

REFERENCE TITLE: municipal tax increment financing; infrastructure

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HB 2712

Introduced by
Representatives Farley: Fillmore

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 4.1;
AMENDING SECTIONS 42-17052 AND 42-17251, ARIZONA REVISED STATUTES; RELATING
TO MUNICIPAL IMPROVEMENT FINANCING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 9, chapter 4, Arizona Revised Statutes, is amended by
3 adding article 4.1, to read:

4 ARTICLE 4.1. TAX INCREMENT FINANCING IMPROVEMENT AREAS

5 9-442. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "ASSESSED VALUE" MEANS THE NET ASSESSED VALUE USED FOR PURPOSES OF
8 LEVYING PRIMARY PROPERTY TAXES ON REAL AND PERSONAL PROPERTY.

9 2. "BOARD" MEANS THE JOINT REVIEW BOARD CONVENED PURSUANT TO SECTION
10 9-442.05.

11 3. "CURRENT ASSESSED VALUE" MEANS THE PRIMARY ASSESSED VALUE OF THE
12 AREA CERTIFIED BY THE COUNTY ASSESSOR PURSUANT TO SECTION 9-442.08 FOR THE
13 CURRENT TAX YEAR.

14 4. "DEVELOPMENT PLAN" OR "PLAN" MEANS A STATEMENT OF MEANS AND
15 OBJECTIVES PURSUANT TO SECTION 9-442.03 DESIGNED TO ENCOURAGE THE DEVELOPMENT
16 AND MAINTENANCE OF MUNICIPAL IMPROVEMENT PROJECTS WITHIN A MUNICIPAL
17 IMPROVEMENT AREA.

18 5. "FINANCIAL PLAN" MEANS A STATEMENT PURSUANT TO SECTION 9-442.03,
19 SUBSECTION C OF THE PROJECT COSTS AND SOURCES OF REVENUE REQUIRED TO
20 ACCOMPLISH THE DEVELOPMENT PLAN.

21 6. "INCREASED ASSESSED VALUE" MEANS THE AMOUNT BY WHICH THE CURRENT
22 ASSESSED VALUE OF A MUNICIPAL IMPROVEMENT AREA EXCEEDS THE ORIGINAL ASSESSED
23 VALUE OF THE AREA.

24 7. "MUNICIPAL IMPROVEMENT AREA" OR "AREA" MEANS SPECIFIED CONTIGUOUS
25 TERRITORY WITHIN THE CORPORATE BOUNDARIES OF A MUNICIPALITY THAT HAS BEEN
26 DESIGNATED FOR DEVELOPMENT OF MUNICIPAL IMPROVEMENT PROJECTS PURSUANT TO THIS
27 ARTICLE.

28 8. "MUNICIPALITY" MEANS A CITY, CHARTER CITY OR TOWN.

29 9. "ORIGINAL ASSESSED VALUE" MEANS THE PRIMARY ASSESSED VALUE OF THE
30 TAXABLE PROPERTY IN A MUNICIPAL IMPROVEMENT AREA FOR THE TAX YEAR PRECEDING
31 THE YEAR IN WHICH THE AREA WAS DESIGNATED.

32 10. "PRIMARY PROPERTY TAXES" MEANS ANY AD VALOREM PROPERTY TAXES LEVIED
33 BY THIS STATE, THE COUNTY, THE MUNICIPALITY AND ANY COMMUNITY COLLEGE
34 DISTRICT AND SCHOOL DISTRICT ON THE TAXABLE REAL AND PERSONAL PROPERTY IN A
35 MUNICIPAL IMPROVEMENT AREA, EXCEPT SECONDARY PROPERTY TAXES AS DEFINED IN
36 SECTION 42-11001.

37 11. "PROJECT COSTS" MEANS ANY EXPENDITURES OR MONETARY OBLIGATIONS THAT
38 ARE INCURRED OR EXPECTED TO BE INCURRED, THAT ARE AUTHORIZED BY SECTION
39 9-442.07, SUBSECTION A AND THAT ARE INCLUDED IN A DEVELOPMENT PLAN.

40 12. "PUBLIC INFRASTRUCTURE" MEANS THE FOLLOWING IMPROVEMENTS THAT WILL
41 RESULT IN A BENEFICIAL USE OF LAND, WHETHER NEWLY CONSTRUCTED, RENOVATED OR
42 EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES AND INCIDENTAL WORK:

- 43 (a) PUBLIC TRANSIT SYSTEMS, FACILITIES AND VEHICLES.
- 44 (b) SANITARY SEWAGE SYSTEMS.
- 45 (c) DRAINAGE AND FLOOD CONTROL SYSTEMS.

