, Not voting 2, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump.

Not voting: Blansett, Thode.

The President announced the signing in open session of House Bill No. 4 and directed the Secretary to return the bill to the House.

House Bill No. 7, entitled: "An Act relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending section 42-1312; and amending title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2," was read in full on third reading and passed on roll call which resulted: Ayes 19, Noes 11, as follows:

Ayes: Burgess, Cardella, Castillo, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 7 and directed the Secretary to return the bill to the House.

House Bill No. 14, entitled: "An Act relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending section 42-221, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 28, Noes 2, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Tenney, Thode, Wilcox, President Humphrey.

Noes: Blansett, Stump.

The President announced the signing in open session of House Bill No. 14 and directed the Secretary to return the bill to the House.

House Bill No. 15, entitled: "An Act relating to taxation; prescribing the situs of cars for taxation purposes, and amending section 42-742, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of House Bill No. 15 and directed the Secretary to return the bill to the House.

House Bill No. 16, entitled: "An Act relating to taxation; imposing a fee for transfer of certain real estate; providing for affidavits of legal value on certain transfers of real estate; providing for penalties, and amending title 42, Arizona Revised Statutes, by adding Chapter 10, articles 1 and 2," was read in full on third reading and passed on roll call which resulted: Ayes 19, Noes 11, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 16 and directed the Secretary to return the Bill to the House.

House Bill No. 17, entitled: "An Act relating to zoning; providing for giving notice of changes to county assessor; amending title 9, chapter 4, article 6, Arizona Revised Statutes, by adding section 9-465.01, and amending title 11, chapter 6, article 2, Arizona Revised Statutes, by adding section 11-829.01," was read in full on third reading and passed on roll call which resulted: Ayes 17, Noes 13, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Lewis, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 17 and directed the Secretary to return the bill to the House.

House Bill No. 18, entitled: "An Act relating to taxation; pro-

viding for determination of valuation of gas, water and electric utilities, pipelines, community antenna television systems and microwave services; amending section 42-124.01, Arizona Revised Statutes, and amending title 42, chapter 1, article 2, Arizona Revised Statutes, by adding section 42-124.03," was read in full on third reading and passed on roll call which resulted: Ayes 27, Noes 2, *Excused from voting 1, as follows:

Ayes: Blansett, Burgess, Cardella, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Noes: Castillo and Kret.

*Excused from voting: Campbell.

*Senator Campbell was, in accordance with Rules VI and XVIII, excused from voting on House Bill No. 18, due to conflict of interest.

The President announced the signing in open session of House Bill No. 18 and directed the Secretary to return the bill to the House.

House Bill No. 19, entitled: "An Act relating to taxation; prescribing that notice of tax assessment on livestock shall show number of livestock and number of months assessed, and amending section 42-234, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 19 and directed the Secretary to return the bill to the House.

House Concurrent Resolution No. 1, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations upon tax exemptions of veterans, and amending article 9, section 2, Constitution of Arizona," was read in full on third reading and was adopted on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Concurrent Resolution No. 1 and directed the Secretary to return the resolution to the House.

House Concurrent Resolution No. 3, entitled: "A Concurrent Resolution proposing an amendment of the constitution of Arizona

relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending article 9, section 2, Constitution of Arizona," was read in full on third reading and was adopted on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Concurrent Resolution No. 3 and directed the Secretary to return the resolution to the House.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that:

The House had passed Senate Bill No. 2, state equalization aid plan for school districts, with the following amendments: (reference is to the Senate engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Sec. 15-445, Arizona Revised Statutes, is amended to read:

"15-445. **Control of school property; items which may be included in annual budget; accumulation of ten cent levy**

"A. The board of trustees shall:

"1. Manage and control the school property within its district.

"2. Purchase school furniture, apparatus, equipment, library books and supplies for the use of the schools.

"3. Rent, furnish, repair and insure the school property of the district.

"4. Construct school buildings when directed to do so by a vote of the district.

"5. Make in the name of the district conveyances of property belonging to the district and sold by the board.

6. Purchase or sell school sites when authorized by a vote of the district, but such authorization shall not necessarily specify the site to be purchased.

7. Construct, improve and furnish buildings used for school purposes when such buildings or premises are leased

from the national park service, when directed to do so by a vote of the district.

B. The board may include in its annual budget items for:

1. The purchase of sites, improvement of school grounds, erecting, purchasing, improving and furnishing of school buildings and appurtenances, and,

2. The improving and furnishing of buildings used for school purposes when such buildings are leased from the national park service.

C. The county superintendent shall include the items prescribed by the terms of subsection B in his estimate to the board of supervisors, and the board of supervisors may, in its discretion, make a levy on the property of the district sufficient to produce the amount asked for, but a levy for such purpose shall not exceed ten cents on each one hundred dollars of property valuation. Funds collected pursuant to the levy may be accumulated from year to year, and if not needed to be used for a period of three months or more, may be invested in the same manner as sinking fund monies, as prescribed by section 15-1323. These monies shall not be expended for purposes of erection of new buildings, purchase of sites or lease-purchase contracts without an affirmative vote of the real property taxpayers residing within the district.

Sec. 2. Sec. 15-1012, Arizona Revised Statutes, is amended to read:

15-1012. **Appropriation; computation; additional cost**

A. All homebound students as defined by section 15-1011 shall be included in the appropriations and apportionment made pursuant to sections 15-1211 and 15-1212 and the county levy as provided in section 15-1235. In addition thereto the legislature shall appropriate to each school district providing homebound teaching services under the provisions of this article one hundred dollars per capita per annum for each homebound student taught by the district and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the superintendent of public instruction.

B. The appropriation shall be calculated with reference to the estimated number of homebound students to be taught during the current year. Any additional cost resulting from the homebound teaching program and not provided for under the provisions of this section shall be met by each school district having students receiving homebound instruction. Such additional costs shall be apportioned on a per pupil basis as prescribed by the board in its rules and regulations and shall be a charge against the districts involved.

Sec. 3. Sec. 15-1019, Arizona Revised Statutes, is amended to read:

15-1019. **Appropriation and apportionment; approval of program**

A. All students as defined by section 15-1016 shall be included in the appropriation and apportionment made pursuant to sections 15-1211 and 15-1212 and the county levy as provided in section 15-1235. In addition thereto, the legislature shall appropriate to each school district providing special education classes under the provisions of this article, one hundred ninety dollars per unit of average daily attendance per annum for each special education student taught by the district and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the superintendent of public instruction. The county shall provide in addition ten dollars per unit of average daily attendance for each special education student taught by the district.

B. The appropriation shall be calculated with reference to the estimated number of special education students to be taught during the current year in classes having a minimum of two hundred forty minutes of instruction per school day. Any additional cost resulting from the special education program and not provided for under the provisions of this section shall be met by each school district having students receiving special instruction.

C. The appropriations and apportionment provided under the terms of this section shall not be granted to the governing body of a school district unless the district complies with the provisions of this article and the conditions and standards prescribed by the director of the division of special education. A school district program for education of handicapped children, as prescribed by the terms of this article, shall be presented to the state board of education for approval.

Sec. 4. Sec. 15-1083, Arizona Revised Statutes is amended to read:

15-1083. **Appropriation and apportionment; approval of program**

A. All students as defined by section 15-1081 shall be included in the appropriation and apportionment made pursuant to sections 15-1211 and 15-1212 and the county levy as provided in section 15-1235. In addition, the legislature shall annually appropriate to the department of public instruction the sum of five hundred ninety dollars for each trainable retarded student in average daily attendance and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the superintendent of public instruction. The county shall, in addition, provide ten dollars per unit of average daily attendance for each trainable retarded student taught by the district. The monies so appropriated shall be distributed to the districts or counties operating approved trainable retarded children's classes for each trainable retarded student taught.

B. The appropriation shall be calculated with reference to the estimated number of trainable retarded children to be taught during the current year in approved classes. One-half day's average daily attendance shall be calculated for any child attending the trainable retarded children's class for a period of not less than one hundred twenty minutes. Full average daily attendance shall be calculated for children attending classes for two hundred forty minutes or more. Any additional cost resulting from the trainable retarded children's class and not provided for under this section shall be met by each school district having students receiving instruction in the trainable retarded children's facility.

C. The appropriation and apportionment provided under the terms of this section shall not be granted to the governing body of a school district or county unless the district complies with the provisions of this article and conditions and standards prescribed by the director of the division of special education. A school district or county program for the education of trainable retarded children, as prescribed by the terms of this article, shall be presented to the state board of education for approval.

D. At the beginning of each school year the county school superintendent shall present an estimate of the current year's trainable retarded children's tuition to each school district that has signed an agreement to use the services of the school or instructional center administered by the county superintendent under subsection B of this section. The tuition shall be the estimated per capita cost based on the number of pupils that each school district has estimated will enroll in the program, and the school district shall pay the tuition quarterly in advance on July 1, October 1, January 1 and April 1. Increases in enrollment during the school year over the school district's estimate of July 1 shall cause the tuition charges to be adjusted accordingly. In the event of overpayment by the district of residence, the necessary adjustment shall be made at the close of the school year.

Sec. 5. Sec. 15-1092, Arizona Revised Statutes, is amended to read:

15-1092. **Eligibility; allocations; plan**

A. A school district or a district formed for the purposes of this article as prescribed by the terms of this article may be eligible for allocation of funds from the state board of vocational education provided the district offering vocational education meets minimum standards and requirements recommended by the advisory council for technical-vocational education and approved by the state board of vocational education.

B. The state board of vocational education with the consent of the advisory council may allocate from its available appropriation any amount it deems appropriate for the use of a school district or a district formed for the purposes of

this article and such allocation may be for administrative costs, equipment or capital outlay.

C. The state board of vocational education with the advice of the advisory council for technical-vocational education shall develop a state plan for vocational education which provides for the distribution of technical-vocational funds to school districts or districts formed for the purposes of this article meeting the minimum requirements provided for in the state plan for technical-vocational education.

Sec. 6. Sec. 15-1201, Arizona Revised Statutes, is amended to read:

15-1201. **School district budget; form**

A. Not later than July 3 each year the governing board of each common or high school district shall prepare and furnish to the county school superintendent and the state superintendent of public instruction a proposed budget for the current fiscal year, which shall contain the information and be in form as follows:

_____
(Name and No. of District)

PROPOSED SCHOOL DISTRICT BUDGET
For the fiscal year July 1, 19_____ to June 30, 19_____

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
I. ADMINISTRATION					
Salaries					
Clerk and Employees of School Board	( )	( )	——	——	——
Superintendent	( )	( )	——	——	——
Asst. Superintendent	( )	( )	——	——	——
Principals	( )	( )	——	——	——
Asst. Principals	( )	( )	——	——	——
Other Administrative Officers	( )	( )	——	——	——
Secretarial and Clerical Assistants	( )	( )	——	——	——
Supplies and Expense School Board Superintendent's Office			——	——	——
Principal's Office			——	——	——
Travel			——	——	——
Total			——	——	——

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal 19..... Year	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
II. INSTRUCTION					
Salaries					
Supervisors of Instruction	( )	( )	——	——	——
Guidance & Psychological Personnel	( )	( )	——	——	——
Class Room Teachers	( )	( )	——	——	——
Other Instructional Personnel	( )	( )	——	——	——
Librarians	( )	( )	——	——	——
Secretarial & Clerical Assistants	( )	( )	——	——	——
Supplies and Expense			——	——	——
Teaching Supplies			——	——	——
Library Books			——	——	——
Travel			——	——	——
Other			——	——	——
Total			——	——	——
III. OPERATION OF SCHOOL PLANT					
Wages & Salaries Janitorial Employees	( )	( )	——	——	——
Supplies and Expense Utilities			——	——	——
Supplies			——	——	——
Travel			——	——	——
Other			——	——	——
Total			——	——	——
IV. MAINTENANCE OF SCHOOL PLANT					
Wages & Salaries Maintenance Employees	( )	( )	——	——	——
Materials, Supplies and Expense			——	——	——
Travel			——	——	——
Contracts			——	——	——
Total			——	——	——
V. AUXILIARY AGENCIES					
Salaries					
Health Services	( )	( )	——	——	——

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Budget Adopted Fiscal Past Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
Attendance service	( )	( )	——	——	——
Pupil Transportation	( )	( )	——	——	——
Lunch Program	( )	( )	——	——	——
*Physical Education—Intramural	( )	( )	——	——	——
*Physical Education—Interscholastic	( )	( )	——	——	——
*Prorate—Time Basis					
Expense					
Health Service			——	——	——
Attendance service			——	——	——
Physical Education—intramural			——	——	——
Physical Education—interscholastic			——	——	——
Pupil Transportation			——	——	——
Lunch Program			——	——	——
Travel			——	——	——
Other			——	——	——
Total			——	——	——
VI. FIXED CHARGES					
Rent (Exclusive of lease-purchase except for transportation equipment)			——	——	——
Insurance Premiums (Other than Personnel)			——	——	——
Insurance Premiums for Personnel			——	——	——
Industrial Compensation Premiums			——	——	——
O. A. S. I. Contributions			——	——	——
State Retirement Contributions			——	——	——
Interest on Registered Warrants			——	——	——
Other			——	——	——
Total			——	——	——
VII. CONTINGENCIES			——	——	——

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
VIII. CAPITAL OUTLAY					
Textbooks			____	____	____
Athletic Equipment			____	____	____
Furniture & Equipment			____	____	____
Transportation Equipment			____	____	____
Additions, alterations, and improvements					
a. Salaries and wages			____	____	____
b. Materials			____	____	____
c. Contracts			____	____	____
Other			____	____	____
Total			____	____	____
IX. TUITION TO OTHER SCHOOL DISTRICTS			____	____	____
Grand Total			____	____	____

BUDGET SIX PER CENT LIMIT CHECK

1. Grand Total Budget Past Fiscal Year _____
2. Subtract: Budget Past Fiscal Year for Capital Outlay (VIII) and unused Tuition to Other School Districts (IX) and amount overbudgeted based on actual average daily attendance _____
3. Equals Total Operational Budget for past fiscal year _____
4. Total of Column 1, Item 10 (Use the smaller total of Actual or Estimated Average Daily Attendance) _____
5. Total Operational Budget per Pupil per Annum for the Past Fiscal Year (Item 3 Divided by Item 4) _____
6. Add six per cent limitation per pupil Per Annum (Item 5 x 6%) _____
7. Permissible Operational Budget per Pupil Per Annum for Current Fiscal Year (Item 5 + Item 6) _____

8. Total of Column 2, Item 10 _____
9. Permissible Total Operational Budget for Current Fiscal Year (Item 7 x Item 8) _____
10. Actual Attendance Information*

	Column 1 Past Fiscal Year (Actual) 19____	Column 2 Estimated Current Fiscal Year 19____
Eligible for State Aid	_____	_____
Not Eligible for State Aid	_____	_____
(a) Kindergarten (At ½ Average Daily Attendance)	_____	_____
(b) Over 21	_____	_____
(c) Tuition	_____	_____
Total Average Daily Attendance	_____	_____
Total Average Daily Attendance (Estimated)	_____	

ATTENDANCE INFORMATION AND ESTIMATES APPROVED

_____

COUNTY SCHOOL SUPERINTENDENT

*Pursuant to Section 15-1212, Subsection C, Paragraph 4.

SPECIAL LEVIES AND BOND SERVICE

	Adopted Budget Past Fiscal Year	Actual Expenditures Past Fiscal Year	Proposed Budget Current Fiscal Year
I. Special district levy for improvements of adjacent public ways	____	____	____
II. Special District levy for building fund (Not to exceed 10c on $100 valuation)	____	____	____
III. Special levy for expenditures authorized pursuant to section 15-1245 (Memorandum Only—Do Not Add)	____	(____)	____
IV. Bonded indebtedness			
Interest	____	____	____
Redemption	____	____	____
Total	____	____	____

B. The board of trustees may, when preparing the school district's budget as required in this section and section 15-1202, budget an amount not to exceed ten per cent of the total of the following budgetary items: III. Operation of school plant, IV. Maintenance of school plant, V. Auxiliary agencies, VI. Fixed charges, as estimated in the proposed budget for the present fiscal year, and place that amount in a special category designated: "VII. Contingencies". This amount may be used for any necessary school expense except salaries, travel, capital outlay, special levies and bond service. Expenditures from the special category provided for by this subsection shall be charged to the appropriate item in the budget but in no event shall the total of the charges to the various budget items exceed the amount estimated for contingencies for the present fiscal year.

Sec. 7. Sec. 15-1201.01, Arizona Revised Statutes, is amended to read:

15-1201.01 **Budget control; exceptions**

A. The funds budgeted under item VIII of the budget prescribed by section 15-1201 shall be used only for the purpose of capital outlay.

B. The budget six per cent limit check as prescribed by the terms of section 15-1201 shall not apply to any school district employing four classroom teachers or less.

Sec. 8. **Repeal**

Section 15-1203, Arizona Revised Statutes, is repealed.

Sec. 9. Title 15, chapter 12, article 1, Arizona Revised Statutes, is amended by adding a new section 15-1203, to read:

15-1203. **Method of exceeding the budget**

A. That part of the proposed budget designated for operational expenses which is in excess of the six per cent increase permitted by section 15-1201 shall not be adopted unless approved by a majority of the qualified electors who are real property taxpayers of the district voting at an election. In no event shall the increase exceed ten per cent of the operational portion of the budget. The cost of the election shall be considered as a school district expense. Such election shall be held prior to July 1, in the manner prescribed by the terms of subsection B. If approved, the proposed budget, in triplicate, shall be immediately transmitted to the county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the state superintendent of public instruction. If disapproved, a budget, in triplicate, which does not include such excess shall be immediately transmitted to the county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the state superintendent of public instruction.

B. If a proposed budget is approved by vote of the people, only that portion of the budget which reflects the permitted increase of six per cent shall be used the following year for the purpose of determining the increase which may be permitted by section 15-1201.

C. If that part of the proposed budget designated as total operational budget which is in excess of such budget for the past year but less than an increase of six per cent, then prior to final adoption by the board of trustees which shall be no later than June 1, no less than a number equal to fifty-one per cent of the qualified electors who are real property taxpayers of the school district may by petition which shall be filed with the board of trustees no later than June 15, require the board of trustees to call an election for the purpose of presenting such budget to the qualified electors who are real property taxpayers of the district for approval or disapproval. If approved, the proposed budget, in triplicate, shall be immediately transmitted to the county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the state superintendent of public instruction. If disapproved, a budget, in triplicate, which is equal to the budget designated as total operational budget for the past year shall be immediately transmitted to the county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the state superintendent of public instruction.

D. The election prescribed by the terms of subsections A and C shall be conducted as nearly as practicable in the manner prescribed in article 1, chapter 13 of this title, relating to school bond elections. The ballots shall contain the words "Budget increase, Yes" and "Budget increase, No", and the voter shall signify his desired choice.

Sec. 10. Sec. 15-1211, Arizona Revised Statutes, is amended to read:

15-1211. **State levy for common and high school education; minimum requirements; continuing appropriation; disbursements**

A. The legislature shall appropriate for common school and high school education one hundred eighty-two dollars fifty cents per capita per annum, calculated according to actual average daily attendance in common and high schools as shown by the records of the superintendent of public instruction. The legislature may designate the source of the revenue and prescribe the method of apportionment.

B. If the legislature fails to make the appropriation prescribed by subsection A, the state tax commission, when determining the annual tax levy for state purposes, shall include an amount sufficient to meet the minimum requirements of subsection A, and subsection A shall be deemed to constitute a continuing annual appropriation of the amount

as determined by the minimum requirements therein prescribed.

C. All monies appropriated pursuant to subsections A and B, and in addition thereto all income derived from the permanent fund for the benefit of common and high school education, and receipts for such purpose from any other source, shall be placed in the state school fund to the credit of the state board of education and disbursed as provided by law.

D. All monies appropriated and apportioned pursuant to subsections A, B and C of this section shall be used for maintenance and operational purposes only.

Sec. 11. Sec. 15-1212, Arizona Revised Statutes, is amended to read:

15-1212. **Apportionment of funds**

A. The board shall apportion the sum in the state school fund to the several counties on the basis of average daily attendance in the common and high schools in each county. No allowance shall be made for attendance at schools conducted at night, for attendance of nonresident alien children, nor for wards of the United States for whom tuition is paid, but attendance of a student in a school of a county adjoining the county of his residence, whether within or without the state, under a certificate of educational convenience as provided by section 15-304, shall be deemed to be attendance in the school of the county or district of his residence.

B. Apportionments shall be made as follows:

1. On July 15, one-twelfth of the total amount to be apportioned during the fiscal year.

2. On September 15, one-sixth of the total amount to be apportioned during the fiscal year.

3. On November 15, one-fourth of the total amount to be apportioned during the fiscal year.

4. On January 15, one-twelfth of the total amount to be apportioned during the fiscal year.

5. On March 15, one-sixth of the total amount to be apportioned during the fiscal year.

6. On May 15, one-fourth of the total amount to be apportioned during the fiscal year. The superintendent of public instruction shall furnish the treasurer and the school superintendent of each county an abstract of the apportionment, and shall certify the apportionment to the state auditor, who shall draw his warrant in favor of the county treasurer of each county for the amount apportioned thereto. Upon receipt of the warrant the county treasurer shall notify the county superintendent that the amount thereof, together with

any other monies standing to the credit of the county school fund, is subject to apportionment as prescribed by law.

C. As used in this section:

1. "Common school" means the first to eighth grades inclusive.

2. "High school" means the ninth to twelfth grades inclusive.

3. "Daily attendance" means:

(a) For common schools, days in which a pupil:

(i) Of the first, second or third grades attends a minimum of two hundred forty minutes.

(ii) Of the fourth, fifth or sixth grades attends a minimum of three hundred minutes.

(iii) Of the seventh or eighth grades attends a minimum of three hundred sixty minutes, including in each case recreational periods, and in which a pupil regardless of grade is actually present during one or both of the two sessions into which the school day is divided, but attendance at one session only shall be counted as one-half day's attendance.

(b) For high schools, the attendance of a high school pupil shall not be counted a full day unless such pupil is actually and physically in attendance, enrolled in and carrying four subjects or the equivalent thereof that count toward graduation as defined by the state board of education, in a recognized high school, but attendance of a pupil carrying less than the load prescribed shall be prorated.

4. For the purpose of making appropriations for state and county aid and the determination of financial assistance, "average daily attendance" means the actual average daily attendance within the current school year. The board of trustees shall submit, for approval or revision, to the county school superintendent and the superintendent of public instruction the estimated actual average daily attendance of the district for the first six months of the school year. Prior to the final apportionment of state school funds, an adjustment shall be made based on actual average daily attendance during such months and apportionment for the remainder of the school year shall be based on the actual average daily attendance achieved during the first six months of the school year.

D. The provisions of subsection C, paragraph 4, shall apply to title 15, chapter 12, articles 1 to 3, inclusive, and any reference to "average daily attendance for the preceding year", or "for the previous year", shall be determined as provided in paragraph 4.

E. Any determination of average daily attendance shall be based on the records of the superintendent of public instruction.

Sec. 12. Sec. 15-1221, Arizona Revised Statutes, is amended to read:

15-1221. **Definitions**

In this article, unless the context otherwise requires:

1. "Assessed valuation" means the net valuation set in accordance with law on real estate, improvements and personal property in each school district or county.

2. "Average daily attendance" means the average daily attendance as defined in section 15-1212.

3. "Basic cost of education" means that sum of money required to provide a minimum standard of education for each child in average daily attendance.

4. "Common school" means the first to eighth grades inclusive.

5. "County aid" means the monies set aside from the county general fund by the board of supervisors, which, when added to the amounts appropriated by the legislature as provided in section 15-1211, shall equal two hundred dollars per capita per annum for common and high school education within the county.

6. "District qualifying tax rate" means the tax rate of five cents per one hundred dollars assessed valuation of property in each common school district and five cents per one hundred dollars assessed valuation in each high school district, which was levied by the county board of supervisors for the year's maintenance and operational expenses of each such district as a condition the district must meet to be eligible for participation in the state school financial assistance monies for the current year. In elementary districts that are not in a high school district, the county board of supervisors shall have levied an additional five cents levy in each such district, as prescribed by the terms of section 15-1224, if the district is to qualify for financial assistance to pay tuition for high school pupils. The district tax rate used for determining eligibility for financial assistance shall be computed exclusive of any financial assistance received by the district.

7. "Financial assistance" means the state monies distributed to school districts in order to permit each school district to maintain an educational program pursuant to the provisions of this article.

8. "High school" means the ninth to twelfth grades inclusive.

9. "Maintenance and operational expenses" means all categories of the school district budget, but is not to be construed to include special levies and bond service items.

10. "School district needs" means the amount of finan-

cial aid that each school district requires in order to afford each pupil in average daily attendance a basic cost of education.

11. "State aid" means the sum of money designated by the legislature to be allocated to the counties to be distributed to the districts upon the basis of the average daily attendance of the districts pursuant to sections 15-1211, and 15-1212.

Sec. 13. Sec. 15-1222, Arizona Revised Statutes, is amended to read:

15-1222. **Appropriation of monies for financial assistance; administration of funds for financial assistance purposes**

A. The legislature shall appropriate monies which shall be deposited in the state school financial assistance fund, for the purpose of providing the funds required under sections 15-1223 and 15-1224.

B. The monies deposited in the state school financial assistance fund, as prescribed by the terms of subsection A, shall be administered and distributed as financial assistance to qualifying school districts by the state superintendent of public instruction.

Sec. 14 Sec. 15-1223, Arizona Revised Statutes, is amended to read:

15-1223. **Computation of financial assistance to common school districts**

A. Each common school district that employed three or more teachers during the previous school year shall be allotted by the state superintendent of public instruction financial assistance for maintenance and operational expenses if required, sufficient to provide a basic cost of education of three hundred fifty dollars, multiplied by the average daily attendance of the district. The financial assistance shall be allotted subsequent to the computation of items provided in subsection B.

B. In computing the amounts of state financial assistance that each common and high school district shall receive, the following revenues shall be credited to the basic cost of education of each district:

1. State and county aid computed at two hundred dollars times the actual average daily attendance.

2. Eighty per cent of the federal monies received or monies to which the district would otherwise have been entitled, during the previous year that were specified for emergency operational aid (P. L. 81-874) and Indian education aid (P. L. 73-167), exclusive of peripheral school contract payments.

3. The district tax yield from the levy of the district

qualifying tax rate on the current years' assessed valuation as determined by the assessment rolls prepared by the county assessor or the department of property valuation.

Sec. 15. Sec 15-1224, Arizona Revised Statutes, is amended to read:

15-1224. **Computation of financial assistance to high school districts**

Each high school district, and each common school district not in a high school district that pays tuition for high school pupils residing in such districts, shall be allotted by the state superintendent of public instruction financial assistance for maintenance and operational expenses as required sufficient to provide a basic cost of education of not less than five hundred dollars, multiplied by the actual average daily attendance of the district. The financial assistance shall be allotted subsequent to the computation of the items provided in section 15-1223, subsection B, except that elementary districts not in a high school district must levy the high school district qualifying tax rate for tuition payment for high school pupils in order to qualify for financial assistance to pay for high school pupils.

Sec. 16. Sec. 15-1225, Arizona Revised Statutes, is amended to read:

15-1225. **Apportionment of financial assistance to school districts**

A. Funds in the state school fund for financial assistance purposes shall be apportioned to the districts of each county on the basis of need, as determined by the provisions of section 15-1212. In no event shall any school district receive more financial assistance than it is entitled to receive as provided by this article and any overage shall be returned by the school district and credited to the state school financial assistance fund. The legislature shall appropriate sufficient money for the purpose of providing the funds required under sections 15-1223 and 15-1224. Such monies shall be deposited in the state school financial assistance fund for financial assistance purposes. If the legislature fails to make the appropriation, the state tax commission when determining the annual tax levy shall include an amount sufficient to meet the requirements of sections 15-1223 and 15-1224 and this shall be deemed to constitute a continuing annual appropriation.

B. The state superintendent of public instruction shall provide each school district, through the county school superintendent, with a statement of the apportionments made as provided in subsection A, on a form prescribed by the state superintendent of public instruction.

Sec. 17. Title 15, chapter 12, Arizona Revised Statutes, is amended by adding article 2.2, sections 15-1228, 15-1228.01 and 15-1228.02, to read:

ARTICLE 2.2. STATE EQUALIZATION AID FOR COMMON AND HIGH SCHOOL DISTRICTS

15-1228. **Appropriation of monies for equalization aid; administration of funds for equalization purposes; continuing annual appropriations**

A. The legislature shall appropriate monies which shall be deposited in the state school fund and designated as equalization monies, for the purpose of providing the funds required under this article.

B. The monies deposited in the state school fund, as prescribed by the terms of subsection A, shall be administered and distributed as equalization aid to qualifying school districts by the state superintendent of public instruction.

C. If the legislature fails to make the appropriation, the state tax commission when determining the annual tax levy shall include an amount sufficient to meet the requirements of this article and this shall be deemed to constitute a continuing annual appropriation.

D. All monies appropriated and apportioned pursuant to subsections A, B and C of this section and section 15-1228.01 shall be used for maintenance and operational purposes only.

15-1228.01. **Formula for distribution of equalization monies to common and high school districts**

A. The superintendent of public instruction shall determine the amount of equalization monies to be distributed to common and high school districts by application of the following formula:

1. Each school district's assessed valuation shall be determined as a percentage of the total statewide common or high school districts' assessed valuation.

2. Each school district's average daily attendance shall be determined as a percentage of the total statewide common or high school districts' average daily attendance.

3. The factor produced by paragraph 1 shall be divided by the factor produced in paragraph 2 and the result equals the district's index of state support, and the amount of state aid for each pupil in average daily attendance within the school district.

4. The amount of state aid for each pupil in average daily attendance within the school district as indicated by the index of state support shall be multiplied by the common or high school districts' average daily attendance as determined by the records of the superintendent of public instruction. The result is the total amount of state equalization aid to the school district under the terms of this article.

B. The index of state support shall be as follows:

Index No.	State equalization aid for each pupil in average daily attendance
.01 or less	$136.125
.02	134.750
.03	133.375
.04	132.000
.05	130.625
.06	129.250
.07	127.875
.08	126.500
.09	125.125
.10	123.750
.11	122.375
.12	121.000
.13	119.625
.14	118.250
.15	116.875
.16	115.500
.17	114.125
.18	112.750
.19	111.375
.20	110.000
.21	108.625
.22	107.250
.23	105.875
.24	104.500
.25	103.125
.26	101.750
.27	100.375
.28	99.000
.29	97.625
.30	96.250
.31	94.875
.32	93.500
.33	92.125
.34	90.750
.35	89.375
.36	88.000
.37	86.625
.38	85.250
.39	83.875
.40	82.500
.41	81.125
.42	79.750
.43	78.375
.44	77.000
.45	75.625
.46	74.250
.47	72.875
.48	71.500
.49	70.125
.50	68.750
.51	67.375
.52	66.000

Index No.	State equalization aid for each pupil in average daily attendance
.53	64.625
.54	63.250
.55	61.875
.56	60.500
.57	59.125
.58	57.750
.59	56.375
.60	55.000
.61	53.625
.62	52.250
.63	50.875
.64	49.500
.65	48.125
.66	46.750
.67	45.375
.68	44.000
.69	42.625
.70	41.250
.71	39.875
.72	38.500
.73	37.125
.74	35.750
.75	34.375
.76	33.000
.77	31.625
.78	30.250
.79	28.875
.80	27.500
.81	26.125
.82	24.750
.83	23.375
.84	22.000
.85	20.625
.86	19.250
.87	17.875
.88	16.500
.89	15.125
.90	13.750
.91	12.375
.92	11.000
.93	9.625
.94	8.250
.95	6.875
.96	5.500
.97	4.125
.98	2.750
.99	1.375
1.00 and over	0

15-1228.02 **Apportionment**

The state equalization aid for each common and high school district shall be apportioned to school districts in the manner prescribed by the terms of section 15-1212.

Sec. 18. Sec. 15-1235, Arizona Revised Statutes, is amended to read:

15-1235. **County levy for schools**

The board of supervisors of each county shall at the beginning of each fiscal year provide and set aside from the county general fund an amount which, when added to the amounts appropriated by the legislature pursuant to section 15-1211, shall equal two hundred dollars per capita per annum for common and high school education within the county. The county levy shall be computed according to the average daily attendance of pupils in common school and high school within each county as shown by the records of the superintendent of public instruction, but there shall not be included in the computation pupils attending schools conducted at night, nonresident alien children, or wards of the United States for whom tuition is paid. The amount obtained pursuant to this section shall be part of the county school fund.

Sec. 19. Sec. 15-1241, Arizona Revised Statutes, is amended to read:

15-1241. **Apportionment of county school fund by county superintendent**

The county school superintendent, after deducting the amount fixed for the special county school reserve fund, shall apportion all monies to the credit of the county school fund to the several school districts on the basis of average daily attendance in the common and high schools of the county pursuant to the procedures prescribed by section 15-1212, subsection C, paragraph 4.

Sec. 20. Sec. 15-1246, Arizona Revised Statutes, is amended to read:

15-1246. **Special county school reserve fund**

The treasurer of each county shall transfer each fiscal year from the county school fund to the special county school reserve fund an amount estimated by the county school superintendent to be required for such fund. The estimate shall be submitted, not later than July 10, to the board of supervisors for their approval. A copy of the estimate as finally adopted by the board of supervisors shall be filed with the county treasurer. Warrants drawn on the special county school reserve fund shall be approved prior to payment by the board of supervisors, as other county warrants are approved. The estimate shall be itemized and shall include the amounts estimated by the county school superintendent to be needed:

1. For transportation of school children to and from one and two-room rural schools that are determined by the county school superintendent to be in need of such aid.

2. For transportation from unorganized territory to organized districts, of children who are eligible to receive state aid, and tuition for such children.

3. For transportation to and from the nearest public high school of pupils residing in elementary districts which are contiguous or not contiguous to and which are not within a high school district if it is determined by the county school superintendent that such elementary districts are in need of such aid.

4. For one and two-room school districts, an amount which when added to the sum of the estimated per capita apportionment from the state monies appropriated by the terms of section 15-1211, and the county school fund and the proceeds of a special school district levy of fifteen cents per one hundred dollars assessed valuation on the property within the district, will provide not more than five thousand dollars for a one-room school and not more than nine thousand dollars for a two-room school, provided that such schools are maintained for a minimum of one hundred seventy-five days per year.

5. For necessary expenses in excess of the per capita apportionment from the county school fund for the establishment and conducting of schools in unorganized territory.

Sec. 21. **Repeal**

Sections 15-1203.01 and 15-1211.01, Arizona Revised Statutes, are repealed."

Amend title to read:

"RELATING TO EDUCATION; PROVIDING FOR STATE FINANCIAL ASSISTANCE AND EQUALIZATION AID TO SCHOOL DISTRICTS; AMENDING SECTIONS 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221 TO 15-1225, INCLUSIVE, 15-1235, 15-1241 AND 15-1246; REPEALING SECTION 15-1203, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 12, ARTICLE 1, ARIZONA REVISED STATUTES, BY ENACTING A NEW SECTION 15-1203; AMENDING TITLE 15, CHAPTER 12, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.2, AND REPEALING SECTIONS 15-1203.01 AND 15-1211.01, ARIZONA REVISED STATUTES."

Senator Huso moved that the Senate refuse to concur in the House amendments to the bill and that a free conference committee be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Huso, Garfield, Kret, Knoles, Gibbings, and Campbell as conferees on the part of the Senate.

Friday, December 8, 1967
Twelfth Day

The Secretary was directed to notify the House of the Senate's action.

The House had passed Senate Bill No. 4, prescribing exemptions to sales and use tax, with the following amendments: (reference is to the Senate engrossed bill)

Page 2, Sec. 42-1312, subsection A, paragraph 5, is amended to read:

"5. Pipelines. Pipes or valves four inches in diameter or larger used by pipeline companies for transporting oil, natural GAS, artificial gas, OR COAL SLURRY."

Page 3, between lines 11 and 12, insert new section to read:

"Sec. 2. Sec. 42-1321, Arizona Revised Statutes, is amended to read:

"42-1321. **Deductions**

"A. This article shall not apply to:

"1. Sales of gasoline upon which a tax has been imposed under the provisions of article 1, chapter 9, title 28.

"2. Common or contract motor carriers of passengers or property paying a tax under provisions of Section 40-641.

"3. Sales of tangible personal property to a person licensed as a contractor under chapter 10 of title 32 who holds a valid privilege tax license for engaging or continuing in the business of contracting under this article when the tangible personal property so sold is incorporated or fabricated by the contractor into any structure, project, development or improvement in fulfillment of a contract therefor.

"4. Sales in interstate or foreign commerce when prohibited from being so taxed by the constitution of the United States or the constitution of this state.

"5. ALL personal property purchased in this state by any hospital organized and operated exclusively for charitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, OR OPERATED BY THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE.

"B. After June 30, 1956, the provisions of this article shall not apply to sales made directly:

"1. To the United States government, its departments or agencies by a manufacturer, modifier, assembler or repairer.

"2. To a manufacturer, modifier, assembler, or repairer when such sales are of any ingredient or component part of products sold directly to the United States government, its departments or agencies by the manufacturer, modifier, assembler or repairer.

"C. After June 30, 1956, there shall be deducted from the annual privilege tax fifty per cent of the amount of tax levied under the provisions of section 42-1312 upon any sale of tangible personal property made directly to the United States government, its departments or agencies, which is not exempt under the provisions of subsection B of this section.

"D. In computing the tax levied by this article upon the activities classified in subdivision (a) of paragraph 2 of section 42-1310, the price shall be reduced by the actual freight paid by any person from the place of production to the place of delivery when the freight is included in the sales price of the products.

"E. The commission shall require every person claiming an exemption provided by subsection B of this section, or the deduction provided by subsection C of this section, to file on forms prescribed by the commission at such times as the commission directs a sworn statement disclosing the name of the purchaser and the exact amount of sales upon which the exemption or deduction is claimed.

"F. For the purpose of this section:

"1. 'Manufacturer' means a person who is principally engaged in the fabrication, production or manufacture of products, wares or articles for use from raw or prepared materials, imparting to such materials new forms, qualities, properties and combinations.

"2. 'Modifier' means a person who reworks, changes or adds to products, wares or articles of manufacture.

"3. 'Assembler' means a person who unites or combines products, wares or articles of manufacture so as to produce a change in form or substance without changing or altering the component parts.

"4. 'Repairer' means a person who restores or renews products, wares or articles of manufacture.

"G. The definitions contained in subsection F of this section shall not be interpreted to include the following businesses, but the following listing is not intended to be nor shall it be interpreted to be a complete listing of the businesses which are excluded by subsection F from the tax exemption provided by subsection B of this section:

"1. Mining, quarrying, smelting or producing for sale, profit or commercial use any oil, natural gas, limestone, sand, gravel, copper, gold, silver or other mineral product, compound or combination of mineral products, or felling, producing or preparing timber or any product of the forest for sale, profit or commercial use.

"2. Producing or furnishing electricity, electric lights, current, power or gas, natural or artificial, or water.

"3. Transmitting local or long distance messages or conversations by telephone, or messages by telegraph, from one point to another point in the state.

"4. Operating pipe lines for transporting oil, natural GAS, artificial gas, OR COAL SLURRY, through pipes or conduits from one point to another point in the state.

"5. Job printing, engraving, embossing or copying.

"6. Slaughtering animals for food, packing, processing or compounding meat or meat products.

"7. Construction contracting."

Renumber to conform.

Page 4, Sec. 42-1409, subsection A, paragraph 10, is amended to read:

"10. ALL personal property purchased outside this state by any hospital organized and operated exclusively for charitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, OR OPERATED BY THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE."

Page 5, Sec. 42-1409, subsection B, paragraph 5, is amended to read:

"5. Pipelines. Pipes or valves four inches in diameter or larger used in the transmission and distribution of oil, natural GAS, artificial gas, OR COAL SLURRY."

Amend title to read:

"Relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending Title 42, chapter 8, article 1, Arizona Revised Statutes, by adding section 42-1312.01, and amending SECTIONS 42-1321 AND 42-1409, Arizona Revised Statutes."

Senator Porter moved that the Senate refuse to concur in the House amendments to the bill and that a free conference committee be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House of the Senate's action.

The House had passed Senate Bill No. 8, limitation on property tax collectible by political subdivisions, with the following amendments: (reference is to the Senate engrossed bill)

Page 1, Section 1, is amended to read:

"Section 1. **Limitation upon property tax collectible by political subdivisions for the tax year 1968**

"Notwithstanding any other provisions of law, a political subdivision of the state shall not levy an ad valorem property tax for the tax year 1968 to collect more than one hundred six per cent of the amount such political subdivision levied to collect under such tax for the tax year 1967, UNLESS APPROVED BY THE COUNTY BOARD OF SUPERVISORS OF THE COUNTY IN WHICH THE POLITICAL SUBDIVISION IS LOCATED."

Amend title to read:

"Relating to taxation; prescribing limitation upon amount of ad valorem property tax collectible by political subdivisions UNLESS APPROVED BY BOARD OF SUPERVISORS for the tax year of 1968."

Senator Porter moved that the Senate refuse to concur in the House amendments to the bill and that a free conference committee be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House of the Senate's action.

The House had passed Senate Bill No. 9, providing for sales tax on leasing or renting certain property, with the following amendments: (reference is to the Senate engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Sec. 42-1314, Arizona Revised Statutes, is amended to read:

42-1314. **Operating amusement places; exception; leasing or renting of property; exemption**

"A. The tax imposed by subsection A of section 42-1309 shall be levied and collected at an amount equal to two per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

"1. Operating or conducting theaters, movies, operas, shows of any type or nature, exhibitions, concerts, carnivals, circuses, amusement parks, menageries, fairs, races, contests, games, billiard and pool parlors and bowling alleys, public dances, dance halls, boxing and wrestling matches and any business charging admission fees for exhibition, amusement or instruction, other than projects of bona fide religious or educational institutions.

"2. Leasing or renting tangible personal property for a consideration. Sales of tangible personal property to be leased or rented to a person engaged in the business of leasing or renting such tangible personal property for a consideration shall be deemed to be resale sales.

"3. Leasing or renting for a consideration the use or occupancy of real property, including any improvements, rights or interest in such property, except pursuant to written lease or rental agreements entered into prior to December 1, 1967, provided that such exception shall not apply to the businesses of hotels, guest houses, dude ranches and resorts, rooming houses, apartment houses, office buildings, automobile rental services, automobile storage garages, parking lots, or tourist camps.

"B. The tax prescribed under the terms of subsection A of this section shall not apply to events sponsored by the Arizona state fair commission or county fair commissions."

Amend title to read:

"RELATING TO TAXATION; PROVIDING FOR A TRANSACTION PRIVILEGE TAX ON LEASING OR RENTING CERTAIN PROPERTY; PROVIDING FOR CERTAIN EXCEPTIONS, AND AMENDING SECTION 42-1314, ARIZONA REVISED STATUTES."

Senator Porter moved that the Senate refuse to concur in the House amendments to the bill and that a free conference committee be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House of the Senate's action.

The House had passed Senate Bill No. 15, inclusion of all property on tax roll, with the following amendment: (reference is to the Senate engrossed bill)

Page 1, line 8, strike "except" and insert "including".

Senator Porter moved that the Senate refuse to concur in the House amendment to the bill and that a free conference committee be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House of the Senate's action.

The House had passed Senate Bill No. 16, duties of director of property valuation and defining full cash value and market value, with the following amendments: (reference is to the Senate engrossed bill)

Page 5, strike lines 18 and 19.

Renumber to conform.

Senator Porter moved that the Senate refuse to concur in the House amendments to the bill and that a free conference committee

be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House.

The House had passed Senate Bill No. 17, issuance and filing of building permits, with the following amendments: (reference is to the Senate engrossed bill)

Page 1, line 20, strike "one" and insert "ten"

Page 1, line 21, strike "thousand".

Senator Porter moved that the Senate refuse to concur in the House amendments to the bill and that a free conference committee be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House.

The House had passed Senate Concurrent Resolution No. 2, constitutional amendment exempting household goods from taxation, with the following amendments: (reference is to the Senate engrossed resolution)

Strike everything after the enacting clause and insert:

"1. The following amendment of article 9, section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

"Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. All household goods owned by the user thereof and used solely for non-commercial purposes shall be exempt from taxation, and such person entitled to such exemption shall not be required to take any affirmative action to receive the benefit of such exemption. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state,

not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation, to be ascertained as provided by law. This section shall be self-executing.

"2. The proposed amendment (approved by a majority of the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by article 21, Constitution of Arizona."

Amend title to read:

"PROPOSING AN AMENDMENT OF THE CONSTITUTION OF ARIZONA RELATING TO TAXATION; EXEMPTING CERTAIN HOUSEHOLD GOODS FROM PERSONAL PROPERTY TAXATION, AND AMENDING ARTICLE 9, SECTION 2, CONSTITUTION OF ARIZONA."

Senator Porter moved that the Senate refuse to concur in the House amendments to the resolution and that a free conference committee be appointed by the Senate to confer with a like committee from the House in the matter of disagreement. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until Tuesday at 9 a.m. The motion was agreed to and at 8:52 p.m. the Senate stood adjourned until Tuesday, December 12, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

TUESDAY, DECEMBER 12

Sixteenth Day

The Senate met at 9 a.m.

Dr. Grant Howard, Jr., Pastor, Camelback Bible Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Wilcox.

The roll was called and the following Senators answered to their names:

Campbell, Cardella, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Blansett, *Burgess, and Castillo were excused on roll call.

*Senator Burgess is excused in compliance with her letter as follows:

December 12, 1967

To: President Humphrey:

I will be attending the meeting of the Council of State Governments in Cleveland, Ohio, as the representative from Arizona on the Executive Board, and I will be out of town December 12 through December 15, 1967. Therefore, I will not be in attendance on the days mentioned and request that I be excused from the legislative session.

Respectfully submitted,

/s/ Isabell Burgess

THE JOURNAL

The President announced that without objection the reading of the Journal of Friday, December 8, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had acceded to the request of the Senate in the matter of disagreement on House amendments to Senate Bill No. 2, state equalization aid plan for school districts, and had appointed Members Akers, Flake, Gardner, Koory, Rosenbaum, and Rickard as a free conference committee on the part of the House.

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had acceded to the request of the Senate in the matter of disagreement on House amendments to the following listed bills and resolution, and had appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby, and Biles as a free conference committee on the part of the House:

Senate Bill No. 4, prescribing exemptions to sales and use tax.

Tuesday, December 12, 1967
Sixteenth Day

Senate Bill No. 8, limitation on property tax collectible by political subdivisions.

Senate Bill No. 9, providing for sales tax on leasing or renting certain property.

Senate Bill No. 15, inclusion of all property on tax roll.

Senate Bill No. 16, duties of director of property valuation and defining full cash value and market value.

Senate Bill No. 17, issuance and filing of building permits.

Senate Concurrent Resolution No. 2, constitutional amendment exempting household goods from taxation.

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had refused to concur in the Senate amendments to the following listed bills, and resolutions and had appointed a free conference committee consisting of members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles and asked that the Senate appoint a like committee to consider the matter of disagreement:

House Bill No. 1, providing for classification of property; prescribing percentages of assessed valuation.

House Bill No. 4, providing for increase in rate of taxation on income.

House Bill No. 7, prescribing rate of education excise tax.

House Bill No. 14, providing for ascertainment of property subject to taxation.

House Bill No. 15, providing situs of railroad cars for taxation purposes.

House Bill No. 16, imposing real estate transfer tax.

House Bill No. 17, zoning and providing for giving notice of changes to county assessor.

House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district.

House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed.

House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.

House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows.

Senator Porter moved that the Senate accede to the request of the House and appoint a like committee. The motion was agreed to and the President designated Senators Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich as conferees on the part of the Senate.

The Secretary was directed to notify the House.

Wednesday, December 13, 1967
Seventeenth Day

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:15 a.m. the Senate stood adjourned until tomorrow, Wednesday, December 13, 1967 at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

WEDNESDAY, DECEMBER 13
Seventeenth Day

The Senate met at 9 a.m.

Rev. Phillip Gangsei, of the Prince of Peace Lutheran Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Blansett.

The roll was called and the following Senators answered to their names:

Blansett, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Huso, Jacquin, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Stump, Tenney, Wilcox, President Humphrey.

Senators Burgess, Holsclaw, Kret, Spikes and Thode were excused on roll call.

Senators Holsclaw and Kret were seated at 9:04 a.m.

THE JOURNAL

The President announced that without objection the reading of the Journal of Tuesday, December 12, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:05 a.m. the Senate stood adjourned until tomorrow, Thursday, December 14, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

THURSDAY, DECEMBER 14

Eighteenth Day

The Senate met at 9 a.m.

Elder L. R. Layton, President of Mesa Stake, Church of Jesus Christ of Latter day Saints, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Campbell.

The roll was called and the following Senators answered to their names:

Blansett, Campbell, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators *Burgess, Cardella, and Spikes were excused on roll call.

Senator Spikes is excused because of illness.

*Senator Burgess is excused in accordance with her letter of December 12, 1967, appearing in Journal under date of December 13, 1967.

Senator Cardella was seated at 9:04 a.m.

JOURNAL

The President announced that the reading of the Journal of Wednesday, December 13, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:10 a.m. the Senate stood adjourned until tomorrow, Friday, December 15, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

FRIDAY, DECEMBER 15

Nineteenth Day

The Senate met at 9 a.m.

Rev. Robert W. Peale, Pastor of the Aldersgate Methodist Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Conlan.

The roll was called and the following Senators answered to their names:

Blansett, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Kitchel, Knoles, Kret, Lewis, Ong, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators *Burgess, Johnson, and Porter were excused on roll call.

*Senator Burgess is excused in accordance with her letter of December 12, 1967, appearing in the Journal under date of December 13, 1967.

Senators Johnson and Porter were seated at 9:03 a.m.

THE JOURNAL

The President announced that without objection the reading of the Journal of Thursday, December 14, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 9:10 a.m. the Senate stood adjourned until tomorrow, Saturday, December 16, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

SATURDAY, DECEMBER 16
Twentieth Day

The Senate met at 9 a.m.

Senator Boyd Tenney offered prayer.

Pledge of Allegiance to the Flag was led by Senator Castillo.

The roll was called and the following Senators answered to their names:

Blansett, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Kitchel, Knoles, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators *Burgess, Johnson, and Kret were excused on roll call.

*Senator Burgess is excused in accordance with her letter dated December 12, 1967, which appears in the Journal under date of December 13, 1967.

Senator Kret was seated at 9:07 a.m.

THE JOURNAL

The President announced that without objection the reading of the Journal of Friday, December 15, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

GOVERNOR'S PROCLAMATION

The President laid before the Senate the proclamation of the Governor of Arizona under date of December 15, 1967, which was read as follows:

PROCLAMATION

AMENDING THE CALL OF THE SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a special session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, pursuant to this authority the Twenty-Eighth Legislature was called into its Third Special Session on Monday, the 27th of November, 1967; and

WHEREAS, since that time there has been established to the satisfaction of many members of the Legislature that there is an extreme urgency for additional funds in several state agencies;

NOW, THEREFORE, I hereby amend my original call issued on the date above by adding the following specific items

to be considered by this Third Special Session as indicated below:

1. A supplemental appropriation of $220,004.00 to the Department of Property Valuation.
2. A supplemental appropriation of $10,000.00 to the State Board of Property Tax Appeal.
3. A supplemental appropriation of $113,000.00 to the Interstate Stream Commission for technical and professional services.
4. A supplemental appropriation of $319,165.00 to the State Board of Crippled Children's Services.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

DONE at the Capitol in Phoenix this 15th day of December in the year of Our Lord One Thousand Nine Hundred and Sixty Seven and of the Independence of the United States the One Hundred and Ninety-second.

JACK WILLIAMS
GOVERNOR

ATTEST:

WESLEY BOLIN
Secretary of State

The proclamation was placed on file in the Secretary's office.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had passed the following:

House Bill No. 28, making an appropriation to the department of property valuation.

House Bill No. 29, making an appropriation to the state board of property tax appeals.

House Bill No. 30, making an appropriation to the interstate stream commission.

House Bill No. 31, making an appropriation to the Arizona state board of crippled children's services.

House Bills Nos. 28, 29, 30, and 31 were placed under the order of business, introduction and first reading of bills, for today.

Saturday, December 16, 1967
Twentieth Day

INTRODUCTION AND FIRST READING OF BILLS

The following bills were introduced and, by unanimous consent, read the first time by number and title:

House Bill No. 28, entitled: "An Act making an appropriation to the department of property valuation."

House Bill No. 29, entitled: "An Act making an appropriation to the state board of property tax appeals."

House Bill No. 30, entitled: "An Act making an appropriation to the interstate stream commission."

House Bill No. 31, entitled: "An Act making an appropriation to the Arizona state board of crippled children's services."

House Bills Nos. 28, 29, 30 and 31 were placed under the order of business, second reading of bills for today.

SECOND READING AND REFERENCE OF BILLS

The following bills were read the second time by number and title and were referred to the Committee on Appropriations:

House Bill No. 28, making an appropriation to the department of property valuation.

House Bill No. 29, making an appropriation to the state board of property tax appeals.

House Bill No. 30, making an appropriation to the interstate stream commission.

House Bill No. 31, making an appropriation to the Arizona state board of crippled children's services.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until Monday at 9 a.m. The motion was agreed to, and at 9:10 a.m. the Senate stood adjourned until Monday, December 18, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

MONDAY, DECEMBER 18

Twenty-second Day

The Senate met at 9 a.m.

Rev. Frank W. Sutton, Superintendent of the Metropolitan Missions Southern Baptist Church, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Gibbings.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Castillo, Conlan, Crowley, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Cardella, Garfield, Jacquin, and Kret were excused on roll call.

Senators Cardella and Garfield were seated at 1:30 p.m.

THE JOURNAL

The President announced that the reading of the Journal of Saturday, December 16, 1967, is dispensed with and the Journal stands approved as recorded by the Secretary.

RECESS

Without objection at 9:08 a.m. the Senate stood at recess until 1:30 p.m.

AFTERNOON SESSION

The President called the Senate to order at 1:30 p.m.

Committee meetings were announced.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 1:34 p.m. the Senate stood adjourned until tomorrow, Tuesday, December 19, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

TUESDAY, DECEMBER 19
Twenty-third Day

The Senate met at 9 a.m.

Rev. Ron Patty, Minister of Music, First Church of God, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Giss.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Cardella, Jacquin and Kret were excused on roll call.

Senators Cardella and Jacquin were seated at 9:04 a.m.

Senator Kret was seated at 1:30 p.m.

THE JOURNAL

The President announced that the reading of the Journal of Monday, December 18, 1967, is dispensed with and the Journal stands approved as recorded by the Secretary.

REPORTS OF STANDING COMMITTEES

The Committee on Appropriations, Senator Knoles, Chairman, reported the following, with a majority of the committee recommending that the bills do pass:

House Bill No. 28, appropriation to department of property valuation.

House Bill No. 29, appropriation to state board of property tax appeals.

House Bill No. 31, appropriation to Arizona state board of crippled children's services.

RECESS

Without objection, at 9:07 a.m. the Senate stood at recess until 1:30 p.m.

AFTERNOON SESSION

The President called the Senate to order at 1:30 p.m.

Committee meetings were announced.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until

tomorrow at 1:30 p.m. The motion was agreed to and at 1:40 p.m. the Senate stood adjourned until tomorrow, Wednesday, December 20, 1967 at 1:30 p.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

WEDNESDAY, DECEMBER 20
Twenty-fourth Day

The Senate met at 1:30 p.m.

Rev. James Outlaw, Jr., Associate Pastor of Jesus Name Church, Pentecostal, Phoenix, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Goetze.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Senators Cardella, Jacquin and Johnson were excused on roll call.

Senators Cardella, Jacquin and Johnson were seated at 1:35 p.m.

THE JOURNAL

The President announced that without objection, the reading of the Journal of Tuesday, December 19, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

RECESS

Without objection, at 1:40 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 5:19 p.m.

ADJOURNMENT

Senator Goldberg moved that the Senate stand adjourned until tomorrow at 9 a.m. The motion was agreed to and at 5:26 p.m. the Senate stood adjourned until tomorrow, Thursday, December 21, 1967, at 9 a.m.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

THURSDAY, DECEMBER 21

Twenty-fifth (and last) Day

The Senate met at 9 a.m.

Dr. Charles Severns, Pastor of the Phoenix Central Christian Church, offered prayer.

Pledge of Allegiance to the Flag was led by Senator Goldberg.

The roll was called and the following Senators answered to their names:

Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Kitchel, Knoles, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, President Humphrey.

Senators Johnson, Kret, and Wilcox were excused on roll call.

Senators Johnson, Kret, and Wilcox were seated at 9:05 a.m.

THE JOURNAL

The President announced that without objection the reading of the Journal of Wednesday, December 20, 1967, is dispensed with and the Journal is approved as recorded by the Secretary.

RECESS

Without objection, at 9:11 a.m. the Senate stood at recess until 12 o'clock noon.

The President called the Senate to order at 12 o'clock noon.

Committee announcements were made.

RECESS

Without objection, at 12:05 p.m. the Senate stood at recess until 2 p.m.

AFTERNOON SESSION

The President called the Senate to order at 2 p.m.

Announcement was made of Majority caucus.

RECESS

Without objection, at 2:01 p.m. the Senate stood at recess until 3 p.m.

The President called the Senate to order at 3 p.m.

REPORTS OF STANDING COMMITTEES

The Committee on Appropriations, Senator Knoles, Chairman, reported House Bill No. 30, appropriation to interstate stream commission, with a majority of the Committee recommending that the bill do pass.

Thursday, December 21, 1967
Twenty-fifth (and last) Day

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had passed the following:

House Bill No. 10, increasing luxury tax on cigarettes.

House Bill No. 11, increasing luxury tax on alcoholic beverages.

House Bills Nos. 10 and 11 were placed under the order of business, introduction and first reading of bills.

INTRODUCTION AND FIRST READING OF BILLS

The following bills were introduced and, by unanimous consent, read the first time by number and title:

House Bill No. 10, entitled: "An Act relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for common and high school equalization and financial assistance; providing for the imposition of a cigarette floor stock tax for the purpose of raising additional funds for common and high school financial assistance, and amending section 42-1231, Arizona Revised Statutes."

House Bill No. 11, entitled: "An Act relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages, and amending section 42-1204, Arizona Revised Statutes."

House Bills Nos. 10 and 11 were placed under the order of business, second reading of bills.

SECOND READING AND REFERENCE OF BILLS

The following bills were read the second time by number and title and were referred to the Committee on Finance and Revenue:

House Bill No. 10, increasing luxury tax on cigarettes.

House Bill No. 11, increasing luxury tax on alcoholic beverages.

RECESS

Without objection, at 3:08 p.m. the Senate stood at recess until 5:30 p.m.

The President called the Senate to order at 5:30 p.m.

Committee meetings were announced.

RECESS

Without objection, at 5:40 p.m. the Senate stood at recess until 9:30 p.m.

The President called the Senate to order at 9:30 p.m.

Thursday, December 21, 1967
Twenty-fifth Day

REPORTS OF STANDING COMMITTEES

The Committee on Finance and Revenue, Senator Porter, Chairman, reported the following, with a majority of the Committee recommending that the bills do pass:

House Bill No. 10, increasing luxury tax on cigarettes, with the following amendments: (reference is to the House engrossed bill)

Page 1, after section 42-1231, subsection B, insert a new subsection C to read:

"C. Of the funds collected as prescribed by the terms of subsection A, three and one-half cents on each twenty cigarettes or fractional part thereof shall be allocated for the purpose of raising funds for the central Arizona project, common and high school equalization and financial assistance."

Page 1, Sec. 2, on line 5 beginning with subsection A, after "funds for" insert "the central Arizona project,"; on the same line after "school" insert "equalization and".

Amend title to read:

AN ACT relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for the central Arizona project, common and high school equalization and financial assistance; providing for the imposition of a cigarette floor stock tax for the purpose of raising additional funds for the central Arizona project, common and high school equalization and financial assistance, and amending section 42-1231, Arizona Revised Statutes.

House Bill No. 11, increasing luxury tax on alcoholic beverages, with the following amendments: (reference is to the House engrossed bill)

Page 1, after the enacting clause on line 5, before "In" insert "A."

Page 1, after the enacting clause, line 11, strike "and" and insert ","; after "relief" insert ", and as may be prescribed by law"

Page 3, after line 3, insert new subsection to read:

"B. Of the funds collected as prescribed by the terms of subsection A, paragraphs 2 and 4, three and one-half cents of each of the items prescribed in such paragraphs shall be allocated for the purpose of raising funds for the central Arizona project, common and high school equalization and financial assistance."

Amend title to read:

AN ACT relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages for certain purposes, and amending section 42-1204, Arizona Revised Statutes.

Thursday, December 21, 1967
Twenty-fifth Day

The Committee on Rules, Senator Goldberg, Chairman, reported House Bills Nos. 10, 11, 28, 29, 30, and 31 for the consideration of the Senate.

COMMITTEE OF THE WHOLE

Senator Goldberg moved that the Senate resolve itself into Committee of the Whole for the consideration of the bills on the Calendar. The motion was agreed to and at 9:35 p.m. the Senate resolved itself into Committee of the Whole, with Senator Wilcox in the chair.

At 10 p.m. the Committee of the Whole arose.

REPORT OF THE COMMITTEE OF THE WHOLE

Senator Wilcox for the Committee of the Whole submitted the following recommendations:

That House Bill No. 10, increasing luxury tax on cigarettes, be amended as follows: (reference is to the House engrossed bill)

Page 1, after section 42-1231, subsection B, insert a new subsection C to read:

"C. Of the funds collected as prescribed by the terms of subsection A, three and one-half cents on each twenty cigarettes or fractional part thereof shall be allocated for the purpose of raising funds for the central Arizona project, common and high school equalization and financial assistance."

Page 1, Sec. 2, on line 5 beginning with subsection A, after "funds for" insert "the central Arizona project,"; on the same line after "school" insert "equalization and".
Amend title to read:

AN ACT relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for the central Arizona project, common and high school equalization and financial assistance; providing for the imposition of a cigarette floor stock tax for the purpose of raising additional funds for the central Arizona project, common and high school equalization and financial assistance, and amending section 42-1231, Arizona Revised Statutes.

and, as so amended, the bill do pass.

That House Bill No. 11, increasing luxury tax on alcoholic beverages, be amended as follows: (reference is to the House engrossed bill)

Page 1, after the enacting clause on line 5, before "In" insert "A."

Page 1, after the enacting clause, line 11, strike "and" and insert ","; after "relief" insert ", and as may be prescribed by law"

Page 3, after line 3, insert new subsection to read:

"B. Of the funds collected as prescribed by the terms of subsection A, paragraphs 2 and 4, three and one-half cents of each of the items prescribed in such paragraphs shall be allocated for the purpose of raising funds for the central Arizona project, common and high school equalization and financial assistance."

Amend title to read:

AN ACT relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages for certain purposes, and amending section 42-1204, Arizona Revised Statutes.

and, as so amended, the bill do pass.

That House Bill 28, appropriation to department of property valuation, do pass.

That House Bill No. 29, appropriation to state board of property tax appeals, do pass.

That House Bill No. 30, appropriation to interstate stream commission, do pass.

That House Bill No. 31, appropriation to the Arizona state board of crippled children's services, do pass.

Senator Wilcox moved the acceptance of the report and that the bills be properly assigned. The motion was agreed to.

Senator Goldberg moved that an emergency be declared, the rules be suspended and that House Bills Nos. 10 and 11 be advanced to the order of business, third reading of bills for today, via the Committee on Administration. The motion was unanimously agreed to.

House Bills Nos. 10 and 11 were referred to the Committee on Administration for engrossing. House Bills Nos. 28, 29, 30, and 31 were placed under the order of business, third reading of bills for today.

Without objection the Senate reverted to the order of business.

REPORTS OF STANDING COMMITTEES

The Committee on Administration, Senator Conlan, Chairman, reported House Bills Nos. 10 and 11 as properly engrossed, and the bills were placed under the order of business, third reading of bills.

THIRD READING OF BILLS

House Bill No. 10, entitled: "An Act relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for the Central Arizona Project, common and high school equalization and financial assistance; providing for the imposition

of a cigarette floor stock tax for the purpose of raising additional funds for the Central Arizona Project, common and high school equalization and financial assistance, and amending section 42-1231, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 10 and directed the Secretary to return the bill to the House.

House Bill No. 11, entitled: "An Act relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages for certain purposes, and amending section 42-1204, Arizona Revised Statutes," was read in full on third reading and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 11 and directed the Secretary to return the bill to the House.

House Bill No. 28 entitled: "An Act making an appropriation to the department of property valuation," was read in full on third reading and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of House Bill No. 28 and directed the Secretary to return the bill to the House.

House Bill No. 29 entitled: "An Act making an appropriation to the state board of property tax appeals," was read in full on third reading and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Thursday, December 21, 1967
Twenty-fifth Day

The President announced the signing in open session of House Bill No. 29 and directed the Secretary to return the bill to the House.

House Bill No. 30, entitled: "An Act making an appropriation to the interstate stream commission," was read in full on third reading and passed on roll call which resulted: Ayes 28, Noes 2, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

Noes: Blansett and Kret.

The President announced the signing in open session of House Bill No. 30 and directed the Secretary to return the bill to the House.

House Bill No. 31, entitled: "An Act making an appropriation to the Arizona State Board of Crippled Children's Services," was read in full on third reading and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of House Bill No. 31 and directed the Secretary to return the bill to the House.

RECESS

Without objection, at 10:25 p.m. the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 11:07 p.m.

REPORTS OF FREE JOINT CONFERENCE COMMITTEES

Senators Huso, Garfield, Knoles, Kret, Campbell, and Gibbings; and Members Akers, Flake, Gardner, Koory, and Rosenbaum, a majority of the conferees; and a minority of the committee consisting of Member Rickard, in the matter of disagreement on Senate Bill No. 2, state equalization aid plan for school districts, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on Senate Bill 2, state equalization aid plan for school districts, respectfully recommends that the bill be amended as follows:

(Reference is to House engrossed bill)

A majority of your committee recommends that the free conference committee report be adopted.

A minority of your committee consisting of Member Rickard recommends that the free conference committee report be not adopted.

Strike all after the enacting clause and insert:

"Section 1. Sec. 15-442, Arizona Revised Statutes, is amended to read:

15-442. **General powers and duties**

A. The board of trustees shall:

1. Maintain the schools established by them for a period of not less than one hundred seventy-five school days in each school year, and if the funds of the district are sufficient, maintain the schools for a longer period, and as for as practicable with equal rights and privileges.

2. Enforce the courses of study and select all textbooks used in the schools from the multiple lists determined and authorized by the state board of education pursuant to paragraph 18 of §15-102 and purchase the same from the publishers under contracts negotiated by the state board as provided in this title. The amount budgeted for this purpose shall not be included in the budget items to which the limitation provided by §15-1203 shall apply. One fourth of the amount budgeted for textbooks may be expended for teaching aids relating to the textbooks selected. District school funds may be budgeted and expended by the board for supplementary books, as contained in the lists prepared by the state board of education pursuant to subsection B of §15-1101, and for such additional textbooks as may be necessary because of an extraordinary increase in enrollment or an act of God, provided that supplementary books shall not be purchased in such quantities as to take the place of the textbooks prescribed by paragraph 18 of §15-102.

3. Visit every school in the district and examine carefully into its management, condition and needs.

4. Provide transportation for any child or children when deemed for the best interest of the district, whether within or without the district, county or state.

5. Exclude from schools all books, publications or papers of a sectarian, partisan, or denominational character.

6. MANAGE AND CONTROL THE SCHOOL PROPERTY WITHIN ITS DISTRICT.

7. PURCHASE SCHOOL FURNITURE, APPARATUS, EQUIPMENT, LIBRARY BOOKS AND SUPPLIES FOR THE USE OF THE SCHOOLS.

8. RENT, FURNISH, REPAIR AND INSURE THE SCHOOL PROPERTY OF THE DISTRICT.

9. CONSTRUCT SCHOOL BUILDINGS WHEN DIRECTED TO DO SO BY A VOTE OF THE DISTRICT.

10. MAKE IN THE NAME OF THE DISTRICT CONVEYANCES OF PROPERTY BELONGING TO THE DISTRICT AND SOLD BY THE BOARD.

11. PURCHASE OR SELL SCHOOL SITES WHEN AUTHORIZED BY A VOTE OF THE DISTRICT, BUT SUCH AUTHORIZATION SHALL NOT NECESSARILY SPECIFY THE SITE TO BE PURCHASED.

12. CONSTRUCT, IMPROVE AND FURNISH BUILDINGS USED FOR SCHOOL PURPOSES WHEN SUCH BUILDINGS OR PREMISES ARE LEASED FROM THE NATIONAL PARK SERVICE, WHEN DIRECTED TO DO SO BY A VOTE OF THE DISTRICT.

B. The board may:

1. Expel pupils for misconduct.

2. Exclude from the primary grades children under six years of age.

3. Make such segregation of groups of pupils as it deems advisable.

4. Maintain such special schools during vacation as deemed necessary for the benefit of the pupils of the district.

5. Permit a superintendent, principal or their representatives to travel for a school purpose, as determined by a majority vote of the board. By unanimous vote the board may permit members of the board to travel for a school purpose. Any expenditure for travel and subsistence shall be as provided under the terms of title 38 ,chapter 4, article 2, and shall be a charge against the budgeted school district funds.

6. Rent such buildings as may be necessary provided the rental contract does not exceed one year.

7. Construct or provide in rural districts housing facilities for teachers which the board determines is necessary for the operation of the school.

8. Sell to the state, county or city any school property required for a public purpose, provided the sale of the property will not affect the normal operations of a school within the school district.

C. EXCEPT AS PROVIDED IN §15-445, THE BOARD OF TRUSTEES SHALL NOT ENTER INTO ANY LEASE-PURCHASE AGREEMENT. A LEASE-PURCHASE AGREEMENT MAY BE CONTINUED UNTIL THE TERMINATION DATE THEREOF IF SUCH AGREEMENT WAS ENTERED INTO BEFORE AND IS STILL IN EFFECT ON JULY 1, 1968.

Sec. 2. Sec. 15-445, Arizona Revised Statutes, is amended to read:

15-445. **Levy; items for which levy may be expended; limitations**

A. AT THE REQUEST OF THE BOARD OF TRUSTEES OF A DISTRICT, THE COUNTY SUPERINTENDENT SHALL INCLUDE IN HIS ESTIMATE TO THE BOARD OF SUPERVISORS THE ITEMS PRESCRIBED BY THIS SECTION AND THE BOARD OF SUPERVISORS MAY MAKE A LEVY ON THE PROPERTY OF THE DISTRICT SUFFICIENT TO PRODUCE THE AMOUNT ASKED FOR, BUT A LEVY FOR SUCH PURPOSE SHALL NOT EXCEED TEN CENTS ON EACH ONE HUNDRED DOLLARS OF PROPERTY VALUATION. FUNDS COLLECTED PURSUANT TO THE LEVY MAY BE ACCUMULATED FROM YEAR TO YEAR, AND IF NOT NEEDED TO BE USED FOR A PERIOD OF THREE MONTHS OR MORE, MAY BE INVESTED IN THE SAME MANNER AS SINKING FUND MONIES, AS PRESCRIBED BY §15-1323.

B. THE BOARD MAY INCLUDE IN ITS ANNUAL BUDGET THE FOLLOWING ITEMS WHICH MAY BE PAID FROM THE LEVY PRESCRIBED BY THE TERMS OF SUBSECTION A.

1. THE PURCHASE OF SITES, IMPROVEMENT OF SCHOOL GROUNDS, ERECTING, PURCHASING, IMPROVING AND FURNISHING OF SCHOOL BUILDINGS AND APPURTENANCES.

2. THE IMPROVING AND FURNISHING OF BUILDINGS USED FOR SCHOOL PURPOSES WHEN SUCH BUILDNGS ARE LEASED FROM THE NATIONAL PARK SERVICE.

3. A LEASE-PURCHASE AGREEMENT FOR TRANSPORTATION EQUIPMENT OR FOR PORTABLE CLASSROOMS.

C. THE BOARD SHALL REQUIRE A VOTE OF THE QUALIFIED ELECTORS OF THE DISTRICT WHO ARE REAL PROPERTY TAXPAYERS PRIOR TO THE EXPENDITURE OF FUNDS FOR PURPOSES PRESCRIBED BY THIS SECTION FOR THE FOLLOWING:

1. PURCHASE OF SITES.

2. ERECTING OF SCHOOL BUILDINGS.

3. IMPROVING AND FURNISHING OF BUILDINGS USED FOR SCHOOL PURPOSES WHEN SUCH BUILDINGS ARE LEASED FROM THE NATIONAL PARK SERVICE.

Sec. 3. Sec. 15-1012, Arizona Revised Statutes, is amended to read:

15-1012. **Appropriation; computation; additional cost**

A. All homebound students as defined by §15-1011 shall be included in the appropriations and apportionment made pursuant to §§15-1211 and 15-1212 and the county levy as provided in §15-1235. In addition thereto the legislature shall appropriate to each school district providing homebound teaching services under the provisions of this article one hundred dollars per capita per annum for each homebound student taught by the district AND THIS APPROPRIATION SHALL BE MADE ON AN ACTUAL PER CAPITA PER ANNUM BASIS AS SHOWN BY THE RECORDS OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION.

B. The appropriation shall be computed with reference to the ESTIMATED number of homebound students TO BE taught during the CURRENT year. Any additional cost resulting from the homebound teaching program and not provided for under the provisions of this section shall be met by each school district having students receiving homebound instruction. Such additional costs shall be apportioned on a per pupil basis as prescribed by the board in its rules and regulations and shall be a charge against the districts involved.

Sec. 4. Sec. 15-1019, Arizona Revised Statutes, is amended to read:

15-1019. **Appropriation and apportionment; approval of program**

A. All students as defined by §15-1016 shall be included in the appropriation and apportionment made pursuant to §§15-1211 and 15-1212 and the county levy as provided in §15-1235. In addition thereto, the legislature shall appropriate to each school district providing special education classes under the provisions of this article, one hundred ninety dollars per unit of average daily attendance per annum for each special education student taught by the district AND THIS APPROPRIATION SHALL BE MADE ON AN ACTUAL PER CAPITA PER ANNUM BASIS AS SHOWN BY THE RECORDS OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION. The county shall provide in addition ten dollars per unit of average daily attendance for each special education student taught by the district.

B. The appropriation shall be computed with reference to the ESTIMATED number of special education students TO BE taught during the CURRENT year in classes having a minimum of two hundred forty minutes of instruction per school day. Any additional cost resulting from the special education program and not provided for under the provisions of this section shall be met by each school district having students receiving special instruction.

C. The appropriations and apportionment provided under the terms of this section shall not be granted to the

governing body of a school district unless the district complies with the provisions of this article and the conditions and standards prescribed by the director of the division of special education. A school district program for education of handicapped children, as prescribed by the terms of this article, shall be presented to the state board of education for approval.

Sec. 5. Sec. 15-1083, Arizona Revised Statutes, is amended to read:

15-1083. **Appropriation and apportionment; approval of program**

A. All students as defined by §15-1081 shall be included in the appropriation and apportionment made pursuant to §§15-1211 and 15-1212 and the county levy as provided in §15-1235. In addition, the legislature shall annually appropriate to the department of public instruction the sum of five hundred ninety dollars for each trainable retarded student in average daily attendance and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the superintendent of public instruction. The county shall, in addition, provide ten dollars per unit of average daily attendance for each trainable retarded student taught by the district. The monies so appropriated shall be distributed to the districts or counties operating approved trainable retarded children's classes for each trainable retarded student taught.

B. The appropriation shall be computed with reference to the ESTIMATED number of trainable retarded children TO BE taught during the CURRENT year in approved classes. One-half day's average daily attendance shall be computed for any child attending the trainable retarded children's class for a period of not less than one hundred twenty minutes. Full average daily attendance shall be computed for children attending classes for two hundred forty minutes or more. Any additional cost resulting from the trainable retarded children's class and not provided for under this section shall be met by each school district having students receiving instruction in the trainable retarded children's facility.

C. The appropriation and apportionment provided under the terms of this section shall not be granted to the governing body of a school district or county unless the district complies with the provisions of this article and conditions and standards prescribed by the director of the division of special education. A school district or county program for the education of trainable retarded children, as prescribed by the terms of this article, shall be presented to the state board of education for approval.

D. At the beginning of each school year the county school superintendent shall present an estimate of the current year's trainable retarded children's tuition to each school

district that has signed an agreement to use the services of the school or instructional center administered by the county superintendent under subsection B of this section. The tuition shall be the estimated per capita cost based on the number of pupils that each school district has estimated will enroll in the program, and the school district shall pay the tuition quarterly in advance on July 1, October 1, January 1 and April 1. Increases in enrollment during the school year over the school district's estimate of July 1 shall cause the tuition charges to be adjusted accordingly. In the event of overpayment by the district of residence, the necessary adjustment shall be made at the close of the school year.

