

State of Arizona
Senate
Forty-ninth Legislature
Second Regular Session
2010

SB 1364

Introduced by
Senators Gray C, Pearce R: Gould, Harper

AN ACT

AMENDING SECTION 9-441.02, ARIZONA REVISED STATUTES; REPEALING SECTION 9-500.11, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 105, SECTION 2; AMENDING SECTION 9-500.11, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 200, SECTION 1; AMENDING SECTIONS 35-701, 35-706 AND 35-726, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 36, CHAPTER 12, ARTICLE 3, ARIZONA REVISED STATUTES, TO "SLUM CLEARANCE"; AMENDING SECTIONS 36-1471, 36-1472, 36-1473, 36-1474, 36-1475, 36-1476, 36-1477, 36-1478, 36-1479, 36-1480, 36-1481, 36-1482, 36-1486, 36-1487, 36-1488, 41-1362, 42-6203, 42-6209, 48-571, 48-574 AND 48-709, ARIZONA REVISED STATUTES; RELATING TO SLUM CLEARANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-441.02, Arizona Revised Statutes, is amended to
3 read:

4 9-441.02. Powers of municipalities

5 A. A municipality has the authority to carry out ~~the provisions of~~
6 this article, including the following:

7 1. Enter into contracts or leases with developers of housing
8 development projects containing covenants, restrictions and conditions
9 regarding the use of the property for residential purposes.

10 2. Finance or refinance, by loan, grant, lease or otherwise contract
11 with private developers to, construct, purchase, acquire, own, modify,
12 maintain, improve, sell, operate, develop or manage housing development
13 projects, and pay the costs of any housing development project from the
14 proceeds of bonds or other obligations of the municipality or any other
15 monies of the municipality, or from any contributions or loans by persons,
16 corporations, partnerships or other entities, all of which the municipality
17 is authorized to receive, accept and use.

18 3. Encourage and promote the improvement and revitalization of a
19 housing development area and make, contract for or otherwise cause to be made
20 long-range proposals for the housing development area.

21 4. Enter into contracts necessary to effectuate the purposes of this
22 article.

23 5. Do all things necessary or convenient to carry out the powers
24 conferred by this article, except acquire real property by eminent domain for
25 the purpose of this article unless a property owner voluntarily offers the
26 property owner's real property for sale.

27 B. This section does not affect the authority of local governing
28 bodies to acquire property by eminent domain in slum ~~or blighted~~ areas
29 established under title 36.

30 Sec. 2. Repeal

31 Section 9-500.11, Arizona Revised Statutes, as amended by Laws 2005,
32 chapter 105, section 2, is repealed.

33 Sec. 3. Section 9-500.11, Arizona Revised Statutes, as amended by Laws
34 2005, chapter 200, section 1, is amended to read:

35 9-500.11. Expenditures for economic development; requirements;
36 definitions

37 A. In addition to any other powers granted to a city or town, the
38 governing body of a city or town may appropriate and spend public monies for
39 and in connection with economic development activities.

40 B. To fund economic development activities under this section, a city
41 or town subject to the requirements of section 9-500.06 shall not impose a
42 new fee or tax on a single specific industry or type of business.

43 C. Notwithstanding section 19-142, subsection B, a decision by the
44 governing body involving an expenditure pursuant to this section shall not be

1 enacted as an emergency measure and that decision is not effective for at
2 least thirty days after final approval of the expenditure.

3 D. Before entering into a retail development tax incentive agreement,
4 a city or town shall make a finding by a simple majority vote of the
5 governing body without the use of consent calendar that includes both of the
6 following:

7 1. That the proposed tax incentive is anticipated to raise more
8 revenue than the amount of the incentive within the duration of the
9 agreement.

10 2. That in the absence of a tax incentive, the retail business
11 facility or similar retail business facility would not locate in the city or
12 town in the same time, place or manner.

13 E. A city or town located in or within twenty-five miles of the
14 exterior boundary of a metropolitan statistical area having a population of
15 more than two million persons shall make a finding pursuant to subsection D
16 of this section, ~~by~~ by a two-thirds vote of the governing body.

17 F. A city or town shall not enter into a retail DEVELOPMENT tax
18 incentive agreement if the proposed tax incentive raises less revenue than
19 the amount of the incentive.

20 G. A city or town shall present a status report of the revenues and
21 expenses associated with the tax incentive every two years for the duration
22 of the agreement in a public meeting.

23 H. The finding made pursuant to subsection D, paragraph 1 of this
24 section shall be verified by an independent third party before the city or
25 town enters into the retail development TAX incentive agreement.

26 I. The adoption of the retail development tax incentive agreement
27 shall be approved by a simple majority vote of the governing body without the
28 use of consent calendar. For a city or town located in or within twenty-five
29 miles of the exterior boundary of a metropolitan statistical area having a
30 population of more than two million persons, the adoption of a retail
31 development tax incentive agreement shall be approved by an affirmative vote
32 of at least two-thirds of the governing body without the use of consent
33 calendar.

34 J. A person or business entity receiving the retail development tax
35 incentive agreement shall not finance the independent third party
36 verification of the findings or have input into the selection of the
37 independent third party verifying the findings.

38 K. A city or town shall adopt a notice of intent to enter into a
39 retail development tax incentive agreement at least fourteen days before
40 approving a retail development tax incentive agreement.

41 L. Subsection D of this section does not apply to tax incentives given
42 to a business entity in an area that is designated by a city or town as a
43 ~~redevelopment~~ SLUM CLEARANCE project as defined in section 36-1471.

44 M. For the purposes of this section:

1 1. "Economic development activities" means any project, assistance,
2 undertaking, program or study, whether within or outside the boundaries of
3 the city or town, including acquisition, improvement, redevelopment, leasing
4 or conveyance of improved or unimproved real or personal property or other
5 activity, that the governing body of the city or town has found and
6 determined will assist in the creation or retention of jobs or will otherwise
7 improve or enhance the economic welfare of the inhabitants of the city or
8 town.

9 2. "Expenditure" includes any waiver, exemption, deduction, credit,
10 rebate, discount, deferral or other abatement or reduction of the normal
11 municipal tax liability that otherwise applies to similar existing business
12 entities and properties in that city or town, however denominated, computed
13 or applied, and that is generally understood as an inducement to locate a
14 business facility or other operation in the city or town.

15 3. "Metropolitan statistical area" means a geographical area
16 consisting of cities, towns and other populated areas defined for federal
17 statistical and census purposes by the United States office of management and
18 budget with technical assistance from the United States bureau of the census.

19 4. "Retail" means the sale of tangible personal property, except the
20 sale of tangible personal property to a person who is engaged in the business
21 of selling such property.

22 5. "Retail development activities" means those economic development
23 activities that involve the acquisition, improvement, leasing or conveyance
24 of improved or unimproved real or personal property or other activity to
25 facilitate the sale of goods at retail, including the sale of automobiles, or
26 to facilitate other activities, including theater and restaurant development,
27 that generate revenues that are subject to municipal transaction privilege
28 taxation.

29 6. "Retail development tax incentive agreement" means an agreement
30 between a city or town and a person engaged in or planning to engage in
31 retail development activities within that city or town in which the city or
32 town agrees to pay, refund, credit, rebate or otherwise provide to that
33 person all or a portion of the sales, use or transaction privilege taxes
34 payable to that city or town in connection with the construction, development
35 or operation of the retail development activities.

36 Sec. 4. Section 35-701, Arizona Revised Statutes, is amended to read:

37 35-701. Definitions

38 In this chapter, unless the context otherwise requires:

39 1. "Corporation" means any corporation organized as an authority as
40 provided in this chapter.

41 2. "Designated area" means any area of this state ~~which~~ THAT is either
42 designated pursuant to section 36-1479 as a slum ~~or blighted~~ area as defined
43 in section 36-1471, designated by regulation as a pocket of poverty or a
44 neighborhood strategy area by the United States department of housing and
45 urban development pursuant to title I of the housing and community

1 development act of 1977 (P.L. 95-128; 42 United States Code sections 5301
2 through 5320), as amended, and the department of housing and urban
3 development act (P.L. 89-174; 42 United States Code section 3535(d)) or
4 designated by the United States department of housing and urban development
5 as an empowerment or enterprise zone pursuant to the federal omnibus budget
6 reconciliation act of 1993 (P.L. 103-66; 26 United States Code section
7 1391(g)) or an area certified as an enterprise zone pursuant to section
8 41-1524, subsection B.

9 3. "Governing body" means:

10 (a) The board or body in which the general legislative powers of the
11 municipality or the county are vested.

12 (b) The Arizona board of regents with respect to a corporation formed
13 with the permission of the Arizona board of regents.

14 4. "Income" means gross earnings from wages, salary, commissions,
15 bonuses or tips from all jobs, net earnings from such person's or family's
16 own nonfarm business, professional practice or partnership, and net earnings
17 from such person's or family's own farm. Income includes income, other than
18 earnings, that consists of amounts received from social security or railroad
19 retirement, interest, dividends, veterans payments, pensions and other
20 regular payments, public assistance or welfare payments, including aid for
21 dependent children, old age assistance and aid to the blind or totally
22 disabled, but excluding separate payments for hospital or other medical care.

23 5. "Manufactured house" means a structure that is manufactured in a
24 factory after June 15, 1976, that is delivered to a homesite in more than one
25 section and that is placed on a permanent foundation. The dimensions of the
26 completed house shall not be less than twenty feet by forty feet, the roof
27 must be sloping, the siding and roofing must be the same as those found in
28 site-built houses and the house must be eligible for thirty year real estate
29 mortgage financing.

30 6. "Municipality" or "county" means the Arizona board of regents or
31 any incorporated city or town, including charter cities, or any county in
32 this state in which a corporation may be organized and in which it is
33 contemplated the corporation will function.

34 7. "Persons of low and moderate income" means, for the purposes of
35 financing owner-occupied single family dwelling units in areas ~~which~~ THAT the
36 municipality has found, pursuant to section 36-1479, to be slum ~~or blighted~~
37 areas, as defined in section 36-1471, persons and families whose income does
38 not exceed two and one-half times the median family income of this state. In
39 all other areas it means persons and families whose income does not exceed
40 one and one-half times the median family income of this state.

41 8. "Project" means any land, any building or any other improvement and
42 all real and personal properties, including machinery and equipment whether
43 or not now in existence or under construction and whether located within or
44 without this state or the municipality or county approving the formation of
45 the corporation, that are suitable for any of the following:

1 (a) With respect to a corporation formed with the permission of a
2 municipality or county other than the Arizona board of regents:

3 (i) Any enterprise for the manufacturing, processing or assembling of
4 any agricultural or manufactured products.

5 (ii) Any commercial enterprise for the storing, warehousing,
6 distributing or selling of products of agriculture, mining or industry, or of
7 processes related thereto, including research and development.

8 (iii) Any office building or buildings for use as corporate or company
9 headquarters or regional offices or the adaptive use for offices of any
10 building within this state that is on the national register of historic
11 places or rehabilitation of residential buildings located in registered
12 historic neighborhoods.

13 (iv) A health care institution as defined in section 36-401.

14 (v) Residential real property for dwelling units located within the
15 municipality or county approving the formation of the corporation and, in the
16 case of a county, whether or not also within a municipality that is within
17 the county.

18 (vi) Repairing or rehabilitating single family dwelling units or
19 constructing or repairing residential fences and walls.

20 (vii) Convention or trade show facilities.

21 (viii) Airports, docks, wharves, mass commuting facilities, parking
22 facilities or storage or training facilities directly related to any of the
23 facilities as provided in this item.

24 (ix) Sewage or solid waste disposal facilities or facilities for the
25 furnishing of electric energy, gas or water.

26 (x) Industrial park facilities.

27 (xi) Air or water pollution control facilities.

28 (xii) Any educational institution that is operated by a nonprofit
29 educational organization that is exempt from taxation under section 501(c)(3)
30 of the United States internal revenue code and that is not otherwise funded
31 by state monies, any educational institution or organization that is
32 established under title 15, chapter 1, article 8 and that is owned by a
33 nonprofit organization, any private nonsectarian school or any private
34 nonsectarian organization established for the purpose of funding a joint
35 technological education school district.

36 (xiii) Research and development facilities.

37 (xiv) Commercial enterprises, including facilities for office,
38 recreational, hotel, motel and service uses if the facilities authorized by
39 this item are to be located in a designated area.

40 (xv) A child welfare agency, as defined in section 8-501, owned and
41 operated by a nonprofit organization.

42 (xvi) A transportation facility constructed or operated pursuant to
43 title 28, chapter 22.

44 (xvii) A museum operated by a nonprofit organization.

1 (xviii) Facilities owned or operated by a nonprofit organization
2 described in section 501(c) of the United States internal revenue code of
3 1986.

4 (xix) New or existing correctional facilities within this state.

5 (b) With respect to a corporation formed with the permission of the
6 Arizona board of regents, any facility consisting of classrooms, lecture
7 halls or conference centers or any facility for research and development or
8 for manufacturing, processing, assembling, marketing, storing and
9 transferring items developed through or connected with research and
10 development or in which the results of such research and development are
11 utilized, but only if the facility is located in an area designated as a
12 research park by the Arizona board of regents.

13 9. "Property" means any land, improvements thereon, buildings and any
14 improvements thereto, machinery and equipment of any and all kinds necessary
15 to a project and any other personal properties deemed necessary in connection
16 with a project.

17 10. "Research park" means an area of land that has been designated by
18 the Arizona board of regents as a research park for a university and that, at
19 the date of designation, is owned by this state or by the Arizona board of
20 regents.

21 11. "Single family dwelling unit" includes any new, used or
22 manufactured house that meets the insuring requirements of the federal
23 housing administration, the veterans administration or any other insuring
24 entity of the United States government or any private mortgage insurance or
25 surety company that is approved by the federal home loan mortgage corporation
26 or the federal national mortgage association.

27 Sec. 5. Section 35-706, Arizona Revised Statutes, is amended to read:

28 35-706. Corporate powers

29 A. In addition to the powers granted to an industrial development
30 authority by law, the authority ~~shall have~~ HAS the following powers, together
31 with all powers incidental or necessary for the performance of ~~the following~~
32 THOSE POWERS:

33 1. To acquire, whether by purchase, exchange, gift, lease or otherwise
34 establish, construct, improve, maintain, equip and furnish one or more
35 projects.

36 2. To lease to others any or all of its projects, to charge and
37 collect rent and to terminate any lease upon the failure of the lessee to
38 comply with any of the obligations of the lease.

39 3. To sell, exchange, donate and convey to others any or all of its
40 projects or properties upon terms and conditions as its board of directors
41 may deem advisable, including the power to receive for any sale the note or
42 notes of the purchaser of the project or property, whenever its board of
43 directors finds the action to further advance the interest of the
44 corporation.