- 1 (d) WATER SYSTEMS OTHER THAN FACILITIES FOR AGRICULTURAL IRRIGATION
- 2 PURPOSES.
- 3 (e) HIGHWAYS, STREETS, ROADWAYS AND GROUND-LEVEL PARKING FACILITIES
- 4 WITHIN THE AUTHORITY.
- 5 (f) FACILITIES FOR PEDESTRIAN, BICYCLE AND MOTOR VEHICLE INGRESS AND
- 6 EGRESS.
- 7 (g) AREAS FOR PUBLIC ENTERTAINMENT, ASSEMBLY AND RECREATION.
- 8 (h) LANDSCAPING.
- 9 (i) OPERATION, MAINTENANCE AND PUBLIC SAFETY FACILITIES.
- 10 (j) LIGHTING AND TRAFFIC CONTROL SYSTEMS.
- 11 9-442.01. Public purpose; authorization of municipal
- 12 improvement areas
- 13 A. ASSISTING THE IMPLEMENTATION, EXECUTION, DEVELOPMENT AND FINANCING
- 14 OF MUNICIPAL IMPROVEMENTS IS A VALID PUBLIC PURPOSE OF MUNICIPALITIES IN THIS
- 15 STATE.
- 16 B. A MUNICIPALITY MAY DEVELOP A PROGRAM TO STIMULATE THE DEVELOPMENT
- 17 OF MUNICIPAL IMPROVEMENTS WITHIN DESIGNATED AREAS OF THE MUNICIPALITY
- 18 PURSUANT TO THIS ARTICLE, CONSISTENT WITH THE MUNICIPALITY'S GENERAL PLAN.
- 19 9-442.02. Designation of municipal improvement area; duration;
- 20 qualifying conditions
- 21 A. THE GOVERNING BODY OF A MUNICIPALITY MAY DESIGNATE ONE OR MORE
- 22 MUNICIPAL IMPROVEMENT AREAS WITHIN THE CORPORATE BOUNDARIES OF THE
- 23 MUNICIPALITY CONSISTENT WITH THE REQUIREMENTS OF THIS ARTICLE, ANY APPLICABLE
- 24 CITY CHARTER AND THE MUNICIPALITY'S GENERAL PLAN. A MUNICIPAL IMPROVEMENT
- 25 AREA IS NOT A SPECIAL TAXING DISTRICT FOR PURPOSES OF ANY CONSTITUTIONAL OR
- 26 STATUTORY PROVISION AND IS NOT A SEPARATE POLITICAL ENTITY FROM THE
- 27 MUNICIPALITY.
- 28 B. A MUNICIPAL IMPROVEMENT AREA MAY BE ESTABLISHED FOR UP TO THIRTY
- 29 YEARS, AND TAX INCREMENT MONIES MAY BE DIVERTED TO THE MUNICIPALITY PURSUANT
- 30 TO SECTION 9-442.08 ONLY FOR THE DURATION OF THE MUNICIPAL IMPROVEMENT AREA.
- 31 C. A DESIGNATION OF A MUNICIPAL IMPROVEMENT AREA IS SUBJECT TO THE
- 32 FOLLOWING CONDITIONS:
- 33 1. AT LEAST _____ PER CENT OF THE ACREAGE OF THE REAL PROPERTY IN
- 34 THE PROPOSED MUNICIPAL IMPROVEMENT AREA MUST EITHER:
- 35 (a) BE SUITABLE FOR RESIDENTIAL USE.
- 36 (b) BE A BLIGHTED AREA OR A SLUM AREA IDENTIFIED AND DESIGNATED BY
- 37 RESOLUTION PURSUANT TO TITLE 36, CHAPTER 12, ARTICLE 3.
- 38 (c) BE IN NEED OF REHABILITATION OR REDEVELOPMENT.
- 39 2. THE TOTAL ACREAGE OF ALL MUNICIPAL IMPROVEMENT AREAS IN A
- 40 MUNICIPALITY MAY NOT EXCEED:
- 41 (a) _____ PER CENT OF THE TOTAL ACREAGE OF A MUNICIPALITY HAVING A
- 42 POPULATION OF MORE THAN ONE HUNDRED THOUSAND PERSONS.
- 43 (b) _____ PER CENT OF THE TOTAL ACREAGE OF A MUNICIPALITY HAVING A
- 44 POPULATION OF ONE HUNDRED THOUSAND PERSONS OR LESS.

1 3. THE GOVERNING BODIES OF THE COUNTY AND ANY COMMUNITY COLLEGE
2 DISTRICT AND SCHOOL DISTRICT IN WHICH ANY PART OF THE MUNICIPAL IMPROVEMENT
3 AREA WILL BE ESTABLISHED MUST EACH APPROVE, BY RESOLUTION, THE ESTABLISHMENT
4 OF THE MUNICIPAL IMPROVEMENT AREA PURSUANT TO THIS ARTICLE.

5 D. IF ALL OR PART OF THE MUNICIPAL IMPROVEMENT AREA INCLUDES TERRITORY
6 IN WHICH THE TOTAL PRIMARY PROPERTY TAXES LEVIED FOR ALL TAXING JURISDICTIONS
7 ON ONE-HALF OR MORE OF THE PARCELS OF RESIDENTIAL PROPERTY EXCEEDS THE
8 MAXIMUM AMOUNT OF AD VALOREM TAXES PRESCRIBED BY ARTICLE IX, SECTION 18,
9 CONSTITUTION OF ARIZONA, THE MUNICIPALITY SHALL REIMBURSE THE STATE GENERAL
10 FUND FOR ANY INCREASE IN AMOUNTS PAID AS ADDITIONAL STATE AID TO SCHOOL
11 DISTRICTS IN THE MUNICIPAL IMPROVEMENT AREA.

12 9-442.03. Development plan; financial plan

13 A. THE GOVERNING BODY OF A MUNICIPALITY MUST ADOPT A DEVELOPMENT PLAN
14 FOR EACH MUNICIPAL IMPROVEMENT AREA IN THE MUNICIPALITY. THE PLAN MUST
15 DEMONSTRATE THAT THE DEVELOPMENT MEETS AN IDENTIFIED COMMUNITY NEED FOR
16 SPECIFICALLY IDENTIFIED MUNICIPAL IMPROVEMENTS. THE PLAN MUST BE ADOPTED AS
17 PART OF THE AREA DESIGNATION PROCEEDINGS. BEFORE ADOPTING A PLAN, THE
18 GOVERNING BODY SHALL CONSIDER THE FACTORS AND EVIDENCE SPECIFIED IN SECTION
19 9-442.02.

20 B. THE DEVELOPMENT PLAN MUST INCLUDE:

21 1. THE LOCATION OF THE MUNICIPAL IMPROVEMENT AREA, INCLUDING MAPS,
22 SHOWING EXISTING LAND USES AND CONDITIONS AND PROPOSED IMPROVEMENTS AND USES
23 IN THE AREA. THE PLAN SHALL INCLUDE A STATEMENT THAT THE PROPOSED BOUNDARIES
24 ARE SUBJECT TO APPROVAL BY THE JOINT REVIEW BOARD.

25 2. A PROPOSED TERMINATION DATE FOR THE AREA AND THE DEVELOPMENT PLAN
26 THAT IS NOT MORE THAN THIRTY YEARS AFTER THE DATE OF APPROVAL.

27 3. THE FINANCIAL PLAN PRESCRIBED BY SUBSECTION C OF THIS SECTION.

28 4. A DESCRIPTION OF THE KIND, NUMBER AND LOCATION OF ALL PROPOSED
29 PUBLIC WORKS, FACILITIES, IMPROVEMENTS OR PROGRAMS TO BE FINANCED IN WHOLE OR
30 IN PART UNDER THE PLAN.