Sec. 6. Sec. 15-1201, Arizona Revised Statutes, is amended to read:

15-1201. **School district budget; form**

A. Not later than July 3 each year the governing board of each common or high school district shall prepare and furnish to the county school superintendent and the state superintendent of public instruction a proposed budget for the current fiscal year, which shall contain the information and be in form as follows:

(Name and No. of District)

PROPOSED SCHOOL DISTRICT BUDGET

For the fiscal year July 1, 19____ to June 30, 19____

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees CURRENT Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget CURRENT Fiscal Year 19.....
I. ADMINISTRATION					
Salaries					
Clerk and Employees of School Board	( )	( )	____	____	____
Superintendent	( )	( )	____	____	____
Asst. Superintendent	( )	( )	____	____	____
PRINCIPALS	( )	( )	____	____	____
ASST. PRINCIPALS	( )	( )	____	____	____
Other Administrative Officers	( )	( )	____	____	____
Secretarial and Clerical Assistants	( )	( )	____	____	____
Supplies and Expense					
School Board			____	____	____
Superintendent's Office			____	____	____
PRINCIPAL'S OFFICE			____	____	____

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Ex-pendi-tures Past Fiscal Year 19.....	Proposed Budget CURRENT Fiscal Year 19.....
TRAVEL			_____	_____	_____
Total			_____	_____	_____
II. INSTRUCTION					
Salaries					
Supervisors of Instruction	( )	( )	_____	_____	_____
Guidance & Psychological Personnel	( )	( )	_____	_____	_____
Class Room Teachers	( )	( )	_____	_____	_____
Other Instructional Personnel	( )	( )	_____	_____	_____
Librarians	( )	( )	_____	_____	_____
Secretarial & Clerical Assistants	( )	( )	_____	_____	_____
Supplies and Expense					
Teaching Supplies			_____	_____	_____
Library Books			_____	_____	_____
TRAVEL			_____	_____	_____
Other			_____	_____	_____
Total			_____	_____	_____
III. OPERATION OF SCHOOL PLANT					
Wages & Salaries					
Janitorial Employees	( )	( )	_____	_____	_____
Supplies and Expense					
Utilities			_____	_____	_____
Supplies			_____	_____	_____
TRAVEL			_____	_____	_____
Other			_____	_____	_____
Total			_____	_____	_____
IV. MAINTENANCE OF SCHOOL PLANT					
Wages & Salaries					
Maintenance Employees	( )	( )	_____	_____	_____
Materials, Supplies and Expense			_____	_____	_____
TRAVEL			_____	_____	_____
Contracts			_____	_____	_____
Total			_____	_____	_____

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget CURRENT Fiscal Year 19.....
V. AUXILIARY AGENCIES SALARIES					
HEALTH SERVICES	( )	( )	____	____	____
ATTENDANCE SERVICE	( )	( )	____	____	____
PUPIL TRANSPORTATION	( )	( )	____	____	____
LUNCH PROGRAM	( )	( )	____	____	____
*PHYSICAL EDUCATION—INTRAMURAL	( )	( )	____	____	____
*PHYSICAL EDUCATION—INTERSCHOLASTIC	( )	( )	____	____	____
*PRORATE—TIME BASIS EXPENSE					
HEALTH SERVICE			____	____	____
ATTENDANCE SERVICE			____	____	____
PHYSICAL EDUCATION—INTRAMURAL			____	____	____
PHYSICAL EDUCATION—INTERSCHOLASTIC			____	____	____
PUPIL TRANSPORTATION			____	____	____
LUNCH PROGRAM			____	____	____
TRAVEL			____	____	____
OTHER			____	____	____
TOTAL			____	____	____
VI. FIXED CHARGES					
Rent OR LEASE FOR A PERIOD NOT TO EXCEED ONE YEAR			____	____	____
Insurance Premiums (OTHER THAN PERSONNEL)			____	____	____
INSURANCE PREMIUMS FOR PERSONNEL			____	____	____
Industrial Compensation Premiums			____	____	____
O. A. S. I. Contributions			____	____	____

PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees CURRENT Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget CURRENT Fiscal Year 19.....
State Retirement Contributions			_____	_____	_____
Interest on Registered Warrants			_____	_____	_____
Other			_____	_____	_____
Total			_____	_____	_____
VII. CONTINGENCIES			_____	_____	_____
VIII. CAPITAL OUTLAY			_____	_____	_____
Textbooks			_____	_____	_____
ATHLETIC EQUIPMENT			_____	_____	_____
Furniture & Equipment			_____	_____	_____
Transportation Equipment			_____	_____	_____
Additions, alterations, and improvements					
a. Salaries and wages			_____	_____	_____
b. Materials			_____	_____	_____
c. Contracts			_____	_____	_____
Other			_____	_____	_____
Total			_____	_____	_____
IX. TUITION TO OTHER SCHOOL DISTRICTS			_____	_____	_____
Grand Total			_____	_____	_____

* *BUDGET SIX PER CENT LIMIT CHECK

1. Grand total Budget Past Fiscal Year _____
2. Subtract: Budget Past Fiscal Year for:
   Capital Outlay (VIII) _____
   UNUSED Tuition to Other School Districts (IX) _____
   AMOUNT OVERBUDGETED BASED ON ACTUAL AVERAGE DAILY ATTENDANCE _____
3. Equals Total Operational Budget for PAST Fiscal Year _____
4. TOTAL OF COLUMN 1, ITEM 10 _____
5. Total Operational Budget Per Pupil Per Annum for the Past Fiscal Year (Item 3 Divided by Item 4) _____
6. Add:
   (a) Six Per Cent Limitation Per Pupil Per Annum (Item 5 x 6%) or _____

(b) $30.00 PER PUPIL PER ANNUM FOR COMMON SCHOOLS; _____

$40.00 PER PUPIL PER ANNUM FOR HIGH SCHOOLS _____

7. Permissible Operational Budget Per Pupil Per Annum for CURRENT Fiscal Year
   (a) (Item 5 + Item 6(a)) or _____
   (b) (ITEM 5 + ITEM 6(b)) _____
8. TOTAL OF COLUMN 2, ITEM 10 _____
   (IF TOTAL OF COLUMN 1, ITEM 10 IS LARGER, SUCH FIGURE MAY BE USED (A.R.S. 15-1201.01,B))
9. Permissible Total Operational Budget for CURRENT Fiscal Year (THE LARGER OF Item 7(a) OR 7(b) x Item 8) _____
10. *ACTUAL ATTENDANCE INFORMATION

	COLUMN 1 PAST FISCAL YEAR (ACTUAL)	COLUMN 2 ESTIMATED CURRENT FISCAL YEAR
Eligible for State Aid	_____	_____
Not eligible for State Aid		
(a) Kindergarten (AT ½ AVERAGE DAILY ATTENDANCE)	_____	_____
(b) Over 21	_____	_____
(c) Tuition	_____	_____
Total AVERAGE DAILY ATTENDANCE	_____	_____

ATTENDANCE INFORMATION AND ESTIMATES APPROVED

_____
COUNTY SCHOOL SUPERINTENDENT

* PURSUANT TO SECTION 15-1212, SUBSECTION C, PARAGRAPH 4.

**IN THE FISCAL YEAR BEGINNING JULY 1, 1969 AND THEREAFTER, DO NOT EXECUTE ITEMS 1 THROUGH 4. USE ITEM 7(b) FROM PREVIOUS FISCAL YEAR AS ITEM 5 FOR CURRENT FISCAL YEAR.

SPECIAL LEVIES AND BOND SERVICE

PURPOSE	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget CURRENT Fiscal Year 19.....
I. Special district levy for improvement of adjacent public ways	_____	_____	_____
II. Special district levy for building fund (Not to exceed 10c on $100 valuation)	_____	_____	_____

	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget CURRENT Fiscal Year 19.....
III. Special levy for expenditures authorized pursuant to section 15-1245 (MEMORANDUM ONLY—DO NOT ADD)	_____	(_____)	_____
IV. Bonded indebtedness			
Interest	_____	_____	_____
Redemption	_____	_____	_____
Total	_____	_____	_____

B. The board of trustees may, when preparing the school district's budget as required in this section and §15-1202, budget an amount not to exceed ten per cent of the total of the following budgetary items: III. Operation of school plant, IV. Maintenance of school plant, V. Auxiliary agencies, VI. Fixed charges, as estimated in the proposed budget for the present fiscal year, and place that amount in a special category designated: "VII. Contingencies". This amount may be used for any necessary school expense except salaries, travel, capital outlay, special levies and bond service. Expenditures from the special category provided for by this subsection shall be charged to the appropriate item in the budget but in no event shall the total of the charges to the various budget items exceed the amount estimated for contingencies for the present fiscal year.

C. ON OR BEFORE MARCH 15, BEGINNING WITH THE FISCAL YEAR WHICH COMMENCES ON JULY 1, 1968, THE BOARD OF TRUSTEES SHALL ADJUST THE EXPENDITURES BASED ON AVERAGE DAILY ATTENDANCE AS DETERMINED BY § 15-1212, SUBSECTION C, PARAGRAPH 4, SO THAT THE TOTAL PERMISSIBLE OPERATIONAL BUDGET PER PUPIL PER ANNUM FOR THE CURRENT FISCAL YEAR DOES NOT EXCEED THE AMOUNT SHOWN AS ITEM 7 IN THE BUDGET SIX PER CENT LIMIT CHECK.

Sec. 7. Sec. 15-1201.01, Arizona Revised Statutes, is amended to read:

15-1201.01. **Budget control; exceptions**

A. The funds budgeted under item VIII of the budget prescribed by §15-1201 shall be used only for the purpose of capital outlay.

B. For the purposes of the budget six per cent limit check only, as prescribed by §15-1201, the actual AVERAGE daily attendance for the previous year may be used when such actual AVERAGE daily attendance IS GREATER than

the ESTIMATED actual AVERAGE daily attendance for the PROPOSED BUDGET year.

C. The budget six per cent limit check as prescribed by the terms of §15-1201 shall not apply to any school district employing four classroom teachers or less.

Sec. 8. Title 15, Chapter 12, article 1, Arizona Revised Statutes, is amended by adding §15-1201.02, to read:

15-1201.02 **Legislative review**

The legislature shall at least once every four years review the sums designated in item 6(b) of the budget six per cent limit check.

Sec. 9. Sec. 15-1202, Arizona Revised Statutes, is amended to read:

15-1202. **Presentation of budget to district taxpayers; notice; meeting; adoption; expenditures pending final adoption limitations on expenditures by school district; exceptions; elections; budget of new school district**

A. The board of trustees of each district shall prepare a notice fixing a time not later than July 10 and designating a public place within each district at which a meeting will be held at which the board of trustees will present the proposed budget for consideration of the residents and taxpayers of the district.

B. The board of trustees of each district, prior to the meeting shall publish a copy of the notice with a copy of the proposed budget one time in a newspaper of general circulation within the school district, but if no newspaper is published therein, publication shall be made in a newspaper published in the nearest district within the county. The cost of publication shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the board of trustees with the state superintendent of public instruction within thirty days after publication.

C. At the time and place fixed in the notice the members of the board of trustees shall hold the meeting and present the proposed budget to the residents and taxpayers attending the meeting. Upon request of any person, the board of trustees shall explain the budget and any resident or taxpayer may protest the inclusion of any item.

D. After the meeting the board of trustees shall adopt the budget, PROVIDED IT DOES NOT REPRESENT AN INCREASE GREATER THAN THAT SHOWN AS THE LARGER OF ITEM 6(a) OR 6(b) OF THE BUDGET SIX PER CENT LIMIT CHECK, making such deductions therefrom as it sees fit, but no additions thereto, and shall enter the budget as adopted in its minutes. Not later than July 12 the budget as finally adopted shall be filed by the board of trustees in triplicate with the county school superintendent,

who shall immediately transmit a copy to the board of supervisors of the county and a copy to the state superintendent of public instruction.

E. IF THE BUDGET INCLUDES AN INCREASE OF MORE THAN THAT SHOWN AS THE LARGER OF ITEM 6(a) OR 6(b) OF THE BUDGET SIX PER CENT LIMIT CHECK OVER THE PAST FISCAL YEAR, THE BOARD OF TRUSTEES SHALL CALL AN ELECTION FOR THE PURPOSE OF PRESENTING THE BUDGET TO THE QUALIFIED ELECTORS WHO ARE REAL PROPERTY TAXPAYERS OF THE SCHOOL DISTRICT FOR APPROVAL. IF APPROVED, THE PROPOSED BUDGET SHALL BE IMMEDIATELY TRANSMITTED TO THE BOARD OF SUPERVISORS OF THE COUNTY AND A COPY TO THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION. IF DISAPPROVED, AN ALTERNATE BUDGET WHICH DOES NOT INCLUDE AN INCREASE OF MORE THAN THAT SHOWN AS THE LARGER OF ITEM 6(a) OR 6(b) OF THE BUDGET SIX PER CENT LIMIT CHECK OVER THE PAST FISCAL YEAR SHALL BE IMMEDIATELY TRANSMITTED TO THE BOARD OF SUPERVISORS AND A COPY TO THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION.

F. IF A PROPOSED BUDGET IS APPROVED BY VOTE OF THE PEOPLE, THE INCREASE WILL BE EFFECTIVE ONLY IN THE CURRENT YEAR AND ENTERED IN THE BUDGET SIX PER CENT LIMIT CHECK AS ITEM 6(a). ITEM 6(b) OF THE BUDGET SIX PER CENT LIMIT CHECK SHALL BE USED THE FOLLOWING YEAR FOR THE PURPOSE OF DETERMINING THE INCREASE WHICH MAY BE PERMITTED BY §15-1201.

G. Pending final adoption of the budget, a district may expend not to exceed five per cent of the proposed budget.

H. No expenditure shall be made for a purpose not particularly itemized and included in the budget, and no expenditure shall be made, and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for such item, irrespective of whether the district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under such budget, except pursuant to the provisions of §15-1245.

I. When a new school district is created pursuant to the provisions of §§15-404 and 15-408 the trustees shall adopt a budget in the form set forth in §15-1201 which will provide funds sufficient for operation of the district during its first year, but thereafter such district shall be subject to the provisions of this article.

J. IF THE PROPOSED BUDGET REPRESENTS AN INCREASE OF MORE THAN THAT SHOWN AS THE LARGER OF ITEM 6(a) OR 6(b) OF THE BUDGET SIX PER

CENT LIMIT CHECK OVER THE PAST FISCAL YEAR, AN ELECTION SHALL BE HELD IN WHICH THE QUALIFIED ELECTORS WHO ARE REAL PROPERTY TAXPAYERS OF THE SCHOOL DISTRICT BY A MAJORITY VOTE OF THOSE VOTING EITHER AFFIRM OR REJECT SUCH BUDGET. IN SUCH EVENT, THE TERMS OF SUBSECTION A SHALL BE MODIFIED SO THAT THE NOTICE SHALL OCCUR NO LATER THAN JUNE 1. THE BOARD OF TRUSTEES SHALL PUBLISH A COPY OF THE PROPOSED INCREASE IN THE BUDGET ONE TIME IN A NEWSPAPER OF GENERAL CIRCULATION WITHIN THE SCHOOL DISTRICT, BUT IF NO NEWSPAPER IS PUBLISHED THEREIN, PUBLICATION SHALL BE MADE IN A NEWSPAPER PUBLISHED IN THE NEAREST DISTRICT WITHIN THE COUNTY. THE COST OF PUBLICATION SHALL BE A CHARGE AGAINST THE SCHOOL DISTRICT. THE PUBLISHER'S AFFIDAVIT OF PUBLICATION SHALL BE FILED BY THE BOARD OF TRUSTEES WITH THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION WITHIN THIRTY DAYS AFTER PUBLICATION.

K. THE ELECTION PRESCRIBED BY THE TERMS OF SUBSECTION J SHALL BE CONDUCTED AS NEARLY AS PRACTICABLE IN THE MANNER PRESCRIBED IN ARTICLE 1, CHAPTER 13 OF THIS TITLE, RELATING TO SCHOOL BOND ELECTIONS. THE BALLOTS SHALL CONTAIN THE WORDS "BUDGET INCREASE, YES" AND "BUDGET INCREASE, NO", AND THE VOTER SHALL SIGNIFY HIS DESIRED CHOICE.

Sec. 10. Sec. 15-1211, Arizona Revised Statutes, is amended to read:

15-1211. **State levy for common and high school education; minimum requirements; continuing appropriation; disbursements**

A. The legislature shall appropriate for common school and high school education one hundred EIGHTY-TWO dollars FIFTY CENTS per capita per annum, computed according to average daily attendance in common and high schools as shown by the records of the superintendent of public instruction. The legislature may designate the source of the revenue and prescribe the method of apportionment.

B. If the legislature fails to make the appropriation prescribed by subsection A, the state TAX COMMISSION, when determining the annual tax levy for state purposes, shall include an amount sufficient to meet the minimum requirements of subsection A, and subsection A shall be deemed to constitute a continuing annual appropriation of the amount as determined by the minimum requirements therein prescribed.

C. All monies appropriated pursuant to subsections A and B, and in addition thereto all income derived from the

permanent fund for the benefit of common and high school education, and receipts for such purpose from any other source, shall be placed in the state school fund to the credit of the state board of education and disbursed as provided by law.

D. AT LEAST SEVENTY-FIVE per cent of state monies apportioned to common and high schools shall be used for instructional costs, as defined by the state board of education.

Sec. 11. Sec. 15-1212, Arizona Revised Statutes, is amended to read:

15-1212. Apportionment of funds

A. The board shall apportion the sum in the state school fund to the several counties on the basis of average daily attendance in the common and high schools in each county. No allowance shall be made for attendance at schools conducted at night, for attendance of nonresident alien children, nor for wards of the United States for whom tuition is paid, but attendance of a student in a school of a county adjoining the county of his residence, whether within or without the state, under a certificate of educational convenience as provided by §15-304, shall be deemed to be attendance in the school of the county or district of his RESIDENCE.

B. Apportionments shall be made as follows:

1. On July 15, one-twelfth of the total amount to be apportioned during the fiscal year.

2. On September 15, one-sixth of the total amount to be apportioned during the fiscal year.

3. On November 15, one-fourth of the total amount to be apportioned during the fiscal year.

4. On January 15, ONE-TWELFTH of the total amount to be apportioned during the fiscal year.

5. ON MARCH 15, ONE-SIXTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

6. On MAY 15, one-fourth of the total amount to be apportioned during the fiscal year. The superintendent of public instruction shall furnish the treasurer and the school superintendent of each county an abstract of the apportionment, and shall certify the apportionment to the state auditor, who shall draw his warrant in favor of the county treasurer of each county for the amount apportioned thereto. Upon receipt of the warrant the county treasurer shall notify the county superintendent that the amount thereof, together with any other monies standing to the credit of the county school fund, is subject to apportionment as prescribed by law.

C. As used in this section:

1. "Common school" means the first to eighth grades inclusive.

2. "High school" means the ninth to twelfth grades inclusive.

3. "Daily attendance" means:

(a) For common schools, days in which a pupil:

(i) Of the first, second or third grades attends a minimum of two hundred forty minutes.

(ii) Of the fourth, fifth or sixth grades attends a minimum of three hundred minutes.

(iii) Of the seventh or eighth grades attends a minimum of three hundred sixty minutes, including in each case recreational periods, and in which a pupil regardless of grade is actually present during one or both of the two sessions into which the school day is divided, but attendance at one session only shall be counted as one-half day's attendance.

(b) For high schools, the attendance of a high school pupil shall not be counted a full day unless such pupil is actually and physically in attendance, enrolled in and carrying four subjects or the equivalent thereof that count toward graduation as defined by the state board of education, in a recognized high school, but attendance of a pupil carrying less than the load prescribed shall be prorated.

4. For the purpose of making appropriations and apportionment of the state and county aid and the determination of FINANCIAL ASSISTANCE, "average daily attendance" means the ACTUAL AVERAGE DAILY ATTENDANCE WITHIN THE CURRENT SCHOOL YEAR. THE BOARD OF TRUSTEES SHALL SUBMIT, FOR APPROVAL OR REVISION, TO THE COUNTY SCHOOL SUPERINTENDENT AND THE SUPERINTENDENT OF PUBLIC INSTRUCTION THE ESTIMATED ACTUAL AVERAGE DAILY ATTENDANCE OF THE DISTRICT FOR THE FIRST SIX MONTHS OF THE SCHOOL YEAR. PRIOR TO THE FINAL APPORTIONMENT OF STATE SCHOOL FUNDS ON MAY 15, AN ADJUSTMENT SHALL BE MADE BASED ON ACTUAL AVERAGE DAILY ATTENDANCE FOR THE FIRST SIX MONTHS. IN ADDITION A NEW ESTIMATE AND APPORTIONMENT SHALL BE MADE FOR THE LAST THREE MONTHS BY THE SCHOOL DISTRICT WHICH IS APPROVED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND WHICH ESTIMATE SHALL BE CONSISTENT WITH THE ACTUAL AVERAGE DAILY ATTENDANCE ACHIEVED DURING THE FIRST SIX MONTHS OF THE SCHOOL YEAR.

D. The provisions of subsection C, paragraph 4, shall apply to title 15, chapter 12, articles 1 to 3, inclusive, and

any reference to "average daily attendance for the preceding year", or "for the previous year", shall be determined as provided in paragraph 4.

E. Any determination of average daily attendance shall be based on the records of the superintendent of public instruction.

Sec. 12. Sec. 15-1221, Arizona Revised Statutes, is amended to read:

15-1221. **Definitions**

In this article, unless the context otherwise requires:

1. "Assessed valuation" means the net valuation set in accordance with law on real estate, improvements and personal property in each school district or county.

2. "Average daily attendance" means the average daily attendance as defined in §15-1212.

3. "Basic cost of education" means that sum of money required to provide a minimum standard of education for each child in average daily attendance.

4. "Common school" means the first to eighth grades inclusive.

5. "County aid" means the monies set aside from the county general fund by the board of supervisors, which, when added to the amounts appropriated by the legislature as provided in §15-1211, shall equal TWO hundred dollars per capita per annum for common and high school education within the county.

6. "District qualifying tax rate" means the tax rate of TEN cents per one hundred dollars assessed valuation of property in each common school district and TEN cents per one hundred dollars assessed valuation in each high school district, which was levied by the county board of supervisors for the year's MAINTENANCE AND operational expenses of each such district as a condition the district must meet TO BE eligible for participation in the state school FINANCIAL ASSISTANCE monies for the current year. In elementary districts that are not in a high school district, the county board of supervisors shall have levied an additional TEN cents levy in each such district, if the district is to qualify for FINANCIAL ASSISTANCE to pay tuition for high school pupils. The district tax rate used for determining eligibility for FINANCIAL ASSISTANCE shall be computed exclusive of any FINANCIAL ASSISTANCE received by the district.

7. "FINANCIAL ASSISTANCE" means the state monies distributed to school districts in order to permit each school district to maintain an educational program pursuant to the provisions of this article.

8. "High school" means the ninth to twelfth grades inclusive.

9. "MAINTENANCE AND operational expenses" means ALL CATEGORIES OF THE SCHOOL DISTRICT BUDGET, BUT IS NOT TO BE CONSTRUED TO INCLUDE SPECIAL LEVIES AND BOND SERVICE ITEMS.

10. "School district needs" means the amount of financial aid that each school district requires in order to afford each pupil in average daily attendance a basic cost of education.

11. "State aid" means the sum of money designated by the legislature to be allocated to the counties to be distributed to the districts upon the basis of the average daily attendance of the districts pursuant to §§15-1211, and 15-1212.

Sec. 13. Sec. 15-1222, Arizona Revised Statutes, is amended to read:

15-1222. **Appropriation of monies for financial assistance; administration of funds for financial assistance purposes**

A. The legislature shall appropriate monies which shall be deposited in the state school FINANCIAL ASSISTANCE fund, for the purpose of providing the funds required under §§15-1223 and 15-1224.

B. The monies deposited in the state school FINANCIAL ASSISTANCE fund, as prescribed by the terms of subsection A, shall be administered and distributed as FINANCIAL ASSISTANCE to qualifying school districts by the state superintendent of public instruction.

Sec. 14. Sec. 15-1223, Arizona Revised Statutes, is amended to read:

15-1223. **Computation of financial assistance to common school districts**

A. Each common school district that employed three or more teachers during the previous school year shall be alloted by the state superintendent of public instruction FINANCIAL ASSISTANCE for MAINTENANCE AND operational expenses if required, sufficient to provide a basic cost of education of three hundred SEVENTY-FIVE dollars, multiplied by the average daily attendance of the district. The FINANCIAL ASSISTANCE shall be allotted subsequent to the computation of items provided in subsection B.

B. In computing the amounts of state FINANCIAL ASSISTANCE that each common and high school district shall receive, the following revenues shall be credited to the basic cost of education of each district:

1. State and county aid computed at TWO hundred dollars times the actual average daily attendance.

2. FEDERAL MONIES RECEIVED SHALL BE CREDITED IN THE FOLLOWING MANNER:

(a) FOR EACH STUDENT ATTENDING COMMON SCHOOL FOR WHOM THE DISTRICT RECEIVED, OR WAS ENTITLED TO RECEIVE, DURING THE PREVIOUS SCHOOL YEAR, EMERGENCY OPERATIONAL AID BY P. L. 81-874, CREDITS IN THE FOLLOWING AMOUNTS:

(i) ENTITLEMENT BY P. L. 81-874 — 3A — $175.00

(ii) ENTITLEMENT BY P. L. 81-874 — 3B1 — $82.50

(iii) ENTITLEMENT BY P. L. 81-874 — 3B2 — $82.50

(b) FOR EACH STUDENT ATTENDING HIGH SCHOOL FOR WHOM THE DISTRICT RECEIVED, OR WAS ENTITLED TO RECEIVE, DURING THE PREVIOUS SCHOOL YEAR, EMERGENCY OPERATIONAL AID BY P. L. 81-874, CREDITS IN THE FOLLOWING AMOUNTS:

(i) ENTITLEMENT by P. L. 81-874 — 3A — $300.00

(ii) ENTITLEMENT by P. L. 81-874 — 3B1 — $150.00

(iii) ENTITLEMENT by P. L. 81-874 — 3B2 — $150.00

(c) FOR EACH STUDENT ATTENDING COMMON SCHOOL FOR WHOM THE DISTRICT RECEIVED, OR WAS ENTITLED TO RECEIVE, DURING THE PREVIOUS SCHOOL YEAR, INDIAN EDUCATION AID BY P. L. 73-167, EXCLUSIVE OF PERIPHERAL SCHOOL CONTRACT MONIES, SUCH AMOUNT AS WAS ACTUALLY RECEIVED, OR SUCH AMOUNT AS THE DISTRICT WOULD OTHERWISE HAVE BEEN ENTITLED TO RECEIVE.

(d) FOR EACH STUDENT ATTENDING HIGH SCHOOL FOR WHOM THE DISTRICT RECEIVED, OR WAS ENTITLED TO RECEIVE, DURING THE PREVIOUS SCHOOL YEAR, INDIAN EDUCATION AID BY P. L. 73-167, EXCLUSIVE OF PERIPHERAL SCHOOL CONTRACT MONIES, SUCH AMOUNT AS WAS ACTUALLY RECEIVED, OR SUCH AMOUNT AS THE DISTRICT WOULD OTHERWISE HAVE BEEN ENTITLED TO RECEIVE.

3. The district tax yield from the levy of the district qualifying tax rate on the CURRENT year's assessed valuation AS DETERMINED BY THE ASSESSMENT ROLLS PREPARED BY THE COUNTY ASSESSOR OR THE DEPARTMENT OF PROPERTY VALUATION.

Sec. 15. Sec. 15-1224, Arizona Revised Statutes, is amended to read:

15-1224. **Computation of financial assistance to high school districts**

Each high school district, and each common school district not in a high school district that pays tuition for high

school pupils residing in such districts, shall be allotted by the state superintendent of public instruction FINANCIAL ASSISTANCE for MAINTENANCE AND operational expenses of not less than FIVE hundred dollars, multiplied by the average daily attendance of the district. The FINANCIAL ASSISTANCE shall be allotted subsequent to the computation of the items provided in §15-1223, subsection B, except that elementary districts not in a high school district must levy the high school district qualifying tax rate for tuition payment for high school pupils in order to qualify for FINANCIAL ASSISTANCE to pay for high school pupils.

Sec. 16. Sec. 15-1225, Arizona Revised Statutes, is amended to read:

15-1225. **Apportionment of financial assistance to school districts**

A. Funds in the state school fund for FINANCIAL ASSISTANCE purposes shall be apportioned to the districts of each county on the basis of need, as determined by the provisions of §15-1212. In no event shall any school district receive more FINANCIAL ASSISTANCE than it is entitled to receive as provided by this article and any overage shall be returned by the school district and credited to the state school FINANCIAL ASSISTANCE fund. The legislature shall appropriate sufficient money for the purpose of providing the funds required under §§15-1223 and 15-1224. Such monies shall be deposited in the state school FINANCIAL ASSISTANCE fund for FINANCIAL ASSISTANCE purposes. If the legislature fails to make the appropriation, the state TAX COMMISSION when determining the annual tax levy shall include an amount sufficient to meet the requirements of §§15-1223 and 15-1224 and this shall be deemed to constitute a continuing annual appropriation.

B. The state superintendent of public instruction shall provide each school district, through the county school superintendent, with a statement of the apportionments made as provided in subsection A, on a form prescribed by the state superintendent of public instruction.

Sec. 17. Title 15, chapter 12, Arizona Revised Statutes, is amended by adding article 2.2, §§15-1228, 15-1228.01 and 15-1228.02, to read:

ARTICLE 2.2.

STATE EQUALIZATION AID FOR
COMMON AND HIGH SCHOOL DISTRICTS

15-1228. **Appropriation of monies for equalization aid; administration of funds for equalization purposes; continuing annual appropriations**

A. The legislature shall appropriate monies which shall be deposited in the state school fund and designated as equal-

ization monies, for the purpose of providing the funds required under this article.

B. The monies deposited in the state school fund, as prescribed by the terms of subsection A, shall be administered and distributed as equalization aid to qualifying school districts by the state superintendent of public instruction.

C. If the legislature fails to make the appropriation, the state tax commission when determining the annual tax levy shall include an amount sufficient to meet the requirements of this article and this shall be deemed to constitute a continuing annual appropriation.

D. All monies appropriated and apportioned pursuant to subsections A, B and C of this section and §15-1228.01 shall be used for maintenance and operational purposes.

15-1228.01. **Formula for distribution of equalization monies to common and high school districts**

A. The superintendent of public instruction shall determine the amount of equalization monies to be distributed to common and high school districts by application of the following formula:

1. Each school district's assessed valuation shall be determined as a percentage of the total statewide common or high school district's assessed valuation.

2. Each school district's average daily attendance shall be determined as a percentage of the total statewide common or high school districts' average daily attendance.

3. The factor produced by paragraph 1 shall be divided by the factor produced in paragraph 2 and the result equals the district's index of state support, and the amount of state aid for each pupil in average daily attendance within the school district.

4. The amount of state aid for each pupil in average daily attendance within the school district as indicated by the index of state support shall be multiplied by the common or high school districts' average daily attendance as determined by the records of the superintendent of public instruction. The result is the total amount of state equalization aid to the school district under the terms of this article.

B. The amount of equalization aid prescribed by the terms of this article shall be limited by the following:

1. Pupils in average daily attendance shall be defined to exclude pupils receiving aid for education from the federal government which is specified for Indian education aid (P. L. 73-167).

2. The equalization aid prescribed by the terms of this article shall be the amount specified by the terms of this

article or a lesser amount sufficient to reduce the actual district tax levy for maintenance and operational purposes to an amount equal to a tax rate of ten cents for each one hundred dollars of assessed valuation.

C. The index of state support shall be as follows:

Index No.	State equalization aid for each pupil in average daily attendance
.01 or less	$136.125
.02	134.750
.03	133.375
.04	132.000
.05	130.625
.06	129.250
.07	127.875
.08	126.500
.09	125.125
.10	123.750
.11	122.375
.12	121.000
.13	119.625
.14	118.250
.15	116.875
.16	115.500
.17	114.125
.18	112.750
.19	111.375
.20	110.000
.21	108.625
.22	107.250
.23	105.875
.24	104.500
.25	103.125
.26	101.750
.27	100.375
.28	99.000
.29	97.625
.30	96.250
.31	94.875
.32	93.500
.33	92.125
.34	90.750
.35	89.375
.36	88.000
.37	86.625
.38	85.250
.39	83.875
.40	82.500
.41	81.125
.42	79.750
.43	78.375
.44	77.000
.45	75.625
.46	74.250
.47	72.875

Index No.	State equalization aid for each pupil in average daily attendance
.48	71.500
.49	70.125
.50	68.750
.51	67.375
.52	66.000
.53	64.625
.54	63.250
.55	61.875
.56	60.500
.57	59.125
.58	57.750
.59	56.375
.60	55.000
.61	53.625
.62	52.250
.63	50.875
.64	49.500
.65	48.125
.66	46.750
.67	45.375
.68	44.000
.69	42.625
.70	41.250
.71	39.875
.72	38.500
.73	37.125
.74	35.750
.75	34.375
.76	33.000
.77	31.625
.78	30.250
.79	28.875
.80	27.500
.81	26.125
.82	24.750
.83	23.375
.84	22.000
.85	20.625
.86	19.250
.87	17.875
.88	16.500
.89	15.125
.90	13.750
.91	12.375
.92	11.000
.93	9.625
.94	8.250
.95	6.875
.96	5.500
.97	4.125
.98	2.750
.99	1.375
1.00 and over	0

15-1228.02. **Apportionment**

The state equalization aid for each common and high school district shall be apportioned to school districts in the manner prescribed by the terms of Section 15-1212.

Sec. 18. Sec. 15-1235, Arizona Revised Statutes, is amended to read:

15-1235. **County levy for schools**

The board of supervisors of each county shall at the beginning of each fiscal year provide and set aside from the county general fund an amount which, when added to the amounts appropriated by the legislature pursuant to §15-1211, shall equal TWO hundred dollars per capita per annum for common and high school education within the county. The county levy shall be computed according to the average daily attendance of pupils in common school and high school within each county as shown by the records of the superintendent of public instruction, but there shall not be included in the computation pupils attending schools conducted at night, nonresident alien children, or wards of the United States for whom tuition is paid. The amount obtained pursuant to this section shall be part of the county school fund.

Sec. 19. Sec. 15-1241, Arizona Revised Statutes, is amended to read:

15-1241. **Apportionment of county school fund by county superintendent**

The county school superintendent, after deducting the amount fixed for the special county school reserve fund, shall apportion all monies to the credit of the county school fund to the several school districts on the basis of average daily attendance in the common and high schools of the county PURSUANT TO THE PROCEDURES PRESCRIBED BY §15-1212, SUBSECTION C, PARAGRAPH 4.

Sec. 20. Sec. 15-1246, Arizona Revised Statutes, is amended to read:

15-1246. **Special county school reserve fund**

The treasurer of each county shall transfer each fiscal year from the county school fund to the special county school reserve fund an amount estimated by the county school superintendent to be required for such fund. The estimate shall be submitted, not later than July 10, to the board of supervisors for their approval. A copy of the estimate as finally adopted by the board of supervisors shall be filed with the county treasurer. Warrants drawn on the special county school reserve fund shall be approved prior to payment by the board of supervisors, as other county warrants are approved. The estimate shall be itemized and shall include the amounts estimated by the county school superintendent to be needed:

1. For transportation of school children to and from one and two-room rural schools that are determined by the county school superintendent to be in need of such aid.

2. For transportation from unorganized territory to organized districts, of children who are eligible to receive state aid, and tuition for such children.

3. For transportation to and from the nearest public high school of pupils residing in elementary districts which are contiguous or not contiguous to and which are not within a high school district if it is determined by the county school superintendent that such elementary districts are in need of such aid.

4. For one and two-room school districts, an amount which when added to the sum of the estimated per capita apportionment from the STATE MONIES APPROPRIATED BY THE TERMS OF SECTION 15-1211, AND THE county school fund and the proceeds of a special school district levy of TWENTY-FIVE CENTS per one hundred dollars assessed valuation on the property within the district, will provide not more than five thousand dollars for a one-room school and not more than nine thousand dollars for a two-room school, provided that such schools are maintained for a minimum of ONE HUNDRED SEVENTY-FIVE DAYS per year.

5. For necessary expenses in excess of the per capita apportionment from the county school fund for the establishment and conducting of schools in unorganized territory.

Sec. 21. Sec. 15-1302, Arizona Revised Statutes, is amended to read:

15-1302. **Special elections on bond issues and school property; exemption from election**

A. The board of trustees of a school district may, and upon petition of fifteen per cent of the school electors as shown by the poll list at the last preceding annual school election shall, call an election for the following purposes:

1. To locate or change the location of schoolhouses.

2. To purchase or sell school sites or houses, or to build schoolhouses, but the authorization by vote of the district shall not necessarily specify the site to be purchased.

3. To decide whether the bonds of the district shall be issued and sold for the purpose of raising money for purchasing or leasing school lots, for building schoolhouses, supplying schoolhouses with furniture and apparatus, improving school grounds, or for liquidating any indebtedness already incurred for such purposes.

B. When the election is called to decide upon locating or relocating school buildings, or the purchase or sale of

school sites or school buildings, the election shall be called and conducted as regular school elections except as to the time of holding the election, and the board of trustees shall be governed by the vote of the majority on all questions submitted.

C. When the election is called to determine whether or not bonds of the district shall be issued and sold for the purposes enumerated in the call for the election, the question shall be submitted to the vote of the qualified electors of the district, as defined in Section 15-473.

D. In any election held under the authority of this section, only those electors who are real property taxpayers in the district affected are qualified to participate.

E. The board shall order the election to be held not less than thirty nor more than sixty days from the date of the order. If a petition for an election has been filed with the board as provided in subsection A, the board shall act upon the petition within thirty days by ordering the election.

F. A school district which has no electors who are real property taxpayers residing within the district shall not be subject to the provisions of this section. In lieu thereof the board of trustees may submit a request to the board of supervisors to expend the building funds for a specified purpose, provided it is prescribed in subsection A. The board of supervisors, by majority vote, may approve the request of the board of trustees and authorize the expenditure of the building funds listed in the school district budget as prescribed by §15-445, without an election.

Sec. 22. **Repeal**

Sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes, are repealed."

Amend title to read:

AN ACT RELATING TO EDUCATION; PROVIDING FOR STATE FINANCIAL ASSISTANCE AND EQUALIZATION AID TO SCHOOL DISTRICTS; AMENDING §§ 15-442, 15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1202, 15-1211, 15-1212, 15-1221 TO 15-1225, INCLUSIVE, 15-1235, 15-1241, 15-1246 AND 15-1302; AMENDING TITLE 15, CHAPTER 12, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING §15-1201.02; AMENDING TITLE 15, CHAPTER 12, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.2, AND REPEALING §§15-1203, 15-1203.01 AND 15-1211.01, ARIZONA REVISED STATUTES.

Senator Huso moved the adoption of the free joint conference committee report on Senate Bill No. 2 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Lewis, Jacquin, and Goldberg; and Members

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Barrow, Buehl, Barr, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich; and Members Biles and Crosby, in the matter of disagreement on Senate Bill No. 4, prescribing exemptions to sales and use tax, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on Senate Bill 4, prescribing exemptions to sales and use tax, respectfully recommends:

(Reference is to House engrossed bill)

A majority of your committee recommends that the Senate recede from its objections, accept the House amendments, and that the bill be further amended as follows:

A minority of your committee respectfully recommends that the report of the free joint conference committee on Senate Bill 4 be not adopted.

Page 2, line 11, strike "by pipeline companies"

Page 2, line 11, after "oil," strike "or"; after "natural" insert "GAS,"

Page 2, line 12, strike "or"; after "gas" insert ", WATER OR COAL SLURRY"

Page 5, line 26, after "oil," strike "or"; after "natural" insert "GAS,"

Page 5, line 27, before "artificial" strike "or"; after "gas," insert "WATER OR COAL SLURRY,"

Page 8, line 14, after "oil" insert a comma; strike "or"

Page 8, line 15, after "ural" insert "GAS," and strike "or"; after "artificial gas" insert ", WATER OR COAL SLURRY".

Senator Porter moved the adoption of the free joint conference committee report on Senate Bill No. 4 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Lewis, Jacquin, and Goldberg, and Members Barrow, Buehl, Barr, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich; and Members Biles and Crosby, in the matter of disagreement on Senate Bill No. 9, providing for sales tax on leasing or renting certain property, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on Senate Bill 9,

providing for sales tax on leasing or renting certain property, respectfully recommends:

(Reference is to House engrossed bill)

A majority of your committee recommends that the House recede from its amendments and that the bill be further amended as follows:

A minority of your committee respectfully recommends that the report of the free joint conference committee on Senate Bill 9 be not adopted.

Page 2, line 5, after "property" insert a period and strike remainder of line.

Page 2, strike lines 6, 7, 8, 9 and 10.

Page 2, between lines 10 and 11 insert new paragraph to read:

"B. UNTIL DECEMBER 1, 1972, THE TAX PRESCRIBED UNDER THE TERMS OF PARAGRAPH 3, SUBSECTION A OF THIS SECTION SHALL NOT APPLY TO ANY WRITTEN LEASE OR RENTAL AGREEMENT ENTERED INTO PRIOR TO DECEMBER 1, 1967, PROVIDED THAT SUCH EXCEPTION SHALL NOT APPLY TO THE BUSINESSES OF HOTELS, GUEST HOUSES, DUDE RANCHES AND RESORTS, ROOMING HOUSES, APARTMENT HOUSES, OFFICE BUILDINGS, AUTOMOBILE STORAGE GARAGES, PARKING LOTS OR TOURIST CAMPS, OR TO THE EXTENTION OR RENEWAL OF ANY SUCH WRITTEN LEASE OR RENTAL AGREEMENT."

Reletter to conform.

Page 2, line 13, strike "state fair commission" and insert "COLISEUM AND EXPOSITION CENTER BOARD"

Page 2, line 14 insert new section 2. Sec. 42-1361, Arizona Revised Statutes, is amended to read:

"42-1361. **Levy of tax**

A. There is levied and shall be collected by the commission an annual tax:

1. On the privilege of doing business in this state, measured by the amount or volume of business transacted by persons on acount of their business activities, and in the amounts to be determined by the application, against values, gross proceeds of sales, or gross income, as the case may be, in accordance with the provisions and schedules as set forth in title 42, chapter 8, article 1, at rates equal to fifty per cent of the rates imposed in said article.

2. On the storage, use or consumption in this state of tangible personal property subject to the tax prescribed by title 42, chapter 8, article 2, and purchased on and after July

1, 1959, at a rate equal to fifty per cent of the rate imposed in said article.

B. The tax levied and collected under the terms of this article is designated as the "education excise tax." "

Amend title to read:

AN ACT relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions; providing for an educational excise tax, and amending sections 42-1314 and 42-1361, Arizona Revised Statutes.

Senator Porter moved the adoption of the free joint conference committee report on Senate Bill No. 9 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Lewis, Jacquin, and Goldberg; and Members Barrow, Buehl, Barr and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich; and Members Biles and Crosby, in the matter of disagreement on Senate Bill No. 15, inclusion of all property on tax roll, submitted the following report:

Mr. President

Mr. Speaker:

Your free joint conference committee on Senate Bill 15, inclusion of all property on tax roll, respectfully recommends:

(Reference is to House engrossed bill)

A majority of your committee recommends that the House recede from its amendments and that the bill be further amended as follows:

A minority of your committee respectfully recommends that the report of the free joint conference committee on Senate Bill 15 be not adopted.

Page 1, line 8, after "B." strike remainder of line and insert: "IN ADDITION TO ALL OTHER PROPERTY WHICH IS REQUIRED BY LAW TO BE PLACED ON THE ROLL, ALL REAL PROPERTY WHICH IS SUBJECT TO THE JURISDICTION OF THE STATE OF ARIZONA,"

Page 1, line 12, after "listed" strike "in" and insert "ON"

Senator Porter moved the adoption of the free joint conference committee report on Senate Bill No. 15 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich, Senate conferees; and Members Barrow, Buehl, Barr, Pritzlaff, Crosby, and Biles, House conferees, in the matter of disagreement on Senate Bill No. 16, duties of director of property valuation and defining full

cash value and market value, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on Senate Bill 16, duties of director of property valuation and defining full cash value and market value, respectfully recommends:

(Reference is to House engrossed bill)

That the House recede from its amendments and that the bill be further amended as follows:

Page 5, between lines 15 and 16 insert new paragraph to read:

"4. "CURRENT USAGE" MEANS THE USE TO WHICH PROPERTY IS PUT AT THE TIME OF VALUATION BY THE ASSESSOR OR THE DEPARTMENT."

Renumber following paragraphs to conform

Page 5, between lines 25 and 26 insert new paragraph to read:

"9. "PRODUCING MINE OR MINING CLAIM" MEANS ANY MINE OR MINING CLAIM FROM WHICH ANY COAL, MINERAL OR MINERAL SUBSTANCE, OTHER THAN CLAY, SAND, GRAVEL OR ANY BUILDING STONE, HAS BEEN EXTRACTED FOR COMMERCIAL PURPOSES AT ANY TIME DURING A PERIOD OF THREE YEARS PRIOR TO THE FIRST MONDAY IN JANUARY OF THE TAX YEAR."

Renumber following paragraphs to conform

Page 5, add new section 3 to read:

"Sec. 3. **Emergency**

To preserve the public peace, health and safety it is necessary that this act become immediately operative. It is therefore declared to be an emergency measure, to take effect as provided by law."

Senator Porter moved the adoption of the free joint conference committee report on Senate Bill No. 16 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich, Senate conferees; and Members Barrow, Buehl, Barr, Pritzlaff, Crosby, and Biles, House conferees, in the matter of disagreement on Senate Bill No. 17, issuance and filing of building permits, submitted the following report:

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Mr. President:

Mr. Speaker:

Your free joint conference committee on Senate Bill 17, issuance and filing of building permits, respectfully recommends:

(Reference is to House engrossed bill)

That the House recede from its amendments, and that the bill be further amended as follows:

Page 1, line 3, strike "sections 9-468 and 9-469" and insert "section 9-468"

Page 1, strike lines 10, 11, 12 and 13.

Page 2, line 2, strike "ten" and insert "ONE THOUSAND"

Senator Porter moved the adoption of the free joint conference committee report on Senate Bill No. 17 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Lewis, Jacquin, Goldberg, Giss, and Gregovich, Senate conferees; and Members Barrow, Buehl, Barr, Pritzlaff, Crosby, and Biles, House conferees, in the matter of disagreement on Senate Concurrent Resolution No. 2, constitutional amendment exempting household goods from taxation, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on Senate Concurrent Resolution 2, constitutional amendment exempting household goods from taxation, respectfully recommends:

(Reference is to House engrossed resolution)

That the Senate recede from its objections, accept the House amendments, and that the free conference committee report be adopted.

Senator Porter moved the adoption of free joint conference committee report on Senate Concurrent Resolution No. 2, and the motion was agreed to.

Senate Concurrent Resolution No. 2 was placed under the order of business, third reading of bills for today.

MESSAGES FROM THE HOUSE

A message from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had adopted the free conference committee report on Senate Concurrent Resolution No. 2, constitutional amendment exempting household goods from taxation.

Without objection, the Senate reverted to the order of business,

Thursday, December 21, 1967
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THIRD READING OF BILLS

Senate Concurrent Resolution No. 2, by the Committee on Finance and Revenue, entitled: "A Concurrent Resolution proposing an amendment of the Constitution of Arizona relating to taxation; exempting certain household goods from personal property taxation, and amending article 9, section 2, Constitution of Arizona," was read in full on third reading as per free conference committee report and was adopted on roll call which resulted: Ayes 27, Noes 3, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Stump, Thode.

The President announced the signing in open session of Senate Concurrent Resolution No. 2 and directed the Secretary to transmit the resolution to the Governor.

FREE JOINT CONFERENCE COMMITTEE REPORTS

Senators Porter, Goldberg, Jacquin, and Lewis, and Members Barrow, Barr, Buehl, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich; and Members Biles and Crosby, in the matter of disagreement on House Bill No. 1, providing for classification of property; prescribing percentage of assessed valuation, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Bill 1, providing for classification of property; prescribing percentage of assessed valuation, respectfully recommends:

(Reference is to Senate Engrossed Bill)

That the House recede from its objections to the Senate amendments, and that the bill be further amended as follows:

MINORITY REPORT

Minority of the committee respectfully recommends that the free joint conference committee report on House Bill 1 be not adopted.

Page 1, line 10, after "property" strike the period and insert "valued under the provisions of sections 42-701 through 42-705."

Page 1, line 12, after "companies" strike the period and insert "valued under the provisions of sections 42-741 through 42-748."

Page 1, line 14, after "railroad" strike the period and in-

sert "valued under the provisions of sections 42-761 through 42-766."

Page 1, line 15, strike "Patented and unpatented mines," and insert "Producing mines and mining claims,".

Page 1, line 17, strike the period and insert "valued under the provisions of section 42-124."

Page 1, line 18, after "timber" insert a period and strike remainder of line.

Page 2, strike lines 2 through 9 and insert:

"(a) All real and personal property used in the operation of telephone and telegraph companies valued under the provisions of sections 42-791 through 42-795.

"(b) All property, both real and personal, of gas, water and electric utility companies and pipeline companies valued under the provisions of section 42-124.01.

"3. Class three:

"All real and personal property devoted to any commercial or industrial use other than property included in Classes one, two and four, including but not limited to land, the improvements thereto or any part of such land or improvements leased or rented for residential use.

"4. Class four:

"(a) All real property and the improvements thereto, if any, used for agricultural purposes, and all other real property and the improvements thereto, if any, not included in Classes one, two and three.

"(b) All personal property used for agricultural purposes, and all other personal property not included in Classes one, two and three."

Page 2, line 23, strike "ninety" and insert "sixty".

Page 2, line 24, strike "fifty-four" and insert "forty".

Page 2, line 25, strike "eighteen" and insert "twenty-five".

Page 2, between lines 25 and 26, insert:

"4. Class four: eighteen per cent of its full cash value.

"C. The valuation determined for producing oil and gas interests valued under the provisions of section 42-124 and sections 42-227.01 through 42-227.04 shall be the assessed valuation for such property."

Page 2, line 26, strike "C." and insert "D."

Page 3, strike lines 1 through 16.

Amend title to conform

Senator Porter moved the adoption of the free joint conference committee report on House Bill No. 1 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Goldberg, Jacquin, and Lewis; and Members Barrow, Barr, Buehl, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich, and Members Biles and Crosby, in the matter of disagreement on House Bill No. 4, providing for increase in rate of taxation on income, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Bill 4, providing for increase in rate of taxation on income respectfully recommends:

That the Senate recede from its amendments and the bill be amended as follows:

(Reference is to House Engrossed Bill)

MINORITY REPORT

Minority of the committee respectfully recommends that free joint conference committee report on House Bill 4 be not adopted.

Page 2, lines 11 and 12, strike "one and three-tenths" and insert "two".

Page 2, line 13, strike "thirteen" and insert "Twenty".

Page 2, line 15, strike "two and six-tenths" and insert "three".

Page 2, line 17, strike "thirty-nine" and insert "Fifty".

Page 2, line 19, strike "three and three-tenths" and insert "four".

Page 2, line 21, strike "Seventy-two" and insert "Ninety".

Page 2, line 23, strike "four" and insert "five".

Page 2, line 25, strike "and twelve" and insert "forty".

Page 2, lines 27 and 28, strike "four and six-tenths" and insert "six".

Page 2, line 29, strike "One hundred and fifty-eight" and insert "Two hundred".

Page 3, lines 1 and 2, strike "five and nine-tenths" and insert "seven".

Page 3, line 3, strike "and seventeen" and insert "seventy".

Page 3, line 5, strike "six and six-tenths" and insert "eight".

Page 3, line 12, after "table:" strike remainder of line and lines 13 through 31; strike pages 4 and 5.

Page 6, strike lines 1 through 12 and insert:

Gross Income		Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
At Least	But Less Than		
$1,100.00	$1,150.00	$ .25	$ -0-
1,150.00	1,200.00	1.15	-0-
1,200.00	1,250.00	2.05	-0-
1,250.00	1,300.00	2.95	-0-
1,300.00	1,350.00	3.85	-0-
1,350.00	1,400.00	4.75	-0-
1,400.00	1,450.00	5.65	-0-
1,450.00	1,500.00	6.55	-0-
1,500.00	1,550.00	7.45	-0-
1,550.00	1,600.00	8.35	-0-
1,600.00	1,650.00	9.25	-0-
1,650.00	1,700.00	10.15	-0-
1,700.00	1,750.00	11.05	-0-
1,750.00	1,800.00	11.95	-0-
1,800.00	1,850.00	12.85	-0-
1,850.00	1,900.00	13.75	-0-
1,900.00	1,950.00	14.65	-0-
1,950.00	2,000.00	15.55	-0-
2,000.00	2,050.00	16.45	-0-
2,050.00	2,100.00	17.35	-0-
2,100.00	2,150.00	18.25	-0-
2,150.00	2,200.00	19.15	-0-
$2,200.00	$2,250.00	$ 20.07	$ .05
2,250.00	2,300.00	21.42	.95
2,300.00	2,350.00	22.77	1.85
2,350.00	2,400.00	24.12	2.75
2,400.00	2,450.00	25.47	3.65
2,450.00	2,500.00	26.82	4.55
2,500.00	2,550.00	28.17	5.45
2,550.00	2,600.00	29.52	6.35
2,600.00	2,650.00	30.87	7.25
2,650.00	2,700.00	32.22	8.15
2,700.00	2,750.00	33.57	9.05
2,750.00	2,800.00	34.92	9.95
2,800.00	2,850.00	36.27	10.85
2,850.00	2,900.00	37.62	11.75
2,900.00	2,950.00	38.97	12.65
2,950.00	3,000.00	40.32	13.55
3,000.00	3,050.00	41.67	14.45
3,050.00	3,100.00	43.02	15.35
3,100.00	3,150.00	44.37	16.25
3,150.00	3,200.00	45.72	17.15
3,200.00	3,250.00	47.07	18.05
3,250.00	3,300.00	48.42	18.95
3,300.00	3,350.00	49.75	19.85

Gross Income		Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person Head of Household
At Least	But Less Than		
3,350.00	3,400.00	51.50	20.75
3,400.00	3,450.00	53.30	21.65
3,450.00	3,500.00	55.10	22.55
3,500.00	3,550.00	56.90	23.45
3,550.00	3,600.00	58.70	24.35
3,600.00	3,650.00	60.50	25.25
3,650.00	3,700.00	62.30	26.15
3,700.00	3,750.00	64.10	27.05
3,750.00	3,800.00	65.90	27.95
3,800.00	3,850.00	67.70	28.85
3,850.00	3,900.00	69.50	29.75
3,900.00	3,950.00	71.30	30.65
3,950.00	4,000.00	73.10	31.55
4,000.00	4,050.00	74.90	32.45
4,050.00	4,100.00	76.70	33.35
4,100.00	4,150.00	78.50	34.25
4,150.00	4,200.00	80.30	35.15
4,200.00	4,250.00	82.10	36.05
4,250.00	4,300.00	83.90	36.95
4,300.00	4,350.00	85.70	37.85
4,350.00	4,400.00	87.50	38.75
4,400.00	4,450.00	89.30	39.65
4,450.00	4,500.00	91.37	40.82
4,500.00	4,550.00	93.62	42.17
4,550.00	4,600.00	95.87	43.52
4,600.00	4,650.00	98.12	44.87
4,650.00	4,700.00	100.37	46.22
4,700.00	4,750.00	102.62	47.57
4,750.00	4,800.00	104.87	48.92
4,800.00	4,850.00	107.12	50.27
4,850.00	4,900.00	109.37	51.62
4,900.00	4,950.00	111.62	52.97
4,950.00	5,000.00	113.87	54.32

Senator Porter moved the adoption of the free joint conference committee report on House Bill No. 4 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Goldberg, Jacquin, and Lewis, and Members Barrow, Barr, Buehl and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich, and Members Biles and Crosby, in the matter of disagreement on House Bill No. 7, prescribing rate of education excise tax, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Bill 7, prescribing rate of education excise tax, respectfully recommends:

(Reference is to Senate Engrossed Bill)

That the House recede from its objections to the Senate amendments, and that the bill be further amended as follows:

MINORITY REPORT

Minority of the committee respectfully recommends that the free joint conference committee report on House Bill 7 be not adopted.

Page 2, lines 6 and 7, strike "Drugs which may be dispensed or sold only by or" and insert "The sale of drugs".

Page 3, strike line 8 and insert:

"ARTICLE 1.2 SPECIAL EXCISE TAX FOR EDUCATION".

Page 3, strike lines 10 through 14 and insert:

"A. There is levied and shall be collected by the commission an annual tax on the privilege of doing business in this state at a rate of one and one-half per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

"1. Transporting for hire persons or property by motor vehicle from one point to another point in this state."

Renumber to conform.

Page 4, between lines 3 and 4, insert:

"7. Job printing, engraving, embossing and copying, sold to purchasers in this state, and advertising by billboards, direct mail, radio, television or by any means calculated to appeal to prospective purchasers.

"8. Operating pipelines for transporting oil, natural gas, or artifical gas, through pipes or conduits from one point to another point in the state.

"9. Operating private car lines, as they are defined in chapter 4, article 3, of this title, from one point to another point in the state.

"B. There is levied and shall be collected by the commission an annual tax on the privilege of doing business in this state at a rate of one-half of one per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of mining, quarrying, smelting, or producing for sale, profit or commercial use, any oil, natural gas, limestone, sand, gravel, copper, gold, silver or other mineral product, compound or combination of mineral products.

"C. The tax levied and collected under the terms of this article is designated as the "special excise tax for education".

Senator Porter moved the adoption of the free conference committee report on House Bill No. 7 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Giss, Goldberg, Gregovich, Jacquin, and Lewis, Senate conferees; and Members Barrow, Barr, Biles, Buehl, Crosby, and Pritzlaff, House conferees, in the matter of disagreement on House Bill No. 15, providing situs of railroad cars for taxation purposes, submitted the following report: (reference is to the Senate engrossed bill)

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Bill 15, providing situs of railroad cars for taxation purposes, respectfully recommends:

That the Senate recede from its amendment.

Senator Porter moved the adoption of the report and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Goldberg, Jacquin, and Lewis, and Members Barrow, Barr, Buehl, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich, and Members Biles and Crosby, in the matter of disagreement on House Bill No. 16, imposing a real estate transfer tax, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Bill 16, imposing a real estate transfer tax, respectfully recommends:

That the Senate recede from its amendments and that the bill be amended as follows:

(Reference is to House Engrossed Bill)

MINORITY REPORT

Minority of the committee respectfully recommends that the free joint conference committee report on House Bill 16 be not adopted.

Page 2, line 21, strike "three" and insert "two".

Page 2, line 29, strike "parties" and insert "seller".

Page 2, line 30, strike "their" and insert "his"; strike "representatives" and insert "representative".

Page 3, line 6, after "misdemeanor" strike the period and

insert "punishable by a fine of not more than one hundred dollars."

Page 3, line 17, after "shall" strike remainder of line and lines 18 and 19 and insert "be retained by the county in the same manner as funds collected under section 11-475."

Senator Porter moved the adoption of the free conference committee report on House Bill No. 16 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Goldberg, Jacquin, and Lewis, and Members Barrow, Barr, Buehl, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich; and Members Biles and Crosby, in the matter of disagreement on House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Bill 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district, respectfully recommends:

That the Senate recede from its amendments and that the bill be amended as follows:

(Reference is to House Engrossed Bill)

MINORITY REPORT

Minority of the committee respectfully recommends that the free joint conference committee report on House Bill 18 be not adopted.

Page 1, line 7, strike "within each taxing district of the state".

Page 1, line 8, strike "the property of".

Page 1, line 11, after "thereof" insert a period and strike remainder of line.

Page 1, line 15, strike "and microwave services".

Page 1, line 17, strike "within each taxing district of the state".

Page 1, line 18, strike "the property of".

Page 1, lines 18 and 19, strike "and microwave services".

Page 1, line 21, strike "within such taxing districts".

Senator Porter moved the adoption of the free joint conference

committee report on House Bill No. 18 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Giss, Goldberg, Gregovich, Jacquin, and Lewis, Senate conferees; and Members Barrow, Barr, Biles, Buehl, Crosby, and Pritzlaff, House conferees, in the matter of disagreement on House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Bill 19, prescribing livestock tax assessment notice show number of livestock and months assessed, respectfully recommends:

Senate recede from its amendment and bill be further amended as follows:

(Reference to House Engrossed Bill)

Page 1, strike lines 17, 18 and 19, and insert:

"C. On the official notice of taxes levied and the tax statement transmitted to the taxpayer the treasurer shall show the number of livestock assessed, if any, and the number of months for which the livestock was assessed."

Senator Porter moved the adoption of the free joint conference committee report on House Bill No. 19 and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Goldberg, Jacquin, and Lewis; and Members Barrow, Barr, Buehl, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich; and Members Crosby and Biles, in the matter of disagreement on House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans, submitted the following report:

Mr. President :

Mr. Speaker:

Your free joint conference committee on House Concurrent Resolution 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans, respectfully recommends:

That the Senate recede from its amendments, and that the resolution be amended as follows:

(Reference is to House Engrossed Resolution)

MINORITY REPORT

Minority of the Committee respectfully recommends that the

free joint conference committee report on House Concurrent Resolution 1 be not adopted.

Strike everything after the enacting clause and insert:

"1. The following amendment of article 9, section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

Section 2(A). There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. This section shall be self-executing.

Section 2 (B). There shall be further exempt from taxation the property of each widow, and each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person other than a widow unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars, and shall have been a resident of this state prior to September 1, 1945.

There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps, or of the component of auxiliary of any thereof, resident of this state, not exceeding the amount of two thousand dollars, for the tax year 1969, the amount of one thousand five hundred dollars for the tax year 1970, the amount of one thousand dollars for the tax year 1971, and the amount of five hundred dollars for the tax year 1972, where the total assessment of such person named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I, and shall have been a resident of this state prior to September 1, 1945; provided, that no such exemption shall be made

for such person after the tax year 1972.

There shall be further exempt from taxation as herein provided the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, where such person has a service-connected disability as determined by the United States veterans administration, and where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have been a resident of this state prior to September 1, 1945, or unless he shall have been a resident of this state for at least four years prior to his original entry into service as an airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof. The property of such person having a compensable service-connected disability exempt from taxation as herein provided shall be determined as follows: (1) If such person's service-connected disability as determined by the United States veterans administration is sixty per cent or less, the property of such person exempt from taxation shall be determined by such person's percentage of disability multiplied by the assessment of such person not exceeding the amount of two thousand dollars; (2) If such person's service-connected disability as determined by the United States veterans administration is more than sixty per cent, the property of such person exempt from taxation shall not exceed the amount of two thousand dollars.

There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof; resident of this state, not exceeding the amount of two thousand dollars, where such person has a nonservice-connected total and permanent disability, physical or mental, as so certified by the United States veterans administration, and where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I, and shall have been a resident of this state prior to September 1, 1945.

No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to property owned by a person who qualifies for any exemption in accordance with the terms of this section 2(B) shall not exceed two thousand dollars. This section shall be self executing.

Section 2(C). All property in the state not exempt

under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing."

2. The proposed amendment (approved by a majority of the members elected to each house of the legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the secretary of state submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by article 21, Constitution of Arizona."

Amend title to read:

"Proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for certain tax exemptions for certain veterans; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected and nonservice-connected disabilities, and amending article 9, section 2, Constitution of Arizona."

Senator Porter moved the adoption of the free conference committee report on House Concurrent Resolution No. 1, and the motion was agreed to.

The Secretary was directed to notify the House.

Senators Porter, Goldberg, Jacquin, and Lewis; and Members Barrow, Barr, Buehl, and Pritzlaff, a majority of the conferees; and a minority of the committee consisting of Senators Giss and Gregovich; and Members Biles and Crosby, in the matter of disagreement on House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows, submitted the following report:

Mr. President:

Mr. Speaker:

Your free joint conference committee on House Concurrent Resolution 3, constitutional amendment providing for tax exempt status for certain widows, respectfully recommends:

That the Senate recede from its amendments and that the resolution be amended as follows:

(Reference is to House engrossed resolution)

MINORITY REPORT

Minority of the Committee respectfully recommends that the Free Joint Conference Committee Report on House Concurrent Resolution 3 be not adopted.

Page 2, strike lines 13 through 30; page 3, strike lines 1 and 2 and insert:

"There shall be further exempt from taxation the property of each widow, resident of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow does not exceed five thousand dollars; provided, that the income from all sources of such widow, together with the income from all sources of all children of such widow residing with her in such widow's residence in the year immediately preceding the year for which such widow applies for exemption, did not exceed (1) $3,500, if none of the widow's children under the age of twenty-one years resided with her in such widow's residence, or (2) $5,000, if one or more of the widow's children residing with her in such widow's residence was under the age of twenty-one years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law; and provided, further that such widow resided with her last husband in this state at the time of his death if she was not a widow and a resident of this state prior to January 1, 1969."

Amend title to read:

"Proposing an amendment of the constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending article 9, section 2, constitution of Arizona."

Senator Porter moved the adoption of the free conference committee report on House Concurrent Resolution No. 3, and the motion was agreed to.

The Secretary was directed to notify the House.

MESSAGES FROM THE HOUSE

A message from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had passed Senate Bill No. 6, increasing state withholding tax rate.

Senate Bill No. 6 was transmitted to the Governor.

RECESS

Without objection, at 12:55 a.m., Friday, December 22, 1967, the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 1:20 a.m.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had adopted the free joint conference committee reports on the following bills:

Thursday, December 21, 1967
Twenty-fifth (and last) Day

Senate Bill No. 2, providing state equalization aid plan for school districts.

Senate Bill No. 4, prescribing certain exemptions to sales and use tax.

Senate Bill No. 9, providing for sales tax on leasing or renting certain property.

Senate Bill No. 15, providing for inclusion of taxable and non-taxable property on county assessor's roll.

Senate Bill No. 16, prescribing duties of Director of Department of Property Valuation; declaring full cash value and fair market value as being synonymous; determining value of certain property.

Senate Bill No. 17, providing for issuance and filing of building permits.

Senate Bills Nos, 2, 4, 9, 15, 16, and 17 were referred to the Committee on Administration, for engrossing.

REPORTS OF STANDING COMMITTEES

The Committee on Administration, Senator Conlan, Chairman, reported Senate Bills Nos. 2, 4, 9, 15, 16, and 17 as properly re-engrossed as per free joint conference committee reports, and the bills were placed under the order of business, third reading of bills for today.

THIRD READING OF BILLS

Senate Bill No. 2, by Majority of the Committee on Education, entitled: "An Act relating to education; providing for state financial assistance and equalization aid to school districts; amending sections 15-442, 15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1202, 15-1211, 15-1212, 15-1221 to 15-1225, inclusive, 15-1235, 15-1241, 15-1246 and 15-1302; amending title 15, chapter 12, article 1, Arizona Revised Statutes, by adding section 15-1201.02; amending title 15, chapter 12, Arizona Revised Statutes, by adding article 2.2, and repealing sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted; Ayes 19, Noes 11, as follows:

Ayes: Burgess, Campbell, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 2 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 4, by the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending title 42, chapter

8, article 1, Arizona Revised Statutes, by adding section 42-1312.01, and amending sections 42-1321 and 42-1409, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 4 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 9, by the committee on Finance and Revenue, entitled: An Act relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions; providing for an educational excise tax, and amending sections 42-1314 and 42-1361, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 20, Noes 10, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 9 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 15, by Senators Holsclaw and Kret, Co-sponsors, entitled: "An Act relating to taxation; providing for the inclusion of taxable and nontaxable property on the roll, and amending section 42-238, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 19, Noes 11, as follows:

Ayes: Burgess, Cardella, Castillo, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of Senate Bill No. 15 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 16, by a Majority of the Committee on Finance and Revenue, entitled: "An Act relating to taxation; prescribing duties of director of department of property valuation; declaring full cash value and market value as being synonymous, and amending sections 42-123 and 42-201, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee

report and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of Senate Bill No. 16 and directed the Secretary to transmit the bill to the House.

Senate Bill No. 17, by the Committee on Finance and Revenue, entitled: "An Act relating to cities, towns and counties, providing for the issuance and filing of building permits; providing for distribution of copies; prescribing penalties; amending section 11-321, Arizona Revised Statutes; amending title 11, chapter 2, Article 9, Arizona Revised Statutes, by adding section 11-322, and amending title 9, chapter 4, Arizona Revised Statutes, by adding article 6.1," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of Senate Bill No. 17 and directed the Secretary to transmit the bill to the House.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives by K. E. Betty West its Chief Clerk, announced that the House had adopted the free joint conference committee reports on the following bills:

House Bill No. 1, providing for classification of property; prescribing percentage of assessed valuation.

House Bill No. 4, providing for increase in rate of taxation on income.

House Bill No. 7, prescribing rate of education excise tax.

House Bill No. 15, providing situs of railroad cars for taxation purposes.

House Bill No. 16, imposing real estate transfer tax.

House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district.

House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed.

House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.

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House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows.

House Bill No. 15, providing situs of railroad cars for taxation purposes, was placed under the order of business, third reading of bills for today.

THIRD READING OF BILLS

House Bill No. 15, entitled: "An Act relating to taxation; prescribing the situs of cars for taxation purposes, and amending section 42-742, Arizona Revised Statutes", was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 30, as follows:

Ayes: Blansett, Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Spikes, Stump, Tenney, Thode, Wilcox, President Humphrey.

The President announced the signing in open session of House Bill No. 15 and directed the Secretary to return the bill to the House.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had concurred in the Senate amendments to the following bills and had passed the bills on final reading as amended by the Senate:

House Bill No. 10, increasing luxury tax on cigarettes.

House Bill No. 11, increasing luxury tax on alcoholic beverages.

RECESS

Without objection, at 1:52 a.m., Friday December 22, 1967, the Senate stood at recess subject to the call of the gavel.

The President called the Senate to order at 2:23 a.m.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had, on final reading as per the free joint conference committee reports, passed the following bills and resolutions:

House Bill No. 1, providing for classification of property; prescribing percentage of assessed valuation.

House Bill No. 4, providing for increase in rate of taxation on income.

House Bill No. 7, prescribing rate of education excise tax.

House Bill No. 16, imposing real estate transfer tax.

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House Bill No. 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district.

House Bill No. 19, prescribing livestock tax assessment notice show number of livestock and months assessed.

House Concurrent Resolution No. 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.

House Concurrent Resolution No. 3, constitutional amendment providing for tax exempt status for certain widows.

House Bills Nos. 1, 4, 7, 16, 18, and 19, and House Concurrent Resolutions Nos. 1 and 3 were placed under the order of business, third reading of bills for today.

THIRD READING OF BILLS

House Bill No. 1, entitled: "An Act relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing section 42-136, Arizona Revised Statutes; amending title 42, chapter 1, article 2.1, Arizona Revised Statutes, by adding a new section 42-136, and amending sections 42-227 and 42-227.02, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 1 and directed the Secretary to return the bill to the House.

House Bill No. 4, entitled: "An Act relating to taxation; providing for an increase in the rate of taxation on income; providing for the elimination of federal income taxes as a deduction by corporations, and amending sections 43-102 and 43-123, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 4 and directed the Secretary to return the bill to the House.

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House Bill No. 7, entitled: "An Act relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending section 42-1312; title 42, chapter 8, Arizona Revised Statutes, by adding article 1.2," was read in full on final reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 7 and directed the Secretary to return the bill to the House.

House Bill No. 16, entitled: "An Act relating to taxation; imposing a fee for transfer of certain real estate; providing for affidavits of legal value on certain transfers of real estate; providing for penalties, and amending title 42, Arizona Revised Statutes, by adding chapter 10, articles 1 and 2," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 17, Noes 13, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Lewis, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 16 and directed the Secretary to return the bill to the House.

House Bill No. 18, entitled: "An Act relating to taxation; providing for determination of valuation of gas, water and electric utilities, pipelines, community antenna television systems and microwave services; amending section 42-124.01, Arizona Revised Statutes, and amending title 42, chapter 1, article 2, Arizona Revised Statutes, by adding section 42-124.03," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 17, Noes 12, *Excused from voting 1, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Castillo, Crowley, Gibbings, Giss, Gregovich, Huso, Kitchel, Ong, Spikes, Stump, Thode.

*Excused from voting: Campbell.

*Senator Campbell was, in accordance with Rules VI and XVIII, excused from voting on House Bill No. 18, due to conflict of interest.

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The President announced the signing in open session of House Bill No. 18 and directed the Secretary to return the bill to the House.

Senator Huso offered the following explanation of his vote on House Bill No. 18.

Mr. President:

I would like to explain my vote and if there is no objection, I would like to have my remarks entered in the Journal.

The language of this bill is statutory language — but is not old language. It was devised the First Regular Session of this year, 1967.

We don't, frankly, know how it will work since the present law is less than a year old.

House Bill 18 when conceived was meaningful in that it compelled the Department of Valuation to find WITHIN EACH TAXING DISTRICT OF THE STATE the full cash value of all gas, water and electric utilities. This has now been stricken so as to say that the department shall find the cash value and transmit to the several boards of supervisors.

I have today been advised by the Chief of the Department of Valuation that none of the taxing districts will suffer one iota as far as future valuations are concerned. If this promise does not materialize I shall be more than disenchanted and I will consecrate a portion of my future days to overturn this legislation.

This is serious business in areas similar to those I represent. If duplicity is afoot I am sure the piper will be paid. In view of this I vote No.

House Bill No. 19, entitled: "An Act relating to taxation; prescribing that notice of tax assessment on livestock shall show number of livestock and number of months assessed, and amending section 42-234, Arizona Revised Statutes," was read in full on third reading as per the free joint conference committee report and passed on roll call which resulted: Ayes 26, Noes 4, as follows:

Ayes: Burgess, Campbell, Cardella, Castillo, Conlan, Crowley, Garfield, Gibbings, Giss, Goetze, Goldberg, Gregovich, Halacy, Holsclaw, Huso, Jacquin, Johnson, Kitchel, Knoles, Kret, Lewis, Ong, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Spikes, Stump, Thode.

The President announced the signing in open session of House Bill No. 19 and directed the Secretary to return the bill to the House.

House Concurrent Resolution No. 1, entitled: "A Concurrent Resolution proposing an amendment of the constitution of Arizona relating to tax exemptions; prescribing limitations upon tax exemptions of veterans, and amending article 9, section 2, Constitution of Arizona," was read in full on third reading as per the free joint

conference committee report and was adopted on roll call which resulted: Ayes 18, Noes 12, as follows:

Ayes: Burgess, Cardella, Conlan, Garfield, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Concurrent Resolution No. 1 and directed the Secretary to return the resolution to the House.

House Concurrent Resolution No. 3, entitled: "A Concurrent Resolution proposing an amendment of the constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending article 9, section 2, Constitution of Arizona," was read in full on third reading as per the free joint conference committee report and was adopted on roll call which resulted: Ayes 17, Noes 13, as follows:

Ayes: Burgess, Cardella, Conlan, Goetze, Goldberg, Halacy, Holsclaw, Huso, Jacquin, Johnson, Knoles, Kret, Lewis, Porter, Tenney, Wilcox, President Humphrey.

Noes: Blansett, Campbell, Castillo, Crowley, Garfield, Gibbings, Giss, Gregovich, Kitchel, Ong, Spikes, Stump, Thode.

The President announced the signing in open session of House Concurrent Resolution No. 3 and directed the Secretary to return the resolution to the House.

MESSAGES FROM THE HOUSE

Messages from the House of Representatives, by K. E. Betty West its Chief Clerk, announced that the House had, on final reading as per the free joint conference committee reports, passed the following bills:

Senate Bill No. 2, providing state equalization aid plan for school districts.

Senate Bill No. 4, prescribing certain exemptions to sales and use tax.

Senate Bill No. 9, providing for sales tax on leasing or renting certain property.

Senate Bill No. 15, providing for inclusion of taxable and nontaxable property on county assessor's roll.

Senate Bill No. 16, prescribing duties of director of department of property valuation; declaring full cash value and fair market value as being synonymous; determining value of certain property.

PASSED WITHOUT ENACTING THE EMERGENCY.

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Senate Bill No. 17, providing for issuance and filing of building permits.

Senate Bills Nos. 2, 4, 9, 15, 16, and 17 were transmitted to the Governor.

