

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

CHAPTER 252
SENATE BILL 1387

AN ACT

AMENDING SECTIONS 48-251, 48-253, 48-261, 48-262, 48-266, 48-802, 48-803, 48-804, 48-805 AND 48-805.02, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-805.03; AMENDING SECTIONS 48-851 AND 48-853, ARIZONA REVISED STATUTES; RELATING TO SPECIAL TAXING DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-251, Arizona Revised Statutes, is amended to
3 read:

4 48-251. Annual report

5 A. Each district organized under this title and not exempted under
6 subsection C of this section shall submit an annual report as prescribed by
7 this section that contains the following information:

8 1. A schedule of the beginning and ending fund balances and all
9 revenues and expenditures for the preceding fiscal year on a form prescribed
10 by the auditor general or the same information contained in a financial
11 statement for the preceding fiscal year that has been attested to by an
12 independent certified public accountant. The schedule or statement shall
13 include all monies, gifts or donations that are received from all sources and
14 that have a value exceeding one hundred dollars.

15 2. Legal descriptions of any boundary changes occurring during the
16 preceding fiscal year.

17 3. The names, occupations and business telephone numbers of all
18 members of the governing board and officers of the district on the last day
19 of the preceding fiscal year.

20 4. The schedule and location of regular meetings of the district
21 governing board.

22 5. The location or locations where public notices of meetings are
23 posted pursuant to section 38-431.02.

24 6. The name and title of the person or persons completing the
25 reporting requirements pursuant to this subsection.

26 7. EXCEPT FOR A DISTRICT ORGANIZED PURSUANT TO CHAPTER 5, ARTICLE 3 OF
27 THIS TITLE, A COPY OF ANY AUDIT OR FINANCIAL REVIEW REQUIRED TO BE PREPARED
28 PURSUANT TO SECTION 48-253, SUBSECTION G.

29 B. The secretary or other officer of the district governing board
30 shall submit the report within two hundred forty days of the close of the
31 district's fiscal year to the clerk of the board of supervisors of each
32 county in which the district is located.

33 C. Districts organized under chapters 4, 6, 17, 22, 27 and 28 of this
34 title are exempt from the requirements of this section. Districts that do
35 not provide services or otherwise operate during the entire period covered by
36 the report and that notify the clerk of the board of supervisors in writing
37 of ~~such~~ THESE circumstances within the time for filing the report are exempt
38 from the requirements of subsection A of this section.

39 D. If a district fails to submit a report as required by this section,
40 any taxpayer residing in the district may petition the superior court in a
41 county in which the district is organized to order the district to show cause
42 why the report has not been submitted. On a failure to show cause the court
43 shall order the district to file all reports as required by this section. A
44 failure to obey the order of the court is punishable as contempt of court.

1 E. If the court finds that a district has violated this section, it
2 shall award the taxpayer attorney fees and costs associated with bringing the
3 action.

4 F. The board of supervisors of each county shall submit annually by
5 March 31 a report on compliance with the requirements of this section to the
6 president of the senate, the speaker of the house of representatives and the
7 governor. The annual report shall include a listing of all those districts
8 required to comply with the requirements of this section, the districts in
9 compliance and not in compliance with the requirements and an analysis of the
10 sufficiency of each district report.

11 G. The board of supervisors shall notify each district not in
12 compliance with the reporting requirements of this section to comply within
13 thirty days after receipt by certified mail of ~~such~~ THE noncompliance and
14 that the district is subject to a civil penalty if it fails to comply. The
15 board of supervisors shall assess, and the county treasurer shall collect
16 from the monies of a district remaining in noncompliance thirty days after
17 receipt of certified mail a penalty assessment of one hundred dollars per day
18 for each day that ~~such~~ THE district is not in compliance with the reporting
19 requirements of this section from thirty days after receipt by certified mail
20 of the noncompliance notice until such time as the board of supervisors
21 receives a copy of the district's annual report, to the extent that district
22 monies are available and unencumbered. Penalty monies collected shall be
23 deposited in the county general fund.

24 Sec. 2. Section 48-253, Arizona Revised Statutes, is amended to read:

25 48-253. District audits and financial reviews

26 A. Each district that is organized under this title, that is not
27 exempt under subsection G OR H of this section and that is required to make
28 an annual report under this article shall have its reports audited in
29 accordance with generally accepted government auditing standards and the
30 following:

31 1. Audits required by this section shall be performed annually for
32 districts whose budgets are one million dollars or more. Districts whose
33 budgets are one hundred thousand dollars or more but less than one million
34 dollars shall have a financial review performed annually. Districts whose
35 budgets are more than fifty thousand dollars and less than one hundred
36 thousand dollars shall have a financial review performed at least biennially.
37 Districts whose budgets are fifty thousand dollars or less shall have a
38 financial review performed at the request of the county board of supervisors
39 or on receipt of a request for a financial review that is signed by at least
40 ten residents of that district. A district shall not be required to perform
41 a financial review more than once per fiscal year.

