

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

# SENATE BILL 1164

AN ACT

AMENDING TITLE 48, CHAPTER 14, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-2011.03; AMENDING SECTIONS 48-2021, 48-2064, 48-2065 AND 48-2067, ARIZONA REVISED STATUTES; RELATING TO SANITARY DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 48, chapter 14, article 1, Arizona Revised Statutes,  
3 is amended by adding section 48-2011.03, to read:

4 48-2011.03. Issuance of bonds; notice; hearing

5 NOTWITHSTANDING ANY OTHER LAW, A SANITARY DISTRICT MAY ISSUE BONDS THAT  
6 REFINANCE EXISTING DEBT AND THAT MATURE OVER A PERIOD OF FORTY-ONE YEARS ONLY  
7 IF THE SANITARY DISTRICT COMPLIES WITH BOTH OF THE FOLLOWING BEFORE ISSUANCE  
8 OF THE BONDS:

9 1. THE NEW BONDS DO NOT CAUSE AN INCREASE IN THE SANITARY DISTRICT'S  
10 BONDING CAPACITY.

11 2. THE SANITARY DISTRICT'S BOARD OF DIRECTORS HOLDS A PUBLIC HEARING  
12 REGARDING THE ISSUANCE OF THE BONDS. THE SANITARY DISTRICT'S BOARD OF  
13 DIRECTORS SHALL PROVIDE PUBLIC NOTICE OF THE HEARING AS OTHERWISE PRESCRIBED  
14 BY LAW.

15 Sec. 2. Section 48-2021, Arizona Revised Statutes, is amended to read:

16 48-2021. Issuance of bonds; subsequent bond issues

17 A. If a majority of the votes cast at a bond election favors the  
18 bonded indebtedness proposed, bonds of the district for the amount stated  
19 shall be issued and sold.

20 B. The board of directors, subject to this article, shall prescribe by  
21 resolution the form of the bonds and interest coupons attached thereto. The  
22 bonds shall be payable serially over a period of not more than ~~twenty~~ THIRTY  
23 years from the date thereof at a place fixed by the board and designated in  
24 the bonds, together with the interest thereon from the date of the bonds  
25 until paid, except that if the initial purchaser of the bonds is the United  
26 States of America or any department, division or agency of the United States  
27 of America, the bonds may mature over a period that does not exceed ~~forty~~  
28 FORTY-ONE years ~~and three months~~. Interest shall be payable semiannually at  
29 the rate or rates set by the accepted bid, which shall not exceed the maximum  
30 rate of interest set forth in the resolution calling the election. The bonds  
31 may be refunded. The board of directors may provide for their redemption  
32 before maturity on giving ~~such~~ notice as the board determines to be  
33 reasonable and for the payment of a premium at redemption if the board  
34 determines the premium to be reasonable or advisable.

35 C. The bonds may be issued in ~~such~~ denominations as the board of  
36 directors determines, except that no bond shall be of a denomination less  
37 than five hundred nor more than ten thousand dollars. Each bond shall be  
38 signed by the chairman of the board of directors and countersigned by the  
39 auditor of the sanitary district, and the seal of the district shall be  
40 affixed thereto. The interest coupons of the bonds, if any, shall be  
41 numbered consecutively and shall be signed by the chairman of the board of  
42 directors and the auditor of the district by their engraved or lithographed  
43 signatures. If any officer whose signature or countersignature appears on a  
44 bond or interest coupon ceases to be such officer, either before or after

1 delivery of the bond to the purchaser, the signature or countersignature  
2 shall be valid for all purposes as if the officer had remained in office.

3 D. The validity of the bonds, after their issuance, shall not be  
4 questioned in any court, except on the ground that a provision of this  
5 article authorizing their issuance is unconstitutional or that proper notice  
6 of the bond election was not given.

7 E. When bonds have been issued by a sanitary district and the proceeds  
8 of the sale thereof have been expended as authorized by this article, the  
9 board of directors may, by resolution passed by a vote of ~~not less than~~ AT  
10 LEAST two-thirds of its members, determine that additional bonds for carrying  
11 out the purposes of the district should be issued. Thereupon the board of  
12 directors shall cause another survey and report to be made. On approval  
13 thereof as provided by this article for an original report, the board shall  
14 submit to the qualified electors of the district, in the manner prescribed by  
15 section 48-2020, the question of issuing additional bonds. If a majority of  
16 the votes cast ~~thereon~~ is in favor of issuing the additional bonds, they may  
17 be issued and sold and the proceeds disposed of in the manner prescribed by  
18 subsections A, B, C and D of this section and by section 48-2022.