COMMITTEE TO NOTIFY HOUSE AND GOVERNOR ON SINE DIE ADJOURNMENT

Senator Goldberg moved that a committee be appointed to notify the House that the Senate had completed its labors and is ready to adjourn sine die and to act with a like committee from the House to notify the Governor that the third special session of the Twenty-eighth Legislature is ready to adjourn sine die and to receive any communication he may wish to deliver. The motion was agreed to and the President designated Senators Tenney, Goetze, Johnson, Burgess, and Gregovich as members of this committee.

COMMITTEE FROM THE HOUSE ON SINE DIE ADJOURNMENT

The Sergeant at Arms, at 3:23 a.m. announced a committee from the House consisting of Members Williams, Hawes, Farley, Faron, and Fricks. The committee informed the Senate that the House had completed its work and was ready to adjourn sine die and to meet with a like committee from the Senate to wait upon the Governor.

RECESS

Without objection, at 3:24 a.m., the Senate stood at recess subject to the call of the gavel following the joint session.

JOINT SESSION

In accordance with the recess taken by the two Houses, the Senate and the House of Representatives assembled in joint session in the House chambers at 3:34 a.m., with the President of the Senate in the chair.

The President called the joint session of the Legislature to order, and a quorum of each House was shown to be present.

The Honorable Jack Williams, Governor of Arizona, entered the House chamber escorted by Senators Tenney, Goetze, Johnson, Burgess, and Gregovich, the committee appointed by the Senate; and Members Williams, Hawes, Farley, Faron, and Fricks, the committee appointed by the House, and the Governor was introduced by President Marshall Humphrey.

The Governor was given a cordial welcome and addressed the joint session as follows:

> For the moment your work is done. The people of our State will long remember what you have accomplished in these final hours of the seventh year of the seventh decade of the 20th Century.

This task was not of your choosing nor of mine. This responsibility was thrust upon this body by the Courts before some of you were even elected to serve in the Legislature of The State of Arizona.

The problems you have been called upon to solve are of such magnitude . . . of such tremendous consequence as to justify the description of your labors as the most significant legislation ever enacted in the history of our State.

For you were called upon to take the first long steps, to initiate a program of tax reform and equalization which will affect the lives of every citizen now living in our state and all those who will in the years ahead come to make their homes with us.

You have withstood the pressures of special pleadings. You have listened to the advice of experts in this field, you have employed the most sophisticated technological resources to produce for your state and for our people what we must hope will be a more equitable method of collecting the funds required to support the functions of government.

The cry for reform has been heard from the lips of all our people for more years than you and I can count . . . but reform necessitates change . . . and change is disturbing. And lesser men might have given way before the voices of hysteria and retreated in failure before this task.

You have been severely and bitterly criticized and yet even the most vocal of these critics has confessed an admiration for your steadfastness of purpose, for your willingness to examine and explore, for your refusal to adopt the expedient answers.

No structure of man is ever pefect, all taxation is painful to he who must pay the tax. And I have found among you a refreshing frankness in your declaration that what you have commenced in this session will require the careful nurture and care and adjustment at the hands of future legislative bodies.

The significance of your accomplishment is to be found in the fact that you have made the beginning, you have declared it is the purpose of our state to operate the functions of government in a prudent, economical fashion. And to collect from all citizens with careful, purposeful equality the funds to support the government necessary to an ordered and just society. And for this beginning we, the people of Arizona, are forever indebted to you.

And now a word of warning, it is naive to expect gratitude, those whose taxes will certainly be reduced under the thrust of this new legislation will complain that the reduction is not as much as they expected. And those who have been enjoying a sanctuary of tax advantage will complain that the new burden placed upon them is much too great. There is still much to be done but the beginning has been made and

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you have made it and you complete your labors at a particularly significant time in the season of Christian advent and I join with you in hoping that the advent of this new tax legislation will be truly a step forward.

And now you leave for home and hearth, may God go with you. And in this holy season refresh and strengthen you for the work that lies ahead. It is my hope that all of you and all of our people will enjoy a Merry Christmas. God speed you home.

At 3:40 a.m. the joint session was dissolved.

MARSHALL HUMPHREY
President of the Senate

LOUISE C. BRIMHALL
Secretary of the Senate

STAN TURLEY
Speaker of the House of Representatives

K. E. "BETTY" WEST
Chief Clerk of the House of Representatives

The President called the Senate to order at 3:44 a.m.

APPROVAL OF THE JOURNAL

The President announced that without objection the reading of the Journal is dispensed with, and the Journal of Thursday, December 21, 1967, stands approved as recorded by the Secretary. There being no objection, the Journal is approved.

SINE DIE ADJOURNMENT

Senator Goldberg moved that the Senate adjourn sine die. The motion was agreed to and at 3:45 a.m., Friday, December 22, 1967, the Senate of the third special session of the Twenty-eighth Legislature of the State of Arizona, having extended this session from Thursday morning at 9 o'clock, into Friday at 3:45 a.m., adjourned sine die.

MARSHALL HUMPHREY
President

LOUISE C. BRIMHALL
Secretary

SUPPLEMENT

The following communications were received from the Governor, Jack Williams, relative to his action on Senate and House Bills after the adjournment sine die:

On December 28, 1967, the Governor approved the following:

Senate Bill 6, increasing state withholding tax rate.

On January 2, 1968, the Governor approved the following:

Senate Bill 2, state equalization aid plan for school districts.

Senate Bill 4, prescribing exemptions to sales and use tax.

Senate Bill 9, providing for sales tax on leasing or renting certain property.

Senate Bill 15, inclusion of all property on tax roll.

Senate Bill 16, duties of director of property valuation and defining full cash value and market value.

Senate Bill 17, issuance and filing of building permits.

Senate Concurrent Resolution 2, constitutional amendment exempting household goods from taxation.

House Bill 1, providing for classification of property; prescribing percentage of assessed valuation.

House Bill 4, providing for increase in rate of taxation on income.

House Bill 7, prescribing rate of education excise tax.

House Bill 10, increasing luxury tax on cigarettes.

House Bill 11, increasing luxury tax on alcoholic beverages.

House Bill 15, providing situs of railroad cars for taxation purposes.

House Bill 16, imposing real estate transfer tax.

House Bill 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district.

House Bill 19, prescribing livestock tax assessment notice show number of livestock and months assessed.

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SCR 4—by Senator Holsclaw
constitutional amendment prescribing limitations upon tax exemptions of veterans
SCR 5—by Senator Holsclaw
constitutional amendment exempting owner-occupied homes from taxation
SCR 6—by Senator Garfield
constitutional amendment providing for gradual removal of tax exemptions of certain veterans
HCR 1 **(signed by Governor)**
constitutional amendment exempting certain household goods from taxation
HCR 2

constitutional amendment providing for tax exempt status for certain widows
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constitutional amendment providing for tax exempt status for certain persons over sixty-five
HCR 4
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CORBETT, HONORABLE HIRAM
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CORPORATION COMMISSION
valuation of certain utilities & transmission systems & use by corporation commission for setting rates
SB 18—by Senator Kret

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increasing rate of income tax
SB 5—by Committee on Finance and Revenue
eliminating federal income tax as a deduction
SB 11—by Committee on Finance and Revenue
eliminating federal income tax as deduction by corporations
HB 3
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providing for more than one high school in a county union high school district
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SB 12—by Committee on Finance and Revenue

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SB 2—by Majority of Committee on Education **(ch. 19, 3SS, L'67)**
prescribing certain definitions; providing basic cost of education; method of apportioning county school fund
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additional property tax at state level for education
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providing financial assistance & equalization aid to school districts
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providing for more than one high school in a county union high school district
HB 23
System of equalization for school districts
SB 19—by Senator Garfield

EDUCATION COMMITTEE
Members appointed to
William (Bill) Huso (3) Chairman; Ernest Garfield (7-C) Vice Chairman; Orme Lewis, Jr. (8-H), Dan Halacy (8-O), David B. Kret (8-D), Thos. M. Knoles, Jr. (4), John B. Conlan (8-C), A. R. Spikes (2), F. T. Gibbings (7-B), Cloves C. Campbell (8-G), Harold C. Giss (6)
bills introduced by a majority
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SB 12—by Committee on Finance and Revenue
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SB 14—by Senator Knoles
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prescribing exemptions to sales & use tax
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SCR 4—by Senator Holsclaw
constitutional amendment prescribing limitations upon tax exemptions of veterans
SCR 5—by Senator Holsclaw
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SCR 6—by Senator Garfield
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HCR 1 **(signed by Governor)**
constitutional amendment exempting certain household goods from taxation
HCR 2
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HCR 3 **(signed by Governor)**
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FINANCE AND REVENUE COMMITTEE
Members appointed to
Wm. S. (Bill) Porter (8-B) Chairman; Orme Lewis, Jr. (8-H) Vice Chairman; Chet Goldberg, Jr. (8-I), William C. Jacquin (7-F), Boyd Tenney (1), David B. Kret (8-D), William (Bill) Huso (3), Harold C. Giss (6), Johnny Gregovich (5)
bills introduced by majority
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SB 5—increasing rate of income tax
SB 6—increasing state withholding tax rate
SB 8—limitation on property tax collectible by political subdivisions
SB 9—providing for sales tax on leasing or renting certain property **(ch. 3, 3SS,L'67)**
SB 10—additional property tax at state level for education
SB 11—eliminating federal income tax as a deduction
SB 12—services excise tax
SB 13—repealing procedure for setting state property tax rate
SUB SB 7—determination of certain utilities & transmission systems
SB 16—duties of director of property valuation & defining full cash value and market value
SB 17—issuance & filing of building permits **(ch. 5, 3SS, L'67)**
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FINANCIAL ASSISTANCE
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FOOD PRODUCTS
exempting food products, medicines & drinking water from sales tax
HB 20

FOOD SALES TAX
food sales tax credit allowed resident individual and disposition of proceeds
SB 20—by Senators Thode, Blansett, Ong, Kitchel, Gibbings, Giss, Gregovich, Crowley, Campbell

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See: Value—Full Cash, Fair Market

GARFIELD, ERNEST, of District 7-C
appointed to Committees on Commerce and Industry, Education, Labor and Management, Natural Resources
bills, resolutions, and memorials introduced by
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SB 19—system of equalization for school districts

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determination of certain utilities and transmission systems
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determining valuation of utilities, oil, community antenna television system & microwave services within each taxing district
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valuation of certain utilities & transmission systems & use by corporation commission for setting rates
SB 18—by Senator Kret

GENERAL FUND
general fund excise tax
SB 14—by Senator Knoles

GIBBINGS, F. T., of District 7-B
appointed to Committees on Education; Highway & Transportation; Natural Resources
bills, resolutions, and memorials introduced by
SB 20—food sales tax credit allowed resident individual and disposition of proceeds

GISS, HAROLD, of District 6
appointed to Committees on Education; Finance & Revenue; Judiciary
bills, resolutions, and memorials introduced by
SB 20—food sales tax credit allowed resident individual and disposition of proceeds
letters requesting absence from Senate 5

GOETZE, RAY A., of District 8-K
appointed to Committees on Natural Resources, Chairman; Rural and Urban Affairs, Vice Chairman; Commerce & Industry; Administration; Appropriations

GOLDBERG, CHET, JR., of District 8-I
appointed to Committees on Rules, Chairman; Appropriations; Finance and Revenue; Public Health and Welfare; State Government

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GREGOVICH, JOHNNY, of District 5
appointed to Committees on Commerce & Industry; Finance & Revenue
bills, resolutions, and memorials introduced by
SB 20—food sales tax credit allowed resident individual and disposition of proceeds

HALACY, DAN, of District 8-0
appointed to Committee on Highways & Transportation, Vice Chairman; Agriculture and Livestock; Education; Judiciary; Natural Resources

HANDICAPPED CHILDREN
providing financial assistance and equalization aid to school districts
HB 2
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SB 19—by Senator Garfield

HIGHWAYS AND TRANSPORTATION COMMITTEE
Members appointed to
Isabel (Mrs. Richard) Burgess (8-E) Chairman; Dan Halacy (8-O) Vice Chairman; William (Bill) Huso (3), Orme Lewis, Jr. (8-H), Chris T. Johnson (8-L), A. R. Spikes (2), F. T. Gibbings (7-B), Bob Stump (8-N), Kenneth C. Cardella (7-E)

HOLSCLAW, DOUGLAS, of District 7-D
appointed to Committees on Public Health and Welfare, Chairman; State Government, Vice Chairman; Commerce & Industry; Appropriations; Agriculture & Livestock
bills, resolutions, and memorials introduced by
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SCR 4—constitutional amendment prescribing limitations on widows exemptions
SCR 5—constitutional amendment prescribing limitations upon tax exemptions of veterans

HOMES
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SCR 6—by Senator Garfield
constitutional amendment exempting owner-occupied homes from taxation ($5,000)
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HOUSEHOLD GOODS
constitutional amendment exempting household goods from taxation
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constitutional amendment exempting certain household goods from taxation
HCR 2

HUMPHREY, MARSHALL, of District 8-A
President of the Senate
Rules Committee, Vice Chairman

HUSO, WILLIAM, of District 3
appointed to Committees on Education, Chairman; Finance & Revenue; Labor and Management; Highways & Transportation; Appropriations
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SB 12—by Committee on Finance and Revenue
eliminating federal income tax as deduction by corporations
HB 3
providing for increase in rate of taxation on income
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imposing minimum income tax filing fee on corporations
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appropriation to Interstate Stream Commission
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JACQUIN, WILLIAM C., of District 7-F
appointed to Committees on State Government, Chairman; Finance & Revenue; Judiciary; Appropriations; Commerce & Industry; Rules

JOHNSON, CHRIS T., of District 8-L
appointed to Committees on Labor and Management, chairman; Judiciary, Vice Chairman; Highway and Transportation; Public Health and Welfare; Agriculture and Livestock

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JUDICIARY COMMITTEE
Members appointed to
John B. Conlan (8-C) Chairman; Chris T. Johnson (8-L) Vice Chairman; Dan Halacy (8-O), William C. Jacquin (7-F), Isabel (Mrs. Richard) Burgess (8-E), Wing F. Ong (8-F), Harold C. Giss (6), William T. Crowley (8-M), Kenneth C. Cardella (7-E)

KITCHEL, DAN S., of District 2
appointed to Committees on Natural Resources, Vice Chairman; Public Health and Welfare; State Government
bills, resolutions, and memorials introduced by
SB 20—food sales tax credit allowed resident individual and disposition of proceeds

KNOLES, THOMAS M., JR., of District 4
appointed to Committees on Appropriations, Chairman; Natural Resources; Agriculture and Livestock; Education; Administration; Rules
bills, resolutions, and memorials introduced by
SB 14—general fund excise tax

KRET, DAVID B., of District 8-D
appointed to Committees on Commerce & Industry, Chairman; Finance and Revenue; State Government; Education; Appropriations; Rules
bills, resolutions, and memorials introduced by
SB 15—inclusion of all property on tax roll **(ch. 4, 3SS, L'67)**
SB 18—valuation of certain utilities & transmission systems & use by corporation commission for setting rates

LABOR AND MANAGEMENT COMMITTEE
Members appointed to
Chris T. Johnson (8-L), Chairman; Boyd Tenney (1), Vice Chairman; William (Bill) Huso (3), Wm. S. (Bill) Porter (8-B), Ernest Garfield (7-C), Joseph A. Castillo (7-A), Wing F. Ong (8-F)

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NATURAL RESOURCES COMMITTEE
Members appointed to
Ray A. Goetze (8-K), Chairman; Dan S. Kitchel (2), Vice Chairman; Robert C. Wilcox (8-J), Thomas M. Knoles, Jr. (4), Isabel (Mrs. Richard) Burgess (8-E), Dan Halacy (8-O), Ernest Garfield (7-C), E. B. Thode (5), F. T. Gibbings (7-B), Cloves C. Campbell (8-G), Kenneth C. Cardella (7-E)

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ONG, WING F., of District 8-F
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PORTER, WILLIAMS S., of District 8-B
appointed to Committees on Finance & Revenue, Chairman; Labor and Management; Agriculture & Livestock; Appropriations; Rules

PRESCRIPTIONS
services excise tax
SB 12—by Committee on Finance and Revenue

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PUBLIC HEALTH AND WELFARE COMMITTEE
Members appointed to
Douglas Holsclaw (7-D), Chairman; Boyd Tenney (1), Vice Chairman; Chet Goldberg, Jr. (8-I), Isabel (Mrs. Richard) Burgess (8-E), Robert C. Wilcox (8-J), Chris T. Johnson (8-L), Dan S. Kitchel (2), Glenn Blansett (3), William T. Crowley (8-M)

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SCR 4—by Senator Holsclaw
constitutional amendment prescribing limitations upon exemptions of veterans
SCR 5—by Senator Holsclaw
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SCR 6—by Senator Garfield
on the death of Hon. Hiram Corbett
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HCR 1—**(signed by Governor)**
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RULES COMMITTEE
Members appointed to
Chet Goldberg, Jr. (8-I), Chairman; Marshall Humphrey (8-A), Vice Chairman; William C. Jacquin (7-F), Robert C. Wilcox (8-J), David B. Kret (8-D), Thos. M. Knoles (4), Wm. S. (Bill) Porter (8-B)

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Members appointed to
Robert C. Wilcox (8-J), Chairman; Ray A. Goetze (8-K), Vice Chairman; Isabel (Mrs. Richard) Burgess (8-E), Orme Lewis, Jr. (8-H), John B. Conlan (8-C), Joseph A. Castillo (7-A), Cloves C. Campbell (8-G), Glenn Blansett (3)

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providing for more than one high school in a county union high school district
HB 23

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STATE GOVERNMENT COMMITTEE
Members appointed to
William C. Jacquin (7-F), Chairman; Douglas Holsclaw (7-D), Vice Chairman; David B. Kret (8-D), Chet Goldberg, Jr. (8-I), Orme Lewis, Jr. (8-H), Bob Stump (8-N), William T. Crowley (8-M), Dan S. Kitchel (2), Kenneth C. Cardella (7-E)

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SB 2—by Majority of Committee on Education **(ch. 19, 3SS, L'67)**
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increasing rate on income tax
SB 5—by Committee on Finance and Revenue
increasing state withholding tax rate
SB 6—by Committee on Finance and Revenue **(ch. 1, 3SS, L'67)**
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SB 8—by Committee on Finance and Revenue
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SB 10—by Committee on Finance and Revenue
eliminating federal income tax as a deduction
SB 11—by Committee on Finance and Revenue
services excise tax
SB 12—by Committee on Finance and Revenue
repealing procedure for setting state property tax rate
SB 13—by Committee on Finance and Revenue
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SB 16—by Majority of Committee on Finance and Revenue **(ch. 20, 3SS, L'67)**
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SB 17—by Committee on Finance and Revenue **(ch. 5, 3SS, L'67)**
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SB 18—by Senator Kret
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SCR 4—by Senator Holsclaw
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increasing state withholding tax rate
HB 8

imposing minimum income tax filing fee on corporations
HB 9
increasing luxury tax on cigarettes
HB 10 **(ch. 18, 3SS, L'67)**
increasing luxury tax on alcoholic beverages
HB 11 **(ch. 9, 3SS, L'67)**
prescribing certain exemptions to sales & use tax
HB 12
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HB 15 **(ch. 10, 3SS, L'67)**
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HB 16 **(ch. 11, 3SS, L'67)**
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exempting prescription medicine from sales & use tax
HB 21
prescribing duties of director of dept. of property valuation; declaring full cash value & fair market value as synonymous; prescribing exclusion to value estimate
HB 24
providing for tax assessment of mines and mining properties
HB 25
including certain permanent agricultural or grazing improvements in valuation of real property
HB 26
constitutional amendment providing for gradual removal of tax exemptions of certain veterans
HCR 1
constitutional amendment exempting certain household goods from taxation
HCR 2
constitutional amendment providing for tax exempt status for certain widows
HCR 3
constitutional amendment providing for tax exempt status for certain persons over age sixty-five
HCR 4
constitutional amendment exempting owner-occupied homes from taxation ($5,000)
HCR 5

TENNEY, BOYD, of District 1

appointed to Committees on Agriculture & Livestock, Chairman; Labor and Management, Vice Chairman; Finance and Revenue; Public Health & Welfare; Appropriations

THODE, E. B., of District 5
appointed to Committees on Natural Resources; Agriculture & Livestock; Commerce & Industry
bills, resolutions, and memorials introduced by
SB 20—food sales tax credit allowed resident individual and disposition of proceeds

TIMBER
classification of property for taxation; valuation of certain oil & gas interests
SB 1—by Committee on Finance and Revenue
providing for classification of property; prescribing percentage of assessed valuation
HB 1 **(ch. 6, 3SS, L'67)**

TRANSACTION PRIVILEGE TAX
prescribing exemptions to sales & use tax
SB 4—by Committee on Finance and Revenue **(ch. 2, 3SS, L'67)**
providing for sales tax on leasing or renting certain property
SB 9—by Committee on Finance and Revenue **(ch. 3, 3SS, L'67)**
providing for sales tax on leasing or renting certain property
HB 6
prescribing certain exemptions to sales & use tax
HB 12
exempting food products, medicines & drinking water from sales tax
HB 20
exempting prescription medicine from sales & use tax
HB 21

TRANSMISSION SYSTEMS
determination of certain utilities & transmission systems
SUB SB 7—by Committee on Finance and Revenue
valuation of certain utilities & transmission systems & use by corporation commission for setting rates
SB 18—by Senator Kret
determining valuation of utilities, oil, community antenna television systems & microwave services within each taxing district
HB 18 **(ch. 12, 3SS, L'67)**

UNEMPLOYMENT
increasing luxury tax on alcoholic beverages
HB 11 **(ch. 9, 3SS, L'67)**

USE TAX
prescribing exemptions to sales & use tax
SB 4—by Committee on Finance and Revenue **(ch. 2, 3SS, L'67)**
prescribing certain exemptions to sales & use tax
HB 12
exempting prescription medicine from sales & use tax
HB 21

UTILITIES
determination of certain utilities & transmission systems
SUB SB 7—by Committee on Finance & Revenue

classification of property for taxation; valuation of certain oil & gas interest
SB 1—by Committee on Finance & Revenue
valuation of certain utilities & transmission systems and use by corporation commission for setting rates
SB 18—by Senator Kret
providing for classification of property; prescribing percentage of assessed valuation
HB 1 **(ch. 6, 3SS, L'67)**
determining valuation of utilities, oil, community antenna television systems & microwave services within each taxing district
HB 18 **(ch. 12, 3SS, L'67)**

VALUE — FULL CASH, FAIR MARKET
duties of director of property valuation & defining full cash value and market value
SB 16—by Majority of Committee on Finance and Revenue **(ch. 20, 3SS, L'67)**
prescribing duties of Director of dept. of property valuation; declaring full cash value & fair market value as synonymous; prescribing exclusion to value estimate
HB 24

VETERANS
constitutional amendment relating to tax exemptions for certain veterans
SCR 1—by Committee on Finance and Revenue
constitutional amendment prescribing limitations upon tax exemptions of veterans
SCR 5—by Senator Holsclaw
constitutional amendment providing for gradual removal of tax exemptions of certain veterans
HCR 1

WATER
determination of certain utilities & transmission systems
SUB SB 7—by Committee on Finance and Revenue
valuation of certain utilities & transmission systems and use by corporation commission for setting rates
SB 18—by Senator Kret
determining valuation of utilities, oil, community antenna television systems & microwave services within each taxing district
HB 18 **(ch. 12, 3SS, L'67)**
exempting food products, medicines & drinking water from sales tax
HB 20

WELFARE
increasing luxury tax on alcoholic beverages
HB 11 **(ch. 9, 3SS, L'67)**

WIDOWS
constitutional amendment relating to tax exemptions for certain widows
SCR 3—by Committee on Finance and Revenue
constitutional amendment prescribing limitations on widows exemptions
SCR 4—by Senator Holsclaw

constitutional amendment providing for tax exempt status for certain widows
HCR 3

WILCOX, ROBERT C., of District 8-J
appointed to Committees on Rural & Urban Affairs, Chairman; Appropriations, Vice Chairman; Natural Resources; Public Health & Welfare; Administration; Rules

WITHHOLDING TAX
increasing state withholding tax rate
SB 6—by Committee on Finance and Revenue **(ch. 1, 3SS, L'67)**
increasing state withholding tax rate
HB 8

ZONING
relating to zoning & providing for giving notice of changes to county assessor
HB 17

RESUME OF SENATE BILLS, RESOLUTIONS AND MEMORIALS

BILLS

Senate Action

Number of Senate bills introduced		20
Substitute bills introduced (Sub. SB 7)		1
Transmitted to House	11	
Died in Senate committees	10	
	21	21

House Action

Number of Senate bills transmitted to House		11
Passed by House	7	
Died in House	3	
Died in conference committee	1	
	11	11

Governor's Action

Number of Senate bills transmitted to Governor		7
Signed by Governor	7	

RESOLUTIONS

Number of Senate resolutions introduced		1
Signed by Governor	1	

CONCURRENT RESOLUTIONS

Number of Senate concurrent resolutions introduced		6
Died in Senate committees	5	
Signed by Governor	1	

SENATE RECORD OF SENATE BILLS

Page

SENATE BILL 1, by Committee on Finance and Revenue, classification of property for taxation; valuation of certain oil and gas interests

11/27 Introduction and first reading 10
11/27 Second reading; referred to Committee on Fin & Rev 12
12/4 Reported by Fin & Rev, amend, do pass 23
12/6 Rules report 35
12/6 Reported by Committee of Whole, amend, do pass (Porter floor amendment adopted) 35
12/6 Third reading, ayes 16, noes 14 46
12/6 Signed by President; transmitted to House 47
Died in House
House Action: 12/7 Received from Senate; first reading, advanced; 12/7 Second reading, referred to Committees on Rules; Ways & Means. Held in committees.

SENATE BILL 2, by Majority of Committee on Education, state equalization aid plan for school districts

11/27 Introduction and first reading 10
11/27 Second reading; referred to Committee on Edu 12
12/6 Reported by Edu, amend, do pass 27
12/6 Rules report 35
12/6 Reported by Committee of Whole, amend, do pass 36
12/6 Third reading, ayes 18, noes 11, not voting 1 48
12/6 Signed by President; transmitted to House 48
12/8 Passed by House, amended, ayes 33, noes 26, not voting 1 111
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Huso, Garfield, Kret, Knoles, Gibbings, Campbell 131
12/8 House free conference committee appointed—Akers, Flake, Gardner, Koory, Rosenbaum, Rickard 139
12/21 Reported by conference committee 156-182
12/21 House adopted conference committee majority report 200-201
12/21 Senate adopted conference committee majority report 182
12/22 Passed by Senate on final reading, ayes 19, noes 11 201
12/22 Signed by President; transmitted to House 201
12/22 Passed by House on final reading, ayes 35, noes 23, not voting 2 208
12/22 Transmitted to Governor 209
1/2 Approved by Governor
Chapter 19

SENATE BILL 3, by Majority of Committee on Education, prescribing certain definitions; providing basic cost of education; method of apportioning county school fund

11/27 Introduction and first reading 10
11/27 Second reading; referred to Committee on Education 12
Died in Committee

SENATE BILL 4, by Committee on Finance and Revenue, prescribing exemptions to sales and use tax

11/27 Introduction and first reading 10
11/27 Second reading; referred to Committee on Fin & Rev 12
12/1 Reported by Fin & Rev, amend, do pass 20
12/6 Rules report 35

Page

12/6 Reported by Committee of Whole, amend, do pass 41
12/6 Third reading, ayes 28, noes 2 48
12/6 Signed by President; transmitted to House 49
12/8 Passed by House, amended, ayes 33, noes 26, not voting 1 132
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 134
12/8 House free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 139
12/21 Reported by conference committee 183
12/21 House adopted conference committee majority report 200-201
12/21 Senate adopted conference committee majority report 183
12/22 Passed by Senate on final reading, ayes 18, noes 12 201
12/22 Signed by President; transmitted to House 202
12/22 Passed by House on final reading, ayes 32, noes 24, not voting 4 204
12/22 Transmitted to Governor 209
1/2 Approved by Governor
Chapter 2

SENATE BILL 5, by Committee on Finance and Revenue, increasing rate of income tax

11/27 Introduction and first reading 10
11/27 Second reading; referred to Committee on Fin & Rev 12
12/6 Reported by Fin & Rev, amend, do pass 32
12/6 Rules report 35
12/6 Reported by Committee of Whole, amend, do pass 41
12/6 Third reading, ayes 29, noes 1 49
12/6 Signed by President; transmitted to House 49
Died in House
House Action: 12/7 Received from Senate; first reading, advanced; 12/7 Second reading, referred to Committees on Rules; Ways & Means. Held in committees.

SENATE BILL 6, by Committee on Finance and Revenue, increasing state withholding tax rate

11/27 Introduction and first reading 10
11/27 Second reading; referred to Committee on Fin & Rev 12
12/2 Reported by Fin & Rev, maj do pass, min do not pass 22
12/6 Rules report 35
12/6 Reported by Committee of Whole, do pass 43
12/6 Third reading, ayes 29, noes 1 49
12/6 Signed by President; transmitted to House 49
12/21 Passed by House, ayes 46, noes 12, not voting 2 200
12/21 Transmitted to Governor 200
12/28 Approved by Governor
Chapter 1

SENATE BILL 7, by Committee on Finance and Revenue, duties of director of property valuation; definition of full cash value; determining value of certain property

11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 12
Died in Committee

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SUBSTITUTE SENATE BILL 7, by Committee on Finance and Revenue, determination of certain utilities and transmission systems
11/28 Introduction and first reading 14
11/28 Second reading; referred to Committee on Fin & Rev 14
Died in Committee

SENATE BILL 8, by Committee on Finance and Revenue, limitation on property tax collectible by political subdivisions
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 12
12/6 Reported by Fin & Rev, amend, maj do pass, min do not pass 25
12/6 Rules report 35
12/6 Reported by Committee of Whole, amend, do pass 43
12/6 Third reading, ayes 18, noes 12 49
12/6 Signed by President; transmitted to House 50
12/8 Passed by House, amended, ayes 33, noes 26, not voting 1 134
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 135
12/8 House free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 139-140
Died in Conference

SENATE BILL 9, by Committee on Finance and Revenue, providing for sales tax on leasing or renting certain property
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 12
12/1 Reported by Fin & Rev, maj do pass; min do not pass 20
12/6 Rules report 35
12/6 Reported by Committee of Whole, do pass 43
12/6 Third reading, ayes 28, noes 2 50
12/6 Signed by President; transmitted to House 50
12/8 Passed by House, amended, ayes 32, noes 27, not voting 1 135
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 136
12/8 House free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 139-140
12/21 Reported by Conference Committee 183-184
12/21 House adopted conference committee majority report 200-201
12/21 Senate adopted conference committee majority report 185
12/22 Passed by Senate on final reading, ayes 20, noes 10 202
12/22 Signed by President; transmitted to House 202
12/22 Passed by House on final reading, ayes 32, noes 23, not voting 5 208
12/22 Transmitted to Governor 209
1/2 Approved by Governor .....
Chapter 3

SENATE BILL 10, by Committee on Finance and Revenue, additional property tax at state level for education
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 12
Died in Committee

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SENATE BILL 11, by Committee on Finance and Revenue, eliminating federal income tax as a deduction
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 12
Died in Committee

SENATE BILL 12, by Committee on Finance and Revenue, services excise tax
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 12
12/6 Reported by Fin & Rev, amend, do pass 26
12/6 Rules report 35
12/6 Reported by Committee of Whole, amend, do pass (Porter floor amendment adopted) 44
12/6 Third reading, ayes 20, noes 10 50
12/6 Signed by President; transmitted to House 50
Died in House
House Action: 12/7 Received from Senate; first reading, advanced; 12/7 Second reading, referred to Committees on Rules; Ways & Means. Died in committees.

SENATE BILL 13, by Committee on Finance and Revenue, repealing procedure for setting state property tax rate
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 13
Died in Committee

SENATE BILL 14, by Senator Knoles, general fund excise tax
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 13
Died in Committee

SENATE BILL 15, by Senators Holsclaw and Kret, co-sponsors, inclusion of all property on tax roll
11/28 Introduction and first reading 14
11/28 Second reading; referred to Committee on Fin & Rev 14
12/6 Reported by Fin & Rev, maj do pass; min do not pass 25
12/6 Rules report 35
12/6 Reported by Committee of Whole, amend, do pass (Holsclaw floor amendment adopted) 45
12/6 Third reading, ayes 20, noes 10 50
12/6 Signed by President; transmitted to House 50
12/8 Passed by House, amended, ayes 37, noes 21, not voting 2 136
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 136
12/8 House free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 139-140
12/21 Reported by conference committee 185
12/21 House adopted conference committee majority report 200-201
12/21 Senate adopted conference committee majority report 185
12/22 Passed by Senate on final reading, ayes 19, noes 11 202
12/22 Signed by President; transmitted to House 202
12/22 Passed by House on final reading, ayes 33, noes 22, not voting 5 208
12/22 Transmitted to Governor 209
1/2 Approved by Governor
Chapter 4

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SENATE BILL 16, by Majority of Committee on Finance and Revenue, duties of director of property valuation and defining full cash value and market value

11/29 Introduction and first reading 15
11/29 Second reading; referred to Committee on Fin & Rev 16
12/6 Reported by Fin & Rev, amend, do pass 25
12/6 Rules report 35
12/6 Reported by Committee of Whole, amend, do pass (Porter floor amendment adopted) 45
12/6 Third reading, ayes 30 50
12/6 Signed by President; transmitted to House 51
12/8 Passed by House, amended, ayes 51, noes 8, not voting 1 136
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 137
12/8 House free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 139-140
12/21 Reported by conference committee 185-186
12/21 House adopted conference committee report 200-201
12/21 Senate adopted conference committee report 186
12/22 Passed by Senate on Final reading, ayes 30 202
12/22 Signed by President; transmitted to House 203
12/22 Passed by House on final reading, ayes 37, noes 18, not voting 5, without emergency 209
12/22 Transmitted to Governor 209
1/2 Approved by Governor
Chapter 20

SENATE BILL 17, by Committee on Finance and Revenue, issuance and filing of building permits

11/29 Introduction and first reading 16
11/29 Second reading; referred to Committee on Fin & Rev 16
12/4 Reported by Fin & Rev, do pass 23
12/6 Rules report 35
12/6 Reported by Committee of Whole, do pass 46
12/6 Third reading, ayes 30 51
12/6 Signed by President; transmitted to House 51
12/8 Passed by House, amended, ayes 39, noes 20, not voting 1 137
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 137
12/8 House free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 139-140
12/21 Reported by conference committee 186-187
12/21 House adopted conference committee report 200-201
12/21 Senate adopted conference committee report 187
12/22 Passed by Senate on final reading, ayes 30 203
12/22 Signed by President; transmitted to House 203
12/22 Passed by House on final reading, ayes 49, noes 7, not voting 4 209
12/22 Transmitted to Governor 209
1/2 Approved by Governor
Chapter 5

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SENATE BILL 18, by Senator Kret, valuation of certain utilities and transmission systems and use by corporation commission for setting rates
11/29 Introduction and first reading 16
11/29 Second reading; referred to Committee on Fin & Rev 16
Died in Committee

SENATE BILL 19, by Senator Garfield, system of equalization for school districts
12/2 Introduction and first reading 21
12/2 Second reading; referred to Committee on Edu 21
Died in Committee

SENATE BILL 20, by Senators Thode, Blansett, Ong, Kitchel, Gibbings, Giss, Gregovich, Crowley, Campbell, food sales tax credit allowed resident individual and disposition of proceeds
12/5 Introduction and first reading 24
12/5 Second reading; referred to Committee on Fin & Rev 24
Died in Committee

SENATE RECORD OF SENATE RESOLUTIONS

SENATE RESOLUTIONS

SENATE RESOLUTION 1, by The Arizona State Senate, death of the Honorable Hiram Corbett
12/1 Introduction and first reading; read in full, unanimously adopted 18-19
12/1 Transmitted to Governor 20
12/1 Approved by Governor 24

SENATE CONCURRENT RESOLUTIONS

SENATE CONCURRENT RESOLUTION 1, by Committee on Finance and Revenue, constitutional amendment relating to tax exemptions for certain veterans
11/27 Introduction and first reading 11
11/27 Second reading; referred to Committee on Fin & Rev 13
Died in Committee

SENATE CONCURRENT RESOLUTION 2, by Committee on Finance and Revenue, constitutional amendment exempting household goods from taxation
11/27 Introduction and first reading 12
11/27 Second reading; referred to Committee on Fin & Rev 13
12/1 Reported by Fin & Rev, do pass 20
12/6 Rules report 35
12/6 Reported by Committee of Whole, do pass 46
12/6 Third reading, ayes 18, noes 12 51
12/6 Signed by President; transmitted to House 52
12/8 Passed by House, amended, ayes 55, noes 4, not voting 1 137
12/8 Senate refused to concur in House amendments; Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 138
12/8 House free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 139-140

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12/21 Reported by conference committee—Senate recede and accept House amendments 187
12/21 House adopted conference committee report 187
12/21 Senate adopted conference committee report 187
12/21 Passed by Senate on final reading, ayes 27, noes 3 188
12/21 Transmitted to Governor 188
1/2 Approved by Governor
(to be submitted to voters at General Election Nov. 5, 1968)

SENATE CONCURRENT RESOLUTION 3, by Committee on Finance and Revenue, constitutional amendment relating to tax exemptions for certain widows

11/27 Introduction and first reading 12
11/27 Second reading; referred to Committee on Fin & Rev 13
Died in Committee

SENATE CONCURRENT RESOLUTION 4, by Senator Holsclaw, constitutional amendment prescribing limitations on widows exemptions

11/30 Introduction and first reading 17
11/30 Second reading; referred to Committee on Fin & Rev 17
Died in Committee

SENATE CONCURRENT RESOLUTION 5, by Senator Holsclaw, constitutional amendment prescribing limitations upon tax exemptions of veterans

11/30 Introduction and first reading 17
11/30 Second reading; referred to Committee on Fin & Rev 18
Died in Committee

SENATE CONCURRENT RESOLUTION 6, by Senator Garfield, constitutional amendment exempting owner-occupied homes from taxation

12/1 Introduction and first reading 20
12/1 Second reading; referred to Committee on Fin & Rev 20
Died in Committee

RESUME OF HOUSE BILLS, RESOLUTIONS AND MEMORIALS RECEIVED BY SENATE

BILLS

Number of House bills introduced		31
Number received by Senate		20
Passed by Senate	13	
Died in Senate committees	5	
Died in conference committee	2	
	20	20
Transmitted to Governor		13
Signed by Governor	13	

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CONCURRENT RESOLUTIONS
Number of House concurrent resolutions introduced 5

Received by Senate 3
Passed by Senate 2
Died in Senate committees 1

3 3
Transmitted to Governor 2
Signed by Governor 2

RECORD OF HOUSE BILLS RECEIVED BY SENATE

HOUSE BILL 1, providing for classification of property; prescribing percentage of assessed valuation
12/8 Introduction and first reading 55
12/8 Second reading; referred to Committee on Fin & Rev 57
12/8 Reported by Fin & Rev, amend, do pass 59
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 72
12/8 Third reading, passed amended, ayes 18, noes 10, not voting 2 107
12/8 Signed by President; returned to House 108
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 188-189
12/21 Senate adopted conference committee majority report 190
12/21 House adopted conference committee majority report 203
12/22 Passed by House on final reading, ayes 35, noes 23, not voting 2 204
12/22 Passed by Senate on final reading, ayes 18, noes 12 205
12/22 Signed by President; returned to House 205
1/2 Approved by Governor
Chapter 6

HOUSE BILL 2, providing financial assistance and equalization aid to school districts
12/8 Introduction and first reading 55
12/8 Second reading; referred to Committee on Edu 57
Died in Committee

HOUSE BILL 3, eliminating federal income tax as deduction by corporations
12/8 Introduction and first reading 55
12/8 Second reading; referred to Committee on Fin & Rev 57
Died in Committee

HOUSE BILL 4, providing for increase in rate of taxation on income
12/8 Introduction and first reading 55
12/8 Second reading; referred to Committee on Fin & Rev 57
12/8 Reported by Fin & Rev, amend, do pass 60
12/8 Rules report 72

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12/8 Reported by Committee of Whole, amend, do pass (Goldberg floor amendment adopted) 74
12/8 Third reading, passed amended, ayes 18, noes 10, not voting 2 108
12/8 Signed by President; returned to House 108
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 190-192
12/21 Senate adopted conference committee majority report 192
12/21 House adopted conference committee majority report 203
12/22 Passed by House on final reading, ayes 32, noes 26, not voting 2 204
12/22 Passed by Senate on final reading, ayes 18, noes 12 205
12/22 Signed by President; returned to House 205
1/2 Approved by Governor
Chapter 7

HOUSE BILL 6, providing for sales tax on leasing or renting certain property
12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
Died in Committee

HOUSE BILL 7, prescribing rate of education excise tax
12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
12/8 Reported by Fin & Rev, amend, do pass 65
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 100
12/8 Third reading, passed amended, ayes 19, noes 11 108
12/8 Signed by President; returned to House 108
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Pritzlaff, Crosby, Biles, Barr 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 192-193
12/21 Senate adopted conference committee majority report 194
12/21 House adopted conference committee majority report 203
12/22 Passed by House on final reading, ayes 36, noes 22, not voting 2 204
12/22 Passed by Senate on final reading, ayes 18, noes 12 206
12/22 Signed by President; returned to House 206
1/2 Approved by Governor
Chapter 8

HOUSE BILL 8, increasing state withholding tax rate
12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
Died in Committee

HOUSE BILL 9, imposing minimum income tax filing fee on corporations
12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
Died in Committee

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HOUSE BILL 10, increasing luxury tax on cigarettes

12/21 Introduction and first reading 151
12/21 Second reading; referred to Committee on Fin & Rev 151
12/21 Reported by Fin & Rev, amend, do pass 152
12/21 Rules report 153
12/21 Reported by Committee of Whole, amend, do pass 153
12/21 Third reading, passed amended, ayes 18, noes 12 154
12/21 Signed by President; returned to House 155
12/21 House concurred in Senate amendments; final passage, ayes 31, noes 27, not voting 2 204
1/2 Approved by Governor
Chapter 18

HOUSE BILL 11, increasing luxury tax on alcoholic beverages

12/21 Introduction and first reading 151
12/21 Second reading; referred to Committee on Fin & Rev 151
12/21 Reported by Fin & Rev, amend, do pass 152
12/21 Rules report 153
12/21 Reported by Committee of Whole, amend, do pass 153
12/21 Third reading, passed amended, ayes 18, noes 12 155
12/21 Signed by President; returned to House 155
12/21 House concurred in Senate amendments; final passage, ayes 31, noes 27, not voting 2 204
1/2 Approved by Governor
Chapter 9

HOUSE BILL 14, providing for ascertainment of property subject to taxation

12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
12/8 Reported by Fin & Rev, amend, do pass 68
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 103
12/8 Third reading, passed amended, ayes 28, noes 2 108
12/8 Signed by President; returned to House 109
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
Died in Conference

HOUSE BILL 15, providing situs of railroad cars for taxation purposes

12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
12/8 Reported by Fin & Rev, amend, do pass 68
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 103
12/8 Third reading, passed amended, ayes 30 109
12/8 Signed by President; returned to House 109
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140

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12/21 Reported by conference committee—Senate recede from amendments 194
12/21 Senate adopted conference committee report 194
12/21 House adopted conference committee report 203
12/22 Passed by Senate on final reading; ayes 30 204
12/22 Signed by President; returned to House 204
1/2 Approved by Governor
Chapter 10

HOUSE BILL 16, imposing real estate transfer tax
12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
12/8 Reported by Fin & Rev, amend, do pass 68
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 103
12/8 Third reading, passed amended, ayes 19, noes 11 109
12/8 Signed by President; returned to House 109
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 194
12/21 Senate adopted conference committee majority report 195
12/21 House adopted conference committee majority report 203
12/22 Passed by House on final reading, ayes, 33, noes 25, not voting 2 204
12/22 Passed by Senate on final reading, ayes 17, noes 13 206
12/22 Signed by President; returned to House 206
1/2 Approved by Governor
Chapter 11

HOUSE BILL 17, zoning and providing for giving notice of changes to county assessor
12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 57
12/8 Reported by Fin & Rev, amend, do pass 68
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 103
12/8 Third reading, passed amended, ayes 17, noes 13 109
12/8 Signed by President; returned to House 109
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
Died in Conference

HOUSE BILL 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district
12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 58
12/8 Reported by Fin & Rev, amend, do pass 68
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 103
12/8 Third reading, passed amended, ayes 27, noes 2, not voting 1 109

Page

12/8 Signed by President; returned to House 110
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 195
12/21 Senate adopted conference committee majority report 195
12/21 House adopted conference committee majority report 203
12/22 Passed by House on final reading, ayes 31, noes 27, not voting 2 205
12/22 Passed by Senate on final reading, ayes 17, noes 12, excused from voting 1 206
12/22 Signed by President; returned to House 207
1/2 Approved by Governor
Chapter 12

HOUSE BILL 19, prescribing livestock tax assessment notice show number of livestock and months assessed

12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 58
12/8 Reported by Fin & Rev, amend, do pass 68
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 104
12/8 Third reading, passed amended, ayes 18, noes 12 110
12/8 Signed by President; returned to House 110
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 196
12/21 Senate adopted conference committee report 196
12/21 House adopted conference committee report 203
12/22 Passed by House on final reading, ayes 55, noes 3, not voting 2 205
12/22 Passed by Senate on final reading, ayes 26, noes 4 207
12/22 Signed by President; returned to House 207
1/2 Approved by Governor
Chapter 13

HOUSE BILL 28, making an appropriation to the department of property valuation

12/16 Introduction and first reading 146
12/16 Second reading; referred to Committee on Approp 146
12/18 Reported by Approp, do pass 148
12/21 Rules report 153
12/21 Reported by Committee of Whole, do pass 154
12/21 Third reading, ayes 30 155
12/21 Signed by President; returned to House 155
1/2 Approved by Governor
Chapter 14

HOUSE BILL 29, making an appropriation to the state board of property tax appeals

12/16 Introduction and first reading 146
12/16 Second reading; referred to Committee on Approp 146

Page

12/19 Reported by Approp, do pass 148
12/21 Rules report 153
12/21 Reported by Committee of Whole, do pass 154
12/21 Third reading, ayes 30 155
12/21 Signed by President; returned to House 156
1/2 Approved by Governor
Chapter 15

HOUSE BILL 30, making an appropriation to the interstate stream commission

12/16 Introduction and first reading 146
12/16 Second reading; referred to Committee on Approp 146
12/21 Reported by Approp, do pass 150
12/21 Rules report 153
12/21 Reported by Committee of Whole, do pass 154
12/21 Third reading, ayes 28, noes 2 156
12/21 Signed by President; returned to House 156
1/2 Approved by Governor
Chapter 16

HOUSE BILL 31, making an appropriation to the Arizona state board of crippled children's services

12/16 Introduction and first reading 146
12/16 Second reading; referred to Committee on Approp 146
12/19 Reported by Approp, do pass 148
12/21 Rules report 153
12/21 Reported by Committee of Whole, do pass 154
12/21 Third reading, ayes 30 156
12/21 Signed by President; returned to House 156
1/2 Approved by Governor
Chapter 17

RECORD OF HOUSE RESOLUTIONS RECEIVED BY SENATE

HOUSE CONCURRENT RESOLUTION 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans

12/8 Introduction and first reading 56
12/8 Second reading; referred to Committee on Fin & Rev 58
12/8 Reported by Fin & Rev, amend, do pass 68
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 104
12/8 Third reading, passed amended, ayes 18, noes 12 110
12/8 Signed by President; returned to House 110
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 196-199
12/21 Senate adopted conference committee majority report 199
12/21 House adopted conference committee majority report 203
12/22 Passed by House on final reading, ayes 34, noes 23, not voting 3 205
12/22 Passed by Senate on final reading, ayes 18, noes 12 207
12/22 Signed by President; returned to House 208
1/2 Approved by Governor
(to be submitted to voters at General Election Nov. 5, 1968)

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HOUSE CONCURRENT RESOLUTION 2, constitutional amendment exempting certain household goods from taxation

12/8 Introduction and first reading 57
12/8 Second reading; referred to Committee on Fin & Rev 58
Died in Committee

HOUSE CONCURRENT RESOLUTION 3, constitutional amendment providing for tax exempt status for certain widows

12/8 Introduction and first reading 57
12/8 Second reading; referred to Committee on Fin & Rev 58
12/8 Reported by Fin & Rev, amend, do pass 70
12/8 Rules report 72
12/8 Reported by Committee of Whole, amend, do pass 105
12/8 Third reading, passed amended, ayes 18, noes 12 110
12/8 Signed by President; returned to House 111
12/8 House refused to concur in Senate amendments; free conference committee appointed—Barrow, Buehl, Barr, Pritzlaff, Crosby, Biles 140
12/12 Senate free conference committee appointed—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 140
12/21 Reported by conference committee 199
12/21 Senate adopted conference committee majority report 200
12/21 House adopted conference committee majority report 204
12/22 Passed by House on final reading, ayes 34, noes 24, not voting 2 205
12/22 Passed by Senate on final reading, ayes 17, noes 13 208
12/22 Signed by President; returned to House 208
1/2 Approved by Governor
(to be submitted to voters at General Election Nov. 5, 1968)

HOUSE

2nd

Special Session

28th Legislature

JOURNAL

of the

HOUSE OF REPRESENTATIVES

TWENTY-EIGHTH LEGISLATURE SECOND SPECIAL SESSION

of the

STATE OF ARIZONA

- 1967 -

SESSION CONVENED — OCTOBER 30, 1967
SESSION ADJOURNED SINE DIE — 3:56 P.M.
NOVEMBER 17, 1967

HOUSE JOURNAL

First Day

MONDAY, OCTOBER 30, 1967

Pursuant to the Proclamation of His Excellency, Jack Williams, the Governor of Arizona, under date of October 26, 1967, the House of Representatives of the Twenty-eighth Legislature, Second Special Session convened this day.

The House of Representatives assembled in its Chamber at 12:00 Noon.

The Speaker, Stan Turley of Maricopa County, District 8-B, called the House to order.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Williams, Speaker Turley — 56.

EXCUSED: Alexander, House, McConnell, Walker — 4.

Chaplain of the House, Kenyon Udall, offered prayer.

The Pledge of Allegiance to the Flag of the United States was led by Mrs. Hutcheson.

The Proclamation of His Excellency, Jack Williams, the Governor of Arizona, under date of October 26, 1967, calling the Twenty-eighth Legislature into a Second Special Session, was read as follows:

PROCLAMATION

CALLING A SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a special session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, the Legislature of Arizona in 1963 did establish by Chapter 43 of the Laws of 1963 the Division of Appraisal and Assessment Standards and by preamble used the following words: "It is the sense of this Legislature that in order to assure that the state's ad valorem tax structure is uniform and equitable a revaluation of all property in the state is to be undertaken immediately. The Legislature recognizes that a revaluation of all property within the state will necessarily take time." This legislation came into being by virtue of Southern Pacific Co. vs. Cochise County, 92 Ariz. 395, 377 P2d 770; and

WHEREAS, four years have elapsed since the Division of Appraisal and Assessment Standards came into being and several million dollars have been spent and many thousands of man hours expended; and

WHEREAS, the responsible committees of both Houses of the Legislature have worked arduously to achieve the goals established in 1963; and

WHEREAS, the people of this State expect that their elected representatives can and will solve one of the great problems facing this State fairly, efficiently and quickly;

NOW, THEREFORE, I, Jack Williams, Governor of Arizona, by virtue of the authority vested in me by the Constitution and in pursuance of my duty, call the Twenty-eighth Arizona Legislature to meet in Second Special Session in the Capitol on Monday, the 30th day of October, 1967 at 12:00 Noon.

The following is the subject to be considered during this Special Session:

> Any and all matters relating to the imposition of taxes, ad valorem or otherwise, the raising and distribution of revenue from any source and any matter germane to the raising and distribution of revenue in order to finance the operation of the State government or its subdivisions.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

DONE at the Capitol in Phoenix this 26th day of October in the year of Our Lord One Thousand Nine Hundred and Sixty Seven and of the Independence of the United States the One Hundred and Ninety-second.

/s/ JACK WILLIAMS,
Governor.

(SEAL)

ATTEST: /s/ WESLEY BOLIN,
Secretary of State.

BUSINESS ON THE SPEAKER'S DESK

A communication from Ruby H. Sanders, Chief Clerk of the House of Representatives, was read and filed:

August 25, 1967

Dear Mr. Turley:

It is with deep regret that I am submitting my resignation as Chief Clerk of the Arizona House of Representatives, effective September 1, 1967.

For many years I have been employed by the House of Representatives and have enjoyed meeting and working with, in my opinion, the most dedicated and hard-working group of people in public life. They have extended to me friendships and kindnesses few people could have expected to enjoy in a working relationship.

You will recall that in November, 1966, I indicated to you that I intended to resign as of January 1, 1967 but after meeting with you and some of the leadership agreed to remain for the First Regular Session of the Twenty-eighth Legislature.

At this time the Chief Clerk's office is well-staffed with experienced and capable personnel. I feel confident that with Betty West, presently serving as Assistant Chief Clerk, Leona Young and the remainder of our competent staff there will be no interruption in the handling of bills, technical details and paper work and that the office will run as usual.

I would like to thank you, personally, Mr. Turley for your kindnesses and all the members of the Twenty-eighth Legislature for selecting me as their Chief Clerk. I shall miss you all.

Sincerely yours,

/s/ Ruby H. Sanders,
Chief Clerk,
House of Representatives.

At 12:10 P.M., the Sergeant at Arms announced the seating of Mr. Alexander.

Motion by Mr. Akers, seconded by Mr. Crosby, that the name of K. E. Betty West be placed in nomination for Chief Clerk of the House of Representatives, Twenty-eighth Legislature and that she be elected by acclamation. Carried.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that a committee of five be appointed to notify the Senate that the House is organized and ready for the transaction of business, and to act with a like committee from the Senate to wait upon the Governor, giving notification that the Legislature is organized and ready to receive his message. Carried, and Speaker Turley appointed Members Ellsworth, Rockwell, Roeder, Biles and Abril as the House Organization Committee.

At 12:12 P.M., the Sergeant at Arms announced a committee from the Senate consisting of Senators Wilcox, Tenney, Goetze, Conlan and Gibbings, who informed the House that the Senate was organized and ready for the transaction of business.

Speaker Turley thanked the Senate Organization Committee.

Without objection, at 12:14 P.M., the House stood at recess, subject to the call of the gavel.

At 12:22 P.M., Speaker Turley called the House to order.

At 12:23 P.M., the Sergeant at Arms announced the Senate of the State of Arizona.

JOINT SESSION OF THE SENATE AND HOUSE OF REPRESENTATIVES OF THE TWENTY-EIGHTH LEGISLATURE, SECOND SPECIAL SESSION OF THE STATE OF ARIZONA

The Joint Session of the Second Special Session of the Twenty-

eighth Legislature was called to order at 12:24 P.M., by Marshall Humphrey of Maricopa County, District 8-A, President of the Senate.

A quorum of both Houses was present.

At 12:25 P.M., the Joint Organization Committee consisting of Senators Wilcox, Tenney, Goetze, Conlan, Gibbings and Representatives Ellsworth, Rockwell, Roeder, Biles and Abril, returned escorting His Excellency, Jack Williams, the Governor of Arizona.

Governor Williams, who was introduced by President Humphrey, delivered the following message:

GOVERNOR'S MESSAGE

You are gathered together today to fulfill an obligation placed upon you some four years ago by the Supreme Court of Arizona. In response to that judgment your predecessors took the first step, establishing authority for a statewide reappraisal program. Much time has been spent and several millions of dollars of the taxpayers' money has been expended preparatory to this day. You do not face an easy task, but then neither did your predecessors in many other periods of Arizona's history, both territorial and state.

I am confident that in an unemotional, calm atmosphere you can achieve a program that will redound to the benefit of the people of this state. No matter how taxes are sugar coated, they are still taxes and a burden upon the people. The only purpose of taxation is to provide funds to meet the necessary expenses of a government.

Social concepts have no place in a fair scheme of taxation. I say this because social concepts change, but the concept of a fair burden of taxation must continue to have the support of the great bulk of the taxpayers. If any tax structure you create places an undue burden upon any segment of this population, you will have done the state and its citizens a great disservice. I am confident you will not do this. Industry has come to Arizona and will remain here and provide jobs for the citizens of this state as long as they feel they are fairly treated. If we undertake a punishing program in any form we are endangering some jobs for some citizens of this state. The only "social aim" of a tax program that I believe the majority of this state will support is one that insures more jobs for more people. This means we must also protect all those Arizonans with varied forms of investment, whether it be the farmers and ranchers or the developers and the owners of real property such as apartment buildings or office buildings.

Of course the largest taxpaying segment of all are the state's home owners, who must receive treatment that will prevent home owning from becoming a burden. Taxes have been a matter of concern since the earliest recorded history of any people. What you face has been faced by generations before us and I am sure will be faced by those to come.

Basically, it is the question of how do we pay for the services we want the government to provide for us. It will do no good to discuss how complex the problem is, nor to wring our hands and to say it is too complicated for solution. No problem is too complicated when people of good faith resolve to come to grips with the problem. I have been in many, many meetings with your leadership. Their efforts to achieve equitable results are commendable, their diligence will remain as an example for all subsequent legislatures to follow. I am convinced that you are able and capable of achieving a tax program that the people of this state can live with and prosper under. May I, at the risk of appearing to lecture, give you my thoughts on the essential elements of a fair tax program?

First. It must be simple and easily understood by every citizen of this state. Complicated formulas, exceptions, cumbersome exemptions and too many classifications only lead to the suspicion that the average citizen is not receiving a fair shake. I am of the firm thought that our citizens will pay their taxes if they understand fully the basis upon which they are assessed and the reason therefor.

Second. Fairness to all segments of the populations in all counties in all sections of the state. The power manifested in the two big counties must not be used against citizens or businesses located in counties where there are few voters.

Third. Quickness of remedy and appeal provisions. Truly, justice delayed is justice denied. The appeal provisions of any assessment must be quick and within the economic reach of any citizen, otherwise he is denied a very basic right.

Fourth. Ease of collection by the taxing authorities. The best tax in the world is of no consequence if it cannot be collected quickly and cheaply. I state this because if there are any supplemental tax programs enacted in connection with an ad valorem reform, then this concept must be kept in mind

In the next few days the people of this state expect much of you and I know that you will not disappoint them.

At 12:30 P.M., the Joint Organization Committee escorted Governor Williams from the House Chamber.

Without objection, at 12:31 P.M., the Joint Session of the Legislature was dissolved.

MARSHALL HUMPHREY,
President of the Senate.

STAN TURLEY,
Speaker of the House.

ATTEST: LOUISE C. BRIMHALL,
Secretary of the Senate.

K. E. BETTY WEST,
Chief Clerk of the House.

At 1:37 P.M., Speaker Turley called the House to order.

At 1:37 P.M., the Sergeant at Arms announced the seating of Mr. House.

Without objection, the House referred to the Order of Business:

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 1, by Committee on Ways & Means, An Act, relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; repealing Section 42-136, Arizona Revised Statutes; amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding a new Section 42-136, and amending Section 42-227, Arizona Revised Statutes.

HOUSE BILL 2, by Committee on Ways & Means, An Act, relating to taxation; providing for an increase in the rate of taxation on income, and amending Section 43-102, Arizona Revised Statutes.

HOUSE BILL 3, by Committee on Ways & Means, An Act, relating to taxation; providing for the elimination of federal income taxes as a deduction; providing for depreciation allowances; eliminating net operating loss carry-backs as a deduction; eliminating the deduction for dividends from Arizona corporations; providing for twenty per cent bonus first-year depreciation; providing an exception relating to the sale of corporate assets in the year of dissolution; providing for nonrecognition of gain for corporations selling assets and liquidating within a twelve-month period; providing for taxation of gain from disposition of depreciable property as ordinary income; providing for taxation of gain from disposition of depreciable realty as ordinary income; providing for recognition of gain or loss of certain reacquisitions of real property; prescribing a ninety-day statutory period for protest and finalization of assessments; providing for an Arizona withholding tax rate of one per cent, and amending Sections 43-123, 43-152, 43-157, 43-177, and 43-188, Arizona Revised Statutes.

HOUSE BILL 4, by Committee on Ways & Means, An Act, relating to taxation; prescribing the rate of the education excise tax, and amending Section 42-1361, Arizona Revised Statutes.

HOUSE BILL 5, by Committee on Ways & Means, An Act, relating to taxation; prescribing duties of Director of Department of Property Valuation; declaring full cash value and fair market value as being synonymous; providing that certain property be valued at fair market value, and amending Sections 42-123, 42-201 and 42-227, Arizona Revised Statutes.

HOUSE BILL 6, by Committee on Ways & Means, An Act, relating to taxation; prescribing the situs of cars for taxation purposes, and amending Section 42-742, Arizona Revised Statutes.

HOUSE BILL 7, by Committee on Ways & Means, An Act, relating

to taxation; prescribing dates for corrections in valuations of property, and amending Section 42-127, Arizona Revised Statutes.

HOUSE BILL 8, by Committee on Ways & Means, An Act, relating to taxation; imposing a real estate transfer tax, and amending Title 42, Arizona Revised Statutes, by adding Chapter 10, Articles 1 and 2.

HOUSE BILL 9, by Committee on Ways & Means, An Act, relating to taxation; providing for a transaction privilege tax on storage fees or rents, and amending Section 42-1314, Arizona Revised Statutes.

HOUSE BILL 10, by Committee on Ways & Means, An Act, relating to taxation; providing for review of and appeal from classification assigned by county assessor or the Department of Property Valuation, and amending Title 42, Chapter 2, Article 2, Arizona Revised Statutes, by adding Section 42-254.

HOUSE BILL 11, by Committee on Ways & Means, An Act, relating to taxation; providing for appeal of valuations; requiring assessor or Department of Property Valuation to furnish copy of petition to the owner of the property, and amending Section 42-245, Arizona Revised Statutes.

HOUSE BILL 12, by Committee on Ways & Means, An Act, relating to taxation; providing for hearing of appeal from State Board of Property Tax Appeals; providing for method of payment of judgment, and amending Section 42-147, Arizona Revised Statutes.

HOUSE BILL 13, by Committee on Ways & Means, An Act, relating to counties; providing for the issuance and filing of building permits issued by cities and counties; prescribing penalties; amending Section 11-321, Arizona Revised Statutes, and amending Title 11, Chapter 2, Article 9, Arizona Revised Statutes, by adding Section 11-322.

HOUSE BILL 14, by Committee on Ways & Means, An Act, relating to zoning; providing for giving notice of changes to county assessor; amending Title 9, Chapter 4, Article 6, Arizona Revised Statutes, by adding Section 9-465.01, and amending Title 11, Chapter 6, Article 2, Arizona Revised Statutes, by adding Section 11-829.01.

HOUSE BILL 15, by Committee on Ways & Means, An Act, relating to taxation; prescribing dates within which proof of exemption shall be submitted, and amending Section 42-275, Arizona Revised Statutes.

HOUSE BILL 16, by Committee on Ways & Means, An Act, relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending Section 42-221, Arizona Revised Statutes.

HOUSE BILL 17, by Committee on Ways & Means, An Act, relating to taxation; providing for a tax on implements as unsecured personal property, and amending Title 42, Chapter 3, Arizona Revised Statutes, by adding Article 4, Section 42-651.

HOUSE BILL 18, by Committee on Ways & Means, An Act, relating to livestock and animals; providing that a copy of the record of inspections shall also be sent to the county assessor, and amending Section 24-263, Arizona Revised Statutes.

HOUSE BILL 19, by Committee on Ways & Means, An Act, relating

to taxation; providing for determination of valuation of gas, water and utilities, pipelines and cable television or transmission systems, and amending Section 42-124.01, Arizona Revised Statutes.

HOUSE CONCURRENT RESOLUTION 1, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 2, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain widows, and amending Article 9, Section 2, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 3, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected disabilities and amending Article 9, Section 2, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 4, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain persons who have attained the age of sixty-five years, and amending Article 9, Section 2, Constitution of Arizona.

HOUSE RESOLUTION 1, by The Arizona House of Representatives, A Resolution, honoring Ruby H. Sanders and bestowing upon her the honorary title of Chief Clerk Emeritus, Arizona House of Representatives.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared, and House Resolution 1 be placed under the Order of Business, Second Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the second time by number and title:

HOUSE RESOLUTION 1, honoring Ruby H. Sanders and bestowing honorary title Chief Clerk Emeritus.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared, and House Resolution 1 be placed under the Order of Business, Third Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

THIRD READING OF BILLS

The following bill was read the third time in full:

HOUSE RESOLUTION 1, honoring Ruby H. Sanders and bestowing

upon her the honorary title of Chief Clerk Emeritus, Arizona House of Representatives.

Motion by Mr. Akers, seconded by Mr. Crosby, that on behalf of the entire membership of the House, House Resolution 1 be adopted by unanimous vote. Carried.

The proclamation, honoring Ruby H. Sanders, was read as follows:

STATE OF ARIZONA
OFFICE OF THE SECRETARY

UNITED STATES OF AMERICA }
STATE OF ARIZONA } SS

I, WESLEY BOLIN, Secretary of State, do hereby certify that on October 30, 1967, there was added to Arizona's laurels the crowning of RUBY H. SANDERS as the Chief Clerk Emeritus of the Arizona House of Representatives.

Arizona is pleased and honored to pay due homage to Ruby Sanders who has singularly honored our beautiful state for more than four decades. She has served the Members of the House of Representatives as well as the State of Arizona and has given time and effort well "beyond the call of duty". She has seen legislators come and go throughout the years and she helped them all regardless of party affiliation and guided them so that they could perform their services to their state in an efficient manner.

Ruby is universally liked and respected. She is dedicated to the service of her fellowman. Her every action of assistance to her family, associates, and many friends is marked with a willingness to serve without return or reward. These facts have made her beloved and respected in her family, church, employment and by her numerous friends.

/s/ JACK WILLIAMS,
Governor

/s/ STAN TURLEY,
Speaker

In witness whereof I have hereunto set my hand and affixed the Great Seal of the State of Arizona. Done at Phoenix, the capital, this 30th day of October, 1967.

/s/ WESLEY BOLIN,
Secretary of State

(SEAL)

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 1:53 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Alexander, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Maynard, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Thompson, Walker, Williams, Speaker Turley—51.

EXCUSED: Akers, Bailey, Kluender, Lyman, McConnell, Rickard, Shelley, Stuckey, Vipperman—9.

At 9:01 A.M., the Sergeant at Arms announced the seating of Mr. Stuckey.

Chaplain of the House, Edwin Reeves, offered prayer.

Without objection, the reading of the Journal of Monday, October 30, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bills 1, 2, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19 .....2500 copies

House Bills 3, 4 and 9, not printed, duplicates of Senate Bills 3, 13 and 2, respectively

House Concurrent Resolutions 1, 2, 3 and 4, not printed, duplicates of Senate Concurrent Resolutions 4, 2, 1 and 3, respectively

House Resolution 1, not printed.

BUSINESS ON THE SPEAKER'S DESK

A communication from the Governor, Jack Williams, on approval of the following bill, was read and filed:

HOUSE RESOLUTION 1, signed October 30, 1967.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the first time by number and title:

HOUSE BILL 20, by Committee on Agriculture & Livestock, An Act, relating to taxation; providing that permanent agricultural or grazing improvements on farm and grazing lands shall be included as part

of value of real property, and amending Section 42-233, Arizona Revised Statutes.

At 9:08 A.M., the Sergeant at Arms announced the seating of Mr. Bailey.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 1, providing for the classification of property; prescribing percentage of assessed valuation. Referred to Committees on Rules; Ways & Means.

HOUSE BILL 2, providing for increase in rate of taxation on income. Referred to Committees on Rules; Ways & Means.

HOUSE BILL 3, eliminating federal deduction on income tax and changing other income tax laws. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 4, prescribing rate of education excise tax. Referred to Committees on Rules; Education; Ways & Means.

HOUSE BILL 5, prescribing duties of Director of Department of Property Valuation; defining change of "Full Cash Value" to "Fair Market Value". Referred to Committees on Rules; State Government; Ways & Means.

HOUSE BILL 6, prescribing situs of railroad cars for taxation purposes. Referred to Committees on Rules; Transportation; Ways & Means.

HOUSE BILL 7, changing dates for corrections in valuations of property. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE BILL 8, imposing a real estate transfer tax. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 9, providing for transaction privilege tax on certain storage fees or rents. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 10, providing for review of and appeal from property classification. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 11, providing for appeal of valuations; requiring owner be furnished copy of petition. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 12, providing for hearing of appeal from State Board of Property Tax Appeals; method of payment of judgment. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE BILL 13, providing for issuance and filing of building permits. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 14, relating to zoning and providing for giving notice of changes to county assessor. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 15, prescribing dates within which proof of exemption shall be submitted. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 16, providing for ascertainment of property subject to taxation. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 17, providing for tax on implements as unsecured personal property. Referred to Committees on Rules; Transportation; Ways & Means.

HOUSE BILL 18, providing that a copy of record of livestock inspections relating to shipments be sent to county assessor. Referred to Committees on Rules; Agriculture & Livestock; Ways & Means.

HOUSE BILL 19, providing for allocation of valuation of oil, gas, utilities. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE CONCURRENT RESOLUTION 1, constitutional amendment exempting household goods from taxation. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE CONCURRENT RESOLUTION 2, constitutional amendment providing for tax exempt status for certain widows. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE CONCURRENT RESOLUTION 3, constitutional amendment providing for gradual removal of tax exemptions of certain veterans. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE CONCURRENT RESOLUTION 4, constitutional amendment providing for tax exempt status for certain persons over age sixty-five. Referred to Committees on Rules; State Government; Ways & Means.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:14 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Kelley, Kluender, Koory, Lena, Lyman, Maynard, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—54.

EXCUSED: Akers, Brown, Gardner, Jones, McConnell, Rickard—6.

Chaplain of the House, Edwin Reeves, offered prayer.

Without objection, the reading of the Journal of Tuesday, October 31, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on hiring of attaches.

Your Committee on Administration reports that it has had under consideration the employing of attaches and respectfully recommends that the following persons be selected for the Second Special Session of the Twenty-eighth Legislature:

Assistant Chief Clerk	Leona M. Young
Secretary to Chief Clerk	Gayle H. Keith
Bill-Journal Clerk	Patricia Meurer
Payroll-Bookkeeper	Blanche M. Ruble
File Clerk-Runner	Marion S. Harper
Head Minute Clerk	Susan M. Thompson
Minute Clerk	Sally Dunton
Head E. & E. Clerk	Opal F. Plummer
E. & E. Clerk	Warrene Ensign
Speaker's Secretary	Ione J. Simonson
Supply Clerk	Faye Rice
Appropriations Clerk	Charlene Gray
Majority Floor Leader's Secretary	Glenna Quaintance
Majority Whip's Secretary	Bonnie Sitek
Minority Floor Leader's Secretary	Dorothy A. Allison
Head Telephone Operator	Alva L. Poston
Telephone Operators	Vivian Walker
	Joan Thew
	Rebecca Ashby
Head Stenographer	Geraldine D. Thies
Stenographers	Jane Richards
	Anne F. Schneider
	Cecile Pursley
	Carol Allen
	Billie Tracy
	Genevieve Quail
	Martha Van de Putte
	Dorothy Bennett

Mimeograph Operator ..... Laura Whipple
Coffee Bar ..... Lena Hundley
Ada M. Cooper
Pages ..... Roger Brogan
Taylor Burk
Larry Cooper
Wil Banks
Eddie Palmer
Andy Evans
Henry F. Robert, Jr.
Pat Hendrix
Sergeant at Arms ..... Eskil Alenius
Assistant Sergeant at Arms ..... Walter C. Buell
Doormen ..... Lester Greenhalgh
Frank Downs
John Bowling
Henry Tuckey
Edwin Stephens
Charles Terrell
Martin Young
Albert Jarvis
Postmistress ..... Virginia Smoot
Post Office Clerks ..... Maude E. Walker
Eva Mae Butler
Laila Arneson

AS OF NOVEMBER 1, 1967:

Appropriations Secretary ..... Jeannine Longmire
Law Clerk ..... Leland C. Makemson
Stenographers ..... Anne D. Erickson
Eva Wetchensky
Post Office ..... Mildred Terrill

The Administration Committee, with the consent of the Speaker, reserves the right to discharge any attache whose services are not satisfactory.

Motion by Mrs. Rosenbaum, seconded by Mr. Ellsworth, that the report of the Committee on Administration be accepted and the named attaches be elected for the Second Special Session of the Twenty-eighth Legislature. Carried.

At 9:05 A.M., the Sergeant at Arms announced the seating of Mr. Rickard.

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bill 20 ..... 2500 copies

Received:

House Bills 1, 11, 12, 13, 14, 15, 16, 17 and 18.

At 9:07 A.M., the Sergeant at Arms announced the seating of Mr. Brown.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section

12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 21, by Committee on Ways & Means, An Act, relating to estate taxes; prescribing exemptions of residents from estate taxes, and amending Section 42-1512, Arizona Revised Statutes.

HOUSE BILL 22, by Committee on Ways & Means, An Act, relating to banking institutions; prescribing tax on income of all banks doing business within the state, and amending Section 42-901, Arizona Revised Statutes.

HOUSE BILL 23, by Committee on Ways & Means, An Act, relating to insurance; prescribing the premium tax, and amending Section 20-224, Arizona Revised Statutes.

HOUSE BILL 24, by Committee on Ways & Means, An Act, relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for common and high school equalization; providing for the imposition of a cigarette floor stock tax, and amending Section 42-1231, Arizona Revised Statutes.

HOUSE BILL 25, by Members Carrillo, Hutcheson, Lena, Maynard, Walker of District 7; Cook, Elliott, Hawes, Sawyer of District 2; House of District 3; Getzwiller, Hardt, Smith of District 5; Johnson, Miniken of District 6; Coppinger, Pena, Rickard, Thompson of District 8, An Act, relating to taxation; providing for the exemption of prescription medicine from transaction privilege taxes and the use tax, and amending Sections 42-1321 and 42-1409, Arizona Revised Statutes.

HOUSE BILL 26, by Members Carrillo, Hutcheson, Lena, Maynard, Walker of District 7; Cook, Elliott, Hawes, Sawyer of District 2; House of District 3; Getzwiller, Hardt, Smith of District 5; Johnson, Miniken of District 6; Coppinger, Pena, Rickard, Thompson of District 8, An Act, relating to taxation; exempting food products, medicine and water from the transaction privilege tax, and amending Section 42-1321, Arizona Revised Statutes.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the second time by number and title:

HOUSE BILL 20, including certain permanent agricultural improvements in valuation of real property. Referred to Committees on Rules; Agriculture & Livestock; Ways & Means.

At 9:10 A.M., the Sergeant at Arms announced the seating of Mr. Jones.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:12 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

FOURTH DAY
THURSDAY, NOVEMBER 2, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Maynard, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—51.

EXCUSED: Akers, Brown, Carrillo, Gardner, Lyman, McConnell, Miniken, Shelley, Stone—9.

Chaplain of the House, Roy Bowers, offered prayer.

Without objection, the reading of the Journal of Wednesday, November 1, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bills 21 to 26, inclusive.....2500 copies

Received:

House Bills 6, 10, 19 and 20.

Ways & Means, W. A. Buehl, Chairman.

HOUSE BILL 11, amended, do pass.

HOUSE BILL 13, amended, do pass.

HOUSE BILL 14, amended, do pass.

HOUSE BILL 15, do pass.

HOUSE BILL 16, do pass.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the first time by number and title:

HOUSE CONCURRENT RESOLUTION 5, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting all livestock from property taxation, and amending Article 9, Section 2, Constitution of Arizona.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section

12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 21, relating to estate tax exemptions on real property. Referred to Committees on Rules; Ways & Means.

HOUSE BILL 22, increasing taxes on income of banking institutions. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 23, increasing tax on insurance premiums. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 24, increasing luxury tax on cigarettes. Referred to Committees on Rules; Education; Ways & Means.

HOUSE BILL 25, providing for exemption of prescription medicine from sales and use tax. Referred to Committees on Rules; Public Health & Welfare; Ways & Means.

HOUSE BILL 26, food products, medicines and drinking water exempt from sales tax. Referred to Committees on Rules; Public Health & Welfare; Ways & Means.

At 9:11 A.M., the Sergeant at Arms announced the seating of Mr. Shelley.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:12 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

FIFTH DAY
FRIDAY, NOVEMBER 3, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Adams, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Cook, Coppinger, Crosby, Elliott, Ellsworth, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, Maynard, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Smith, Stinson, Stuckey, Thompson, Walker, Williams, Speaker Turley—47.

EXCUSED: Abril, Akers, Brown, Carrillo, Farley, Holley, Kluender, McConnell, Miniken, Shaughnessy, Shelley, Stone, Vipperman—13.

Chaplain of the House, Roy Bowers, offered prayer.

Without objection, the reading of the Journal of Thursday, November 2, 1967, was dispensed with, and approved as written.