31 5. ANY PROPOSED CHANGES IN THE GENERAL PLAN, ZONING AND OTHER
32 MUNICIPAL ORDINANCES AND BUILDING CODES REQUIRED BY THE DEVELOPMENT PLAN.

33 6. ANY PLANS AND METHODS FOR RELOCATING PERSONS DISPLACED BY THE
34 PROJECT.

35 7. THE ENVIRONMENTAL CONTROLS TO BE APPLIED.

36 8. THE PROPOSED OPERATION OF THE AREA AFTER THE PLANNED IMPROVEMENTS
37 ARE COMPLETED.

38 9. ALL DOCUMENTATION PREPARED TO DEMONSTRATE COMPLIANCE WITH THE
39 REQUIREMENTS OF SECTION 9-442.02, SUBSECTION C.

40 10. AN OPINION OF THE CITY OR TOWN ATTORNEY THAT THE PROPOSED PLAN
41 COMPLIES WITH THIS ARTICLE.

42 C. THE FINANCIAL PLAN FOR A MUNICIPAL IMPROVEMENT AREA MUST INCLUDE:

43 1. AN ECONOMIC FEASIBILITY STUDY.

44 2. PROJECT AND NONPROJECT COST ESTIMATES FOR THE PLAN.

45 3. THE METHOD OF FINANCING THE COSTS AND OTHER MONETARY OBLIGATIONS.

- 1 4. SOURCES OF ALL ANTICIPATED REVENUES PROPOSED TO BE DEDICATED FOR
2 PURPOSES OF THE PLAN.
- 3 5. A DESCRIPTION OF THE TERMS AND CONDITIONS OF ANY AGREEMENTS,
4 CONTRACTS OR OTHER OBLIGATIONS RELATED TO THE PLAN.
- 5 6. FOR EACH YEAR OF THE PLAN:
- 6 (a) THE PROJECTED COSTS TO BE INCURRED DURING THE YEAR.
- 7 (b) ESTIMATES OF INCREASED ASSESSED VALUES OF THE AREA.
- 8 (c) THE PORTION OF THE INCREASED ASSESSED VALUES TO BE APPLIED TO THE
9 PLAN AS TAX INCREMENTS IN EACH YEAR OF THE PLAN.
- 10 (d) A CALCULATION OF THE EFFECT ON THE MUNICIPALITY'S STATE SHARED
11 REVENUE, AND THE PUBLIC REVENUES, COSTS AND RECEIPTS OF THIS STATE, THE
12 COUNTY, THE COMMUNITY COLLEGE DISTRICT, SCHOOL DISTRICTS AND OTHER AFFECTED
13 TAXING ENTITIES DUE TO THE DESIGNATION OF THE MUNICIPAL IMPROVEMENT AREA AND
14 THE DIVERSION OF TAX INCREMENT MONIES TO THE MUNICIPALITY.
- 15 D. A MUNICIPALITY MAY SPEND TAX INCREMENT MONIES RECEIVED FOR A
16 DEVELOPMENT PLAN ONLY ACCORDING TO THE TERMS OF THE FINANCIAL PLAN. TAX
17 INCREMENT MONIES FROM A MUNICIPAL IMPROVEMENT AREA MAY NOT BE COMMINGLED OR
18 DIVERTED FOR USE WITH RESPECT TO A DEVELOPMENT PLAN OF ANOTHER AREA.
- 19 9-442.04. Procedure; hearing; review; election; delegated
20 administration; amendments
- 21 A. BEFORE DESIGNATING A MUNICIPAL IMPROVEMENT AREA OR ADOPTING A
22 DEVELOPMENT PLAN:
- 23 1. THE MUNICIPAL GOVERNING BODY MUST HOLD AT LEAST ONE PUBLIC HEARING
24 BEFORE CONSIDERING THE PLAN FOR ADOPTION. A NOTICE OF THE HEARING,
25 SUMMARIZING THE PLAN AND ADVISING THAT A COPY OF THE PLAN WILL BE PROVIDED ON
26 REQUEST, MUST BE:
- 27 (a) PUBLISHED AT LEAST TWICE IN A NEWSPAPER OF GENERAL CIRCULATION IN
28 THE MUNICIPALITY, WITH THE LAST PUBLICATION BEING AT LEAST TEN DAYS BEFORE
29 THE HEARING.
- 30 (b) MAILED BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO:
- 31 (i) THE JOINT LEGISLATIVE BUDGET COMMITTEE.
- 32 (ii) THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING.
- 33 (iii) THE COUNTY BOARD OF SUPERVISORS.
- 34 (iv) THE COUNTY ASSESSOR.
- 35 (v) THE COUNTY TREASURER.
- 36 (vi) THE GOVERNING BOARD OF ANY COMMUNITY COLLEGE DISTRICT AND SCHOOL
37 DISTRICT IN WHICH THE PROPOSED AREA IS LOCATED.
- 38 (c) POSTED ON THE MUNICIPALITY'S OFFICIAL WEBSITE FOR AT LEAST THIRTY
39 DAYS BEFORE THE HEARING.
- 40 (d) POSTED IN AT LEAST THREE PUBLIC LOCATIONS IN THE PROPOSED AREA AT
41 LEAST THIRTY DAYS BEFORE THE HEARING.
- 42 2. THE GOVERNING BODY MUST GIVE ANY INTERESTED PARTY A REASONABLE
43 OPPORTUNITY AT THE HEARING TO PRESENT ORAL OR WRITTEN COMMENTS SUPPORTING OR
44 OPPOSING THE PROPOSED AREA OR PLAN.

1 3. THE GOVERNING BODY MUST CONSIDER AND ISSUE WRITTEN FINDINGS ON
2 WHETHER THE PROPOSED AREA OR PLAN WILL:

3 (a) CONTRIBUTE TO THE DEVELOPMENT OF SPECIFIC MUNICIPAL IMPROVEMENTS
4 IN THE MUNICIPALITY AND TO THE IMPROVEMENT OF THE HEALTH, WELFARE OR SAFETY
5 OF THE INHABITANTS OF THE MUNICIPALITY.