19 F. The district may issue refunding bonds to refund all or any portion  
20 of an issue of bonds issued pursuant to this section in the manner prescribed  
21 by title 35, chapter 3, article 4.

22 Sec. 3. Section 48-2064, Arizona Revised Statutes, is amended to read:  
23 48-2064. Description of improvement bonds in resolution and  
24 notices

25 A. If the board ~~determines that~~ DECIDES TO ISSUE improvement bonds  
26 ~~shall be issued~~, it shall so declare in the resolution of intention for the  
27 work and shall specify the maximum rate of interest which the bonds shall  
28 bear. A similar description of the bonds shall be inserted in all notices of  
29 the proceedings required to be published or posted and a notice that the  
30 bonds will be paid from a special fund collected in not ~~to exceed twenty-five~~  
31 MORE THAN THIRTY annual installments from the assessments of twenty-five  
32 dollars or more remaining unpaid at the date of the issuance of the bonds or  
33 thirty days after the date of the warrant, or five days after the decision of  
34 the board on an objection, EXCEPT THAT IF THE INITIAL PURCHASER OF THE BONDS  
35 IS THE UNITED STATES OF AMERICA OR ANY DEPARTMENT, DIVISION OR AGENCY OF THE  
36 UNITED STATES OF AMERICA, THE BONDS MAY MATURE OVER A PERIOD THAT DOES NOT  
37 EXCEED FORTY-ONE YEARS AND THE BONDS WILL BE PAID FROM A SPECIAL FUND  
38 COLLECTED IN NOT MORE THAN FORTY-ONE ANNUAL INSTALLMENTS. A description of  
39 the bonds shall be included in the warrant.

40 B. All other proceedings for the work up to and including the approval  
41 of the assessment by the board, including delivery of the assessment to the  
42 contractor, demand of payment of the several assessments and the return and  
43 recording, shall be ~~in all respects~~ conducted as provided in this article.

1           Sec. 4. Section 48-2065, Arizona Revised Statutes, is amended to read:  
2           48-2065. List of unpaid assessments; issuance of bonds;  
3                                   denominations; due date

4           A. After the prescribed time from the date of the warrant has expired  
5 and after the sanitary district has recorded the return, the board shall make  
6 and certify a complete list of all unpaid assessments that amount to  
7 twenty-five dollars or more on any assessment.

8           B. If any person, before certification of the list, presents to the  
9 board an affidavit that he is the owner of a lot on the list, accompanied by  
10 the certificate of a searcher of record that the person is the owner of  
11 record, and notifies the board, in writing, that he desires no bond to be  
12 issued for the assessment on the lot, the assessment shall not be included in  
13 the list and shall remain collectible as provided in this article. The  
14 failure to file the notice bars any defense against the bonds, except for the  
15 defense that the board did not have authority to issue the bonds.

16           C. The clerk shall present the list to the district at its next  
17 meeting after the return has been recorded. At any time after awarding a  
18 contract for construction or acquisition, the district by resolution, may  
19 direct improvement bonds to be issued in an amount, ~~which~~ THAT shall not  
20 exceed the amount of unpaid assessments exceeding twenty-five dollars as may  
21 be shown on the certified list. The resolution shall prescribe the maximum  
22 number and denomination of the bonds, and the times when payable, which shall  
23 be so fixed that an approximately equal amount of principal shall be paid  
24 each year or any approximately equal aggregate amount of principal and  
25 interest shall be paid each year until the whole amount is paid. The bonds  
26 shall mature in a period that does not exceed ~~twenty-five~~ THIRTY years and  
27 three months from the date of the bonds, except that if the initial purchaser  
28 of the bonds is the United States of America or any department, division or  
29 agency of the United States of America, the bonds may mature over a period  
30 that does not exceed ~~forty~~ FORTY-ONE years ~~and three months~~. The  
31 denominations of the bonds shall be fixed by the district. The district may  
32 provide in the form of the bond for redemption before maturity by giving ~~such~~  
33 notice as the district determines to be reasonable and by the payment of a  
34 premium at redemption if the district determines a premium is advisable. The  
35 resolution shall also fix the place, if any, other than the office of the  
36 treasurer, at which the bonds and the interest are payable.

37           D. The bonds shall be issued as of the date determined by the district  
38 and shall bear interest from ~~such~~ THE date at the rate not ~~to exceed~~ MORE  
39 THAN that specified in the resolution of intention. They shall have  
40 semiannual interest payments, the first of which is payable on January 1 or  
41 July 1, as the case may be, occurring no earlier than ninety days after the  
42 later of the date of the bond or the expected completion of the work, and  
43 shall be for the interest accrued at that time.