- 1 4. To issue its bonds for the purpose of carrying out any of its
2 powers.
- 3 5. To mortgage and pledge any or all of its projects and properties,
4 whether owned or acquired, and to pledge the revenues, proceeds and receipts
5 or any portion of the revenues, proceeds and receipts from a project as
6 security for the payment of the principal of and interest on any bonds so
7 issued and any agreements made in connection therewith.
- 8 6. To contract with and employ others to provide and to pay
9 compensation for professional services and other services as the board of
10 directors deems necessary for the financing of projects and for the business
11 of the corporation.
- 12 7. To refund outstanding obligations incurred by an enterprise to
13 finance the cost of a project when the board of directors finds that the
14 refinancing is in the public interest.
- 15 8. To invest and reinvest funds under the control of the corporation
16 and bond proceeds pending application thereof to the purposes for which the
17 bonds were issued, subject only to the provisions of any bond resolution,
18 lease or other agreement entered into by the board of directors.
- 19 9. To make secured or unsecured loans for the purpose of financing or
20 refinancing the acquisition, construction, improvement, equipping or
21 operating of a project and to charge and collect interest on the loans and
22 pledge the proceeds of loan agreements as security for the payment of the
23 principal and interest of any bonds, or designated issues of bonds, issued by
24 the corporation, and any agreements made in connection with the loan,
25 whenever the board of directors finds the loans to further advance the
26 interest of the corporation or the public.
- 27 10. To acquire and hold obligations of any kind to carry out any of its
28 purposes.
- 29 11. Subject to this section, to make loans to any bank, savings and
30 loan institution, credit union or other mortgage lender, whether organized or
31 existing under the laws of this state, another state or the United States,
32 which is qualified to do business in this state, for the purpose of enabling
33 the institutions to make loans to finance the acquisition, construction,
34 improvement or equipping of projects ~~which~~ THAT are owner-occupied single
35 family dwelling units to be occupied by persons of low and moderate income,
36 as determined by the corporation. The loans shall be fully secured in the
37 same manner as deposits of public funds or by loans secured by mortgages,
38 deeds of trust or other security instruments guaranteed or insured by the
39 United States, or any instrumentality thereof, or by any private mortgage
40 insurance or surety company ~~which~~ THAT is approved by the federal home loan
41 mortgage corporation or the federal national mortgage association and ~~which~~
42 THAT is licensed to do business in this state, if the private mortgage
43 insurance shall be in a dollar amount sufficient to satisfy the mortgage
44 insurance requirements for loans eligible to be purchased by the federal home
45 loan mortgage corporation or the federal national mortgage association or any

1 other agency or department of the United States. The security shall not be
2 necessary if the bonds issued to make the loans are guaranteed or insured by
3 an agency, department or instrumentality of the United States. Any bonds
4 issued to make loans shall be ratable as "A" or better by a nationally
5 recognized bond rating agency.

6 12. Subject to this section, to purchase or enter into advance
7 commitments to purchase loans or any loan interests secured by mortgages,
8 deeds of trust or other security instruments relating to projects ~~which~~ THAT
9 are owner-occupied single family dwelling units from or with any bank,
10 savings and loan institution, credit union or other mortgage lender, whether
11 organized or existing under the laws of this state, another state or the
12 United States, which is qualified to do business in this state, on terms and
13 conditions as may be determined by the corporation. The purpose of the
14 purchases shall be to finance directly or indirectly the acquisition,
15 construction, improvement or equipping of projects ~~which~~ THAT are
16 owner-occupied single family dwelling units to be occupied by persons of low
17 and moderate income. If the bonds issued to make purchases are not
18 guaranteed or insured by an agency, department or instrumentality of the
19 United States or secured by a letter of credit, insurance policy, surety bond
20 or other credit facility from a financial institution or a combination of
21 such instruments, the purchased loans shall be guaranteed or insured by the
22 United States or any agency, department, or instrumentality thereof, or by
23 any private mortgage insurance or surety company ~~which~~ THAT is approved by
24 the federal home loan mortgage corporation or the federal national mortgage
25 association or secured by a letter of credit, insurance policy, surety bond
26 or other credit facility from a financial institution or a combination of
27 such instruments. In the case of private mortgage insurance, the insurance
28 shall be in a dollar amount sufficient to satisfy the mortgage insurance
29 requirements for loans eligible to be purchased by the federal home loan
30 mortgage corporation or the federal national mortgage association or any
31 other agency or department of the United States. Any bonds issued to
32 purchase loans shall be ratable as "A" or better by a nationally recognized
33 bond rating agency. If the purchased loans have not been originated on
34 behalf of the corporation to directly finance projects, the corporation shall
35 require that the institution receiving proceeds from the sale of the loans
36 use the proceeds to make loans to finance or refinance the acquisition,
37 construction, improvement or equipping of projects ~~which~~ THAT are
38 owner-occupied single family dwelling units to be occupied by persons of low
39 and moderate income, as determined by the corporation.

40 13. To elect not to issue an amount of qualified mortgage revenue bonds
41 ~~which~~ THAT it may otherwise issue during any calendar year and to issue
42 instead mortgage credit certificates pursuant to a qualified mortgage credit
43 certificate program as defined in section 35-901.

44 14. To make loans to any person or entity owning residential property
45 or to make loans to any bank, savings and loan association, credit union or

1 other mortgage lender, or to purchase or enter into advance commitments to
2 purchase funding for the repair or improvement of property related to
3 residential or neighborhood improvement projects. An authority may issue its
4 bonds or incur other obligations to fund loans or purchases. An authority
5 shall establish the provisions relating to bonds or other obligations,
6 including the security for the loans, and shall establish the guidelines for
7 the approval, funding, purchasing and security of the loans.

8 15. To enter into contracts and execute any agreements or instrument
9 and do any other act necessary or appropriate to carry out its purposes.

10 16. To exercise the powers granted by this chapter, including through
11 the issuance of bonds, to provide financing or refinancing for projects other
12 than a project as defined in section 35-701, paragraph 8, subdivision (a),
13 item (v), located in whole or in part outside this state, provided that the
14 board of directors of the corporation has determined that the exercise of
15 such powers will provide a benefit within this state.

16 B. The corporation shall not have the power to operate any project as
17 a business other than as lessor or seller nor shall any corporation make any
18 loans pursuant to subsection A, paragraph 9 of this section for projects
19 ~~which~~ THAT are owner-occupied single family dwelling units except by
20 utilizing as its contract agent a mortgage lender, whether organized or
21 existing under the laws of this state, another state or the United States,
22 which is qualified to do business in this state. Any project established
23 pursuant to subsection A, paragraph 14 of this section is not required to use
24 a mortgage lender as its contract agent. The corporation shall not permit
25 any funds derived from the sale of its bonds to be used, loaned or provided
26 for the acquisition of any facilities of a public utility or public service
27 corporation, except as provided in section 35-701. The corporation shall
28 comply with title 38, chapter 3, article 3.1.

29 C. A person's or family's eligibility for an owner-occupied single
30 family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or
31 13 of this section shall be determined by considering the person's or
32 family's income. Owner-occupied single family dwelling units shall only be
33 financed as provided in subsection A, paragraphs 11, 12 and 13 of this
34 section unless the owner-occupied single family dwelling units are located in
35 an area designated pursuant to section 36-1479 as a slum ~~or blighted~~ area as
36 defined in section 36-1471 by a municipality having a population of more than
37 two hundred fifty thousand persons according to the most recent United States
38 decennial census or a special census conducted in accordance with section
39 42-5033.

40 D. In the exercise of its powers authorized in this section with
41 respect to projects ~~which~~ THAT are owner-occupied single family dwelling
42 units to be occupied by persons of low and moderate income and financed
43 pursuant to subsection A, paragraphs 11 and 12 of this section, the
44 corporation shall establish, subject to approval by the governing body of the

1 authorizing county or municipality, standards and requirements applicable to
2 the purchase of loans or the making of loans to mortgage lenders, including:

3 1. The eligibility of mortgage lenders, including the requirement that
4 all mortgage lenders be approved as mortgagees by the federal housing
5 administration and the veterans administration and be approved as sellers and
6 servicers of mortgage loans by the federal national mortgage association or
7 federal home loan mortgage corporation.

8 2. The time within which mortgage lenders must make commitments and
9 disbursements for mortgage loans.

10 3. The character of residences to be financed by mortgage loans.

11 4. The eligibility of persons of low and moderate income, including
12 the requirement that no person of low and moderate income may receive, more
13 than once in a three year period, a mortgage loan financed directly or
14 indirectly from the proceeds of bonds issued by the corporation.

15 5. The terms and conditions of mortgage loans to be acquired.

16 6. The amounts and types of insurance coverage required on residences,
17 mortgages and bonds.

18 7. The representations and warranties of mortgage lenders confirming
19 compliance with the standards and requirements.

20 8. Restrictions as to interest rate and other terms of mortgage loans
21 and the return realized on mortgage loans by mortgage lenders.

22 9. The type and amount of collateral security to be provided to assure
23 repayment of any loans from the corporation and to assure repayment of bonds.

24 10. Assignment of the mortgage loans to a trustee acting on behalf of
25 the corporation which shall be either a bank or trust company doing business
26 in this state, having an officially reported combined capital surplus,
27 undivided profits and reserves of not less than fifteen million
28 dollars. Trustees must be approved to sell mortgages to and service
29 mortgages for the federal national mortgage association and the federal home
30 loan mortgage corporation.

31 11. Any other matters related to the purchase of mortgage loans or the
32 making of loans to mortgage lenders deemed relevant by the corporation. In
33 establishing standards and requirements, the corporation shall be guided by
34 the following standards:

35 (a) The amount of mortgage monies proposed to be made available in the
36 area is to be reasonably related to the demand for mortgage monies.

37 (b) For projects of owner-occupied single family dwelling units to be
38 occupied by persons of low and moderate income and financed pursuant to
39 subsection A, paragraphs 11 and 12 of this section, at least ten per cent of
40 all mortgage monies proposed to be made available by the corporations other
41 than mortgage monies reserved for any period to finance mortgage loans on
42 residences located within an area designated as a slum ~~or blighted~~ area as
43 defined in section 36-1471 shall be reserved for at least a three month
44 period for the financing of mortgage loans on manufactured housing unless the
45 department of commerce makes a determination that any bonds issued to make

1 loans will not be ratable as "A" or better by a nationally recognized bond
2 rating agency, in which case no such reservation is required. If all the
3 mortgage monies reserved for manufactured housing are not committed or used
4 to make mortgage loans during this three month period, the mortgage lender
5 may allocate the remaining monies to finance mortgage loans on any single
6 family dwelling unit.

7 (c) Any departure from the level of commitment fees, origination fees
8 or servicing fees normally charged by a mortgage lender is to be justified in
9 the context of the transaction.

10 (d) The costs, fees and expenditures associated with the issuance of
11 bonds are to be reasonably related to the services provided.

12 E. Only corporations, the formations of which have been approved by
13 the governing body of a county having a population of more than nine per cent
14 of the total state population computed according to the most recent United
15 States decennial census or by the governing body of a municipality having a
16 population of more than nine per cent of the total state population computed
17 according to the most recent United States decennial census, shall have the
18 powers granted in subsection A, paragraphs 11, 12 and 13 of this section.
19 Except as provided in section 35-913, subsections E and F, a corporation
20 shall not exercise the powers granted in subsection A, paragraphs 11, 12 and
21 13 of this section outside of its jurisdiction. For the purposes of a
22 refunding of any mortgage revenue bond issued before January 1, 2000, the
23 proceeds from the refunding may be used outside the jurisdiction of the
24 corporation issuing the refunding bonds except the corporation issuing the
25 refunding bonds shall obtain the consent from another corporation with powers
26 granted in subsection A, paragraphs 11, 12 and 13 of this section if the
27 proceeds of the refunding are to be used within the jurisdiction of that
28 corporation. For the purposes of exercising the powers granted in subsection
29 A, paragraphs 11, 12 and 13 of this section, the jurisdiction of a
30 corporation formed on behalf of a county includes all incorporated and
31 unincorporated territory in the county.

32 F. A corporation may not permit proceeds of bonds or a qualified
33 mortgage credit certificate program to be used to finance projects ~~which~~ THAT
34 are owner-occupied single family dwelling units within the corporate limits
35 of an incorporated city or town unless the governing body of the city or town
36 has approved the general location and character of the residences to be
37 financed. The corporation, prior to the issuance of bonds or mortgage credit
38 certificates for that purpose, shall give written notice to the governing
39 body of each city or town in which it intends to permit proceeds of an issue
40 of bonds or mortgage credit certificates to be used to finance projects ~~which~~
41 THAT are owner-occupied single family dwelling units and of the general
42 location and character of the residences which may be financed. The
43 governing body of the city or town shall be deemed to have given its approval
44 unless it has denied approval by formal action of the governing body within
45 twenty-one days after receiving the written notice from the corporation.

1 Approvals given or deemed to have been given with respect to use of proceeds
2 of an issue of bonds or mortgage credit certificates under this subsection
3 may not be withdrawn. Denials may be withdrawn by the governing body of a
4 city or town and approval may be given thereafter if the corporation issuing
5 the bonds or mortgage credit certificates approves the withdrawal of the
6 denial.

7 G. Two or more corporations with the powers granted by subsection E of
8 this section may provide:

9 1. That a corporation, the formation of which was approved by the
10 governing body of a county or city, may exercise the powers granted in
11 subsection A, paragraphs 11, 12 and 13 of this section, with respect to
12 owner-occupied single family dwelling units located in all counties and
13 cities ~~which~~ THAT are parties to a cooperative agreement.

14 2. For the joint exercise by two or more corporations, each formed
15 with the approval of a governing body executing the cooperative agreement, of
16 the powers granted in subsection A, paragraphs 11, 12 and 13 of this section,
17 with respect to owner-occupied single family dwelling units located in all
18 counties and cities ~~which~~ THAT are parties to the cooperative agreement. The
19 agreement shall specify the calendar year or years for which it is effective,
20 the means by which the agreement may be terminated prior to the expiration of
21 the calendar year or years and the aggregate principal amount of bonds ~~which~~
22 THAT may be issued by the designated corporation or corporations to exercise
23 the powers pursuant to the agreement. The corporation or corporations
24 designated in the agreement to exercise the powers in the counties and cities
25 ~~which~~ THAT are parties to the agreement are the only corporation or
26 corporations authorized and having jurisdiction to exercise the powers and to
27 issue bonds to carry out the powers in the counties and cities while the
28 agreement is in effect. The combined jurisdictions of all the counties and
29 cities which are parties to the cooperative agreement are the jurisdictions
30 of the corporation or corporations designated to exercise the powers granted
31 in subsection A, paragraphs 11, 12 and 13 of this section within the meaning
32 of the mortgage subsidy bond tax act of 1980 (P.L. 96-499; 26 United States
33 Code section 103A).

34 H. It shall not be a conflict of interest under title 38, chapter 3,
35 article 8, and this chapter, for any trustee or any mortgage lender to enter
36 into loan agreements with, or to sell mortgage loans to, the corporation as
37 contemplated in subsection A, paragraphs 11, 12 and 13 of this section, act
38 for or under contract with the corporation as a mortgage originator,
39 servicer, paying agent or depository, act as holder or dealer of bonds of the
40 corporation or have as a director, officer or employee any member of the
41 board of directors of the corporation or any combination.