At 9:07 A.M., the Sergeant at Arms announced the seating of Members Akers, Farley and Vipperman.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Concurrent Resolution 5.....2500 copies

Received:

House Bills 7 and 8.

Ways & Means, W. A. Buehl, Chairman.

HOUSE BILL 12, amended, do pass.
HOUSE BILL 18, do pass.
HOUSE BILL 19, do pass.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the second time by number and title:

HOUSE CONCURRENT RESOLUTION 5, constitutional amendment exempting livestock from property taxation. Referred to Committees on Rules; Agriculture & Livestock; Ways & Means.

At 9:09 A.M., the Sergeant at Arms announced the seating of Members Abril and Carrillo.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned until 10:00 A.M., Monday, November 6, 1967. Carried at 9:10 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 10:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Barr, Barrow, Biles, Bloom, Buehl, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 54.

EXCUSED: Alexander, Bailey, Brown, Carrillo, House, Stone—6.

Chaplain of the House, Richard Barnes, offered prayer.

The Pledge of Allegiance to the Flag of the United States was led by Mrs. Rosenbaum.

Without objection, the reading of the Journal of Friday, November 3, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Received:

House Bills 2, 5, 21, 22, 23, 24, 25 and 26

House Concurrent Resolution 5.

Counties & Municipalities, Sam Flake, Chairman.

HOUSE BILL 11, amended, do pass.

HOUSE BILL 13, amended, do pass.

HOUSE BILL 14, amended, do pass.

HOUSE BILL 15, do pass.

HOUSE BILL 16, do pass.

Ways & Means, W. A. Buehl, Chairman.

HOUSE BILL 6, do pass.

Motion by Mr. Hardt, seconded by Mr. Rickard, that the House stand adjourned until Monday, November 13, 1967.

Speaker Turley ruled:

That the motion by Mr. Hardt was not in order.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 10:11 A.M.

At 10:47 A.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 27, by Committee on Education (by request), An Act, relating to education; providing state aid for school districts; amending Sections 15-445, 15-1201, 15-1202, 15-1211, 15-1212, 15-1221, 15-1223, 15-1224, 15-1238, 15-1241, 15-1245 and 15-1246, Arizona Revised Statutes; repealing Sections 15-1201.01, 15-1203, 15-1203.01, 15-1211.01 and 15-1235, Arizona Revised Statutes; amending Title 15, Chapter 12, Article 1, Arizona Revised Statutes, by adding a new Section 15-1203, and amending Title 15, Chapter 12, Article 2.1, Arizona Revised Statutes, by adding Section 15-1226.

HOUSE BILL 28, by Committee on Education (by request), An Act, relating to education; providing a state financial assistance plan for school districts; amending Sections 15-252, 15-257, 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1211, 15-1212, 15-1221, 15-1222, 15-1223, 15-1224, 15-1225, 15-1235 and 15-1241, Arizona Revised Statutes, and repealing Sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 10:59 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—55.

EXCUSED: Buehl, Carrillo, Lyman, Shaughnessy, Shelley—5.

Chaplain of the House, Richard Barnes, offered prayer.

Without objection, the reading of the Journal of Monday, November 6, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bills 27 and 28 .....2500 copies.

Ways & Means, W. A. Buehl, Chairman.

HOUSE BILL 7, amended, do pass.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 27, increases state aid to education (plan C). Referred to Committees on Rules; Education; Ways & Means.

HOUSE BILL 28, increases state aid to education; provides school budget controls (plan A). Referred to Committees on Rules; Education; Ways & Means.

At 9:09 A.M., the Sergeant at Arms announced the seating of Mr. Shelley.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:10 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

TENTH DAY
WEDNESDAY, NOVEMBER 8, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Thompson, Vipperman, Walker, Williams, Speaker Turley — 56.

EXCUSED: Akers, Buehl, Shelley, Stuckey — 4.

At 9:01 A.M., the Sergeant at Arms announced the seating of Mr. Akers.

Chaplain of the House, Richard Barnes, offered prayer.

Without objection, the reading of the Journal of Tuesday, November 7, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on printing.

Received:

House Bill 27.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 29, by Committee on Ways & Means, An Act, relating to taxation; imposing a tax upon consideration paid for occupancy of certain rooms; defining "place of public accommodation"; providing for administration by State Tax Commission; providing for deposit of proceeds from tax in the State General Fund; prescribing penalties, and amending Title 42, Arizona Revised Statutes, by adding Chapter 10, Article 1.

HOUSE BILL 30, by Mr. Kelley of District 8-D, An Act, relating to taxation; providing that county treasurer shall mail tax statements to owners of property; providing for disclosure of improvements made on property; prescribing penalties, and amending Title 42, Chapter 2, Article 11, Arizona Revised Statutes, by adding Sections 42-502 and 42-503.

Privileges of the floor were extended to Thelma Pablo, New Mexico, Miss Navajo for 1968; Sarah Johnson of the Navajo Tribe of Arizona, Miss Indian America for 1968 and Mrs. Yellowtail of the Crow Tribe of Wyoming, Mrs. Indian America for 1968.

The guests were introduced by Mr. House.

PERSONAL PRIVILEGE

The following members addressed the House:

Mr. Rickard — Proposed legislation concerning $5,000.00 homestead tax exemption.
Exemptions for certain groups.
All mines and mining property assessed at full cash value.

Mr. Kelley — Regarding request for supplemental appropriation for Crippled Children's Hospital.

Mr. Kluender— Urging study of House Bills 27 and 28.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:25 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

ELEVENTH DAY
THURSDAY, NOVEMBER 9, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Maynard, McConnell, Miniken, Pale, Peck, Pena, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—54.

EXCUSED: Brown, Buehl, Farley, Lyman, Pritzlaff, Shelley—6.

At 9:01 A.M., the Sergeant at Arms announced the seating of Mr. Farley.

Chaplain of the House, Delton Haun, offered prayer.

Without objection, the reading of the Journal of Wednesday, November 8, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bills 29 and 30.....2500 copies

Received:

House Bill 28.

Commerce & Industry, D. Delos Ellsworth, Chairman.

HOUSE BILL 19,

Majority: do pass.

Minority: do not pass.

JOHN D. ROEDER

BUSINESS ON THE SPEAKER'S DESK

The following communication was presented and filed:

The Honorable Stan Turley
Speaker of the House
House of Representatives
State Capitol
Phoenix, Arizona

Dear Speaker Turley:

The pressure of holding the chairmanship of the House Ways & Means Committee has taken practically all of my time. As a consequence, I find myself in strained financial circumstances. In order to try to alleviate this, I took a couple of days off, but I feel that the best thing I can do, under the circumstances, is to relieve myself of the extra pressure of this committee chairmanship and I hereby resign that chairmanship. However, I will continue to serve as a member of the House.

Sincerely,

W. A. "TONY" BUEHL.

Speaker Turley announced a change in personnel of standing committees of the House.

WAYS & MEANS:

Mr. Buehl resigned as chairman.

Mr. Barrow assigned to chairmanship.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 31, by Members Rickard, Abril, Kelley, Kluender, Pena, Thompson of District 8, An Act, relating to taxation; providing for tax assessment of mines and mining properties, and amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding Section 42-136.01.

HOUSE BILL 32, co-sponsored by Members Rosenbaum, Getzwiller, Smith of District 5, Huffer of District 4, Adams, Flake, Pritzlaff of District 8, An Act, relating to education; providing for county-wide school tax districts; providing for estimate of funds by county school superintendent; providing for right of protest; protecting existing county-wide high school districts, and amending Title 15, Chapter 12, by adding Article 4, Sections 15-1261 to 15-1263, inclusive.

HOUSE BILL 33, by Committee on Education (by request), An Act, relating to education; providing a system of equalization for school districts; amending Sections 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221, 15-1222, 15-1223, 15-1224, 15-1225, 15-1235 and 15-1245, Arizona Revised Statutes, and repealing Sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

HOUSE CONCURRENT RESOLUTION 6, by Mr. Holley of District 8-A, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona exempting owner-occupied homes from taxation, and amending Article 9, Section 2, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 7, co-sponsored by Members Rickard, Coppinger of District 8; Lyman of District 1; Cook, Elliott, Hawes, Sawyer of District 2; Carrillo, Fricks, Lena, Maynard, Stone of District 7; Abril, Farley, Pena, Thompson of District 8, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona exempting owner-occupied homes from taxation, and amending Article 9, Section 2, Constitution of Arizona.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 29, imposing room occupancy tax; place of public accommodation defined. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 30, providing owner of property receive tax statement and disclose improvements made on property. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:12 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

TWELFTH DAY
FRIDAY, NOVEMBER 10, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—54.

EXCUSED: Brown, Buehl, Kluender, Maynard, Pritzlaff, Shelley—6.

Chaplain of the House, Delton Haun, offered prayer.

Without objection, the reading of the Journal of Thursday, November 9, 1967, was dispensed with, and approved as written.

Privileges of the floor were extended to former Member of the House, Kent Smith.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bills 31 and 32.....2500 copies

House Bill 33, not printed, duplicate of Senate Bill 20

House Concurrent Resolutions 6 and 7.....2500 copies

Received:

House Bills 29 and 30.

At 9:08 A.M., the Sergeant at Arms announced the seating of Mrs. Maynard.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 31, providing for full tax assessment of mines and mining property. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 32, providing for county-wide school districts for tax-making purposes. Referred to Committees on Rules; Education; Ways & Means.

HOUSE BILL 33, providing system of equalization for school districts. Referred to Committees on Rules; Education; Ways & Means.

HOUSE CONCURRENT RESOLUTION 6, constitutional amendment exempting all owner-occupied homes from limited ad valorem taxation. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE CONCURRENT RESOLUTION 7, constitutional amendment exempting all owner-occupied homes from limited ad valorem taxation. Referred to Committees on Rules; State Government; Ways & Means.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned until 10:00 A.M., Monday, November 13, 1967. Carried at 9:12 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

FIFTEENTH DAY
MONDAY, NOVEMBER 13, 1967

The House met at 10:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Barr, Barrow, Biles, Bloom, Cook, Coppinger, Crosby, Elliott, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—55.

EXCUSED: Bailey, Brown, Buehl, Carrillo, Ellsworth—5.

Chaplain of the House, James R. Jacobson, offered prayer.

The Pledge of Allegiance to the Flag of the United States was led by Mrs. Adams.

Without objection, the reading of the Journal of Friday, November 10, 1967, was dispensed with, and approved as written.

At 9:05 A.M., the Sergeant at Arms announced the seating of Mr. Ellsworth.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE RESOLUTION 2, by Mrs. Rosenbaum of District 5, A Resolution, on the death of the Honorable Clifford Clinton Faires.

HOUSE RESOLUTION 3, by Mrs. Rosenbaum of District 5, A Resolution, on the death of the Honorable Walter John Randall.

HOUSE RESOLUTION 4, by Mr. Sawyer of District 2, A Resolution, on the death of the Honorable Raymond Earhart.

HOUSE RESOLUTION 5, by Mrs. Gardner of District 1, A Resolution, on the death of the Honorable William Bradford Carr, Sr.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared, and House Resolutions 2, 3, 4 and 5 be placed under the Order of Business, Second Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE RESOLUTION 2, on the death of the Honorable Clifford Clinton Faires.

HOUSE RESOLUTION 3, on the death of the Honorable Walter John Randall.

HOUSE RESOLUTION 4, on the death of the Honorable Raymond Earhart.

HOUSE RESOLUTION 5, on the death of the Honorable William Bradford Carr, Sr.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared, and House Resolutions 2, 3, 4 and 5, be placed under the Order of Business, Third Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

THIRD READING OF BILLS

The following bills were read the third time in full:

HOUSE RESOLUTION 2, on the death of the Honorable Clifford Clinton Faires.

Motion by Mrs. Rosenbaum, seconded by Mr. Hardt, that House Resolution 2 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Resolution 2 was signed in open session by Speaker Turley.

HOUSE RESOLUTION 3, on the death of the Honorable Walter John Randall.

Motion by Mrs. Rosenbaum, seconded by Mr. Hardt, that House Resolution 3 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Resolution 3 was signed in open session by Speaker Turley.

HOUSE RESOLUTION 4, on the death of the Honorable Raymond Earhart.

Motion by Mr. Sawyer, seconded by Mr. Hawes, that House Resolution 4 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Resolution 4 was signed in open session by Speaker Turley.

HOUSE RESOLUTION 5, on the death of the Honorable William Bradford Carr, Sr.

Motion by Mrs. Gardner, seconded by Mr. Lyman, that House Resolution 5 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Resolution 5 was signed in open session by Speaker Turley.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 10:17 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

SIXTEENTH DAY
TUESDAY, NOVEMBER 14, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Thompson, Vipperman, Walker, Williams, Speaker Turley—54.

EXCUSED: Brown, Carrillo, Flake, Maynard, Shelley, Stuckey—6.

Chaplain of the House, James R. Jacobson, offered prayer.

Without objection, the reading of the Journal of Monday, November 13, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on printing.

Examined:

House Resolutions 2, 3, 4 and 5 (on death)

Received:

House Bills 31 and 32

House Concurrent Resolutions 6 and 7.

BUSINESS ON THE SPEAKER'S DESK

Speaker Turley announced a change in personnel of standing committees of the House.

WAYS & MEANS:

Mr. Pritzlaff assigned to vice chairmanship.

At 9:07 A.M., the Sergeant at Arms announced the seating of Members Brown, Flake and Maynard.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE RESOLUTION 6, by Members Stinson, Rockwell, Adams, Peck of District 8; Gardner of District 1; Getzwiller, Rosenbaum of District 5; Hutcheson, Maynard of District 7, A Resolution, on the death of the Honorable Vernettie O. Ivy.

HOUSE RESOLUTION 7, co-sponsored by Members Elliott, Sawyer of District 2, A Resolution, on the death of the Honorable Elmer F. Vickers, Sr.

HOUSE RESOLUTION 8, co-sponsored by Members Stuckey, Pena, Faron of District 8, A Resolution, on the death of the Honorable Conner Johnson.

HOUSE CONCURRENT RESOLUTION 8, by Mr. Lyman of District 1, A Concurrent Resolution, on the death of the Honorable W. P. Mahoney, Sr.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared, and House Resolutions 6, 7, 8 and House Concurrent Resolution 8 be placed under the Order of Business, Second Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

At 9:11 A.M., the Sergeant at Arms announced the seating of Mr. Stuckey.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE RESOLUTION 6, on the death of the Honorable Vernettie O. Ivy.

HOUSE RESOLUTION 7, on the death of the Honorable Elmer F. Vickers, Sr.

HOUSE RESOLUTION 8, on the death of the Honorable Conner Johnson.

HOUSE CONCURRENT RESOLUTION 8, on the death of the Honorable W. P. Mahoney, Sr.

Motion by Mr. Ellsworth, seconded by Mr. Pritzlaff, that the rules be suspended, an emergency declared, and House Resolutions 6, 7, 8 and House Concurrent Resolution 8, be placed under the Order of Business, Third Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

THIRD READING OF BILLS

The following bills were read the third time in full:

HOUSE RESOLUTION 6, on the death of the Honorable Vernettie O. Ivy.

Motion by Miss Stinson, seconded by Miss Rockwell, that House Resolution 6 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Resolution 6 was signed in open session by Speaker Turley.

HOUSE RESOLUTION 7, on the death of the Honorable Elmer F. Vickers, Sr.

Motion by Mr. Elliott, seconded by Mr. Sawyer, that House Resolution 7 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Resolution 7 was signed in open session by Speaker Turley.

HOUSE RESOLUTION 8, on the death of the Honorable Conner Johnson.

Motion by Mr. Stuckey, seconded by Mr. Pena, that House Resolution 8 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Resolution 8 was signed in open session by Speaker Turley.

HOUSE CONCURRENT RESOLUTION 8, on the death of the Honorable W. P. Mahoney, Sr.

Motion by Mr. Lyman, seconded by Mrs. Gardner, that House Concurrent Resolution 8 be adopted, and the House stand for a moment in respectful silence. Carried by unanimous vote.

House Concurrent Resolution 8 was signed in open session by Speaker Turley.

At 9:20 A.M., the Sergeant at Arms announced the seating of Mr. Shelley.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 9:21 A.M.

AFTERNOON SESSION

At 1:40 P.M., the House resumed session, Speaker Turley presiding.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 1:42 P.M.

At 3:45 P.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

BILLS AND OTHER BUSINESS FROM THE SENATE

Messages from the Secretary of the Senate, Louise C. Brimhall, were read:

SENATE BILL 4, passed amended by a vote of 29 ayes, 1 not voting.

SENATE BILL 5, passed amended by a vote of 29 ayes, 1 not voting.

SENATE BILL 6, passed by a vote of 29 ayes, 1 not voting.

SENATE BILL 7, passed amended by a vote of 29 ayes, 1 not voting.

SENATE BILL 8, passed by a vote of 29 ayes, 1 not voting.

SENATE BILL 12, passed by a vote of 28 ayes, 1 nay, 1 not voting.

SENATE CONCURRENT RESOLUTION 4, passed by a vote of 26 ayes, 3 nays, 1 not voting.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

SENATE BILL 4, An Act, relating to taxation; providing for hearing of appeal from State Board of Property Tax Appeals; providing for method of payment of judgment, and amending Section 42-147, Arizona Revised Statutes.

SENATE BILL 5, An Act, relating to taxation; providing for appeal of valuations; requiring assessor of Department of Property Valuation to furnish copy of petition to the owner of the property, and amending Section 42-245, Arizona Revised Statutes.

SENATE BILL 6, An Act, relating to taxation; providing for review

of and appeal from classification assigned by county assessor or the Department of Property Valuation, and amending Title 42, Chapter 2, Article 2, Arizona Revised Statutes, by adding Section 42-254.

SENATE BILL 7, An Act, relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending Section 42-221, Arizona Revised Statutes.

SENATE BILL 8, An Act, relating to taxation; prescribing dates within which proof of exemption shall be submitted, and amending Section 42-275, Arizona Revised Statutes.

SENATE BILL 12, An Act, relating to zoning; providing for giving notice of changes to county assessor; amending Title 9, Chapter 4, Article 6, Arizona Revised Statutes, by adding Section 9-465.01, and amending Title 11, Chapter 6, Article 2, Arizona Revised Statutes, by adding Section 11-829.01.

SENATE CONCURRENT RESOLUTION 4, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared, and Senate Bills 4, 5, 6, 7, 8, 12 and Senate Concurrent Resolution 4 be placed under the Order of Business, Second Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

SENATE BILL 4, providing for hearing of appeal from State Board of Property Tax Appeals; method of payment of judgment. Referred to Committees on Rules; State Government; Ways & Means.

SENATE BILL 5, providing for appeal of valuations; requiring owner be furnished copy of petition. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

SENATE BILL 6, providing for review of and appeal from property classification. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

SENATE BILL 7, providing for ascertainment of property subject to taxation. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

SENATE BILL 8, prescribing dates within which proof of exemption shall be submitted. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

SENATE BILL 12, relating to zoning and providing for giving notice of changes to county assessor. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

SENATE CONCURRENT RESOLUTION 4, constitutional amendment exempting household goods from taxation. Referred to Committees on Rules; State Government; Ways & Means.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 3:52 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

SEVENTEENTH DAY
WEDNESDAY, NOVEMBER 15, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—55.

EXCUSED: Adams, Carrillo, Kluender, Maynard, Shelley—5.

Chaplain of the House, Gus Tuttle, offered prayer.

Without objection, the reading of the Journal of Tuesday, November 14, 1967, was dispensed with, and approved as written.

At 9:05 A.M., the Sergeant at Arms announced the seating of Members Adams and Maynard.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Examined:

House Resolutions 6, 7 and 8 (on death)
House Concurrent Resolution 8 (on death).

State Government, Scott Alexander, Chairman.

HOUSE BILL 5, amended, do pass.

HOUSE BILL 7, do pass.

HOUSE BILL 12,

Majority: do pass.

Minority: do not pass.

JOHN D. ROEDER

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:07 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

EIGHTEENTH DAY
THURSDAY, NOVEMBER 16, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 57.

EXCUSED: House, Maynard, Shelley — 3.

Chaplain of the House, John H. Parke, offered prayer.

Without objection, the reading of the Journal of Wednesday, November 15, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Counties & Municipalities, Sam Flake, Chairman.

SENATE BILL 5, do pass.

SENATE BILL 6, do pass.

SENATE BILL 7, amended, do pass.

SENATE BILL 8, do pass.

SENATE BILL 12, do pass.

Ways & Means, Timothy A. Barrow, Chairman.

HOUSE BILL 5, do pass, as amended by Committee on State Government.

BILLS AND OTHER BUSINESS FROM THE SENATE

A message from the Secretary of the Senate, Louise C. Brimhall, was read:

HOUSE CONCURRENT RESOLUTION 8, unanimously adopted.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 9:10 A.M.

AFTERNOON SESSION

At 2:00 P.M., the House resumed session, Speaker Turley presiding.

At 2:00 P.M., the Sergeant at Arms announced the seating of Members Maynard and Shelley.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Rules, Burton S. Barr, Chairman.

SENATE BILL 4, constitutional and in proper form.

SENATE BILL 5, constitutional and in proper form.

SENATE BILL 6, constitutional and in proper form.

SENATE BILL 7, constitutional and in proper form, as amended by Committee on Counties & Municipalities.

SENATE BILL 8, constitutional and in proper form.

SENATE BILL 12, constitutional and in proper form, as amended by Committee on Ways & Means.

HOUSE BILL 7, constitutional and in proper form, as amended by Committee on Ways & Means.

State Government, Scott Alexander, Chairman.

SENATE BILL 4, do pass.

Ways & Means, Timothy A. Barrow, Chairman.

SENATE BILL 4, do pass.

SENATE BILL 5, do pass.

SENATE BILL 6, do pass.

SENATE BILL 7, do pass, as amended by Committee on Counties & Municipalities.

SENATE BILL 8, do pass.

SENATE BILL 12, amended, do pass.

Rules, Burton S. Barr, Chairman.

HOUSE BILL 7.

SENATE BILLS 4, 5, 6, 7, 8 and 12.

MOTION TO GO INTO COMMITTEE OF THE WHOLE

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House resolve itself into a Committee of the Whole for the consideration of the bills on the Calendar. Carried, and at 2:10 P.M., Mr. Kelley took the Chair.

At 2:45 P.M., the Committee of the Whole was dissolved and Mr. Kelley, Chairman, reported:

That House Bill 7 be amended as follows:

Page 1, line 14, strike "April 1, 1968" and insert "December 31, 1967".

Page 1, line 22, after the period insert "On or before April 1, 1968, the director, in cooperation with the county assessors, shall make such additional corrections in the valuations of properties in the various counties as he may deem appropriate, in order to correct and update these valuations as of December 31, 1967."

And, as so amended, it do pass.

That Senate Bill 4 do pass.

That Senate Bill 5 do pass.

That Senate Bill 6 do pass.

That Senate Bill 7 be amended as follows:

(Senate engrossed bill)

Page 1, line 18, change the comma to a period and strike balance of line.

Page 1, strike lines 19 and 20, and insert "Any improvements to real property whether fully completed or not shall be valued and placed on the roll for the current year."

And, as so amended, it do pass.

That Senate Bill 8 do pass.

That Senate Bill 12 be amended as follows:

(Senate engrossed bill)

Page 1, line 6, after "of" insert "land or".

Page 1, line 8, after "land" insert "or property".

Page 1, line 12, after "which the" insert "land or".

Page 1, line 20, after "of" insert "land or".

Page 2, line 2, after "land" insert "or property".

Page 2, line 6, after "which the" insert "land or".

And, as so amended, it do pass.

Motion by Mr. Ellsworth, seconded by Mr. Alexander, that the report of the Committee of the Whole be adopted and the bills be properly assigned. Carried.

DISPOSITION OF BUSINESS FROM COMMITTEE OF THE WHOLE

HOUSE BILL 7, SENATE BILLS 7 and 12, as amended by Committee of the Whole, were referred to Committee on Administration to be engrossed.

SENATE BILLS 4, 5, 6 and 8, were placed under the Order of Business, Third Reading of Bills.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on engrossing.

SENATE BILLS 7, 12 and HOUSE BILL 7.

THIRD READING OF BILLS

The following bills were read the third time in full:

SENATE BILL 4, entitled, An Act, relating to taxation; providing for hearing of appeal from State Board of Property Tax Appeals; providing for method of payment of judgment, and amending Section 42-147, Arizona Revised Statutes.

On roll call SENATE BILL 4 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 54.

NAYS: Cook, Hawes, Rickard — 3.

NOT VOTING: Abril, House, Roeder — 3.

Senate Bill 4 was signed in open session by Speaker Turley.

SENATE BILL 5, entitled, An Act, relating to taxation; providing for appeal of valuations; requiring assessor or Department of Property Valuation to furnish copy of petition to the owner of the property, and amending Section 42-245, Arizona Revised Statutes.

On roll call SENATE BILL 5 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom,

Brown, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 56.

NAYS: Cook, Miniken — 2.

NOT VOTING: Abril, House — 2.

Senate Bill 5 was signed in open session by Speaker Turley.

SENATE BILL 6, entitled, An Act, relating to taxation; providing for review of and appeal from classification assigned by county assessor or the Department of Property Valuation, and amending Title 42, Chapter 2, Article 2, Arizona Revised Statutes, by adding Section 42-254.

On roll call SENATE BILL 6 passed the House by the following vote:

AYES: Adams, Akers, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Huffer, Hutcheson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Vipperman, Walker, Williams, Speaker Turley — 48.

NAYS: Alexander, Brown, Cook, Coppinger, Holley, Johnson, Miniken, Rickard, Sawyer, Thompson — 10.

NOT VOTING: Abril, House — 2.

Senate Bill 6 was signed in open session by Speaker Turley.

SENATE BILL 7, entitled, An Act, relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending Section 42-221, Arizona Revised Statutes.

On roll call SENATE BILL 7 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Holley, Huffer, Hutcheson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Pale, Peck, Pritzlaff, Rickard, Rockwell, Rosenbaum, Shelley, Smith, Stinson, Stone, Vipperman, Williams, Speaker Turley — 37.

NAYS: Biles, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Goodwin, Hardt, Hawes, Johnson, Miniken, Pena, Roeder, Sawyer, Shaughnessy, Stuckey, Thompson, Walker — 21.

NOT VOTING: Abril, House — 2.

Senate Bill 7 was signed in open session by Speaker Turley.

SENATE BILL 8, entitled, An Act, relating to taxation; prescribing dates within which proof of exemption shall be submitted, and amending Section 42-275, Arizona Revised Statutes.

On roll call SENATE BILL 8 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 58.

NAYS: Cook — 1.

NOT VOTING: House — 1.

Senate Bill 8 was signed in open session by Speaker Turley.

SENATE BILL 12, entitled, An Act, relating to zoning; providing for giving notice of changes to county assessor; amending Title 9, Chapter 4, Article 6, Arizona Revised Statutes, by adding Section 9-465.01, and amending Title 11, Chapter 6, Article 2, Arizona Revised Statutes, by adding Section 11-829.01.

On roll call SENATE BILL 12 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 56.

NAYS: Brown, Cook, Hardt — 3.

NOT VOTING: House — 1.

Senate Bill 12 was signed in open session by Speaker Turley.

HOUSE BILL 7, entitled, An Act, relating to taxation; prescribing dates for corrections in valuations of property, and amending Section 42-127, Arizona Revised Statutes.

On roll call HOUSE BILL 7 passed the House without enacting the emergency by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 32.

NAYS: Abril, Biles, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker — 27.

NOT VOTING: House — 1.

The following member asked that explanation of his vote be entered in the Journal:

> The objective of House Bill 7 is proper, and in fact, needed by the Director of the Division and the county assessors, but I note that this bill does not just move the dates, but in fact expands the powers of the Director of the Division and gives him such discretionatory powers as to make him a virtual czar over the whole state.
>
> This House saw fit to defeat an amendment that would have made the Director of the Division work in conjunction with the local county assessors in reviewing the valuations of properties, and thereby restrict the growing powers of this state official who is not subject to the control of the electorate, and is not even bonded by the state.
>
> I vote "NAY".

TONY S. CARRILLO

House Bill 7 was signed in open session by Speaker Turley.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 3:13 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

NINETEENTH DAY
FRIDAY, NOVEMBER 17, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—54.

EXCUSED: Bailey, Flake, House, Maynard, Shelley, Stone — 6.

At 9:01 A.M., the Sergeant at Arms announced the seating of Mr. Stone.

Member Jack Brown, offered prayer.

Without objection, the reading of the Journal of Thursday, November 16, 1967, was dispensed with, and approved as written.

PERSONAL PRIVILEGE

The following member asked that his remarks be entered in the Journal:

The House passed House Bill 4 setting up a Central Purchasing Department, which I had reservations about and I voted against this bill. I felt it was a move to eliminate small counties from any chance of doing business with the state. My reservations about this department were justified when the department called for a bid on 16,000 tires for the state. A constituent of mine from Bisbee wrote the department asking to be placed on the bid list. The letter was received by the department on October 23, with a closing date of October 27. The bids had to be postmarked no later than 5:00 P.M., November 16. On Tuesday, I was told that the department had had no correspondence from my constituent, yet on Wednesday my constituent received the list to be bid on, which had to be mailed the very next day. It is evident, the director had no intention of inviting my constituent to bid as he had received the request on October 23, and took no action until I investigated on Tuesday, November 14. It is very interesting to note that out of 16 bidders only one was out of Maricopa County.

EDGAR C. SAWYER

At 9:08 A.M., the Sergeant at Arms announced the seating of Mr. Flake.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 9:09 A.M.

AFTERNOON SESSION

At 3:00 P.M., Speaker Turley called the House to order.

At 3:00 P.M., the Sergeant at Arms announced the seating of Members Bailey, Maynard and Shelley.

Without objection, the House referred to the Order of Business:

BILLS AND OTHER BUSINESS FROM THE SENATE

A message from the Secretary of the Senate, Louise C. Brimhall, was read:

HOUSE BILL 7, amended as follows:

(House engrossed bill)

Page 2, line 22, insert:

"Sec. 2. Emergency

"To preserve the public peace, health and safety it is necessary that this act become immediately operative. It is therefore declared to be an emergency measure, to take effect as provided by law."

Passed without enacting the emergency by a vote of 17 ayes, 12 nays, 1 not voting.

PERSONAL PRIVILEGE

The following members addressed the House:

Mr. Kluender — Education.

Mr. Barrow — Reappraisal program.

Mr. Barr — Publicly acknowledged Mr. Crosby's cooperation during the session and praised non-committee members for best attendance at meetings.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that a committee of five be appointed to notify the Senate that the House has completed its labors and is ready to adjourn sine die, and to meet with a like committee from the Senate to wait upon the Governor to see if he has any further message for the Legislature. Carried, and Speaker Turley appointed Members Stone, Lyman, McConnell, Rickard and Pena as the House Sine Die Adjournment Committee.

Without objection, at 3:10 P.M., the House stood at recess, subject to the call of the gavel.

At 3:50 P.M., Speaker Turley called the House to order.

At 3:51 P.M., the Sergeant at Arms announced a committee from the Senate consisting of Senators Conlan, Tenney, Burgess, Garfield and Porter, who informed the House that the Senate had completed its labors and was ready to adjourn sine die.

Speaker Turley thanked the Senate Adjournment Sine Die Committee.

At 3:52 P.M., the Joint Sine Die Adjournment Committee consisting of Senators Conlan, Tenney, Burgess, Garfield, Porter, Representatives Stone, Lyman, McConnell, Rickard and Pena, returned with a message from the Governor.

GOVERNOR'S MESSAGE

Ladies and Gentlemen of the Twenty-eighth Legislature:

This adjournment is in no sense the conclusion of an effort. Rather than observe the formality of addressing you in person, I take this means of expressing my comments.

I understand the reason you wish to adjourn for a few days is for Thanksgiving holidays and the desire to be with your families.

I feel these past nineteen days have been conducive to the ultimate achievement of your goal.

You have a beginning.

I have discussed these matters with your leaders and it is their desire to reconvene on November 27th and then and there complete your assignment, without further special sessions.

The people of Arizona join me in every confidence that you will so do.

I have issued the call for the Third Special Session of the

Twenty-eighth Legislature to reconvene at 10:00 A.M., November 27, for what we all hope and pray will be the successful completion of over four years of desperately hard endeavor.

May you go safely to your homes and enjoy a pleasant and happy Thanksgiving holiday.

/s/ JACK WILLIAMS,
Governor.

The Proclamation of His Excellency, Jack Williams, the Governor of Arizona, under date of November 17, 1967, calling the Twenty-eighth Legislature into a Third Special Session was read as follows:

PROCLAMATION

CALLING A SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a Special Session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, the Legislature of Arizona in 1963 did establish by Chapter 43 of the Laws of 1963 the Division of Appraisal and Assessment Standards and by preamble used the following words: "It is the sense of this Legislature that in order to assure that the State's ad valorem tax structure is uniform and equitable a revaluation of all property in the State is to be undertaken immediately. The Legislature recognizes that a revaluation of all property within the State will necessarily take time." This legislation came into being by virtue of Southern Pacific Co. v. Cochise County, 92 Ariz. 395, 277 P2d 770; and

WHEREAS, four years have elapsed since the Division of Appraisal and Assessment Standards came into being and several million dollars have been spent and many thousands of man hours expended; and

WHEREAS, the responsible committees of both Houses of the Legislature have worked arduously to achieve the goals established in 1963, and one Special Session has been devoted to these goals; and

WHEREAS, the people of this State expect that their elected representatives can and will solve one of the great problems facing this State fairly, efficiently and quickly;

NOW, THEREFORE, I, Jack Williams, Governor of Arizona, by virtue of the authority vested in me by the Constitution and in pursuance of my duty, call the Twenty-eighth Arizona Legislature to meet in Third Special Session in the Capitol on Monday, the 27th day of November, 1967, at 10:00 A.M.

The following is the subject to be again considered during this Special Session:

Any and all matters relating to the imposition of taxes, ad valorem or otherwise, the raising and distribution of revenue from any source and any matter germane to the raising and distribution of revenue in order to finance the operation of the State government or its subdivisions.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

DONE at the Capitol in Phoenix this 17th day of November in the year of our Lord One Thousand Nine Hundred and Sixty-seven and of the Independence of the United States the One Hundred and Ninety-second.

SEAL

/s/ JACK WILLIAMS,
Governor.

ATTEST: /s/ WESLEY BOLIN,
Secretary of State.

Speaker Turley announced the approval of the Journal of Friday, November 17, 1967.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do now adjourn sine die. Carried by unanimous vote, and at 3:56 P.M., Friday, November 17, 1967, the House of Representatives of the Twenty-eighth Legislature, Second Special Session, of the State of Arizona, so adjourned.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

SUPPLEMENT

The following communications were received from the Governor, Jack Williams, relative to his actions on House and Senate Bills after the adjournment sine die:

On November 13, 1967, the Governor approved the following:

HOUSE RESOLUTION 2, on the death of the Honorable Clifford Clinton Faires.

HOUSE RESOLUTION 3, on the death of the Honorable Walter John Randall.

HOUSE RESOLUTION 4, on the death of the Honorable Raymond Earhart.

HOUSE RESOLUTION 5, on the death of the Honorable William Bradford Carr, Sr.

On November 15, 1967, the Governor approved the following:

HOUSE RESOLUTION 6, on the death of the Honorable Vernettie O. Ivy.

HOUSE RESOLUTION 7, on the death of the Honorable Elmer F. Vickers, Sr.

HOUSE RESOLUTION 8, on the death of the Honorable Conner Johnson.

On November 16, 1967, the Governor approved the following:

HOUSE CONCURRENT RESOLUTION 8, on the death of the Honorable W. P. Mahoney, Sr.

On November 21, 1967, the Governor approved the following:

SENATE BILL 4, providing for hearing of appeal from State Board of Property Tax Appeals; method of payment of judgment.

SENATE BILL 5, providing for appeal of valuations; requiring owner be furnished copy of petition.

SENATE BILL 6, providing for review of and appeal from property classification.

SENATE BILL 8, prescribing dates within which proof of exemption shall be submitted.

HOUSE BILL 7, changing dates for corrections in valuations of property.

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Widows, changing tax exempt status on certain, HCR 2, SCR 2

WILLIAMS, ALBERT C.:

resolution introduced by, (**HR 1**)

WILLIAMS, JACK—see GOVERNOR

Withholding tax, increasing rate of state, SB 19

Z

Zoning, county assessors to be given notice of changes in, HB 14, SB 12

PART II

HISTORY OF HOUSE BILLS

HOUSE BILL 1, by Committee on Ways & Means, providing for the classification of property; prescribing percentage of assessed valuation.

10-30 First Reading **6**
10-31 Second Reading, referred to Committees on Rules; Ways & Means **11**
Held in committees.

HOUSE BILL 2, by Committee on Ways & Means, providing for increase in rate of taxation on income.

10-30 First Reading 6
10-31 Second Reading, referred to Committees on Rules; Ways & Means 11
Held in committees.

HOUSE BILL 3, by Committee on Ways & Means, eliminating federal deduction on income tax and changing other income tax laws.

10-30 First Reading 6
10-31 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 11
Held in committees.

HOUSE BILL 4, by Committee on Ways & Means, prescribing rate of education excise tax.

10-30 First Reading 6
10-31 Second Reading, referred to Committees on Rules; Education; Ways & Means 11
Held in committees.

HOUSE BILL 5, by Committee on Ways & Means, prescribing duties of Director of Department of Property Valuation; defining change of "full cash value" to "fair market value".

10-30 First Reading 6
10-31 Second Reading, referred to Committees on Rules; State Government; Ways & Means 11
11-15 State Government—amended do pass 34
11-16 Ways & Means—as amended by Committee on State Government, do pass 35
Held in Rules Committee.

HOUSE BILL 6, by Committee on Ways & Means, prescribing situs of railroad cars for taxation purposes.

10-30 First Reading 6
10-31 Second Reading, referred to Committees on Rules; Transportation; Ways & Means 11
11-6 Ways & Means—do pass 19
Held in committees.

HOUSE BILL 7, by Committee on Ways & Means, changing dates for corrections in valuations of property.

10-30 First Reading 6, 7
10-31 Second Reading, referred to Committees on Rules; State Government; Ways & Means 11
11-7 Ways & Means—amended do pass 21
11-15 State Government—do pass 34
11-16 Rules—as amended by Committee on Ways & Means, constitutional and in proper form 36
11-16 Rules report 37
11-16 Committee of Whole—amended do pass 37
11-16 Engrossed by Administration 38
11-16 Third Reading, passed without enacting emergency, 32 ayes, 27 nays, 1 not voting 40, 41
11-17 Senate passed, 17 ayes, 12 nays, 1 not voting 42

11-21 Governor approved 46
Chapter 5.

HOUSE BILL 8, by Committee on Ways & Means, imposing a real estate transfer tax.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 11
Held in committees.

HOUSE BILL 9, by Committee on Ways & Means, providing for transaction privilege tax on certain storage fees or rents.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 11
Held in committees.

HOUSE BILL 10, by Committee on Ways & Means, providing for review of and appeal from property classification.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 11
Held in committees.

HOUSE BILL 11, by Committee on Ways & Means, providing for appeal of valuations; requiring owner be furnished copy of petition.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 11
11-2 Ways & Means—amended do pass 16
11-6 Counties & Municipalities—amended do pass 19
Held in Rules Committee.

HOUSE BILL 12, by Committee on Ways & Means, providing for hearing of appeal from State Board of Property Tax Appeals; method of payment of judgment.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; State Government; Ways & Means 11
11-3 Ways & Means—amended do pass 18
11-15 State Government:
Majority—do pass
Minority—do not pass 35
Held in Rules Committee.

HOUSE BILL 13, by Committee on Ways & Means, providing for issuance and filing of building permits.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 11
11-2 Ways & Means—amended do pass 16
11-6 Counties & Municipalities—amended do pass 19
Held in Rules Committee.

HOUSE BILL 14, by Committee on Ways & Means, relating to zoning and providing for giving notice of changes to county assessor.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 12
11-2 Ways & Means—amended do pass 16
11-6 Counties & Municipalities—amended do pass 19
Held in Rules Committee.

HOUSE BILL 15, by Committee on Ways & Means, prescribing dates within which proof of exemption shall be submitted.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 12
11-2 Ways & Means—do pass 16
11-6 Counties & Municipalities—do pass 19
Held in Rules Committee.

HOUSE BILL 16, by Committee on Ways & Means, providing for ascertainment of property subject to taxation.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 12
11-2 Ways & Means—do pass 16
11-6 Counties & Municipalities—do pass 19
Held in Rules Committee.

HOUSE BILL 17, by Committee on Ways & Means, providing for tax on implements as unsecured personal property.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Transportation; Ways & Means 12
Held in committees.

HOUSE BILL 18, by Committee on Ways & Means, providing that a copy of record of livestock inspections relating to shipments be sent to county assessor.

10-30 First Reading 7
10-31 Second Reading, referred to Committees on Rules; Agriculture & Livestock; Ways & Means 12
11-3 Ways & Means—do pass 18
Held in committees.

HOUSE BILL 19, by Committee on Ways & Means, providing for allocation of valuation of oil, gas, utilities.

10-30 First Reading 7, 8
10-31 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 12
11-3 Ways & Means—do pass 18
11-9 Commerce & Industry:
Majority—do pass
Minority—do not pass 24
Held in Rules Committee.

HOUSE BILL 20, by Committee on Agriculture & Livestock, including certain permanent agricultural improvements in valuation of real property.

10-31 First Reading 10, 11
11-1 Second Reading, referred to Committees on Rules; Agriculture & Livestock; Ways & Means 15
Held in committees.

HOUSE BILL 21, by Committee on Ways & Means, relating to estate tax exemptions on real property.

11-1 First Reading 15
11-2 Second Reading, referred to Committees on Rules; Ways & Means 17
Held in committees.

HOUSE BILL 22, by Committee on Ways & Means, increasing taxes on income of banking institutions.

11-1 First Reading 15
11-2 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 17
Held in committees.

HOUSE BILL 23, by Committee on Ways & Means, increasing tax on insurance premiums.

11-1 First Reading 15
11-2 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 17
Held in committees.

HOUSE BILL 24, by Committee on Ways & Means, increasing luxury tax on cigarettes.

11-1 First Reading 15
11-2 Second Reading, referred to Committees on Rules; Education; Ways & Means 17
Held in committees.

HOUSE BILL 25, by Members Carrillo, Hutcheson, Lena, Maynard, Walker of District 7; Cook, Elliott, Hawes, Sawyer of District 2; House of District 3; Getzwiller, Hardt, Smith of District 5; Johnson, Miniken of District 6; Coppinger, Pena, Rickard, Thompson of District 8, providing for exemption of prescription medicine from sales and use tax.

11-1 First Reading 15
11-2 Second Reading, referred to Committees on Rules; Public Health & Welfare; Ways & Means 17
Held in committees.

HOUSE BILL 26, by Members Carrillo, Hutcheson, Lena, Maynard, Walker of District 7; Cook, Elliott, Hawes, Sawyer of District 2; House of District 3; Getzwiller, Hardt, Smith of District 5; Johnson, Miniken of District 6; Coppinger, Pena, Rickard, Thompson of District 8, food products, medicines and drinking water exempt from sales tax.

11-1 First Reading 15

11-2 Second Reading, referred to Committees on Rules; Public Health & Welfare; Ways & Means 17
Held in committees.

HOUSE BILL 27, by Committee on Education (by request), increases state aid to education (Plan C).

11-6 First Reading 20
11-7 Second Reading, referred to Committees on Rules; Education; Ways & Means 21
Held in committees.

HOUSE BILL 28, by Committee on Education (by request), increases state aid to education; provides school budget controls (Plan A).

11-6 First Reading 20
11-7 Second Reading, referred to Committees on Rules; Education; Ways & Means 21
Held in committees.

HOUSE BILL 29, by Committee on Ways & Means, imposing room occupancy tax; place of public accommodation defined.

11-8 First Reading 22
11-9 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 25
Held in committees.

HOUSE BILL 30, by Mr. Kelley of District 8-D, providing owner of property receive tax statement and disclose improvements made on property.

11-8 First Reading 22
11-9 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 25
Held in committees.

HOUSE BILL 31, by Members Rickard, Abril, Kelley, Kluender, Pena, Thompson of District 8, providing for full tax assessment of mines and mining property.

11-9 First Reading 25
11-10 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 26
Held in committees.

HOUSE BILL 32, co-sponsored by Members Rosenbaum, Getzwiller, Smith of District 5, Huffer of District 4, Adams, Flake, Pritzlaff of District 8, providing for county-wide school districts for tax-making purposes.

11-9 First Reading 25
11-10 Second Reading, referred to Committees on Rules; Education; Ways & Means 26
Held in committees.

HOUSE BILL 33, by Committee on Education (by request), providing system of equalization for school districts.

11-9 First Reading 25

11-10 Second Reading, referred to Committees on Rules; Education; Ways & Means 26
Held in committees.

HISTORY OF HOUSE RESOLUTIONS

HOUSE RESOLUTION 1, by Arizona House of Representatives, honoring Ruby H. Sanders and bestowing title of Chief Clerk Emeritus.

10-30 First Reading, advanced 8
10-30 Second Reading, advanced 8
10-30 Third Reading, adopted unanimously 8, 9
10-31 Governor approved 10

HOUSE RESOLUTION 2, by Mrs. Rosenbaum of District 5, on the death of the Honorable Clifford Clinton Faires.

11-13 First Reading, advanced 27
11-13 Second Reading, advanced 28
11-13 Third Reading, adopted unanimously 28
11-21 Governor approved 46

HOUSE RESOLUTION 3, by Mrs. Rosenbaum of District 5, on the death of the Honorable Walter John Randall.

11-13 First Reading, advanced 28
11-13 Second Reading, advanced 28
11-13 Third Reading, adopted unanimously 28
11-21 Governor approved 46

HOUSE RESOLUTION 4, by Mr. Sawyer of District 2, on the death of the Honorable Raymond Earhart.

11-13 First Reading, advanced 28
11-13 Second Reading, advanced 28
11-13 Third Reading, adopted unanimously 29
11-21 Governor approved 46

HOUSE RESOLUTION 5, by Mrs. Gardner of District 1, on the death of the Honorable William Bradford Carr, Sr.

11-13 First Reading, advanced 28
11-13 Second Reading, advanced 28
11-13 Third Reading, adopted unanimously 29
11-21 Governor approved 46

HOUSE RESOLUTION 6, by Members Stinson, Rockwell, Adams, Peck of District 8; Gardner of District 1; Getzwiller, Rosenbaum of District 5; Hutcheson, Maynard of District 7, on the death of the Honorable Vernettie O. Ivy.

11-14 First Reading, advanced 30
11-14 Second Reading, advanced 31
11-14 Third Reading, adopted unanimously 31
11-21 Governor approved 46

HOUSE RESOLUTION 7, co-sponsored by Members Elliott, Sawyer of District 2, on the death of the Honorable Elmer F. Vickers, Sr.

11-14 First Reading, advanced 30

11-14 Second Reading, advanced 31
11-14 Third Reading, adopted unanimously 31
11-21 Governor approved 46

HOUSE RESOLUTION 8, co-sponsored by Members Stuckey, Pena, Faron of District 8, on the death of the Honorable Conner Johnson.

11-14 First Reading, advanced 30
11-14 Second Reading, advanced 31
11-14 Third Reading, adopted unanimously 31
11-21 Governor approved 46

HOUSE CONCURRENT RESOLUTION 1, by Committee on Ways & Means, constitutional amendment exempting household goods from taxation.

10-30 First Reading 8
10-31 Second Reading, referred to Committees on Rules; State Government; Ways & Means 12
Held in committees.

HOUSE CONCURRENT RESOLUTION 2, by Committee on Ways & Means, constitutional amendment providing for tax exempt status for certain widows.

10-30 First Reading 8
10-31 Second Reading, referred to Committees on Rules; State Government; Ways & Means 12
Held in committees.

HOUSE CONCURRENT RESOLUTION 3, by Committee on Ways & Means, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.

10-30 First Reading 8
10-31 Second Reading, referred to Committees on Rules; State Government; Ways & Means 12
Held in committees.

HOUSE CONCURRENT RESOLUTION 4, by Committee on Ways & Means, constitutional amendment providing for tax exempt status for certain persons over age sixty-five.

10-30 First Reading 8
10-31 Second Reading, referred to Committees on Rules; State Government; Ways & Means 12
Held in committees.

HOUSE CONCURRENT RESOLUTION 5, by Committee on Ways & Means, constitutional amendment exempting livestock from property taxation.

11-2 First Reading 16
11-3 Second Reading, referred to Committees on Rules; Agriculture & Livestock; Ways & Means 18
Held in committees.

HOUSE CONCURRENT RESOLUTION 6, by Mr. Holley of District 8-A, constitutional amendment exempting all owner-occupied homes from limited ad valorem taxation ($10,000).

11-9 First Reading 25

11-10 Second Reading, referred to Committees on Rules; State Government; Ways & Means 27
Held in committees.

HOUSE CONCURRENT RESOLUTION 7, co-sponsored by Members Rickard, Coppinger of District 8: Lyman of District 1; Cook, Elliott, Hawes, Sawyer of District 2; Carrillo, Fricks, Lena, Maynard, Stone of District 7; Abril, Farley, Pena, Thompson of District 8, constitutional amendment exempting all owner-occupied homes from limited ad valorem taxation ($5,000).

11-9 First Reading 25

11-10 Second Reading, referred to Committees on Rules; State Government; Ways & Means 27
Held in committees.

HOUSE CONCURRENT RESOLUTION 8, by Mr. Lyman of District 1, on the death of the Honorable W. P. Mahoney, Sr.

11-14 First Reading, advanced 30
11-14 Second Reading, advanced 31
11-14 Third Reading, adopted unanimously 31, 32
11-16 Senate adopted unanimously 36
11-21 Governor approved 46

HISTORY OF SENATE BILLS

SENATE BILL 1, by majority of Committee on Finance & Revenue, providing for the classification of property; prescribing percentage of assessed valuation.
Not received by House.

SENATE BILL 2, by majority of Committee on Finance & Revenue, providing for transaction privilege tax on certain storage fees or rents.
Not received by House.

SENATE BILL 3, by majority of Committee on Finance & Revenue, eliminating federal deduction on income tax and changing other income tax laws.
Not received by House.

SENATE BILL 4, by majority of Committee on Finance & Revenue, providing for hearing of appeal from State Board of Property Tax Appeals; method of payment of judgment.

11-14 Received from Senate amended, 29 ayes, 1 not voting 32
11-14 First Reading, advanced 32
11-14 Second Reading, referred to Committees on Rules; State Government; Ways & Means 33
11-16 State Government—do pass 36
11-16 Ways & Means—do pass 36
11-16 Rules—constitutional and in proper form 36
11-16 Rules report 37
11-16 Committee of Whole—do pass 37
11-16 Third Reading, passed, 54 ayes, 3 nays, 3 not voting 38
11-21 Governor approved 46
Chapter 1.

SENATE BILL 5, by majority of Committee on Finance & Revenue, providing for appeal of valuations; requiring owner be furnished copy of petition.

11-14 Received from Senate amended, 29 ayes, 1 not voting 32
11-14 First Reading, advanced 33
11-14 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 33
11-16 Counties & Municipalities—do pass 35
11-16 Ways & Means—do pass 36
11-16 Rules—constitutional and in proper form 36
11-16 Rules report 37
11-16 Committee of Whole—do pass 37
11-16 Third Reading, passed, 56 ayes, 2 nays, 2 not voting .. 38, 39
11-21 Governor approved 46
Chapter 2.

SENATE BILL 6, by majority of Committee on Finance & Revenue, providing for review of and appeal from property classification.

11-14 Received from Senate, 29 ayes, 1 not voting 32
11-14 First Reading, advanced 32, 33
11-14 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 33
11-16 Counties & Municipalities—do pass 35
11-16 Ways & Means—do pass 36
11-16 Rules—constitutional and in proper form 36
11-16 Rules report 37
11-16 Committee of Whole—do pass 37
11-16 Third Reading, passed, 48 ayes, 10 nays, 2 not voting 39
11-21 Governor approved 46
Chapter 3.

SENATE BILL 7, by majority of Committee on Finance & Revenue, providing for ascertainment of property subject to taxation.

11-14 Received from Senate amended, 29 ayes, 1 not voting 32
11-14 First Reading, advanced 33
11-14 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 33
11-16 Counties & Municipalities—amended do pass 35
11-16 Ways & Means—as amended by Committee on Counties & Municipalities, do pass 36
11-16 Rules—as amended by Committee on Counties & Municipalities, constitutional and in proper form 36
11-16 Rules report 37
11-16 Committee of Whole—amended do pass 37
11-16 Engrossed by Administration 38
11-16 Third Reading, passed amended, 37 ayes, 21 nays, 2 not voting 39
Held in Senate.

SENATE BILL 8, by majority of Committee on Finance & Revenue, prescribing dates within which proof of exemption shall be submitted.

11-14 Received from Senate, 29 ayes, 1 not voting 32
11-14 First Reading, advanced 33
11-14 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 33

11-16 Counties & Municipalities—do pass 35
11-16 Ways & Means—do pass 36
11-16 Rules—constitutional and in proper form 36
11-16 Rules report 37
11-16 Committee of Whole—do pass 37
11-16 Third Reading, passed, 58 ayes, 1 nay, 1 not voting 39, 40
11-21 Governor approved 46
Chapter 4.

SENATE BILL 9, by majority of Committee on Finance & Revenue, providing for issuance and filing of building permits.
Not received by House.

SENATE BILL 10, by majority of Committee on Finance & Revenue, providing for allocation of valuation of oil, gas, utilities.
Not received by House.

SENATE BILL 11, by majority of Committee on Finance & Revenue, providing for a tax on implements as unsecured personal property.
Not received by House.

SENATE BILL 12, by majority of Committee on Finance & Revenue, relating to zoning and providing for giving notice of changes to county assessor.

11-14 Received from Senate, 28 ayes, 1 nay, 1 not voting 32
11-14 First Reading, advanced 33
11-14 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 33
11-16 Counties & Municipalities—do pass 35
11-16 Ways & Means—amended do pass 36
11-16 Rules—as amended by Committee on Ways & Means, constitutional and in proper form 36
11-16 Rules report 37
11-16 Committee of Whole—amended do pass 37, 38
11-16 Engrossed by Administration 38
11-16 Third Reading, passed amended, 56 ayes, 3 nays, 1 not voting 40
Held in Senate.

SENATE BILL 13, by majority of Committee on Finance & Revenue, prescribing rate of education excise tax.
Not received by House.

SENATE BILL 14, by Senator Lewis, prescribing limitations upon amount of ad valorem tax levy.
Not received by House.

SENATE BILL 15, by Senator Knoles, providing a general fund excise tax for maintenance of state government.
Not received by House.

SENATE BILL 16, by Senator Kret, providing for assessment and tax rate on real property outside of school district.
Not received by House.

SENATE BILL 17, by Committee on Finance & Revenue, increasing luxury tax on alcoholic beverages.
Not received by House.

SENATE BILL 18, by Senator Crowley, providing for exemption of prescription medicine from sales and use tax.
Not received by House.

SENATE BILL 19, by Committee on Finance & Revenue, increasing state income tax rate.
Not received by House.

SENATE BILL 20, by Senator Garfield, providing system of equalization for school districts.
Not received by House.

SENATE BILL 21, by majority of Committee on Education, providing state equalization aid plan for school districts.
Not received by House.

SENATE BILL 22, by Senators Tenney, Giss, determining value of certain property; defining "full cash value" and "net farm or ranch income".
Not received by House.

SENATE BILL 23, by Senator Kret, providing for determination of valuation of utilities, cable television or transmission systems; providing that full cash value of property be based on percentage of use within taxing district.
Not received by House.

SENATE BILL 24, co-sponsored by Senators Holsclaw, Kret, providing for inclusion of taxable and nontaxable property on tax roll.
Not received by House.

HISTORY OF SENATE CONCURRENT RESOLUTIONS

SENATE CONCURRENT RESOLUTION 1, by majority of Committee on Finance & Revenue, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.
Not received by House.

SENATE CONCURRENT RESOLUTION 2, by majority of Committee on Finance & Revenue, constitutional amendment providing for tax exempt status for certain widows.
Not received by House.

SENATE CONCURRENT RESOLUTION 3, by majority of Committee on Finance & Revenue, constitutional amendment providing for tax exempt status for certain persons over age sixty-five.
Not received by House.

SENATE CONCURRENT RESOLUTION 4, by majority of Committee on Finance & Revenue, constitutional amendment exempting household goods from taxation.

11-14 Received from Senate, 26 ayes, 3 nays, 1 not voting..... 32
11-14 First Reading, advanced 33
11-14 Second Reading, referred to Committees on Rules; State Government; Ways & Means..... 34
Held in committees.

PART III

BILLS ENACTED INTO LAWS — 1967

TWENTY-EIGHTH LEGISLATURE, SECOND SPECIAL SESSION

Chap. No.	Bill No.		Brief Title
1	SB	4	providing for hearing of appeal from State Board of Property Tax Appeals; method of payment of judgment
2	SB	5	providing for appeal of valuations; requiring owner be furnished copy of petition
3	SB	6	providing for review of and appeal from property classification
4	SB	8	prescribing dates within which proof of exemption shall be submitted
5	HB	7	changing dates for corrections in valuations of property

HOUSE

3rd

Special Session

28th Legislature

JOURNAL

of the

HOUSE OF REPRESENTATIVES

TWENTY-EIGHTH LEGISLATURE THIRD SPECIAL SESSION

of the

STATE OF ARIZONA

- 1967 -

SESSION CONVENED — NOVEMBER 27, 1967
SESSION ADJOURNED SINE DIE — 3:42 A.M.
DECEMBER 22, 1967

HOUSE JOURNAL

FIRST DAY

MONDAY, NOVEMBER 27, 1967

Pursuant to the Proclamation of His Excellency, Jack Williams, the Governor of Arizona, under date of November 17, 1967, the House of Representatives of the Twenty-eighth Legislature, Third Special Session convened this day.

The House of Representatives assembled in its Chamber at 10:00 A.M.

The Speaker, Stan Turley of Maricopa County, District 8-B, called the House to order.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Pale, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 55.

EXCUSED: Ellsworth, Flake, House, Miniken, Peck — 5.

Chaplain of the House, C. G. Gose, offered prayer.

The Pledge of Allegiance to the Flag of the United States was led by Miss Stinson.

The Proclamation of His Excellency, Jack Williams, the Governor of Arizona, under date of November 17, 1967, calling the Twenty-eighth Legislature into a Third Special Session, was read as follows:

PROCLAMATION

CALLING A SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a Special Session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, the Legislature of Arizona in 1963 did establish by Chapter 43 of the Laws of 1963 the Division of Appraisal and Assessment Standards and by preamble used the following words: "It is the sense of this Legislature that in order to assure that the State's ad valorem tax structure is uniform and equitable a revaluation of all property in the State is to be undertaken immediately. The Legislature recognizes that a revaluation of all property within the State will necessarily take time." This legislation came into being by virtue of Southern Pacific Co. v. Cochise County, 92 Ariz. 395, 277 P2d 770; and

WHEREAS, four years have elapsed since the Division of Appraisal and Assessment Standards came into being and

several million dollars have been spent and many thousands of man hours expended; and

WHEREAS, the responsible committees of both Houses of the Legislature have worked arduously to achieve the goals established in 1963, and one Special Session has been devoted to these goals; and

WHEREAS, the people of this State expect that their elected representatives can and will solve one of the great problems facing this State fairly, efficiently and quickly;

NOW, THEREFORE, I, Jack Williams, Governor of Arizona, by virtue of the authority vested in me by the Constitution and in pursuance of my duty, call the Twenty-eighth Arizona Legislature to meet in Third Special Session in the Capitol on Monday, the 27th day of November, 1967, at 10:00 A.M.

The following is the subject to be again considered during this Special Session:

> Any and all matters relating to the imposition of taxes, ad valorem or otherwise, the raising and distribution of revenue from any source and any matter germane to the raising and distribution of revenue in order to finance the operation of the State government or its subdivisions.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

DONE at the Capitol in Phoenix this 17th day of November in the year of our Lord One Thousand Nine Hundred and Sixty-seven and of the Independence of the United States the One Hundred and Ninety-second.

SEAL

/s/ JACK WILLIAMS,
Governor.

ATTEST: /s/ WESLEY BOLIN,
Secretary of State.

Motion by Mr. Barr, seconded by Mr. Pritzlaff, that a committee of five be appointed to notify the Senate that the House is organized and ready for the transaction of business, and to act with a like committee from the Senate to wait upon the Governor giving notification that the Legislature is organized and ready to receive his message. Carried, and Speaker Turley appointed Members Kelley, Stinson, Gardner, Coppinger and Hardt as the House Organization Committee.

Speaker Turley introduced Dr. and Mrs. Guss Salley, Ralph Malton, J. T. Campbell and C. M. Bassman, a Joint Senate and House Committee on Correctional Institutions & Problems, from the State of Missouri. Mrs. Paul Rumsey, sister of Mrs. Salley of Midland, Texas, was also introduced.

Without objection, at 10:11 A.M., the House stood at recess, subject to the call of the gavel.

At 10:13 A.M., Speaker Turley called the House to order.

At 10:14 A.M., the Sergeant at Arms announced a committee from the Senate consisting of Senators Kret, Burgess, Tenney, Halacy and Garfield, who informed the House that the Senate was organized and ready for the transaction of business.

Speaker Turley thanked the Senate Organization Committee.

Without objection, at 10:15 A.M., the House stood at recess, subject to the call of the gavel.

At 10:24 A.M., Speaker Turley called the House to order.

At 10:25 A.M., the House Organization Committee returned with a message from the Governor.

GOVERNOR'S MESSAGE

Ladies and Gentlemen of the Twenty-eighth Legislature:

Sharing your great concern for getting on with the job I am taking this means of communicating with you on the opening of your Third Special Session.

As I told you a month ago the time for action is with us. The matter before you has been discussed for four years and now either the purpose is to be accomplished or failure must be admitted. I know that none of you are desirous of failure. We want a successful session in order to comply with the court's mandate requiring re-evaluation of the property of this state for tax purposes. I would like to again set forth the standards that I think should be your guidelines to a fair tax program:

First. It must be simple and easily understood by every citizen of this state. Complicated formulas, exceptions, cumbersome exemptions and too many classifications only lead to the suspicion that the average citizen is not receiving a fair shake. I am of the firm thought that our citizens will pay their taxes if they understand fully the basis upon which they are assessed and the reason therefor.

Second. Fairness to all segments of the populations in all counties in all sections of the state. The power manifested in the two big counties must not be used against citizens or businesses located in counties where there are few voters.

Third. Quickness of remedy and appeal provisions. Truly, justice delayed is justice denied. The appeal provisions of any assessment must be quick and within the economic reach of any citizen, otherwise he is denied a very basic right.

Fourth. Ease of collection by the taxing authorities. The best tax in the world is of no consequence if it cannot be collected quickly and cheaply. I state this because if there are any supplemental tax programs enacted in connection with an ad valorem reform, then this concept must be kept in mind.

It is my sincere hope that this session will speedily and effectively do its work. The people of our state expect this and I am sure you will fulfill your obligation.

/s/ JACK WILLIAMS,
Governor.

Motion by Mr. Barr, seconded by Mr. Pritzlaff, that the House stand at recess, subject to the call of the gavel. Carried at 10:30 A.M.

AFTERNOON SESSION

At 1:36 P.M., the House resumed session, Speaker Turley presiding.

Without objection, the House referred to the Order of Business:

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 1, by Committee on Ways & Means, An Act, relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; repealing Section 42-136, Arizona Revised Statutes; amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding a new Section 42-136, and amending Section 42-227, Arizona Revised Statutes.

HOUSE BILL 2, by majority of Committee on Education, An Act, relating to education; providing for state financial assistance and equalization aid to school districts; amending Sections 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1211, 15-1212, 15-1221 to 15-1225, inclusive, 15-1235, 15-1241 and 15-1246; repealing Section 15-1203, Arizona Revised Statutes; amending Title 15, Chapter 12, Article 1, Arizona Revised Statutes, by enacting a new Section 15-1203; amending Title 15, Chapter 12, Arizona Revised Statutes, by adding Article 2.2, and repealing Sections 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

HOUSE BILL 3, by Committee on Ways & Means, An Act, relating to taxation; providing for the elimination of federal income taxes as a deduction by corporations, and amending Section 43-123, Arizona Revised Statutes.

HOUSE BILL 4, by Committee on Ways & Means, An Act, relating to taxation; providing for an increase in the rate of taxation on income, and amending Section 43-102, Arizona Revised Statutes.

HOUSE BILL 5, by Committee on Ways & Means, An Act, relating to taxation; imposing a tax upon the gross income and gross proceeds derived by all professional and personal service occupations and businesses from services rendered by them, and amending Title 42, Chapter 8, Arizona Revised Statutes, by adding Article 1.2.

HOUSE BILL 6, by Committee on Ways & Means, An Act, relating to taxation; providing for a transaction privilege tax on leasing or renting certain property, and amending Section 42-1314, Arizona Revised Statutes.

HOUSE BILL 7, by Committee on Ways & Means, An Act, relating to taxation; prescribing the rate of the education excise tax, and amending Section 42-1361, Arizona Revised Statutes.

HOUSE BILL 8, by Committee on Ways & Means, An Act, relating to taxation; providing for an Arizona withholding tax rate of one per cent, and amending Section 43-188, Arizona Revised Statutes.

HOUSE BILL 9, by Committee on Ways & Means, An Act, relating to taxation; providing for the imposition of a minimum income tax on corporations, and amending Section 43-102, Arizona Revised Statutes.

HOUSE BILL 10, by majority of Committee on Ways & Means, An Act, relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for common and high school equalization; providing for the imposition of a cigarette floor stock tax, and amending Section 42-1231, Arizona Revised Statutes.

HOUSE BILL 11, by majority of Committee on Ways & Means, An Act, relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages, and amending Section 42-1204, Arizona Revised Statutes.

HOUSE BILL 12, by Members Pale, Akers, Barr, Barrow, Faron, Jones, Kluender, Pritzlaff, Rockwell, Shelley, Stinson, Stuckey of District 8; Gardner of District 1; Hawes of District 2; Crosby of District 3; Huffer, McConnell of District 4; Hardt of District 5; Bailey, Buehl, Goodwin, Lena, Stone of District 7, An Act, relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending Title 42, Chapter 8, Article 1, Arizona Revised Statutes, by adding Section 42-1312.01, and amending Section 42-1409, Arizona Revised Statutes.

HOUSE BILL 13, by Committee on Ways & Means, An Act, relating to livestock and animals; providing that a copy of the record of inspections shall also be sent to the county assessor, and amending Section 24-263, Arizona Revised Statutes.

HOUSE BILL 14, by Committee on Ways & Means, An Act, relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending Section 42-221, Arizona Revised Statutes.

HOUSE BILL 15, by Committee on Ways & Means, An Act, relating to taxation; prescribing the situs of cars for taxation purposes, and amending Section 42-742, Arizona Revised Statutes.

HOUSE BILL 16, by Committee on Ways & Means, An Act, relating to taxation; imposing a real estate transfer tax, and amending Title 42, Arizona Revised Statutes, by adding Chapter 10, Articles 1 and 2.

HOUSE BILL 17, by Committee on Ways & Means, An Act, relating to zoning; providing for giving notice of changes to county assessor; amending Title 9, Chapter 4, Article 6, Arizona Revised Statutes, by adding Section 9-465.01, and amending Title 11, Chapter 6, Article 2, Arizona Revised Statutes, by adding Section 11-829.01.

HOUSE BILL 18, by Committee on Ways & Means, An Act, relating to taxation; providing for determination of valuation of gas, water

and electric utilities, pipelines, community antenna television systems and microwave services; amending Section 42-124.01, Arizona Revised Statutes, and amending Title 42, Chapter 1, Article 2, Arizona Revised Statutes, by adding Section 42-124.03.

HOUSE BILL 19, by Committee on Ways & Means, An Act, relating to taxation; prescribing that notice of tax assessment on livestock shall show number of livestock and number of months assessed, and amending Section 42-234, Arizona Revised Statutes.

HOUSE CONCURRENT RESOLUTION 1, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected disabilities, and amending Article 9, Section 2, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 2, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting certain household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 3, by Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemption; providing for tax exempt status for certain widows, and amending Article 9, Section 2, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 4, by majority of Committee on Ways & Means, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain persons who have attained the age of sixty-five years, and amending Article 9, Section 2, Constitution of Arizona.

Motion by Mr. Barr, seconded by Mr. Pritzlaff, that the House stand adjourned. Carried at 1:43 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Akers, Alexander, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Walker, Williams, Speaker Turley —54.

EXCUSED: Adams, Bailey, House, Maynard, Shelley, Vipperman—6.

Chaplain of the House, C. G. Gose, offered prayer.

Without objection, the reading of the Journal of Monday, November 27, 1967, was dispensed with, and approved as written.

At 9:07 A.M., the Sergeant at Arms announced the seating of Members Adams and Vipperman.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bills 1 to 19, inclusive .....2500 copies

House Concurrent Resolutions 1 to 4, inclusive .....2500 copies.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 1, providing for classification of property; prescribing percentage of assessed valuation. Referred to Committees on Rules; Ways & Means.

HOUSE BILL 2, providing financial assistance and equalization aid to school districts. Referred to Committees on Rules; Education.

HOUSE BILL 3, eliminating federal income tax as deduction by corporations. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 4, providing for increase in rate of taxation on income. Referred to Committees on Rules; Ways & Means.

HOUSE BILL 5, imposing tax on professional and personal service occupations and businesses. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 6, providing for sales tax on leasing or renting certain

property. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 7, prescribing rate of education excise tax. Referred to Committees on Rules; Education; Ways & Means.

HOUSE BILL 8, increasing state withholding tax rate. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 9, imposing minimum income tax filing fee on corporations. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 10, increasing luxury tax on cigarettes. Referred to Committees on Rules; Education; Ways & Means.

HOUSE BILL 11, increasing luxury tax on alcoholic beverages. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE BILL 12, prescribing certain exemptions to sales and use tax. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 13, providing that copy of record of livestock inspections relating to shipments be sent to county assessor. Referred to Committees on Rules; Agriculture & Livestock; Ways & Means.

HOUSE BILL 14, providing for ascertainment of property subject to taxation. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 15, providing situs of railroad cars for taxation purposes. Referred to Committees on Rules; Transportation; Ways & Means.

HOUSE BILL 16, imposing real estate transfer tax. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 17, relating to zoning and providing for giving notice of changes to county assessor. Referred to Committees on Rules; Counties & Municipalities; Ways & Means.

HOUSE BILL 18, determining valuation of utilities, oil, community antenna television systems and microwave services within each taxing district. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE BILL 19, prescribing livestock tax assessment notice show number of livestock and months assessed. Referred to Committees on Rules; Agriculture & Livestock; Ways & Means.

HOUSE CONCURRENT RESOLUTION 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE CONCURRENT RESOLUTION 2, constitutional amendment exempting certain household goods from taxation. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE CONCURRENT RESOLUTION 3, constitutional amendment providing for tax exempt status for certain widows. Referred to Committees on Rules; State Government; Ways & Means.

HOUSE CONCURRENT RESOLUTION 4, constitutional amendment providing for tax exempt status for certain persons over age sixty-five. Referred to Committees on Rules; State Government; Ways & Means.

At 9:18 A.M., the Sergeant at Arms announced the seating of Mrs. Maynard.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:19 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

THIRD DAY
WEDNESDAY, NOVEMBER 29, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kluender, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Walker, Williams, Speaker Turley — 52.

EXCUSED: Adams, Flake, House, Kelley, Maynard, Rickard, Shelley, Vipperman — 8.

Chaplain of the House, J. Paul Downey, offered prayer.

Without objection, the reading of the Journal of Tuesday, November 28, 1967, was dispensed with, and approved as written.

At 9:03 A.M., the Sergeant at Arms announced the seating of Members Flake, Maynard and Vipperman.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 20, by Members Carrillo, Fricks, Hutcheson, Lena, Maynard of District 7; Cook, Hawes, Sawyer of District 2; Crosby of District 3; Getzwiller, Hardt of District 5; Johnson of District 6;

Abril, Coppinger, Pena, Rickard, Thompson of District 8, An Act, relating to taxation; exempting food products, medicine and water from the transaction privilege tax, and amending Section 42-1321, Arizona Revised Statutes.

HOUSE BILL 21, by Members Carrillo, Fricks, Hutcheson, Lena, Maynard, Williams of District 7; Cook, Elliott, Hawes, Sawyer of District 2; Huffer of District 4; Getzwiller, Hardt of District 5; Johnson of District 6; Abril, Coppinger, Pena, Rickard, Thompson of District 8, An Act, relating to taxation; providing for the exemption of prescription medicine from transaction privilege taxes and the use tax, and amending Sections 42-1321 and 42-1409, Arizona Revised Statutes.

HOUSE BILL 22, by Members Miniken, Johnson of District 6; Elliott, Hawes, Sawyer of District 2; Brown of District 3; Huffer of District 4; Smith of District 5; Hutcheson, Maynard, Williams of District 7; Pena, Rickard, Shelley, Thompson of District 8, An Act, relating to education; providing for more than one high school in a county union high school district, and amending Sections 15-521 to 15-525, inclusive, Arizona Revised Statutes.

HOUSE BILL 23, co-sponsored by Members Lyman, Gardner of District 1, An Act, relating to education; providing for more than one high school in a county union high school district, and amending Sections 15-521 to 15-525, inclusive, Arizona Revised Statutes.

HOUSE BILL 24, by Members McConnell of District 4; Gardner, Lyman of District 1; Ellsworth of District 8, An Act, relating to taxation; prescribing duties of Director of Department of Property Valuation; declaring full cash value and market value as being synonymous; prescribing exclusion to value estimate, and amending Sections 42-123, 42-201 and 42-227, Arizona Revised Statutes.

At 9:06 A.M., the Sergeant at Arms announced the seating of Members Adams and Rickard.

PERSONAL PRIVILEGE

The following members addressed the House:

Mr. Carrillo — Education—merits and demerits of House Bill 2.

Mr. Ellsworth — House Bill 2 — spoke favorably.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:16 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kluender, Koory, Lena, McConnell, Miniken, Pale, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Walker, Williams, Speaker Turley — 50.

EXCUSED: Adams, Carrillo, Flake, House, Kelley, Lyman, Maynard, Peck, Shelley, Vipperman — 10.

Chaplain of the House, J. Paul Downey, offered prayer.

Without objection, the reading of the Journal of Wednesday, November 29, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bills 20 to 24, inclusive . . . 2500 copies

Received:

House Bills 2, 5, 7, 15 and 19.

At 9:06 A.M., the Sergeant at Arms announced the seating of Members Carrillo and Vipperman.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 20, exempting food products, medicines and drinking water from sales tax. Referred to Committees on Rules; Public Health & Welfare; Ways & Means.

HOUSE BILL 21, exempting prescription medicine from sales and use tax. Referred to Committees on Rules; Public Health & Welfare; Ways & Means.

HOUSE BILL 22, providing for more than one high school in a county union high school district. Referred to Committees on Rules; Counties & Municipalities; Education.

HOUSE BILL 23, providing for more than one high school in a county union high school district. Referred to Committees on Rules; Counties & Municipalities; Education.

HOUSE BILL 24, prescribing duties of Director of Department of Property Valuation; declaring full cash value and fair market value

as synonymous; prescribing exclusion to value estimate. Referred to Committees on Rules; State Government; Ways & Means.

At 9:09 A.M., the Sergeant at Arms announced the seating of Members Adams and Flake.

PERSONAL PRIVILEGE

The following member asked that his remarks be entered in the Journal:

> This morning I distributed to my fellow Representatives an editorial from the November 27 Arizona Republic. That editorial stated that the elimination of the federal income tax deductions from state income taxes would discourage new industry; that it would be strange if the present administration suddenly took an anti-business tack by such elimination.
>
> I wholeheartedly endorse that editorial!
>
> I have been told that certain industries which have considered moving to Arizona, because of the attitude expressed in House Bill 3, have been reconsidering their position.
>
> If we discourage industry, we are discouraging employment and aiding in building our welfare rolls.
>
> The encouragement of industry leads to the growth of the free spirit through pride in work; through the encouragement of hope, without which the human spirit withers. It leads to greater individual cultural objectives. All of this encourages further attraction of industry, and educated sophistication.
>
> The future of our state is in our hands. I ask this Legislature not to turn Arizona solely into a tourist attraction, but to allow our God-given endowments to be utilized for the benefit of all of the people. The benefits brought by growth of industry will radiate to all of the people.
>
> JOHN D. ROEDER

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:11 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, McConnell, Miniken, Pale, Pena, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Walker, Williams, Speaker Turley — 48.

EXCUSED: Abril, Brown, Farley, Flake, House, Kluender, Lyman, Maynard, Peck, Pritzlaff, Shelley, Vipperman — 12.