6 (b) ENHANCE THE VALUE OF PROPERTY AND IMPROVEMENTS IN THE AREA,
7 WITHOUT IDENTIFYING SPECIFIC PARCELS MEETING THIS CRITERION.

8 (c) PROMOTE THE ORDERLY DEVELOPMENT OF THE MUNICIPALITY.

9 (d) MEET THE QUALIFYING CRITERIA PRESCRIBED BY SECTION 9-442.02,
10 SUBSECTION C.

11 B. AFTER THE HEARING, THE MUNICIPAL GOVERNING BODY MAY ADOPT THE PLAN
12 BY RESOLUTION, SUBJECT TO FINAL APPROVAL BY THE JOINT REVIEW BOARD AND THE
13 QUALIFIED ELECTORS OF THE MUNICIPALITY, ON FINDING THAT THE PLAN IS FEASIBLE
14 AND THAT IT COMPLIES WITH THIS ARTICLE, ANY CITY CHARTER AND THE GENERAL
15 PLAN, OR THAT THE CITY CHARTER OR GENERAL PLAN CAN BE REVISED TO ACCOMMODATE
16 THE DEVELOPMENT PLAN. THE RESOLUTION OF ADOPTION SHALL:

17 1. DESCRIBE THE BOUNDARIES OF THE MUNICIPAL IMPROVEMENT AREA.

18 2. SET AN EFFECTIVE DATE FOR ESTABLISHING THE AREA, WHICH SHALL BE AT
19 LEAST THREE MONTHS AFTER THE AREA AND PLAN ARE APPROVED BY THE VOTERS
20 PURSUANT TO SUBSECTION E OF THIS SECTION, AND A TERMINATION DATE AS
21 PRESCRIBED BY THIS ARTICLE.

22 3. ASSIGN A NAME TO THE AREA FOR IDENTIFICATION PURPOSES. THE NAME
23 MAY INCLUDE A NUMERICAL DESIGNATION.

24 C. THE BOARD MUST REVIEW THE PROPOSED AREA AND PLAN TO ENSURE THAT THE
25 PROPOSAL COMPLIES WITH STATUTORY REQUIREMENTS. WITHIN SIXTY DAYS AFTER THE
26 MUNICIPALITY ADOPTS THE RESOLUTION UNDER SUBSECTION B OF THIS SECTION AND
27 SUBMITS THE RESOLUTION TO THE BOARD, THE BOARD SHALL SUBMIT FINDINGS AND
28 APPROVAL OR DISAPPROVAL TO THE GOVERNING BODY.

29 D. IF THE BOARD FAILS TO APPROVE THE MUNICIPAL IMPROVEMENT AREA AND
30 PLAN AS ADOPTED BY THE MUNICIPALITY, THE MUNICIPAL GOVERNING BODY MAY MODIFY
31 AND RESUBMIT A REVISED PLAN TO THE BOARD UNDER THE PROCEDURES PRESCRIBED BY
32 THIS ARTICLE.

33 E. AFTER APPROVAL BY THE BOARD, THE MUNICIPAL IMPROVEMENT AREA AND
34 DEVELOPMENT PLAN MUST BE APPROVED BY THE QUALIFIED ELECTORS OF THE
35 MUNICIPALITY AT A REGULARLY SCHEDULED MUNICIPAL ELECTION.

36 F. THE MUNICIPAL GOVERNING BODY MAY ESTABLISH OR DESIGNATE A MUNICIPAL
37 AGENCY, OR ENTER INTO A CONTRACTUAL ARRANGEMENT WITH A PRIVATE ENTITY, TO
38 PERFORM ADMINISTRATIVE FUNCTIONS AUTHORIZED UNDER OTHER SECTIONS OF THIS
39 ARTICLE.

40 G. THE MUNICIPAL GOVERNING BODY AT ANY TIME MAY PROPOSE AN AMENDMENT
41 TO OR MODIFICATIONS OF A DESIGNATED MUNICIPAL IMPROVEMENT AREA OR AN ADOPTED
42 DEVELOPMENT PLAN. AN AMENDMENT OR MODIFICATION IS SUBJECT TO THE SAME
43 PROCEDURES PRESCRIBED BY THIS SECTION FOR THE INITIAL DESIGNATION OF THE AREA
44 OR ADOPTION OF THE PLAN. THE GOVERNING BODY MAY NOT CHANGE THE BOUNDARIES OF

1 AN AREA IF THE CHANGE WOULD RESULT IN THE AREA'S BEING OUT OF COMPLIANCE WITH
2 ANY OF THE REQUIREMENTS PRESCRIBED BY SECTION 9-442.02, SUBSECTION C.

3 9-442.05. Joint review board; duties; rules

4 A. A MUNICIPALITY THAT PROPOSES TO ESTABLISH A MUNICIPAL IMPROVEMENT
5 AREA SHALL CONVENE A JOINT REVIEW BOARD FOR THE AREA CONSISTING OF ONE
6 ELECTED OFFICIAL REPRESENTING AND APPOINTED BY THE GOVERNING BODY OF THE
7 MUNICIPALITY, THE COUNTY AND EACH COMMUNITY COLLEGE DISTRICT AND SCHOOL
8 DISTRICT LOCATED WITHIN THE BOUNDARIES OF THE AREA. THE ELECTED OFFICIALS ON
9 THE BOARD SHALL APPOINT ONE ADDITIONAL MEMBER, WHO RESIDES IN THE PROPOSED
10 MUNICIPAL IMPROVEMENT AREA, TO REPRESENT THE GENERAL PUBLIC.

11 B. ALL BOARD MEMBERS MUST BE APPOINTED AND THE FIRST BOARD MEETING
12 MUST BE HELD WITHIN TEN DAYS BEFORE OR AFTER THE MUNICIPALITY HOLDS ITS
13 HEARING ON THE MUNICIPAL IMPROVEMENT AREA AND PLAN. AT ITS FIRST MEETING,
14 THE BOARD SHALL SELECT A CHAIRPERSON FROM AMONG ITS MEMBERS. THE
15 MUNICIPALITY SHALL PROVIDE ADMINISTRATIVE SUPPORT FOR THE BOARD.