42 I. The department of economic security shall once in each calendar
43 year on or before March 1 determine the median family income of this state
44 for the purposes of this chapter.

1 J. All areas in this state ~~which~~ THAT are either designated pursuant
 2 to section 36-1479 as slum ~~or blighted~~ areas as defined in section 36-1471 or
 3 designated as pockets of poverty by the United States department of housing
 4 and urban development are designated as areas of chronic economic distress
 5 within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499;
 6 26 United States Code section 103A).

7 K. Any corporation that is described in subsection E of this section
 8 and that desires to exercise the powers granted in subsection A, paragraphs
 9 11, 12 and 13 of this section, with respect to owner-occupied single family
 10 dwelling units located in two or more counties, may do so if the corporation,
 11 before issuing bonds or mortgage credit certificates for that purpose, gives
 12 written notice to the governing bodies of the other counties and their
 13 respective corporations, if any, of its intent to permit the proceeds of an
 14 issue of bonds or mortgage credit certificates to finance projects within its
 15 jurisdiction ~~which~~ THAT are owner-occupied single family dwelling units. The
 16 governing body of a county and its respective corporation, if any, which have
 17 been given notice are deemed to have approved the use of the proceeds or
 18 mortgage credit certificates for owner-occupied single family dwelling units
 19 within their jurisdiction and approved the use of any state ceiling, as
 20 defined in section 35-901, unless approval is denied by formal action of the
 21 governing body or the board of directors of the corporation, if any, within
 22 twenty-one days after receiving written notice from the corporation. Absent
 23 a denial of approval as stated in this subsection, a cooperative agreement
 24 providing for the exercise of the powers granted in subsection A, paragraphs
 25 11, 12 and 13 of this section is deemed to exist among the applicable
 26 counties or corporations. Approvals given or deemed to have been given with
 27 respect to the matters stated in this subsection may not be
 28 withdrawn. Denials by the governing body of a county apply only to the
 29 unincorporated areas of the county. Denials may be withdrawn by the
 30 governing body of a county and approval may be given thereafter if the
 31 corporation issuing the bonds or mortgage credit certificates approves the
 32 withdrawal of the denial. Mortgage credit certificates and bond proceeds
 33 issued pursuant to this subsection shall be available on an equitable basis
 34 within each of the participating counties.

35 Sec. 6. Section 35-726, Arizona Revised Statutes, is amended to read:

36 35-726. Approval of general plan before issuing bonds; fee;
 37 definition

38 A. Bonds shall not be issued by a corporation for the purpose of
 39 financing single family dwelling units pursuant to section 35-706, subsection
 40 A, paragraph 11 or 12 without approval of a general plan by its governing
 41 body. The corporation shall submit a general plan for each respective series
 42 of bonds to its governing body. The general plan shall briefly describe:

- 43 1. The amount of the proposed bonds.
- 44 2. The maximum term of the bonds.
- 45 3. The maximum interest rate on the bonds.

1 4. The need for the bond issue.

2 5. The terms and conditions for originating or purchasing mortgage
3 loans or making loans to lenders.

4 6. The area in which the single family dwelling units to be financed
5 may be located.

6 7. The proposed fees, charges and expenditures to be paid for
7 originators, servicers, trustees, custodians, mortgage administrators and
8 others.

9 8. All insurance requirements with respect to mortgage loans,
10 mortgaged property, mortgagors, originators, servicers and trustees.

11 9. The anticipated date of issuance of the bonds.

12 B. The governing body shall review general plans submitted by
13 corporations pursuant to subsection A of this section. In reviewing the
14 plans the governing body shall consider:

15 1. Whether the amount of the mortgage monies proposed to be made
16 available is reasonably related to the demand for the mortgage monies.

17 2. Whether the terms of the general plan are justifiable in the
18 context of the transaction and in the context of similar transactions.

19 3. Whether the fees, costs and expenditures as set forth in the
20 general plan are reasonably related to the services provided.

21 4. For projects of owner-occupied single family dwelling units to be
22 occupied by persons of low and moderate income and financed pursuant to
23 section 35-706, subsection A, paragraphs 11 and 12, whether the proposed
24 mortgage monies to be made available will fulfill a public purpose by
25 providing housing for persons of low and moderate income or by encouraging
26 single family developments in all participating jurisdictions, including such
27 jurisdictions' slum ~~or blighted~~ areas as defined in section 36-1471.

28 C. The governing body shall approve or disapprove the general plan not
29 later than thirty days after receipt of the plan. If the governing body does
30 not act upon the general plan within thirty days from the date of receipt,
31 the general plan shall be deemed approved. If a general plan is approved,
32 the corporation may issue the series of bonds covered by the general plan
33 with a total principal amount, maximum term and maximum interest rate no
34 greater than that which is set forth in the general plan. The origination
35 and servicing fees pertaining to mortgage loans to be financed in accordance
36 with the general plan shall not exceed those proposed in the general plan.
37 The corporation may vary other items in the general plan upon a finding that
38 the variation is minor and that the variations will not impair the security
39 for the bonds or substantially increase the cost of financing the single
40 family dwelling units and the findings of the corporation shall be
41 conclusive.

42 D. The governing body may charge any corporation submitting a general
43 plan for review a fee of not to exceed ten thousand dollars together with
44 reimbursement of its actual costs and expenses incurred in reviewing the
45 general plan.

1 E. A corporation shall not issue bonds, other than refunding bonds the
2 proceeds of which are used exclusively to refund a prior bond issue, to
3 finance a multifamily residential rental project, sanitarium, clinic, medical
4 hotel, rest home, nursing home, skilled nursing facility or life care
5 facility as prescribed in section 20-1801, unless the department approves the
6 project. The department, with or without a hearing, shall review the project
7 and consider at least the following factors:

8 1. The demand for and feasibility of the project in the area set forth
9 in the application to the corporation.

10 2. The terms and conditions of the proposed bonds.

11 3. The proposed use of bond proceeds.

12 4. The benefit to the public if the project provides rental housing
13 for persons of low and moderate income or encourages rental housing in slum
14 ~~or blighted~~ areas as defined in section 36-1471.

15 5. If the project consists of a nursing home, or a life care facility
16 as prescribed in section 20-1801, the benefit to the public of the project,
17 including the proposed rent, fees and other charges of the project in
18 relation to the level of services to be offered.

19 F. Subsection E of this section does not apply to bonds issued to
20 finance a sanitarium, clinic, medical hotel, rest home, nursing home, skilled
21 nursing facility, or life care facility as prescribed in section 20-1801, if
22 the facility is to be owned and operated by this state or a political
23 subdivision or agency of this state.

24 G. The department with or without a hearing shall approve or
25 disapprove the project not later than thirty days after receipt of the
26 request for approval. If the project is approved, the corporation may issue
27 the bonds described in the approval request with the total principal amount,
28 maximum term and maximum interest rate no greater than as set forth in the
29 request. The department shall charge each applicant submitting a project
30 approval request pursuant to this subsection a fee of not to exceed five
31 thousand dollars together with reimbursement of its actual costs and expenses
32 incurred in reviewing the project. Beginning on October 1, 2002, the
33 department shall remit the fees to the state treasurer for deposit in the
34 Arizona department of housing program fund established by section 41-3957.

35 H. For the purposes of this section, "department" means the Arizona
36 department of housing.

37 Sec. 7. Heading change

38 The article heading of title 36, chapter 12, article 3, Arizona Revised
39 Statutes, is changed from "SLUM CLEARANCE AND REDEVELOPMENT" to "SLUM
40 CLEARANCE".

41 Sec. 8. Section 36-1471, Arizona Revised Statutes, is amended to read:

42 36-1471. Definitions

43 In this article, unless the context otherwise requires:

44 1. "Area of operation" means the area within the territorial
45 boundaries of the municipality.

1 ~~2. "Blighted area" means an area, other than a slum area, where sound~~
2 ~~municipal growth and the provision of housing accommodations is substantially~~
3 ~~retarded or arrested in a predominance of the properties by any of the~~
4 ~~following:~~

- 5 ~~(a) A dominance of defective or inadequate street layout.~~
- 6 ~~(b) Faulty lot layout in relation to size, adequacy, accessibility or~~
7 ~~usefulness.~~
- 8 ~~(c) Unsanitary or unsafe conditions.~~
- 9 ~~(d) Deterioration of site or other improvements.~~
- 10 ~~(e) Diversity of ownership.~~
- 11 ~~(f) Tax or special assessment delinquency exceeding the fair value of~~
12 ~~the land.~~
- 13 ~~(g) Defective or unusual conditions of title.~~
- 14 ~~(h) Improper or obsolete subdivision platting.~~
- 15 ~~(i) The existence of conditions that endanger life or property by fire~~
16 ~~and other causes.~~

17 ~~3.~~ 2. "Bonds" means any bonds, including refunding bonds, notes,
18 interim certificates, debentures or other obligations.

19 ~~4.~~ 3. "Clerk" means the clerk or other official of the municipality
20 who is the custodian of the official records of the municipality.

21 ~~5.~~ 4. "Commission" or "slum clearance ~~and redevelopment~~ commission"
22 means an agency of a municipality created pursuant to section 36-1476.

23 5. "DEVELOPER" MEANS A PROPERTY OWNER, PERSON, PARTNERSHIP OR PUBLIC
24 OR PRIVATE CORPORATION OR AGENCY THAT ENTERS INTO OR PROPOSES TO ENTER INTO A
25 SLUM CLEARANCE CONTRACT.

26 6. "ECONOMIC DEVELOPMENT" MEANS ANY ACTIVITY TO INCREASE TAX REVENUE,
27 TAX BASE, EMPLOYMENT OR GENERAL ECONOMIC HEALTH IF THAT ACTIVITY DOES NOT
28 RESULT IN A PUBLIC USE.

29 ~~6.~~ 7. "Federal government" includes the United States or any agency
30 or instrumentality, corporate or otherwise, of the United States.

31 ~~7.~~ 8. "Local governing body" means the council or other legislative
32 body charged with governing the municipality.

33 ~~8.~~ 9. "Mayor" means the mayor of a municipality or other officer or
34 body having the duties customarily imposed ~~upon~~ ON the executive head of a
35 municipality.

36 ~~9.~~ 10. "Municipality" means any incorporated city or town in the
37 state.

38 ~~10.~~ 11. "Obligee" includes any bondholder, agents or trustees for any
39 bondholders, or lessor demising to the municipality property used in
40 connection with a ~~redevelopment~~ SLUM CLEARANCE project, or any assignee or
41 assignees of a lessor's interest or any part thereof, and the federal
42 government when it is a party to any contract with the municipality.

43 ~~11.~~ 12. "Person" means any individual, firm, partnership, corporation,
44 company association, joint stock association or body politic, and includes
45 any trustee, receiver, assignee or other similar representative thereof.

1 ~~12.~~ 13. "Public body" means the state or any municipality, county,
2 village, board, commission, authority, district or any other subdivision or
3 public body of the state.

4 14. "PUBLIC USE" HAS THE SAME MEANING PRESCRIBED IN SECTION 12-1136.

5 ~~13.~~ 15. "Real property" includes all lands, including improvements and
6 fixtures on the land, and property of any nature appurtenant to the land, or
7 used in connection with the land, and every estate, interest and right, legal
8 or equitable therein, including terms for years and liens by way of judgment,
9 mortgage or otherwise and the indebtedness secured by the liens.

10 ~~14. "Redeveloper" means any person, partnership or public or private~~
11 ~~corporation or agency which enters or proposes to enter into a redevelopment~~
12 ~~contract.~~

13 ~~15. "Redevelopment contract" means a contract entered into between a~~
14 ~~municipality and a redeveloper for the redevelopment of an area in conformity~~
15 ~~with a redevelopment plan.~~

16 ~~16. "Redevelopment plan" means a plan, other than a preliminary or~~
17 ~~tentative plan, for the acquisition, clearance, reconstruction,~~
18 ~~rehabilitation or future use of a redevelopment project area.~~

19 ~~17. "Redevelopment project":~~

20 ~~(a) Means any work or undertaking:~~

21 ~~(i) To acquire slum or blighted areas or portions of these areas and~~
22 ~~lands, structures or improvements, the acquisition of which is necessary or~~
23 ~~incidental to the proper clearance or redevelopment of these areas or to the~~
24 ~~prevention of the spread or recurrence of slum conditions or conditions of~~
25 ~~blight in the area.~~

26 ~~(ii) To clear any areas by demolition or removal of existing~~
27 ~~buildings, structures, streets, utilities or other improvements thereon and~~
28 ~~to install, construct or reconstruct streets, utilities and site improvements~~
29 ~~essential to the preparation of sites for uses in accordance with a~~
30 ~~redevelopment plan.~~

31 ~~(iii) To sell, lease or otherwise make available land in areas for~~
32 ~~residential, recreational, commercial, industrial or other use or for public~~
33 ~~use or to retain land for public use, in accordance with a redevelopment~~
34 ~~plan.~~

35 ~~(b) Includes the preparation of a redevelopment plan, the planning,~~
36 ~~surveying and other work incident to a redevelopment project and the~~
37 ~~preparation of all plans and arrangements for carrying out a redevelopment~~
38 ~~project.~~

39 ~~18. "Slum area" means an area in which both of the following are true:~~

40 ~~(a) There is a predominance of buildings or improvements, whether~~
41 ~~residential or nonresidential.~~

42 ~~(b) The public health, safety or welfare is threatened because of any~~
43 ~~of the following:~~

44 ~~(i) Dilapidated, deteriorated, aging or obsolescent buildings or~~
45 ~~improvements.~~

1 ~~(ii) The inadequate provision for ventilation, light, air, sanitation~~
2 ~~or open spaces.~~

3 ~~(iii) Overcrowding.~~

4 ~~(iv) The existence of conditions that endanger life or property by~~
5 ~~fire and other causes.~~

6 16. "SLUM AREA" MEANS AN AREA IN WHICH A PREDOMINANCE OF BUILDINGS,
7 WHETHER RESIDENTIAL OR NONRESIDENTIAL, ARE MAINTAINED IN A SLUM CONDITION AND
8 WHERE THE MUNICIPALITY HAS DETERMINED THAT THE EXISTING SLUM CONDITIONS
9 CANNOT BE CORRECTED BY REGULATORY PROCESSES OR BY THE ORDINARY OPERATIONS OF
10 PRIVATE ENTERPRISE WITHOUT ACTING PURSUANT TO THIS ARTICLE.

11 17. "SLUM CLEARANCE CONTRACT" MEANS A CONTRACT ENTERED INTO BETWEEN A
12 MUNICIPALITY AND A DEVELOPER FOR THE REMOVAL OF SLUM CONDITIONS IN A SLUM
13 AREA IN CONFORMITY WITH A SLUM CLEARANCE PLAN.

14 18. "SLUM CLEARANCE PLAN" MEANS A PLAN, OTHER THAN A PRELIMINARY OR
15 TENTATIVE PLAN, FOR THE ACQUISITION, CLEARANCE, RECONSTRUCTION,
16 REHABILITATION OR FUTURE USE OF A SLUM AREA.