At 9:01 A.M., the Sergeant at Arms announced the seating of Members Abril, Farley, Kluender and Pritzlaff.

Chaplain of the House, Gayle Strickler, offered prayer.

Without objection, the reading of the Journal of Thursday, November 30, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Received:

House Bills 1, 4, 6, 10, 14, 16 and 18
House Concurrent Resolutions 2 and 4.

Ways and Means, Timothy A. Barrow, Chairman.

HOUSE BILL 15, do pass.

HOUSE BILL 19, do pass.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 25, by Members Rickard, Abril, Kluender, Pena, Shaughnessy, Thompson, of District 8, An Act, relating to taxation; providing for tax assessment of mines and mining properties, and amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding Section 42-136.01.

HOUSE CONCURRENT RESOLUTION 5, co-sponsored by Members Rickard, Coppinger of District 8: Lyman of District 1; Cook, Elliott, Hawes of District 2; Hardt of District 5; Miniken of District 6; Fricks, Hutcheson, Lena, Maynard, Stone of District 7; Abril, Farley, Holley, Pena, Shaughnessy, Thompson of District 8, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona exempting owner-occupied homes from taxation, and amending Article 9, Section 2, Constitution of Arizona.

At 9:09 A.M., the Sergeant at Arms announced the seating of Mr. Lyman.

PERSONAL PRIVILEGE

Mrs. Adams addressed the House on education, reading an article from an early Arizona newspaper.

At 9:13 A.M., the Sergeant at Arms announced the seating of Members Flake and Maynard.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned until 10:00 A.M., Monday, December 4, 1967. Carried by the following vote:

AYES: Adams, Akers, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Holley, Huffer, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Pritzlaff, Rockwell, Roeder, Rosenbaum, Shaughnessy, Stinson, Stone, Stuckey, Williams, Speaker Turley — 31.

NAYS: Abril, Biles, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Hutcheson, Johnson, Lena, Miniken, Pena, Rickard, Sawyer, Smith, Thompson, Walker — 21.

NOT VOTING: Alexander, Brown, Goodwin, House, Maynard, Peck, Shelley, Vipperman — 8.

At 9:24 A.M., the House stood adjourned.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 10:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Goodwin, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Williams, Speaker Turley — 56.

EXCUSED: Getzwiller, Hardt, House, Walker — 4.

Member Bess Stinson offered prayer.

The Pledge of Allegiance to the Flag of the United States was led by Mrs. Gardner.

Without objection, the reading of the Journal of Friday, December 1, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bill 25 ..... 2500 copies
House Concurrent Resolution 5 ..... 2500 copies

Received:

House Bills 8, 9, 11, 13, 17 and 21
House Concurrent Resolutions 1 and 3.

Agriculture & Livestock, Gladys Gardner, Chairman.

HOUSE BILL 19, do pass.

Commerce & Industry, D. Delos Ellsworth, Chairman.

HOUSE BILL 16, do pass.

Counties & Municipalities, Sam Flake, Chairman.

HOUSE BILL 14, amended, do pass.

HOUSE BILL 17, do pass.

State Government, John D. Roeder, Vice Chairman.

HOUSE CONCURRENT RESOLUTION 2, do pass.

Transportation, David B. Stone, Vice Chairman.

HOUSE BILL 15, do pass.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the first time by number and title:

HOUSE BILL 26, by Committee on Agriculture & Livestock, An Act, relating to taxation; providing that permanent agricultural or grazing improvements on farm and grazing lands shall be included as part of value of real property, and amending Section 42-233, Arizona Revised Statutes.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 25, providing for tax assessment of mines and mining properties. Referred to Committees on Rules; Commerce & Industry; Ways & Means.

HOUSE CONCURRENT RESOLUTION 5, constitutional amendment exempting owner-occupied homes from taxation ($5,000). Referred to Committees on Rules; State Government; Ways & Means.

At 10:14 A.M., the Sergeant at Arms announced the seating of Mr. Walker.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 10:15 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 56.

EXCUSED: Flake, House, Rockwell, Shelley — 4.

At 9:01 A.M., the Sergeant at Arms announced the seating of Miss Rockwell.

Chaplain of the House, Robert Stanley, offered prayer.

Without objection, the reading of the Journal of Monday, December 4, 1967, was dispensed with, and approved as written.

At 9:07 A.M., the Sergeant at Arms announced the seating of Mr. Flake.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bill 26 ..... 2500 copies

Received:

House Bills 3, 12, 20, 22, 23, 24 and 25
House Concurrent Resolution 5.

Commerce & Industry, D. Delos Ellsworth, Chairman.

HOUSE BILL 3,

Majority: do pass.

Minority: do not pass.

This bill discourages industry; therefore discourages employment and the growth of the State of Arizona.

JOHN ROEDER

In my opinion the passage of House Bill 3 will serve as a deterrent to the promotion of new industries locating in Arizona, mainly Tucson, thus depriving many needy people of employment and continuing the welfare state we now have in Arizona.

ROBERT FRICKS

HOUSE BILL 8, do pass.

HOUSE BILL 9, do pass.

HOUSE BILL 18, do pass.

Counties & Municipalities, Sam Flake, Chairman.

HOUSE BILL 23,

Majority: amended, do pass.

Minority: as amended, do not pass.

TONY S. CARRILLO

Education, Al Kluender, Chairman.

HOUSE BILL 7, do pass.

State Government, Scott Alexander, Chairman.

HOUSE CONCURRENT RESOLUTION 1, amended, do pass.

HOUSE CONCURRENT RESOLUTION 3, amended, do pass.

Ways & Means, Timothy A. Barrow, Chairman.

HOUSE BILL 1, amended, do pass.

HOUSE BILL 3, do pass.

HOUSE BILL 4, amended, do pass.

HOUSE BILL 7, amended, do pass.

HOUSE BILL 9, do pass.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the first time by number and title:

HOUSE BILL 27, by Mr. Lyman of District 1, An Act, relating to taxation; abolishing the Department of Property Valuation and the office of director of the department; transferring all powers and duties of the department and director to the State Tax Commission; providing for transfer of records, property and funds, and amending Title 42, Chapter 1, Article 2, Arizona Revised Statutes, by adding Section 42-121.01.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the second time by number and title:

HOUSE BILL 26, including certain permanent agricultural or grazing improvements in valuation of real property. Referred to Committees on Rules; Agriculture & Livestock; Ways & Means.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:13 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Alexander, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 51.

EXCUSED: Adams, Akers, Bailey, Brown, Ellsworth, Kluender, Maynard, Rickard, Shelley — 9.

Chaplain of the House, Richard Zollner, offered prayer.

Without objection, the reading of the Journal of Tuesday, December 5, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Administration, Polly Rosenbaum, Chairman, on printing.

Ordered:

House Bill 27 .....2500 copies.

Commerce & Industry, D. Delos Ellsworth, Chairman.

HOUSE BILL 6, do pass, as amended by Committee on Ways & Means.

Education, Al Kluender, Chairman.

HOUSE BILL 2,

Majority: amended, do pass.

First Minority: returned for consideration of the House.

POLLY ROSENBAUM

Second Minority: do not pass.

JAMES A. ELLIOTT
J. R. RICKARD

Ways & Means, Timothy A. Barrow, Chairman.

HOUSE BILL 6, amended, do pass.

HOUSE BILL 8, do pass.

HOUSE BILL 14, do pass.

HOUSE BILL 16, amended, do pass.

HOUSE BILL 17, do pass.

HOUSE BILL 18, do pass.

HOUSE CONCURRENT RESOLUTION 1, do pass.

HOUSE CONCURRENT RESOLUTION 2, do pass.

HOUSE CONCURRENT RESOLUTION 3, do pass.

At 9:04 A.M., the Sergeant at Arms announced the seating of Members Adams, Akers and Kluender.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bill was read the second time by number and title:

HOUSE BILL 27, abolishing Department of Property Valuation; transferring powers and duties to State Tax Commission. Referred to Committees on Rules; State Government; Ways & Means.

At 9:06 A.M., the Sergeant at Arms announced the seating of Mr. Rickard.

PERSONAL PRIVILEGE

The following Members addressed the House:
Mr. Flake)
Mr. Kelley) — Defeat of school bond elections.
Mr. Miniken)

At 9:08 A.M., the Sergeant at Arms announced the seating of Mr. Ellsworth.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:12 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Smith, Stinson, Stone, Thompson, Vipperman, Walker, Williams, Speaker Turley — 55.

EXCUSED: Buehl, Maynard, Shaughnessy, Shelley, Stuckey — 5.

Chaplain of the House, Joe Resendez, offered prayer.

Without objection, the reading of the Journal of Wednesday, December 6, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on printing.

Received:

House Bills 26 and 27.

BILLS AND OTHER BUSINESS FROM THE SENATE

Messages from the Secretary of the Senate, Louise C. Brimhall, were read:

SENATE BILL 1, passed by a vote of 16 ayes, 14 nays.

SENATE BILL 2, passed amended by a vote of 18 ayes, 11 nays, 1 not voting.

SENATE BILL 4, passed amended by a vote of 28 ayes, 2 nays.

SENATE BILL 5, passed amended by a vote of 29 ayes, 1 nay.

SENATE BILL 6, passed by a vote of 29 ayes, 1 nay.

SENATE BILL 8, passed amended by a vote of 18 ayes, 12 nays.

SENATE BILL 9, passed by a vote of 28 ayes, 2 nays.

SENATE BILL 12, passed amended by a vote of 20 ayes, 10 nays.

SENATE BILL 15, passed amended by a vote of 20 ayes, 10 nays.

SENATE BILL 16, passed amended by a vote of 30 ayes.

SENATE BILL 17, passed by a vote of 30 ayes.

SENATE CONCURRENT RESOLUTION 2, passed by a vote of 18 ayes, 12 nays.

At 9:09 A.M., the Sergeant at Arms announced the seating of Members Buehl and Shaughnessy.

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

SENATE BILL 1, An Act, relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing Section 42-136, Arizona Revised Statutes; amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding a new Section 42-136, and amending Sections 42-227 and 42-227.02, Arizona Revised Statutes.

SENATE BILL 2, An Act, relating to education; providing a state equalization aid plan for school districts; amending Sections 15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1202, 15-1211, 15-1212, 15-1221, 15-1223, 15-1224, 15-1225, 15-1235, 15-1241, and 15-1246, Arizona Revised Statutes; amending Title 15, Chapter 4, Article 2, Arizona Revised Statutes, by adding Section 15-442.01, and repealing Sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

SENATE BILL 4, An Act, relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending Title 42, Chapter 8, Article 1, Arizona Revised Statutes, by adding Section 42-1312.01, and amending Section 42-1409, Arizona Revised Statutes.

SENATE BILL 5, An Act, relating to taxation; providing for an increase in the rate of taxation on income, and amending Section 43-102, Arizona Revised Statutes.

SENATE BILL 6, An Act, relating to taxation; providing for an Arizona withholding tax rate of one per cent, and amending Section 43-188, Arizona Revised Statutes.

SENATE BILL 8, An Act, relating to taxation; prescribing limitation upon amount of ad valorem property tax collectible by political subdivisions for the tax year of 1968.

SENATE BILL 9, An Act, relating to taxation; providing for a transaction privilege tax on leasing or renting certain property, and amending Section 42-1314, Arizona Revised Statutes.

SENATE BILL 12, An Act, relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending Section 42-1312; and amending Title 42, Chapter 8, Arizona Revised Statutes, by adding Article 1.2.

SENATE BILL 15, An Act, relating to taxation; providing for the

inclusion of taxable and nontaxable property on the roll, and amending Section 42-238, Arizona Revised Statutes.

SENATE BILL 16, An Act, relating to taxation; prescribing duties of Director of Department of Property Valuation; declaring full cash value and market value as being synonymous, and amending Sections 42-123 and 42-201, Arizona Revised Statutes.

SENATE BILL 17, An Act, relating to cities, towns and counties; providing for the issuance and filing of building permits; providing for distribution of copies; prescribing penalties; amending Section 11-321, Arizona Revised Statutes; amending Title 11, Chapter 2, Article 9, Arizona Revised Statutes, by adding Section 11-322, and amending Title 9, Chapter 4, Arizona Revised Statutes, by adding Article 6.1.

SENATE CONCURRENT RESOLUTION 2, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona.

Motion by Mr. Ellsworth, seconded by Mr. Pritzlaff, that the rules be suspended, an emergency declared and Senate Bills 1, 2, 4, 5, 6, 8, 9, 12, 15, 16, 17 and Senate Concurrent Resolution 2 be placed under the Order of Business, Second Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

SENATE BILL 1, providing for classification of property for taxation; providing basis for assessing producing oil and gas interests. Referred to Committees on Rules; Ways & Means.

SENATE BILL 2, providing State Equalization Aid Plan for school districts. Referred to Committees on Rules; Education.

SENATE BILL 4, prescribing certain exemptions to sales and use tax. Referred to Committees on Rules; Ways & Means.

SENATE BILL 5, providing for increase in rate of taxation on income. Referred to Committees on Rules; Ways & Means.

SENATE BILL 6, increasing state withholding tax rate. Referred to Committees on Rules; Ways & Means.

SENATE BILL 8, prescribing limitation on property tax collectible by political subdivisions. Referred to Committees on Rules; Ways & Means.

SENATE BILL 9, providing for sales tax on leasing or renting certain property. Referred to Committees on Rules; Ways & Means.

SENATE BILL 12, imposing services excise tax on certain businesses. Referred to Committees on Rules; Ways & Means.

SENATE BILL 15, providing for inclusion of taxable and nontaxable

property on county assessor's roll. Referred to Committees on Rules; Ways & Means.

SENATE BILL 16, prescribing duties of Director of Department of Property Valuation; declaring full cash value and fair market value as being synonymous; determining value of certain property. Referred to Committees on Rules; Ways & Means.

SENATE BILL 17, providing for issuance and filing of building permits. Referred to Committees on Rules; Ways & Means.

SENATE CONCURRENT RESOLUTION 2, constitutional amendment exempting household goods from taxation. Referred to Committees on Rules; Ways & Means.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 9:18 A.M.

AFTERNOON SESSION

At 2:00 P.M., the House resumed session, Speaker Turley presiding.

At 2:00 P.M., the Sergeant at Arms announced the seating of Members Maynard and Stuckey.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 2:05 P.M.

At 3:40 P.M., Speaker Turley called the House to order.

At 3:40 P.M., the Sergeant at Arms announced the seating of Mr. Shelley.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Rules, Burton S. Barr, Chairman.

HOUSE BILL 1, constitutional and in proper form.

HOUSE BILL 2, constitutional and in proper form.

HOUSE BILL 3, constitutional and in proper form.

HOUSE BILL 4, constitutional and in proper form.

HOUSE BILL 6, constitutional and in proper form.

HOUSE BILL 7, constitutional and in proper form.

HOUSE BILL 8, constitutional and in proper form.

HOUSE BILL 9, constitutional and in proper form.

HOUSE BILL 14, constitutional and in proper form.

HOUSE BILL 15, constitutional and in proper form.

HOUSE BILL 16, constitutional and in proper form.

HOUSE BILL 17, constitutional and in proper form.

HOUSE BILL 18, constitutional and in proper form.

HOUSE BILL 19, constitutional and in proper form.

HOUSE CONCURRENT RESOLUTION 1, amended, constitutional and in proper form.

HOUSE CONCURRENT RESOLUTION 2, constitutional and in proper form.

HOUSE CONCURRENT RESOLUTION 3, constitutional and in proper form.

Rules, Burton S. Barr, Chairman.

HOUSE BILLS 1, 2, 3, 4, 6, 7, 8, 9, 14, 15, 16, 17, 18 and 19.

HOUSE CONCURRENT RESOLUTIONS 1, 2 and 3.

MOTION TO GO INTO COMMITTEE OF THE WHOLE

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House resolve itself into a Committee of the Whole for the consideration of the bills on the Calendar. Carried, and at 3:42 P.M., Mrs. Adams took the Chair.

At 5:57 P.M., the Committee of the Whole was dissolved and Mrs. Adams, Chairman, reported:

That House Bill 1 be amended as follows:

Page 1, strike lines 11 to 17, inclusive.

Reletter to conform.

Page 2, line 15, after "All" insert "tangible".

Page 2, between lines 33 and 34 insert:

"C. The valuation determined for producing oil and gas interests valued under the provisions of Section 42-124 and Sections 42-227.01 through 42-227.04, and flight property valued under the provisions of Sections 42-701 through 42-705 and all real and personal property used in the operation of private car companies valued under the provisions of Sections 42-741 through 42-748 shall be the assessed valuation for such property."

Page 2, line 34, strike "C" and insert "D".

And, as so amended, it do pass.

That House Bill 2 be amended as follows:

Page 2, line 22, strike "or" and insert a comma. After "sites" insert "or lease-purchase contracts".

Page 2, line 29, before "All" insert "A."

Page 2, line 39, before "The" insert "B."

Page 2, line 40, strike "computed" and insert "calculated".

Page 3, line 23, strike "computed" and insert "calculated".

Page 4, lines 14, 18 and 20, strike "computed" and insert "calculated".

Page 6, between lines 8 and 9, insert "19_____" directly below "Year" in each columnar heading.

Page 7, between lines 4 and 5, insert "19_____" directly below "Year" in each columnar heading.

Page 7, line 13, strike "TEXTBOOKS".

Page 8, between lines 4 and 5, insert "19_____" directly below "Year" in each columnar heading.

Page 9, between lines 4 and 5, insert "19_____" directly below "Year" in each columnar heading.

Page 9, between lines 27 and 28 insert:

"Textbooks _____ _____ _____".

"Athletic Equipment _____ _____ _____".

Page 10, between lines 4 and 5, insert "19_____" directly below "Year" in each columnar heading.

Page 10, between lines 17 and 18, insert "(USE THE SMALLER TOTAL OF ACTUAL OR ESTIMATED AVERAGE DAILY ATTENDANCE)."

Page 10, line 34, after "INFORMATION" insert an asterisk.

Page 11, strike lines 1 and 2 and insert:

"Column 1	"Column 2
Past Fiscal Year (Actual) 19_____"	Estimated Current Fiscal Year 19_____"

Page 11, lines 3, 5, 6, 9, 10 and 12, strike "(ACTUAL)".

Page 11, between lines 12 and 13 insert:

"TOTAL AVERAGE DAILY ATTENDANCE (ESTIMATED) _____".

Page 12, between lines 5 and 6 insert:

"Sec. 7. Sec. 15-1201.01, Arizona Revised Statutes, is amended to read:

"15-1201.01. Budget control; exceptions

"A. The funds budgeted under Item VIII of the budget prescribed by Section 15-1201 shall be used only for the purpose of capital outlay.

"B. The budget six per cent limit check as prescribed by the terms of Section 15-1201 shall not apply to any school district employing four classroom teachers or less."

Renumber to conform.

Page 12, strike lines 12 to 17 inclusive, and insert:

"A. That part of the proposed budget designated for operational expenses which is in excess of the six per cent increase permitted by Section 15-1201 shall not be adopted unless approved by a majority of the qualified electors who are real property taxpayers of the district voting at an election. In no event shall the increase exceed ten per cent of the operational portion of the budget. The cost of the election shall be considered as a school district expense. 'Such election shall be held prior to July 1, in the manner prescribed by the terms of Subsection D.' "

Page 12, line 35, after "trustees" insert "which shall be no later than June 1,".

Page 12, line 35, after "than" insert "a number equal to".

Page 12, line 36, after "electors" insert "who are real property taxpayers".

Page 12, line 36, strike "who", all of line 37, and line 38 through "trustees,".

Page 12, line 38, after "petition" insert "which shall be filed with the board of trustees no later than June 15,".

Page 12, line 40, after "electors" insert "who are real property taxpayers".

Page 13, between lines 6 and 7 insert:

"D. The election prescribed by the terms of Subsections A and C shall be conducted as nearly as practicable in the manner prescribed in Article 1, Chapter 13 of this title, relating to school bond elections. The ballots shall contain the words 'Budget increase, Yes' and 'Budget increase, No', and the voter shall signify his desired choice."

Page 13, line 14, strike "computed" and insert "calculated".

Page 13, line 15, after "to" insert "actual".

Page 13, between lines 32 and 33, insert:

"D. All monies appropriated and apportioned pursuant to Subsections A, B and C of this section shall be used for maintenance and operational purposes only."

Page 14, line 13, strike "one-fourth", and insert "one-twelfth".

Page 14, between lines 14 and 15, insert:

"5. On March 15, one-sixth of the total amount to be apportioned during the fiscal year."

Page 14, line 15, strike "5." and insert "6."; strike "April" and insert "May".

Page 15, lines 5 and 6, strike "and apportionment of the" and insert "for".

Page 16, line 30, after "district," insert "as prescribed by the terms of Section 15-1224,".

Page 18, line 2, after "the" insert "actual".

Page 18, line 6, after "for" insert "emergency operational aid (P.L. 81-874) and".

Page 18, lines 8 and 9, strike "and emergency operational aid (P.L. 81-874)," and insert a period.

Page 18, line 29, after the first "the" insert "actual".

Page 19, between lines 40 and 41 insert:

"D. All monies appropriated and apportioned pursuant to Subsections A, B and C of this section and Section 15-1228.01 shall be used for maintenance and operational purposes only."

Page 24, line 19, after "of" strike "eight months" and insert "one hundred seventy-five days".

Amend title as follows:

Line 3, after "15-1201," insert "15-1201.01,"

And, as so amended, it do pass.

That House Bill 3 do pass.

That House Bill 4 be amended as follows:

Page 1, line 26, after "thereof," insert "and all taxable income in excess of seven thousand dollars,".

Page 1, strike lines 28 and 29.

Page 2, strike line 1.

And, as so amended, it do pass.

That House Bill 6 be amended as follows:

Page 2, line 7, strike "therein." and insert "in such property, except pursuant to written lease or rental agreements entered into prior to December 1, 1967, provided that such exception shall not apply to the businesses of hotels, guest houses, dude ranches and resorts, rooming houses, apartment houses, office buildings, automobile rental services, automobile storage garages, parking lots, or tourist camps."

Amend title to read:

"Relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; pro-

viding for certain exceptions, and amending Section 42-1314, Arizona Revised Statutes."

And, as so amended, it do pass.

That House Bill 7 be amended as follows:

Page 1, line 12, after "provisions" insert "and schedules".

Page 1, lines 13 and 14, strike "THE FOLLOWING".

Page 1, line 14, strike the colon and insert "equal to fifty per cent of the rates imposed in said article except the categories specified in Section 42-1310, which categories shall be taxed at a rate equal to the rate imposed in said article."

Page 1, strike lines 16 to 21, inclusive.

Page 2, between lines 4 and 5, insert:

"3. On payments paid by a contractor for labor employed in construction, improvements or repairs, at a rate of two per cent."

And, as so amended, it do pass.

That House Bill 8 do pass.

That House Bill 9 do pass.

That House Bill 14 do pass.

That House Bill 15 do pass.

That House Bill 16 be amended as follows:

Page 1, line 10, strike "taxes" and insert "fee".

Page 1, line 28, strike "tax" and insert "fee".

Page 2, lines 3 and 40, strike "tax" and insert "fee".

Page 2, strike lines 30 to 33, inclusive, and insert:

"C. The county recorder shall not record the affidavit filed under this section but shall transmit it immediately to the county assessor who shall forward a copy of it to the department. The affidavit shall not be a public record and shall not be available for inspection by the public but it may be used by the county assessor or the department in any hearing involving the valuation of the property or any part thereof which is the subject of the affidavit."

Page 3, after line 10, insert:

"Sec. 3. Emergency

"To preserve the public peace, health and safety it is necessary that this act become immediately operative. It is therefore declared to be an emergency measure, to take effect as provided by law."

Amend title to read:

"Relating to taxation; imposing a fee for transfer of certain real estate; providing for affidavits of legal value on certain transfers of real estate; providing for penalties, and amending Title 42, Arizona Revised Statutes, by adding Chapter 10, Articles 1 and 2.

And, as so amended, it do pass.

That House Bill 17 do pass.

That House Bill 18 do pass.

That House Bill 19 do pass.

That House Concurrent Resolution 1 be amended as follows:

Page 1, after line 22, insert "and each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof,".

Page 2, line 4, after "widow" insert "and such other person".

Page 2, line 5, strike the period and insert "; provided, that no such exemption shall be made for such person other than a widow unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars, and shall have been a resident of this state prior to September 1, 1945."

Page 2, lines 8 and 33, after "discharged" insert "airman,".

Page 2, line 26, strike the comma, and insert "after World War I,".

Page 2, line 32, after "taxation" insert "as herein provided".

Page 2, line 41, after partial word "stration" insert ", where such compensable service-connected disability originated from such person's engaging in extra hazardous duty,".

Page 2, line 43, change the comma to a semi-colon, and insert a comma after "provided".

Page 3, line 5, strike "a", and insert "an airman,".

Page 3, line 20, strike "total".

Page 3, line 21, strike the comma.

Page 3, between lines 29 and 30, insert:

"There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any there-

of, resident of this state, not exceeding the amount of two thousand dollars, where such person has a non-service-connected total and permanent disability, physical or mental, as so certified by the United States Veterans Administration, and where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I, and shall have been a resident of this state prior to September 1, 1945."

Amend title to read:

"Proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for certain tax exemptions for certain veterans; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected and nonservice-connected disabilities, and amending Article 9, Section 2, Constitution of Arizona."

And, as so amended, it do pass.

That House Concurrent Resolution 2 do pass.

That House Concurrent Resolution 3 be amended as follows:

Page 2, line 21, after "dollars," strike balance of line, all of line 22, line 23, up to and including "and".

Page 2, line 42, after "law", strike the period, and insert "; and provided further, that the widow resided in this state on January 1, 1969 or resided in this state with her last husband at the time of his death."

And, as so amended, it do pass.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the report of the Committee of the Whole be adopted and the bills be properly assigned. Carried.

DISPOSITION OF BUSINESS FROM COMMITTEE OF THE WHOLE

HOUSE BILLS 3, 8, 9, 14, 15, 17, 18, 19 and HOUSE CONCURRENT RESOLUTION 2, were referred to Committee on Administration to be engrossed.

HOUSE BILLS 1, 2, 4, 6, 7, 16, HOUSE CONCURRENT RESOLUTIONS 1 and 3, as amended by Committee of the Whole, were referred to Committee on Administration to be engrossed.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on engrossing.

HOUSE BILLS 1, 2, 3, 4, 6, 7, 8, 9, 14, 15, 16, 17, 18, 19, HOUSE CONCURRENT RESOLUTIONS 1, 2 and 3.

THIRD READING OF BILLS

The following bills were read the third time in full:

HOUSE BILL 1, entitled, An Act, relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; repealing Section 42-136, Arizona Revised Statutes; amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding a new Section 42-136, and amending Section 42-227, Arizona Revised Statutes.

On roll call HOUSE BILL 1 passed the House by the following vote:

AYES: Adams, Akers, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Williams, Speaker Turley—33.

NAYS: Abril, Alexander, Biles, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Thompson, Vipperman, Walker—26.

NOT VOTING: Huffer—1.

The following member asked that explanation of his vote be entered in the Journal:

> It is obvious that we will have to set percentages and classifications to conform with the decree of the court, but I cannot support this legislation when we place commerce and industry in the same percentage level as homeowners.
>
> We have been well lobbyied by those concerned with commerce and industry and our main concern in this session—the homeowner has not received the consideration afforded the big lobbyists.
>
> I vote "NAY".
>
> TONY S. CARRILLO

House Bill 1 was signed in open session by Speaker Turley.

HOUSE BILL 2, entitled, An Act, relating to education; providing for state financial assistance and equalization aid to school districts; amending Sections 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221, to 15-1225, inclusive, 15-1235, 15-1241 and 15-1246; repealing Section 15-1203, Arizona Revised Statutes; amending Title 15, Chapter 12, Article 1, Arizona Revised Statutes, by enacting a new Section 15-1203; amending Title 15, Chapter 12, Arizona Revised Statutes, by adding Article 2.2, and repealing Sections 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

On roll call HOUSE BILL 2 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, Pale, Peck, Pritzlaff, Rock-

well, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—32.

NAYS: Abril, Biles, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, McConnell, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—27.

NOT VOTING: Huffer—1.

The following members asked that explanation of their votes be entered in the Journal:

I am glad that in this proposal we have broadened the tax base upon which to place the financial burden of education. But we have also imposed unrealistic and stringent control upon our local school boards, have denied the mandate of the people by not increasing the State School Equalization Fund, and have possibly penalized school districts who receive federal aid.

I vote "NAY".

TONY S. CARRILLO

House Bill 2 will increase local district taxes in my schools, when 80% of the Johnson O'Malley and P.L. 874 federal money are deducted and placed in the State General Fund. The money provisions in the bill in many ways are commendable but the excessive controls in the 6% limitations will cause many districts to expend excessive money. Administration of local school budgets is taken from the hands of the school board. Denying the local board the privilege of making lease purchase contracts by taking away a necessary need of the school boards, is a punitive action.

I vote "NAY".

J. A. ELLIOTT

This Legislature has tried every possible means of lessening the tax load on the individual and we know we cannot keep increasing taxes on private industry. We have come to the end of the line. The people are tax-saturated, there are no more places to raise tax money. We cannot break the back of the individual and we cannot drive industry from our state. The only answer is the simplest answer—economy and efficiency where we spend our tax dollars.

Most of this session has been spent in trying to resolve educational problems. We all agree that teacher morale is important and that salary commitments must be met. And it must never be forgotten that our children's education is our most important obligation—demanding quality. We must not tolerate discrimination—all children must have equally high-quality education.

I want to challenge this legislative body, the people of Arizona and our educators to work together to consolidate school districts on a county-wide basis. Consolidation will eliminate costly duplication; it will standardize facilities, and eliminate multiple school-district competition which

breeds discrimination. Consolidation will put the same base under each child—same physical facilities, same quality teachers, same text books, etc.

I vote "AYE".

ALBERT D. FARON

My comments on the bill are geared in the direction of the usual, the usual being that good ole Indian Joe gets it in the end.

The total of Indian monies is being cut. Indian governmental monies received are being used as a deduction item. And this deduction puts a damper on our efforts to put out first class citizens. An Indian once trained, usually exceeds requirements of his chosen vocation and in many instances excels. Are we saying "cut Indian monies, they don't count any way"?

The time is coming, and soon, that we are going to have to account for all monies we have taken from all Reservations in the form of taxes.

$86,000 in high school taxes are collected yearly from Northern Apache County and our high schools serving the Indian and others never see a dime of this money.

Untold other state tax monies come off of the Reservations, Indian Reservations.

The Indian objects to this method of equalization. This method that uses the future of his youth as a discount for "white man progress".

The Indian does not demonstrate vocally or physically but his opportunity will come and I hope we have answers to allay his fears.

I vote "NAY".

LLOYD L. HOUSE

House Bill 2 was signed in open session by Speaker Turley.

HOUSE BILL 3, entitled, An Act, relating to taxation; providing for the elimination of federal income taxes as a deduction by corporations, and amending Section 43-123, Arizona Revised Statutes.

On roll call HOUSE BILL 3 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Carrillo, Crosby, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Hawes, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pena, Pritzlaff, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Williams, Speaker Turley—36.

NAYS: Abril, Biles, Brown, Cook, Coppinger, Elliott, Fricks, Getzwiller, Hardt, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Thompson, Vipperman, Walker—23.

NOT VOTING: Huffer—1.

House Bill 3 was signed in open session by Speaker Turley.

HOUSE BILL 4, entitled, An Act, relating to taxation; providing for an increase in the rate of taxation on income, and amending Section 43-102, Arizona Revised Statutes.

On roll call HOUSE BILL 4 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—31.

NAYS: Abril, Biles, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—28.

NOT VOTING: Huffer—1.

House Bill 4 was signed in open session by Speaker Turley.

HOUSE BILL 6, entitled, An Act, relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions, and amending Section 42-1314, Arizona Revised Statutes.

On roll call HOUSE BILL 6 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—32.

NAYS: Abril, Biles, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Shaughnessy, Smith, Thompson, Vipperman, Walker—27.

NOT VOTING: Huffer—1.

House Bill 6 was signed in open session by Speaker Turley.

HOUSE BILL 7, entitled, An Act, relating to taxation; prescribing the rate of the education excise tax, and amending Section 42-1361, Arizona Revised Statutes.

On roll call HOUSE BILL 7 passed the House, without enacting the emergency, by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—33.

NAYS: Abril, Biles, Brown, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—26.

NOT VOTING: Huffer—1.

House Bill 7 was signed in open session by Speaker Turley.

HOUSE BILL 8, entitled, An Act, relating to taxation; providing for an Arizona withholding tax rate of one per cent, and amending Section 43-188, Arizona Revised Statutes.

On roll call HOUSE BILL 8 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Getzwiller, Goodwin, Hardt, Holley, Hutcheson, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Sawyer, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Thompson, Williams, Speaker Turley—46.

NAYS: Abril, Cook, Fricks, Hawes, Johnson, Maynard, Miniken, Rosenbaum, Smith, Vipperman, Walker—11.

NOT VOTING: Gardner, House, Huffer—3.

House Bill 8 was signed in open session by Speaker Turley.

HOUSE BILL 9, entitled, An Act, relating to taxation; providing for the imposition of a minimum income tax on corporations, and amending Section 43-102, Arizona Revised Statutes.

On roll call HOUSE BILL 9 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Crosby, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Holley, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Vipperman, Williams, Speaker Turley—41.

NAYS: Abril, Brown, Cook, Coppinger, Elliott, Fricks, Goodwin, Hardt, Hawes, House, Hutcheson, Johnson, Miniken, Rosenbaum, Sawyer, Smith, Thompson, Walker—18.

NOT VOTING: Huffer—1.

House Bill 9 was signed in open session by Speaker Turley.

HOUSE BILL 14, entitled, An Act, relating to taxation; providing for ascertainment of property subject to taxation; prescribing time for placing improvements on roll, and amending Section 42-221, Arizona Revised Statutes.

On roll call HOUSE BILL 14 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Brown, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Hardt, Holley, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Vipperman, Williams, Speaker Turley —45.

NAYS: Abril, Biles, Cook, Coppinger, Fricks, Goodwin, Hawes, House, Miniken, Rosenbaum, Sawyer, Smith, Thompson, Walker—14.

NOT VOTING: Huffer—1.

House Bill 14 was signed in open session by Speaker Turley.

HOUSE BILL 15, entitled, An Act, relating to taxation; prescribing the situs of cars for taxation purposes, and amending Section 42-742, Arizona Revised Statutes.

On roll call HOUSE BILL 15 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Williams, Speaker Turley—53.

NAYS: Cook, Coppinger, Fricks, Walker—4.

NOT VOTING: House, Huffer, Vipperman—3.

House Bill 15 was signed in open session by Speaker Turley.

HOUSE BILL 16, entitled, An Act, relating to taxation; imposing a fee for transfer of certain real estate; providing for affidavits of legal value on certain transfers of real estate; providing for penalties, and amending Title 42, Arizona Revised Statutes, by adding Chapter 10, Articles 1 and 2.

On roll call HOUSE BILL 16 passed the House, without enacting the emergency, by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Crosby, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—38.

NAYS: Abril, Brown, Carrillo, Cook, Coppinger, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Hutcheson, Johnson, Maynard, Miniken, Rosenbaum, Sawyer, Smith, Thompson, Walker—20.

NOT VOTING: Huffer, Vipperman—2.

House Bill 16 was signed in open session by Speaker Turley.

HOUSE BILL 17, entitled, An Act, relating to zoning; providing for giving notice of changes to county assessor; amending Title 9, Chapter 4, Article 6, Arizona Revised Statutes, by adding Section 9-465.01, and amending Title 11, Chapter 6, Article 2, Arizona Revised Statutes, by adding Section 11-829.01.

On roll call HOUSE BILL 17 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Brown, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Vipperman, Walker, Williams, Speaker Turley—52.

NAYS: Abril, Biles, Cook, Coppinger, Fricks, House, Thompson—7.

NOT VOTING: Huffer—1.

House Bill 17 was signed in open session by Speaker Turley.

HOUSE BILL 18, entitled, An Act, relating to taxation; providing for determination of valuation of gas, water and electric utilities, pipelines, community antenna television systems and microwave services; amending Section 42-124.01, Arizona Revised Statutes, and amending Title 42, Chapter 1, Article 2, Arizona Revised Statutes, by adding Section 42-124.03.

On roll call HOUSE BILL 18 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Vipperman, Williams, Speaker Turley—52.

NAYS: Abril, Cook, Coppinger, Fricks, House, Thompson, Walker—7.

NOT VOTING: Huffer—1.

House Bill 18 was signed in open session by Speaker Turley.

HOUSE BILL 19, entitled, An Act, relating to taxation; prescribing that notice of tax assessment on livestock shall show number of livestock and number of months assessed, and amending Section 42-234, Arizona Revised Statutes.

On roll call HOUSE BILL 19 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Hawes, Holley, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Vipperman, Walker, Williams, Speaker Turley—51.

NAYS: Abril, Cook, Coppinger, Fricks, Hardt, House, Lena, Thompson —8.

NOT VOTING: Huffer—1.

House Bill 19 was signed in open session by Speaker Turley.

HOUSE CONCURRENT RESOLUTION 1, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for certain tax exemptions for certain veterans; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected and nonservice-connected disabilities, and amending Article 9, Section 2, Constitution of Arizona.

On roll call HOUSE CONCURRENT RESOLUTION 1 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Brown, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—34.

NAYS: Abril, Biles, Carrillo, Cook, Coppinger, Crosby, Elliott, Fricks, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Shaughnessy, Smith, Thompson, Vipperman, Walker—25.

NOT VOTING: Huffer—1.

House Concurrent Resolution 1 was signed in open session by Speaker Turley.

HOUSE CONCURRENT RESOLUTION 2, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting certain household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona.

On roll call HOUSE CONCURRENT RESOLUTION 2 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Hardt, Hawes, Holley, Hutcheson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Vipperman, Walker, Williams, Speaker Turley—50.

NAYS: Abril, Brown, Cook, Coppinger, Fricks, Getzwiller, House, Johnson, Thompson—9.

NOT VOTING: Huffer—1.

House Concurrent Resolution 2 was signed in open session by Speaker Turley.

HOUSE CONCURRENT RESOLUTION 3, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for tax exempt status for certain widows, and amending Article 9, Section 2, Constitution of Arizona.

On roll call HOUSE CONCURRENT RESOLUTION 3 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Brown, Buehl, Carrillo, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Walker, Williams, Speaker Turley—35.

NAYS: Abril, Biles, Cook, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Shaughnessy, Smith, Thompson, Vipperman—24.

NOT VOTING: Huffer—1.

House Concurrent Resolution 3 was signed in open session by Speaker Turley.

PERSONAL PRIVILEGE

Mr. Kelley addressed the House on the anniversary of the enemy attack on Pearl Harbor by Japan, and requested the House to stand for a moment in respectful silence.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 7:21 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

TWELFTH DAY
FRIDAY, DECEMBER 8, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Cook, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 56.

EXCUSED: Carrillo, Coppinger, Maynard, Shelley — 4.

Member D. Delos Ellsworth, offered prayer.

Without objection, the reading of the Journal of Thursday, December 7, 1967, was dispensed with, and approved as written.

At 9:06 A.M., the Sergeant at Arms announced the seating of Members Carrillo and Maynard.

PERSONAL PRIVILEGE

Mr. Pritzlaff addressed the House on the subject of Open Heart Surgery.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 9:10 A.M.

AFTERNOON SESSION

At 1:40 P.M., the House resumed session, Speaker Turley presiding.

At 1:40 P.M., the Sergeant at Arms announced the seating of Mr. Coppinger.

Motion by Mr. Barr, seconded by Mr. Pritzlaff, that the House stand at recess, subject to the call of the gavel. Carried at 1:42 P.M.

At 3:10 P.M., Speaker Turley called the House to order.

At 3:10 P.M., the Sergeant at Arms announced the seating of Mr. Shelley.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Education, Al Kluender, Chairman.

SENATE BILL 2, amended, do pass.

Rules, Burton S. Barr, Chairman.

SENATE BILL 2, constitutional and in proper form.

SENATE BILL 4, constitutional and in proper form.

SENATE BILL 8, constitutional and in proper form.

SENATE BILL 9, constitutional and in proper form.

SENATE BILL 15, constitutional and in proper form.

SENATE BILL 16, constitutional and in proper form.

SENATE BILL 17, constitutional and in proper form.

SENATE CONCURRENT RESOLUTION 2, constitutional and in proper form.

Ways & Means, Timothy A. Barrow, Chairman.

SENATE BILL 4, amended, do pass.

SENATE BILL 8, amended, do pass.

SENATE BILL 9, amended, do pass.

SENATE BILL 15, amended, do pass.

SENATE BILL 16, amended, do pass.

SENATE BILL 17, amended, do pass.

SENATE CONCURRENT RESOLUTION 2, amended, do pass.

Rules, Burton S. Barr, Chairman.

SENATE BILLS 2, 4, 8, 9, 15, 16 and 17.

SENATE CONCURRENT RESOLUTION 2.

MOTION TO GO INTO COMMITTEE OF THE WHOLE

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House

resolve itself into a Committee of the Whole for the consideration of the bills on the Calendar. Carried, and at 3:12 P.M., Mr. Holley took the Chair.

At 3:32 P.M., the Committee of the Whole was dissolved and Mr. Holley, Chairman, reported:

That Senate Bill 2 be amended as follows:

(Senate engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Sec. 15-445, Arizona Revised Statutes, is amended to read:

"15-445. Control of school property; items which may be included in annual budget; accumulation of ten cent levy

"A. The board of trustees shall:

"1. Manage and control the school property within its district.

"2. Purchase school furniture, apparatus, equipment, library books and supplies for the use of the schools.

"3. Rent, furnish, repair and insure the school property of the district.

"4. Construct school buildings when directed to do so by a vote of the district.

"5. Make in the name of the district conveyances of property belonging to the district and sold by the board.

"6. Purchase or sell school sites when authorized by a vote of the district, but such authorization shall not necessarily specify the site to be purchased.

"7. Construct, improve and furnish buildings used for school purposes when such buildings or premises are leased from the national park service, when directed to do so by a vote of the district.

"B. The board may include in its annual budget items for:

"1. The purchase of sites, improvement of school grounds, erecting, purchasing, improving and furnishing of school buildings and appurtenances, and,

"2. The improving and furnishing of buildings used for school purposes when such buildings are leased from the national park service.

"C. The county superintendent shall include the items prescribed by the terms of Subsection B in his estimate to the board of supervisors, and the board of supervisors may, in its discretion, make a levy on the property of the district sufficient to produce the amount asked for, but

a levy for such purpose shall not exceed ten cents on each one hundred dollars of property valuation. Funds collected pursuant to the levy may be accumulated from year to year, and if not needed to be used for a period of three months or more, may be invested in the same manner as sinking fund monies, as prescribed by Section 15-1323. These monies shall not be expended for purposes of erection of new buildings, purchase of sites or lease-purchase contracts without an affirmative vote of the real property taxpayers residing within the district.

"Sec. 2. Sec. 15-1012, Arizona Revised Statutes, is amended to read:

"15-1012. Appropriation; computation; additional cost

"A. All homebound students as defined by Section 15-1011 shall be included in the appropriations and apportionment made pursuant to Sections 15-1211 and 15-1212 and the county levy as provided in Section 15-1235. In addition thereto the Legislature shall appropriate to each school district providing homebound teaching services under the provisions of this article one hundred dollars per capita per annum for each homebound student taught by the district and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the Superintendent of Public Instruction.

"B. The appropriation shall be calculated with reference to the estimated number of homebound students to be taught during the current year. Any additional cost resulting from the homebound teaching program and not provided for under the provisions of this section shall be met by each school district having students receiving homebound instruction. Such additional costs shall be apportioned on a per pupil basis as prescribed by the board in its rules and regulations and shall be a charge against the districts involved.

"Sec. 3. Sec. 15-1019, Arizona Revised Statutes, is amended to read:

"15-1019. Appropriation and apportionment; approval of program

"A. All students as defined by Section 15-1016 shall be included in the appropriation and apportionment made pursuant to Sections 15-1211 and 15-1212 and the county levy as provided in Section 15-1235. In addition thereto, the Legislature shall appropriate to each school district providing special education classes under the provisions of this article, one hundred ninety dollars per unit of average daily attendance per annum for each special education student taught by the district and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the Superintendent of Public Instruction. The county shall provide in addition ten dollars per unit of average daily attendance for each special education student taught by the district.

"B. The appropriation shall be calculated with reference to the estimated number of special education students to be taught during the current year in classes having a minimum of two hundred forty minutes of instruction per school day. Any additional cost resulting from the special education program and not provided for under the provisions of this section shall be met by each school district having students receiving special instruction.

"C. The appropriations and apportionment provided under the terms of this section shall not be granted to the governing body of a school district unless the district complies with the provisions of this article and the conditions and standards prescribed by the Director of the Division of Special Education. A school district program for education of handicapped children, as prescribed by the terms of this article, shall be presented to the State Board of Education for approval.

"Sec. 4. Sec. 15-1083, Arizona Revised Statutes, is amended to read:

"15-1083. Appropriation and apportionment; approval of program

"A. All students as defined by Section 15-1081 shall be included in the appropriation and apportionment made pursuant to Sections 15-1211 and 15-1212 and the county levy as provided in Section 15-1235. In addition, the Legislature shall annually appropriate to the Department of Public Instruction the sum of five hundred ninety dollars for each trainable retarded student in average daily attendance and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the Superintendent of Public Instruction. The county shall, in addition, provide ten dollars per unit of average daily attendance for each trainable retarded student taught by the district. The monies so appropriated shall be distributed to the districts or counties operating approved trainable retarded children's classes for each trainable retarded student taught.

"B. The appropriation shall be calculated with reference to the estimated number of trainable retarded children to be taught during the current year in approved classes. One-half day's average daily attendance shall be calculated for any child attending the trainable retarded children's class for a period of not less than one hundred twenty minutes. Full average daily attendance shall be calculated for children attending classes for two hundred forty minutes or more. Any additional cost resulting from the trainable retarded children's class and not provided for under this section shall be met by each school district having students receiving instruction in the trainable retarded children's facility.

"C. The appropriation and apportionment provided under the terms of this section shall not be granted to the governing body of a school district or county unless the

district complies with the provisions of this article and conditions and standards prescribed by the Director of the Division of Special Education. A school district or county program for the education of trainable retarded children, as prescribed by the terms of this article, shall be presented to the State Board of Education for approval.

"D. At the beginning of each school year the county school superintendent shall present an estimate of the current year's trainable retarded children's tuition to each school district that has signed an agreement to use the services of the school or instructional center administered by the county superintendent under Subsection B of this section. The tuition shall be the estimated per capita cost based on the number of pupils that each school district has estimated will enroll in the program, and the school district shall pay the tuition quarterly in advance on July 1, October 1, January 1 and April 1. Increases in enrollment during the school year over the school district's estimate of July 1 shall cause the tuition charges to be adjusted accordingly. In the event of overpayment by the district of residence, the necessary adjustment shall be made at the close of the school year.

"Sec. 5. Sec. 15-1092, Arizona Revised Statutes, is amended to read:

"15-1092. Eligibility; allocations; plan

"A. A school district or a district formed for the purposes of this article as prescribed by the terms of this article may be eligible for allocation of funds from the State Board of Vocational Education provided the district offering vocational education meets minimum standards and requirements recommended by the Advisory Council for technical-vocational education and approved by the State Board of Vocational Education.

"B. The State Board of Vocational Education with the consent of the Advisory Council may allocate from its available appropriation any amount it deems appropriate for the use of a school district or a district formed for the purposes of this article and such allocation may be for administrative costs, equipment or capital outlay.

"C. The State Board of Vocational Education with the advice of the Advisory Council for technical-vocational education shall develop a state plan for vocational education which provides for the distribution of technical-vocational funds to school districts or districts formed for the purposes of this article meeting the minimum requirements provided for in the state plan for technical-vocational education.

"Sec. 6. Sec. 15-1201, Arizona Revised Statutes, is amended to read:

"15-1201. School district budget; form

"A. Not later than July 3 each year the governing board

of each common or high school district shall prepare and furnish to the county school superintendent and the State Superintendent of Public Instruction a proposed budget for the current fiscal year, which shall contain the information and be in form as follows:

.....
(Name and No. of District)

PROPOSED SCHOOL DISTRICT BUDGET

For the fiscal year July 1, 19..... to June 30, 19.....

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
"I. ADMINISTRATION					
Salaries					
Clerk and Employees of School Board	( )	( )	____	____	____
Superintendent	( )	( )	____	____	____
Asst. Superintendent	( )	( )	____	____	____
Principals	( )	( )	____	____	____
Asst. Principals	( )	( )	____	____	____
Other Administrative Officers	( )	( )	____	____	____
Secretarial and Clerical Assistants	( )	( )	____	____	____
Supplies and Expense School Board			____	____	____
Superintendent's Office			____	____	____
Total			____	____	____
"II. INSTRUCTION					
Salaries					
Supervisors of Instruction	( )	( )	____	____	____
Guidance & Psychological Personnel	( )	( )	____	____	____
Class Room Teachers	( )	( )	____	____	____

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
Other Instructional Personnel	( )	( )	_____	_____	_____
Librarians	( )	( )	_____	_____	_____
Secretarial & Clerical Assistants	( )	( )	_____	_____	_____
Supplies and Expense			_____	_____	_____
Teaching Supplies			_____	_____	_____
Library Books			_____	_____	_____
Travel			_____	_____	_____
Other			_____	_____	_____
Total			_____	_____	_____
"III. OPERATION OF SCHOOL PLANT					
Wages & Salaries Janitorial Employees	( )	( )	_____	_____	_____
Supplies and Expense Utilities			_____	_____	_____
Supplies			_____	_____	_____
Travel			_____	_____	_____
Other			_____	_____	_____
Total			_____	_____	_____
"IV. MAINTENANCE OF SCHOOL PLANT					
Wages & Salaries Maintenance Employees	( )	( )	_____	_____	_____
Materials, Supplies and Expense			_____	_____	_____
Travel			_____	_____	_____
Contracts			_____	_____	_____
Total			_____	_____	_____

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
"V. AUXILIARY AGENCIES					
Salaries					
Health Services	( )	( )	____	____	____
Attendance Service	( )	( )	____	____	____
Pupil Transportation	( )	( )	____	____	____
Lunch Program	( )	( )	____	____	____
*Physical Education—Intramural	( )	( )	____	____	____
*Physical Education—Interscholastic	( )	( )	____	____	____
*Prorate - Time Basis					
Expense					
Health Service			____	____	____
Attendance Service			____	____	____
Physical Education—Intramural			____	____	____
Physical Education—Interscholastic			____	____	____
Pupil Transportation			____	____	____
Lunch Program			____	____	____
Travel			____	____	____
Other			____	____	____
Total			____	____	____
"VI. FIXED CHARGES					
Rent (Exclusive of lease-purchase except for transportation equipment)					
Insurance Premiums (Other than Personnel)			____	____	____

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
Insurance Premiums for Personnel			____	____	____
Industrial Compensation Premiums			____	____	____
O. A. S. I. Contributions			____	____	____
State Retirement Contributions			____	____	____
Interest on Registered Warrants			____	____	____
Other			____	____	____
Total			____	____	____
"VII. CONTINGENCIES			____	____	____
"VIII. CAPITAL OUTLAY					
Textbooks			____	____	____
Athletic Equipment			____	____	____
Furniture & Equipment			____	____	____
Transportation Equipment			____	____	____
Additions, alterations, and improvements					
a. Salaries and wages			____	____	____
b. Materials			____	____	____
c. Contracts			____	____	____
Other			____	____	____
Total			____	____	____
"IX. TUITION TO OTHER SCHOOL DISTRICTS			____	____	____
Grand Total			____	____	____

BUDGET SIX PER CENT LIMIT CHECK

1. Grand Total Budget Past Fiscal Year _____
2. Subtract: Budget Past Fiscal Year for Capital Outlay (VIII) and unused Tuition to Other School Districts (IX) and amount overbudgeted based on actual average daily attendance _____
3. Equals Total Operational Budget for past fiscal year _____
4. Total of Column 1, Item 10 (Use the smaller total of Actual or Estimated Average Daily Attendance) _____
5. Total Operational Budget per Pupil per Annum for the Past Fiscal Year (Item 3 Divided by Item 4) _____
6. Add six per cent limitation per Pupil per Annum (Item 5 x 6%) _____
7. Permissible Operational Budget per Pupil per Annum for Current Fiscal Year (Item 5 + Item 6) _____
8. Total of Column 2, Item 10 _____
9. Permissible Total Operational Budget for Current Fiscal Year (Item 7 x Item 8) _____
10. Actual Attendance Information*

	Column 1 Past Fiscal Year (Actual) 19____	Column 2 Estimated Current Fiscal Year 19____
Eligible for State Aid	_____	_____
Not Eligible for State Aid	_____	_____
(a) Kindergarten (At ½ Average Daily Attendance)	_____	_____
(b) Over 21	_____	_____
(c) Tuition	_____	_____
Total Average Daily Attendance	_____	_____
Total Average Daily Attendance (Estimated)	_____	

ATTENDANCE INFORMATION
AND ESTIMATES APPROVED

_____
COUNTY SCHOOL SUPERINTENDENT

*Pursuant to Section 15-1212, Subsection C, Paragraph 4.

SPECIAL LEVIES AND BOND SERVICE

	Adopted Budget Past Fiscal Year	Actual Expenditures Past Fiscal Year	Proposed Budget Current Fiscal Year
"I. Special district levy for improvement of adjacent public ways	____	____	____
"II. Special District levy for building fund (Not to exceed 10¢ on $100 valuation)	____	____	____
"III. Special levy for expenditures authorized pursuant to Section 15-1245 (Memorandum Only—Do Not Add)	____	(____)	____
"IV. Bonded indebtedness			
Interest	____	____	____
Redemption	____	____	____
Total	____	____	____

"B. The board of trustees may, when preparing the school district's budget as required in this section and Section 15-1202, budget an amount not to exceed ten per cent of the total of the following budgetary items: III. Operation of school plant, IV. Maintenance of school plant, V. Auxiliary agencies, VI. Fixed charges, as estimated in the proposed budget for the present fiscal year, and place that amount in a special category designated: 'VII. Contingencies'. This amount may be used for any necessary school expense except salaries, travel, capital outlay, special levies and bond service. Expenditures from the special category provided for by this subsection shall be charged to the appropriate item in the budget but in no event shall the total of the charges to the various budget items exceed the amount estimated for contingencies for the present fiscal year.

"Sec. 7. Sec. 15-1201.01, Arizona Revised Statutes, is amended to read:

"15-1201.01. Budget control; exceptions

"A. The funds budgeted under item VIII of the budget prescribed by Section 15-1201 shall be used only for the purpose of capital outlay.

"B. The budget six per cent limit check as prescribed by the terms of Section 15-1201 shall not apply to any school district employing four classroom teachers or less.

"Sec. 8. Repeal

"Section 15-1203, Arizona Revised Statutes, is repealed.

"Sec. 9. Title 15, Chapter 12, Article 1, Arizona Revised Statutes, is amended by adding a new Section 15-1203, to read:

"15-1203. Method of exceeding the budget

"A. That part of the proposed budget designated for operational expenses which is in excess of the six per cent increase permitted by Section 15-1201 shall not be adopted unless approved by a majority of the qualified electors who are real property taxpayers of the district voting at an election. In no event shall the increase exceed ten per cent of the operational portion of the budget. The cost of the election shall be considered as a school district expense. Such election shall be held prior to July 1, in the manner prescribed by the terms of Subsection D. If approved, the proposed budget, in triplicate, shall be immediately transmitted to the county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the State Superintendent of Public Instruction. If disapproved, a budget, in triplicate, which does not include such excess shall be immediately transmitted to the county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the State Superintendent of Public Instruction.

"B. If a proposed budget is approved by vote of the people, only that portion of the budget which reflects the permitted increase of six per cent shall be used the following year for the purpose of determining the increase which may be permitted by Section 15-1201.

"C. If that part of the proposed budget designated as total operational budget which is in excess of such budget for the past year but less than an increase of six per cent, then prior to final adoption by the board of trustees which shall be no later than June 1, no less than a number equal to fifty-one per cent of the qualified electors who are real property taxpayers of the school district may by petition which shall be filed with the board of trustees no later than June 15, require the board of trustees to call an election for the purpose of presenting such budget to the qualified electors who are real property taxpayers of the district for approval or disapproval. If approved, the proposed budget, in triplicate, shall be immediately transmitted to the county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the State Superintendent of Public Instruction. If disapproved, a budget, in triplicate, which is equal to the budget designated as total operational budget for the past year shall be immediately transmitted to the

county school superintendent who shall immediately transmit a copy to the board of supervisors of the county and a copy to the State Superintendent of Public Instruction.

"D. The election prescribed by the terms of Subsections A and C shall be conducted as nearly as practicable in the manner prescribed in Article 1, Chapter 13 of this title, relating to school bond elections. The ballots shall contain the words 'Budget increase, Yes' and 'Budget increase, No', and the voter shall signify his desired choice.

"Sec. 10. Sec. 15-1211, Arizona Revised Statutes, is amended to read:

"15-1211. State levy for common and high school education; minimum requirements; continuing appropriation; disbursements

"A. The Legislature shall appropriate for common school and high school education one hundred eighty-two dollars fifty cents per capita per annum, calculated according to actual average daily attendance in common and high schools as shown by the records of the Superintendent of Public Instruction. The Legislature may designate the source of the revenue and prescribe the method of apportionment.

"B. If the Legislature fails to make the appropriation prescribed by Subsection A, the State Tax Commission, when determining the annual tax levy for state purposes, shall include an amount sufficient to meet the minimum requirements of Subsection A, and Subsection A shall be deemed to constitute a continuing annual appropriation of the amount as determined by the minimum requirements therein prescribed.

"C. All monies appropriated pursuant to Subsections A and B, and in addition thereto all income derived from the permanent fund for the benefit of common and high school education, and receipts for such purpose from any other source, shall be placed in the State School Fund to the credit of the State Board of Education and disbursed as provided by law.

"D. All monies appropriated and apportioned pursuant to Subsections A, B and C of this section shall be used for maintenance and operational purposes only.

"Sec. 11. Sec. 15-1212, Arizona Revised Statutes, is amended to read:

"15-1212. Apportionment of funds

"A. The board shall apportion the sum in the state school fund to the several counties on the basis of average daily attendance in the common and high schools in each county. No allowance shall be made for attendance at schools conducted at night, for attendance of nonresident alien children, nor for wards of the United States

for whom tuition is paid, but attendance of a student in a school of a county adjoining the county of his residence, whether within or without the state, under a certificate of educational convenience as provided by Section 15-304, shall be deemed to be attendance in the school of the county or district of his residence.

"B. Apportionments shall be made as follows:

"1. On July 15, one-twelfth of the total amount to be apportioned during the fiscal year.

"2. On September 15, one-sixth of the total amount to be apportioned during the fiscal year.

"3. On November 15, one-fourth of the total amount to be apportioned during the fiscal year.

"4. On January 15, one-twelfth of the total amount to be apportioned during the fiscal year.

"5. On March 15, one-sixth of the total amount to be apportioned during the fiscal year.

"6. On May 15, one-fourth of the total amount to be apportioned during the fiscal year. The Superintendent of Public Instruction shall furnish the treasurer and the school superintendent of each county an abstract of the apportionment, and shall certify the apportionment to the State Auditor, who shall draw his warrant in favor of the county treasurer of each county for the amount apportioned thereto. Upon receipt of the warrant the county treasurer shall notify the county superintendent that the amount thereof, together with any other monies standing to the credit of the county school fund, is subject to apportionment as prescribed by law.

"C. As used in this section:

"1. 'Common school' means the first to eighth grades inclusive.

"2. 'High school' means the ninth to twelfth grades inclusive.

"3. 'Daily attendance' means:

"(a) For common schools, days in which a pupil:

"(i) Of the first, second or third grades attends a minimum of two hundred forty minutes.

"(ii) Of the fourth, fifth or sixth grades attends a minimum of three hundred minutes.

"(iii) Of the seventh or eighth grades attends a minimum of three hundred sixty minutes, including in each case recreational periods, and in which a pupil regardless of grade is actually present during one or both of the two sessions into which the school day is divided, but attend-

ance at one session only shall be counted as one-half day's attendance.

"(b) For high schools, the attendance of a high school pupil shall not be counted a full day unless such pupil is actually and physically in attendance, enrolled in and carrying four subjects or the equivalent thereof that count toward graduation as defined by the State Board of Education, in a recognized high school, but attendance of a pupil carrying less than the load prescribed shall be prorated.

"4. For the purpose of making appropriations for state and county aid and the determination of financial assistance, 'average daily attendance' means the actual average daily attendance within the current school year. The board of trustees shall submit, for approval or revision, to the county school superintendent and the Superintendent of Public Instruction the estimated actual average daily attendance of the district for the first six months of the school year. Prior to the final apportionment of state school funds, an adjustment shall be made based on actual average daily attendance during such months and apportionment for the remainder of the school year shall be based on the actual average daily attendance achieved during the first six months of the school year.

"D. The provisions of Subsection C, Paragraph 4, shall apply to Title 15, Chapter 12, Articles 1 to 3, inclusive, and any reference to 'average daily attendance for the preceding year', or 'for the previous year', shall be determined as provided in Paragraph 4.

"E. Any determination of average daily attendance shall be based on the records of the Superintendent of Public Instruction.

"Sec. 12. Sec. 15-1221, Arizona Revised Statutes, is amended to read:

"15-1221. Definitions

"In this article, unless the context otherwise requires:

"1. 'Assessed valuation' means the net valuation set in accordance with law on real estate, improvements and personal property in each school district or county.

"2. 'Average daily attendance' means the average daily attendance as defined in Section 15-1212.

"3. 'Basic cost of education' means that sum of money required to provide a minimum standard of education for each child in average daily attendance.

"4. 'Common school' means the first to eighth grades inclusive.

"5. 'County aid' means the monies set aside from the county general fund by the board of supervisors, which,

when added to the amounts appropriated by the Legislature as provided in Section 15-1211, shall equal two hundred dollars per capita per annum for common and high school education within the county.

"6. 'District qualifying tax rate' means the tax rate of five cents per one hundred dollars assessed valuation of property in each common school district and five cents per one hundred dollars assessed valuation in each high school district, which was levied by the county board of supervisors for the year's maintenance and operational expenses of each such district as a condition the district must meet to be eligible for participation in the state school financial assistance monies for the current year. In elementary districts that are not in a high school district, the county board of supervisors shall have levied an additional five cents levy in each such district, as prescribed by the terms of Section 15-1224, if the district is to qualify for financial assistance to pay tuition for high school pupils. The district tax rate used for determining eligibility for financial assistance shall be computed exclusive of any financial assistance received by the district.

"7. 'Financial assistance' means the state monies distributed to school districts in order to permit each school district to maintain an educational program pursuant to the provisions of this article.

"8. 'High school' means the ninth to twelfth grades inclusive.

"9. 'Maintenance and operational expenses' means all categories of the school district budget, but is not to be construed to include special levies and bond service items.

"10. 'School district needs' means the amount of financial aid that each school district requires in order to afford each pupil in average daily attendance a basic cost of education.

"11. 'State aid' means the sum of money designated by the Legislature to be allocated to the counties to be distributed to the districts upon the basis of the average daily attendance of the districts pursuant to Sections 15-1211, and 15-1212.

"Sec. 13. Sec. 15-1222, Arizona Revised Statutes, is amended to read:

"15-1222. Appropriation of monies for financial assistance; administration of funds for financial assistance purposes

"A. The Legislature shall appropriate monies which shall be deposited in the State School Financial Assistance Fund, for the purpose of providing the funds required under Sections 15-1223 and 15-1224.

"B. The monies deposited in the State School Financial Assistance Fund, as prescribed by the terms of Subsection A, shall be administered and distributed as financial assistance to qualifying school districts by the State Superintendent of Public Instruction.

"Sec. 14. Sec. 15-1223, Arizona Revised Statutes, is amended to read:

"15-1223. Computation of financial assistance to common school districts

"A. Each common school district that employed three or more teachers during the previous school year shall be allotted by the State Superintendent of Public Instruction financial assistance for maintenance and operational expenses if required, sufficient to provide a basic cost of education of three hundred fifty dollars, multiplied by the average daily attendance of the district. The financial assistance shall be allotted subsequent to the computation of items provided in Subsection B.

"B. In computing the amounts of state financial assistance that each common and high school district shall receive, the following revenues shall be credited to the basic cost of education of each district:

"1. State and county aid computed at two hundred dollars times the actual average daily attendance.

"2. Eighty per cent of the federal monies received or monies to which the district would otherwise have been entitled, during the previous year that were specified for emergency operational aid (P. L. 81-874) and Indian education aid (P. L. 73-167), exclusive of peripheral school contract payments.

"3. The district tax yield from the levy of the district qualifying tax rate on the current year's assessed valuation as determined by the assessment rolls prepared by the county assessor or the Department of Property Valuation.

"Sec. 15. Sec. 15-1224, Arizona Revised Statutes, is amended to read:

"15-1224. Computation of financial assistance to high school districts

"Each high school district, and each common school district not in a high school district that pays tuition for high school pupils residing in such districts, shall be allotted by the State Superintendent of Public Instruction financial assistance for maintenance and operational expenses as required sufficient to provide a basic cost of education of not less than five hundred dollars, multiplied by the actual average daily attendance of the district. The financial assistance shall be allotted subsequent to the computation of the items provided in Section 15-1223, Subsection B, except that elementary districts

not in a high school district must levy the high school district qualifying tax rate for tuition payment for high school pupils in order to qualify for financial assistance to pay for high school pupils.

"Sec. 16. Sec. 15-1225, Arizona Revised Statutes, is amended to read:

"15-1225. Apportionment of financial assistance to school districts

"A. Funds in the state school fund for financial assistance purposes shall be apportioned to the districts of each county on the basis of need, as determined by the provisions of Section 15-1212. In no event shall any school district receive more financial assistance than it is entitled to receive as provided by this article and any overage shall be returned by the school district and credited to the State School Financial Assistance Fund. The Legislature shall appropriate sufficient money for the purpose of providing the funds required under Sections 15-1223 and 15-1224. Such monies shall be deposited in the State School Financial Assistance Fund for financial assistance purposes. If the Legislature fails to make the appropriation, the State Tax Commission when determining the annual tax levy shall include an amount sufficient to meet the requirements of Sections 15-1223 and 15-1224 and this shall be deemed to constitute a continuing annual appropriation.

"B. The State Superintendent of Public Instruction shall provide each school district, through the county school superintendent, with a statement of the apportionments made as provided in Subsection A, on a form prescribed by the State Superintendent of Public Instruction.

"Sec. 17. Title 15, Chapter 12, Arizona Revised Statutes, is amended by adding Article 2.2, Sections 15-1228, 15-1228.01 and 15-1228.02, to read:

"Article 2.2. State Equalization Aid for Common and High School Districts

"15-1228. Appropriation of monies for equalization aid; administration of funds for equalization purposes; continuing annual appropriations

"A. The Legislature shall appropriate monies which shall be deposited in the state school fund and designated as equalization monies, for the purpose of providing the funds required under this article.

"B. The monies deposited in the state school fund, as prescribed by the terms of Subsection A, shall be administered and distributed as equalization aid to qualifying school districts by the State Superintendent of Public Instruction.

"C. If the Legislature fails to make the appropriation,

the State Tax Commission when determining the annual tax levy shall include an amount sufficient to meet the requirements of this article and this shall be deemed to constitute a continuing annual appropriation.

"D. All monies appropriated and apportioned pursuant to Subsections A, B and C of this section and Section 15-1228.01 shall be used for maintenance and operational purposes only.

"15-1228.01. Formula for distribution of equalization monies to common and high school districts

"A. The Superintendent of Public Instruction shall determine the amount of equalization monies to be distributed to common and high school districts by application of the following formula:

"1. Each school district's assessed valuation shall be determined as a percentage of the total statewide common or high school districts' assessed valuation.

"2. Each school district's average daily attendance shall be determined as a percentage of the total statewide common or high school districts' average daily attendance.

"3. The factor produced by Paragraph 1 shall be divided by the factor produced in Paragraph 2 and the result equals the district's index of state support, and the amount of state aid for each pupil in average daily attendance within the school district.

"4. The amount of state aid for each pupil in average daily attendance within the school district as indicated by the index of state support shall be multiplied by the common or high school districts' average daily attendance as determined by the records of the Superintendent of Public Instruction. The result is the total amount of state equalization aid to the school district under the terms of this article.

"B. The index of state support shall be as follows:

Index No.	State equalization aid for each pupil in average daily attendance
.01 or less	$136.125
.02	134.750
.03	133.375
.04	132.000
.05	130.625
.06	129.250
.07	127.875
.08	126.500
.09	125.125
.10	123.750
.11	122.375
.12	121.000
.13	119.625

Index No.	State equalization aid for each pupil in average daily attendance
.14	$118.250
.15	116.875
.16	115.500
.17	114.125
.18	112.750
.19	111.375
.20	110.000
.21	108.625
.22	107.250
.23	105.875
.24	104.500
.25	103.125
.26	101.750
.27	100.375
.28	99.000
.29	97.625
.30	96.250
.31	94.875
.32	93.500
.33	92.125
.34	90.750
.35	89.375
.36	88.000
.37	86.625
.38	85.250
.39	83.875
.40	82.500
.41	81.125
.42	79.750
.43	78.375
.44	77.000
.45	75.625
.46	74.250
.47	72.875
.48	71.500
.49	70.125
.50	68.750
.51	67.375
.52	66.000
.53	64.625
.54	63.250
.55	61.875
.56	60.500
.57	59.125
.58	57.750
.59	56.375
.60	55.000
.61	53.625
.62	52.250
.63	50.875
.64	49.500
.65	48.125
.66	46.750
.67	45.375

Index No.	State equalization aid for each pupil in average daily attendance
.68	$44.000
.69	42.625
.70	41.250
.71	39.875
.72	38.500
.73	37.125
.74	35.750
.75	34.375
.76	33.000
.77	31.625
.78	30.250
.79	28.875
.80	27.500
.81	26.125
.82	24.750
.83	23.375
.84	22.000
.85	20.625
.86	19.250
.87	17.875
.88	16.500
.89	15.125
.90	13.750
.91	12.375
.92	11.000
.93	9.625
.94	8.250
.95	6.875
.96	5.500
.97	4.125
.98	2.750
.99	1.375
1.00 and over	0

"15-1228.02. Apportionment

"The state equalization aid for each common and high school district shall be apportioned to school districts in the manner prescribed by the terms of Section 15-1212.

"Sec. 18. Sec. 15-1235, Arizona Revised Statutes, is amended to read:

"15-1235. County levy for schools

"The board of supervisors of each county shall at the beginning of each fiscal year provide and set aside from the county general fund an amount which, when added to the amounts appropriated by the Legislature pursuant to Section 15-1211, shall equal two hundred dollars per capita per annum for common and high school education within the county. The county levy shall be computed according to the average daily attendance of pupils in common school and high school within each county as shown by the records of the Superintendent of Public Instruction, but there shall not be included in the com-

putation pupils attending schools conducted at night, nonresident alien children, or wards of the United States for whom tuition is paid. The amount obtained pursuant to this section shall be part of the county school fund.

"Sec. 19. Sec. 15-1241, Arizona Revised Statutes, is amended to read:

"15-1241. Apportionment of county school fund by county superintendent

"The county school superintendent, after deducting the amount fixed for the special county school reserve fund, shall apportion all monies to the credit of the county school fund to the several school districts on the basis of average daily attendance in the common and high schools of the county pursuant to the procedures prescribed by Section 15-1212, Subsection C, Paragraph 4.

"Sec. 20. Sec. 15-1246, Arizona Revised Statutes, is amended to read:

"15-1246. Special county school reserve fund

"The treasurer of each county shall transfer each fiscal year from the county school fund to the special county school reserve fund an amount estimated by the county school superintendent to be required for such fund. The estimate shall be submitted, not later than July 10, to the board of supervisors for their approval. A copy of the estimate as finally adopted by the board of supervisors shall be filed with the county treasurer. Warrants drawn on the special county school reserve fund shall be approved prior to payment by the board of supervisors, as other county warrants are approved. The estimate shall be itemized and shall include the amounts estimated by the county school superintendent to be needed:

"1. For transportation of school children to and from one and two-room rural schools that are determined by the county school superintendent to be in need of such aid.

"2. For transportation from unorganized territory to organized districts, of children who are eligible to receive state aid, and tuition for such children.

"3. For transportation to and from the nearest public high school of pupils residing in elementary districts which are contiguous or not contiguous to and which are not within a high school district if it is determined by the county school superintendent that such elementary districts are in need of such aid.

"4. For one and two-room school districts, an amount which when added to the sum of the estimated per capita apportionment from the state monies appropriated by the terms of Section 15-1211, and the county school fund and the proceeds of a special school district levy of fifteen

cents per one hundred dollars assessed valuation on the property within the district, will provide not more than five thousand dollars for a one-room school and not more than nine thousand dollars for a two-room school, provided that such schools are maintained for a minimum of one hundred seventy-five days per year.

"5. For necessary expenses in excess of the per capita apportionment from the county school fund for the establishment and conducting of schools in unorganized territory.

"Sec. 21. Repeal

"Sections 15-1203.01 and 15-1211.01, Arizona Revised Statutes, are repealed."

Amend title to read:

"Relating to education; providing for state financial assistance and equalization aid to school districts; amending Sections 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221 to 15-1225, inclusive, 15-1235, 15-1241 and 15-1246; repealing Section 15-1203, Arizona Revised Statutes; amending Title 15, Chapter 12, Article 1, Arizona Revised Statutes, by enacting a new Section 15-1203; amending Title 15, Chapter 12, Arizona Revised Statutes, by adding Article 2.2, and repealing Sections 15-1203.01 and 15-1211.01, Arizona Revised Statutes."

And, as so amended, it do pass.

That Senate Bill 4 be amended as follows:

(Senate engrossed bill)

Page 3, after line 11, insert:

"Sec. 2. Sec. 42-1321, Arizona Revised Statutes, is amended to read:

"42-1321. Deductions

"A. This article shall not apply to:

"1. Sales of gasoline upon which a tax has been imposed under the provisions of Article 1, Chapter 9, Title 28.

"2. Common or contract motor carriers of passengers or property paying a tax under provisions of Section 40-641.

"3. Sales of tangible personal property to a person licensed as a contractor under Chapter 10 of Title 32 who holds a valid privilege tax license for engaging or continuing in the business of contracting under this article when the tangible personal property so sold is incorporated or fabricated by the contractor into any structure, project, development or improvement in fulfillment of a contract therefor.

"4. Sales in interstate or foreign commerce when prohibited from being so taxed by the Constitution of the United States or the Constitution of this state.

"5. All personal property purchased in this state by any hospital organized and operated exclusively for charitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, or operated by the state or any political subdivision of the state.

"B. After June 30, 1956, the provisions of this article shall not apply to sales made directly:

"1. To the United States government, its departments or agencies by a manufacturer, modifier, assembler or repairer.

"2. To a manufacturer, modifier, assembler, or repairer when such sales are of any ingredient or component part of products sold directly to the United States government its departments or agencies by the manufacturer, modifier, assembler or repairer.

"C. After June 30, 1956, there shall be deducted from the annual privilege tax fifty per cent of the amount of tax levied under the provisions of Section 42-1312 upon any sale of tangible personal property made directly to the United States government, its departments or agencies, which is not exempt under the provisions of Subsection B of this section.

"D. In computing the tax levied by this article upon the activities classified in Subdivision (a) of Paragraph 2 of Section 42-1310, the price shall be reduced by the actual freight paid by any person from the place of production to the place of delivery when the freight is included in the sales price of the products.

"E. The commission shall require every person claiming an exemption provided by Subsection B of this section, or the deduction provided by Subsection C of this section, to file on forms prescribed by the commission at such times as the commission directs a sworn statement disclosing the name of the purchaser and the exact amount of sales upon which the exemption or deduction is claimed.

"F. For the purpose of this section:

"1. 'Manufacturer' means a person who is principally engaged in the fabrication, production or manufacture of products, wares or articles for use from raw or prepared materials, imparting to such materials new forms, qualities, properties and combinations.

"2. 'Modifier' means a person who reworks, changes or adds to products, wares or articles of manufacture.

"3. 'Assembler' means a person who unites or combines

products, wares or articles of manufacture so as to produce a change in form or substance without changing or altering the component parts.

"4. 'Repairer' means a person who restores or renews products, wares or articles of manufacture.

"G. The definitions contained in Subsection F of this section shall not be interpreted to include the following businesses, but the following listing is not intended to be nor shall it be interpreted to be a complete listing of the businesses which are excluded by Subsection F from the tax exemption provided by Subsection B of this section:

"1. Mining, quarrying, smelting or producing for sale, profit or commercial use any oil, natural gas, limestone, sand, gravel, copper, gold, silver or other mineral product, compound or combination of mineral products, or felling, producing or preparing timber or any product of the forest for sale, profit or commercial use.