16 C. THE ESTABLISHMENT OF A MUNICIPAL IMPROVEMENT AREA AND ANY AMENDMENT
17 TO OR MODIFICATION OF THE AREA OR DEVELOPMENT PLAN REQUIRES APPROVAL BY
18 TWO-THIRDS OF THE MEMBERS OF THE BOARD. ALL OTHER BOARD ACTIONS REQUIRE
19 APPROVAL BY A MAJORITY OF ITS MEMBERS.

20 D. THE BOARD SHALL REVIEW THE PUBLIC RECORD, THE PLANNING DOCUMENTS
21 AND THE RESOLUTION OF THE MUNICIPAL GOVERNING BODY REGARDING THE
22 ESTABLISHMENT OF THE MUNICIPAL IMPROVEMENT AREA AND THE DEVELOPMENT PLAN, OR
23 AMENDMENT TO OR MODIFICATION OF THE AREA OR PLAN. THE BOARD MAY HOLD
24 ADDITIONAL HEARINGS ON THE PROPOSAL. A MUNICIPAL IMPROVEMENT AREA OR PLAN OR
25 AN AMENDMENT TO OR MODIFICATION OF AN AREA OR PLAN IS NOT EFFECTIVE UNLESS
26 APPROVED BY THE BOARD. THE BOARD SHALL BASE ITS DECISIONS ON THE FOLLOWING
27 CRITERIA:

28 1. WHETHER THE ANTICIPATED DEVELOPMENT IN THE AREA WOULD OCCUR IN A
29 TIMELY AND EXPEDITIOUS MANNER WITHOUT THE USE OF TAX INCREMENT FINANCING
30 AUTHORIZED BY THIS ARTICLE.

31 2. WHETHER THE ANTICIPATED ECONOMIC BENEFITS IN THE AREA, AS MEASURED
32 BY INCREASED EMPLOYMENT, BUSINESS AND PERSONAL INCOME AND PROPERTY VALUE,
33 WILL COMPENSATE FOR THE COST OF THE DEVELOPMENT IN THE AREA.

34 3. WHETHER THE BENEFITS OF THE PROPOSAL OUTWEIGH THE ANTICIPATED LOSS
35 OF TAX REVENUES DIVERTED FROM THE AFFECTED TAXING JURISDICTIONS.

36 E. IF THE BOARD APPROVES THE MUNICIPAL IMPROVEMENT AREA AND PLAN, THE
37 BOARD SHALL:

38 1. APPROVE THE PROPOSED ELIGIBLE ACTIVITIES.

39 2. APPROVE THE BOUNDARIES OF THE MUNICIPAL IMPROVEMENT AREA.

40 3. APPROVE THE PROPOSED DURATION OF THE MUNICIPAL IMPROVEMENT AREA AND
41 PLAN.

42 4. DETERMINE AND CERTIFY THE AMOUNT OF TAX INCREMENT MONIES TO BE
43 DIVERTED FOR PURPOSES OF FINANCING THE PLAN AS PROVIDED BY SECTION 9-442.08.

44 5. PERFORM OTHER RESPONSIBILITIES RELATING TO THE AREA AND PLAN AS
45 PROVIDED BY THIS ARTICLE.

1 F. THE BOARD MAY ADOPT RULES AND PROCEDURES NECESSARY TO CARRY OUT THE
2 DUTIES IMPOSED BY THIS ARTICLE AND TO ENSURE MUNICIPAL COMPLIANCE WITH THIS
3 ARTICLE AFTER THE DESIGNATION OF A MUNICIPAL IMPROVEMENT AREA.

4 G. THE BOARD SHALL DEVELOP BY RULE PROVISIONS FOR RECOVERING AND
5 REDISTRIBUTING TAX INCREMENT REVENUES IF CONDITIONS FOR APPROVAL OF THE AREA
6 ARE NOT MAINTAINED FOR THE DURATION OF THE AREA.

7 9-442.06. Authority to acquire and manage property; eminent
8 domain; construction deadline

9 A. IN A MUNICIPAL IMPROVEMENT AREA, AND CONSISTENT WITH THE
10 DEVELOPMENT PLAN, A MUNICIPALITY MAY:

11 1. ACQUIRE, CONSTRUCT, RECONSTRUCT, IMPROVE, PRESERVE, ALTER, EXTEND,
12 OPERATE AND MAINTAIN PROPERTY OR PROMOTE DEVELOPMENT INTENDED TO MEET THE
13 OBJECTIVES OF THE PLAN. CONSISTENT WITH AND PURSUANT TO ACCOMPLISHING THE
14 OBJECTIVES OF THE PLAN, THE MUNICIPALITY MAY ACQUIRE PROPERTY OR EASEMENTS BY
15 NEGOTIATION OR THE POWER OF EMINENT DOMAIN AS PROVIDED BY LAW.

16 2. ADOPT ORDINANCES REGULATING TRAFFIC IN AND ACCESS TO ANY FACILITIES
17 CONSTRUCTED IN THE AREA.

18 3. INSTALL PUBLIC IMPROVEMENTS, BUILDINGS, STRUCTURES, FIXTURES,
19 EQUIPMENT AND PUBLIC INFRASTRUCTURE.

20 B. THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF ALL PROPERTY,
21 IMPROVEMENTS, BUILDINGS, STRUCTURES, FIXTURES, EQUIPMENT AND PUBLIC
22 INFRASTRUCTURE INCLUDED IN THE PLAN MUST BE COMPLETED WITHIN FIVE YEARS AFTER
23 THE DATE OF THE BOARD'S APPROVAL OF THE DESIGNATION OF THE AREA UNDER SECTION
24 9-442.05.

25 C. NO MORE THAN TEN PER CENT OF THE SQUARE FOOTAGE OF ANY PUBLIC
26 INFRASTRUCTURE IMPROVEMENT MAY BE DEVOTED TO RETAIL SALES OF TANGIBLE
27 PERSONAL PROPERTY. FOR THE PURPOSES OF THIS SUBSECTION, RETAIL SALES DOES
28 NOT INCLUDE SALES OF FOOD AND BEVERAGE FOR CONSUMPTION ON THE PREMISES.