17 19. "SLUM CLEARANCE PROJECT":

18 (a) MEANS ANY WORK OR UNDERTAKING:

19 (i) TO ACQUIRE SLUM AREA OR PORTIONS OF THESE AREAS, AND LANDS,
20 STRUCTURES OR IMPROVEMENTS THAT ARE NECESSARY TO ACQUIRE IN ORDER TO PROPERLY
21 CLEAR OR REMOVE SLUM CONDITIONS FROM THESE AREAS OR TO PREVENT THE SPREAD OR
22 RECURRENCE OF SLUM CONDITIONS IN THESE AREAS.

23 (ii) TO CLEAR ANY AREAS BY DEMOLITION OR REMOVAL OF EXISTING
24 BUILDINGS, STRUCTURES, STREETS, UTILITIES OR OTHER IMPROVEMENTS ON THE AREA
25 AND TO INSTALL, CONSTRUCT OR RECONSTRUCT STREETS, UTILITIES AND SITE
26 IMPROVEMENTS ESSENTIAL TO PREPARE SITES FOR USES IN ACCORDANCE WITH A SLUM
27 CLEARANCE PLAN.

28 (iii) TO SELL, LEASE OR OTHERWISE MAKE AVAILABLE LAND IN SLUM AREAS
29 FOR RESIDENTIAL, RECREATIONAL, COMMERCIAL, INDUSTRIAL OR OTHER USE OR FOR
30 PUBLIC USE OR TO RETAIN LAND FOR PUBLIC USE, IN ACCORDANCE WITH A SLUM
31 CLEARANCE PLAN.

32 (b) INCLUDES THE PREPARATION OF A SLUM CLEARANCE PLAN, THE PLANNING,
33 SURVEYING AND OTHER WORK INCIDENT TO A SLUM CLEARANCE PROJECT AND THE
34 PREPARATION OF ALL PLANS AND ARRANGEMENTS FOR CARRYING OUT A SLUM CLEARANCE
35 PROJECT.

36 20. "SLUM CONDITION" MEANS THAT A BUILDING, WHETHER RESIDENTIAL OR
37 NONRESIDENTIAL, IS UNHEALTHY OR UNSAFE FOR PERSONS TO LIVE OR WORK BECAUSE OF
38 ANY OF THE FOLLOWING:

39 (a) PHYSICAL CONDITIONS.

40 (b) SERIOUS BUILDING CODE VIOLATIONS.

41 (c) DILAPIDATION AND DETERIORATION.

42 (d) STRUCTURES THAT ARE BEYOND REPAIR OR THAT ARE UNFIT FOR HUMAN
43 HABITATION OR USE.

44 (e) ABANDONED PROPERTY.

1 (f) THE EXISTENCE OF PHYSICAL CONDITIONS THAT ENDANGER LIFE OR
2 PROPERTY BY FIRE.

3 (g) OTHER CAUSES THAT JEOPARDIZE THE HEALTH AND SAFETY OF PERSONS
4 LIVING OR WORKING IN THE BUILDING.

5 Sec. 9. Section 36-1472, Arizona Revised Statutes, is amended to read:
6 36-1472. Legislative findings

7 It is declared:

8 1. That there exist in municipalities of the state slum ~~or blighted~~
9 areas ~~which constitute a serious and growing menace, injurious and inimical~~
10 ~~to~~ THAT REPRESENT SERIOUS HEALTH AND SAFETY CONCERNS AND THAT JEOPARDIZE the
11 public health, safety, morals and welfare of the residents of the state.

12 2. That the existence of these areas contributes ~~substantially and~~
13 ~~increasingly~~ to the spread of disease and crime, necessitating excessive and
14 disproportionate expenditures of public funds for the preservation of the
15 public health and safety, for crime prevention, correction, prosecution,
16 punishment and the treatment of juvenile delinquency and for the maintenance
17 of adequate police, fire and accident protection and other public services
18 and facilities, constitutes an economic and social liability, substantially
19 impairs or arrests the sound growth of municipalities and retards the
20 provision of housing accommodations.

21 3. That ~~this menace is~~ THESE SLUM AREAS ARE SOMETIMES beyond remedy
22 and control solely by regulatory process in the exercise of the police power
23 and cannot be dealt with effectively by the ordinary operations of private
24 enterprise without the aids provided by this article.

25 4. That the acquisition of property for the purpose of eliminating the
26 conditions or preventing recurrence of these conditions in ~~the~~ A SLUM area,
27 the removal of structures and improvement of sites, the disposition of the
28 property for ~~redevelopment~~ SLUM CLEARANCE and any assistance ~~which~~ THAT may
29 be given by any public body in connection with these activities are public
30 uses and purposes for which public money may be expended and the power of
31 eminent domain exercised.

32 ~~5. That the necessity in the public interest for the provisions of~~
33 ~~this article is declared as a matter of legislative determination.~~

34 5. THAT THE FUNDAMENTAL PURPOSE OF ANY SLUM CLEARANCE PROJECT IS TO
35 PROTECT THE PHYSICAL HEALTH AND SAFETY OF ALL CITIZENS AND NOT ECONOMIC
36 DEVELOPMENT.

37 6. THAT THE QUESTION OF WHETHER THE ACQUISITION OF PROPERTY BY EMINENT
38 DOMAIN IS NECESSARY IS A JUDICIAL QUESTION TO BE DETERMINED WITHOUT REGARD TO
39 ANY LEGISLATIVE ASSERTION THAT THE ACQUISITION IS NECESSARY.

40 Sec. 10. Section 36-1473, Arizona Revised Statutes, is amended to
41 read:

42 36-1473. Designation of slum area or areas by municipality

43 A. A municipality shall not exercise any of the powers conferred on
44 municipalities by this article until its local governing body adopts a
45 resolution by a two-thirds vote finding THAT ONE OR MORE SLUM AREAS EXIST IN

1 THE MUNICIPALITY AND THAT THE REMOVAL OF SLUM CONDITIONS IN THAT AREA OR
2 AREAS IS IN THE INTEREST OF THE PUBLIC HEALTH, SAFETY, MORALS OR WELFARE OF
3 THE RESIDENTS OF THE MUNICIPALITY. ~~both of the following:~~

- 4 ~~1. One or more slum or blighted areas exist in the municipality.~~
5 ~~2. The redevelopment of that area or areas is necessary in the~~
6 ~~interest of the public health, safety, morals or welfare of the residents of~~
7 ~~the municipality.~~

8 B. BEFORE A MUNICIPALITY MAKES A FINDING THAT A SLUM AREA OR AREAS
9 EXISTS, THE MUNICIPALITY MUST PREPARE:

10 1. MAPS AND PLATS THAT SHOW:

11 (a) THE PROPOSED BOUNDARIES OF THE SLUM AREA OR AREAS.

12 (b) THE LOCATION OF THE VARIOUS PARCELS OF REAL PROPERTY THAT EXHIBIT
13 SLUM CONDITIONS, INCLUDING A DETAILED DESCRIPTION OF THE SPECIFIC SLUM
14 CONDITIONS EXISTING ON EACH PARCEL AND A STATEMENT AS TO WHY THE MUNICIPALITY
15 BELIEVES THOSE CONDITIONS CANNOT BE CORRECTED BY REGULATORY PROCESSES OR BY
16 THE ORDINARY OPERATIONS OF PRIVATE ENTERPRISE WITHOUT RESORT TO THIS ARTICLE.

17 (c) THE LOCATION OF ANY PARCELS OF REAL PROPERTY TO BE EXCLUDED FROM A
18 PROPOSED SLUM CLEARANCE PROJECT OR PROJECTS.

19 2. LISTS OF THE OWNERS OF THE PARCELS OF REAL PROPERTY THAT ARE BEING
20 MAINTAINED IN A SLUM CONDITION.

21 3. AN ESTIMATE OF THE COST OF ACQUISITION AND SLUM CLEARANCE IF THE
22 OWNERS OF THE REAL PROPERTY IDENTIFIED AS BEING MAINTAINED IN A SLUM
23 CONDITION FAIL TO REMOVE OR CLEAR THE IDENTIFIED SLUM CONDITIONS IN
24 CONFORMANCE WITH A VALID SLUM CLEARANCE PLAN APPROVED PURSUANT TO SECTION
25 36-1479.

26 ~~B-~~ C. A municipality must notify the owner of real property that is
27 within the boundaries of a proposed ~~redevelopment~~ SLUM CLEARANCE area,
28 INCLUDING OWNERS OF REAL PROPERTY IDENTIFIED IN SUBSECTION B, PARAGRAPH 1,
29 SUBDIVISION (c) OF THIS SECTION, of the time, date and location of a public
30 meeting concerning the findings. The municipality must provide this notice
31 by first class mail to the address stated on the most recent records of the
32 county assessor.

33 Sec. 11. Section 36-1474, Arizona Revised Statutes, is amended to
34 read:

35 36-1474. Powers of municipalities

36 A. Every municipality ~~shall have~~ HAS all the powers necessary or
37 convenient to carry out ~~and effectuate the purposes and provisions of~~ this
38 article, including the following powers in addition to others granted by this
39 article:

40 1. To prepare or cause to be prepared ~~redevelopment~~ SLUM CLEARANCE
41 plans and to undertake and carry out ~~redevelopment~~ SLUM CLEARANCE projects
42 within its area of operation.

43 2. To arrange or contract for the furnishing or repair, by any person
44 or agency, public or private, of services, privileges, works, streets, roads,
45 public utilities or other facilities for or in connection with a

1 ~~redevelopment~~ SLUM CLEARANCE project, and anything to the contrary contained
2 in this article or any other provision of law notwithstanding, to agree to
3 any conditions that it deems reasonable and appropriate attached to federal
4 financial assistance and imposed pursuant to federal law relating to the
5 determination of prevailing salaries or wages or compliance with labor
6 standards, in the undertaking or carrying out of a ~~redevelopment~~ SLUM
7 CLEARANCE project, and to include in any contract let in connection with a
8 ~~redevelopment~~ SLUM CLEARANCE project, provisions to fulfill the conditions as
9 it deems reasonable and appropriate.

10 3. Within its area of operation:

11 (a) To purchase, lease, obtain options ~~upon~~ ON, OR acquire by gift,
12 grant, bequest, devise, ~~eminent domain~~ or otherwise, any real or personal
13 property or any interest in the property, together with any improvements on
14 the property, necessary ~~or incidental to a redevelopment~~ TO A SLUM CLEARANCE
15 project.

16 (b) TO EXERCISE EMINENT DOMAIN AS PRESCRIBED IN THIS ARTICLE TO CLEAR
17 OR REMOVE SLUM CONDITIONS IN A SLUM AREA.

18 ~~(b)~~ (c) To hold, improve, clear or prepare for ~~redevelopment~~ SLUM
19 CLEARANCE any such property.

20 ~~(e)~~ (d) To sell, lease, exchange, transfer, assign, subdivide, retain
21 for its own use, mortgage, pledge, hypothecate or otherwise encumber or
22 dispose of any real or personal property or any interest in the property in a
23 ~~redevelopment project~~ SLUM CLEARANCE AREA.

24 ~~(d)~~ (e) To enter into contracts with ~~redevelopers~~ DEVELOPERS of
25 property containing covenants, restrictions and conditions regarding the use
26 of the property for residential, commercial, industrial, recreational or
27 other purposes or for public purposes in accordance with a ~~redevelopment~~ SLUM
28 CLEARANCE plan and the other covenants, restrictions and conditions as the
29 municipality deems necessary to prevent a recurrence of conditions that
30 qualify an area as a slum ~~or blighted~~ area or to effectuate the purposes of
31 this article. ~~A municipality may not exercise the power of eminent domain
32 unless the municipality makes a separate determination by a two thirds vote
33 of the local governing body that the property is critical to the project and
34 the existing use of the property is not compatible with the proposed use and
35 cannot be incorporated into or excluded from the proposed redevelopment
36 project.~~

37 ~~(e)~~ (f) To make any of the covenants, restrictions or conditions of
38 the foregoing contracts covenants running with the land and to provide
39 appropriate remedies for any breach of these covenants or conditions,
40 including the right in the municipality to terminate these contracts and any
41 interest in the property created pursuant thereto.

42 ~~(f)~~ (g) To borrow money and issue bonds and provide security for
43 loans or bonds.

1 ~~(g)~~ (h) To insure or provide for the insurance of any real or
2 personal property or operations of the municipality in a ~~redevelopment~~ SLUM
3 CLEARANCE project of the municipality against any risks or hazards, including
4 the power to pay premiums on the insurance.

5 ~~(h)~~ (i) To enter into any contracts necessary to effectuate the
6 purposes of this article.

7 No statutory provision with respect to the acquisition, clearance or
8 disposition of property by public bodies ~~shall restrict~~ RESTRICTS a
9 municipality in these functions with respect to a redevelopment project,
10 unless the legislature specifically so states.

11 4. To invest any ~~redevelopment~~ SLUM CLEARANCE project funds held in
12 reserves or sinking funds or any ~~redevelopment~~ SLUM CLEARANCE project funds
13 not required for immediate disbursement, in property or securities in which
14 savings banks may legally invest funds subject to their control and to redeem
15 the bonds ~~which~~ THAT have been issued pursuant to section 36-1481 at the
16 redemption price established therein or to purchase the bonds at less than
17 redemption price, all bonds so redeemed or purchased to be cancelled.

18 5. To borrow money and to apply for and accept advances, loans,
19 grants, contributions and any other form of financial assistance from the
20 federal government, the state, county or other public body or from any
21 sources, public or private, for the purposes of this article, to give such
22 security as may be required and to enter into and carry out contracts in
23 connection therewith. Notwithstanding any other law, a municipality may
24 include in any contract for financial assistance with the federal government
25 for a ~~redevelopment~~ SLUM CLEARANCE project conditions imposed pursuant to
26 federal law the municipality deems reasonable and appropriate and ~~which~~ THAT
27 are not inconsistent with ~~the purposes of~~ this article.

28 6. Within its area of operation, to make or have made all surveys,
29 appraisals, studies and plans, including the preparation of a general plan
30 for the development of the municipality, necessary to carry out ~~the purposes~~
31 ~~of~~ this article and to contract or cooperate with any and all persons or
32 agencies, public or private, to make and to carry out the surveys,
33 appraisals, studies and plans.

34 7. To prepare plans and provide reasonable assistance for the
35 relocation of families displaced from a ~~redevelopment~~ SLUM CLEARANCE project
36 area to the extent essential for acquiring possession of and clearing the
37 area or parts of the area to permit the carrying out of the ~~redevelopment~~
38 SLUM CLEARANCE project.

39 8. To appropriate funds and make expenditures necessary to carry out
40 ~~the purposes of~~ this article and to make expenditures from funds obtained
41 from the federal government without regard to any other laws pertaining to
42 the making and approval of appropriations and expenditures.

43 9. To exercise all or any part or combination of powers granted by
44 this section.