"2. Producing or furnishing electricity, electric lights, current, power or gas, natural or artificial, or water.

"3. Transmitting local or long distance messages or conversations by telephone, or messages by telegraph, from one point to another point in the state.

"4. Operating pipe lines for transporting oil, or natural or artificial gas, through pipes or conduits from one point to another point in the state.

"5. Job printing, engraving, embossing or copying.

"6. Slaughtering animals for food, packing, processing or compounding meat or meat products.

"7. Construction contracting."

Page 3, line 12, strike "2" and insert "3".

Page 4, line 24, strike "Tangible" and insert "All".

Page 4, line 27, strike the period and insert ", or operated by the state or any political subdivision of the state."

Page 6, line 21, strike "3." and insert "4."

Amend title to read:

"Relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending Title 42, Chapter 8, Article 1, Arizona Revised Statutes, by adding Section 42-1312.01, and amending Sections 42-1321 and 42-1409, Arizona Revised Statutes."

And, as so amended, it do pass.

That Senate Bill 8 be amended as follows:

(Senate engrossed bill)

Page 1, line 9, strike the period and insert ", unless approved by the county board of supervisors of the county in which the political subdivision is located."

Amend title as follows:

Line 2, after "Subdivisions" insert "unless approved by board of supervisors".

And, as so amended, it do pass.

That Senate Bill 9 be amended as follows:

(Senate engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Sec. 42-1314, Arizona Revised Statutes, is amended to read:

"42-1314. Operating amusement places; exception; leasing or renting of property; exemption

"A. The tax imposed by Subsection A of Section 42-1309 shall be levied and collected at an amount equal to two per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

"1. Operating or conducting theaters, movies, operas, shows of any type or nature, exhibitions, concerts, carnivals, circuses, amusement parks, menageries, fairs, races, contests, games, billiard and pool parlors and bowling alleys, public dances, dance halls, boxing and wrestling matches and any business charging admission fees for exhibition, amusement or instruction, other than projects of bona fide religious or educational institutions.

"2. Leasing or renting tangible personal property for a consideration. Sales of tangible personal property to be leased or rented to a person engaged in the business of leasing or renting such tangible personal property for a consideration shall be deemed to be resale sales.

"3. Leasing or renting for a consideration the use or occupancy of real property, including any improvements, rights or interest in such property, except pursuant to written lease or rental agreements entered into prior to December 1, 1967, provided that such exception shall not apply to the businesses of hotels, guest houses, dude ranches and resorts, rooming houses, apartment houses, office buildings, automobile rental services, automobile storage garages, parking lots, or tourist camps.

"B. The tax prescribed under the terms of Subsection A of this section shall not apply to events sponsored by the Arizona State Fair Commission or county fair commissions."

Amend title to read:

"Relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions, and amending Section 42-1314, Arizona Revised Statutes."

And, as so amended, it do pass.

That Senate Bill 15 be amended as follows:

(Senate engrossed bill)

Page 1, line 8, strike "except" and insert "including".

And, as so amended, it do pass.

That Senate Bill 16 be amended as follows:

(Senate engrossed bill)

Page 5, strike lines 18 and 19.

Renumber to conform.

And, as so amended, it do pass.

That Senate Bill 17 be amended as follows:

(Senate engrossed bill)

Page 1, line 20, strike "one" and insert "ten".

Page 1, line 21, strike "thousand".

And, as so amended, it do pass.

That Senate Concurrent Resolution 2 be amended as follows:

(Senate engrossed bill)

Strike everything after the enacting clause and insert:

"1. The following amendment of Article 9, Section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

"Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. All household goods owned by the user thereof and used solely for noncommercial purposes shall be exempt from taxation, and such person entitled to such exemption shall not be required to take any affirmative action to receive the benefit of such exemption. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from

taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation, to be ascertained as provided by law. This section shall be self-executing.

"2. The proposed amendment (approved by a majority of the members elected to each House of the Legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the Secretary of State submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by Article 21, Constitution of Arizona."

Amend title to read:

"Proposing an amendment of the Constitution of Arizona relating to taxation; exempting certain household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona."

And, as so amended, it do pass.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the report of the Committee of the Whole be adopted and the bills be properly assigned. Carried.

DISPOSITION OF BUSINESS FROM COMMITTEE OF THE WHOLE

SENATE BILLS 2, 4, 8, 9, 15, 16, 17 and SENATE CONCURRENT RESOLUTION 2, as amended by Committee of the Whole, were referred to Committee on Administration to be engrossed.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on engrossing.

SENATE BILLS 2, 4, 8, 9, 15, 16, 17 and SENATE CONCURRENT RESOLUTION 2.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 3:37 P.M.

At 6:08 P.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

THIRD READING OF BILLS

The following bills were read the third time in full:

SENATE BILL 2, entitled, An Act, relating to education; providing for state financial assistance and equalization aid to school districts; amending Sections 15-445, 15-1012, 15-1019, 15-1083, 15-1092, 15-1201, 15-1201.01, 15-1211, 15-1212, 15-1221 to 15-1225, inclusive, 15-1235, 15-1241 and 15-1246; repealing Section 15-1203, Arizona Revised Statutes; amending Title 15, Chapter 12, Article 1, Arizona Revised Statutes, by enacting a new Section 15-1203; amending Title 15, Chapter 12, Arizona Revised Statutes, by adding Article 2.2, and repealing Sections 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

On roll call SENATE BILL 2 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—33.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—26.

NOT VOTING: Cook—1.

Senate Bill 2 was signed in open session by Speaker Turley.

SENATE BILL 4, entitled, An Act, relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending Title 42, Chapter 8, Article 1, Arizona Revised Statutes, by adding Section 42-1312.01, and amending Sections 42-1321 and 42-1409, Arizona Revised Statutes.

On roll call SENATE BILL 4 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—33.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—26.

NOT VOTING: Cook—1.

Senate Bill 4 was signed in open session by Speaker Turley.

SENATE BILL 8, entitled, An Act, relating to taxation; prescribing limitation upon amount of ad valorem property tax collectible by political subdivisions unless approved by board of supervisors for the tax year of 1968.

On roll call SENATE BILL 8 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—33.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—26.

NOT VOTING: Cook—1.

Senate Bill 8 was signed in open session by Speaker Turley.

SENATE BILL 9, entitled, An Act, relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions, and amending Section 42-1314, Arizona Revised Statutes.

On roll call SENATE BILL 9 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—32.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, House, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Shaughnessy, Smith, Thompson, Vipperman, Walker—27.

NOT VOTING: Cook—1.

Senate Bill 9 was signed in open session by Speaker Turley.

SENATE BILL 15, entitled, An Act, relating to taxation; providing for the inclusion of taxable and nontaxable property on the roll, and amending Section 42-238, Arizona Revised Statutes.

On roll call SENATE BILL 15 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Crosby, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Holley, Huffer, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Vipperman, Williams, Speaker Turley—37.

NAYS: Abril, Biles, Carrillo, Coppinger, Elliott, Fricks, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Walker—21.

NOT VOTING: Brown, Cook—2.

Senate Bill 15 was signed in open session by Speaker Turley.

SENATE BILL 16, entitled, An Act, relating to taxation; prescribing duties of Director of Department of Property Valuation; declaring full cash value and market value as being synonymous, and amending Sections 42-123 and 42-201, Arizona Revised Statutes.

On roll call SENATE BILL 16 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Hardt, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—51.

NAYS: Abril, Coppinger, Fricks, Hawes, House, Lena, Rickard, Sawyer—8.

NOT VOTING: Cook—1.

Senate Bill 16 was signed in open session by Speaker Turley.

SENATE BILL 17, entitled, An Act, relating to cities, towns and counties; providing for the issuance and filing of building permits; providing for distribution of copies; prescribing penalties; amending Section 11-321, Arizona Revised Statutes; amending Title 11, Chapter 2, Article 9, Arizona Revised Statutes, by adding Section 11-322, and amending Title 9, Chapter 4, Arizona Revised Statutes, by adding Article 6.1.

On roll call SENATE BILL 17 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Brown, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Holley, Huffer, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—39.

NAYS: Abril, Biles, Coppinger, Fricks, Hardt, Hawes, House, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—20.

NOT VOTING: Cook—1.

Senate Bill 17 was signed in open session by Speaker Turley.

SENATE CONCURRENT RESOLUTION 2, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting certain household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona.

On roll call SENATE CONCURRENT RESOLUTION 2 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith,

Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—55.

NAYS: Brown, Coppinger, Getzwiller, House—4.

NOT VOTING: Cook—1.

Senate Concurrent Resolution 2 was signed in open session by Speaker Turley.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 6:35 P.M.

At 8:11 P.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

BILLS AND OTHER BUSINESS FROM THE SENATE

Messages from the Secretary of the Senate, Louise C. Brimhall, were read:

HOUSE BILL 1, passed by a vote of 18 ayes, 10 nays, 2 not voting, with the following amendments:

(House engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Repeal

"Section 42-136, Arizona Revised Statutes, is repealed.

"Sec. 2. Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, is amended by adding a new Section 42-136, to read:

"42-136. Classification of property for taxation

"There are established the following classes of property for taxation:

"1. Class one:

"(a) Flight property.

"(b) All real and personal property used in the operation of private car companies.

"(c) All real and personal property of railroad companies used in the continuous operation of a railroad.

"(d) Patented and unpatented mines, the personal property used thereon, the improvements thereto and the mills and smelters operated in conjunction therewith.

"(e) Standing timber and the land upon which it is grown.

"2. Class two:

"All property, both real and personal, used in the

operation of telephone and telegraph companies, gas, water and electric utility companies, and pipeline companies.

"3. Class three:

"(a) All real property and the improvements thereto not included in classes one and two.

"(b) All personal property not included in classes one and two.

"Sec. 3. Sec. 42-227, Arizona Revised Statutes, is amended to read:

"42-227. Valuation of property at market value; separate valuation of land and improvements; basis for determination of assessed valuation

"A. For property tax purposes the valuation of all taxable property shall be determined at its market value. The valuation of land and improvements thereon shall be determined separately. The combined valuation of all land and improvements shall not exceed the market value of the total property.

"B. As a basis for determining the assessed valuation for the different classes of property specified in Section 42-136, the following percentages shall apply:

"1. Class one: ninety per cent of its full cash value.

"2. Class two: fifty-four per cent of its full cash value.

"3. Class three: eighteen per cent of its full cash value.

"C. Upon preparation of the rolls, the assessor shall apply the appropriate percentage to the full cash value of all property so that the assessed valuation will be shown thereon.

"Sec. 4. Sec. 42-227.02, Arizona Revised Statutes, is amended to read:

"42-227.02. Basis of valuation of producing oil and gas interests

"A. Producing oil or gas interests shall be assessed for tax purposes at one hundred per cent of the amount of the gross yield therefrom for the preceding calendar year. Such gross yield shall be the valuation of the oil or gas interests of the lands from which such oil or gas is produced as of the first day of January of the following year. This shall not affect the basis of valuation of property other than producing oil or gas interests.

"B. The basis of valuation of producing oil or gas interests set forth in this section shall be in lieu of any method of valuation of such interests and the oil and gas deposits subject thereto for ad valorem tax purposes, notwithstanding any other provision of law to the contrary."

Amend title to read:

"Relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing Section 42-136, Arizona Revised Statutes; amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding a new Section 42-136, and amending Sections 42-227 and 42-227.02, Arizona Revised Statutes."

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 1 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE BILL 4, passed by a vote of 18 ayes, 10 nays, 2 not voting, with the following amendments:

(House engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Sec. 43-102, Arizona Revised Statutes, is amended to read:

"43-102. Imposition of tax

"(a) Taxes and rates—individuals, estates and trusts. There shall be levied, collected, and paid for each taxable year upon the entire net income of every estate or trust taxable under this title and of every resident of this state and upon the entire net income of every nonresident which is derived from sources within this state, taxes in the following amounts and at the following rates upon the amount of net income in excess of credits against net income provided in Sections 43-127 and 43-128.

"On the first one thousand dollars or any part thereof, two per cent.

"On the second one thousand dollars or any part thereof, two and five-tenths per cent.

"On the third one thousand dollars or any part thereof, three per cent.

"On the fourth one thousand dollars or any part thereof, three and five-tenths per cent.

"On the fifth one thousand dollars or any part thereof, four per cent.

"On the sixth one thousand dollars or any part thereof, five per cent.

"On the seventh one thousand dollars or any part thereof, six per cent.

"On the eighth one thousand dollars or any part thereof, seven per cent.

"On the ninth one thousand dollars or any part thereof, and on all taxable income in excess of nine thousand dollars, eight per cent.

"(b) Taxes and rates—corporations. There shall be levied, collected, and paid for each taxable year upon the entire net income of every corporation, except as otherwise provided in this title or by law, taxes in the following amounts and at the following rates:

"Upon net income not in excess of one thousand dollars, two per cent of such net income.

"Twenty 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, three per cent in addition of such excess.

"Fifty 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, four per cent in addition of such excess.

"Ninety 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, five per cent in addition of such excess.

"One hundred and forty 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, six and one-fourth per cent in addition of such excess.

"Two hundred two dollars fifty cents 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, seven and five-tenths per cent in addition of such excess.

"Two hundred seventy-seven dollars fifty cents upon net income of six thousand dollars; and upon net income in excess of six thousand dollars, eight and five-tenths per cent in addition of such excess.

"(c) Optional tax

"(1) In lieu of the tax imposed under Subsection (a), there shall be levied, collected and paid for each taxable year upon the gross income of each individual whose gross income for such year is less than five thousand dollars and who has elected to pay the tax imposed by this subsection for such year, the tax shown in the following table:

Gross Income		Single Person or Married Couple Filing Separately	Married Couple Filing Jointly or Single Person—Head of Household
At Least	But Less Than		
$1,100.00	$1,150.00	$ .25	$ -0-
1,150.00	1,200.00	1.15	-0-
1,200.00	1,250.00	2.05	-0-
1,250.00	1,300.00	2.95	-0-
1,300.00	1,350.00	3.85	-0-
1,350.00	1,400.00	4.75	-0-
1,400.00	1,450.00	5.65	-0-
1,450.00	1,500.00	6.55	-0-
1,500.00	1,550.00	7.45	-0-
1,550.00	1,600.00	8.35	-0-
1,600.00	1,650.00	9.25	-0-
1,650.00	1,700.00	10.15	-0-
1,700.00	1,750.00	11.05	-0-
1,750.00	1,800.00	11.95	-0-
1,800.00	1,850.00	12.85	-0-
1,850.00	1,900.00	13.75	-0-
1,900.00	1,950.00	14.65	-0-
1,950.00	2,000.00	15.55	-0-
2,000.00	2,050.00	16.45	-0-
2,050.00	2,100.00	17.35	-0-
2,100.00	2,150.00	18.25	-0-
2,150.00	2,200.00	19.15	-0-
2,200.00	2,250.00	20.06	.05
2,250.00	2,300.00	21.19	.95
2,300.00	2,350.00	22.31	1.85
2,350.00	2,400.00	23.44	2.75
2,400.00	2,450.00	24.56	3.65
2,450.00	2,500.00	25.69	4.55
2,500.00	2,550.00	26.81	5.45
2,550.00	2,600.00	27.94	6.35
2,600.00	2,650.00	29.06	7.25
2,650.00	2,700.00	30.19	8.15
2,700.00	2,750.00	31.31	9.05
2,750.00	2,800.00	32.44	9.95
2,800.00	2,850.00	33.56	10.85
2,850.00	2,900.00	34.69	11.75
2,900.00	2,950.00	35.81	12.65
2,950.00	3,000.00	36.94	13.55
3,000.00	3,050.00	38.06	14.45

Gross Income		Single Person or Married Couple Filing Separately	Married Couple Filing Jointly or Single Person—Head of Household
At Least	But Less Than		
$3,050.00	$3,100.00	$39.19	$15.35
3,100.00	3,150.00	40.31	16.25
3,150.00	3,200.00	41.44	17.15
3,200.00	3,250.00	42.56	18.05
3,250.00	3,300.00	43.69	18.95
3,300.00	3,350.00	44.81	19.85
3,350.00	3,400.00	46.13	20.75
3,400.00	3,450.00	47.48	21.65
3,450.00	3,500.00	48.83	22.55
3,500.00	3,550.00	50.17	23.45
3,550.00	3,600.00	51.52	24.35
3,600.00	3,650.00	52.87	25.25
3,650.00	3,700.00	54.22	26.15
3,700.00	3,750.00	55.57	27.05
3,750.00	3,800.00	56.92	27.95
3,800.00	3,850.00	58.27	28.85
3,850.00	3,900.00	59.62	29.75
3,900.00	3,950.00	60.97	30.65
3,950.00	4,000.00	62.32	31.55
4,000.00	4,050.00	63.67	32.45
4,050.00	4,100.00	65.02	33.35
4,100.00	4,150.00	66.37	34.25
4,150.00	4,200.00	67.72	35.15
4,200.00	4,250.00	69.07	36.05
4,250.00	4,300.00	70.42	36.95
4,300.00	4,350.00	71.77	37.85
4,350.00	4,400.00	73.12	38.75
4,400.00	4,450.00	74.47	39.65
4,450.00	4,500.00	75.96	40.68
4,500.00	4,550.00	77.54	41.81
4,550.00	4,600.00	79.11	42.94
4,600.00	4,650.00	80.69	44.06
4,650.00	4,700.00	82.26	45.19
4,700.00	4,750.00	83.84	46.31
4,750.00	4,800.00	85.41	47.44
4,800.00	4,850.00	86.99	48.56
4,850.00	4,900.00	88.56	49.69
4,900.00	4,950.00	90.14	50.81
4,950.00	5,000.00	91.71	51.94

"In applying the above table to determine the tax of such individual, there shall be subtracted from his gross income the amount of the federal income tax paid during the taxable year.

"In applying the above table to determine the tax of a taxpayer with one or more dependents, there shall be subtracted from his gross income six hundred dollars for each dependent, except that in the case of a 'head of household' the deduction for dependents shall be permitted only for those dependents in excess of one.

"(2) For the purpose of this subsection:

"(A) 'Married person' means a married person on the last day of the taxable year.

"(B) 'Dependent' means a person who is dependent under Section 43-127(c).

"(C) An individual, who is not a head of a family or a married person, shall be treated as a single person.

"(D) 'Head of household' means a head of household on the last day of the taxable year, unless such person dies during the taxable year, in which case such determination shall be made as of the date of death.

"(E) In the case of a joint return of a husband and wife filed pursuant to Section 43-141(a) (2), the tax imposed under Subsection (a) shall be twice the tax that would be determined if the net income and credits against net income provided by Sections 43-127 and 43-128 were reduced by one-half.

"(3) This subsection shall not apply to an estate or trust, 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 43-123(aa) (1).

"(d) Effect of changes in rates during a taxable year. If any rate of tax imposed by this chapter changes, and if the taxable year includes the effective date of the change (unless that date is the first day of the taxable year), then

"(1) Tentative taxes shall be computed by applying the rate for the period before the effective date of the change, and the rate for the period on and after such date, to the taxable income for the entire taxable year; and

"(2) The tax for such taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears to the number of days in the entire taxable year.

"Sec. 2. Sec. 43-123, Arizona Revised Statutes, is amended to read:

"43-123. Deductions from gross income — items deductible

"(a) Expenses

"(1) Trade or business expenses

"(A) In computing net income there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including

the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

"(B) In the case of a taxpayer engaged in the business of farming, expenditures made for the purpose of soil and water conservation and the prevention of erosion of land used in farming shall be allowed as deductions under Subsection (a). For the purposes of this subparagraph, the term 'expenditures made for the purpose of soil and water conservation and the prevention of erosion' means expenditures for the treatment, moving, or cultivation of earth, including (but not limited to) leveling, grading and terracing, contour furrowing, the construction of diversion channels and drainage ditches, the control and protection of water courses, outlets and ponds, the planting and cultivation of cover and protective crops or windbreaks, the control of weeds and brush and other special or emergency cultivation and tillage; but such term does not include the purchase, construction, installation, or improvement of structures, appliances, and facilities made of masonry, concrete, tile, metal, or wood, such as tanks, reservoirs, pipes, conduits, canals, dams, wells, and pumps, which are subject to the allowance for depreciation provided in Subsection (1). For the purposes of this subparagraph the term 'land used in farming' means land used (prior to the expenditure for conservation made by the taxpayer) by the taxpayer or his tenant or the predecessor owner or his tenant for the production of crops, fruits, and similar agricultural products or for the sustenance of livestock.

"(C) No deduction shall be allowable under Subparagraph (A) or (B) of this paragraph, to a corporation for any contribution or gift which would be allowable as a deduction under Subsection (q) (1), were it not for the five per cent limitation therein contained and for the requirements therein that payment must be made within the income year.

"(2) Non-trade or non-business expenses. In computing net income there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income.

"(3) Expense, not deductible. The deductions permitted by Paragraph (1) shall not be allowed to the extent that they are connected with the production of income not taxable under this title. Proper apportionment and allocation of such deductions with respect to taxable and

non-taxable income shall be determined under rules and regulations prescribed by the Tax Commission.

"(b) Interest. In computing net income there shall be allowed as a deduction all interest paid or accrued within the taxable year on indebtedness of the taxpayer. However, no deduction shall be allowed to the extent that it is connected with income not taxable under this title. The proper apportionment and allocation of the deduction with respect to taxable and non-taxable income shall be determined under rules and regulations prescribed by the Tax Commission.

"(c) Taxes. In computing net income there shall be allowed as a deduction taxes or licenses paid or accrued during the taxable year, except:

"(1) Taxes on or according to or measured by income or profits paid or accrued within the taxable year imposed by the authority of the government of any foreign country, or any state, other than the State of Arizona, any territory, or taxing subdivision of any such state or territory, and federal income taxes imposed by the government of the United States or its possessions. The exception for federal income taxes will apply in the case of any corporation for the taxable years beginning after December 31, 1967. However, such exception will not apply in the case of any individual taxpayer.

"(2) Estate, inheritance, legacy, succession, and gift taxes.

"(3) Taxes assessed against local benefits of a kind tending to increase the value of the property assessed. This does not exclude the allowance as a deduction of so much of the taxes assessed against local benefits as is properly allocable to maintenance or interest charges, nor does this exclude the allowance of any irrigation or other water district taxes or assessments which are levied for the payment of the principal of any improvement or other bonds for which a general assessment on all lands within the district is levied as distinguished from a special assessment levied on part of the area within the district.

"(d) Sales and other taxes separately stated. In computing net income there shall be allowed as a deduction any tax imposed by any state, territory, district or possession of the United States, or any political subdivision thereof, upon persons:

"(1) Engaged in selling tangible personal property at retail, which is measured by the gross sales price or the gross receipts from the sale, or which is a stated sum per unit of such property sold; or

"(2) Engaged in furnishing services at retail, which is measured by the gross receipts for furnishing such services; or

"(3) Purchasing services or tangible personal property at retail which is measured by the gross receipts or gross sales price or which is a stated sum per unit of value sold, if the amount of the tax is separately stated, and if purchased otherwise than in connection with the consumer's trade or business. The amount of such tax paid by the consumer subject to the conditions in this paragraph shall be the deductions allowed. To such consumer the amount shall be allowed as a deduction in computing his net income as if the amount constituted a tax imposed upon and paid by him.

"(e) Losses by individuals. In computing net income there shall be allowed as a deduction in the case of an individual losses sustained during the taxable year and not compensated for by insurance or otherwise:

"(1) If incurred in trade or business; or

"(2) If incurred in any transaction entered into for profit, though not connected with the trade or business; or

"(3) Of property not connected with the trade or business, if the loss arises from fires, storms, shipwreck, or other casualty, or from theft; or

"(4) If incurred by reason of the destruction or seizure of property, on or after December 7, 1941, in the course of military or naval operations by the United States or any other country engaged in time of war, subject to the rules and regulations prescribed by the Tax Commission. The basis for determining the amount of deduction for losses sustained, to be allowed under this subsection, shall be the adjusted basis provided in Section 43-153(b) for determining the loss from the sale or other disposition of property.

"(f) Losses by corporations. In computing net income there shall be allowed as a deduction in the case of a corporation, losses sustained during the income year and not compensated for by insurance or otherwise.

"The basis for determining the amount of deduction for losses sustained, to be allowed under this subsection, shall be the adjusted basis provided in Section 43-153(b) for determining the loss from the sale or other disposition of property.

"(g) Capital assets, losses. Losses from sales or exchanges of capital assets shall be allowed only to the extent provided in Section 43-157.

"If any securities become worthless during the taxable year and are capital assets, the loss resulting therefrom shall, for the purposes of this title, be considered as a loss from the sale or exchange, on the last day of the taxable year, of capital assets.

" 'Securities', as used in this subsection, means (1) shares of stock in a corporation, and (2) rights to subscribe for or to receive such shares.

"(h) Wagering losses. Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

"(i) Sixty day sales. In the case of any loss claimed to have been sustained in any sale or disposition of property where it appears that within thirty days before or after the date of such sale or other disposition the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property and the property acquired is held by the taxpayer for any period after such sale or other disposition, no deduction for the loss shall be allowed unless the claim is made by a taxpayer, a dealer in such property, and with respect to a transaction made in the ordinary course of his business. If such acquisition or the contract or option to acquire is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed. Upon the subsequent sale or disposition of such property, in respect of which a loss has been disallowed, the basis for measuring gain or loss in the case of property so acquired shall be the basis in the case of the property so sold or disposed of, except that if the repurchase price was in excess of the sale price such basis shall be increased in the amount of the difference, or if the repurchase price was less than the sale price such basis shall be decreased in the amount of the difference.

"(j) Wash sales. In the case of any loss claimed to have been sustained from any sale or other disposition of shares of stock or securities where it appears that within a period beginning thirty days before the date of the sale or disposition and ending thirty days after that date, the taxpayer has acquired (by purchase or by an exchange upon which the entire amount of gain or loss was recognized by law) or has entered into a contract or option so to acquire, substantially identical stock or securities, then no deduction for the loss shall be allowed under Subsection (e) (2); nor shall such deduction be allowed under Subsection (f) unless the claim is made by a corporation, a dealer in stocks or securities and with respect to a transaction made in the ordinary course of its business.

"If the amount of stock or securities acquired (or covered by the contract or option to acquire) is less than the amount of stock or securities sold or otherwise disposed of, then the particular shares of stock or securities the loss from the sale or other disposition of which is not deductible shall be determined under rules and regulations prescribed by the Tax Commission.

"If the amount of stock or securities acquired (or covered by the contract or option to acquire) is not less than the amount of stock or securities sold or otherwise disposed of, then the particular shares of stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the nondeductibility of the loss shall be determined under the rules and regulations prescribed by the Tax Commission. If such acquisition or the contract or option to acquire is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed. Upon the subsequent sale or disposition of shares of stock or securities, in respect of which a loss has been disallowed, the basis for measuring gain or loss in the case of property so acquired shall be the basis in the case of the shares or securities so sold or disposed of, except that if the repurchase price was in excess of the sale price such basis shall be increased in the amount of the difference, or if the repurchase price was less than the sale price such basis shall be decreased in the amount of the difference.

"(k) Bad debts

"(1) General rule. In computing net income there shall be allowed as a deduction debts which become worthless within the taxable year or, in the discretion of the Tax Commission, a reasonable addition to a reserve for bad debts. When satisfied that a debt is recoverable only in part, the Tax Commission may allow the debt as a deduction in an amount not in excess of the part charged off within the taxable year as a deduction. If a debt was actually worthless prior to January 1, 1954, but was not ascertained to be worthless and charged off prior to that date, a deduction may be taken therefor during the first taxable year ending after December 31, 1953; if a portion of a debt is claimed and allowed as a deduction in any year no deduction shall be allowed in any subsequent year for any portion of the debt which was charged off, regardless of whether or not claimed as a deduction in any prior year. This paragraph does not apply to a debt evidenced by a security as defined in Paragraph (3). If a non-business debt becomes worthless within the taxable year, the loss resulting therefrom shall be considered a loss from the sale or exchange during the taxable year of a capital asset held for not more than six months. The term 'non-business debt' means a debt other than a debt evidenced by a security and other than a debt the loss from the worthlessness of which is incurred in the taxpayer's trade or business. The basis for determining the amount of deduction allowed under this paragraph shall be the adjusted basis provided in Section 43-153(b) for determining the loss from the sale or other disposition of property.

"(2) Security losses. If any securities, as defined in Paragraph (3) become worthless within the taxable year and are capital assets, the loss resulting shall be considered as a loss from the sale or exchange, on the last day of the taxable year, of capital assets.

"(3) Definition — 'securities'. 'Securities', as used in Paragraphs (1) and (2) means bonds, debentures, notes, or certificates, or other evidences of indebtedness, issued by any corporation (including those issued by a government or political subdivision thereof) with interest coupons or in registered form.

"(4) Bad debts — political. This subsection shall not apply in the case of a taxpayer, other than a bank, as defined in Section 104, of the Internal Revenue Code, with respect to debts owed by (A) any political party, (B) any national, state or local committee of any political party, or (C) any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of presidential or vice presidential electors or of any individual whose name is presented for election to any federal, state, or local elective public office, whether or not such individual is elected. For the purpose of this paragraph, the terms 'contributions' and 'expenditures' shall have the meanings prescribed for such terms in Section 591 of Title 18 of the United States Code.

"(l) Depreciation. In computing net income there shall be allowed as a deduction a reasonable allowance for the exhaustion, wear and tear of property used in the trade or business or of property held for the production of income, including a reasonable allowance for obsolescence. A taxpayer may elect to claim a deduction for amortization of emergency facilities, as defined by Sections 124 and 124A of the Internal Revenue Code, under regulations prescribed by the Tax Commission. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each.

"(m) Depletion. In computing net income there shall be allowed as a deduction, in the case of mines, oil and gas wells, other natural deposits, and timber, a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under rules and regulations prescribed by the Tax Commission. In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof the prior estimate (but not the basis for depletion) shall be revised and the allowance under this subsection for subsequent taxable years shall be based upon the revised estimate. Any mine using the unit de-

pletion method in computing depletion allowance for Arizona state income tax purposes immediately prior to January 1, 1954, shall continue to use that method and in no subsequent year shall the unit rate of depletion allowance exceed that in use by the mine for the tax year of 1949.

"In the case of leases the deductions shall be equitably apportioned between the lessor and the lessee. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allowable to each.

"The percentage of depletion allowable under this subsection shall be computed in accordance with the provisions of Section 43-154(b) (3) and (4).

"(n) Basis for depreciation and depletion. The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect to any property shall be as provided in Section 43-154.

"(o) Charitable and other contributions.

"(1) Contributions. In computing net income there shall be allowed as a deduction, in the case of an individual, contributions or gifts payment of which is made within the taxable year to or for the use of:

"(A) The United States, any state, territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes.

"(B) A corporation, or trust, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation.

"(C) Posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if the posts, organizations, units, or societies are organized in the United States and if no part of their net earnings inures to the benefit of any private shareholder or individual.

"(D) A fraternal society, order, or association, operating under the lodge system, but only if the contributions or

gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals.

"(2) Contributions, limitation. In the case of an individual deductions for contributions or gifts shall be allowed to an amount which in all cases listed in Paragraph (1) combined does not exceed twenty per cent of the taxpayer's adjusted gross income. The contributions or gifts shall be allowed as deductions only if verified under rules and regulations prescribed by the Tax Commission.

"(p) Contributions of an employer to an employee's trust or annuity plan and compensation under a deferred payment plan

"(1) Pension fund contributions. If contributions are paid by an employer to or under a stock bonus, pension, profit-sharing, or annuity plan, or if compensation is paid or accrued on account of any employee under a plan deferring the receipt of such compensation, such contributions or compensation shall not be deductible under Subsection (a) but shall be deductible, if deductible under Subsection (a) without regard to this subsection only to the following extent:

"(A) In the taxable year when paid, if the contributions are paid into a pension trust, and if such taxable year ends within or with a taxable year of the trust for which the trust is exempt under Section 43-165(a) in an amount determined as follows:

"(i) An amount not in excess of five per cent of the compensation otherwise paid or accrued during the income year to all the employees under the trust, but such amount may be reduced for future years if found by the Tax Commission upon periodical examinations at not less than five-year intervals to be more than the amount reasonably necessary to provide the remaining unfunded cost of past and current service credits of all employees under the plan, plus

"(ii) Any excess over the amount allowable under Clause (i) necessary to provide with respect to all of the employees under the trust the remaining unfunded cost of their past and current service credits distributed as a level amount, or a level percentage of compensation, over the remaining future service of each such employee, as determined under regulations prescribed by the Tax Commission, but if such remaining unfunded cost with respect to any three individuals is more than fifty per cent of such remaining unfunded cost, the amount of such unfunded cost attributable to such individuals shall be distributed over a period of at least five income years, or

"(iii) In lieu of the amounts allowable under (i) and (ii) above, an amount equal to the normal cost of the plan, as determined under regulations prescribed by

the Tax Commission, plus, if past service or other supplementary pension or annuity credits are provided by the plan, an amount not in excess of ten per cent of the cost which would be required to completely fund or purchase such pension or annuity credits as of the date when they are included in the plan, as determined under regulations prescribed by the Tax Commission, except that in no case shall a deduction be allowed for any amount (other than the normal cost) paid in after such pension or annuity credits are completely funded or purchased.

"(iv) Any amount paid in an income year in excess of the amount deductible in such year under the foregoing limitations shall be deductible in the succeeding taxable years in order of time to the extent of the difference between the amount paid and deductible in each such succeeding year and the maximum amount deductible for such year in accordance with the foregoing limitations.

"(B) In the taxable year when paid, in an amount determined in accordance with Subparagraph (A) of this paragraph, if the contributions are paid toward the purchase of retirement annuities and such purchase is a part of a plan which meets the requirements of Section 43-165(a) (3), (4), (5), and (6), and if refunds of premiums, if any, are applied within the current taxable year or next succeeding taxable year toward the purchase of such retirement annuities.

"(C) In the taxable year when paid, if the contributions are paid into a stock bonus or profit-sharing trust, and if such taxable year ends within or with a taxable year of the trust with respect to which the trust is exempt under Section 43-165(a), and in an amount not in excess of fifteen per cent of the compensation otherwise paid or accrued during the income year to all employees under the stock bonus or profit-sharing plan. If in any taxable year beginning after December 31, 1953, there is paid into the trust, or a similar trust then in effect, amounts less than the amounts deductible under the preceding sentence, the excess, or if no amount is paid, the amounts deductible shall be carried forward and be deductible when paid in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any such succeeding taxable year shall not exceed fifteen per cent of the compensation otherwise paid or accrued during such succeeding taxable year to the beneficiaries under the plan. In addition any amount paid into the trust in a taxable year beginning after December 31, 1953, in excess of the amount allowable with respect to such year under the preceding provisions of this paragraph shall be deductible in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any one such succeeding taxable year together with the amount allowable under the first sentence of this subparagraph shall not exceed fifteen per cent of the compensation otherwise paid or accrued during such taxable year to the beneficiaries under the

plan. 'Stock bonus or profit-sharing trust' shall not include any trust designed to provide benefits upon retirement and covering a period of years, if under the plan the amounts to be contributed by the employer can be determined actuarially as provided in Subparagraph (A). If the contributions are made to two or more stock bonus or profit-sharing trusts, such trusts shall be considered a single trust for the purpose of applying the limitations in this subparagraph.

"(D) In the taxable year when paid, if the plan is not one included in Subparagraphs (A), (B), or (C), if the employees' rights to or derived from such employer's contribution or such compensation are nonforfeitable at the time the contribution or compensation is paid.

"(E) For the purposes of Subparagraphs (A), (B) and (C), a taxpayer on the accrual basis shall be deemed to have made a payment on the last day of the year of accrual if the payment is on account of such income year and is made within sixty days after the close of the taxable year of accrual.

"(F) If amounts are deductible under Paragraphs (A) and (C), or (B) and (C), or (A), (B) and (C), in connection with two or more trusts, or one or more trusts and an annuity plan, the total amount deductible in a taxable year under such trusts and plans shall not exceed twenty-five per cent of the compensation otherwise paid or accrued during the taxable year to the persons who are the beneficiaries of the trusts or plans. In addition, any amount paid into such trusts or under such annuity plans in a taxable year beginning after December 31, 1953, in excess of the amount allowable with respect to such year under the preceding provisions of this subparagraph shall be deductible in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any one such succeeding taxable year together with the amount allowable under the first sentence of this subparagraph shall not exceed thirty per cent of the compensation otherwise paid or accrued during such taxable years to the beneficiaries under the trusts or plans. This subparagraph shall not have the effect of reducing the amount otherwise deductible under Subparagraphs (A), (B), and (C), if no employee is a beneficiary under more than one trust, or a trust and an annuity plan. If there is no plan, but a method of employer contributions or compensation has the effect of a stock bonus, pension, profit-sharing, or annuity plan, or similar plan deferring the receipt of compensation, this paragraph shall apply as if there were such a plan.

"(2) Employers' contributions, where no plan. If there is no plan, but a method of employer contributions or compensation has the effect of a stock bonus, pension, profit-sharing, or annuity plan, or similar plan deferring

the receipt of compensation, this paragraph shall apply as if there were a plan.

"(3) Salesman — employees for pension plans. For the purpose of applying the provisions of Paragraph (1), with respect to contributions to or under a stock bonus, pension, profit-sharing, or annuity plan, and with respect to distributions under such a plan, or by a trust forming part of such a plan, the term 'employee' shall include a full time life insurance salesman who is considered an employee for the purpose of Subchapter A of Chapter 9 of the Federal Internal Revenue Code, or in the case of services performed before January 1, 1954, who would be considered an employee if services were performed during 1954.

"(4) Pension plan in effect prior to January 1, 1954. In the case of a stock bonus, pension, profit-sharing or annuity plan in effect on or before January 1, 1954:

"(A) Such a plan shall not become subject to the requirements of Section 43-165 until the beginning of the first taxable year beginning after December 31, 1953.

"(B) Such a plan shall be considered as satisfying the requirements of Section 43-165 for the period beginning with the beginning of the first taxable year following December 31, 1953, and ending on December 31, 1955, if the provisions of the plan satisfy such requirements by December 31, 1955, and if by that time all provisions of such plan which are necessary to satisfy such requirements are in effect and have been made effective for all purposes with respect to the portion of such period after December 31, 1953.

"(C) If the contribution of an employer to such a plan in the employer's income year beginning in 1954 exceeds the maximum amount deductible for such year and under Paragraph (1), the amount deductible in such year shall not be less than the sum of:

"(i) The amount paid in such taxable year prior to January 1, 1954, and deductible under Subsection (a); and

"(ii) With respect to the amount paid in such taxable year on or after January 1, 1954, that proportion of the amount deductible for the taxable year under Paragraph (1), which the number of months after December 31, 1953, in the taxable year bears to twelve.

"(5) Pension plan in effect after December 31, 1953. In the case of a stock bonus, pension, profit-sharing or annuity plan put into effect after December 31, 1953, such a plan shall be considered as satisfying the requirements of Section 43-165 for the period beginning with the date on which such plan was put into effect and ending December 31, 1955, if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all

purposes with respect to the portion of such period after December 31, 1953.

"(6) Pension plan in effect after December 31, 1954. In the case of a stock bonus, pension, profit-sharing or annuity plan put into effect after December 31, 1954, the plan will be considered as satisfying the requirements of Section 43-165 for the period beginning with the date on which it was put into effect and ending with the fifteenth day of the fourth month following the close of the taxable year of the employer in which the plan was put into effect if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all purposes with respect to the whole of such period.

"(q) Charitable and other contributions by corporations

"(1) Charitable contributions by corporations. In computing net income there shall be allowed as a deduction in the case of a corporation contributions or gifts, payment of which is made within the taxable year to or for the use of:

"(A) The United States, any state, territory, or any political subdivision thereof or the District of Columbia, or any possession of the United States, for exclusively public purposes; or

"(B) A corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any state or territory, or of the District of Columbia, or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, veteran rehabilitation service, literary, or educational purposes or for the prevention of cruelty to children or animals (but only if such contributions or gifts are to be used within the United States or any of its possessions exclusively for such purposes), no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation. For disallowance of certain charitable, etc., deductions, otherwise allowable under this paragraph, the provisions of Section 43-162(g) (2) shall apply; or

"(C) Posts or organizations of war veterans, or auxiliary units of, or trusts or foundations for, any such posts or organizations, if such posts, organizations, units, trusts or foundations are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or

"(D) A corporation or organization which is organized in the United States or any of its possessions by or for members of the armed forces of the United States for

the purpose of aiding or assisting members of such forces or their relatives if no part of the net earnings of such corporation or organization inures to the benefit of any private shareholder or individual.

"(E) The amount of aggregate deductions allowable under Subparagraphs (A), (B), (C) and (D) of this subsection, is limited to the extent it does not exceed five per cent of the taxpayer's net income as computed without the benefits of this subsection.

"Such contributions or gifts shall be allowable as deductions only if varified under rules and regulations prescribed by the Tax Commission.

"(2) Charitable contributions by corporations—accrual basis. In the case of a bank or corporation reporting its net income on the accrual basis, at the election of the taxpayer any contribution or gift, payment of which is made after the close of the taxable year and on or before the fifteenth day of the fourth month following the close of such year shall, for the purposes of Paragraph (1), be considered as paid during such taxable year if, during such year, the board of directors authorized such contribution or gift. Such election shall be made only at the time of the filing of the return for the taxable year and shall be signified in such manner as the Tax Commission shall by regulations prescribe.

"(r) Savings banks, cooperative banks and building and loan associations—return paid or credited to withdrawable deposits. In computing net income there shall be allowed as a deduction in the case of a savings bank, cooperative bank or building and loan association, organized and operating wholly or partly on a mutual plan, or a savings and loan association, organized and operating wholly or partly on a mutual plan, the return paid or credited on or apportioned to their withdrawable shares, account or deposits.

"(s) Net operating loss deduction. In computing net income there shall be allowed as a deduction a net operating loss deduction computed under this subsection.

"(1) Definition of net operating loss. As used in this subsection, the term 'net operating loss' means the excess of the deductions allowed by this title over the gross income, with the exceptions, additions, and limitations provided in Paragraph (4).

"(2) Amount of carry-back and carry-over

"(A) Net operating loss carry-back. If for any taxable year beginning after December 31, 1954, the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-back for the preceding taxable year.

"(B) Net operating loss carry-over. If for any taxable year beginning after December 31, 1953, the taxpayer has a net operating loss, such net operating loss shall be a

net operating loss carry-over for each of the five succeeding taxable years, except that the carry-over 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 net income for each of the intervening years computed:

"(i) With the exceptions, additions, and limitations provided in Paragraph (4) (A), (B), (D), and

"(ii) 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 Paragraph (3).

"For the purpose of the preceding sentence, the net operating loss for any taxable year beginning after December 31, 1953, shall be reduced by the amount, if any, of the net income for the preceding taxable year computed:

"(i) With the exceptions, additions, and limitations provided in Paragraph (4) (A), (B), (D), and

"(ii) 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 Paragraph (3).

"(3) Amount of net operating loss deduction. The amount of the net operating loss deduction shall be the aggregate of the net operating loss carry-overs and of the net operating loss carry-backs to the taxable year reduced by the amount, if any, by which the net income computed with the exceptions and limitations provided in Paragraph (4) (A), (B), (C), and (D), exceeds the net income computed without such deduction.

"(4) Exceptions, additions, and limitations. The exceptions, additions, and limitations referred to in Paragraphs (1), (2), and (3) shall be as follows:

"(A) The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value or to percentage depletion;

"(B) 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 43-123(b), relating to interest on indebtedness incurred or continued to purchase or carry certain tax-exempt obligations;

"(C) No net operating loss deduction shall be allowed;

"(D) Gains and losses from sales or exchanges of capital assets shall be taken into account without regard to the provisions of Section 43-157(b). 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.

"(E) Deductions otherwise allowed by law not attributable to the operation of a trade or business regularly carried on by the taxpayer shall (in the case of a taxpayer other than a corporation) 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 subparagraph deductions and gross income shall be computed with the exceptions, additions, and limitations specified in Subparagraphs (A) and (D) of this paragraph. This paragraph shall not apply with respect to deductions allowable for losses sustained in respect of property, if the losses arise from fire, storm, shipwreck, or other casualty, or from theft.

"(5) No carry-back to year prior to 1954. As used in this subsection, the term 'preceding taxable year' and the term 'preceding taxable years' do not include any taxable year beginning prior to January 1, 1954.

"(t) Adoption expenses

"(1) In computing net income, there shall be allowed as a deduction, except as limited under Paragraphs (2) and (3), any expenses paid or incurred by the taxpayer or his spouse in connection with the adoption of a child by them. Such expenses include any medical and hospital expenses of the natural mother of an adopted child which are incident to the child's birth, and any welfare agency, legal and other fees or costs relating to the adoption.

"(2) A husband and wife who file a joint return may deduct only those adoption expenses which exceed five per cent of the aggregate adjusted gross income of the husband and wife, and the maximum deduction in any such return for any such expenses shall not exceed two thousand five hundred dollars.

"(3) A husband or wife who files a separate return may deduct only those adoption expenses which exceed five per cent of the adjusted gross income of the taxpayer, and the maximum deduction in any such return for any such expense shall not exceed one thousand two hundred fifty dollars.

"(5) A husband and wife who have paid or incurred both medical expenses and adoption expenses which in the aggregate exceed five per cent of the aggregate adjusted gross income of the husband and wife shall be allowed a deduction in the amount of such excess, subject to the usual applicable limitations, notwithstanding that the amount paid or incurred for each such type of expenses does not exceed five per cent of the aggregate adjusted gross income.

"(6) A husband and wife filing separate returns who

has paid or incurred both medical expenses and adoption expenses which in the aggregate exceed five per cent of his or her adjusted gross income shall be allowed a deduction in the amount of such excess, subject to the usual applicable limitations, notwithstanding that the amount paid or incurred for each such type of expenses does not exceed five per cent of the adjusted gross income.

"(u) Alimony. In computing net income there shall be allowed as a deduction in the case of a husband described in Section 43-112(e) (1), (2), and (4), amounts includible under those sections in the gross income of his wife, payment of which is made within the husband's taxable year. If the amount of any payment is, under Section 43-112(e) (1), (2) and (4), or under Section 43-164 stated not to be includible in the husband's gross income, no deduction shall be allowed with respect to that payment under this subsection.

"(v) Bond premium deduction. There shall be allowed as a deduction in the case of a bondholder, who makes the election in the method and under the conditions prescribed in Paragraph (4), the deduction for amortizable bond premium provided in this subsection.

"(1) General rule. In the case of any bond, as defined in Paragraph (3), the following rules shall apply to the amortizable bond premium (determined under Paragraph (2)) on the bond for any taxable year beginning after December 31, 1953.

"(A) In the case of a bond (other than a bond the interest on which is excludible from gross income), the amount of the amortizable bond premium for the taxable year shall be allowed as a deduction.

"(B) In the case of any bond the interest on which is excludible from gross income, no deduction shall be allowed for the amortizable bond premium for the taxable year.

"(2) Amortizable bond premium

"(A) For the purposes of Subparagraph (B), the amount of bond premium, in the case of the holder of any bond, shall be determined with reference to the amount of the basis (for determining loss on sale or exchange) of such bond, and with reference to the amount payable on maturity or on earlier call date, with adjustments proper to reflect unamortized bond premium with respect to the bond, for the period prior to the date as of which Paragraph (1) becomes applicable with respect to the taxpayer with respect to such bond. In no case shall the amount of bond premium on a convertible bond include any amount attributable to the conversion features of the bond.

"(B) The amortizable bond premium of the taxable year shall be the amount of the bond premium attributable to such year.

"(C) The determinations required under Subparagraphs (A) and (B) shall be made—

"(i) In accordance with the method of amortizing bond premium regularly employed by the holder of the bond, if such method is reasonable;

"(ii) In all other cases, in accordance with regulations prescribing reasonable methods of amortizing bond premium, prescribed by the Tax Commission.

"(3) As used in this subsection, 'bond' means any bond, debenture, note, or certificate or other evidence of indebtedness, issued by any corporation and bearing interest (including any like obligation issued by a government or political subdivision thereof), with interest coupons or in registered form, but does not include any such obligation which constitutes stock in trade of the taxpayer or any such obligation of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or any such obligation held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business.

"(4) The amount of the amortizable bond premium for the taxable year shall be allowed as a deduction only if a taxpayer has elected to claim such deduction. Such election shall be made in accordance with such regulations as the Tax Commission shall prescribe. If such election is made with respect to any bond, it shall also apply to all such bonds held by the taxpayer at the beginning of the first taxable year to which the election applies and to all such bonds thereafter acquired by him, and shall be binding for all subsequent taxable years with respect to all such bonds of the taxpayer, unless, upon application by the taxpayer, the Tax Commission permits him, subject to such conditions as the Tax Commission deems necessary, to revoke such election.

"(5) 'Short-term municipal bonds'—reference. For special rules applicable, in the case of dealers in securities with respect to premium attributable to certain 'short-term municipal bonds', see Section 43-112(g) (1) and (2).

"(w) Deductions, in respect of decedent

"(1) In computing net income, there shall be allowed as a deduction in the case of a person described in Section 43-158(b), the amount of the deductions in respect of a decedent to the extent allowed by that subsection;

"(2) In computing net income, there shall be allowed as a deduction in the case of a person described in Section 43-158(a), the amount of the deductions in respect of a decedent to the extent allowed by Section 43-158(c).

"(x) Medical expenses

"(1) In general. In computing net income, there shall be allowed as a deduction, except as limited under Para-

graphs (2) and (3), expenses paid during the taxable year, not compensated for by insurance or otherwise, for medical care of the taxpayer, his spouse, or a dependent of the taxpayer specified in Section 43-127(b). The term 'medical care', shall include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body (including amounts paid for accident or health insurance), only when substantiated by a schedule showing to whom such amounts have been paid.

"(2) Medical expenses, limitation for joint return. A husband and wife who file a joint return may deduct expenses paid for medical care, however the maximum deduction for the taxable year shall not exceed five thousand dollars.

"(3) Medical expenses, limitation for separate return. An individual who files a separate return may deduct expenses paid for medical care, however the maximum deduction for the taxable year shall not exceed five thousand dollars in the case of the head of a household, and shall not exceed two thousand five hundred dollars in the case of all other individuals.

"(4) Medical expenses, over age sixty-five. In the case of a husband and wife filing a joint return or an individual filing a separate return, if the husband or wife or the individual has reached the age of sixty-five before the close of the taxable year, the expenses for the medical care of the husband or wife or the individual are deductible without regard to the limitation specified in Paragraphs (2) and (3). This paragraph does not relate to or in any way affect the deductibility of expenses incurred for the medical care of a dependent.

"(y) Deductions for care of qualified dependents. Every taxpayer, in reporting income for purposes of taxation, shall be entitled to the following deductions:

"(1) For payments made by any taxpayer who provides a home in his own household for any dependent as defined in Paragraph (2), a deduction for wages paid in cash or its equivalent not exceeding the sum of one hundred dollars per month to a housekeeper or nursemaid for services rendered in such household for the care and supervision of such dependents, if such care and supervision is necessary to permit the taxpayer to be gainfully employed. Provided, that no deductions shall be allowed for payments made to a person who, except for such payments would be a dependent of the taxpayer as defined in Section 43-127(c). Or, if no housekeeper or nursemaid is employed in the household of the taxpayer, he may deduct not exceeding the sum of one hundred dollars per month, fees paid to licensed nursery schools or rest homes for the care of such dependents, if such care and supervision is necessary to permit the taxpayer to be gainfully employed.

"(2) A dependent for the purposes of this subsection shall be a child, step-child or adopted child of the taxpayer under the age of sixteen years, or any other dependent as defined in Section 43-127(c) (including a spouse) who is physically or mentally incapable of self care.

"(3) A deduction under this subsection shall be allowed only for months in which the taxpayer is gainfully employed on a full time basis for at least two weeks.

"(4) Deductions under this subsection shall not be allowed to any taxpayer if the sum of his or her gross income together with the gross incomes of all members of his household exceed six thousand dollars per year. A member of the household, for purposes of this subsection, is any person set forth in Section 43-127(c) who resided in the home of the taxpayer for a period in excess of six months for the taxable year involved.

"(z) Amounts representing taxes and interest paid to cooperative apartment corporation

"(1) Tenant expenses. In computing net income, there shall be allowed as a deduction in the case of a tenant-stockholder, amounts, not otherwise deductible, paid or accrued to a cooperative apartment corporation within the taxable year, if those amounts represent that proportion of the real estate taxes on the apartment building and the land on which it is situated, allowable as deductions under Subsection (c), paid or incurred by the corporation, or of the interest paid or incurred by the corporation on its indebtedness contracted in the acquisition, construction, alteration, rehabilitation, or maintenance of the apartment building or in the acquisition of the land on which the building is located, which the stock of the corporation owned by the tenant-stockholder is of the total outstanding stock of the corporation, including that held by the corporation.

"(2) Definition—'cooperative apartment corporation'. As used in Paragraph (1) 'cooperative apartment corporation' means a corporation—

"(A) Having one and only one class of stock outstanding;

"(B) 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, and

"(C) Eighty per cent or more of the gross income of which for the taxable year in which the taxes and interest described in Paragraph (1) are paid or incurred is derived from tenant-stockholders.

"(3) Definition—'tenant-stockholder'. As used in Paragraph (1), 'tenant-stockholder' means an individual who is a stockholder in a cooperative apartment corporation, and whose stock is fully paid-up in an amount not less than an amount shown to the satisfaction of the Tax Commission as bearing a reasonable relationship to the portion of the value of the corporation's equity in the building and the land on which it is situated, which is attributable to the apartment which such individual is entitled to occupy.

"(aa) Optional standard deduction for individuals

"(1) Standard deductions. An individual, at his election, may take a standard deduction as follows:

"(A) If his adjusted gross income is five thousand dollars or more, the standard deduction shall be five hundred dollars;

"(B) If his adjusted gross income is less than five thousand dollars, the standard deduction shall be an amount equal to ten per cent of the adjusted gross income upon the basis of which the tax applicable to the adjusted gross income of the taxpayer is determined under the tax table provided in Section 43-102(c).

"(C) If the adjusted gross income of a married couple filing a joint return is less than ten thousand dollars, the standard deduction shall be an amount equal to twice ten per cent of one-half of the total adjusted gross income of both taxpayers upon the basis of which the tax applicable to one-half of the adjusted gross income of the taxpayers is determined under the tax table provided in Section 43-102(c).

"(D) If the 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.

"(2) Standard deductions, in lieu of all deductions save those in Section 43-112(f). The standard deduction provided for in Paragraph (1) shall be in lieu of all deductions other than those which under Section 43-112(f) are to be subtracted from gross income in computing adjusted gross income.

"(3) Standard deduction, method of claiming. The standard deduction shall be allowed if the taxpayer so elects in his return, and the Tax Commission shall by regulation prescribe the manner of signifying such election in the return.

"An election to compute the tax under Section 43-102(c) is an election to take the standard deduction.

"(4) Standard deduction, husband and wife. In the case of a husband and wife, the standard deduction provided for in Paragraph (1) shall not be allowed to either if the net income of one of the spouses is determined without

regard to the standard deduction. For the purposes of this paragraph the determination of whether an individual is married shall be made as of the last day of the taxable year, unless his spouse dies during the taxable year, in which case such determination shall be made as of the date of such spouse's death.

"(5) Standard deduction, less than twelve-month period. The standard deduction provided for by Paragraph (1) 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.

"(6) Election to take standard deductions revocable. Under regulations prescribed by the Tax Commission, 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 Paragraph (4) to the taxable year of the taxpayer, the change shall not be allowed unless, in accordance with such regulations—

"(A) 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, and

"(B) The taxpayer and his spouse consent in writing to the assessment, within such period as may be agreed upon with the Tax Commission, 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.

"(bb) Development expense, oil and gas. Expenditures paid or incurred during the income year for the development of an oil or gas well if paid or incurred after December 31, 1953, may at the option of the taxpayer be deducted from gross income or charged to capital account.

"(cc) Development expense, mines

"(1) Except as provided in Paragraph (2), in computing net income there shall be allowed as a deduction all expenditures paid or incurred during the taxable year for the development of a mine or other natural deposit (other than an oil or gas well) if paid or incurred after December 31, 1953, and after the existence of ores or minerals in commercially marketable quantities has been disclosed.

"This subsection shall not apply to expenditures for the acquisition or improvement of property of a character which is subject to the allowance for depreciation provided in Subsection (1), but allowances for depreciation shall be considered, for the purposes of this subsection, as expenditures.

"(2) At the election of the taxpayer, made in accordance with regulations prescribed by the Tax Commission, expenditures described in Paragraph (1) paid or incurred during the taxable year shall be treated as deferred expenses and shall be deductible on a ratable basis as the units of produced ores or minerals benefited by such expenditures are sold. In the case of such expenditures paid or incurred during the development stage of the mine or deposit, the election shall apply only with respect to the excess of such expenditures during the taxable year over the net receipts during the taxable year from the ores or minerals produced from such mine or deposit. The election must be for the total amount of such expenditures, or the total amount of such excess, as the case may be, with respect to the mine or deposit, and shall be binding for such taxable year.

"(3) The amount of expenditures which are treated under Paragraph (2) as deferred expenses shall be taken into account in computing the adjusted basis of the mine or deposit, except that such amount, and the adjustments to basis provided in Sections 43-154(b) (2) (A), shall be disregarded in determining the adjusted basis of the property for the purpose of computing a deduction for depletion under Section 43-153 of this title.

"(dd) Dividends from Arizona corporations. Every taxpayer, in reporting income for purposes of taxation, shall be entitled to a deduction 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 subsection the principal business of a corporation shall be considered attributable to Arizona if fifty per cent or more of the entire net 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 average taxable income provided by this title.

"(ff) Exploration expense

"(1) In the case of expenditures paid or incurred during the taxable year for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral within the State of Arizona, and paid or incurred prior to the beginning of the development stage of the mine or deposit, in computing net income there shall be allowed as a deduction so much of such expenditures as does not exceed seventy-five thousand dollars.

"This subsection shall apply only with respect to the amount of such expenditures which, but for this subsection, would not be allowable as a deduction for the taxable year.

"This subsection shall not apply to expenditures for the

acquisition or improvement of property of a character which is subject to the allowance for depreciation provided in Subsection (1), but allowances for depreciation shall be considered, for the purposes of this subsection, as expenditures paid or incurred.

"This subsection shall likewise apply with respect to amounts paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas.

"(2) If the taxpayer elects, in accordance with regulations prescribed by the Tax Commission, to treat as deferred expenses any portion of the amount deductible for the taxable year under Paragraph (1), such portion shall not be deductible under Paragraph (1) but shall be deductible 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.

"(3) The amount of expenditures which are treated under Paragraph (2) as deferred expenses shall be taken into account in computing the adjusted basis of the mine or deposit, but such amounts, and the adjustments to basis provided in Section 43-154(b) (2) (A) shall be disregarded in determining the adjusted basis of the property for the purpose of computing a deduction for depletion under Section 43-153 of this title.

"(gg) Farmers' cooperatives. In the case of farmers, fruit growers, or like associations organized and operated on a cooperative or mutual basis, (1) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, which may include reasonable reserves on the basis of either the quantity or the value of the products furnished by them, or (2) for the purpose of purchasing, or producing, supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses, in computing net income there shall be allowed as a deduction all income resulting from or arising out of such business activities for or with their members carried on by them or their agents when and to the extent distributed in cash to such members.

"(hh) Other cooperatives. In the case of any other association organized and operated on a cooperative or a mutual basis no deduction or exemption set forth in Subsection (gg) shall be applicable.

"Sec. 3. Effective date

"The provisions of this act shall become effective on January 1, 1968."

Amend title to read:

"Relating to taxation; providing for an increase in the

rate of taxation on income; providing for the elimination of federal income taxes as a deduction by corporations, and amending Sections 43-102 and 43-123, Arizona Revised Statutes."

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 4 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE BILL 7, passed by a vote of 19 ayes, 11 nays, with the following amendments:

(House engrossed bill)

Strike everything after the enacting clause and insert:

"Section 1. Sec. 42-1312, Arizona Revised Statutes, is amended to read:

"42-1312. Tangible personal property; exceptions; classification of proceeds; sales to establishments preparing foods for human consumption

"A. The tax imposed by Subsection A of Section 42-1309 shall be levied and collected at an amount equal to two per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of selling any tangible personal property whatever at retail, but the tax shall not apply to the gross proceeds of sales or gross income from:

"1. The sale of stocks and bonds.

"2. Professional or personal service occupations, or businesses which involve sales or transfers of tangible personal property only as inconsequential elements thereof.

"3. Services rendered in connection with or in addition to the sale of tangible personal property at retail by businesses or occupations other than those to which Subdivisions (a) through (h) of Paragraph 2 of Section 42-1310 and Section 42-1311 are applicable.

"4. Drugs which may be dispensed or sold only by or on the prescription of a member of the medical, dental or veterinarian profession who is licensed by law to administer such drugs.

"B. When any person is engaged in an occupation or business to which Subsection A of this section is applicable, such person's books shall be kept so as to show separately the gross proceeds of sales of tangible personal property and the gross income from sales of services, and if not so kept the tax shall be imposed upon the total of such person's gross proceeds of sales of tangible personal property and gross income from services.

"C. When any person is engaged in the business of selling tangible personal property at both wholesale and retail, the retail rate shall be applied only to the gross proceeds of the sales made other than at wholesale when such person's books are kept so as to show separately the gross proceeds of sales of each class, and when such books are not so kept the retail rate shall be applied to the gross proceeds of every sale so made.

"D. The sale to hotels, restaurants, dining cars, lunch rooms, boarding houses or similar establishments of articles used by human beings for food, drink or condiment, whether simple, mixed or compounded, where such articles are customarily prepared and served to patrons for consumption on the premises or on such dining cars, shall be deemed wholesale sales as to such commodities, and the person who then resells such commodities in cooked or prepared form shall be deemed to be engaged in the business classified in Section 42-1313.

"Sec. 2. Title 42, Chapter 8, Arizona Revised Statutes, is amended by adding Article 1.2, Sections 42-1371 and 42-1372, to read:

"Article 1.2. Services excise tax

"42-1371. Levy of tax

"There is levied and shall be collected by the commission an annual tax measured by an amount equal to one and one-half per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

"1. Producing and furnishing, or furnishing to consumers, electricity, electric lights, current, power or gas, natural or artificial, and water, except electrical or thermal energy sold to distributors.

"2. Transmitting local or long distance messages or conversations by telephone, or messages by telegraph, from one point to another point in the state, including gross income derived from tolls, subscriptions and services on behalf of subscribers, or by the publication of a directory of the names of subscribers.

"3. Transporting for hire freight or passengers by railroads or aircraft from one point to another point in the state.

"4. Publication of newspapers, magazines or other periodicals and publications, when published within the state, including the gross income derived from subscriptions, advertising and notices.

"5. Contracting, but payments paid by the contractor for labor employed in construction, improvements or repairs shall not be subject to such tax.

"42-1372. Administration

"Unless the context otherwise requires, the provisions of Article 1 of this chapter shall govern the administration of the tax imposed by Section 42-1371, provided:

"1. No separate license, return or record shall be required, made or kept or filed, and the tax due under Section 42-1371 shall be included and reported, shown and paid with the transaction privilege tax in accordance with the provisions of Article 1 of this chapter.

"2. The provisions of Section 42-1303 shall not require the execution of a separate bond conditioned upon the faithful discharge of the duties of any agent of the commission in the administration of this article. The conditions of bonds executed for the administration of Article 1 shall be enlarged to include the administration of this article.

"3. The provisions of Sections 42-1341 and 42-1342 shall not apply to this article.

"4. The commission shall each day remit all revenues collected under this article to the State Treasurer through the State Auditor, and the State Treasurer shall credit the payments to a fund designated as the tax clearing account for businesses included by the terms of Article 1.2, Chapter 8, Title 42.

"5. After deducting from the tax clearing account, prescribed by Paragraph 4, only warrants drawn against the account by the application of Sections 42-1326, 42-1339 and 42-1413, the whole of the balance then remaining, without any further deductions, shall be credited to the State General Fund.

"6. The tax imposed by this article shall be a lien upon the property of any person subject to the tax to the extent provided in Section 42-1337 and may be included, without segregation, in any lien filed for unpaid taxes under the provisions of that section.

"7. Any person aggrieved by the enforcement of any provisions of this article shall have the right of protest and appeal as provided by Sections 42-1338 and 42-1339."

Amend title to read:

"Relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending Section 42-1312; and amending Title 42, Chapter 8, Arizona Revised Statutes, by adding Article 1.2."

Motion by Mr. Barr, seconded by Mr Ellsworth, that the House do not concur in the Senate amendments to House Bill 7 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker

Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE BILL 14, passed by a vote of 28 ayes, 2 nays, with the following amendments:

(House engrossed bill)

Page 1, line 17, after "roll" strike balance of line, all of lines 18 and 19, and insert:

"; provided that any improvements to real property which are not substantially completed by April 1 shall not be valued and placed on the roll for that year."

Page 2, between lines 3 and 4 insert:

"At the time such person is advised of his property valuation the assessor shall deliver such person written notice of the last date upon which his appeal, as prescribed in this section, may be filed."

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 14 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE BILL 15, passed by a vote of 30 ayes, with the following amendment:

(House engrossed bill)

Page 1, line 6, strike "exclusively".

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 15 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and and Crosby.

HOUSE BILL 16, passed by a vote of 19 ayes, 11 nays, with the following amendment:

(House engrossed bill)

Page 2, line 21, strike "three" and insert "two".

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 16 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE BILL 17, passed by a vote of 17 ayes, 13 nays, with the following amendments:

(House engrossed bill)

Page 1, line 8, after "is" insert "finally".

Page 2, line 5, after "is" insert "finally".

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 17 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE BILL 18, passed by a vote of 27 ayes, 2 nays, 1 not voting, with the following amendments:

(House engrossed bill)

Page 1, line 7, after "find" strike "within each taxing district of the state".

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 18 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE BILL 19, passed by a vote of 18 ayes, 12 nays, with the following amendments:

(House engrossed bill)

Page 1, strike Paragraph C in its entirety.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Bill 19 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE CONCURRENT RESOLUTION 1, passed by a vote of 18 ayes, 12 nays, with the following amendments:

(House engrossed bill)

Strike everything after the resolving clause and insert:

"1. The following amendment of Article 9, Section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

"Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There

shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945, and such exemption for persons other than widows shall be applicable only to real property consisting of the home owned and occupied by such person, and provided that if such home of such person is owned as community property the exemption granted to such person shall be applicable to only his one-half interest in such home. No property shall be exempt which has been conveyed to evade taxation. A person who makes a false statement in support of a claim for tax exemption under the provisions of this section shall be punished as provided by law. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

"2. The proposed amendment (approved by a majority of the members elected to each House of the Legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the Secretary of State submitted to the qualified electors at the next general election (or at a special election called for that purpose), as provided by Article 21, Constitution of Arizona."

Amend title to read:

"Proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations upon tax exemptions of veterans, and amending Article 9, Section 2, Constitution of Arizona."

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Concurrent Resolution 1 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Biles, Pritzlaff and Crosby.

HOUSE CONCURRENT RESOLUTION 3, passed by a vote of 18 ayes, 12 nays, with the following amendments:

(House engrossed bill)

Strike everything after the resolving clause and insert:

"1. The following amendment of Article 9, Section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

"Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

"The exemption granted to widows by the terms of this section shall remain in full force and effect. For those who apply for a widow's exemption on January 1, 1969 or thereafter for the first time, in addition to all other qualifications prescribed by this section for such exemption, the annual net taxable income as determined for State of Arizona income tax purposes from all sources of such widow in the year immediately preceding exemption shall not exceed (1) the sum of three thousand five hundred dollars if none of the widow's children under the age of twenty-one years is residing with or dependent on such widow, or if none of the widow's children residing with or dependent on

such widow is totally and permanently disabled, physically or mentally, as so certified by competent medical authority as prescribed by law, or (2) the sum of five thousand dollars if one or more of the widow's children under the age of twenty-one years is residing with or dependent on such widow, or if one or more of the widow's children residing with or dependent on such widow is totally and permanently disabled, physically or mentally, as so certified by competent medical authority as prescribed by law, and provided further, that the widow shall submit satisfactory evidence to the county assessor showing that she resided in Arizona on January 1, 1969 and that she was a resident of this state at the time of her last husband's death.

"No property shall be exempt which has been conveyed to evade taxation. A person who makes a false statement in support of a claim for tax exemption under the provisions of this section shall be punished as provided by law.

"2. The proposed amendment (approved by a majority of the members elected to each House of the Legislature, and entered upon the respective journals thereof, together with the ayes and nays thereon) shall be by the Secretary of State submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by Article 21, Constitution of Arizona."

Amend title to read:

"Proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending Article 9, Section 2, Constitution of Arizona."

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House do not concur in the Senate amendments to House Concurrent Resolution 3 and a House Free Conference Committee be appointed to meet with a like committee from the Senate on the disagreement. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

SENATE BILL 2, refused to concur in House amendments and appointed Senate Free Conferees Huso, Garfield, Kret, Knoles, Gibbings and Campbell, and requests the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference Committee to consider the disagreement on House amendments to Senate Bill 2. Carried, and Speaker Turley appointed Members Akers, Flake, Gardner, Rosenbaum, Koory and Rickard.

SENATE BILL 4, refused to concur in House amendments and appointed Senate Free Conferees Porter, Lewis, Jacquin,

Goldberg, Giss and Gregovich, and requests the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference Committee to consider the disagreement on House amendments to Senate Bill 4. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

SENATE BILL 8, refused to concur in House amendments and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich, and requests the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference Committee to consider the disagreement on House amendments to Senate Bill 8. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

SENATE BILL 9, refused to concur in House amendments and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich, and requests the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference Committee to consider the disagreement on House amendments to Senate Bill 9. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

SENATE BILL 15, refused to concur in House amendments and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich, and requests the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference Committee to consider the disagreement on House amendments to Senate Bill 15. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

SENATE BILL 16, refused to concur in House amendments and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich, and requests the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference Committee to consider the disagreement on House amendments to Senate Bill 16. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

SENATE BILL 17, refused to concur in House amendments and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich, and requests the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference

Committee to consider the disagreement on House amendments to Senate Bill 17. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

SENATE CONCURRENT RESOLUTION 2, refused to concur in House amendments and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich, and request the House to appoint a like committee.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House accede to the Senate request and appoint a House Free Conference Committee to consider the disagreement on House amendments to Senate Concurrent Resolution 2. Carried, and Speaker Turley appointed Members Barrow, Buehl, Barr, Pritzlaff, Crosby and Biles.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned until 1:30 P.M., Tuesday, December 12, 1967. Carried at 8:29 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

SIXTEENTH DAY
TUESDAY, DECEMBER 12, 1967

The House met at 1:30 P.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Barr, Barrow, Bloom, Buehl, Carrillo, Cook, Coppinger, Elliott, Ellsworth, Faron, Fricks, Gardner, Goodwin, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Maynard, Miniken, Pale, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stuckey, Vipperman, Williams, Speaker Turley — 42.

EXCUSED: Bailey, Biles, Brown, Crosby, Farley, Flake, Getzwiller, Hardt, Hawes, House, Kluender, Lyman, McConnell, Peck, Pena, Stone, Thompson, Walker — 18.

Chaplain of the House, L. J. Dunbar, offered prayer.

The Pledge of Allegiance to the Flag of the United States was led by Mrs. Adams.

Without objection, the reading of the Journal of Friday, December 8, 1967, was dispensed with, and approved as written.

At 1:35 P.M., the Sergeant at Arms announced the seating of Members Biles, Crosby, Farley, Flake, Getzwiller, Hardt, Hawes, House, Kluender, Peck, Pena, Stone and Thompson.

BILLS AND OTHER BUSINESS FROM THE SENATE

Messages from the Secretary of the Senate, Louise C. Brimhall, were read:

HOUSE BILL 1, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 4, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 7, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 14, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 15, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 16, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 17, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 18, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE BILL 19, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE CONCURRENT RESOLUTION 1, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

HOUSE CONCURRENT RESOLUTION 3, acceded to House request and appointed Senate Free Conferees Porter, Lewis, Jacquin, Goldberg, Giss and Gregovich.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned until 10:00 A.M., Wednesday, December 13, 1967. Carried at 1:44 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 10:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley—55.

EXCUSED: Bailey, Brown, House, Kluender, Maynard—5.

Member William D. Lyman offered prayer.

Without objection, the reading of the Journal of Tuesday, December 12, 1967, was dispensed with, and approved as written.

PERSONAL PRIVILEGE

The following members asked that their remarks be entered in the Journal:

> I urge for the immediate impeachment of Chief Justice Earl Warren and his colleague. Our country and the United Nations have been fighting communist aggression throughout the world for many years. Many of our sons have died fighting for this country—yet our own Chief Justice gives the communist our country without firing a shot. I say "HELL, NO!!" If the communists want defense jobs, send them to Russia.
>
> Maybe there are too many communists working in our defense plants already, that is why the M116 rifle doesn't work in combat. I want my son to have a chance. Our sons have enough trouble staying alive without communist-made guns or planes.
>
> I urge every citizen to ask for the immediate impeachment of Chief Justice Warren and Mr. William J. Brennan. These men are not fit to hold such an honorable post. A great man, President Kennedy, died at the hands of the communists. Is this their medal for a job well done?
>
> Again I say "HELL NO" to defense plants. If you love the communists get your passport and go to Russia.
>
> TONY R. ABRIL

At 9:05 A.M., the Sergeant at Arms announced the seating of Mr. Bailey.

> Not very often do I agree with Republicans or with what they say on TV, but they seem to be having a change of heart, which makes me happy. "When I finished telling my audience what was really in the school bill, they all applauded. They said they did not realize the bill was so good", one of my Republican colleagues said.
>
> I'm happy the conference committee is making changes in the school bill. Another recent quote on TV regarding the tax

bill—"It is unusual when a majority caucus puts a bill out only for the purpose of getting it into a conference committee when there are not 31 representatives who are truly in agreement with the measure." My Republican friend stated further: "While I am speaking only for myself, there are Maricopa, Pima and rural counties not happy with the way the school bill went out of the House." Representing a rural county, I appreciate this gentleman's speech. It shows, many are seeing it our way. With this attitude, we will have a school bill without state controls, a bill that is fair, easy to figure and collect.

A. V. HARDT

At 10:13 A.M., the Sergeant at Arms announced the seating of Mrs. Maynard.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 10:14 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

EIGHTEENTH DAY
THURSDAY, DECEMBER 14, 1967

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, McConnell, Miniken, Pale, Peck, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Walker, Williams, Speaker Turley — 50.

EXCUSED: Adams, Brown, Cook, Farley, Flake, Lyman, Maynard, Pena, Shelley, Vipperman — 10.

At 9:01 A.M., the Sergeant at Arms announced the seating of Members Farley and Flake.

Chaplain of the House, Bert Lewis, offered prayer.

Without objection, the reading of the Journal of Wednesday, December 13, 1967, was dispensed with, and approved as written.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:05 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Koory, Lena, Lyman, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Thompson, Vipperman, Walker, Williams, Speaker Turley — 55.

EXCUSED: Brown, Kelley, Kluender, Maynard, Stuckey — 5.

Chaplain of the House, Gayle Strickler, offered prayer.

At 9:05 A.M., the Sergeant at Arms announced the seating of Mr. Stuckey.

Without objection, the reading of the Journal of Thursday, December 14, 1967, was dispensed with, and approved as written.

PERSONAL PRIVILEGE

Mr. Barrow addressed the House on the Reappraisal Program.

At 9:14 A.M., the Sergeant at Arms announced the seating of Mrs. Maynard.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 9:15 A.M.

AFTERNOON SESSION

At 1:30 P.M., the House resumed session, Speaker Turley presiding.

At 1:30 P.M., the Sergeant at Arms announced the seating of Mr. Kluender.

The Proclamation of His Excellency, Jack Williams, the Governor of Arizona, under date of December 15, 1967, amending the call of the Twenty-eighth Legislature, Third Special Session, was read as follows:

PROCLAMATION

AMENDING THE CALL OF THE SPECIAL SESSION OF THE TWENTY-EIGHTH LEGISLATURE OF THE STATE OF ARIZONA

WHEREAS, the Constitution of Arizona (Article IV, Part 2, Section 3) authorizes the Governor to call a special session of the Legislature when the circumstances demand it, and provides that in such cases he shall specify the subjects to be considered; and

WHEREAS, pursuant to this authority the Twenty-eighth Legislature was called into its Third Special Session on Monday, the 27th of November, 1967; and

WHEREAS, since that time there has been established to the satisfaction of many members of the Legislature that there is an extreme urgency for additional funds in several state agencies;

NOW, THEREFORE, I hereby amend my original call issued on the date above by adding the following specific items to be considered by this Third Special Session as indicated below:

1. A supplemental appropriation of $220,004.00 to the Department of Property Valuation.

2. A supplemental appropriation of $10,000.00 to the State Board of Property Tax Appeal.

3. A supplemental appropriation of $113,000.00 to the Interstate Stream Commission for technical and professional services.