29 9-442.07. Authorized project costs

30 A. THE JOINT REVIEW BOARD SHALL REVIEW AND APPROVE OR DISAPPROVE
31 PROPOSED PROJECT COSTS TO ENSURE COMPLIANCE WITH THIS SECTION. TAX INCREMENT
32 MONIES MAY BE SPENT FOR PROJECT COSTS ONLY IF APPROVED BY THE BOARD.

33 B. NOTWITHSTANDING ANY OTHER LAW OR THE CITY CHARTER, THE MUNICIPALITY
34 MAY USE TAX INCREMENT MONIES DERIVED FROM A MUNICIPAL IMPROVEMENT AREA ONLY
35 FOR THE FOLLOWING AUTHORIZED PROJECT COSTS:

36 1. COSTS OF PUBLIC IMPROVEMENTS MADE IN THE MUNICIPAL IMPROVEMENT
37 AREA, INCLUDING:

38 (a) CAPITAL COSTS, INCLUDING:

39 (i) THE ACQUISITION OF LAND FOR MUNICIPAL IMPROVEMENTS, INCLUDING
40 ACQUIRING PROPERTY FOR RESALE OR LEASE TO A PRIVATE ENTITY FOR FINANCIAL
41 CONSIDERATION.

42 (ii) CONSTRUCTION OR INSTALLATION OF PUBLIC INFRASTRUCTURE
43 IMPROVEMENTS FOR AFFORDABLE HOUSING OR PUBLIC EDUCATION IMPROVEMENTS.

44 (iii) PUBLIC TRANSIT VEHICLES, GUIDEWAYS, STATIONS AND OTHER
45 IMPROVEMENTS RELATED TO PUBLIC TRANSIT.

- 1 (iv) SITE CLEARING, PREPARATION AND FINISHING WORK, INCLUDING THE
2 DEMOLITION, REMOVAL, ALTERATION, REMODELING, REPAIR OR RECONSTRUCTION OF
3 EXISTING BUILDINGS, STRUCTURES AND FIXTURES.
- 4 (v) FLOOD CONTROL MEASURES AND RIVERBANK AND DRAINAGE IMPROVEMENTS
5 THAT ARE NECESSARY TO ENABLE THE DEVELOPMENT OF AFFORDABLE HOUSING OR PUBLIC
6 EDUCATION IMPROVEMENTS.
- 7 (vi) FEES AND EXPENSES THAT ARE INCLUDIBLE IN THE CAPITAL COST OF THE
8 IMPROVEMENTS, INCLUDING LICENSING, PERMITTING, PLANNING, ENGINEERING,
9 ARCHITECTURAL, TESTING, LEGAL AND ACCOUNTING EXPENSES THAT ARE INCURRED AFTER
10 THE PLAN IS APPROVED.
- 11 (b) PROFESSIONAL SERVICE COSTS THAT ARE DIRECTLY RELATED TO THE PLAN
12 BUT NOT INCLUDIBLE IN THE CAPITAL COST OF IMPROVEMENTS, INCLUDING PLANNING,
13 ENGINEERING, ARCHITECTURAL, TESTING, LEGAL AND ACCOUNTING EXPENSES.
- 14 (c) COSTS OF AUDITS REQUIRED BY SECTION 9-442.12.
- 15 (d) FINANCING COSTS INCURRED TO PAY FOR PROJECT COSTS.
- 16 (e) REAL PROPERTY ASSEMBLY COSTS.
- 17 (f) ADMINISTRATIVE COSTS, INCLUDING REASONABLE CHARGES FOR TIME SPENT
18 BY MUNICIPAL EMPLOYEES IN CONNECTION WITH DEVELOPING AND IMPLEMENTING THE
19 PLAN.
- 20 (g) RELOCATION COSTS, INCLUDING RELOCATION PAYMENTS FOLLOWING
21 CONDEMNATION.
- 22 (h) ORGANIZATIONAL COSTS RELATING TO ESTABLISHING THE AREA, INCLUDING
23 THE COSTS OF CONDUCTING ENVIRONMENTAL IMPACT AND OTHER STUDIES AND THE COSTS
24 OF HEARINGS AND PUBLIC INFORMATION ACTIVITIES.
- 25 2. COSTS OF IMPROVEMENTS THAT ARE OUTSIDE THE MUNICIPAL IMPROVEMENT
26 AREA BUT THAT ARE DIRECTLY RELATED OR NECESSARY TO THE ESTABLISHMENT OR
27 OPERATION OF THE AREA, INCLUDING:
- 28 (a) THE PORTION OF THE COSTS REASONABLY RELATED TO THE CONSTRUCTION,
29 ALTERATION OR EXPANSION OF ANY FACILITIES AND PUBLIC INFRASTRUCTURE NOT
30 LOCATED IN THE AREA BUT REQUIRED DUE TO IMPROVEMENTS OR ACTIVITIES IN THE
31 AREA, INCLUDING EXPANDING THE CAPACITY OF STREETS, STREET LIGHTING AND
32 ELECTRIC, WATER, SEWER, DRAINAGE AND ENVIRONMENTAL PROTECTION FACILITIES.
- 33 (b) PUBLIC SAFETY IMPROVEMENTS MADE NECESSARY BY THE ESTABLISHMENT OF
34 THE AREA, INCLUDING POLICE AND FIRE PROTECTION.
- 35 (c) MITIGATION OF ANY ADVERSE IMPACTS OF THE AREA ON THE MUNICIPALITY
36 AND ITS CITIZENS, INCLUDING SCHOOLS.
- 37 9-442.08. Tax increment financing; other revenue sources
- 38 A. ON THE ESTABLISHMENT OF A MUNICIPAL IMPROVEMENT AREA AND APPROVAL
39 OF THE DEVELOPMENT PLAN, THE MUNICIPALITY SHALL APPLY IN WRITING TO THE
40 COUNTY ASSESSOR TO DETERMINE THE CURRENT FULL CASH VALUE OF ALL TAXABLE REAL
41 AND PERSONAL PROPERTY IN THE AREA AS SHOWN ON THE CURRENT PRIMARY PROPERTY
42 TAX ROLL. THIS INITIAL AGGREGATE VALUATION CONSTITUTES THE TAX INCREMENT
43 BASE FOR THE AREA.
- 44 B. FOR EACH TAX YEAR IN WHICH TAX INCREMENT MONIES WILL BE DIVERTED TO
45 THE MUNICIPALITY, THE MUNICIPALITY SHALL APPLY IN WRITING TO THE COUNTY

1 ASSESSOR TO DETERMINE THE CURRENT FULL CASH VALUE OF ALL TAXABLE REAL AND
2 PERSONAL PROPERTY IN THE AREA AS SHOWN ON THE CURRENT PRIMARY PROPERTY TAX
3 ROLL AND SHALL REPORT THE AMOUNT OF THE CURRENT VALUATION AND THE TAX
4 INCREMENT BASE TO THE JOINT REVIEW BOARD.