1 B. A municipality must notify each owner of real property located
2 within the boundaries of a proposed ~~redevelopment~~ SLUM CLEARANCE project area
3 of the time, date and location of a public meeting concerning the proposed
4 adoption of the ~~redevelopment~~ SLUM CLEARANCE plan if the municipality ~~intends~~
5 DETERMINES THAT IT MAY BE NECESSARY to acquire BY EMINENT DOMAIN that owner's
6 property or any interest in that property TO ELIMINATE SLUM CONDITIONS. The
7 municipality must provide this notice by first class mail to the address
8 stated on the most recent records of the county assessor.

9 ~~C. The designation of an area as a slum or blighted area terminates~~
10 ~~ten years after this designation unless substantial action has been taken to~~
11 ~~remove the slum or blighted conditions. The termination does not affect~~
12 ~~existing projects as described in section 35-701, paragraph 8, subdivision~~
13 ~~(a), item (xiv) that are within that designated area.~~

14 C. THE DESIGNATION OF AN AREA AS A SLUM AREA TERMINATES FIVE YEARS
15 AFTER A MUNICIPALITY MAKES THAT DESIGNATION UNLESS THE MUNICIPALITY HAS TAKEN
16 SUBSTANTIAL ACTION TO REMOVE THE SLUM CONDITIONS.

17 Sec. 12. Section 36-1475, Arizona Revised Statutes, is amended to
18 read:

19 36-1475. Delegation of powers of municipalities

20 In undertaking ~~redevelopment~~ SLUM CLEARANCE projects under this
21 article, every municipality, by resolution of its governing body, may
22 delegate to the slum clearance ~~and redevelopment~~ commission of the
23 municipality, if any, created by it pursuant to section 36-1476, as an agent
24 of the municipality any or all of the powers conferred ~~upon~~ ON municipalities
25 by this article except the power to borrow money, issue bonds, acquire and
26 dispose of real property, enter into contracts with the federal government or
27 any public body, prepare a general plan for the development of the
28 municipality or approve ~~redevelopment~~ SLUM CLEARANCE plans.

29 Sec. 13. Section 36-1476, Arizona Revised Statutes, is amended to
30 read:

31 36-1476. Slum clearance commission

32 A. In addition to the other powers conferred by this article a
33 municipality by resolution of its governing body may create a slum clearance
34 ~~and redevelopment~~ commission, which shall be an agent of the municipality for
35 the exercise of powers of the municipality under this article.

36 B. If the governing body of a municipality adopts a resolution as
37 described in subsection A of this section, the mayor, by and with the advice
38 and consent of the governing body, shall appoint a board of commissioners for
39 the slum clearance ~~and redevelopment~~ commission, which shall consist of five
40 commissioners. Three of the commissioners first appointed pursuant to this
41 article shall be designated to serve for terms of one, two and three years
42 respectively and two commissioners shall be appointed for four years each,
43 from the date of their appointment. After the initial appointment of
44 commissioners, members of the commission shall be appointed for a term of

1 office of four years, except that all vacancies shall be filled for the
 2 unexpired term.

3 C. A commissioner is not eligible to receive compensation but is
 4 eligible to receive reimbursement of expenses. Each commissioner shall hold
 5 office until a successor has been appointed and has qualified. A certificate
 6 of the appointment or reappointment of any commissioner shall be filed with
 7 the clerk of the municipality and is conclusive evidence of the due and
 8 proper appointment.

9 D. The powers delegated by a municipality to a slum clearance ~~and~~
 10 ~~redevelopment~~ commission shall be exercised by the commissioners. A majority
 11 of the commissioners constitutes a quorum for the purpose of conducting
 12 business and exercising the powers of the commission and for all other
 13 purposes. Action may be taken by the commission upon a vote of a majority of
 14 the commissioners present. Any person may be appointed as a commissioner if
 15 the person resides within the area of operation of the commission and is
 16 otherwise eligible under this article.

17 E. The mayor shall designate a chairman and vice-chairman from among
 18 the commissioners. A commission may be authorized by the local governing
 19 body to employ an executive director, technical experts and other officers,
 20 agents and employees, permanent and temporary, as it requires and to
 21 determine their qualifications, duties and compensation. For legal services
 22 a commission ~~may~~, with approval of the mayor, ~~call upon~~ **MAY** call ~~upon~~ **ON** the chief law
 23 officer of the municipality or it may be authorized by the local governing
 24 body to employ its own counsel and legal staff. A commission shall file a
 25 report of its activities with the local governing body periodically as the
 26 local governing body requires, but at least once a year, and shall make
 27 recommendations regarding additional legislation or other action that may be
 28 necessary to enable it to carry out ~~the purposes of~~ this article.

29 F. For inefficiency or neglect of duty or misconduct in office, a
 30 commissioner may be removed by the mayor, but a commissioner shall be removed
 31 only after a hearing and after the commissioner has been given a copy of the
 32 charges at least ten days ~~prior to~~ **BEFORE** the hearing and had an opportunity
 33 to be heard in person or by counsel.

34 Sec. 14. Section 36-1477, Arizona Revised Statutes, is amended to
 35 read:

36 **36-1477. Interest of public officials, commissioners or**
 37 **employees in project prohibited**

38 A. A public official of a municipality, commissioner or employee of a
 39 housing authority or slum clearance ~~and redevelopment~~ commission to which the
 40 powers of a municipality have been delegated pursuant to this article shall
 41 not voluntarily acquire any interest, direct or indirect, in a ~~redevelopment~~
 42 **SLUM CLEARANCE** project, ~~or~~ in any property included or planned to be included
 43 in a ~~redevelopment~~ **SLUM CLEARANCE** project of the municipality, **IN ANY**
 44 **PROPERTY WITHIN ONE-HALF MILE OF A SLUM CLEARANCE PROJECT** or in any contract
 45 or proposed contract in connection with a ~~redevelopment~~ **SLUM CLEARANCE**

1 project. If an acquisition is not voluntary, the interest acquired shall be
2 immediately disclosed in writing to the local governing body and the
3 disclosure shall be entered ~~upon~~ ON the minutes of the governing body.

4 B. If any official, commissioner or employee presently owns or
5 controls, or owned or controlled within the preceding two years, any
6 interest, direct or indirect, in any property ~~which~~ THAT the person knows is
7 included or planned by the municipality to be included in any ~~redevelopment~~
8 SLUM CLEARANCE project, OR ANY PROPERTY WITHIN ONE-HALF MILE OF A SLUM
9 CLEARANCE PROJECT, the person shall immediately disclose this fact in writing
10 to the local governing body, and this disclosure shall be entered ~~upon~~ ON the
11 minutes of the governing body. The person shall not participate in any
12 action by the municipality, housing authority or commission affecting the
13 property. Any violation of this section ~~shall constitute~~ CONSTITUTES
14 misconduct in office.

15 Sec. 15. Section 36-1478, Arizona Revised Statutes, is amended to
16 read:

17 36-1478. Eminent domain

18 A. A municipality may acquire by condemnation any interest in real
19 property, including a fee simple title to that real property, ~~that~~ it deems
20 necessary for or in connection with a ~~redevelopment~~ SLUM CLEARANCE project
21 under this article, after the adoption BY A TWO-THIRDS VOTE by the local
22 governing body of a resolution declaring that the acquisition of the real
23 property described in that resolution is necessary for those purposes.

24 B. A MUNICIPALITY MAY NOT EXERCISE THE POWER OF EMINENT DOMAIN UNLESS
25 THE MUNICIPALITY MAKES A SEPARATE DETERMINATION BY A TWO-THIRDS VOTE OF THE
26 LOCAL GOVERNING BODY THAT THE PROPERTY IS MAINTAINED IN A SLUM CONDITION AND
27 THE OWNER OF THE PROPERTY IS UNWILLING OR UNABLE TO CURE THE SLUM CONDITION
28 IN ACCORDANCE WITH THE SLUM CLEARANCE PLAN.

29 C. PROPERTY MAY BE ACQUIRED BY CONDEMNATION ONLY AFTER IT HAS BEEN
30 DEMONSTRATED BY CLEAR AND CONVINCING EVIDENCE THAT EACH PARCEL IS NECESSARY
31 TO ELIMINATE A DIRECT THREAT TO PUBLIC HEALTH OR SAFETY CAUSED BY THE
32 PROPERTY IN ITS CURRENT CONDITION, INCLUDING THE REMOVAL OF STRUCTURES THAT
33 ARE BEYOND REPAIR OR UNFIT FOR HUMAN HABITATION OR USE, OR TO ACQUIRE
34 ABANDONED PROPERTY AND THAT NOT REASONABLE ALTERNATIVE TO CONDEMNATION
35 EXISTS.

36 D. UNLESS A PROPERTY OWNER IN A SLUM CLEARANCE PROJECT AREA HAS
37 MAINTAINED AND IS MAINTAINING THE PROPERTY IN A SLUM CONDITION, THE POWER OF
38 EMINENT DOMAIN MAY NOT BE USED TO ACQUIRE THAT PROPERTY FOR TRANSFER TO A
39 PRIVATE PARTY WITHOUT THE OWNER'S CONSENT.

40 E. THE EXISTENCE OF SLUM CONDITIONS SUFFICIENT TO JUSTIFY THE USE OF
41 EMINENT DOMAIN MAY NOT BE PRESUMED FOR AN ENTIRE SLUM AREA.

42 F. NOTWITHSTANDING ANY OTHER LAW, THIS STATE OR ANY POLITICAL
43 SUBDIVISION OF THIS STATE MAY NOT USE EMINENT DOMAIN TO TAKE PRIVATE PROPERTY
44 FOR ECONOMIC DEVELOPMENT.

1 ~~B.~~ G. Before a municipality may initiate a condemnation action it
2 must make a good faith effort to negotiate the purchase of the property. If
3 the municipality determines that it cannot acquire the property without the
4 use of a condemnation action it must notify the property owner of the time,
5 date and location of the public meeting concerning the municipality's
6 proposed action. The municipality must provide this notice by certified mail
7 to the property owner's address as stated on the most recent records of the
8 county assessor.

9 ~~C.~~ H. The governing body of a municipality must authorize the
10 condemnation of real property by a vote of at least two-thirds of its
11 members.

12 ~~D.~~ I. A municipality may exercise the power of eminent domain in the
13 manner provided in ~~articles 2 or 3 of chapter 8,~~ title 12, CHAPTER 8, ARTICLE
14 2 OR 3 AND ARTICLE 2.7 or in the manner provided by any other applicable
15 statutory provisions for the exercise of the power of eminent domain EXCEPT
16 THAT A MUNICIPALITY MAY NOT REQUEST AN ORDER PERMITTING IMMEDIATE POSSESSION
17 OF THE PROPERTY IN CONNECTION WITH A SLUM CLEARANCE PROJECT.

18 ~~E.~~ J. Property already devoted to a public use may be acquired in
19 like manner, but real property belonging to this state or any political
20 subdivision of this state shall not be acquired without its consent.

21 Sec. 16. Section 36-1479, Arizona Revised Statutes, is amended to
22 read:

23 36-1479. Preparation and approval of slum clearance plans

24 A. A municipality shall not prepare a ~~redevelopment~~ SLUM CLEARANCE
25 plan for a ~~redevelopment~~ SLUM CLEARANCE project area unless the local
26 governing body, by resolution, has declared the area to be a slum ~~or blighted~~
27 area in need of ~~redevelopment~~ CLEARANCE OR THE REMOVAL OF SLUM CONDITIONS.
28 The local governing body shall not consider a ~~redevelopment~~ SLUM CLEARANCE
29 plan for approval until a general plan for the development of the
30 municipality has been prepared. A municipality shall not acquire real
31 property for a ~~redevelopment~~ SLUM CLEARANCE project unless the local
32 governing body has approved the ~~redevelopment~~ SLUM CLEARANCE plan, as
33 prescribed in subsection ~~F.~~ G.

34 B. The municipality may itself prepare or cause to be prepared a
35 ~~redevelopment~~ SLUM CLEARANCE plan. ~~or~~ IN ADDITION, any person or agency,
36 public or private, may submit a SLUM CLEARANCE plan to a municipality FOR A
37 DESIGNATED SLUM AREA. A ~~redevelopment~~ SLUM CLEARANCE plan shall be
38 sufficiently complete to indicate its relationship to definite local
39 objectives as to appropriate land uses, improved traffic, public
40 transportation, public utilities, recreational and community facilities and
41 other public improvements and the proposed land uses and building
42 requirements in the ~~redevelopment~~ SLUM CLEARANCE project area. The plan
43 shall include, at a minimum:

44 1. A statement of the boundaries of the ~~redevelopment~~ SLUM CLEARANCE
45 project area.

1 2. A map showing the existing uses and conditions of the real
2 property within the ~~redevelopment~~ SLUM CLEARANCE project area ON A
3 PROPERTY-BY-PROPERTY BASIS.

4 3. A land use plan showing proposed uses of the real property within
5 the ~~redevelopment~~ SLUM CLEARANCE project area.

6 4. Information showing the standards of population densities, land
7 coverage and building intensities in the area after ~~redevelopment~~ SLUM
8 CLEARANCE.

9 5. A statement of the proposed changes, if any, in zoning ordinances
10 or maps, street layouts, street levels or grades, building codes and
11 ordinances.

12 6. A STATEMENT OF HOW THE OWNERS OF THE PARCELS OF REAL PROPERTY
13 IDENTIFIED AS BEING MAINTAINED IN A SLUM CONDITION WILL BE ALLOWED TO
14 PARTICIPATE IN THE SLUM CLEARANCE PROJECT SO THAT THOSE OWNERS MAY BE
15 AFFORDED THE OPPORTUNITY TO REMOVE OR CLEAR THE SLUM CONDITIONS IN ACCORDANCE
16 WITH THE SLUM CLEARANCE PLAN.

17 7. ALTERNATIVE PROVISIONS, SUCH AS THE USE OF EMINENT DOMAIN, FOR
18 REMOVING OR CLEARING THE SLUM CONDITIONS IF AN OWNER DECLINES TO PARTICIPATE
19 IN THE SLUM CLEARANCE PROJECT OR IF AN OWNER FAILS TO PARTICIPATE IN THE SLUM
20 CLEARANCE PROJECT AFTER AGREEING IN WRITING TO REMOVE OR CLEAR THE SLUM
21 CONDITIONS.

22 ~~6-~~ 8. A statement as to the kind and number of site improvements and
23 additional public utilities ~~which~~ THAT will be required to support the new
24 land uses in the area after ~~redevelopment~~ SLUM CLEARANCE.

25 ~~7-~~ 9. A statement of the proposed method and estimated cost of the
26 acquisition and preparation for ~~redevelopment~~ SLUM CLEARANCE of the
27 ~~redevelopment~~ SLUM CLEARANCE project area and the estimated proceeds or
28 revenues from its disposal to ~~redevelopers~~ DEVELOPERS.

29 ~~8-~~ 10. A statement of the proposed method of financing the
30 ~~redevelopment~~ SLUM CLEARANCE project.

31 ~~9-~~ 11. A statement of a feasible method proposed for the relocation
32 of families to be displaced from the ~~redevelopment~~ SLUM CLEARANCE project
33 area.