4. A supplemental appropriation of $319,165.00 to the State Board of Crippled Children's Services.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona.

DONE at the Capitol in Phoenix this 15th day of December in the year of Our Lord One Thousand Nine Hundred and Sixty-seven and of the Independence of the United States the One Hundred and Ninety-second.

(SEAL)

/s/ JACK WILLIAMS,
Governor.

ATTEST: /s/ WESLEY BOLIN,
Secretary of State.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 1:37 P.M.

At 1:52 P.M., Speaker Turley called the House to order.

At 1:52 P.M., the Sergeant at Arms announced the seating of Mr. Kelley.

Without objection, the House referred to the Order of Business:

FIRST READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the first time by number and title:

HOUSE BILL 28, by Committee on Rules, An Act, making an appropriation to the Department of Property Valuation.

HOUSE BILL 29, by Committee on Rules, An Act, making an appropriation to the State Board of Property Tax Appeals.

HOUSE BILL 30, by Committee on Rules, An Act, making an appropriation to the Interstate Stream Commission.

HOUSE BILL 31, by Committee on Rules, An Act, making an appropriation to the Arizona State Board of Crippled Children's Services.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared and House Bills 28, 29, 30 and 31 be placed under the Order of Business, Second Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

SECOND READING OF BILLS

By two-thirds consent, constitutional requirement, Article IV, Section 12, was dispensed with, and the following bills were read the second time by number and title:

HOUSE BILL 28, appropriation to Department of Property Valuation. Referred to Committees on Rules; Appropriations.

HOUSE BILL 29, appropriation to State Board of Property Tax Appeals. Referred to Committees on Rules; Appropriations.

HOUSE BILL 30, appropriation to Interstate Stream Commission. Referred to Committees on Rules; Appropriations.

HOUSE BILL 31, appropriation to Arizona State Board of Crippled Children's Services. Referred to Committees on Rules; Appropriations.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 2:54 P.M.

At 3:00 P.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Appropriations, John C. Pritzlaff, Chairman.

HOUSE BILL 28, do pass.

HOUSE BILL 29, do pass.

HOUSE BILL 30, amended, do pass.

HOUSE BILL 31, do pass.

Rules, Burton S. Barr, Chairman.

HOUSE BILL 28, constitutional and in proper form.

HOUSE BILL 29, constitutional and in proper form.

HOUSE BILL 30, constitutional and in proper form, as amended by Committee on Appropriations.

HOUSE BILL 31, constitutional and in proper form.

Rules, Burton S. Barr, Chairman.

HOUSE BILLS 28, 29, 30 and 31.

MOTION TO GO INTO COMMITTEE OF THE WHOLE

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House resolve itself into a Committee of the Whole for the consideration of the bills on the Calendar. Carried, and at 3:02 P.M., Mr. Alexander took the Chair.

At 3:09 P.M., the Committee of the Whole was dissolved and Mr. Alexander, Chairman, reported:

That House Bill 28 do pass.

That House Bill 29 do pass.

That House Bill 30 be amended as follows:

Page 1, line 3, strike "thirty-three" and insert "thirteen".

And, as so amended, it do pass.

That House Bill 31 do pass.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the report of the Committee of the Whole be adopted and the bills be properly assigned. Carried.

DISPOSITION OF BUSINESS FROM COMMITTEE OF THE WHOLE

HOUSE BILLS 28, 29 and 31, were referred to Committee on Administration to be engrossed.

HOUSE BILL 30, as amended by Committee of the Whole, was referred to Committee on Administration to be engrossed.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on engrossing.

HOUSE BILLS 28, 29, 30 and 31.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the rules be suspended, an emergency declared and House Bills 28, 29, 30 and 31 be placed under the Order of Business, Third Reading of Bills, for today. Carried by a two-thirds vote of all members elected to the House.

THIRD READING OF BILLS

The following bills were read the third time in full:

HOUSE BILL 28, entitled, An Act, making an appropriation to the Department of Property Valuation.

On roll call HOUSE BILL 28 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Williams, Speaker Turley — 52.

NAYS: Abril, Rickard — 2.

NOT VOTING: Brown, Coppinger, Flake, Kluender, Vipperman, Walker — 6.

House Bill 28 was signed in open session by Speaker Turley.

HOUSE BILL 29, entitled, An Act, making an appropriation to the State Board of Property Tax Appeals.

On roll call HOUSE BILL 29 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Williams, Speaker Turley — 55.

NOT VOTING: Brown, Coppinger, Flake, Vipperman, Walker — 5.

House Bill 29 was signed in open session by Speaker Turley.

HOUSE BILL 30, entitled, An Act, making an appropriation to the Interstate Stream Commission.

On roll call HOUSE BILL 30 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pritzlaff, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Williams, Speaker Turley — 52.

NAYS: Abril, Pena, Rickard — 3.

NOT VOTING: Brown, Coppinger, Flake, Vipperman, Walker — 5.

The following member asked that explanation of his vote be entered in the Journal:

The people of this state have already spent several million dollars in order to provide water from the Colorado River for this state. I cannot oppose this bill appropriating money to continue the study to find out if it is feasible for this state to go it alone if necessary to acquire this water, but I must point out that this money, as well as all of the money already spent, has come from the whole state. As I read it, the bill passed last year by this body, would not assure any direct benefit to any county except Maricopa, Pinal and Pima.

I therefore, sincerely hope that this body will make the necessary changes in this law to provide domestic water for all 14 counties, and water for the Fish and Game Commission as was provided in the bill that was originally introduced in the National Congress, when the time comes for Arizona to pay for a State Central Arizona Project.

I vote "AYE".

SAM A. McCONNELL, JR.

House Bill 30 was signed in open session by Speaker Turley.

HOUSE BILL 31, entitled, An Act, making an appropriation to the Arizona State Board of Crippled Children's Services.

On roll call HOUSE BILL 31 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Cook, Crosby, Elliott, Ellsworth, Farley, Faron, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Stuckey, Thompson, Williams, Speaker Turley — 54.

NOT VOTING: Brown, Coppinger, Flake, Kelley, Vipperman, Walker — 6.

House Bill 31 was signed in open session by Speaker Turley.

Speaker Turley introduced the Ruiz family of Puerto Rico, guests of Mr. Abril. Mr. Ruiz was a former member of the House of Representatives of Puerto Rico.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned until 10:00 A.M., Saturday, December 16, 1967. Carried at 3:25 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 10:00 A.M., Speaker pro tempore Barr presiding, in accordance with House Rule 1.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Barrow, Biles, Bloom, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Goodwin, Hardt, Hawes, Holley, House, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, Maynard, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker pro tempore Barr — 51.

EXCUSED: Bailey, Brown, Cook, Getzwiller, Kluender, McConnell, Shelley, Smith, Speaker Turley — 9.

Member Ruth Peck offered prayer.

Without objection, the reading of the Journal of Friday, December 15, 1967, was dispensed with, and approved as written.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman.

Ordered:

House Bills 28, 29, 30 and 31, mimeographed.....90 copies.

Motion by Mr. Ellsworth, seconded by Mr. Pritzlaff, that the House stand adjourned until 10:00 A.M., Monday, December 18, 1967. Carried at 10:12 A.M.

BURTON S. BARR,
Speaker pro tempore of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

TWENTY-SECOND DAY
MONDAY, DECEMBER 18, 1967

The House met at 10:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Barr, Barrow, Biles, Bloom, Buehl, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Goodwin, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Smith, Stinson, Stone, Thompson, Walker, Williams, Speaker Turley — 45.

EXCUSED: Alexander, Bailey, Brown, Carrillo, Cook, Gardner, Getzwiller, Hardt, House, Lena, Lyman, Maynard, McConnell, Stuckey, Vipperman — 15.*

Member M. G. Miniken offered prayer.

The Pledge of Allegiance to the Flag of the United States was led by Mrs. Peck.

Without objection, the reading of the Journal of Saturday, December 16, 1967, was dispensed with, and approved as written.

At 10:05 A.M., the Sergeant at Arms announced the seating of Mr. Stuckey.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 10:06 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

*Members were absent due to unusual inclement weather causing main highways to be closed.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Faron, Fricks, Gardner, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, Lyman, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 49.

EXCUSED: Bailey, Brown, Cook, Farley, Flake, Getzwiller, House, Kluender, Maynard, McConnell, Shelley — 11.

Member Bess B. Stinson offered prayer.

Without objection, the reading of the Journal of Monday, December 18, 1967, was dispensed with, and approved as written.

At 9:07 A.M., the Sergeant at Arms announced the seating of Members Farley and Flake.

PERSONAL PRIVILEGE

The following members addressed the House:

Mr. Elliott — Legislation — The Speaker has been concerned about a fair and equitable tax for everyone, but is embarrassed by the bungling of those under him. Too many chiefs and not enough Indians.

Mr. Carrillo — Commended the majority members for not yielding to the pressures of special interest groups.

Mr. Ellsworth — Commented on the fact that there are members who are quick to criticize, but can offer no alternatives.

Mr. Hardt — Storm — At this time, the Legislature should all get behind the Governor in his appeal to declare much of the state a disaster area.

Mr. Barr — We should be more concerned about the Indians on the Reservations who are snowbound, also the airplane crash which occurred in Tucson.

At 9:13 A.M., the Sergeant at Arms announced the seating of Mrs. Getzwiller.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned. Carried at 9:16 A.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

The House met at 9:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Miniken, Pale, Peck, Pena, Pritzlaff, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Thompson, Vipperman, Walker, Williams, Speaker Turley — 50.

EXCUSED: Buehl, Cook, Farley, House, Lyman, Maynard, McConnell, Rickard, Shelley, Stuckey — 10.

Member Richard E. Bailey offered prayer.

Without objection, the reading of the Journal of Tuesday, December 19, 1967, was dispensed with, and approved as written.

At 9:06 A.M., the Sergeant at Arms announced the seating of Members Farley, Rickard, Shelley and Stuckey.

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Ways & Means, Timothy A. Barrow, Chairman.

SENATE BILL 6, do pass.

At 9:08 A.M., the Sergeant at Arms announced the seating of Mr. Lyman.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 9:09 A.M.

AFTERNOON SESSION

At 1:45 P.M., the House resumed session, Speaker Turley presiding.

At 1:45 P.M., the Sergeant at Arms announced the seating of Members Buehl and Maynard.

Motion by Mr. Barr, seconded by Mr. Pritzlaff, that the House stand at recess, subject to the call of the gavel. Carried at 1:47 P.M.

At 3:15 P.M., Speaker Turley called the House to order.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 3:16 P.M.

At 3:43 P.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Education, Al Kluender, Chairman.

HOUSE BILL 10,

Majority: amended, do pass.

Minority: do not pass.

J. R. RICKARD

Rules, Burton S. Barr, Chairman.

HOUSE BILL 10, amended, constitutional and in proper form.

HOUSE BILL 11, constitutional and in proper form.

State Government, Scott Alexander, Chairman.

HOUSE BILL 11,

Majority: do pass.

Minority: do not pass.

LEON THOMPSON
CHARLES A. JOHNSON
SAM LENA
ETHEL MAYNARD
W. F. VIPPERMAN

Ways & Means, Timothy A. Barrow, Chairman.

HOUSE BILL 10, do pass.

HOUSE BILL 11, amended, do pass.

Rules, Burton S. Barr, Chairman.

HOUSE BILLS 10 and 11.

MOTION TO GO INTO COMMITTEE OF THE WHOLE

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House resolve itself into a Committee of the Whole for the consideration of the bills on the Calendar. Carried, and at 3:45 P.M., Mr. Ellsworth took the Chair.

At 3:58 P.M., the Committee of the Whole was dissolved and Mr. Ellsworth, Chairman, reported:

That House Bill 10 be amended as follows:

Page 1, line 10, before the comma, insert "and financial assistance".

Page 1, line 21, strike the period and insert ", and for the purpose of raising additional funds for common and high school financial assistance."

Page 1, line 27, strike "two" and insert "three".

Amend title to read:

"Relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for common and high school equalization and financial assistance;

providing for the imposition of a cigarette floor stock tax for the purpose of raising additional funds for common and high school financial assistance, and amending Section 42-1231, Arizona Revised Statutes."

And, as so amended, it do pass.

That House Bill 11 be amended as follows:

Page 1, line 24, strike "fifteen" and insert "twelve and one-half".

Page 2, lines 2, 11 and 13, strike "fifteen" and insert "twelve and one-half".

Page 2, line 14, strike "eleven" and insert "eight".

And, as so amended, it do pass.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the report of the Committee of the Whole be adopted and the bills be properly assigned. Carried.

DISPOSITION OF BUSINESS FROM COMMITTEE OF THE WHOLE

HOUSE BILLS 10 and 11, as amended by Committee of the Whole, were referred to Committee on Administration to be engrossed.

PERSONAL PRIVILEGE

The following members addressed the House:

Mr. Brown — Storm — This Legislature's first concern, at this time, should be with the emergency situation which exists in the State, and provisions be made to aid those who are isolated and to the cattle who are without feed.

Mr. Lyman — Concurred with Mr. Brown that this was a serious matter; that a committee should be appointed to investigate the problem.

Speaker Turley — The offices of the Governor and Civil Defense have given assurance that every effort has been made, and relief measures have been taken.

Mr. Abril — The Governor's aide advised at noon today, that 18 helicopters were unable to give aid due to the weather and semis were also unable to reach people on the reservations.

Speaker Turley invited Mr. Brown and Mr. Lyman to come into his office to further pursue these suggestions.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 4:06 P.M.

At 7:36 P.M., Speaker Turley called the House to order.

At 7:36 P.M., the Sergeant at Arms announced the seating of Mr. McConnell.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee report was read:

Administration, Polly Rosenbaum, Chairman, on engrossing.

HOUSE BILLS 10 and 11.

BUSINESS ON THE SPEAKER'S DESK

Speaker Turley announced the personnel of the following committee:

COORDINATING EMERGENCY DISASTER COMMITTEE
Jack A. Brown, Chairman, William D. Lyman, Sam A. McConnell, Jr., Richard E. Bailey and A. V. Hardt.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand adjourned until 10:00 A.M., Thursday, December 21, 1967. Carried at 7:40 P.M.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

TWENTY-FIFTH DAY
THURSDAY, DECEMBER 21, 1967

The House met at 10:00 A.M., Speaker Turley presiding.

Attendance roll call was as follows:

PRESENT: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Huffer, Hutcheson, Johnson, Jones, Kelley, Koory, Lena, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 52.

EXCUSED: Brown, Cook, Holley, House, Kluender, Lyman, Maynard, Shelley — 8.

Member Sam Flake offered prayer.

Without objection, the reading of the Journal of Wednesday, December 20, 1967, was dispensed with, and approved as written.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 10:11 A.M.

AFTERNOON SESSION

At 2:10 P.M., the House resumed session, Speaker Turley presiding.

At 2:10 P.M., the Sergeant at Arms announced the seating of Members Brown, Holley, Kluender, Lyman, Maynard and Shelley.

Motion by Mr. Barr, seconded by Mr. Crosby, that the House stand at recess, subject to the call of the gavel. Carried at 2:11 P.M.

At 2:40 P.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

THIRD READING OF BILLS

The following bills were read the third time in full:

HOUSE BILL 10, entitled, An Act, relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for common and high school equalization and financial assistance; providing for the imposition of a cigarette floor stock tax for the purpose of raising additional funds for common and high school financial assistance, and amending Section 42-1231, Arizona Revised Statutes.

On roll call HOUSE BILL 10 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 32.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Goodwin, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker — 26.

NOT VOTING: Cook, House — 2.

The following members asked that explanation of their votes be entered in the Journal:

> I strongly oppose House Bill 10 which imposes an increase in the state tobacco tax.
>
> This increase puts Arizona in the second highest category of tobacco taxation in the fifty states.
>
> This is a consumer tax and imposed on just one segment of the population.
>
> The majority publicly advertised on many occasions that this session would not increase taxes but merely shift the tax load.
>
> I vote "NAY".
>
> TONY S. CARRILLO

House Bill 10 is not needed to support the school program at this time (if it were needed, I could support it). This bill along with House Bill 11 will produce some 7 to 8 millions of dollars to be used by the Republicans to reduce the state tax levy during next year's election. This bill is truly a tax shift placing an unreasonable tax upon a minority to benefit another minority who wish to avoid paying their fair share of taxes.

It is particularly designed to clip those in the low income bracket.

I vote "NAY".

JAMES A. ELLIOTT

House Bill 10 was signed in open session by Speaker Turley.

HOUSE BILL 11, entitled, An Act, relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages, and amending Section 42-1204, Arizona Revised Statutes.

On roll call HOUSE BILL 11 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 33.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker — 25.

NOT VOTING: Cook, House — 2.

House Bill 11 was signed in open session by Speaker Turley.

Without objection, the House referred to the Order of Business:

REPORTS OF SELECT COMMITTEES

The House Coordinating Emergency Disaster Committee hereby submits the following:

WHEREAS, the House Coordinating Emergency Disaster Committee appointed by the Honorable Speaker of the House has met, and

WHEREAS, the Committee concurs with Governor Williams that there is no need to panic or become unduly alarmed, and

WHEREAS, the Committee has found that an emergency disaster does exist in the State of Arizona, particularly at this time in Coconino County, Yavapai County, Navajo County, Apache County, Santa Cruz County, Pima County, Cochise County, Graham County, Pinal County, Greenlee County, and Gila County, and

WHEREAS, the Committee has found by contact with the various governing bodies of the aforementioned counties that

roads, transportation facilities, and communication systems are inadequate to meet the needs to prevent human suffering and death to livestock. THEREFORE BE IT RESOLVED that this duly appointed House Coordinating Emergency Disaster Committee recommends to His Excellency, Governor Jack Williams, the following:

1. That the Governor of the State of Arizona declare Arizona a national disaster area immediately, and further request the President of the United States, Lyndon Baines Johnson, to aid and assist us in this emergency so that the impact upon the taxpayers and small political subdivisions will not be critical.

The Committee requests that Governor Williams, in his wisdom and discretion, aid Arizona in obtaining federal funds in the sums necessary to contain and minimize the disaster and aid in the reconstruction of the damage to public facilities.

2. That all steps be taken by the State Disaster Board to coordinate the use of equipment and personnel of all governmental agencies, including, but not limited to, the armed forces of the United States, the Arizona National Guard, Arizona Highway Patrol, the Arizona Highway Department, various police agencies, and County Boards of Supervisors.

3. That all available state funds be used to restore the use of communications, roads, and highways within the state and to prevent the death of livestock.

4. That immediate action be continued by the State Disaster Board including contacting and coordinating with the County Boards of Supervisors the use of funds from the State of Arizona and any funds available from the federal programs.

5. That the Governor temporarily designate one of his assistants to coordinate communications between state, federal and county agencies and gather accurate data on the scope and extent of the aforesaid disaster.

Respectfully submitted,
JACK A. BROWN
Chairman
RICHARD E. BAILEY
WILLIAM D. LYMAN
A. V. HARDT
SAM A. McCONNELL, JR.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 3:02 P.M.

At 6:08 P.M., Speaker Turley called the House to order.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 6:11 P.M.

At 10:00 P.M., Speaker Turley called the House to order.

Motion by Mr. Ellsworth, seconded by Mr. Barr, that the House stand at recess, subject to the call of the gavel. Carried at 10:02 P.M.

At 11:13 P.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

REPORTS OF STANDING COMMITTEES

The following standing committee reports were read:

Rules, Burton S. Barr, Chairman.

SENATE BILL 6, constitutional and in proper form.

Rules, Burton S. Barr, Chairman.

SENATE BILL 6.

MOTION TO GO INTO COMMITTEE OF THE WHOLE

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House resolve itself into a Committee of the Whole for the consideration of the bills on the Calendar. Carried, and at 11:15 P.M., Mr. McConnell took the Chair.

At 11:16 P.M., the Committee of the Whole was dissolved and Mr. McConnell, Chairman, reported:

That Senate Bill 6 do pass.

Motion by Mr. Alexander, seconded by Mr. Sawyer, that the report of the Committee of the Whole be adopted and the bill be properly assigned. Carried.

DISPOSITION OF BUSINESS FROM COMMITTEE OF THE WHOLE

SENATE BILL 6, was placed under the Order of Business, Third Reading of Bills.

THIRD READING OF BILLS

The following bill was read the third time in full:

SENATE BILL 6, entitled, An Act, relating to taxation; providing for an Arizona withholding tax rate of one per cent, and amending Section 43-188, Arizona Revised Statutes.

On roll call SENATE BILL 6 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Hardt, Hawes, Holley, Huffer, Jones, Kelley, Kluender, Koory, Lena, Lyman, McConnell, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 46.

NAYS: Abril, Carrillo, Fricks, Getzwiller, Hutcheson, Johnson, Maynard, Miniken, Smith, Thompson, Vipperman, Walker — 12.

NOT VOTING: Cook, House — 2.

Senate Bill 6 was signed in open session by Speaker Turley.

Without objection, the House referred to the Order of Business:

BILLS AND OTHER BUSINESS FROM THE SENATE

Messages from the Secretary of the Senate, Louise C. Brimhall, were read:

HOUSE BILL 28, passed by a vote of 30 ayes.

HOUSE BILL 29, passed by a vote of 30 ayes.

HOUSE BILL 30, passed by a vote of 28 ayes, 2 nays.

HOUSE BILL 31, passed by a vote of 30 ayes.

HOUSE BILL 10, passed by a vote of 18 ayes, 12 nays, with the following amendments:

(House engrossed bill)

Page 1, after Section 42-1231, Subsection B, insert a new Subsection C to read:

"C. Of the funds collected as prescribed by the terms of Subsection A, three and one-half cents on each twenty cigarettes or fractional part thereof shall be allocated for the purpose of raising funds for the Central Arizona Project, common and high school equalization and financial assistance."

Page 1, Sec. 2, on line 5 beginning with Subsection A, after "funds for" insert "the Central Arizona Project,"; on the same line after "school" insert "equalization and".

Amend title to read:

"Relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for the Central Arizona Project, common and high school equalization and financial assistance; providing for the imposition of a cigarette floor stock tax for the purpose of raising additional funds for the Central Arizona Project, common and high school equalization and financial assistance, and amending Section 42-1231, Arizona Revised Statutes."

Motion by Mr. Kelley, seconded by Mr. Ellsworth, that the House concur in the Senate amendments to House Bill 10. Carried.

FINAL PASSAGE

The following bill, as amended by the Senate, was read the final time in full:

HOUSE BILL 10, entitled, An Act, relating to taxation; prescribing an increase in tax on all cigarettes for the purpose of raising funds for the Central Arizona Project, common and high school equalization and financial assistance; providing for the imposition of a cigarette floor stock tax for the purpose of raising additional funds for the Central Arizona Project, common and high school equalization and financial assistance, and amending Section 42-1231, Arizona Revised Statutes.

On roll call HOUSE BILL 10 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—31.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—27.

NOT VOTING: Cook, House—2.

House Bill 10 was signed in open session by Speaker Turley.

HOUSE BILL 11, passed by a vote of 18 ayes, 12 nays, with the following amendments:

(House engrossed bill)

Page 1, line 5, before "In" insert "A."

Page 1, line 11, strike "and" and insert ","; after "relief" insert ", and as may be prescribed by law".

Page 3, after line 3, insert new subsection to read:

"B. Of the funds collected as prescribed by the terms of Subsection A, Paragraphs 2 and 4, three and one-half cents of each of the items prescribed in such paragraphs shall be allocated for the purpose of raising funds for the Central Arizona Project, common and high school equalization and financial assistance."

Amend title to read:

"Relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages for certain purposes, and amending Section 42-1204, Arizona Revised Statutes."

Motion by Mr. Ellsworth, seconded by Mr. Pritzlaff, that the House concur in the Senate amendments to House Bill 11. Carried.

FINAL PASSAGE

The following bill, as amended by the Senate, was read the final time in full:

HOUSE BILL 11, entitled, An Act, relating to taxation; providing for an increase in luxury privilege taxes on alcoholic beverages for certain purposes, and amending Section 42-1204, Arizona Revised Statutes.

On roll call HOUSE BILL 11 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Holley, Jones, Kelley, Kluender, Koory, Lyman, Pale, Peck, Pritzlaff, Rockwell, Roeder,

Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—31.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Goodwin, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, McConnell, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker—27.

NOT VOTING: Cook, House—2.

House Bill 11 was signed in open session by Speaker Turley.

Without objection, the House referred to the Order of Business:

REPORTS OF SELECT COMMITTEES

The Free Joint Conference Committee on Senate Bill 4 reported:

Majority Report:

That the Senate recede from their objections, accept the House amendments, and that the bill be further amended as follows:

(House engrossed bill)

Page 2, line 11, strike "by pipeline companies".

Page 2, line 11, after "oil," strike "or"; after "natural" insert "gas,".

Page 2, line 12, strike "or"; after "gas" insert ", water or coal slurry".

Page 5, line 26, after "oil," strike "or"; after "natural" insert "gas,".

Page 5, line 27, before "artificial" strike "or"; after "gas," insert "water or coal slurry,".

Page 8, line 14, after "oil" insert a comma; strike "or".

Page 8, line 15, after "ural" insert "gas," and strike "or"; after "artificial gas" insert ", water or coal slurry".

SENATE CONFEREES:
WILLIAM S. PORTER
Chairman
ORME LEWIS, JR.
WILLIAM C. JACQUIN
CHET GOLDBERG, JR.

HOUSE CONFEREES:
TIMOTHY A. BARROW
Chairman
W. A. BUEHL
BURTON S. BARR
JOHN C. PRITZLAFF, JR.

Minority Report:

That the report of the Free Joint Conference Committee on Senate Bill 4 be not adopted.

JOHNNY GREGOVICH
HAROLD C. GISS

FRANK L. CROSBY
G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on Senate Bill 4. Carried.

The Free Joint Conference Committee on Senate Concurrent Resolution 2 reported:

> That the Senate recede from their objections and accept the House amendments.

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
ORME LEWIS, JR.	W. A. BUEHL
WILLIAM C. JACQUIN	BURTON S. BARR
CHET GOLDBERG, JR.	JOHN C. PRITZLAFF, JR.
HAROLD C. GISS	FRANK L. CROSBY
JOHNNY GREGOVICH	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the report of the Free Joint Conference Committee on Senate Concurrent Resolution 2. Carried.

The Free Joint Conference Committee on House Bill 1 reported:

> Majority Report:
>
> That the House recede from their objections to the Senate amendments, and that the bill be further amended as follows:
>
> (Senate engrossed bill)
>
> Page 1, line 10, after "property" strike the period and insert "valued under the provisions of Sections 42-701 through 42-705."
>
> Page 1, line 12, after "companies" strike the period and insert "valued under the provisions of Sections 42-741 through 42-748."
>
> Page 1, line 14, after "railroad" strike the period and insert "valued under the provisions of Sections 42-761 through 42-766."
>
> Page 1, line 15, strike "Patented and unpatented mines," and insert "Producing mines and mining claims,".
>
> Page 1, line 17, strike the period and insert "valued under the provisions of Section 42-124."
>
> Page 1, line 18, after "timber" insert a period and strike remainder of line.
>
> Page 2, strike lines 2 through 9 and insert:
>
> "(a) All real and personal property used in the operation of telephone and telegraph companies valued under the provisions of Sections 42-791 through 42-795.

"(b) All property, both real and personal, of gas, water and electric utility companies and pipeline companies valued under the provisions of Section 42-124.01.

"3. Class three:

"All real and personal property devoted to any commercial or industrial use other than property included in Classes one, two and four, including but not limited to land, the improvements thereto or any part of such land or improvements leased or rented for residential use.

"4. Class four:

"(a) All real property and the improvements thereto if any, used for agricultural purposes, and all other real property and the improvements thereto, if any, not included in Classes one, two and three.

"(b) All personal property used for agricultural purposes, and all other personal property not included in Classes one, two and three."

Page 2, line 23, strike "ninety" and insert "sixty".

Page 2, line 24, strike "fifty-four" and insert "forty".

Page 2, line 25, strike "eighteen" and insert "twenty-five".

Page 2, between lines 25 and 26, insert:

"4. Class four: eighteen per cent of its full cash value.

"C. The valuation determined for producing oil and gas interests valued under the provisions of Section 42-124 and Sections 42-227.01 through 42-227.04 shall be the assessed valuation for such property."

Page 2, line 26, strike "C." and insert "D."

Page 3, strike lines 1 through 16.

Amend title to conform.

SENATE CONFEREES:
WILLIAM S. PORTER
Chairman
CHET GOLDBERG, JR.
WILLIAM C. JACQUIN
ORME LEWIS, JR.

HOUSE CONFEREES:
TIMOTHY A. BARROW
Chairman
BURTON S. BARR
W. A. BUEHL
JOHN C. PRITZLAFF, JR.

Minority Report:

That the Free Joint Conference Committee Report on House Bill 1 be not adopted.

HAROLD C. GISS
JOHNNY GREGOVICH

FRANK L. CROSBY
G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on House Bill 1. Carried.

The Free Joint Conference Committee on House Bill 4 reported:

Majority Report:

That the Senate recede from their amendments and the bill be amended as follows:

(House engrossed bill)

Page 2, lines 11 and 12, strike "one and three-tenths" and insert "two".

Page 2, line 13, strike "Thirteen" and insert "Twenty".

Page 2, line 15, strike "two and six-tenths" and insert "three".

Page 2, line 17, strike "Thirty-nine" and insert "Fifty".

Page 2, line 19, strike "three and three-tenths" and insert "four".

Page 2, line 21, strike "Seventy-two" and insert "Ninety".

Page 2, line 23, strike "four" and insert "five".

Page 2, line 25, strike "and twelve" and insert "forty".

Page 2, lines 27 and 28, strike "four and six-tenths" and insert "six".

Page 2, line 29, strike "One hundred and fifty-eight" and insert "Two hundred".

Page 3, lines 1 and 2, strike "five and nine-tenths" and insert "seven".

Page 3, line 3, strike "and seventeen" and insert "seventy".

Page 3, line 5, strike "six and six-tenths" and insert "eight".

Page 3, line 12, after "table:" strike remainder of line and lines 13 through 31; strike pages 4 and 5.

Page 6, strike lines 1 through 12 and insert:

"

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person—Head of Household
$1,100.00	$1,150.00	$ .25	$ 0
1,150.00	1,200.00	1.15	0
1,200.00	1,250.00	2.05	0
1,250.00	1,300.00	2.95	0
1,300.00	1,350.00	3.85	0
1,350.00	1,400.00	4.75	0

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person—Head of Household
$1,400.00	$1,450.00	$5.65	$0
1,450.00	1,500.00	6.55	0
1,500.00	1,550.00	7.45	0
1,550.00	1,600.00	8.35	0
1,600.00	1,650.00	9.25	0
1,650.00	1,700.00	10.15	0
1,700.00	1,750.00	11.05	0
1,750.00	1,800.00	11.95	0
1,800.00	1,850.00	12.85	0
1,850.00	1,900.00	13.75	0
1,900.00	1,950.00	14.65	0
1,950.00	2,000.00	15.55	0
2,000.00	2,050.00	16.45	0
2,050.00	2,100.00	17.35	0
2,100.00	2,150.00	18.25	0
2,150.00	2,200.00	19.15	0
2,200.00	2,250.00	20.07	.05
2,250.00	2,300.00	21.42	.95
2,300.00	2,350.00	22.77	1.85
2,350.00	2,400.00	24.12	2.75
2,400.00	2,450.00	25.47	3.65
2,450.00	2,500.00	26.82	4.55
2,500.00	2,550.00	28.17	5.45
2,550.00	2,600.00	29.52	6.35
2,600.00	2,650.00	30.87	7.25
2,650.00	2,700.00	32.22	8.15
2,700.00	2,750.00	33.57	9.05
2,750.00	2,800.00	34.92	9.95
2,800.00	2,850.00	36.27	10.85
2,850.00	2,900.00	37.62	11.75
2,900.00	2,950.00	38.97	12.65
2,950.00	3,000.00	40.32	13.55
3,000.00	3,050.00	41.67	14.45
3,050.00	3,100.00	43.02	15.35
3,100.00	3,150.00	44.37	16.25
3,150.00	3,200.00	45.72	17.15
3,200.00	3,250.00	47.07	18.05
3,250.00	3,300.00	48.42	18.95
3,300.00	3,350.00	49.75	19.85
3,350.00	3,400.00	51.50	20.75
3,400.00	3,450.00	53.30	21.65
3,450.00	3,500.00	55.10	22.55
3,500.00	3,550.00	56.90	23.45
3,550.00	3,600.00	58.70	24.35
3,600.00	3,650.00	60.50	25.25
3,650.00	3,700.00	62.30	26.15
3,700.00	3,750.00	64.10	27.05
3,750.00	3,800.00	65.90	27.95
3,800.00	3,850.00	67.70	28.85
3,850.00	3,900.00	69.50	29.75
3,900.00	3,950.00	71.30	30.65
3,950.00	4,000.00	73.10	31.55
4,000.00	4,050.00	74.90	32.45
4,050.00	4,100.00	76.70	33.35

Gross Income At Least	But Less Than	Single Person or Married Person Filing Separately	Married Couple Filing Jointly or Single Person—Head of Household
$4,100.00	$4,150.00	$78.50	$34.25
4,150.00	4,200.00	80.30	35.15
4,200.00	4,250.00	82.10	36.05
4,250.00	4,300.00	83.90	36.95
4,300.00	4,350.00	85.70	37.85
4,350.00	4,400.00	87.50	38.75
4,400.00	4,450.00	89.30	39.65
4,450.00	4,500.00	91.37	40.82
4,500.00	4,550.00	93.62	42.17
4,550.00	4,600.00	95.87	43.52
4,600.00	4,650.00	98.12	44.87
4,650.00	4,700.00	100.37	46.22
4,700.00	4,750.00	102.62	47.57
4,750.00	4,800.00	104.87	48.92
4,800.00	4,850.00	107.12	50.27
4,850.00	4,900.00	109.37	51.62
4,900.00	4,950.00	111.62	52.97
4,950.00	5,000.00	113.87	54.32"

SENATE CONFEREES:
WILLIAM S. PORTER
Chairman
CHET GOLDBERG, JR.
WILLIAM C. JACQUIN
ORME LEWIS, JR.

HOUSE CONFEREES:
TIMOTHY A. BARROW
Chairman
BURTON S. BARR
W. A. BUEHL
JOHN C. PRITZLAFF, JR.

Minority Report:

That the Free Joint Conference Committee Report on House Bill 4 be not adopted.

HAROLD C. GISS
JOHNNY GREGOVICH
FRANK L. CROSBY
G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on House Bill 4. Carried.

The Free Joint Conference Committee on House Bill 7, reported:

Majority Report:

That the House recede from their objections to the Senate amendments, and that the bill be further amended as follows:

(Senate engrossed bill)

Page 2, lines 6 and 7, strike "Drugs which may be dispensed or sold only by or" and insert "The sale of drugs".

Page 3, strike line 8 and insert:

"Article 1.2. Special excise tax for education".

Page 3, strike lines 10 through 14 and insert:

"A. There is levied and shall be collected by the

commission an annual tax on the privilege of doing business in this state at a rate of one and one-half per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

"1. Transporting for hire persons or property by motor vehicle from one point to another point in this state."

Renumber to conform.

Page 4, between lines 3 and 4, insert:

"7. Job printing, engraving, embossing and copying, sold to purchasers in this state, and advertising by billboards, direct mail, radio, television or by any means calculated to appeal to prospective purchasers.

"8. Operating pipelines for transporting oil, natural gas, or artificial gas, through pipes or conduits from one point to another point in the state.

"9. Operating private car lines, as they are defined in Chapter 4, Article 3, of this title, from one point to another point in the state.

"B. There is levied and shall be collected by the commission an annual tax on the privilege of doing business in this state at a rate of one-half of one per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of mining, quarrying, smelting, or producing for sale, profit or commercial use, any oil, natural gas, limestone, sand, gravel, copper, gold, silver or other mineral product, compound or combination of mineral products.

"C. The tax levied and collected under the terms of this article is designated as the 'special excise tax for education' ".

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
CHET GOLDBERG, JR.	BURTON S. BARR
WILLIAM C. JACQUIN	W. A. BUEHL
ORME LEWIS, JR.	JOHN C. PRITZLAFF, JR.

Minority Report:

That the Free Joint Conference Committee report on House Bill 7 be not adopted.

HAROLD C. GISS	FRANK L. CROSBY
JOHNNY GREGOVICH	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on House Bill 7. Carried.

The Free Joint Conference Committee on House Bill 15 reported:

That the Senate recede from their amendment.

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
HAROLD C. GISS	BURTON S. BARR
CHET GOLDBERG, JR.	G. O. BILES
JOHNNY GREGOVICH	W. A. BUEHL
WILLIAM C. JACQUIN	FRANK L. CROSBY
ORME LEWIS, JR.	JOHN C. PRITZLAFF, JR.

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the report of the Free Joint Conference Committee on House Bill 15. Carried.

The Free Joint Conference Committee on House Bill 16 reported:

Majority Report:

That the Senate recede from their amendments and that the bill be amended as follows:

(House engrossed bill)

Page 2, line 21, strike "three" and insert "two".

Page 2, line 29, strike "parties" and insert "seller".

Page 2, line 30, strike "their" and insert "his"; strike "representatives" and insert "representative".

Page 3, line 6, after "misdemeanor" strike the period and insert, "punishable by a fine of not more than one hundred dollars."

Page 3, line 17, after "shall" strike balance of line, all of lines 18 and 19 and insert "be retained by the county in the same manner as funds collected under Section 11-475."

Minority Report:

That the Free Joint Conference Committee report on House Bill 16 be not adopted.

HAROLD C. GISS	FRANK L. CROSBY
JOHNNY GREGOVICH	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on House Bill 16. Carried.

The Free Joint Conference Committee on House Bill 18 reported:

Majority Report:

That the Senate recede from their amendments and that the bill be amended as follows:

(House engrossed bill)

Page 1, line 7, strike "within each taxing district of the state".

Page 1, line 8, strike "the property of".

Page 1, line 11, after "thereof" insert a period and strike balance of line.

Page 1, line 15, strike "and microwave services".

Page 1, line 17, strike "within each taxing district of the state".

Page 1, line 18, strike "the property of".

Page 1, lines 18 and 19, strike "and microwave services".

Page 1, line 21, strike "within such taxing districts".

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
CHET GOLDBERG, JR.	BURTON S. BARR
WILLIAM C. JACQUIN	W. A. BUEHL
ORME LEWIS, JR.	JOHN C. PRITZLAFF, JR.

Minority Report:

That the Free Joint Conference Committee Report on House Bill 18 be not adopted.

HAROLD C. GISS	FRANK L. CROSBY
JOHNNY GREGOVICH	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on House Bill 18. Carried.

The Free Joint Conference Committee on House Bill 19 reported:

That the Senate recede from their amendment and the bill be amended as follows:

(House engrossed bill)

Page 1, strike lines 17, 18 and 19, and insert:

"C. On the official notice of taxes levied and the tax statement transmitted to the taxpayer the treasurer shall show the number of livestock assessed, if any, and the number of months for which the livestock was assessed."

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
HAROLD C. GISS	BURTON S. BARR
CHET GOLDBERG, JR.	G. O. BILES
JOHNNY GREGOVICH	W. A. BUEHL
WILLIAM C. JACQUIN	FRANK L. CROSBY
ORME LEWIS, JR.	JOHN C. PRITZLAFF, JR.

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the report of the Free Joint Conference Committee on House Bill 19. Carried.

The Free Joint Conference Committee on House Concurrent Resolution 1 reported:

Majority Report:

That the Senate recede from their amendments and the bill be amended as follows:

(House engrossed bill)

Strike everything after the enacting clause and insert:

"1. The following amendment of Article 9, Section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

"Section 2(A). There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. This section shall be self-executing.

"Section 2(B). There shall be further exempt from taxation the property of each widow, and each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person other than a widow unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars, and shall have been a resident of this state prior to September 1, 1945.

"There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps, or of the component of auxiliary of any thereof, resident of this state, not exceeding the amount of two thousand dollars, for the tax year 1969, the amount of one thousand five hundred dollars for the tax year 1970, the amount of one thousand dollars for the tax year 1971, and the amount of five hundred dollars for the tax year 1972, where the total assessment of such person named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I, and shall have been a resident of this state prior to September 1, 1945; provided, that no such exemption shall be made for such person after the tax year 1972.

"There shall be further exempt from taxation as herein provided the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, where such person has a service-connected disability as determined by the United States Veterans Administration, and where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have been a resident of this state prior to September 1, 1945, or unless he shall have been a resident of this state for at least four years prior to his original entry into service as an airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof. The property of such person having a compensable service-connected disability exempt from taxation as herein provided shall be determined as follows: (1) If such person's service-connected disability as determined by the United States Veterans Administration is sixty per cent or less, the property of such person exempt from taxation shall be determined by such person's percentage of disability multiplied by the assessment of such person not exceeding the amount of two thousand dollars; (2) If such person's service-connected disability as determined by the United States Veterans Admin-

istration is more than sixty per cent, the property of such person exempt from taxation shall not exceed the amount of two thousand dollars.

"There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof; resident of this state, not exceeding the amount of two thousand dollars, where such person has a nonservice-connected total and permanent disability, physical or mental, as so certified by the United States Veterans Administration, and where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I, and shall have been a resident of this state prior to September 1, 1945.

"No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to property owned by a person who qualifies for any exemption in accordance with the terms of this Section 2(B) shall not exceed two thousand dollars. This section shall be self-executing.

"Section 2(C). All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

"2. The proposed amendment (approved by a majority of the members elected to each House of the Legislature, and entered upon the respective Journals thereof, together with the ayes and nays thereon) shall be by the Secretary of State submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by Article 21, Constitution of Arizona."

Amend title to read:

"Proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for certain tax exemptions for certain veterans; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected and nonservice-connected disabilities, and amending Article 9, Section 2, Constitution of Arizona."

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
CHET GOLDBERG, JR.	BURTON S. BARR
WILLIAM C. JACQUIN	W. A. BUEHL
ORME LEWIS, JR.	JOHN C. PRITZLAFF, JR.

Minority Report:

That the Free Joint Conference Committee report on House Concurrent Resolution 1 be not adopted.

HAROLD C. GISS	FRANK L. CROSBY
JOHNNY GREGOVICH	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on House Concurrent Resolution 1. Carried.

The Free Joint Conference Committee on House Concurrent Resolution 3 reported:

Majority Report:

That the Senate recede from their amendments and that the bill be amended as follows:

(House engrossed bill)

Page 2, strike lines 13 through 30.

Page 3, strike lines 1 and 2, and insert:

"There shall be further exempt from taxation the property of each widow, resident of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow does not exceed five thousand dollars; provided, that the income from all sources of such widow, together with the income from all sources of all children of such widow residing with her in such widow's residence in the year immediately preceding the year for which such widow applies for exemption, did not exceed (1) $3,500, if none of the widow's children under the age of twenty-one years resided with her in such widow's residence, or (2) $5,000, if one or more of the widow's children residing with her in such widow's residence was under the age of twenty-one years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law; and provided, further that such widow resided with her last husband in this state at the time of his death if she was not a widow and a resident of this state prior to January 1, 1969."

Amend title to read:

"Proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending Article 9, Section 2, Constitution of Arizona."

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
CHET GOLDBERG, JR.	BURTON S. BARR
WILLIAM C. JACQUIN	W. A. BUEHL
ORME LEWIS, JR.	JOHN C. PRITZLAFF, JR.

Minority Report:

That the Free Joint Conference Committee report on House Concurrent Resolution 3 be not adopted.

HAROLD C. GISS	FRANK L. CROSBY
JOHNNY GREGOVICH	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on House Concurrent Resolution 3. Carried.

Motion by Mr. Barr, seconded by Mr. Akers, that the House stand at recess, subject to the call of the gavel. Carried at 12:07 A.M.

At 12:17 A.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

REPORTS OF SELECT COMMITTEES

The Free Joint Conference Committee on Senate Bill 2 reported:

Majority Report:

That the bill be amended as follows:

(House engrossed bill)

Strike all after the enacting clause and insert:

"Section 1. Sec. 15-442, Arizona Revised Statutes, is amended to read:

"15-442. General powers and duties

"A. The board of trustees shall:

"1. Maintain the schools established by them for a period of not less than one hundred seventy-five school days in each school year, and if the funds of the district are sufficient, maintain the schools for a longer period, and as far as practicable with equal rights and privileges.

"2. Enforce the courses of study and select all textbooks used in the schools from the multiple lists determined and authorized by the State Board of Education pursuant to Paragraph 18 of Section 15-102 and purchase the same from the publishers under contracts negotiated by the state board as provided in this title. The amount budgeted for this purpose shall not be included in the budget items to which the limitation provided by Section 15-1203 shall apply. One-fourth of the amount budgeted for textbooks may be expended for teaching aids relating to the textbooks selected. District school funds may be budgeted and expended by the board for supple-

mentary books, as contained in the lists prepared by the State Board of Education pursuant to Subsection B of Section 15-1101, and for such additional textbooks as may be necessary because of an extraordinary increase in enrollment or an act of God, provided that supplementary books shall not be purchased in such quantities as to take the place of the textbooks prescribed by Paragraph 18 of Section 15-102.

"3. Visit every school in the district and examine carefully into its management, condition and needs.

"4. Provide transportation for any child or children when deemed for the best interest of the district, whether within or without the district, county or state.

"5. Exclude from schools all books, publications or papers of a sectarian, partisan, or denominational character.

"6. Manage and control the school property within its district.

"7. Purchase school furniture, apparatus, equipment, library books and supplies for the use of the schools.

"8. Rent, furnish, repair and insure the school property of the district.

"9. Construct school buildings when directed to do so by a vote of the district.

"10. Make in the name of the district conveyances of property belonging to the district and sold by the board.

"11. Purchase or sell school sites when authorized by a vote of the district, but such authorization shall not necessarily specify the site to be purchased.

"12. Construct, improve and furnish buildings used for school purposes when such buildings or premises are leased from the National Park Service, when directed to do so by a vote of the district.

"B. The board may:

"1. Expel pupils for misconduct.

"2. Exclude from the primary grades children under six years of age.

"3. Make such segregation of groups of pupils as it deems advisable.

"4. Maintain such special schools during vacation as deemed necessary for the benefit of the pupils of the district.

"5. Permit a superintendent, principal or their representatives to travel for a school purpose, as determined by a majority vote of the board. By unanimous

vote the board may permit members of the board to travel for a school purpose. Any expenditure for travel and subsistence shall be as provided under the terms of Title 38, Chapter 4, Article 2, and shall be a charge against the budgeted school district funds.

"6. Rent such buildings as may be necessary provided the rental contract does not exceed one year.

"7. Construct or provide in rural districts housing facilities for teachers which the board determines is necessary for the operation of the school.

"8. Sell to the state, county or city any school property required for a public purpose, provided the sale of the property will not affect the normal operations of a school within the school district.

"C. Except as provided in Section 15-445, the board of trustees shall not enter into any lease-purchase agreement. A lease-purchase agreement may be continued until the termination date thereof if such agreement was entered into before and is still in effect on July 1, 1968.

"Sec. 2. Sec. 15-445, Arizona Revised Statutes, is amended to read:

"15-445. Levy; items for which levy may be expended; limitations

"A. At the request of the board of trustees of a district, the county superintendent shall include in his estimate to the board of supervisors the items prescribed by this section and the board of supervisors may make a levy on the property of the district sufficient to produce the amount asked for, but a levy for such purpose shall not exceed ten cents on each one hundred dollars of property valuation. Funds collected pursuant to the levy may be accumulated from year to year, and if not needed to be used for a period of three months or more, may be invested in the same manner as sinking fund monies, as prescribed by Section 15-1323.

"B. The board may include in its annual budget the following items which may be paid from the levy prescribed by the terms of Subsection A:

"1. The purchase of sites, improvement of school grounds, erecting, purchasing, improving and furnishing of school buildings and appurtenances.

"2. The improving and furnishing of buildings used for school purposes when such buildings are leased from the National Park Service.

"3. A lease-purchase agreement for transportation equipment or for portable classrooms.

"C. The board shall require a vote of the qualified electors of the district who are real property tax-

payers prior to the expenditure of funds for purposes prescribed by this section for the following:

"1. Purchase of sites.

"2. Erecting of school buildings.

"3. Improving and furnishing of buildings used for school purposes when such buildings are leased from the National Park Service.

"Sec. 3. Sec. 15-1012, Arizona Revised Statutes, is amended to read:

"15-1012. Appropriation; computation; additional cost

"A. All homebound students as defined by Section 15-1011 shall be included in the appropriations and apportionment made pursuant to Sections 15-1211 and 15-1212 and the county levy as provided in Section 15-1235. In addition thereto the Legislature shall appropriate to each school district providing homebound teaching services under the provisions of this article one hundred dollars per capita per annum for each homebound student taught by the district and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the Superintendent of Public Instruction.

"B. The appropriation shall be computed with reference to the estimated number of homebound students to be taught during the current year. Any additional cost resulting from the homebound teaching program and not provided for under the provisions of this section shall be met by each school district having students receiving homebound instruction. Such additional costs shall be apportioned on a per pupil basis as prescribed by the board in its rules and regulations and shall be a charge against the districts involved.

"Sec. 4. Sec. 15-1019, Arizona Revised Statutes, is amended to read:

"15-1019. Appropriation and apportionment; approval of program

"A. All students as defined by Section 15-1016 shall be included in the appropriation and apportionment made pursuant to Sections 15-1211 and 15-1212 and the county levy as provided in Section 15-1235. In addition thereto, the Legislature shall appropriate to each school district providing special education classes under the provisions of this article, one hundred ninety dollars per unit of average daily attendance per annum for each special education student taught by the district and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the Superintendent of Public Instruction. The county shall provide in addition ten

dollars per unit of average daily attendance for each special education student taught by the district.

"B. The appropriation shall be computed with reference to the estimated number of special education students to be taught during the current year in classes having a minimum of two hundred forty minutes of instruction per school day. Any additional cost resulting from the special education program and not provided for under the provisions of this section shall be met by each school district having students receiving special instruction.

"C. The appropriations and apportionment provided under the terms of this section shall not be granted to the governing body of a school district unless the district complies with the provisions of this article and the conditions and standards prescribed by the Director of the Division of Special Education. A school district program for education of handicapped children, as prescribed by the terms of this article, shall be presented to the State Board of Education for approval.

"Sec. 5. Sec. 15-1083, Arizona Revised Statutes, is amended to read:

"15-1083. Appropriation and apportionment; approval of program

"A. All students as defined by Section 15-1081 shall be included in the appropriation and apportionment made pursuant to Sections 15-1211 and 15-1212 and the county levy as provided in Section 15-1235. In addition, the Legislature shall annually appropriate to the Department of Public Instruction the sum of five hundred ninety dollars for each trainable retarded student in average daily attendance and this appropriation shall be made on an actual per capita per annum basis as shown by the records of the Superintendent of Public Instruction. The county shall, in addition, provide ten dollars per unit of average daily attendance for each trainable retarded student taught by the district. The monies so appropriated shall be distributed to the districts or counties operating approved trainable retarded children's classes for each trainable retarded student taught.

"B. The appropriation shall be computed with reference to the estimated number of trainable retarded children to be taught during the current year in approved classes. One-half day's average daily attendance shall be computed for any child attending the trainable retarded children's class for a period of not less than one hundred twenty minutes. Full average daily attendance shall be computed for children attending classes for two hundred forty minutes or more. Any additional cost resulting from the trainable retarded children's class and not provided for under this section shall be met by each school district hav-

ing students receiving instruction in the trainable retarded children's facility.

"C. The appropriation and apportionment provided under the terms of this section shall not be granted to the governing body of a school district or county unless the district complies with the provisions of this article and conditions and standards prescribed by the Director of the Division of Special Education. A school district or county program for the education of trainable retarded children, as prescribed by the terms of this article, shall be presented to the State Board of Education for approval.

"D. At the beginning of each school year the county school superintendent shall present an estimate of the current year's trainable retarded children's tuition to each school district that has signed an agreement to use the services of the school or instructional center administered by the county superintendent under Subsection B of this section. The tuition shall be the estimated per capita cost based on the number of pupils that each school district has estimated will enroll in the program, and the school district shall pay the tuition quarterly in advance on July 1, October 1, January 1 and April 1. Increases in enrollment during the school year over the school district's estimate of July 1 shall cause the tuition charges to be adjusted accordingly. In the event of overpayment by the district of residence, the necessary adjustment shall be made at the close of the school year.

"Sec. 6. Sec. 15-1201, Arizona Revised Statutes, is amended to read:

"15-1201. School district budget; form

"A. Not later than July 3 each year the governing board of each common or high school district shall prepare and furnish to the county school superintendent and the State Superintendent of Public Instruction a proposed budget for the current fiscal year, which shall contain the information and be in form as follows:

_____
(Name and No. of District)

PROPOSED SCHOOL DISTRICT BUDGET

For the fiscal year July 1, 19..... to June 30, 19.....

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
"I. ADMINISTRATION					
Salaries					
Clerk and Employees of School Board	( )	( )	____	____	____

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Ex-pendi-tures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
Superintendent	( )	( )	____	____	____
Asst. Superintendent	( )	( )	____	____	____
Principals	( )	( )	____	____	____
Asst. Principals	( )	( )	____	____	____
Other Administrative Officers	( )	( )	____	____	____
Secretarial and Clerical Assistants	( )	( )	____	____	____
Supplies and Expense					
School Board			____	____	____
Superintendent's Office			____	____	____
Principal's Office			____	____	____
Travel			____	____	____
Total			____	____	____
"II. INSTRUCTION					
Salaries					
Supervisors of Instruction	( )	( )	____	____	____
Guidance & Psychological Personnel	( )	( )	____	____	____
Class Room Teachers	( )	( )	____	____	____
Other Instructional Personnel	( )	( )	____	____	____
Librarians	( )	( )	____	____	____
Secretarial & Clerical Assistants	( )	( )	____	____	____
Supplies and Expense					
Teaching Supplies			____	____	____
Library Books			____	____	____
Travel			____	____	____
Other			____	____	____
Total			____	____	____
"III. OPERATION OF SCHOOL PLANT					
Wages & Salaries					
Janitorial Employees	( )	( )	____	____	____
Supplies and Expense					
Utilities			____	____	____

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
Supplies			____	____	____
Travel			____	____	____
Other			____	____	____
Total			____	____	____
"IV. MAINTENANCE OF SCHOOL PLANT					
Wages & Salaries					
Maintenance Employees	( )	( )	____	____	____
Materials, Supplies and Expense			____	____	____
Travel			____	____	____
Contracts			____	____	____
Total			____	____	____
"V. AUXILIARY AGENCIES					
Salaries					
Health Services	( )	( )	____	____	____
Attendance Service	( )	( )	____	____	____
Pupil Transportation	( )	( )	____	____	____
Lunch Program	( )	( )	____	____	____
*Physical Education—Intramural	( )	( )	____	____	____
*Physical Education—Interscholastic	( )	( )	____	____	____
*Prorate—Time Basis					
Expense					
Health Service			____	____	____
Attendance Service			____	____	____
Physical Education—Intramural			____	____	____
Physical Education—Interscholastic			____	____	____
Pupil Transportation			____	____	____
Lunch Program			____	____	____
Travel			____	____	____
Other			____	____	____
Total			____	____	____

"PURPOSE	No. of Employees Past Fiscal Year 19.....	No. of Employees Current Fiscal Year 19.....	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
"VI. FIXED CHARGES					
Rent or Lease for a Period Not to Exceed One Year			____	____	____
Insurance Premiums (Other Than Personnel)			____	____	____
Insurance Premiums For Personnel			____	____	____
Industrial Compensation Premiums			____	____	____
O. A. S. I. Contributions			____	____	____
State Retirement Contributions			____	____	____
Interest on Registered Warrants			____	____	____
Other			____	____	____
Total			____	____	____
"VII. CONTINGENCIES			____	____	____
"VIII. CAPITAL OUTLAY					
Textbooks			____	____	____
Athletic Equipment			____	____	____
Furniture & Equipment			____	____	____
Transportation Equipment			____	____	____
Additions, alterations, and improvements					
a. Salaries and wages			____	____	____
b. Materials			____	____	____
c. Contracts			____	____	____
Other			____	____	____
Total			____	____	____
"IX. TUITION TO OTHER SCHOOL DISTRICTS			____	____	____
Grand Total			____	____	____

* * BUDGET SIX PER CENT LIMIT CHECK

1. Grand Total Budget Past Fiscal Year _____
2. Subtract: Budget Past Fiscal Year For:
   - Capital Outlay (VIII) _____
   - Unused Tuition to Other School Districts (IX) _____
   - Amount Overbudgeted Based On Actual Average Daily Attendance _____

3. Equals Total Operational Budget for Past Fiscal Year _____
4. Total of Column 1, Item 10 _____
5. Total Operational Budget Per Pupil Per Annum for the Past Fiscal Year (Item 3 Divided by Item 4) _____
6. Add:
   (a) Six Per Cent Limitation Per Pupil Per Annum (Item 5 x 6%) _____
   or
   (b) $30.00 Per Pupil Per Annum For Common Schools; _____
   $40.00 Per Pupil Per Annum For High Schools _____
7. Permissible Operational Budget Per Pupil Per Annum for Current Fiscal Year
   (a) [Item 5 + Item 6 (a)] _____
   or
   (b) [Item 5 + Item 6 (b)] _____
8. Total of Column 2, Item 10 _____
   [If Total Of Column 1, Item 10 is Larger, Such Figure May Be Used (A.R.S. 15-1201.01, B)]
9. Permissible Total Operational Budget for Current Fiscal Year [The Larger of Item 7 (a) Or 7 (b) x Item 8] _____
10. *Actual Attendance Information

	Column 1 Past Fiscal Year (Actual)	Column 2 Estimated Current Fiscal Year
Eligible for State Aid	_____	_____
Not eligible for State Aid		
(a) Kindergarten (At ½ Average Daily Attendance)	_____	_____
(b) Over 21	_____	_____
(c) Tuition	_____	_____
Total Average Daily Attendance	_____	_____

Attendance Information and Estimates Approved

_____
COUNTY SCHOOL SUPERINTENDENT

"*Pursuant to Section 15-1212, Subsection C, Paragraph 4.

**In the fiscal year beginning July 1, 1969 and thereafter, do not execute Items 1 through 4. Use Item 7 (b) from previous fiscal year as Item 5 for current fiscal year.

SPECIAL LEVIES AND BOND SERVICE

"PURPOSE	Adopted Budget Past Fiscal Year 19.....	Actual Expenditures Past Fiscal Year 19.....	Proposed Budget Current Fiscal Year 19.....
I. Special district levy for improvement of adjacent public ways	_____	_____	_____
II. Special district levy for building fund (Not to exceed 10¢ on $100 valuation)	_____	_____	_____
III. Special levy for expenditures authorized pursuant to Section 15-1245 (Memorandum only—Do not add)	_____	(_____)	_____
IV. Bonded indebtedness			
Interest	_____	_____	_____
Redemption	_____	_____	_____
Total	_____	_____	_____

"B. The board of trustees may, when preparing the school district's budget as required in this section and Section 15-1202, budget an amount not to exceed ten per cent of the total of the following budgetary items: III. Operation of school plant, IV. Maintenance of school plant, V. Auxiliary agencies, VI. Fixed charges, as estimated in the proposed budget for the present fiscal year, and place that amount in a special category designated: 'VII. Contingencies'. This amount may be used for any necessary school expense except salaries, travel, capital outlay, special levies and bond service. Expenditures from the special category provided for by this subsection shall be charged to the appropriate item in the budget but in no event shall the total of the charges to the various budget items exceed the amount estimated for contingencies for the present fiscal year.

"C. On or before March 15, beginning with the fiscal year which commences on July 1, 1968, the board of trustees shall adjust the expenditures based on average daily attendance as determined by Section

15-1212, Subsection C, Paragraph 4, so that the total permissible operational budget per pupil per annum for the current fiscal year does not exceed the amount shown as Item 7 in the budget six per cent limit check.

"Sec. 7. Sec. 15-1201.01, Arizona Revised Statutes, is amended to read:

"15-1201.01. Budget control; exceptions

"A. The funds budgeted under Item VIII of the budget prescribed by Section 15-1201 shall be used only for the purpose of capital outlay.

"B. For the purposes of the budget six per cent limit check only, as prescribed by Section 15-1201, the actual average daily attendance for the previous year may be used when such actual average daily attendance is greater than the estimated actual average daily attendance for the proposed budget year.

"C. The budget six per cent limit check as prescribed by the terms of Section 15-1201 shall not apply to any school district employing four classroom teachers or less.

"Sec. 8. Title 15, Chapter 12, Article 1, Arizona Revised Statutes, is amended by adding Section 15-1201.02, to read:

"15-1201.02. Legislative review

"The Legislature shall at least once every four years review the sums designated in Item 6(b) of the budget six per cent limit check.

"Sec. 9. Sec. 15-1202, Arizona Revised Statutes, is amended to read:

"15-1202. Presentation of budget to district taxpayers; notice; meeting; adoption; expenditures pending final adoption; limitations on expenditures by school district; exceptions; elections; budget of new school district

"A. The board of trustees of each district shall prepare a notice fixing a time not later than July 10 and designating a public place within each district at which a meeting will be held at which the board of trustees will present the proposed budget for consideration of the residents and taxpayers of the district.

"B. The board of trustees of each district, prior to the meeting shall publish a copy of the notice with a copy of the proposed budget one time in a newspaper of general circulation within the school district, but if no newspaper is published therein, publication shall

be made in a newspaper published in the nearest district within the county. The cost of publication shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the board of trustees with the State Superintendent of Public Instruction within thirty days after publication.

"C. At the time and place fixed in the notice the members of the board of trustees shall hold the meeting and present the proposed budget to the residents and taxpayers attending the meeting. Upon request of any person, the board of trustees shall explain the budget and any resident or taxpayer may protest the inclusion of any item.

"D. After the meeting the board of trustees shall adopt the budget, provided it does not represent an increase greater than that shown as the larger of Item 6(a) or 6(b) of the budget six per cent limit check, making such deductions therefrom as it sees fit, but no additions thereto, and shall enter the budget as adopted in its minutes. Not later than July 12 the budget as finally adopted shall be filed by the board of trustees in triplicate with the county school superintendent, who shall immediately transmit a copy to the board of supervisors of the county and a copy to the State Superintendent of Public Instruction.

"E. If the budget includes an increase of more than that shown as the larger of Item 6(a) or 6(b) of the budget six per cent limit check over the past fiscal year, the board of trustees shall call an election for the purpose of presenting the budget to the qualified electors who are real property taxpayers of the school district for approval. If approved, the proposed budget shall be immediately transmitted to the board of supervisors of the county and a copy to the State Superintendent of Public Instruction. If disapproved, an alternate budget which does not include an increase of more than that shown as the larger of Item 6(a) or 6(b) of the budget six per cent limit check over the past fiscal year shall be immediately transmitted to the board of supervisors and a copy to the State Superintendent of Public Instruction.

"F. If a proposed budget is approved by vote of the people, the increase will be effective only in the current year and entered in the budget six per cent limit check as Item 6(a). Item 6(b) of the budget six per cent limit check shall be used the following year for the purpose of determining the increase which may be permitted by Section 15-1201.

"G. Pending final adoption of the budget, a district may expend not to exceed five per cent of the proposed budget.

"H. No expenditure shall be made for a purpose not particularly itemized and included in the budget, and no expenditures shall be made, and no debt, obligation or liability shall be incurred or created in any year for any purpose itemized in the budget in excess of the amount specified for such item, irrespective of whether the district at any time has received or has on hand funds in excess of those required to meet the expenditures, debts, obligations and liabilities provided for under such budget, except pursuant to the provisions of Section 15-1245.

"I. When a new school district is created pursuant to the provisions of Sections 15-404 and 15-408 the trustees shall adopt a budget in the form set forth in Section 15-1201 which will provide funds sufficient for operation of the district during its first year, but thereafter such district shall be subject to the provisions of this article.

"J. If the proposed budget represents an increase of more than that shown as the larger of Item 6(a) or 6(b) of the budget six per cent limit check over the past fiscal year, an election shall be held in which the qualified electors who are real property taxpayers of the school district by a majority vote of those voting either affirm or reject such budget. In such event, the terms of Subsection A shall be modified so that the notice shall occur no later than June 1. The board of trustees shall publish a copy of the proposed increase in the budget one time in a newspaper of general circulation within the school district, but if no newspaper is published therein, publication shall be made in a newspaper published in the nearest district within the county. The cost of publication shall be a charge against the school district. The publisher's affidavit of publication shall be filed by the board of trustees with the State Superintendent of Public Instruction within thirty days after publication.

"K. The election prescribed by the terms of Subsection J shall be conducted as nearly as practicable in the manner prescribed in Article 1, Chapter 13 of this title, relating to school bond elections. The ballots shall contain the words 'Budget increase, Yes' and 'Budget increase, No', and the voter shall signify his desired choice.

"Sec. 10. Sec. 15-1211, Arizona Revised Statutes, is amended to read:

"15-1211. State levy for common and high school education; minimum requirements; continuing appropriation; disbursements

"A. The Legislature shall appropriate for common school and high school education one hundred eighty-two dollars fifty cents per capita per annum, computed according to average daily attendance in com-

mon and high schools as shown by the records of the Superintendent of Public Instruction. The Legislature may designate the source of the revenue and prescribe the method of apportionment.

"B. If the Legislature fails to make the appropriation prescribed by Subsection A, the State Tax Commission, when determining the annual tax levy for state purposes, shall include an amount sufficient to meet the minimum requirements of Subsection A, and Subsection A shall be deemed to constitute a continuing annual appropriation of the amount as determined by the minimum requirements therein prescribed.

"C. All monies appropriated pursuant to Subsections A and B, and in addition thereto all income derived from the permanent fund for the benefit of common and high school education, and receipts for such purpose from any other source, shall be placed in the State School Fund to the credit of the State Board of Education and disbursed as provided by law.

"D. At least seventy-five per cent of state monies apportioned to common and high schools shall be used for instructional costs, as defined by the State Board of Education.

"Sec. 11. Sec. 15-1212, Arizona Revised Statutes, is amended to read:

"15-1212. Apportionment of funds

"A. The board shall apportion the sum in the State School Fund to the several counties on the basis of average daily attendance in the common and high schools in each county. No allowance shall be made for attendance at schools conducted at night, for attendance of nonresident alien children, nor for wards of the United States for whom tuition is paid, but attendance of a student in a school of a county adjoining the county of his residence, whether within or without the state, under a certificate of educational convenience as provided by Section 15-304, shall be deemed to be attendance in the school of the county or district of his residence.

"B. Apportionments shall be made as follows:

"1. On July 15, one-twelfth of the total amount to be apportioned during the fiscal year.

"2. On September 15, one-sixth of the total amount to be apportioned during the fiscal year.

"3. On November 15, one-fourth of the total amount to be apportioned during the fiscal year.

"4. On January 15, one-twelfth of the total amount to be apportioned during the fiscal year.

"5. On March 15, one-sixth of the total amount to be apportioned during the fiscal year.

"6. On May 15, one-fourth of the total amount to be apportioned during the fiscal year. The Superintendent of Public Instruction shall furnish the treasurer and the school superintendent of each county an abstract of the apportionment and shall certify the apportionment to the State Auditor, who shall draw his warrant in favor of the county treasurer of each county for the amount apportioned thereto. Upon receipt of the warrant the county treasurer shall notify the county superintendent that the amount thereof, together with any other monies standing to the credit of the county school fund, is subject to apportionment as prescribed by law.

"C. As used in this section:

"1. 'Common school' means the first to eighth grades inclusive.

"2. 'High school' means the ninth to twelfth grades inclusive.

"3. 'Daily attendance' means:

"(a) For common schools, days in which a pupil:

"(i) Of the first, second or third grades attends a minimum of two hundred forty minutes.

"(ii) Of the fourth, fifth or sixth grades attends a minimum of three hundred minutes.

"(iii) Of the seventh or eighth grades attends a minimum of three hundred sixty minutes, including in each case recreational periods, and in which a pupil regardless of grade is actually present during one or both of the two sessions into which the school day is divided, but attendance at one session only shall be counted as one-half day's attendance.

"(b) For high schools, the attendance of a high school pupil shall not be counted a full day unless such pupil is actually and physically in attendance, enrolled in and carrying four subjects or the equivalent thereof that count toward graduation as defined by the State Board of Education, in a recognized high school, but attendance of a pupil carrying less than the load prescribed shall be prorated.

"4. For the purpose of making appropriations and apportionment of the state and county aid and the determination of financial assistance, 'average daily attendance' means the actual average daily attendance within the current school year. The board of trustees shall submit, for approval or revision, to the county school superintendent and the Superintendent of Public Instruction the estimated actual

average daily attendance of the district for the first six months of the school year. Prior to the final apportionment of State School Funds on May 15, an adjustment shall be made based on actual average daily attendance for the first six months. In addition a new estimate and apportionment shall be made for the last three months by the school district which is approved by the Superintendent of Public Instruction and which estimate shall be consistent with the actual average daily attendance achieved during the first six months of the school year.

"D. The provisions of Subsection C, Paragraph 4, shall apply to Title 15, Chapter 12, Articles 1 to 3, inclusive, and any reference to 'average daily attendance for the preceding year', or 'for the previous year', shall be determined as provided in Paragraph 4.

"E. Any determination of average daily attendance shall be based on the records of the Superintendent of Public Instruction.

"Sec. 12. Sec. 15-1221, Arizona Revised Statutes, is amended to read:

"15-1221. Definitions

"In this article, unless the context otherwise requires:

"1. 'Assessed valuation' means the net valuation set in accordance with law on real estate, improvements and personal property in each school district or county.

"2. 'Average daily attendance' means the average daily attendance as defined in Section 15-1212.

"3. 'Basic cost of education' means that sum of money required to provide a minimum standard of education for each child in average daily attendance.

"4. 'Common school' means the first to eighth grades inclusive.

"5. 'County aid' means the monies set aside from the county general fund by the board of supervisors, which, when added to the amounts appropriated by the Legislature as provided in Section 15-1211, shall equal two hundred dollars per capita per annum for common and high school education within the county.

"6. 'District qualifying tax rate' means the tax rate of ten cents per one hundred dollars assessed valuation of property in each common school district and ten cents per one hundred dollars assessed valuation in each high school district, which was levied by the county board of supervisors for the year's maintenance and operational expenses of each such district as a condition the district must meet to be eligible for participation in the state school financial assist-

ance monies for the current year. In elementary districts that are not in a high school district, the county board of supervisors shall have levied an additional ten cents levy in each such district, if the district is to qualify for financial assistance to pay tuition for high school pupils. The district tax rate used for determining eligibility for financial assistance shall be computed exclusive of any financial assistance received by the district.

"7. 'Financial assistance' means the state monies distributed to school districts in order to permit each school district to maintain an educational program pusuant to the provisions of this article.

"8. 'High school' means the ninth to twelfth grades inclusive.

"9. 'Maintenance and operational expenses' means all categories of the school district budget, but is not to be construed to include special levies and bond service items.

"10. 'School district needs' means the amount of financial aid that each school district requires in order to afford each pupil in average daily attendance a basic cost of education.

"11. 'State aid' means the sum of money designated by the Legislature to be allocated to the counties to be distributed to the districts upon the basis of the average daily attendance of the districts pursuant to Sections 15-1211 and 15-1212.

"Sec. 13. Sec. 15-1222, Arizona Revised Statutes, is amended to read:

"15-1222. Appropriation of monies for financial assistance; administration of funds for financial assistance purposes

"A. The Legislature shall appropriate monies which shall be deposited in the State School Financial Assistance Fund, for the purpose of providing the funds required under Sections 15-1223 and 15-1224.

"B. The monies deposited in the State School Financial Assistance Fund, as prescribed by the terms of Subsection A, shall be administered and distributed as financial assistance to qualifying school districts by the State Superintendent of Public Instruction.

"Sec. 14. Sec. 15-1223, Arizona Revised Statutes, is amended to read:

"15-1223. Computation of financial assistance to common school districts

"A. Each common school district that employed three or more teachers during the previous school year shall be allotted by the State Superintendent

of Public Instruction financial assistance for maintenance and operational expenses if required, sufficient to provide a basic cost of education of three hundred seventy-five dollars, multiplied by the average daily attendance of the district. The financial assistance shall be allotted subsequent to the computation of items provided in Subsection B.

"B. In computing the amounts of state financial assistance that each common and high school district shall receive, the following revenues shall be credited to the basic cost of education of each district:

"1. State and county aid computed at two hundred dollars times the actual average daily attendance.

"2. Federal monies received shall be credited in the following manner:

"(a) For each student attending common school for whom the district received, or was entitled to receive, during the previous school year, emergency operational aid by P.L. 81-874, credits in the following amounts:

"(i) Entitlement by P.L. 81-874 — 3A — $175.00

"(ii) Entitlement by P.L. 81-874 — 3B1 — $82.50

"(iii) Entitlement by P.L. 81-874 — 3B2 — $82.50

"(b) For each student attending high school for whom the district received, or was entitled to receive, during the previous school year, emergency operational aid by P.L. 81-874, credits in the following amounts:

"(i) Entitlement by P.L. 81-874 — 3A — $300.00

"(ii) Entitlement by P.L. 81-874 — 3B1 — $150.00

"(iii) Entitlement by P.L. 81-874 — 3B2 — $150.00

"(c) For each student attending common school for whom the district received, or was entitled to receive, during the previous school year, Indian Education Aid by P.L. 73-167, exclusive of peripheral school contract monies, such amount as was actually received, or such amount as the district would otherwise have been entitled to receive.

"(d) For each student attending high school for whom the district received, or was entitled to receive, during the previous school year, Indian Education Aid by P.L. 73-167, exclusive of peripheral school contract monies, such amount as was actually received, or such amount as the district would otherwise have been entitled to receive.

"3. The district tax yield from the levy of the district qualifying tax rate on the current year's assessed valuation as determined by the assessment

rolls prepared by the county assessor or the Department of Property Valuation.

"Sec. 15. Sec. 15-1224, Arizona Revised Statutes, is amended to read:

"15-1224. Computation of financial assistance to high school districts

"Each high school district, and each common school district not in a high school district that pays tuition for high school pupils residing in such districts, shall be allotted by the State Superintendent of Public Instruction financial assistance for maintenance and operational expenses of not less than five hundred dollars, multiplied by the average daily attendance of the district. The financial assistance shall be allotted subsequent to the computation of the items provided in Section 15-1223, Subsection B, except that elementary districts not in a high school district must levy the high school district qualifying tax rate for tuition payment for high school pupils in order to qualify for financial assistance to pay for high school pupils.

"Sec. 16. Sec. 15-1225, Arizona Revised Statutes, is amended to read:

"15-1225. Apportionment of financial assistance to school districts

"A. Funds in the state school fund for financial assistance purposes shall be apportioned to the districts of each county on the basis of need, as determined by the provisions of Section 15-1212. In no event shall any school district receive more financial assistance than it is entitled to receive as provided by this article and any overage shall be returned by the school district and credited to the State School Financial Assistance Fund. The Legislature shall appropriate sufficient money for the purpose of providing the funds required under Sections 15-1223 and 15-1224. Such monies shall be deposited in the State School Financial Assistance Fund for financial assistance purposes. If the Legislature fails to make the appropriation, the State Tax Commission when determining the annual tax levy shall include an amount sufficient to meet the requirements of Sections 15-1223 and 15-1224 and this shall be deemed to constitute a continuing annual appropriation.

"B. The State Superintendent of Public Instruction shall provide each school district, through the county school superintendent, with a statement of the apportionments made as provided in Subsection A, on a form prescribed by the State Superintendent of Public Instruction.

"Sec. 17. Title 15, Chapter 12, Arizona Revised

Statutes, is amended by adding Article 2.2, Sections 15-1228, 15-1228.01 and 15-1228.02, to read:

"Article 2.2. State equalization aid for common and high school districts

"15-1228. Appropriation of monies for equalization aid; administration of funds for equalization purposes; continuing annual appropriations

"A. The Legislature shall appropriate monies which shall be deposited in the State School Fund and designated as equalization monies, for the purpose of providing the funds required under this article.

"B. The monies deposited in the State School Fund, as prescribed by the terms of Subsection A, shall be administered and distributed as equalization aid to qualifying school districts by the State Superintendent of Public Instruction.

"C. If the Legislature fails to make the appropriation, the State Tax Commission when determining the annual tax levy shall include an amount sufficient to meet the requirements of this article and this shall be deemed to constitute a continuing annual appropriation.