5 C. THE BOARD SHALL DETERMINE THE TAX INCREMENT AS FOLLOWS:
6 1. SUBTRACT THE TAX INCREMENT BASE FROM THE CURRENT FULL CASH VALUE.
7 2. IF THE CURRENT FULL CASH VALUE EXCEEDS THE TAX INCREMENT BASE,
8 DIVIDE THE DIFFERENCE DETERMINED UNDER PARAGRAPH 1 OF THIS SUBSECTION BY THE
9 CURRENT FULL CASH VALUE. IF THE TAX INCREMENT BASE EXCEEDS THE CURRENT FULL
10 CASH VALUE, THERE IS A NEGATIVE TAX INCREMENT, AND NO TAX INCREMENT MONIES
11 MAY BE DIVERTED TO THE MUNICIPALITY IN THAT TAX YEAR.

12 3. MULTIPLY THE QUOTIENT DETERMINED UNDER PARAGRAPH 2 OF THIS
13 SUBSECTION BY THE PRIMARY PROPERTY TAX LEVIED BY THE COUNTY, THE
14 MUNICIPALITY, THE COMMUNITY COLLEGE DISTRICT, IF ANY, AND EACH SCHOOL
15 DISTRICT ON REAL AND PERSONAL PROPERTY IN THE MUNICIPAL IMPROVEMENT AREA FOR
16 THE TAX YEAR. THE RESULTING PRODUCT WITH RESPECT TO EACH TAXING JURISDICTION
17 IS THE TAX INCREMENT FOR THE TAX YEAR FOR DIVERSION FROM THAT JURISDICTION TO
18 THE MUNICIPALITY FOR PURPOSES OF THIS ARTICLE.

19 D. ON OR BEFORE JULY 1 OF THE TAX YEAR, THE BOARD SHALL CERTIFY THE
20 TAX INCREMENT AMOUNTS TO THE MUNICIPALITY, TO EACH AFFECTED TAXING
21 JURISDICTION AND TO THE COUNTY TREASURER. ON RECEIVING TIMELY CERTIFICATION
22 FROM THE BOARD, AND NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE COUNTY
23 TREASURER SHALL WITHHOLD THOSE AMOUNTS FROM THE DISTRIBUTION OF PROPERTY
24 TAXES TO THE RESPECTIVE JURISDICTIONS AND PAY THEM TO THE MUNICIPALITY AS TAX
25 INCREMENT MONIES IN THE SAME MANNER AND AT THE SAME TIME AS PAYING COLLECTED
26 MUNICIPAL TAXES PURSUANT TO SECTION 42-17255. THE MUNICIPALITY SHALL
27 IMMEDIATELY DEPOSIT TAX INCREMENT MONIES INTO THE MUNICIPAL TAX INCREMENT
28 FUND AS PROVIDED BY SECTION 9-442.09.

29 E. ALL TAX INCREMENT MONIES RECEIVED BY THE MUNICIPALITY PURSUANT TO
30 THIS SECTION ARE PLEDGED EXCLUSIVELY TO PAY FOR AUTHORIZED PROJECT COSTS OF
31 THE PLAN DESCRIBED IN SECTION 9-442.07.

32 F. THE BOARD MAY APPROVE THE DIVERSION OF TAX INCREMENT MONIES TO THE
33 MUNICIPALITY PURSUANT TO THIS SECTION FOR NOT MORE THAN THIRTY TAX YEARS
34 AFTER THE AREA IS ESTABLISHED.

35 G. THIS SECTION DOES NOT PREVENT A MUNICIPALITY FROM RAISING REVENUE
36 TO PAY PROJECT COSTS IN ANY OTHER MANNER AUTHORIZED BY LAW. A MUNICIPALITY
37 MAY APPLY FOR AND RECEIVE GRANTS AND GIFTS FOR ANY OF THE PURPOSES OF THIS
38 ARTICLE. TAX INCREMENT REVENUES UNDER THIS ARTICLE MAY BE USED AS LOCAL
39 MATCHING MONIES FOR GRANT PROGRAMS.

40 H. TAX INCREMENT MONIES SHALL NOT BE DIVERTED FROM ANY STATE LEVY OF
41 PROPERTY TAXES EXCLUSIVELY FOR EDUCATION PURPOSES. FOR THE PURPOSES OF
42 COMPUTING STATE AID TO SCHOOL DISTRICTS UNDER TITLE 15, CHAPTER 9, THE STATE
43 AND SCHOOL DISTRICTS SHALL USE THE TAX INCREMENT BASE VALUATION FOR
44 PROPERTIES LOCATED IN A MUNICIPAL IMPROVEMENT AREA.