34 C. The land uses and building requirements proposed in a ~~redevelopment~~
35 SLUM CLEARANCE plan shall be ~~designed with the general purpose of~~
36 ~~accomplishing,~~ in conformance with the general plan. ~~, a coordinated,~~
37 ~~adjusted and harmonious development of the municipality and its environs~~
38 ~~which will, in accordance with present and future needs, promote health,~~
39 ~~safety, morals, order, convenience, prosperity and the general welfare, as~~
40 ~~well as efficiency and economy in the process of development, and including,~~
41 ~~among other things, adequate provision for traffic, vehicular parking, the~~
42 ~~promotion of safety from fire, panic and other dangers, adequate provision~~
43 ~~for light and air, the promotion of the healthful and convenient distribution~~
44 ~~of population, the provision of adequate transportation, water, sewerage and~~
45 ~~other public utilities, schools, parks, recreational and community facilities~~

1 ~~and other public requirements, the promotion of sound design and arrangement,~~
2 ~~the wise and efficient expenditure of public funds, the prevention of the~~
3 ~~recurrence of slum conditions or conditions of blight and the provision of~~
4 ~~adequate, safe and sanitary dwelling accommodations.~~

5 D. ~~Prior to~~ BEFORE its approval of a ~~redevelopment~~ SLUM CLEARANCE
6 plan, the local governing body shall submit a ~~redevelopment~~ SLUM CLEARANCE
7 plan to the planning commission of the municipality, if any, for review and
8 recommendations as to its conformity with the general plan for the
9 development of the municipality as a whole. The planning commission shall
10 submit its written recommendations with respect to the proposed ~~redevelopment~~
11 SLUM CLEARANCE plan to the local governing body within thirty days after
12 receipt of the plan for review. ~~Upon~~ ON receipt of the recommendations of
13 the planning commission or, if no recommendations are received within thirty
14 days, the local governing body may proceed with the hearing on the proposed
15 ~~redevelopment~~ SLUM CLEARANCE plan prescribed by subsection E.

16 E. The local governing body shall hold a public hearing on any
17 ~~redevelopment~~ SLUM CLEARANCE plan or substantial modification to a plan being
18 considered for approval. A municipality must notify each owner of real
19 property located within the boundaries of a proposed ~~redevelopment~~ SLUM
20 CLEARANCE plan area of the time, date and location of a public meeting
21 concerning the proposed adoption of the ~~redevelopment~~ SLUM CLEARANCE plan.
22 The municipality must provide this notice by first class mail to the address
23 stated on the most recent records of the county assessor. The local
24 governing body shall publish a public notice in a newspaper with a general
25 circulation in the area of operation, once each week for two consecutive
26 weeks, the last publication to be at least ten days ~~prior to~~ BEFORE the date
27 set for hearing. The notice shall describe the time, place and purpose of
28 the hearing ~~and shall also generally identify the area to be redeveloped~~
29 ~~under the plan.~~ All interested parties shall be afforded a reasonable
30 opportunity to express their views respecting the proposed ~~redevelopment~~ SLUM
31 CLEARANCE plan at the hearing.

32 F. THE OWNERS OF A BUILDING MAINTAINED IN A SLUM CONDITION MUST BE
33 PERMITTED TO PARTICIPATE IN A SLUM CLEARANCE PROJECT IN CONFORMITY WITH THE
34 SLUM CLEARANCE PLAN.

35 ~~F.~~ G. Approval of a ~~redevelopment~~ SLUM CLEARANCE plan requires a
36 two-thirds vote of the local governing body.

37 ~~G.~~ H. Following the hearing, the local governing body may approve a
38 ~~redevelopment~~ SLUM CLEARANCE plan if it finds that the plan is feasible and
39 in conformity with the general plan for the development of the municipality
40 as a whole. ~~, but if the redevelopment project area is a blighted area, the~~
41 ~~local governing body must also find that:~~

- 42 1. ~~A shortage of housing of sound standards and design, adequate for~~
43 ~~family life, exists in the municipality.~~
- 44 2. ~~The need for housing accommodations has been or will be increased~~
45 ~~as a result of the clearance of slums in other areas under redevelopment.~~

1 ~~3. The conditions of blight in the area and the shortage of decent,~~
2 ~~safe and sanitary housing cause or contribute to an increase in and spread of~~
3 ~~disease and crime and constitute a menace to the public health, safety,~~
4 ~~morals or welfare.~~

5 ~~4. The development of the area for predominately residential uses is~~
6 ~~an integral part of and essential to the program of the municipality for the~~
7 ~~elimination of the slum or blighted area.~~

8 H. I. A ~~redevelopment~~ SLUM CLEARANCE plan may be modified at any
9 time, but if modified after the lease or sale of real property in the
10 ~~redevelopment~~ SLUM CLEARANCE project area, the modification shall be
11 consented to by the ~~redeveloper~~ DEVELOPER or ~~redevelopers~~ DEVELOPERS of real
12 property or a successor or their successors in interest affected by the
13 proposed modification. Any proposed modification ~~which~~ THAT will
14 substantially change the ~~redevelopment~~ SLUM CLEARANCE plan as previously
15 approved by the local governing body ~~shall be~~ IS considered a new plan and
16 ~~shall be~~ IS subject to all the requirements of this section before it may be
17 approved.

18 Sec. 17. Section 36-1480, Arizona Revised Statutes, is amended to
19 read:

20 36-1480. Disposal of property in slum clearance project area

21 A. A municipality may sell, lease, exchange or otherwise transfer real
22 property or any interest in the property in a ~~redevelopment~~ SLUM CLEARANCE
23 project area to any ~~redeveloper~~ DEVELOPER for residential, recreational,
24 commercial, industrial or other uses or for public use in accordance with the
25 ~~redevelopment~~ SLUM CLEARANCE plan, subject to covenants, conditions and
26 restrictions as it deems to be in the public interest or to carry out ~~the~~
27 ~~purposes of~~ this article. The sale, lease, exchange or other transfer, and
28 any related agreement may be made only after, or subject to, the approval of
29 the ~~redevelopment~~ SLUM CLEARANCE plan by the local governing body. Real
30 property shall be sold, leased or transferred at its fair value for uses in
31 accordance with the ~~redevelopment~~ SLUM CLEARANCE plan even though the fair
32 value may be less than the cost of acquiring and preparing the property for
33 ~~redevelopment~~ SLUM CLEARANCE. In determining the fair value of real property
34 for uses in accordance with the ~~redevelopment~~ SLUM CLEARANCE plan, a
35 municipality shall take into account and give consideration to the uses and
36 purposes required by the plan, the restrictions ~~upon~~ ON, and the covenants,
37 conditions and obligations assumed by the ~~redeveloper~~ DEVELOPER of the
38 property, the objectives of the ~~redevelopment~~ SLUM CLEARANCE plan for the
39 prevention of the recurrence of slum ~~or blighted areas~~, and other matters the
40 municipality specifies as being appropriate.

41 B. Sale, lease, exchange or other transfer of real property or any
42 interest of the property shall not be made until after public advertising for
43 bids has been made for at least thirty days in a newspaper of general
44 circulation within the municipality and the posting of notices in three or
45 more public places within the municipality. If there is no newspaper within

1 the corporate limits of the municipality, the municipality shall post in
 2 three or more public places within the municipality, notices for bidders for
 3 the property proposed to be sold.

4 C. ~~Prior to~~ BEFORE the consideration of any ~~redevelopment~~ SLUM
 5 CLEARANCE contract proposal, the municipality shall publish the notice at
 6 least once a week for two consecutive weeks in a newspaper having a general
 7 circulation in the area of operation, invite proposals from and make all
 8 pertinent information available to, private ~~redevelopers~~ DEVELOPERS or any
 9 persons interested in carrying out the ~~redevelopment~~ CLEARANCE OR REMOVAL of
 10 SLUM CONDITIONS FROM a slum ~~or blighted~~ area, or any part of a slum ~~or~~
 11 ~~blighted~~ area, ~~which the local governing body has declared to be in need of~~
 12 ~~redevelopment~~. The notice shall identify the slum ~~or blighted~~ area, and
 13 shall state where any further information available may be obtained. The
 14 municipality shall consider all ~~redevelopment~~ proposals and the financial,
 15 technical and legal ability of the prospective ~~redevelopers~~ DEVELOPERS to
 16 carry out their proposals and may negotiate with any ~~redevelopers~~ DEVELOPERS
 17 for proposals for the purchase or lease of any real property in the
 18 ~~redevelopment~~ SLUM CLEARANCE project area. The municipality, with the
 19 approval of the local governing body, may accept ~~redevelopment~~ SLUM CLEARANCE
 20 contract proposals it deems to be in the public interest and in furtherance
 21 of the purposes of this article and may execute the ~~redevelopment~~ SLUM
 22 CLEARANCE contracts in accordance with ~~the provisions of~~ subsection A and
 23 deliver deeds, leases and other instruments and take all steps necessary to
 24 effectuate the ~~redevelopment~~ SLUM CLEARANCE contracts. In its discretion,
 25 the municipality ~~may~~, without regard to ~~the provisions of~~ this subsection,
 26 MAY dispose of real property in a ~~redevelopment~~ SLUM CLEARANCE project area
 27 to private ~~redevelopers~~ DEVELOPERS for ~~redevelopment~~ SLUM CLEARANCE under the
 28 reasonable competitive bidding procedures as it prescribes, subject to the
 29 provisions of subsection A.

30 D. A municipality may temporarily operate and maintain real property
 31 in a ~~redevelopment~~ SLUM CLEARANCE project area pending the disposition of the
 32 property for ~~redevelopment, without regard to the provisions of subsections~~
 33 ~~A, B and C, for uses and purposes deemed desirable even though not~~ SLUM
 34 CLEARANCE in conformity with the ~~redevelopment~~ SLUM CLEARANCE plan. If the
 35 real property is not disposed of for ~~redevelopment~~ SLUM CLEARANCE within one
 36 year, the municipality, immediately ~~upon~~ ON expiration of the one year
 37 period, shall remove or demolish all buildings ~~thereon~~ IN THE SLUM CLEARANCE
 38 PROJECT AREA.

39 Sec. 18. Section 36-1481, Arizona Revised Statutes, is amended to
 40 read:

41 36-1481. Issuance of bonds

42 A. A municipality may issue bonds in its discretion to finance the
 43 undertaking of any ~~redevelopment~~ SLUM CLEARANCE project under this article,
 44 including the payment of principal and interest ~~upon~~ ON any advances for
 45 surveys and plans for ~~redevelopment~~ SLUM CLEARANCE projects, and may also

1 issue refunding bonds for the payment or retirement of such bonds previously
2 issued by it. Such bonds shall be made payable, as to both principal and
3 interest, solely from the income, proceeds, revenues and funds of the
4 municipality derived from or held in connection with its undertaking and
5 carrying out of ~~redevelopment~~ SLUM CLEARANCE projects under this article,
6 whether or not they are financed in whole or in part with the proceeds of
7 such bonds, but payment of such bonds, both as to principal and interest, may
8 be further or exclusively secured by a pledge of any loan, grant or
9 contribution from the federal government or other source, in aid of any
10 ~~redevelopment~~ SLUM CLEARANCE projects of the municipality undertaken under
11 this article and by a mortgage of any of ~~such redevelopment~~ THE SLUM
12 CLEARANCE projects.

13 B. The bonds and other obligations of the municipality issued pursuant
14 to subsection A ~~of this section~~ are not a general obligation or general debt
15 of the municipality, the state or any of its political subdivisions, and
16 neither the municipality, the state, nor any of its political subdivisions
17 are generally liable for them, nor in any event shall the bonds or
18 obligations give rise to a general obligation or liability of the
19 municipality, the state or any of its political subdivisions, or a charge
20 against their general credit or taxing powers, or be payable from any funds
21 or properties other than those funds or properties specifically described in
22 subsection A ~~of this section~~ and those bonds and obligations shall so state
23 on their face. Bonds issued under this section ~~shall~~ DO not constitute an
24 indebtedness within the meaning of any constitutional or statutory debt
25 limitation or restriction. Bonds issued under ~~the provisions of~~ this article
26 are declared to be issued for an essential public and governmental purpose,
27 and together with interest thereon and income therefrom, ~~shall be~~ ARE
28 exempted from all taxes.

29 C. Bonds issued under this section shall be authorized by resolution
30 of the local governing body, may be issued in one or more series, shall bear
31 such date or dates, be payable upon demand or mature at such time or times,
32 bear interest at such rate or rates, be in such denomination or
33 denominations, be in such form either coupon or registered, carry such
34 conversion or registration privileges, have such rank or priority, be
35 executed in such manner, be payable in such medium of payment, at such place
36 or places, and be subject to such terms of redemption, with or without
37 premium, as provided by the resolution or trust indenture or mortgage issued
38 pursuant thereto.

39 D. Such bonds or any bonds issued to refund such bonds may be sold at
40 public or private sale at such price or prices as may be determined by the
41 local governing body or may be exchanged for other bonds on the basis of
42 par. If sold at public sale, notice shall be published once at least ten
43 days ~~prior to~~ BEFORE the sale in a newspaper having a general circulation in
44 the area of operation and in such other medium of publication as the
45 municipality determines.

1 E. If any of the public officials of the municipality whose signatures
2 appear on any bonds or coupons issued under this article cease to be such
3 officials before delivery of the bonds, their signatures shall nevertheless
4 be valid and sufficient for all purposes the same as if the officials had
5 remained in office until delivery. Any provision of law to the contrary
6 notwithstanding, bonds issued pursuant to this article shall be fully
7 negotiable.

8 F. In any action or proceedings involving the validity or
9 enforceability of any bond issued under this article or the security for such
10 bond, the recitation in substance in the bond that it has been issued by the
11 municipality in connection with a ~~redevelopment~~ SLUM CLEARANCE project ~~shall~~
12 ~~be~~ IS conclusive proof that the bond was issued for such purpose and such
13 project ~~shall be~~ IS conclusively deemed to have been planned, located and
14 carried out in accordance with ~~the purposes and provisions of~~ this article.

15 G. Neither the members of the governing body of a municipality or a
16 commission nor any persons executing the bonds are liable personally on the
17 bonds by reason of their issuance.

18 Sec. 19. Section 36-1482, Arizona Revised Statutes, is amended to
19 read:

20 36-1482. Power of municipality to provide additional security
21 for bonds

22 A. In connection with the issuance of bonds pursuant to section
23 36-1481, or the incurring of obligations under leases, and in order to secure
24 the payment of such bonds or obligations, a municipality, in addition to its
25 other powers, may:

26 1. Prescribe the procedure, if any, by which the terms of any contract
27 with bondholders may be amended or abrogated, the amount of bonds the holders
28 of which shall consent thereto and the manner in which such consent may be
29 given.

30 2. Vest in any obligees the right to enforce the payment of such bonds
31 or any covenants securing or relating to the bonds.