"D. All monies appropriated and apportioned pursuant to Subsections A, B and C of this section and Section 15-1228.01 shall be used for maintenance and operational purposes.

"15-1228.01. Formula for distribution of equalization monies to common and high school districts

"A. The Superintendent of Public Instruction shall determine the amount of equalization monies to be distributed to common and high school districts by application of the following formula:

"1. Each school district's assessed valuation shall be determined as a percentage of the total statewide common or high school districts' assessed valuation.

"2. Each school district's average daily attendance shall be determined as a percentage of the total statewide common or high school districts' average daily attendance.

"3. The factor produced by Paragraph 1 shall be divided by the factor produced in Paragraph 2 and the result equals the district's index of state support, and the amount of state aid for each pupil in average daily attendance within the school district.

"4. The amount of state aid for each pupil in average daily attendance within the school district as

indicated by the index of state support shall be multiplied by the common or high school districts' average daily attendance as determined by the records of the Superintendent of Public Instruction. The result is the total amount of state equalization aid to the school district under the terms of this article.

"B. The amount of equalization aid prescribed by the terms of this article shall be limited by the following:

"1. Pupils in average daily attendance shall be defined to exclude pupils receiving aid for education from the federal government which is specified for Indian Education Aid (P.L. 73-167).

"2. The equalization aid prescribed by the terms of this article shall be the amount specified by the terms of this article or a lesser amount sufficient to reduce the actual district tax levy for maintenance and operational purposes to an amount equal to a tax rate of ten cents for each one hundred dollars of assessed valuation.

"C. The index of state support shall be as follows:

Index No.	State equalization aid for each pupil in average daily attendance
.01 or less	$136.125
.02	134.750
.03	133.375
.04	132.000
.05	130.625
.06	129.250
.07	127.875
.08	126.500
.09	125.125
.10	123.750
.11	122.375
.12	121.000
.13	119.625
.14	118.250
.15	116.875
.16	115.500
.17	114.125
.18	112.750
.19	111.375
.20	110.000
.21	108.625
.22	107.250
.23	105.875
.24	104.500
.25	103.125
.26	101.750
.27	100.375
.28	99.000
.29	97.625

Index No.	State equalization aid for each pupil in average daily attendance
.30	$96.250
.31	94.875
.32	93.500
.33	92.125
.34	90.750
.35	89.375
.36	88.000
.37	86.625
.38	85.250
.39	83.875
.40	82.500
.41	81.125
.42	79.750
.43	78.375
.44	77.000
.45	75.625
.46	74.250
.47	72.875
.48	71.500
.49	70.125
.50	68.750
.51	67.375
.52	66.000
.53	64.625
.54	63.250
.55	61.875
.56	60.500
.57	59.125
.58	57.750
.59	56.375
.60	55.000
.61	53.625
.62	52.250
.63	50.875
.64	49.500
.65	48.125
.66	46.750
.67	45.375
.68	44.000
.69	42.625
.70	41.250
.71	39.875
.72	38.500
.73	37.125
.74	35.750
.75	34.375
.76	33.000
.77	31.625
.78	30.250
.79	28.875
.80	27.500
.81	26.125
.82	24.750
.83	23.375

Index No.	State equalization aid for each pupil in average daily attendance
.84	$22.000
.85	20.625
.86	19.250
.87	17.875
.88	16.500
.89	15.125
.90	13.750
.91	12.375
.92	11.000
.93	9.625
.94	8.250
.95	6.875
.96	5.500
.97	4.125
.98	2.750
.99	1.375
1.00 and over	0

"15-1228.02. Apportionment

"The state equalization aid for each common and high school district shall be apportioned to school districts in the manner prescribed by the terms of Section 15-1212.

"Sec. 18. Sec. 15-1235, Arizona Revised Statutes, is amended to read:

"15-1235. County levy for schools

"The board of supervisors of each county shall at the beginning of each fiscal year provide and set aside from the county general fund an amount which, when added to the amounts appropriated by the Legislature pursuant to Section 15-1211, shall equal two hundred dollars per capita per annum for common and high school education within the county. The county levy shall be computed according to the average daily attendance of pupils in common school and high school within each county as shown by the records of the Superintendent of Public Instruction, but there shall not be included in the computation pupils attending schools conducted at night, nonresident alien children, or wards of the United States for whom tuition is paid. The amount obtained pursuant to this section shall be part of the county school fund.

"Sec. 19. Sec. 15-1241, Arizona Revised Statutes, is amended to read:

"15-1241. Apportionment of county school fund by county superintendent

"The county school superintendent, after deducting the amount fixed for the special county school re-

serve fund, shall apportion all monies to the credit of the county school fund to the several school districts on the basis of average daily attendance in the common and high schools of the county pursuant to the procedures prescribed by Section 15-1212, Subsection C, Paragraph 4.

"Sec. 20. Sec. 15-1246, Arizona Revised Statutes, is amended to read:

"15-1246. Special county school reserve fund

"The treasurer of each county shall transfer each fiscal year from the county school fund to the special county school reserve fund an amount estimated by the county school superintendent to be required for such fund. The estimate shall be submitted, not later than July 10, to the board of supervisors for their approval. A copy of the estimate as finally adopted by the board of supervisors shall be filed with the county treasurer. Warrants drawn on the special county school reserve fund shall be approved prior to payment by the board of supervisors, as other county warrants are approved. The estimate shall be itemized and shall include the amounts estimated by the county school superintendent to be needed:

"1. For transportation of school children to and from one and two-room rural schools that are determined by the county school superintendent to be in need of such aid.

"2. For transportation from unorganized territory to organized districts, of children who are eligible to receive state aid, and tuition for such children.

"3. For transportation to and from the nearest public high school of pupils residing in elementary districts which are contiguous or not contiguous to and which are not within a high school district if it is determined by the county school superintendent that such elementary districts are in need of such aid.

"4. For one and two-room school districts, an amount which when added to the sum of the estimated per capita apportionment from the state monies appropriated by the terms of Section 15-1211, and the county school fund and the proceeds of a special school district levy of twenty-five cents per one hundred dollars assessed valuation on the property within the district, will provide not more than five thousand dollars for a one-room school and not more than nine thousand dollars for a two-room school, provided that such schools are maintained for a minimum of one hundred seventy-five days per year.

"5. For necessary expenses in excess of the per

capita apportionment from the county school fund for the establishment and conducting of schools in unorganized territory.

"Sec. 21. Sec. 15-1302, Arizona Revised Statutes, is amended to read:

"15-1302. Special elections on bond issues and school property; exemption from election

"A. The board of trustees of a school district may, and upon petition of fifteen per cent of the school electors as shown by the poll list at the last preceding annual school election shall, call an election for the following purposes:

"1. To locate or change the location of schoolhouses.

"2. To purchase or sell school sites or houses, or to build schoolhouses, but the authorization by vote of the district shall not necessarily specify the site to be purchased.

"3. To decide whether the bonds of the district shall be issued and sold for the purpose of raising money for purchasing or leasing school lots, for building schoolhouses, supplying schoolhouses with furniture and apparatus, improving school grounds, or for liquidating any indebtedness already incurred for such purposes.

"B. When the election is called to decide upon locating or relocating school buildings, or the purchase or sale of school sites or school buildings, the election shall be called and conducted as regular school elections except as to the time of holding the election, and the board of trustees shall be governed by the vote of the majority on all questions submitted.

"C. When the election is called to determine whether or not bonds of the district shall be issued and sold for the purposes enumerated in the call for the election, the question shall be submitted to the vote of the qualified electors of the district, as defined in Section 15-473.

"D. In any election held under the authority of this section, only those electors who are real property taxpayers in the district affected are qualified to participate.

"E. The board shall order the election to be held not less than thirty nor more than sixty days from the date of the order. If a petition for an election has been filed with the board as provided in Subsection A, the board shall act upon the petition within thirty days by ordering the election.

"F. A school district which has no electors who

are real property taxpayers residing within the district shall not be subject to the provisions of this section. In lieu thereof the board of trustees may submit a request to the board of supervisors to expend the building funds for a specified purpose, provided it is prescribed in Subsection A. The board of supervisors, by majority vote, may approve the request of the board of trustees and authorize the expenditure of the building funds listed in the school district budget as prescribed by Section 15-445, without an election.

"Sec. 22. Repeal

"Sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes, are repealed."

Amend title to read:

"Relating to education; providing for state financial assistance and equalization aid to school districts; amending Sections 15-442, 15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1202, 15-1211, 15-1212, 15-1221 to 15-1225, inclusive, 15-1235, 15-1241, 15-1246 and 15-1302; amending Title 15, Chapter 12, Article 1, Arizona Revised Statutes, by adding Section 15-1201.02; amending Title 15, Chapter 12, Arizona Revised Statutes, by adding Article 2.2, and repealing Sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes."

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM HUSO Chairman	STANLEY W. AKERS Chairman
ERNEST GARFIELD	SAM FLAKE
THOMAS M. KNOLES, JR.	GLADYS GARDNER
DAVID B. KRET	FRED KOORY, JR.
CLOVES C. CAMPBELL	POLLY ROSENBAUM
F. T. GIBBINGS	

Minority Report:

That the Free Joint Conference Committee report on Senate Bill 2, as amended, not be adopted for the following reasons:

The controls on the spending of ten cent levy monies and in the 6% budget limit check are too restrictive and a detriment to education throughout the state.

Forcing the local board of trustees to hold an election to exceed their budget by an unrealistic 6% is a waste of money that should be spent to educate children.

Forcing the board to revert back to a base of less than what the electorate voted on is dictatorial. This prevents the taxpayers from upgrading the quality of education in their own district even if they are willing to pay the cost of better education.

The deduction of federal monies from state monies is the same as deducting state monies from federal monies and

distributing them through the financial assistance program to every school district in the state, forcing federal monies on the local school districts that are opposed to federal aid.

Therefore, I recommend that Senate Bill 2, as amended by the Joint Conference Committee, do not pass.

J. R. RICKARD

Motion by Mr. Akers, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on Senate Bill 2. Carried by a standing vote of 29 ayes, 26 nays.

The Free Joint Conference Committee on Senate Bill 9 reported:

Majority Report:

That the House recede from their amendments and that the bill be further amended.

(House engrossed bill)

Page 2, line 5, after "property" insert a period and strike balance of line.

Page 2, strike lines 6, 7, 8, 9 and 10.

Page 2, between lines 10 and 11, insert:

"B. Until December 1, 1972, the tax prescribed under the terms of Paragraph 3, Subsection A of this section shall not apply to any written lease or rental agreement entered into prior to December 1, 1967, provided that such exception shall not apply to the businesses of hotels, guest houses, dude ranches and resorts, rooming houses, apartment houses, office buildings, automobile storage garages, parking lots or tourist camps, or to the extension or renewal of any such written lease or rental agreement."

Reletter to conform.

Page 2, line 13, strike "state fair commission" and insert "Coliseum and Exposition Center Board".

Page 2, line 14, insert:

"Sec. 42-1361, Arizona Revised Statutes, is amended to read:

"42-1361. Levy of tax

"A. There is levied and shall be collected by the commission an annual tax:

"1. On the privilege of doing business in this state, measured by the amount or volume of business transacted by persons on account of their business activities, and in the amounts to be determined by the application, against values, gross proceeds of sales, or gross income, as the case may be, in accordance with the provisions and schedules as set forth in Title 42, Chapter 8, Article 1, at rates equal to fifty per cent of the rates imposed in said article.

"2. On the storage, use or consumption in this state of tangible personal property subject to the tax prescribed by Title 42, Chapter 8, Article 2, and purchased on and after July 1, 1959, at a rate equal to fifty per cent of the rate imposed in said article.

"B. The tax levied and collected under the terms of this article is designated as the 'education excise tax.' "

Amend title to read:

"Relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions; providing for an educational excise tax, and amending Sections 42-1314 and 42-1361, Arizona Revised Statutes."

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
ORME LEWIS, JR.	W. A. BUEHL
WILLIAM C. JACQUIN	BURTON S. BARR
CHET GOLDBERG, JR.	JOHN C. PRITZLAFF, JR.

Minority Report:

That the report of the Free Joint Conference Committee on Senate Bill 9 be not adopted.

JOHNNY GREGOVICH	FRANK L. CROSBY
HAROLD C. GISS	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on Senate Bill 9. Carried.

The Free Joint Conference Committee on Senate Bill 15 reported:

Majority Report:

That the House recede from their amendments and that the bill be further amended.

(House engrossed bill)

Page 1, line 8, after "B." strike balance of line and insert "In addition to all other property which is required by law to be placed on the roll, all real property which is subject to the jurisdiction of the State of Arizona,".

Page 1, line 12, after "listed" strike "in" and insert "on".

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
ORME LEWIS, JR.	W. A. BUEHL
WILLIAM C. JACQUIN	BURTON S. BARR
CHET GOLDBERG, JR.	JOHN C. PRITZLAFF, JR.

Minority Report:

That the report of the Free Joint Conference Committee on Senate Bill 15 be not adopted.

JOHNNY GREGOVICH
HAROLD C. GISS
FRANK L. CROSBY
G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the majority report of the Free Joint Conference Committee on Senate Bill 15. Carried.

The Free Joint Conference Committee on Senate Bill 16 reported:

That the House recede from their amendments and that the bill be further amended.

(House engrossed bill)

Page 5, between lines 15 and 16 insert:

"4. 'Current usage' means the use to which property is put at the time of valuation by the assessor or the department."

Renumber following paragraphs to conform.

Page 5, between lines 25 and 26 insert:

"9. 'Producing mine or mining claim' means any mine or mining claim from which any coal, mineral or mineral substance, other than clay, sand, gravel or any building stone, has been extracted for commercial purposes at any time during a period of three years prior to the first Monday in January of the tax year."

Renumber following paragraphs to conform.

Page 5, add new Section 3 to read:

"Sec. 3. Emergency

"To preserve the public peace, health and safety it is necessary that this act become immediately operative. It is therefore declared to be an emergency measure, to take effect as provided by law."

SENATE CONFEREES:
WILLIAM S. PORTER
Chairman
ORME LEWIS, JR.
WILLIAM C. JACQUIN
CHET GOLDBERG, JR.
HAROLD C. GISS
JOHNNY GREGOVICH

HOUSE CONFEREES:
TIMOTHY A. BARROW
Chairman
W. A. BUEHL
BURTON S. BARR
JOHN C. PRITZLAFF, JR.
FRANK L. CROSBY
G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the report of the Free Joint Conference Committee on Senate Bill 16. Carried.

The Free Joint Conference Committee on Senate Bill 17 reported:

That the House recede from their amendments and that the bill be further amended.

(House engrossed bill)

Page 1, line 3, strike "Sections 9-468 and 9-469" and insert "Section 9-468".

Page 1, strike lines 10, 11, 12 and 13.

Page 2, line 2, strike "ten" and insert "one thousand".

SENATE CONFEREES:	HOUSE CONFEREES:
WILLIAM S. PORTER Chairman	TIMOTHY A. BARROW Chairman
ORME LEWIS, JR.	W. A. BUEHL
WILLIAM C. JACQUIN	BURTON S. BARR
CHET GOLDBERG, JR.	JOHN C. PRITZLAFF, JR.
HAROLD C. GISS	FRANK L. CROSBY
JOHNNY GREGOVICH	G. O. BILES

Motion by Mr. Barrow, seconded by Mr. Ellsworth, that the House adopt the report of the Free Joint Conference Committee on Senate Bill 17. Carried.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 12:30 A.M.

At 1:09 A.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

BILLS AND OTHER BUSINESS FROM THE SENATE

Messages from the Secretary of the Senate, Louise C. Brimhall, were read:

HOUSE BILL 1, adopted majority report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE BILL 1, entitled, An Act, relating to taxation; providing for the classification of property; prescribing the basis for the determination of assessed valuation; providing for the valuation of property at market value and the separate valuation of land and improvements; providing basis for tax assessment on producing oil and gas interests; repealing Section 42-136, Arizona Revised Statutes; amending Title 42, Chapter 1, Article 2.1, Arizona Revised Statutes, by adding a new Section 42-136, and amending Section 42-227, Arizona Revised Statutes.

On roll call HOUSE BILL 1 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Coppinger, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin,

Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rickard, Rockwell, Roeder, Shelley, Smith, Stinson, Stone, Stuckey, Williams, Speaker Turley — 35.

NAYS: Abril, Biles, Brown, Carrillo, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rosenbaum, Sawyer, Shaughnessy, Thompson, Vipperman, Walker—23.

NOT VOTING: Cook, House—2.

The following members asked that explanation of their votes be entered in the Journal:

In 1963, the Legislature established the Division of Appraisal and Assessment Standards, and by preamble used the words: "It is the sense of this Legislature that in order to assure that the state's ad valorem tax structure is uniform and equitable, a revaluation of all property in the state is to be undertaken."

This was done in four years at a cost of several million dollars.

On October 30th of this year, Governor Williams called us into special session, and said in part, "The people of this state expect that their elected representatives can and will solve one of the great problems facing this state — fairly, efficiently, and quickly."

This bill is not fair, it is not efficient, nor was it developed quickly.

During a hearing this past summer, ex-Floor Leader John Haugh, said that the old assessment system was akin to Robin Hood—rob the rich to help the poor.

The majority learned from this message and have reversed the process where it is now taking from the poor to help the rich.

I vote "NAY".

MANUEL PENA, JR.

I am appalled that a Republican majority group could approve such a net, anti-business bill.

The outrageous appraisals placed on small commerce by the Appraisal and Assessment Standards Division, in combination with placing small commerce in the 25% of full cash value category; in combination with higher excise taxes; in combination with a tax on leasing; in combination with an increase in the income tax, will prove disastrous for the small businessman in Arizona.

Small commerce, representing tens of thousands of property owners, has been looking forward to this program like a thirsty prospector coming in off the desert looking for a water hole. I'm afraid that they are going to find the water hole has been poisoned.

I would urge this group to return commerce and industry to the 18% category at the first opportunity, and I would further

urge every small business owner and apartment owner in the state to contact their legislative representatives and make known their viewpoint.

I vote "NAY".

JOSEPH SHAUGHNESSY, JR.

House Bill 1 was signed in open session by Speaker Turley.

HOUSE BILL 4, adopted majority report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE BILL 4, entitled, An Act, relating to taxation; providing for an increase in the rate of taxation on income, and amending Section 43-102, Arizona Revised Statutes.

On roll call HOUSE BILL 4 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—32.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Shaughnessy, Smith, Thompson, Vipperman, Walker—26.

NOT VOTING: Cook, House—2.

House Bill 4 was signed in open session by Speaker Turley.

HOUSE BILL 7, adopted majority report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE BILL 7, entitled, An Act, relating to taxation; prescribing certain exemptions from the transaction privilege tax; imposing a tax upon the gross proceeds of sales or gross income from every person engaging or continuing in certain businesses, and amending Section 42-1312; and amending Title 42, Chapter 8, Arizona Revised Statutes, by adding Article 1.2.

On roll call HOUSE BILL 7 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Carrillo, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rickard, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Walker, Williams, Speaker Turley — 36.

NAYS: Abril, Biles, Brown, Coppinger, Crosby, Elliott, Fricks,

Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rosenbaum, Sawyer, Smith, Thompson, Vipperman — 22.

NOT VOTING: Cook, House — 2.

House Bill 7 was signed in open session by Speaker Turley.

HOUSE BILL 15, adopted report of Free Joint Conference Committee.

HOUSE BILL 16, adopted majority report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE BILL 16, entitled, An Act, relating to taxation; imposing a fee for transfer of certain real estate; providing for affidavits of legal value on certain transfers of real estate; providing for penalties, and amending Title 42, Arizona Revised Statutes, by adding Chapter 10, Articles 1 and 2.

On roll call HOUSE BILL 16 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 33.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker — 25.

NOT VOTING: Cook, House — 2.

House Bill 16 was signed in open session by Speaker Turley.

HOUSE BILL 18, adopted majority report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE BILL 18, entitled, An Act, relating to taxation; providing for determination of valuation of gas, water and electric utilities, pipelines, community antenna television systems; amending Section 42-124.01, Arizona Revised Statutes, and amending Title 42, Chapter 1, Article 2, Arizona Revised Statutes, by adding Section 42-124.03.

On roll call HOUSE BILL 18 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Pale, Peck, Pritzlaff, Rockwell, Roeder,

Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 31.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Lyman, Maynard, McConnell, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Smith, Thompson, Vipperman, Walker — 27.

NOT VOTING: Cook, House — 2.

House Bill 18 was signed in open session by Speaker Turley.

HOUSE BILL 19, adopted report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE BILL 19, entitled, An Act, relating to taxation; prescribing that notice of tax assessment on livestock shall show number of livestock and number of months assessed, and amending Section 42-234, Arizona Revised Statutes.

On roll call HOUSE BILL 19 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Carrillo, Coppinger, Crosby, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Hardt, Hawes, Holley, Huffer, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Rosenbaum, Sawyer, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 55.

NAYS: Fricks, Hutcheson, Smith — 3.

NOT VOTING: Cook, House — 2.

House Bill 19 was signed in open session by Speaker Turley.

HOUSE CONCURRENT RESOLUTION 1, adopted majority report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE CONCURRENT RESOLUTION 1, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for certain tax exemptions for certain veterans; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected and nonservice-connected disabilities, and amending Article 9, Section 2, Constitution of Arizona.

On roll call HOUSE CONCURRENT RESOLUTION 1 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom,

Brown, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 34.

NAYS: Abril, Biles, Carrillo, Crosby, Elliott, Fricks, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Shaughnessy, Smith, Thompson, Vipperman, Walker — 23.

NOT VOTING: Cook, Coppinger, House — 3.

The following member asked that explanation of his vote be entered in the Journal:

> This year's state budget increased by approximately $22,000,000. This budget included an endless procession of office furniture, electric typewriters, new clerks, carpeting, drapes, two-way radio systems, refrigerated automobiles, and so on, ad infinitum. Does anyone contend that the funds provided by the elimination of the veterans' exemption (approximately $4,000,000) is vitally needed to finance such expenditures?
>
> I vote "NAY".
>
> JOSEPH SHAUGHNESSY, JR.

House Concurrent Resolution 1 was signed in open session by Speaker Turley.

> HOUSE CONCURRENT RESOLUTION 3, adopted majority report of Free Joint Conference Committee.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

HOUSE CONCURRENT RESOLUTION 3, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending Article 9, Section 2, Constitution of Arizona.

On roll call HOUSE CONCURRENT RESOLUTION 3 passed the House by the following vote:

AYES: Akers, Alexander, Bailey, Barr, Barrow, Bloom, Brown, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Getzwiller, Goodwin, Holley, Hutcheson, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—34.

NAYS: Abril, Adams, Biles, Carrillo, Coppinger, Crosby, Elliott, Fricks, Hardt, Hawes, Huffer, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Rosenbaum, Sawyer, Shaughnessy, Smith, Thompson, Vipperman, Walker—24.

NOT VOTING: Cook, House—2.

House Concurrent Resolution 3 was signed in open session by Speaker Turley.

SENATE BILL 2, passed on Final Passage, as per majority report of Free Joint Conference Committee, by a vote of 19 ayes, 11 nays.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

SENATE BILL 2, entitled, An Act, relating to education; providing for state financial assistance and equalization aid to school districts; amending Sections 15-442, 15-445, 15-1012, 15-1019, 15-1083, 15-1201, 15-1201.01, 15-1202, 15-1211, 15-1212, 15-1221 to 15-1225, inclusive, 15-1235, 15-1241, 15-1246 and 15-1302; amending Title 15, Chapter 12, Article 1, Arizona Revised Statutes, by adding Section 15-1201.02; amending Title 15, Chapter 12, Arizona Revised Statutes, by adding Article 2.2, and repealing Sections 15-1203, 15-1203.01 and 15-1211.01, Arizona Revised Statutes.

On roll call SENATE BILL 2 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Elliott, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, Pale, Peck, Pritzlaff, Rockwell, Roeder, Sawyer, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Thompson, Williams, Speaker Turley—35.

NAYS: Abril, Biles, Brown, Carrillo, Coppinger, Crosby, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, McConnell, Miniken, Pena, Rickard, Rosenbaum, Smith, Vipperman, Walker—23.

NOT VOTING: Cook, House—2.

The following members asked that explanation of their votes be entered in the Journal:

In my own way, I have during the last few weeks, tried to improve this school finance measure. In some areas of concern to me, the bill has been improved.

However, Senate Bill 2, alias House Bill 2, still fails in three major areas. (1) It is a direct slap at the thousands of Arizonans who demanded in proposition 103 that allocation of state aid to schools be on the basis of need, for Senate Bill 2 does not increase the State School Equalization Fund. (2) It imposes too stringent a control upon local school districts spending when a district must revert to a stated dollar amount increase in ensuing years even when the district taxpayers have voted to exceed the 6% limit. (3) It penalizes school districts which receive certain federal funds.

Mr. Speaker, these three features are most detrimental to quality education in our state.

I vote "NAY".

TONY S. CARRILLO

There is no denying the fact that much deliberate effort has been put forth by the Legislature to stagnate and cripple education in Arizona. The controls in this bill impede, restrain and inhibit the duly elected school boards of Arizona from implementing adequate quality education in our public schools. The old cliche that you can go to the vote of the people is just as practical as referring all actions of the Legislature to the voters for their approval. These controls are a form of trickery and a devious way of strangling and reducing the possibility of giving every Arizona child an equal opportunity for an education, which exists in the other 49 states.

I vote "aye" on this bill due to increased funds which some schools will receive and in the belief that the citizens of District Two will continue to provide quality education regardless of some who wish to impede educational progress.

I vote "AYE".

JAMES A. ELLIOTT

Some of my most lasting memories are of teachers I had and their contributions to my understandings.

Every year, school budgets are questioned, the litany of teachers' salaries is preached. The mystical chant that Herculean proportions of school budgets are expended on teachers' salaries is used to arouse the hard-working teacher.

My quarrel is not with teachers, it is with the despoilers who are erecting vast empires of red tape.

The warchiefs and medicine men of education who chant their incantations of gloom and doom against all who would so much as touch their precious domains.

Both inertly and covertly a massive web of bromidic non-teaching personnel has sutured itself upon the body of the educational systems in an unparalleled expansion of bumbledom dedicated to indolence, bunkum and trivia.

Individual instances of malfeasance are met with cliches and protesting jargon.

The villain in this situation is not the Legislature but the beclouded budget, the ensconced employee and the shrouded secretary.

The undeniable fact is that over the past decade the percent of school budgets spent for teachers' salaries has decreased.

I want to be sure we are getting our dollars worth for the money we expend. To do this, we need an independent investigation of our own.

I vote "AYE".

WILLIAM D. LYMAN

Senate Bill 2 was signed in open session by Speaker Turley.

SENATE BILL 4, passed on Final Passage, as per majority

report of Free Joint Conference Committee, by a vote of 18 ayes, 12 nays.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

SENATE BILL 4, entitled, An Act, relating to taxation; prescribing exemptions to the transaction privilege tax and the use tax; amending Title 42, Chapter 8, Article 1, Arizona Revised Statutes, by adding Section 42-1312.01, and amending Sections 42-1321 and 42-1409, Arizona Revised Statutes.

On roll call SENATE BILL 4 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—32.

NAYS: Abril, Biles, Brown, Carrillo, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Pritzlaff, Rickard, Sawyer, Smith, Thompson, Vipperman, Walker—24.

NOT VOTING: Cook, Coppinger, House, Rosenbaum—4.

Senate Bill 4 was signed in open session by Speaker Turley.

SENATE BILL 9, passed on Final Passage, as per majority report of Free Joint Conference Committee, by a vote of 20 ayes, 10 nays.

FINAL PASSAGE

SENATE BILL 9, entitled, An Act, relating to taxation; providing for a transaction privilege tax on leasing or renting certain property; providing for certain exceptions; providing for an educational excise tax, and amending Sections 42-1314 and 42-1361, Arizona Revised Statutes.

On roll call SENATE BILL 9 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley—32.

NAYS: Abril, Biles, Brown, Carrillo, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Sawyer, Shaughnessy, Smith, Thompson, Vipperman—23.

NOT VOTING: Cook, Coppinger, House, Rosenbaum, Walker—5.

Senate Bill 9 was signed in open session by Speaker Turley.

SENATE BILL 15, passed on Final Passage, as per majority

report of Free Joint Conference Committee, by a vote of 19 ayes, 11 nays.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

SENATE BILL 15, entitled, An Act, relating to taxation; providing for the inclusion of taxable and nontaxable property on the roll, and amending Section 42-238, Arizona Revised Statutes.

On roll call SENATE BILL 15 passed the House by the following vote:

AYES: Adams, Akers, Alexander, Bailey, Barr, Barrow, Bloom, Buehl, Ellsworth, Farley, Faron, Flake, Gardner, Goodwin, Holley, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Pale, Peck, Pritzlaff, Rockwell, Roeder, Shaughnessy, Shelley, Stinson, Stone, Stuckey, Williams, Speaker Turley — 33.

NAYS: Abril, Biles, Brown, Carrillo, Crosby, Elliott, Fricks, Getzwiller, Hardt, Hawes, Huffer, Hutcheson, Johnson, Lena, Maynard, Miniken, Pena, Rickard, Sawyer, Smith, Thompson, Vipperman — 22.

NOT VOTING: Cook, Coppinger, House, Rosenbaum, Walker — 5.

Senate Bill 15 was signed in open session by Speaker Turley.

SENATE BILL 16 passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 30 ayes.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

SENATE BILL 16, entitled, An Act, relating to taxation; prescribing duties of Director of Department of Property Valuation; declaring full cash value and market value as being synonymous, and amending Sections 42-123 and 42-201, Arizona Revised Statutes.

On roll call SENATE BILL 16 passed the House, without enacting the emergency, by the following vote:

AYES: Akers, Bailey, Barr, Barrow, Biles, Bloom, Brown, Buehl, Crosby, Elliott, Ellsworth, Farley, Faron, Gardner, Getzwiller, Hardt, Hawes, Huffer, Johnson, Jones, Kelley, Kluender, Koory, Lyman, McConnell, Miniken, Pale, Peck, Roeder, Sawyer, Shaughnessy, Smith, Stinson, Stone, Stuckey, Williams, Speaker Turley — 37.

NAYS: Abril, Adams, Alexander, Carrillo, Flake, Fricks, Goodwin, Holley, Hutcheson, Lena, Maynard, Pena, Pritzlaff, Rickard, Rockwell, Shelley, Vipperman, Walker — 18.

NOT VOTING: Cook, Coppinger, House, Rosenbaum, Thompson — 5.

Senate Bill 16 was signed in open session by Speaker Turley.

SENATE BILL 17, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 30 ayes.

FINAL PASSAGE

The following bill, as per Free Joint Conference Committee report, was read the final time in full:

SENATE BILL 17, entitled, An Act, relating to cities, towns and counties; providing for the issuance and filing of building permits; providing for distribution of copies; prescribing penalties; amending Section 11-321, Arizona Revised Statutes; amending Title 11, Chapter 2, Article 9, Arizona Revised Statutes, by adding Section 11-322, and amending Title 9, Chapter 4, Arizona Revised Statutes, by adding Article 6.1.

On roll call SENATE BILL 17 passed the House by the following vote:

AYES: Abril, Adams, Akers, Alexander, Bailey, Barr, Barrow, Biles, Bloom, Buehl, Carrillo, Crosby, Ellsworth, Farley, Faron, Flake, Fricks, Gardner, Goodwin, Hawes, Holley, Huffer, Hutcheson, Johnson, Jones, Kelley, Kluender, Koory, Lena, Lyman, Maynard, McConnell, Miniken, Pale, Peck, Pena, Pritzlaff, Rickard, Rockwell, Roeder, Shelley, Stinson, Stone, Stuckey, Thompson, Vipperman, Walker, Williams, Speaker Turley — 49.

NAYS: Brown, Elliott, Getzwiller, Hardt, Sawyer, Shaughnessy, Smith — 7.

NOT VOTING: Cook, Coppinger, House, Rosenbaum — 4.

Senate Bill 17 was signed in open session by Speaker Turley.

SENATE CONCURRENT RESOLUTION 2, adopted report of Free Joint Conference Committee and passed on Final Passage by a vote of 27 ayes, 3 nays.

SENATE CONCURRENT RESOLUTION 2, a Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to taxation; exempting certain household goods from personal property taxation, and amending Article 9, Section 2, Constitution of Arizona.

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

1. The following amendment of Article 9, Section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

> Section 2. There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. All household goods owned by the user thereof and used solely for noncommercial purposes shall be exempt from taxation, and such person entitled to such exemption shall not be required to take any affirmative action to receive the benefit of such exemption. Stocks of raw or finished materials, unassembled parts, work in process or

finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. There shall be further exempt from taxation the property of widows, honorably discharged soldiers, sailors, United States marines, members of revenue marine service, nurse corps, or of the components of auxiliaries of any thereof, residents of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other persons named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such persons other than widows unless they shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been residents of this state prior to September 1, 1945. All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation, to be ascertained as provided by law. This section shall be self-executing.

2. The proposed amendment (approved by a majority of the members elected to each House of the Legislature, and entered upon the respective Journals thereof, together with the ayes and nays thereon) shall be by the Secretary of State submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by Article 21, Constitution of Arizona.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that the House stand at recess, subject to the call of the gavel. Carried at 2:43 A.M.

At 3:15 A.M., Speaker Turley called the House to order.

Without objection, the House referred to the Order of Business:

BILLS AND OTHER BUSINESS FROM THE SENATE

Messages from the Secretary of the Senate, Louise C. Brimhall, were read:

HOUSE BILL 1, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 18 ayes, 12 nays.

HOUSE BILL 4, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 18 ayes, 12 nays.

HOUSE BILL 7, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 18 ayes, 12 nays.

HOUSE BILL 15, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 30 ayes, as originally passed by the House.

HOUSE BILL 16, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 17 ayes, 13 nays.

HOUSE BILL 18, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 17 ayes, 12 nays, 1 excused.

HOUSE BILL 19, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 26 ayes, 4 nays.

HOUSE CONCURRENT RESOLUTION 1, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 18 ayes, 12 nays.

HOUSE CONCURRENT RESOLUTION 1, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; providing for certain tax exemptions for certain veterans; providing for the gradual removal of tax exemptions of certain veterans; providing for tax exemptions for certain veterans with service-connected and nonservice-connected disabilities, and amending Article 9, Section 2, Constitution of Arizona.

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

1. The following amendment of Article 9, Section 2, Constitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

> Section 2(A). There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. This section shall be self-executing.
>
> Section 2(B). There shall be further exempt from taxation the property of each widow, and each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow and such other person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person other than a

widow unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars, and shall have been a resident of this state prior to September 1, 1945.

There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, not exceeding the amount of two thousand dollars for the tax year 1969, the amount of one thousand five hundred dollars for the tax year 1970, the amount of one thousand dollars for the tax year 1971, and the amount of five hundred dollars for the tax year 1972, where the total assessment of such person named herein does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I, and shall have been a resident of this state prior to September 1, 1945; provided, that no such exemption shall be made for such person after the tax year 1972.

There shall be further exempt from taxation as herein provided the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, where such person has a service-connected disability as determined by the United States Veterans Administration, and where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have been a resident of this state prior to September 1, 1945, or unless he shall have been a resident of this state for at least four years prior to his original entry into service as an airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof. The property of such person having a compensable service-connected disability exempt from taxation as herein provided shall be determined as follows: (1) If such person's service-connected disability as determined by the United States Veterans Administration is sixty per cent or less, the property of such person exempt from taxation shall be determined by such person's percentage of disability multiplied by the assessment of such person not exceeding the amount of two thousand dollars; (2) If such person's service-connected disability as determined by the United States Veterans Administration is more than sixty per cent, the

property of such person exempt from taxation shall not exceed the amount of two thousand dollars.

There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof; resident of this state, not exceeding the amount of two thousand dollars, where such person has a nonservice-connected total and permanent disability, physical or mental, as so certified by the United States Veterans Administration, and where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I, and shall have been a resident of this state prior to September 1, 1945.

No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to property owned by a person who qualifies for any exemption in accordance with the terms of this Section 2(B) shall not exceed two thousand dollars. This section shall be self-executing.

Section 2(C). All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

2. The proposed amendment (approved by a majority of the members elected to each House of the Legislature, and entered upon the respective Journals thereof, together with the ayes and nays thereon) shall be by the Secretary of State submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by Article 21, Constitution of Arizona.

HOUSE CONCURRENT RESOLUTION 3, passed on Final Passage, as per report of Free Joint Conference Committee, by a vote of 17 ayes, 13 nays.

HOUSE CONCURRENT RESOLUTION 3, A Concurrent Resolution, proposing an amendment of the Constitution of Arizona relating to tax exemptions; prescribing limitations on widows' exemptions; providing for imposition of punishment by law for a person who makes a false statement in support of a claim for tax exemption, and amending Article 9, Section 2, Constitution of Arizona.

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

1. The following amendment of Article 9, Section 2, Con-

stitution of Arizona, is proposed, to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

Section 2(A). There shall be exempt from taxation all federal, state, county and municipal property. Property of educational, charitable and religious associations or institutions not used or held for profit may be exempt from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. Stocks of raw or finished materials, unassembled parts, work in process or finished products constituting the inventory of a retailer or wholesaler located within the state and principally engaged in the resale of such materials, parts or products, whether or not for resale to the ultimate consumer shall be exempt from taxation. This section shall be self-executing.

Section 2(B). There shall be further exempt from taxation the property of each honorably discharged soldier, sailor, United States marine, member of revenue marine service, nurse corps or of the component of auxiliary of any thereof, resident of this state, not exceeding the amount of two thousand dollars, where the total assessment of such person does not exceed five thousand dollars; provided, that no such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war, and shall have been a resident of this state prior to September 1, 1945.

There shall be further exempt from taxation the property of each widow, resident of this state, not exceeding the amount of two thousand dollars, where the total assessment of such widow does not exceed five thousand dollars; provided, that the income from all sources of such widow, together with the income from all sources of all children of such widow residing with her in such widow's residence in the year immediately preceding the year for which such widow applies for exemption, did not exceed (1) $3,500, if none of the widow's children under the age of twenty-one years resided with her in such widow's residence, or (2) $5,000, if one or more of the widow's children residing with her in such widow's residence was under the age of twenty-one years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law; and provided, further that such widow resided with her last husband in this state at the time of his death if she was not a widow and a resident of this state prior to January 1, 1969.

No property shall be exempt which has been conveyed to evade taxation. The total exemption from

taxation granted to property owned by a person who qualifies for any exemption in accordance with the terms of this Section 2(B) shall not exceed two thousand dollars. This section shall be self-executing.

Section 2(C). All property in the state not exempt under the laws of the United States or under this constitution, or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law. This section shall be self-executing.

2. The proposed amendment (approved by a majority of the members elected to each House of the Legislature, and entered upon the respective Journals thereof, together with the ayes and nays thereon) shall be by the Secretary of State submitted to the qualified electors at the next regular general election (or at a special election called for that purpose), as provided by Article 21, Constitution of Arizona.

Motion by Mr. Barr, seconded by Mr. Ellsworth, that a committee of five be appointed to notify the Senate that the House has completed its labors and is ready to adjourn sine die, and to meet with a like committee from the Senate to wait upon the Governor to see if he has any further message for the Legislature. Carried, and Speaker Turley appointed Members Williams, Hawes, Faron, Fricks and Farley as the House Sine Die Adjournment Committee.

Without objection, at 3:19 A.M., the House stood at recess, subject to the call of the gavel.

At 3:26 A.M., Speaker Turley called the House to order.

At 3:27 A.M., the Sergeant at Arms announced a committee from the Senate consisting of Senators Tenney, Goetze, Johnson, Burgess and Gregovich, who informed the House that the Senate had completed its labors and was ready to adjourn sine die.

Speaker Turley thanked the Senate Sine Die Adjournment Committee.

Motion by Mr. Ellsworth, seconded by Mr. Akers, that the House stand at recess, subject to the call of the gavel. Carried at 3:28 A.M.

At 3:33 A.M., Speaker Turley called the House to order.

At 3:34 A.M., the Sergeant at Arms announced the Senate of the State of Arizona.

JOINT SESSION OF THE SENATE AND HOUSE OF REPRESENTATIVES OF THE TWENTY-EIGHTH LEGISLATURE, THIRD SPECIAL SESSION OF THE STATE OF ARIZONA

The Joint Session of the Third Special Session of the Twenty-eighth Legislature was called to order at 3:35 A.M., by Marshall Humphrey of Maricopa County, President of the Senate.

A quorum of both Houses was present.

At 3:36 A.M., the Joint Sine Die Adjournment Committee consisting of Senators Tenney, Goetze, Johnson, Burgess, Gregovich, Representa-

tives Williams, Hawes, Faron, Fricks and Farley, returned escorting His Excellency, Jack Williams, the Governor of Arizona.

Governor Williams, who was introduced by President Humphrey, delivered the following message:

GOVERNOR'S MESSAGE

For the moment your work is done. The people of our state will long remember what you have accomplished in these final hours of the seventh year of the seventh decade of the 20th Century.

This task was not of your choosing nor of mine. This responsibility was thrust upon this body by the Courts before some of you were even elected to serve in the Legislature of the State of Arizona.

The problems you have been called upon to solve are of such magnitude . . . of such tremendous consequence as to justify the description of your labors as the most significant legislation ever enacted in the history of our State.

For you were called upon to take the first long steps, to initiate a program of tax reform and equalization which will affect the lives of every citizen now living in our state and all those who will in the years ahead come to make their homes with us.

You have withstood the pressures of special pleadings. You have listened to the advice of experts in this field, you have employed the most sophisticated technological resources to produce for your state and for our people what we must hope will be a more equitable method of collecting the funds required to support the functions of government.

The cry for reform has been heard from the lips of all our people for more years than you and I can count . . . but reform necessitates change . . . and change is disturbing. And lesser men might have given way before the voices of hysteria and retreated in failure before this task.

You have been severely and bitterly criticized and yet even the most vocal of these critics has confessed an admiration for your steadfastness of purpose, for your willingness to examine and explore, for your refusal to adopt the expedient answers.

No structure of man is ever perfect, all taxation is painful to he who must pay the tax. And I have found among you a refreshing frankness in your declaration that what you have commenced in this session will require the careful nurture and care and adjustment at the hands of future legislative bodies.

The significance of your accomplishment is to be found in the fact that you have made the beginning, you have declared it is the purpose of our state to operate the functions of government in a prudent, economical fashion. And to collect from all citizens with careful, purposeful equality the funds

to support the government necessary to an ordered and just society. And for this beginning we, the people of Arizona, are forever indebted to you.

And now a word of warning, it is naive to expect gratitude, those whose taxes will certainly be reduced under the thrust of this new legislation will complain that the reduction is not as much as they expected. And those who have been enjoying a sanctuary of tax advantage will complain that the new burden placed upon them is much too great. There is still much to be done but the beginning has been made and you have made it and you complete your labors at a particularly significant time in the season of Christian advent and I join with you in hoping that the advent of this new tax legislation will be truly a step forward.

And now you leave for home and hearth, may God go with you. And in this holy season refresh and strengthen you for the work that lies ahead. It is my hope that all of you and all of our people will enjoy a Merry Christmas. God speed you home.

At 3:39 A.M., the Joint Sine Die Adjournment Committee escorted Governor Williams from the House Chamber.

Without objection, at 3:40 A.M., the Joint Session of the Legislature was dissolved.

MARSHALL HUMPHREY,
President of the Senate.

STAN TURLEY,
Speaker of the House.

ATTEST: LOUISE C. BRIMHALL,
Secretary of the Senate.

K. E. BETTY WEST,
Chief Clerk of the House.

At 3:41 A.M., Speaker Turley called the House to order.

Speaker Turley announced the approval of the Journal of Thursday and Friday, December 21 and 22, 1967. (25th legislative day).

Motion by Mr. Brown, seconded by Mr. Ellsworth, that the House do now adjourn sine die. Carried by unanimous vote, and at 3:42 A.M., Friday, December 22, 1967, the House of Representatives of the Twenty-eighth Legislature, Third Special Session, of the State of Arizona, so adjourned.

STAN TURLEY,
Speaker of the House.

ATTEST: K. E. BETTY WEST,
Chief Clerk of the House.

SUPPLEMENT

The following communications were received from the Governor, Jack Williams, relative to his actions on House and Senate Bills after the adjournment sine die:

On December 28, 1967, the Governor approved the following:

SENATE BILL 6, increasing state withholding tax rate.

On January 2, 1968, the Governor approved the following:

HOUSE BILL 1, providing for classification of property; prescribing percentage of assessed valuation.

HOUSE BILL 4, providing for increase in rate of taxation on income.

HOUSE BILL 7, prescribing rate of education excise tax.

HOUSE BILL 10, increasing luxury tax on cigarettes.

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HOUSE BILL 19, prescribing livestock tax assessment notice show number of livestock and months assessed.

HOUSE BILL 28, appropriation to Department of Property Valuation.

HOUSE BILL 29, appropriation to State Board of Property Tax Appeals.

HOUSE BILL 30, appropriation to Interstate Stream Commission.

HOUSE BILL 31, appropriation to Arizona State Board of Crippled Children's Services.

HOUSE CONCURRENT RESOLUTION 1, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.

HOUSE CONCURRENT RESOLUTION 3, constitutional amendment providing for tax exempt status for certain widows.

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12-7 Rules — constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole — amended do pass 25-28
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 32 ayes, 27 nays, 1 not voting 32-34
Held in Senate.

SENATE ACTION:

12-8 Received and First Reading
12-8 Referred to Committee on Education
Held in committee.

HOUSE BILL 3, by Committee on Ways & Means, eliminating federal income tax as deduction by corporations.

11-27 First Reading 4

11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 7
12-5 Commerce & Industry:
Majority — do pass
Minority — do not pass 17
12-5 Ways & Means — do pass 18
12-7 Rules — constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole — do pass 28
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 36 ayes, 23 nays, 1 not voting 34
Held in Senate.

SENATE ACTION:

12-8 Received and First Reading
12-8 Referred to Committee on Finance & Revenue
Held in committee.

HOUSE BILL 4, by Committee on Ways & Means, providing for increase in rate of taxation on income.

11-27 First Reading 4
11-28 Second Reading, referred to Committees on Rules; Ways & Means 7
12-5 Ways & Means — amended do pass 18
12-7 Rules — constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole — amended do pass 28
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 31 ayes, 28 nays, 1 not voting 35
12-8 Senate passed amended, 18 ayes, 10 nays, 2 not voting 74-102
12-8 House refused to concur in Senate amendments, appointed Free Conferees — Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 102
12-12 Senate appointed Free Conferees — Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 137-139
12-21 House adopted conference majority report 139
12-22 Senate adopted conference majority report 179
12-22 House Final Passage, 32 ayes, 26 nays, 2 not voting 179
12-22 Senate Final Passage, 18 ayes, 12 nays 188
1-2 Governor approved 196
Chapter 7.

HOUSE BILL 5, by Committee on Ways & Means, imposing tax on professional and personal service occupations and businesses.

11-27 First Reading 4
11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 7
Held in committees.

HOUSE BILL 6, by Committee on Ways & Means, providing for sales tax on leasing or renting certain property.

11-27 First Reading 4

11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 7, 8
12-6 Commerce & Industry — as amended by Committee on Ways & Means, do pass 19
12-6 Ways & Means — amended do pass 19
12-7 Rules — constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole — amended do pass 28, 29
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 32 ayes, 27 nays, 1 not voting 35
Held in Senate.

SENATE ACTION:

12-8 Received and First Reading
12-8 Referred to Committee on Finance & Revenue
Held in committee.

HOUSE BILL 7, by Committee on Ways & Means, prescribing certain exemptions from transaction privilege tax; imposing special excise tax for education on gross proceeds of certain businesses.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Education; Ways & Means 8
12-5 Education — do pass 18
12-5 Ways & Means — amended do pass 18
12-7 Rules — constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole — amended do pass 29
12-7 Engrossed by Administration 31
12-7 Third Reading, passed without enacting emergency, 33 ayes, 26 nays, 1 not voting 35
12-8 Senate passed amended, 19 ayes, 11 nays 102-104
12-8 House refused to concur in Senate amendments, appointed Free Conferees — Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 104, 105
12-12 Senate appointed Free Conferees — Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 139, 140
12-21 House adopted conference majority report 140
12-22 Senate adopted conference majority report 179
12-22 House Final Passage, 36 ayes, 22 nays, 2 not voting 179, 180
12-22 Senate Final Passage, 18 ayes, 12 nays 188
1-2 Governor approved 196
Chapter 8.

HOUSE BILL 8, by Committee on Ways & Means, increasing state withholding tax rate.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 8
12-5 Commerce & Industry — do pass 18
12-6 Ways & Means — do pass 19
12-7 Rules — constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole — do pass 29

12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 46 ayes, 11 nays, 3 not voting.... 36
Held in Senate.

SENATE ACTION:

12-8 Received and First Reading
12-8 Referred to Committee on Finance & Revenue
Held in committee.

HOUSE BILL 9, by Committee on Ways & Means, imposing minimum income tax filing fee on corporations.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means..... 8
12-5 Commerce & Industry — do pass..... 18
12-5 Ways & Means — do pass..... 18
12-7 Rules — constitutional and in proper form..... 24
12-7 Rules report 25
12-7 Committee of Whole — do pass..... 29
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 41 ayes, 18 nays, 1 not voting.... 36
Held in Senate.

SENATE ACTION:

12-8 Received and First Reading
12-8 Referred to Committee on Finance & Revenue
Held in committee.

HOUSE BILL 10, by majority of Committee on Ways & Means, increasing luxury tax on cigarettes to benefit CAP and schools.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Education; Ways & Means..... 8
12-20 Education:
Majority — amended do pass
Minority — do not pass..... 125
12-20 Ways & Means — do pass..... 125
12-20 Rules — amended constitutional and in proper form..... 125
12-20 Rules report 125
12-20 Committee of Whole — amended do pass.....125, 126
12-20 Engrossed by Administration 127
12-21 Third Reading, passed, 32 ayes, 26 nays, 2 not voting....128, 129
12-21 Senate passed amended, 18 ayes, 12 nays..... 132
12-21 House concurred in Senate amendments — Final Passage, 31 ayes, 27 nays, 2 not voting.....132, 133
1-2 Governor approved 196
Chapter 18.

HOUSE BILL 11, by majority of Committee on Ways & Means, increasing luxury tax on alcoholic beverages to benefit CAP and schools.

11-27 First Reading 5

11-28 Second Reading, referred to Committees on Rules; State Government; Ways & Means 8
12-20 State Government:
Majority — do pass
Minority — do not pass 125
12-20 Ways & Means—amended do pass 125
12-20 Rules — constitutional and in proper form 125
12-20 Rules report 125
12-20 Committee of Whole — amended do pass 126
12-20 Engrossed by Administration 127
12-21 Third Reading, passed, 33 ayes, 25 nays, 2 not voting 129
12-21 Senate passed amended, 18 ayes, 12 nays 133
12-21 House concurred in Senate amendments — Final Passage, 31 ayes, 27 nays, 2 not voting 133, 134
1-2 Governor approved 196
Chapter 9.

HOUSE BILL 12, by Members Pale, Akers, Barr, Barrow, Faron, Jones, Kluender, Pritzlaff, Rockwell, Shelley, Stinson, Stuckey of District 8; Gardner of District 1; Hawes of District 2; Crosby of District 3; Huffer, McConnell of District 4; Hardt of District 5; Bailey, Buehl, Goodwin, Lena, Stone of District 7, prescribing certain exemptions to sales and use tax.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 8
Held in committees.

HOUSE BILL 13, by Committee on Ways & Means, providing that copy of record of livestock inspections relating to shipments be sent to county assessor.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Agriculture & Livestock; Ways & Means 8
Held in committees.

HOUSE BILL 14, by Committee on Ways & Means, providing for ascertainment of property subject to taxation.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 8
12-4 Counties & Municipalities — amended do pass 15
12-6 Ways & Means — do pass 19
12-7 Rules — constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole — do pass 29
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 45 ayes, 14 nays, 1 not voting 36
12-8 Senate passed amended, 28 ayes, 2 nays 105
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 105
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
Held in conference committee.

HOUSE BILL 15, by Committee on Ways & Means, providing situs of railroad cars for taxation purposes.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Transportation; Ways & Means 8
12-1 Ways & Means—do pass 13
12-4 Transportation—do pass 15
12-7 Rules—constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole—do pass 29
12-7 Engrossed by Administration 31
12-7 Third reading, passed, 53 ayes, 4 nays, 3 not voting 37
12-8 Senate passed amended, 30 ayes 105
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 105
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 141
12-21 House adopted conference report 141
12-22 Senate adopted conference report 180
12-22 Senate Final Passage, 30 ayes 188
(Final Passage not needed by House. Bill accepted as originally passed by House.)
1-2 Governor approved 196
Chapter 10.

HOUSE BILL 16, by Committee on Ways & Means, imposing real estate transfer tax to be retained by county.

11-27 First Reading 5
11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 8
12-4 Commerce & Industry—do pass 15
12-6 Ways & Means—amended do pass 19
12-7 Rules—constitutional and in proper form 24
12-7 Rules report 25
12-7 Committee of Whole—amended do pass 29, 30
12-7 Engrossed by Administration 31
12-7 Third Reading, passed without enacting emergency, 38 ayes, 20 nays, 2 not voting 37
12-8 Senate passed amended, 19 ayes, 11 nays 105
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 105
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 141
12-21 House adopted conference majority report 141
12-22 Senate adopted conference majority report 180
12-22 House Final Passage, 33 ayes, 25 nays, 2 not voting 180
12-22 Senate Final Passage, 17 ayes, 13 nays 189
1-2 Governor approved 196
Chapter 11.

HOUSE BILL 17, by Committee on Ways & Means, relating to zoning and providing for giving notice of changes to county assessor.

11-27 First Reading 5

11-28 Second Reading, referred to Committees on Rules; Counties & Municipalities; Ways & Means 8
12-4 Counties & Municipalities—do pass 15
12-6 Ways & Means—do pass 19
12-7 Rules—constitutional and in proper form 25
12-7 Rules report 25
12-7 Committee of Whole—do pass 30
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 52 ayes, 7 nays, 1 not voting 37, 38
12-8 Senate passed amended, 17 ayes, 13 nays 105
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 106
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
Held in conference committee.

HOUSE BILL 18, by Committee on Ways & Means, determining valuation of utilities, oil, community antenna television systems.

11-27 First Reading 5, 6
11-28 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 8
12-5 Commerce & Industry—do pass 18
12-6 Ways & Means—do pass 19
12-7 Rules—constitutional and in proper form 25
12-7 Rules report 25
12-7 Committee of Whole—do pass 30
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 52 ayes, 7 nays, 1 not voting 38
12-8 Senate passed amended, 27 ayes, 2 nays, 1 excused 106
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 106
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 141, 142
12-21 House adopted conference majority report 142
12-22 Senate adopted conference majority report 180
12-22 House Final Passage, 31 ayes, 27 nays, 2 not voting 180, 181
12-22 Senate Final Passage, 17 ayes, 12 nays, 1 excused 189
1-2 Governor approved 196
Chapter 12.

HOUSE BILL 19, by Committee on Ways & Means, prescribing livestock tax assessment notice show number of livestock and months assessed.

11-27 First Reading 6
11-28 Second Reading, referred to Committees on Rules; Agriculture & Livestock; Ways & Means 8
12-1 Ways & Means—do pass 13
12-4 Agriculture & Livestock—do pass 15
12-7 Rules—constitutional and in proper form 25
12-7 Rules report 25
12-7 Committee of Whole—do pass 30
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 51 ayes, 8 nays, 1 not voting 38

12-8 Senate passed amended, 18 ayes, 12 nays 106
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 106
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 142
12-21 House adopted conference report 143
12-22 Senate adopted conference report 181
12-22 House Final Passage, 55 ayes, 3 nays, 2 not voting 181
12-22 Senate Final Passage, 26 ayes, 4 nays 189
1-2 Governor approved 196
Chapter 13.

HOUSE BILL 20, by Members Carrillo, Fricks, Hutcheson, Lena, Maynard of District 7; Cook, Hawes, Sawyer of District 2; Crosby of District 3; Getzwiller, Hardt of District 5; Johnson of District 6; Abril, Coppinger, Pena, Rickard, Thompson of District 8, exempting food products, medicines and drinking water from sales tax.

11-29 First Reading 9, 10
11-30 Second Reading, referred to Committees on Rules; Public Health & Welfare; Ways & Means 11
Held in committees.

HOUSE BILL 21, by Members Carrillo, Fricks, Hutcheson, Lena, Maynard, Williams of District 7; Cook, Elliott, Hawes, Sawyer of District 2; Huffer of District 4; Getzwiller, Hardt of District 5; Johnson of District 6; Abril, Coppinger, Pena, Rickard, Thompson of District 8, exempting prescription medicine from sales and use tax.

11-29 First Reading 10
11-30 Second Reading, referred to Committees on Rules; Public Health & Welfare; Ways & Means 11
Held in committees.

HOUSE BILL 22, by Members Miniken, Johnson of District 6; Elliott, Hawes, Sawyer of District 2; Brown of District 3; Huffer of District 4; Smith of District 5; Hutcheson, Maynard, Williams of District 7; Pena, Rickard, Shelley, Thompson of District 8, providing for more than one high school in a county union high school district.

11-29 First Reading 10
11-30 Second Reading, referred to Committees on Rules; Education; Counties & Municipalities 11
Held in committees.

HOUSE BILL 23, co-sponsored by Members Lyman, Gardner of District 1, providing for more than one high school in a county union high school district.

11-29 First Reading 10
11-30 Second Reading, referred to Committees on Rules; Education; Counties & Municipalities 11

12-5 Counties & Municipalities:
Majority—amended do pass
Minority—as amended do not pass 18
Held in committees.

HOUSE BILL 24, by Members McConnell of District 4; Gardner, Lyman of District 1; Ellsworth of District 8, prescribing duties of Director of Department of Property Valuation; declaring full cash value and fair market value as synonymous; prescribing exclusion to value estimate.

11-29 First Reading 10
11-30 Second Reading, referred to Committees on Rules; State Government; Ways & Means 11, 12
Held in committees.

HOUSE BILL 25, by Members Rickard, Abril, Kluender, Pena, Shaughnessy, Thompson of District 8, providing for full tax assessment of mines and mining properties.

12-1 First Reading 13
12-4 Second Reading, referred to Committees on Rules; Commerce & Industry; Ways & Means 16
Held in committees.

HOUSE BILL 26, by Committee on Agriculture & Livestock, including certain permanent agricultural or grazing improvements in valuation of real property.

12-4 First Reading 16
12-5 Second Reading, referred to Committees on Rules; Agriculture & Livestock; Ways & Means 18
Held in committees.

HOUSE BILL 27, by Mr. Lyman of District 1, abolishing Department of Property Valuation; transferring powers and duties to State Tax Commission.

12-5 First Reading 18
12-6 Second Reading, referred to Committees on Rules; State Government; Ways & Means 20
Held in committees.

HOUSE BILL 28, by Committee on Rules, appropriation to Department of Property Valuation.

12-15 First Reading, advanced 116
12-15 Second Reading, referred to Committees on Rules; Appropriations 117
12-15 Appropriations—do pass 117
12-15 Rules—constitutional and in proper form 117
12-15 Rules report 118
12-15 Committee of Whole—do pass 118
12-15 Engrossed by Administration 118
12-15 Motion to suspend Rules and place on Third Reading of Bills for today, carried 118
12-15 Third Reading, passed, 52 ayes, 2 nays, 6 not voting 119

12-21 Senate passed, 30 ayes 132
1-2 Governor approved 196
Chapter 14.

HOUSE BILL 29, by Committee on Rules, appropriation to State Board of Property Tax Appeals.

12-15 First Reading, advanced 117
12-15 Second Reading, referred to Committees on Rules; Appropriations 117
12-15 Appropriations—do pass 117
12-15 Rules—constitutional and in proper form 117
12-15 Rules report 118
12-15 Committee of Whole—do pass 118
12-15 Engrossed by Administration 118
12-15 Motion to suspend Rules and place on Third Reading of Bills for today, carried 118
12-15 Third Reading, passed, 55 ayes, 5 not voting 119
12-21 Senate passed, 30 ayes 132
1-2 Governor approved 196
Chapter 15.

HOUSE BILL 30, by Committee on Rules, appropriation to Interstate Stream Commission.

12-15 First Reading, advanced 117
12-15 Second Reading, referred to Committees on Rules; Appropriations 117
12-15 Appropriations—amended do pass 117
12-15 Rules—as amended by Committee on Appropriations, constitutional and in proper form 118
12-15 Rules report 118
12-15 Committee of Whole—amended do pass 118
12-15 Engrossed by Administration 118
12-15 Motion to suspend Rules and place on Third Reading of Bills for today, carried 118
12-15 Third Reading, passed, 52 ayes, 3 nays, 5 not voting 119, 120
12-21 Senate passed, 28 ayes, 2 nays 132
1-2 Governor approved 196
Chapter 16.

HOUSE BILL 31, by Committee on Rules, appropriation to Arizona State Board of Crippled Children's Services.

12-15 First Reading, advanced 117
12-15 Second Reading, referred to Committees on Rules; Appropriations 117
12-15 Appropriations—do pass 117
12-15 Rules—constitutional and in proper form 118
12-15 Rules report 118
12-15 Committee of Whole—do pass 118
12-15 Engrossed by Administration 118
12-15 Motion to suspend Rules and place on Third Reading of Bills for today, carried 118
12-15 Third Reading, passed, 54 ayes, 6 not voting 120
12-21 Senate passed, 30 ayes 132
1-2 Governor approved 196
Chapter 17.

HISTORY OF HOUSE CONCURRENT RESOLUTIONS

HOUSE CONCURRENT RESOLUTION 1, by Committee on Ways & Means, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.

11-27 First Reading 6
11-28 Second Reading, referred to Committees on Rules; State Government; Ways & Means 8
12-5 State Government—amended do pass 18
12-6 Ways & Means—do pass 20
12-7 Rules—amended constitutional and in proper form 25
12-7 Rules report 25
12-7 Committee of Whole—amended do pass 30, 31
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 34 ayes, 25 nays, 1 not voting 38, 39
12-8 Senate passed amended, 18 ayes, 12 nays 106, 107
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 107
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 143-146
12-21 House adopted conference majority report 146
12-22 Senate adopted conference majority report 181
12-22 House Final Passage, 34 ayes, 23 nays, 3 not voting 181, 182
12-22 Senate Final Passage, 18 ayes, 12 nays 189
Transmitted to Secretary of State (to be submitted to vote of people)

HOUSE CONCURRENT RESOLUTION 2, by Committee on Ways & Means, constitutional amendment exempting certain household goods from taxation.

11-27 First Reading 6
11-28 Second Reading, referred to Committees on Rules; State Government; Ways & Means 8
12-4 State Government—do pass 15
12-6 Ways & Means—do pass 20
12-7 Rules—constitutional and in proper form 25
12-7 Rules report 25
12-7 Committee of Whole—do pass 31
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 50 ayes, 9 nays, 1 not voting 39
Held in Senate.

SENATE ACTION:

12-8 Received and First Reading
12-8 Referred to Committee on Finance & Revenue
Held in committee.

HOUSE CONCURRENT RESOLUTION 3, by Committee on Ways & Means, constitutional amendment providing for tax exempt status for certain widows.

11-27 First Reading 6
11-28 Second Reading, referred to Committees on Rules; State Government; Ways & Means 9
12-5 State Government—amended do pass 18

12-6 Ways & Means—do pass 20
12-7 Rules—constitutional and in proper form 25
12-7 Rules report 25
12-7 Committee of Whole—amended do pass 31
12-7 Engrossed by Administration 31
12-7 Third Reading, passed, 35 ayes, 24 nays, 1 not voting 39, 40
12-8 Senate passed amended, 18 ayes, 12 nays 107-109
12-8 House refused to concur in Senate amendments, appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 109
12-12 Senate appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 112
12-21 Free Conference Report 146, 147
12-21 House adopted conference majority report 147
12-22 Senate adopted conference majority report 182
12-22 House Final Passage, 34 ayes, 24 nays, 2 not voting 182, 183
12-22 Senate Final Passage, 17 ayes, 13 nays 191
Transmitted to Secretary of State (to be submitted to vote of people)

HOUSE CONCURRENT RESOLUTION 4, by majority of Committee on Ways & Means, constitutional amendment providing for tax exempt status for certain persons over age sixty-five.

11-27 First Reading 6
11-28 Second Reading, referred to Committees on Rules; State Government; Ways & Means 9
Held in committees.

HOUSE CONCURRENT RESOLUTION 5, co-sponsored by Members Rickard, Coppinger of District 8: Lyman of District 1; Cook, Elliott, Hawes of District 2; Hardt of District 5; Miniken of District 6; Fricks, Hutcheson, Lena, Maynard, Stone of District 7; Abril, Farley, Holley, Pena, Shaughnessy, Thompson of District 8, constitutional amendment exempting owner-occupied homes from taxation ($5,000).

12-1 First Reading 13
12-4 Second Reading, referred to Committees on Rules; State Government; Ways & Means 16
Held in committees.

HISTORY OF SENATE BILLS

SENATE BILL 1, by Committee on Finance & Revenue, providing for classification of property for taxation; providing basis for assessing producing oil and gas interests.

12-7 Received from Senate amended, 16 ayes, 14 nays 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23
Held in committees.

SENATE BILL 2, by majority of Committee on Education, providing state financial assistance and equalization aid to school districts.

12-7 Received from Senate amended, 18 ayes, 11 nays, 1 not voting 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Education 23
12-8 Education—amended do pass 41
12-8 Rules—constitutional and in proper form 41
12-8 Rules report 41
12-8 Committee of Whole—amended do pass 42-63
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 33 ayes, 26 nays, 1 not voting 69
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Huso, Garfield, Kret, Knoles, Gibbings, Campbell 109
12-8 House appointed Free Conferees—Akers, Flake, Gardner, Koory, Rosenbaum, Rickard 109
12-22 Free Conference Report 147-174
12-22 House adopted conference majority report, carried by standing vote, 29 ayes, 26 nays 174
12-22 Senate adopted conference majority report 183
12-22 Senate Final Passage, 19 ayes, 11 nays 183
12-22 House Final Passage, 35 ayes, 23 nays, 2 not voting 183, 184
1-2 Governor approved 196
Chapter 19.

SENATE BILL 3, by majority of Committee on Education, defining "average daily attendance" and "district qualifying tax rate"; providing basic cost of education and method of apportionment of county school fund.
Not received by House.

SENATE BILL 4, by Committee on Finance & Revenue, prescribing certain exemptions to sales and use tax.

12-7 Received from Senate amended, 28 ayes, 2 nays 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23
12-8 Ways & Means—amended do pass 41
12-8 Rules—constitutional and in proper form 41
12-8 Rules report 41
12-8 Committee of Whole—amended do pass 63-65
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 33 ayes, 26 nays, 1 not voting 69
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 109, 110
12-8 House appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 110
12-21 Free Conference Report 134
12-21 House adopted conference majority report 134
12-22 Senate adopted conference majority report 184, 185
12-22 Senate Final Passage, 18 ayes, 12 nays 185
12-22 House Final Passage, 32 ayes, 24 nays, 4 not voting 185
1-2 Governor approved 196
Chapter 2.

SENATE BILL 5, by Committee on Finance & Revenue, providing for increase in rate of taxation on income.

12-7 Received from Senate amended, 29 ayes, 1 nay 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23
Held in committees.

SENATE BILL 6, by Committee on Finance & Revenue, increasing state withholding tax rate.

12-7 Received from Senate, 29 ayes, 1 nay 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23
12-20 Ways & Means—do pass 124
12-21 Rules—constitutional and in proper form 131
12-21 Rules report 131
12-21 Committee of Whole—do pass 131
12-21 Third Reading, passed, 46 ayes, 12 nays, 2 not voting 131
12-28 Governor approved 196
Chapter 1.

SENATE BILL 7, by Committee on Finance & Revenue, prescribing duties of Director of Department of Property Valuation; declaring full cash value and market value as synonymous; determining value of certain property.
Not received by House.

SUBSTITUTE SENATE BILL 7, by Committee on Finance & Revenue, determining valuation of utilities, oil and cable television or transmission systems within each taxing district.
Not received by House.

SENATE BILL 8, by Committee on Finance & Revenue, prescribing limitation on property tax collectible by political subdivisions.

12-7 Received from Senate amended, 18 ayes, 12 nays 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23
12-8 Ways & Means—amended do pass 41
12-8 Rules—constitutional and in proper form 41
12-8 Rules report 41
12-8 Committee of Whole—amended do pass 65, 66
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 33 ayes, 26 nays, 1 not voting 70
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 110
12-8 House appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 110
Held in conference committee.

SENATE BILL 9, by Committee on Finance & Revenue, providing for transaction privilege tax on leasing or renting certain property; providing for educational excise tax.

12-7 Received from Senate, 28 ayes, 2 nays 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23
12-8 Ways & Means—amended do pass 41
12-8 Rules—constitutional and in proper form 41
12-8 Rules report 41
12-8 Committee of Whole—amended do pass 66, 67
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 32 ayes, 27 nays, 1 not voting 70
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 110
12-8 House appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 110
12-22 Free Conference Report 174, 175
12-22 House adopted conference majority report 175
12-22 Senate adopted conference majority report 185
12-22 Senate Final Passage, 20 ayes, 10 nays 185
12-22 House Final Passage, 32 ayes, 23 nays, 5 not voting 185
1-2 Governor approved 197
Chapter 3.

SENATE BILL 10, by Committee on Finance & Revenue, providing additional property tax at state level for education purposes.
Not received by House.

SENATE BILL 11, by Committee on Finance & Revenue, eliminating federal income tax as deduction.
Not received by House.

SENATE BILL 12, by Committee on Finance & Revenue, imposing services excise tax on certain businesses.

12-7 Received from Senate amended, 20 ayes, 10 nays 21
12-7 First Reading, advanced 22
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23
Held in committees.

SENATE BILL 13, by Committee on Finance & Revenue, repealing procedure for setting state property tax rate.
Not received by House.

SENATE BILL 14, by Senator Knoles of District 4, providing general fund excise tax for maintenance of state government.
Not received by House.

SENATE BILL 15, by Senators Holsclaw, Kret, co-sponsors, providing for inclusion of taxable and nontaxable property on county assessor's roll.

12-7 Received from Senate amended, 20 ayes, 10 nays 21
12-7 First Reading, advanced 22, 23
12-7 Second Reading, referred to Committees on Rules; Ways & Means 23, 24
12-8 Ways & Means—amended do pass 41
12-8 Rules—constitutional and in proper form 41
12-8 Rules report 41
12-8 Committee of Whole—amended do pass 67
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 37 ayes, 21 nays, 2 not voting 70
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 110
12-8 House appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 110
12-22 Free Conference Report 175, 176
12-22 House adopted conference majority report 176
12-22 Senate adopted conference majority report 185, 186
12-22 Senate Final Passage, 19 ayes, 11 nays 186
12-22 House Final Passage, 33 ayes, 22 nays, 5 not voting 186
1-2 Governor approved 197
Chapter 4.

SENATE BILL 16, by majority of Committee on Finance & Revenue, prescribing duties of Director of Department of Property Valuation; declaring full cash value and fair market value as being synonymous; determining value of certain property.

12-7 Received from Senate amended, 30 ayes 21
12-7 First Reading, advanced 23
12-7 Second Reading, referred to Committees on Rules; Ways & Means 24
12-8 Ways & Means—amended do pass 41
12-8 Rules—constitutional and in proper form 41
12-8 Rules report 41
12-8 Committee of Whole—amended do pass 67
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 51 ayes, 8 nays, 1 not voting 71
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 110
12-8 House appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 110
12-22 Free Conference Report 176
12-22 House adopted conference report 176
12-22 Senate adopted conference report 186
12-22 Senate Final Passage, 30 ayes 186
12-22 House Final Passage, 37 ayes, 18 nays, 5 not voting 186
1-2 Governor approved 197
Chapter 20.

SENATE BILL 17, by Committee on Finance & Revenue, providing for issuance and filing of building permits.

12-7 Received from Senate, 30 ayes 21
12-7 First Reading, advanced 23

12-7 Second Reading, referred to Committees on Rules; Ways & Means 24
12-8 Ways & Means—amended do pass 41
12-8 Rules—constitutional and in proper form 41
12-8 Rules report 41
12-8 Committee of Whole—amended do pass 67
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 39 ayes, 20 nays, 1 not voting 71
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 110
12-8 House appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 110, 111
12-22 Free Conference Report 177
12-22 House adopted conference report 177
12-22 Senate adopted conference report 186
12-22 Senate Final Passage, 30 ayes 186
12-22 House Final Passage, 49 ayes, 7 nays, 4 not voting 187
1-2 Governor approved 197
Chapter 5.

SENATE BILL 18, by Senator Kret of District 8-D, determining valuation of utilities, oil and cable television or transmission systems; providing Corporation Commission use full cash value of property in determining rates.
Not received by House.

SENATE BILL 19, by Senator Garfield of District 7-C, providing a system of equalization for school districts.
Not received by House.

SENATE BILL 20, by Senators Thode, Blansett, Ong, Kitchel, Gibbings, Giss, Gregovich, Crowley, Campbell, providing for food sales tax credit for resident individual taxpayers; disposition of proceeds.
Not received by House.

HISTORY OF SENATE CONCURRENT RESOLUTIONS

SENATE CONCURRENT RESOLUTION 1, by Committee on Finance & Revenue, constitutional amendment providing for gradual removal of tax exemptions of certain veterans.
Not received by House.

SENATE CONCURRENT RESOLUTION 2, by Committee on Finance & Revenue, constitutional amendment exempting household goods from taxation.

12-7 Received from Senate, 18 ayes, 12 nays 22
12-7 First Reading, advanced 23
12-7 Second Reading, referred to Committees on Rules; Ways & Means 24
12-8 Ways & Means—amended do pass 41
12-8 Rules—constitutional and in proper form 41

12-8 Rules report 41
12-8 Committee of Whole—amended do pass 67, 68
12-8 Engrossed by Administration 68
12-8 Third Reading, passed amended, 55 ayes, 4 nays, 1 not voting 71, 72
12-8 Senate refused to concur in House amendments, appointed Free Conferees—Porter, Lewis, Jacquin, Goldberg, Giss, Gregovich 111
12-8 House appointed Free Conferees—Barrow, Buehl, Barr, Pritzlaff, Biles, Crosby 111
12-21 Free Conference Report 135
12-21 House adopted conference report 135
12-22 Senate adopted conference report 187
12-22 Senate Final Passage, 27 ayes, 3 nays 187
(Final Passage not needed by House. Bill accepted as originally passed by House.)
Transmitted to Secretary of State (to be submitted to vote of people)

SENATE CONCURRENT RESOLUTION 3, by Committee on Finance & Revenue, constitutional amendment providing for tax exempt status for certain widows.
Not received by House.

SENATE CONCURRENT RESOLUTION 4, by Senator Holsclaw of District 7-D, constitutional amendment prescribing limitations on widows' exemptions.
Not received by House.

SENATE CONCURRENT RESOLUTION 5, by Senator Holsclaw of District 7-D, constitutional amendment prescribing limitations upon veterans' tax exemptions.
Not received by House.

SENATE CONCURRENT RESOLUTION 6, by Senator Garfield of District 7-C, a constitutional amendment exempting owner-occupied homes from taxation ($5,000).
Not received by House.

PART III

BILLS ENACTED INTO LAWS — 1967

TWENTY-EIGHTH LEGISLATURE, THIRD SPECIAL SESSION

Chap. No.	Bill No.	Brief Title
1	SB 6	increasing state withholding tax rate
2	SB 4	prescribing certain exemptions to sales and use tax
3	SB 9	providing for transaction privilege tax on leasing or renting certain property; providing for educational excise tax
4	SB 15	providing for inclusion of taxable and nontaxable property on county assessor's roll
5	SB 17	providing for issuance and filing of building permits
6	HB 1	providing for classification of property; prescribing percentage of assessed valuation
7	HB 4	providing for increase in rate of taxation on income
8	HB 7	prescribing certain exemptions from transaction privilege tax; imposing special excise tax for education on gross proceeds of certain businesses
9	HB 11	increasing luxury tax on alcoholic beverages to benefit CAP and schools
10	HB 15	providing situs of railroad cars for taxation purposes
11	HB 16	imposing real estate transfer tax to be retained by county
12	HB 18	determining valuation of utilities, oil, community antenna television systems
13	HB 19	prescribing livestock tax assessment notice show number of livestock and months assessed
14	HB 28	appropriation to Department of Property Valuation
15	HB 29	appropriation to State Board of Property Tax Appeals
16	HB 30	appropriation to Interstate Stream Commission
17	HB 31	appropriation to Arizona State Board of Children's Services

18 HB 10 increasing luxury tax on cigarettes to benefit CAP and schools

19 SB 2 providing financial assistance equalization aid to school districts

20 SB 16 prescribing duties of Director of Department of Property Valuation; declaring full cash value and fair market value as being synonymous; determining value of certain property