1 I. TAX INCREMENT MONIES SHALL NOT BE USED:
2 1. FOR DEBT SERVICE ON ANY BONDS OR OTHER LONG-TERM OBLIGATIONS.
3 2. TO CIRCUMVENT ANY OTHER TAX LAWS.
4 J. THIS SECTION DOES NOT AUTHORIZE UNEQUAL APPORTIONMENT OR ASSESSMENT
5 OF TAXES ON PROPERTY.
6 9-442.09. Municipal tax increment fund
7 A. IF A MUNICIPAL IMPROVEMENT AREA IS ESTABLISHED UNDER THIS ARTICLE
8 AND THE MUNICIPALITY RECEIVES TAX INCREMENT MONIES UNDER SECTION 9-442.08,
9 THE MUNICIPALITY SHALL:
10 1. ESTABLISH A MUNICIPAL TAX INCREMENT FUND, WHICH INCLUDES A PROJECT
11 COST ACCOUNT THAT IS PLEDGED TO AND CHARGED WITH PAYING PROJECT COSTS THAT
12 ARE OUTLINED IN THE FINANCIAL PLAN.
13 2. ANNUALLY SET ASIDE AND DEPOSIT ALL MUNICIPAL TAX INCREMENT MONIES
14 IN THE PROJECT COST ACCOUNT IN AN AMOUNT SUFFICIENT, TOGETHER WITH ESTIMATED
15 FUTURE REVENUES TO BE DEPOSITED TO THE ACCOUNT AND EARNINGS ON THE AMOUNT, TO
16 SATISFY ALL ANNUAL MUNICIPAL PROJECT COSTS TO BE PAID FROM THE ACCOUNT.
17 B. IF MORE THAN ONE MUNICIPAL IMPROVEMENT AREA IS ESTABLISHED IN A
18 MUNICIPALITY AT THE SAME TIME, THE MUNICIPALITY SHALL ESTABLISH AND MAINTAIN
19 SEPARATE MUNICIPAL TAX INCREMENT FUNDS FOR EACH AREA. MONIES IN A MUNICIPAL
20 TAX INCREMENT FUND SHALL BE MAINTAINED SEPARATELY FROM ALL OTHER MONIES AND
21 FUNDS OF THE MUNICIPALITY AND SHALL NOT BE TRANSFERRED TO ANY OTHER FUND OR
22 OTHERWISE COMMINGLED WITH ANY OTHER MONIES.
23 9-442.10. Bonds; election
24 A. ON DETERMINING THE AMOUNT OF MONEY NECESSARY TO BE RAISED FOR ANY
25 PUBLIC INFRASTRUCTURE PURPOSE, THE GOVERNING BODY OF THE MUNICIPALITY SHALL
26 CALL AN ELECTION TO BE HELD ON A DATE PRESCRIBED BY SECTION 16-204 AT WHICH
27 THE GOVERNING BODY SHALL SUBMIT THE QUESTION OF WHETHER OR NOT BONDS SHOULD
28 BE ISSUED IN THE AMOUNT SO DETERMINED.
29 B. THE ELECTION, ISSUANCE, SALE AND REDEMPTION OF THE BONDS SHALL BE
30 AS PRESCRIBED BY TITLE 35, CHAPTER 3, ARTICLE 3.
31 C. THE BONDS SHALL BE:
32 1. SECURED BY A FIRST LIEN ON TAX INCREMENT MONIES PAID INTO THE
33 MUNICIPAL TAX INCREMENT FUND.
34 2. PAYABLE SOLELY FROM THAT SOURCE.
35 D. THE BONDS ARE NOT GENERAL, SPECIAL OR OTHER OBLIGATIONS OF THE
36 MUNICIPALITY.
37 9-442.11. Annual reports
38 THE GOVERNING BODY OF A MUNICIPALITY THAT DESIGNATES A MUNICIPAL
39 IMPROVEMENT AREA UNDER THIS ARTICLE SHALL REPORT ANNUALLY TO THE JOINT REVIEW
40 BOARD DURING THE AREA'S EXISTENCE REGARDING THE AREA'S STATUS. THE REPORT
41 MUST:
42 1. CERTIFY THAT THE PUBLIC PURPOSE OF THE AREA IS BEING MET AS
43 OUTLINED IN THIS ARTICLE.
44 2. ACCOUNT FOR ANY SALES OF PROPERTY IN THE AREA THAT WAS IMPROVED
45 USING TAX INCREMENT FINANCING.

1 B. On or before February 10 of the tax year, the county assessor shall
2 determine the limited property value for the current tax year of each school
3 district in the county and shall transmit the values to the county school
4 superintendent to assist the superintendent in computing equalization
5 assistance for education as provided in section 15-991.

6 C. On or before February 10 of the tax year, the county assessor shall
7 transmit to the staff of the joint legislative budget committee and to the
8 governor's office of strategic planning and budgeting the values that are
9 required to compute the truth in taxation rates prescribed by section
10 41-1276.

11 D. On or before February 10 of the tax year, the governing board of
12 each fire district shall transmit to the property tax oversight commission
13 the total assessed value of all property annexed by the district in the
14 preceding calendar year.

15 E. IF A CITY OR TOWN ESTABLISHES A MUNICIPAL IMPROVEMENT AREA PURSUANT
16 TO TITLE 9, CHAPTER 4, ARTICLE 4.1, THE VALUES REQUIRED BY THIS SECTION SHALL
17 INCLUDE, WITH RESPECT TO EACH AFFECTED TAXING JURISDICTION, THE ORIGINAL
18 ASSESSED VALUE AND THE CURRENT ASSESSED VALUE OF TAXABLE PROPERTY IN THE AREA
19 THAT IS SUBJECT TO TAX INCREMENT FINANCING PURSUANT TO SECTION 9-442.08.

20 Sec. 3. Section 42-17251, Arizona Revised Statutes, is amended to
21 read:

22 42-17251. Extension of assessment roll to all taxing
23 jurisdictions in the county; equalization

24 A. Each county assessor shall compile the assessment roll, showing:

25 1. The total valuations of all property subject to taxation.

26 2. The valuation assessed to each taxpayer for each taxing
27 jurisdiction in the county to show each assessment.

28 3. The total valuation of all of the property that is subject to
29 taxation in the county and in each taxing jurisdiction in the county.

30 B. The county roll constitutes the assessment roll for each taxing
31 jurisdiction.

32 C. The state and county boards of equalization shall equalize the
33 assessments for each taxing jurisdiction to the same extent, in the same
34 manner and at the same time that taxes for general county purposes are
35 equalized.

36 D. IF A CITY OR TOWN ESTABLISHES A MUNICIPAL IMPROVEMENT AREA PURSUANT
37 TO TITLE 9, CHAPTER 4, ARTICLE 4.1, THE ROLL SHALL INCLUDE, WITH RESPECT TO
38 EACH AFFECTED TAXING JURISDICTION, THE ORIGINAL ASSESSED VALUE AND THE
39 CURRENT ASSESSED VALUE OF TAXABLE PROPERTY IN THE AREA THAT IS SUBJECT TO TAX
40 INCREMENT FINANCING PURSUANT TO SECTION 9-442.08.