32 3. Vest in any obligee or obligees holding a specified amount in such
33 bonds the right, in the event of a default, to take possession of and use,
34 operate and manage any ~~redevelopment~~ SLUM CLEARANCE project or any part
35 thereof, title to which is in the municipality, or any funds connected
36 therewith, and to collect the rents and revenues arising therefrom and to
37 dispose of such monies in accordance with the agreement of the municipality
38 with such obligees.

39 4. Provide for the powers and duties of such obligees and limit the
40 liabilities thereof.

41 5. Provide the terms and conditions ~~upon~~ ON which such obligees may
42 enforce any covenant or rights securing or relating to the bonds.

43 6. Exercise all or any part or combination of the powers granted by
44 this subsection.

1 7. Make such covenants and do any and all such acts and things
2 necessary, convenient or desirable in order to secure its bonds, or, in the
3 absolute discretion of the municipality, as will tend to make the bonds more
4 marketable even if such covenants, acts or things are not enumerated in this
5 section.

6 B. A municipality may by its resolution, trust indenture, mortgage,
7 lease or other contract confer ~~upon~~ ON any obligee holding or representing a
8 specified amount in bonds issued pursuant to section 36-1481, the ~~right~~
9 FOLLOWING RIGHTS, in addition to all rights that may otherwise be conferred,
10 ~~upon~~ ON the happening of an event of default as defined in such resolution or
11 instrument, by an action or proceeding in any court of competent
12 jurisdiction:

13 1. THE RIGHT to require the municipality and the officials, agents and
14 employees thereof to account as if it and they were the trustees of an
15 express trust. ~~, and~~

16 2. THE RIGHT to obtain the appointment of a receiver of any
17 ~~redevelopment~~ SLUM CLEARANCE project of the municipality or any part thereof,
18 title to which is in the municipality, and of the rents and profits
19 therefrom.

20 C. If such receiver is appointed, ~~he~~ THE RECEIVER may enter and take
21 possession of, carry out, operate and maintain the project or any part
22 thereof and collect and receive all fees, rents, revenues or other charges
23 thereafter arising therefrom, and shall keep such monies in a separate
24 account or accounts and apply them in accordance with the obligations of the
25 municipality as the court directs.

26 Sec. 20. Section 36-1486, Arizona Revised Statutes, is amended to
27 read:

28 36-1486. Property exempt from execution sale

29 All property of a municipality, including funds, owned or held by it
30 for the purposes of this article shall be exempt from levy and sale by virtue
31 of an execution, and no execution or other judicial process shall issue
32 against it nor shall judgment against a municipality be a charge or lien ~~upon~~
33 ON such property, but ~~the provisions of~~ this section shall DOES not apply to
34 or limit the right of obligees to pursue any remedies for the enforcement of
35 any pledge or lien given by a municipality on its rents, fees, grants or
36 revenues from ~~redevelopment~~ SLUM CLEARANCE projects.

37 Sec. 21. Section 36-1487, Arizona Revised Statutes, is amended to
38 read:

39 36-1487. Cooperation by public bodies

40 A. For the purpose of aiding in the planning, undertaking or carrying
41 out of a ~~redevelopment~~ SLUM CLEARANCE project located within the area in
42 which it is authorized to act, any public body may, ~~upon~~ ON such terms, with
43 or without consideration, as it determines, MAY:

1 body determines by resolution necessary for the purpose or raising funds for
2 use in connection with a ~~redevelopment~~ SLUM CLEARANCE project. Any bonds to
3 be issued by the municipality pursuant to this section shall be issued in the
4 manner and within the limitations prescribed by the laws of the state for the
5 issuance and authorization of bonds for public purposes generally.

6 Sec. 23. Section 41-1362, Arizona Revised Statutes, is amended to
7 read:

8 41-1362. Powers and duties; governmental mall description; duty
9 of city of Phoenix; general plan application

10 A. The commission may:

11 1. Accept gifts or grants of monies or other property from any person,
12 including the United States or any agencies, departments or officers of the
13 state.

14 2. Appoint and employ officers and employees as it deems necessary.

15 3. Prescribe rules as necessary to carry out ~~the provisions of~~ this
16 article.

17 B. The commission shall:

18 1. Elect a chairman from among its members.

19 2. Develop and maintain and amend as necessary a comprehensive
20 long-range general plan for the development of the governmental mall
21 comprised of the area described in subsection C of this section.

22 3. Encourage public agencies as defined in section 11-951 to enter
23 into intergovernmental agreements or contracts pursuant to title 11, chapter
24 7, article 3 as necessary to implement the general plan for the development
25 of the governmental mall.

26 4. Review and approve or disapprove in writing requests for permission
27 to develop structures or sites or award construction contracts for new
28 buildings or improvements within the governmental mall. The commission shall
29 review requests submitted by the state or a political subdivision of this
30 state in which the state or political subdivision has a contractual interest
31 to ensure consistency with the approved general plan.

32 5. Review all planning activities within governmental mall boundaries.

33 6. Publish an annual report on the issues brought before the
34 commission and its recommendations.

35 C. The governmental mall is comprised of the area with a western
36 boundary of nineteenth avenue, a northern boundary of all lots abutting Van
37 Buren street, an eastern boundary of seventh avenue and a southern boundary
38 of the Harrison street alignment.

39 D. The city of Phoenix annually shall inform the commission of new
40 major development projects and new major infrastructure improvements
41 including but not limited to parks, streets and street-scaping within the
42 downtown area ~~redevelopment~~ SLUM CLEARANCE plan as defined ~~pursuant to~~ IN
43 section 36-1471.

1 E. If the general plan of the city, county or state agency for land
2 development does not conform with the general plan developed by the
3 commission for the development of the governmental mall, the general plan
4 developed by the commission for the development of the governmental mall
5 applies and shall be enforced.

6 Sec. 24. Section 42-6203, Arizona Revised Statutes, is amended to
7 read:

8 42-6203. Rates of tax

9 A. Except as otherwise provided in this section, the tax authorized by
10 this article shall be levied and collected at the following rates:

11 1. One dollar per square foot of gross building space for office
12 buildings with one floor above ground.

13 2. One dollar twenty-five cents per square foot of gross building
14 space for office buildings with more than one but fewer than eight floors
15 above ground.

16 3. One dollar seventy-five cents per square foot of gross building
17 space for office buildings with eight floors or more above ground.

18 4. One dollar fifty cents per square foot of retail building space,
19 including space that is devoted to the sale of tangible personal property,
20 restaurants, health clubs, hair salons, dry cleaners, travel agencies and
21 other retail services.

22 5. One dollar fifty cents per square foot of hotel or motel building
23 space.

24 6. Seventy-five cents per square foot of warehouse or industrial
25 building space.

26 7. Fifty cents per square foot of residential rental building space.

27 8. One hundred dollars per parking space located in a parking garage
28 or deck.

29 9. One dollar per square foot of all other government property
30 improvements not included in paragraphs 1 through 8 of this subsection.

31 B. The tax rate for government property improvements for which the
32 original certificate of occupancy was issued:

33 1. At least ten years but less than twenty years before the date the
34 tax is due is eighty per cent of the rate provided in subsection A of this
35 section.

36 2. At least twenty years but less than thirty years before the date
37 the tax is due is sixty per cent of the rate provided in subsection A of this
38 section.

39 3. At least thirty but less than forty years before the date the tax
40 is due is forty per cent of the rate provided in subsection A of this
41 section.

42 4. At least forty but less than fifty years before the date the tax is
43 due is twenty per cent of the rate provided in subsection A of this section.

44 5. Fifty or more years before the date the tax is due is zero.

1 C. If no certificate of occupancy can be located, dated aerial
2 photographs or other evidence of substantial completion may be used to
3 determine the age of the building for purposes of subsection B of this
4 section.

5 D. The tax rate for a government property improvement that was
6 constructed pursuant to a lease or development agreement entered into from
7 and after June 30, 1996 and that is located outside a slum ~~or blighted~~ area
8 established pursuant to title 36, chapter 12, article 3 is one and one-half
9 times the rate established by subsections A and B of this section.

10 E. Within the first twenty years after the issuance of the original
11 certificate of occupancy, the tax rate on the use or occupancy of a
12 government property improvement is twenty per cent of the rate established in
13 subsections A and B of this section for any of the following:

14 1. Government property improvements that are subject to leases or
15 agreements that were entered into before April 1, 1985, and options and
16 rights contained in the leases or agreements.

17 2. Government property improvements that are subject to leases entered
18 into based on a redevelopment contract, ~~as defined in section 36-1471,~~
19 entered into before April 1, 1985.

20 3. Government property improvements that are subject to leases entered
21 into based on an agreement for a redevelopment project for which federal
22 grant monies have been received and that was entered into before April 1,
23 1985.

24 4. Government property improvements that are located at an airport
25 that was owned on or before January 1, 1988 by a county having a population
26 of four hundred thousand persons or less or by a city or town that is located
27 in a county having a population of four hundred thousand persons or less if
28 the property is used primarily for manufacturing, retail, distribution,
29 research or commercial purposes. ~~It~~ **FOR THE PURPOSES OF** this paragraph,
30 "commercial" includes facilities for office, recreational, hotel, motel and
31 service uses.

32 F. Within the first ten years after the issuance of the certificate of
33 occupancy, the tax rate on the use or occupancy of a government property
34 improvement that is located in a slum or blighted area established pursuant
35 to title 36, chapter 12, article 3, resulted or will result in an increase in
36 property value of at least one hundred per cent and is not eligible for
37 abatement pursuant to section 42-6209 is eighty per cent of the rate
38 established in subsections A and B of this section.

39 G. The tax rate to be applied under subsection A of this section shall
40 be determined by the predominant use to which the government property
41 improvement is devoted, except that in all cases the tax rate prescribed by
42 subsection A, paragraph 8 of this section shall be applied to any parking
43 garage or deck. If there is no single predominant use, the tax shall be
44 determined by applying the appropriate tax rate to the building space devoted
45 to each use identified in that subsection. For the purposes of this

1 subsection, the functional area of a government property improvement does not
2 include subsidiary, auxiliary or servient areas such as lobbies, stairwells,
3 mechanical rooms and meeting and banquet rooms. For THE purposes of this
4 subsection, "predominant use" means the use to which eighty-five per cent or
5 more of the functional area of a government property improvement is devoted.

6 H. Prime lessees of government property improvements who become
7 taxable or whose taxable status terminates during the calendar year in which
8 the taxes are due, including prime lessees subject to exemption or abatement
9 under sections 42-6208 and 42-6209, shall pay tax for that calendar year on a
10 pro rata basis.

11 Sec. 25. Section 42-6209, Arizona Revised Statutes, is amended to
12 read:

13 42-6209. Abatement of tax for government property improvements
14 in single central business district

15 A. A government lessor shall abate the tax provided for under
16 this article for a limited period beginning when the certificate of
17 occupancy is issued and ending eight years after the certificate of occupancy
18 is issued on a government property improvement that is constructed either
19 before or after July 20, 1996 and that meets the following requirements:

20 1. The improvement is located in a single central business district in
21 a slum ~~or blighted~~ area that is established pursuant to title 36, chapter 12,
22 article 3 and is subject to a lease or development agreement entered into on
23 or after April 1, 1985.

24 2. The government property improvement resulted or will result in an
25 increase in property value of at least one hundred per cent.

26 B. Unless waived by the government lessor, the prime lessee shall
27 apply for the abatement before the taxes under this article are due and
28 payable in the first year after the certificate of occupancy is issued. The
29 prime lessee shall notify the government lessor if the government property
30 improvement no longer qualifies for abatement under this section.

31 Sec. 26. Section 48-571, Arizona Revised Statutes, is amended to read:

32 48-571. Definitions; appointment of officer

33 A. In this article and article 1 of this chapter, unless the context
34 otherwise requires:

35 1. "Assessment" or "assessment roll" means a special assessment made
36 under ~~the provisions of~~ this article.

37 2. "Block" means any parcel of ground, whether regular or irregular,
38 ~~which~~ THAT is bounded by streets, or by one or more streets and by one or
39 more boundary lines of the city or town.

40 3. "Clerk" includes any person or official who performs the duties of
41 clerk of the city or town.

42 4. "Contractor" includes the contractor's personal representative or
43 assignee.

1 5. "Council" or "governing body" includes and means the body or board
2 ~~which~~ THAT by law is constituted the legislative department of an
3 incorporated city or town.

4 6. "Delinquency" means delinquency in the payment of an assessment
5 made under ~~the provisions of~~ this article.

6 7. "Designated area" means an area of the municipality ~~which~~ THAT is
7 either designated pursuant to section 36-1479 as a slum ~~or blighted~~ area or
8 designated as a pocket of poverty or a neighborhood strategy area by the
9 United States department of housing and urban development, pursuant to title
10 I of the housing and community development act of 1977, as amended (P.L.
11 95-128; 42 United States Code sections 5301 through 5320) and the department
12 of housing and urban development act (P.L. 89-174; 42 United States Code
13 section 3535(d)).

14 8. "Engineer" includes any person who, under whatever official name,
15 is the civil engineer or surveyor of the city or town, and ~~where~~ IF there is
16 no elected or appointed official, ~~then~~ the engineer is the person who may be
17 appointed or employed by the council to perform the duties required of an
18 engineer under ~~the provisions of~~ this article.

19 9. "Improvement bond" means a bond issue under the provisions of this
20 article.

21 10. "Lighting plants" includes electric light plants, electric power
22 plants, gas plants, distribution systems, poles, parts, pipes, conduits,
23 wires, tanks, reservoirs, generators for gas or electricity, transmission
24 lines, towers, lamps, transformers of every character, machinery, apparatus,
25 equipment and all appliances and structures necessary or incidental to the
26 construction, installation or operation of a complete municipal electric
27 light, power and gas plant and distribution system, placed on the streets
28 improved, though extended beyond.

29 11. "Lot" includes any portion, piece, parcel or subdivision of land,
30 and includes property owned or controlled by any person as a railroad
31 right-of-way.

32 12. "Mayor" includes the chairman or president of the governing body.

33 13. "Municipality" or "city" includes incorporated cities and towns.

34 14. "Owner" means the person in whom, on the day the action or
35 proceeding is commenced, appears the legal title to the lot by deed recorded
36 in the recorder's office, or the person in possession of the lot under claim
37 of title, or exercising acts of ownership over the lot for the person, or as
38 the personal representative of the owner.

39 15. "Railroad" includes street railroad and interurban railroad.

40 16. "Sewers" includes tunnels, excavations, ditches, drains, conduits,
41 channels, outlets, outfalls, cesspools, manholes, catch basins, flush tanks,
42 septic tanks, connecting sewers of every character, machinery, apparatus,
43 equipment and all appliances and structures necessary or incidental to the
44 construction, installation or operation of a complete sewer system, for
45 either sanitary or drainage purposes.

1 17. "Street" includes avenues, alleys, highways, lanes, crossings,
2 intersections, courts, places and grounds now open or dedicated or hereafter
3 opened or dedicated to public use, and public ways.

4 18. "Street superintendent" or "superintendent" includes any person
5 who, under whatever official name, is charged with the care or supervision of
6 the streets of the city or town.