44           E. The due date of all bonds is January 1 or July 1, as stated on the  
45 face of the bonds, in the years in which they respectively become due.

1 F. The district may sell the bonds at public sale, or if the district  
2 has a population of more than two thousand persons and has been in existence  
3 for ten or more years at public or private sale, at a price at or above par  
4 and accrued interest to the date of payment, and at an interest rate not  
5 exceeding the maximum rate set in the resolution of intention. If the bonds  
6 are not sold by the district they shall be delivered to the contractor for  
7 the amount of the assessments remaining unpaid, and the bonds shall bear  
8 interest at the maximum interest rate set forth in the resolution of  
9 intention.

10 G. If the bonds are sold before the work or acquisition is completed,  
11 the proceeds from the sale of the bonds shall be placed in a special fund to  
12 be held by the treasurer and to be used to pay incidental expenses and  
13 payments for construction or acquisition. Proceeds from the sale of the  
14 bonds shall be used for the acquisition mentioned in the resolution of  
15 intention or to make semimonthly or monthly payments to the contractor on a  
16 basis of ninety per cent of the value of the work actually performed as  
17 estimated by the district or engineer employed for ~~such~~ THOSE purposes to and  
18 including the fifteenth or last day of each calendar month. The balance  
19 shall be paid after the district has recorded a certificate of substantial  
20 completion of the work described in the resolution of intention, in the same  
21 manner as the recording of the assessment. The district shall record the  
22 certificate after the work has been completed to its satisfaction. The  
23 district shall also cause a copy of the notice of completion to be mailed to  
24 each property owner in the same manner as the notice of hearing on the  
25 assessment. Pending use of the bond proceeds, the treasurer may invest the  
26 proceeds in any investments for which sinking funds of this state may be  
27 invested or in the pooled investment fund established under section 35-326.  
28 Notwithstanding the foregoing, if bond anticipation notes have been issued,  
29 the bond proceeds, or ~~so~~ AS much as are necessary, shall be used to redeem  
30 the notes.

31 H. Refunding bonds may be issued to refund all or any portion of an  
32 issue of bonds issued and sold pursuant to this section in the manner  
33 prescribed by title 35, chapter 3, article 4.

34 Sec. 5. Section 48-2067, Arizona Revised Statutes, is amended to read:  
35 48-2067. Certification of unpaid assessments; payments by  
36 installment; interest; payments in advance

37 A. The board, at the time it certifies the list of unpaid assessments,  
38 shall write the word "certified" on the record of the assessment opposite  
39 each unpaid assessment included in the list, and all assessments of  
40 twenty-five dollars or more cease to be payable in cash and are thereafter  
41 payable only in equal annual installments on January 1 of each year in which  
42 the bonds become due. The board may provide a plan by which the annual  
43 installment plus an additional over levy as determined by the board to cover  
44 the anticipated delinquencies in the collection of the assessment may be  
45 collected in partial payments before the installment is due, and the lien of

1 each assessment on the property assessed is valid for two years after the  
2 last installment on the assessment becomes due, or until the assessment is  
3 fully paid.

4 B. An uncollected installment shall be added to the succeeding  
5 installment and paid, together with interest and penalties.

6 C. The number of installments in which the assessment is payable shall  
7 correspond to the number of years in which there are bonds to be paid. The  
8 total number of installments shall not exceed ~~twenty-five~~ THIRTY, EXCEPT THAT  
9 IF THE INITIAL PURCHASER OF THE BONDS IS THE UNITED STATES OF AMERICA OR ANY  
10 DEPARTMENT, DIVISION OR AGENCY OF THE UNITED STATES OF AMERICA, THE BONDS MAY  
11 MATURE OVER A PERIOD THAT DOES NOT EXCEED FORTY-ONE YEARS AND THE TOTAL  
12 NUMBER OF INSTALLMENTS SHALL NOT EXCEED FORTY-ONE.

13 D. All assessments of twenty-five dollars or more not paid before the  
14 certification of the list of unpaid assessments bear interest from the date  
15 of the warrant at the same rate as that specified for the bonds in the  
16 resolution of intention. The interest is payable on July 1 and January 1 of  
17 each year, immediately before the interest becomes due on the bonds. The  
18 board may provide a plan by which the interest is collected in partial  
19 payments before the date it becomes due.

20 E. The board may provide for receiving payment of the installments of  
21 the assessments before they become due and may use the proceeds to redeem the  
22 bonds presented for redemption by the bond owners or invest the proceeds in  
23 improvement bonds for other work or other satisfactory investment. ~~No~~  
24 Investment of these monies may NOT be made so as to prejudice the prompt  
25 payment of the bonds on the date they become due.