

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

SENATE BILL 1164

AN ACT

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. Section 48-2021, Arizona Revised Statutes, is amended to
3 read:

4 48-2021. Issuance of bonds; subsequent bond issues

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

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

23 C. The bonds may be issued in ~~such~~ denominations as the board of
24 directors determines, except that no bond shall be of a denomination less
25 than five hundred nor more than ten thousand dollars. Each bond shall be
26 signed by the chairman of the board of directors and countersigned by the
27 auditor of the sanitary district, and the seal of the district shall be
28 affixed thereto. The interest coupons of the bonds, if any, shall be
29 numbered consecutively and shall be signed by the chairman of the board of
30 directors and the auditor of the district by their engraved or lithographed
31 signatures. If any officer whose signature or countersignature appears on a
32 bond or interest coupon ceases to be such officer, either before or after
33 delivery of the bond to the purchaser, the signature or countersignature
34 shall be valid for all purposes as if the officer had remained in office.

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

39 E. When bonds have been issued by a sanitary district and the proceeds
40 of the sale thereof have been expended as authorized by this article, the
41 board of directors may, by resolution passed by a vote of ~~not less than~~ AT
42 LEAST two-thirds of its members, determine that additional bonds for carrying
43 out the purposes of the district should be issued. Thereupon the board of
44 directors shall cause another survey and report to be made. On approval
45 thereof as provided by this article for an original report, the board shall

1 submit to the qualified electors of the district, in the manner prescribed by
2 section 48-2020, the question of issuing additional bonds. If a majority of
3 the votes cast ~~thereon~~ is in favor of issuing the additional bonds, they may
4 be issued and sold and the proceeds disposed of in the manner prescribed by
5 subsections A, B, C and D of this section and by section 48-2022.

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

9 Sec. 2. Section 48-2064, Arizona Revised Statutes, is amended to read:

10 48-2064. Description of improvement bonds in resolution and
11 notices

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

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

31 Sec. 3. Section 48-2065, Arizona Revised Statutes, is amended to read:

32 48-2065. List of unpaid assessments; issuance of bonds;
33 denominations; due date

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

38 B. If any person, before certification of the list, presents to the
39 board an affidavit that he is the owner of a lot on the list, accompanied by
40 the certificate of a searcher of record that the person is the owner of
41 record, and notifies the board, in writing, that he desires no bond to be
42 issued for the assessment on the lot, the assessment shall not be included in
43 the list and shall remain collectible as provided in this article. The
44 failure to file the notice bars any defense against the bonds, except for the
45 defense that the board did not have authority to issue the bonds.

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

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

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

31 F. The district may sell the bonds at public sale, or if the district
32 has a population of more than two thousand persons and has been in existence
33 for ten or more years at public or private sale, at a price at or above par
34 and accrued interest to the date of payment, and at an interest rate not
35 exceeding the maximum rate set in the resolution of intention. If the bonds
36 are not sold by the district they shall be delivered to the contractor for
37 the amount of the assessments remaining unpaid, and the bonds shall bear
38 interest at the maximum interest rate set forth in the resolution of
39 intention.

40 G. If the bonds are sold before the work or acquisition is completed,
41 the proceeds from the sale of the bonds shall be placed in a special fund to
42 be held by the treasurer and to be used to pay incidental expenses and
43 payments for construction or acquisition. Proceeds from the sale of the
44 bonds shall be used for the acquisition mentioned in the resolution of
45 intention or to make semimonthly or monthly payments to the contractor on a

1 basis of ninety per cent of the value of the work actually performed as
2 estimated by the district or engineer employed for ~~such~~ THOSE purposes to and
3 including the fifteenth or last day of each calendar month. The balance
4 shall be paid after the district has recorded a certificate of substantial
5 completion of the work described in the resolution of intention, in the same
6 manner as the recording of the assessment. The district shall record the
7 certificate after the work has been completed to its satisfaction. The
8 district shall also cause a copy of the notice of completion to be mailed to
9 each property owner in the same manner as the notice of hearing on the
10 assessment. Pending use of the bond proceeds, the treasurer may invest the
11 proceeds in any investments for which sinking funds of this state may be
12 invested or in the pooled investment fund established under section 35-326.
13 Notwithstanding the foregoing, if bond anticipation notes have been issued,
14 the bond proceeds, or ~~so~~ AS much as are necessary, shall be used to redeem
15 the notes.

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

19 Sec. 4. Section 48-2067, Arizona Revised Statutes, is amended to read:
20 48-2067. Certification of unpaid assessments; payments by
21 installment; interest; payments in advance

22 A. The board, at the time it certifies the list of unpaid assessments,
23 shall write the word "certified" on the record of the assessment opposite
24 each unpaid assessment included in the list, and all assessments of
25 twenty-five dollars or more cease to be payable in cash and are thereafter
26 payable only in equal annual installments on January 1 of each year in which
27 the bonds become due. The board may provide a plan by which the annual
28 installment plus an additional over levy as determined by the board to cover
29 the anticipated delinquencies in the collection of the assessment may be
30 collected in partial payments before the installment is due, and the lien of
31 each assessment on the property assessed is valid for two years after the
32 last installment on the assessment becomes due, or until the assessment is
33 fully paid.

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

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

43 D. All assessments of twenty-five dollars or more not paid before the
44 certification of the list of unpaid assessments bear interest from the date
45 of the warrant at the same rate as that specified for the bonds in the

1 resolution of intention. The interest is payable on July 1 and January 1 of
2 each year, immediately before the interest becomes due on the bonds. The
3 board may provide a plan by which the interest is collected in partial
4 payments before the date it becomes due.

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