7 19. "Time of delinquency" means the time fixed when assessments become
8 delinquent.

9 20. "Treasurer" includes any person who, under whatever official name,
10 is the custodian of the funds of the city or town.

11 21. "Waterworks" includes pipes, hydrants, reservoirs, wells, pumps,
12 pumping plants, conduits, settling basins, filtering plants of every
13 character, machinery, apparatus, equipment and all appliances and structures
14 necessary or incidental to the construction, installation or operation of a
15 complete municipal waterworks system, for fire protection, or for domestic
16 irrigation, mechanical or power purposes, placed on the streets improved,
17 though extended beyond.

18 22. "Work" or "improvement" includes any or all of the improvements
19 mentioned and authorized to be made in this ARTICLE and article 1 of this
20 chapter and the construction, reconstruction and repair of all or any portion
21 of the improvements, and all labor, services, incidental expenses and
22 material necessary or incidental to the construction, reconstruction or
23 repair.

24 B. In any city or town having no officer in this article designated,
25 or performing like duties, the governing body may appoint a suitable person
26 to discharge the duties.

27 Sec. 27. Section 48-574, Arizona Revised Statutes, is amended to read:

28 48-574. Improvement districts for operation, maintenance,
29 repair and improvement of pedestrian malls,
30 off-street parking facilities and parkings and
31 parkways

32 A. In addition to the purposes for which an improvement district may
33 be formed under ~~the provisions of~~ section 48-572, an improvement district may
34 be formed for the sole purpose of the operation, maintenance, repair and
35 improvements of pedestrian malls, off-street parking facilities, and parkings
36 and parkways.

37 B. Subject to the powers granted and the limitations contained in this
38 section, the powers and duties of the governing body of the municipality and
39 the procedure to be followed shall be as provided in this article for other
40 types of special improvement districts.

41 C. If a petition for the formation of an improvement district under
42 ~~the provisions of~~ this section is presented to the governing body purporting
43 to be signed by all of the real property owners in the proposed district,
44 exclusive of mortgagees and other lienholders, the governing body, after
45 verifying the property ownership and making a finding of that fact, shall

1 adopt a resolution of intention to order the improvement pursuant to ~~the~~
2 ~~provisions of~~ section 48-576 and shall have immediate jurisdiction to adopt
3 the resolution ordering the improvement pursuant to ~~the provisions of~~ section
4 48-581, without the necessity of the publication and posting of the
5 resolution of intention provided for in section 48-578.

6 D. The governing body shall make annual statements and estimates of
7 the expenses of the district, which shall be provided for either:

8 1. By the levy and collection of ad valorem taxes ~~upon~~ ON the assessed
9 value of all the real and personal property in the district.

10 2. By assessment of the total sum ~~upon~~ ON the several lots, each
11 respectively in proportion to the benefits to be received by each lot.

12 E. If the expenses of the district are provided for by ad valorem
13 taxes, the governing body shall publish notice, have hearings and adopt the
14 taxes at the times and in the manners provided for incorporated cities and
15 towns by the applicable portions of title 42, chapter 17, article 3. The
16 governing body, on or before the third Monday in August of each year, shall
17 fix, levy and assess the amount to be raised by ad valorem taxes upon all of
18 the property of the district. If the expenses of the district are assessed
19 ~~upon~~ ON the several lots in proportion to the benefits received by each lot,
20 the governing body shall follow the procedures established in section 48-575
21 for the assessment and collection of the assessments. All statutes providing
22 for the levy and collection of general county taxes, including the collection
23 of delinquent taxes and sale of property for nonpayment of taxes, shall be
24 applicable to the district taxes provided for under this section.

25 F. An improvement district formed under ~~the provisions of~~ this section
26 shall not be authorized to issue improvement bonds.

27 G. No improvement district formed under ~~the provisions of~~ this section
28 shall be authorized to engage in any activity other than as provided in
29 subsection A of this section. If the municipality is willing to participate
30 in the cost of the district, the governing body ~~may~~, by resolution, MAY
31 summarily order such participation.

32 H. The formation of an improvement district under ~~the provisions of~~
33 this section shall not prevent the subsequent establishment of improvement
34 districts for any other purpose authorized by law.

35 I. If, in the opinion of the governing body, any portion of the
36 territory of a district formed under this section is no longer benefited by
37 being a part of the district, the governing body ~~may~~, by resolution, MAY
38 summarily delete from the district formed under this section any area and may
39 form a new district from the balance of the original district formed under
40 this section.

41 J. If, in the opinion of the governing body, territory adjacent to a
42 district formed under this section would benefit from being a part of the
43 district, the governing body, by resolution, may include the territory in the
44 district formed under this section if the following conditions are met:

1 1. Improvements that meet the standards and specifications established
2 by the governing body have been constructed in the territory and will be used
3 for the purposes of the district.

4 2. Any required public dedications of property have been made or will
5 be made before the inclusion of the territory in the district.

6 3. Including the territory in the district will not adversely affect
7 the district.

8 4. Notice of the proposed inclusion of the territory in the district
9 has been published in five consecutive issues of a daily newspaper or two
10 consecutive issues of a weekly or semiweekly newspaper of general circulation
11 published in the municipality and a public hearing has been held to consider
12 the inclusion of the territory in the district.

13 5. Notice has been sent by first class mail at least ten days ~~prior to~~
14 **BEFORE** the hearing specified in paragraph 4 of this subsection with an
15 accurate map of the territory proposed for inclusion in the district to each
16 owner of real and personal property within the district and in the proposed
17 area of inclusion as shown on the statement furnished pursuant to subsection
18 K of this section that is now or would be subject to taxation by the district
19 in the event of inclusion of the proposed area.

20 K. The county assessor and the department of revenue, respectively,
21 shall furnish to the district within thirty days after a request a statement
22 in writing showing the name and the address of each owner of real and
23 personal property within the district and in the proposed area of inclusion
24 that is now or that would be subject to taxation by the district in the event
25 of inclusion of the proposed area.

26 L. Within ten days after the governing body adopts a resolution
27 pursuant to subsection J of this section, the municipality shall record the
28 resolution in the office of the county recorder in the county in which the
29 district is located to give notice of the inclusion of the territory in the
30 district to all property owners in the district. If, before the governing
31 body adopts the resolution pursuant to subsection J of this section, a
32 majority of the property owners, by area, of either the original district
33 formed under this section or the territory proposed to be included in the
34 district files with the governing board written objections to the proposed
35 inclusion of the territory, the territory shall not be included in the
36 district.

37 M. Within ten days after adoption of the resolution of intention to
38 order the improvement pursuant to section 48-576, the municipality shall
39 record the resolution in the office of the county recorder in the county in
40 which the district is located to give notice of formation of the district to
41 all property owners within the district.

42 N. For the purposes of this subsection, a property owner is an owner
43 of real property, exclusive of mortgagees and other lienholders, that is
44 within an improvement district that was formed as prescribed by this section.

1 A property owner may petition the governing body to dissolve the district
2 pursuant to the following procedures:

3 1. A property owner shall file with the clerk of the governing body in
4 which the district is located a written notice of the property owner's intent
5 to circulate a petition to dissolve the district. The notice shall include
6 the name, address and telephone number of at least one property owner living
7 within the district who intends to circulate the petition, the name, location
8 and general purpose of the district which is to be dissolved and a true and
9 concise statement of two hundred words or less explaining the advantages of
10 dissolving the district. A petition shall not be circulated for thirty days
11 after the property owner files with the governing body the notice of intent
12 to circulate a dissolution petition.

13 2. The governing body may provide a form of petition to be used to
14 dissolve the district. Any petition shall include the statement provided in
15 the notice of intent to circulate a petition regarding the advantages of
16 dissolving the district.

17 3. The governing body may provide a true and concise written statement
18 of two hundred words or less regarding the petition or dissolution of the
19 district. If so provided, the property owner must circulate this statement
20 affixed to the petition.

21 4. Property owners shall submit to the clerk of the governing body a
22 petition for the dissolution of an improvement district formed under this
23 section that purports to be signed by more than fifty per cent of the
24 property owners in the district.

25 5. Within twenty days of receipt of the signed petition, the governing
26 body shall verify that the petition is signed by more than fifty per cent of
27 the property owners as set forth in paragraph 4 of this subsection.

28 6. If the governing body finds the petition contains valid signatures
29 of more than fifty per cent of the property owners, the governing body shall
30 set the date for dissolution of the district within ninety days. The
31 district may continue to operate after dissolution only as needed to collect
32 money and make payments on any outstanding district obligations.

33 7. Each property in the district with outstanding assessments or liens
34 attached shall remain subject to those assessments or liens for payment of
35 the existing obligations of the district, notwithstanding dissolution of the
36 district.

37 8. If a district formed under this section subsequently dissolves as
38 prescribed in this subsection, the governing body may not attempt to form any
39 district for the same purpose for at least two years after the date the
40 district is dissolved if the proposed district includes lands formerly
41 located within the dissolved district.

42 0. Districts that are located in slum ~~or blighted~~ areas as defined in
43 section 36-1471 are exempt from subsection N of this section.

1 Sec. 28. Section 48-709, Arizona Revised Statutes, is amended to read:
2 48-709. Powers of a community facilities district

3 A. In addition to the powers otherwise granted to a district pursuant
4 to this article, a district may to further the general plan:

5 1. Enter into contracts and expend monies for any public
6 infrastructure purpose with respect to the district.

7 2. Enter into intergovernmental agreements as prescribed in title 11,
8 chapter 7, article 3 for the planning, design, inspection, ownership,
9 control, maintenance, operation or repair of public infrastructure or the
10 provision of enhanced municipal services by the municipality in the district.

11 3. Sell, lease or otherwise dispose of district property if the sale,
12 lease or conveyance is not a violation of the terms of any contract or bond
13 resolution of the district.

14 4. Reimburse the municipality for providing enhanced municipal
15 services in the district.

16 5. Operate, maintain and repair public infrastructure.

17 6. Establish, charge and collect user fees, rates or charges for the
18 use of any public infrastructure or service.

19 7. Employ staff, counsel and consultants.

20 8. Reimburse the municipality or county for staff and consultant
21 services and support facilities supplied by the municipality or county.

22 9. Accept gifts or grants and incur and repay loans for any public
23 infrastructure purpose.

24 10. Enter into agreements with landowners and the municipality or
25 county for the collection of fees and charges from landowners for public
26 infrastructure purposes, the advance of monies by landowners for public
27 infrastructure purposes or the granting of real property by the landowner for
28 public infrastructure purposes.

29 11. By resolution, levy and assess the costs of any public
30 infrastructure purpose on any land benefited in the district.

31 12. Pay the financial, legal and administrative costs of the district.

32 13. Enter into contracts, agreements and trust indentures to obtain
33 credit enhancement or liquidity support for its bonds and process the
34 issuance, registration, transfer and payment of its bonds and the
35 disbursement and investment of proceeds of the bonds.

36 14. With the consent of the governing body of the municipality or
37 county which formed the district, enter into agreements with persons outside
38 of the district to provide services to persons and property outside of the
39 district.

40 15. Use public easements and rights-of-way in or across public
41 property, roadways, highways, streets or other thoroughfares and other public
42 easements and rights-of-way, whether in or out of the geographical limits of
43 the district, the municipality or the county.

44 B. This article does not authorize:

1 1. A district to acquire, construct, operate or maintain an electric
2 generation or distribution system or natural gas distribution system without
3 the written consent of any affected public service corporation, electric
4 cooperative, agricultural improvement or power district or other district
5 described in article XIII, section 7, Constitution of Arizona, the service
6 area of which encompasses all or part of the district, if that entity is
7 providing or is capable of adequately providing electrical utility service or
8 natural gas utility service in the district.

9 2. A district to provide service outside its boundaries without the
10 written consent of any affected public service corporation, electric
11 cooperative, agricultural improvement or power district or other district
12 described in article XIII, section 7, Constitution of Arizona, with a service
13 area that lies outside of the district, if that entity is providing or is
14 capable of adequately providing electrical utility service or natural gas
15 utility service in the area that the district proposes to serve.

16 C. If a district is granted written consent pursuant to this section,
17 the district shall provide a copy to the governor, the president of the
18 senate, the speaker of the house of representatives and each commissioner of
19 the Arizona corporation commission no later than thirty days after consent is
20 granted.

21 D. In connection with any power authorized by statute, the district
22 may:

23 1. Contract.

24 2. Enter into intergovernmental agreements pursuant to title 11,
25 chapter 7, article 3.

26 3. Adopt and change a seal.

27 4. Sue and be sued.

28 5. Enter into development agreements, as defined in section 9-500.05.

29 6. Exercise the same right and power of eminent domain as a public
30 service corporation pursuant to title 12, chapter 8, articles 2 and 3 to
31 acquire any property or right-of-way, except political subdivision, county,
32 state or federal property, for any public infrastructure purpose.

33 E. A district which proposes to provide domestic water service in the
34 certificated area of a public service corporation serving domestic water
35 shall provide just compensation to the public service corporation pursuant to
36 section 9-516.

37 F. Public infrastructure other than personalty may be located only in
38 or on lands owned by the state, a county, a municipality or the district or
39 dedicated or otherwise designated as public roadways, highways, streets,
40 thoroughfares, easements or rights-of-way, whether in or out of the district
41 or the municipality. Personalty may be used only for purposes authorized by
42 the district board.

43 G. An agreement pursuant to subsection A, paragraph 10 of this section
44 may include agreements to repay all or part of such advances, fees and
45 charges from the proceeds of bonds if issued or from advances, fees and

1 charges collected from other landowners or users or those having a right to
2 use any public infrastructure. A person does not have authority to compel
3 the issuance or sale of the bonds of the district or the exercise of any
4 taxing power of the district to make repayment under any agreement.

5 H. A district shall not contract with a municipality for enhanced
6 municipal services unless the area for which the services are to be provided
7 is designated by the municipality as a slum ~~or blighted~~ area pursuant to
8 title 36, chapter 12, or an urban core business district of the municipality
9 determined by formal resolution of the municipality to be in need of enhanced
10 municipal services to encourage or preserve commercial development in the
11 area.

12 I. Notwithstanding title 34 or article 2 of this chapter, the district
13 at the option of the district board may enter into contracts for the
14 performance of district projects with landowners in the district after
15 calling for bids but before publishing notice of the award of a contract if
16 all of the following conditions are met:

17 1. The landowner or landowners own three-fourths or more of the total
18 land area of the district.

19 2. The landowner or landowners contract to perform the work at a cost
20 which does not exceed the cost specified in the bid of the bidder who would
21 have been awarded that bid.

22 3. The work for which the contract was let is to be financed pursuant
23 to this article.

24 4. All contracts and work executed pursuant to this section are subject to
25 those rules as the district board may prescribe.

26 Sec. 29. Existing slum clearance and redevelopment area
27 designations

28 A. All slum clearance and redevelopment area designations existing
29 before the effective date of this act are terminated.

30 B. This act applies to all condemnation actions filed but not yet
31 concluded before the effective date of this act.