42 2. A district may select an outside auditor who is a certified public
43 accountant or a representative who is selected by the board of supervisors
44 and who is trained as an auditor.

1 3. A district may advertise and use competitive bidding practices to
2 select an agent to perform the audits or financial reviews required by this
3 section.

4 B. Each district that submits a financial statement for the preceding
5 fiscal year that has been attested to by an independent certified public
6 accountant pursuant to section 48-251 is deemed to have complied with this
7 section by submitting a copy of the financial statement to the county
8 treasurer.

9 C. Each district shall submit a copy of the completed audit or
10 financial review to the county treasurer and the board of supervisors within
11 two hundred forty days after the close of the district's fiscal year or
12 within one hundred eighty days after a request for a financial review is
13 received by the district pursuant to subsection A, paragraph 1 of this
14 section.

15 D. If a district fails to submit an audit or financial review as
16 required by this section, any taxpayer residing in the district, the board of
17 supervisors or the county treasurer may petition the superior court in a
18 county where the district is organized to show cause why the audit or
19 financial review has not been submitted. On a failure to show cause the
20 court shall order the district to submit the audit or financial review within
21 ten days after the judgment is entered. EXCEPT FOR A DISTRICT ORGANIZED
22 PURSUANT TO CHAPTER 5, ARTICLE 3 OF THIS TITLE, ON COMPLAINT MADE TO THE
23 COUNTY ATTORNEY, THE COUNTY ATTORNEY MAY INVESTIGATE ANY CLAIMED FAILURE TO
24 COMPLY WITH THIS SECTION, REPORT PUBLICLY ON THE INVESTIGATION'S FINDINGS AND
25 TAKE ANY ENFORCEMENT ACTION DEEMED APPROPRIATE BY THE COUNTY ATTORNEY.

26 E. If the court enters a judgment against the district under this
27 section, the court may award the taxpayer, board of supervisors or county
28 treasurer reasonable attorney fees and costs associated with bringing the
29 action.

30 F. For districts organized under chapter 19 of this title, a district
31 with an annual budget of at least five million dollars shall have an audit
32 performed annually and a district with an annual budget of at least one
33 million dollars but less than five million dollars shall have an audit
34 performed every five years and a financial review performed each year an
35 audit is not performed. A district with an annual budget of at least one
36 hundred thousand dollars but less than one million dollars shall have an
37 audit performed every ten years and a financial review performed each year an
38 audit is not performed.

39 G. FOR DISTRICTS ORGANIZED UNDER CHAPTER 5 OF THIS TITLE AND EXCEPT
40 FOR DISTRICTS ORGANIZED UNDER CHAPTER 5, ARTICLE 3 OF THIS TITLE, A DISTRICT
41 THAT RECEIVES FIVE HUNDRED THOUSAND DOLLARS OR MORE IN TOTAL REVENUES SHALL
42 PERFORM AN ANNUAL AUDIT. FOR THE PURPOSES OF THIS SUBSECTION, REVENUES
43 INCLUDE MONIES GENERATED BY TAX LEVIES, MONIES RECEIVED THROUGH
44 APPROPRIATIONS, GRANTS AND OTHER FEDERAL AND STATE SOURCES AND MONIES
45 RECEIVED FROM SERVICES OR OTHER PRIVATE SOURCES, INCLUDING AMBULANCE AND
46 SIMILAR SERVICES. IF A DISTRICT'S TOTAL BUDGETED REVENUES IN A FISCAL YEAR

1 ARE LESS THAN FIVE HUNDRED THOUSAND DOLLARS AND THE DISTRICT RECEIVES TOTAL
2 ACTUAL REVENUES IN A FISCAL YEAR OF FIVE HUNDRED THOUSAND DOLLARS OR MORE,
3 THE DISTRICT SHALL HAVE AN AUDIT PERFORMED FOR THAT PRECEDING FISCAL YEAR AS
4 IF THE AUDIT HAD ORIGINALLY BEEN REQUIRED BY THIS SECTION. DISTRICTS WHOSE
5 TOTAL ANNUAL REVENUES ARE ONE HUNDRED THOUSAND DOLLARS OR MORE BUT LESS THAN
6 FIVE HUNDRED THOUSAND DOLLARS SHALL HAVE A FINANCIAL REVIEW PERFORMED
7 ANNUALLY. DISTRICTS WHOSE TOTAL ANNUAL REVENUES ARE MORE THAN FIFTY THOUSAND
8 DOLLARS AND LESS THAN ONE HUNDRED THOUSAND DOLLARS SHALL HAVE A FINANCIAL
9 REVIEW PERFORMED AT LEAST BIENNIALLY. DISTRICTS WHOSE TOTAL ANNUAL REVENUES
10 ARE FIFTY THOUSAND DOLLARS OR LESS SHALL HAVE A FINANCIAL REVIEW PERFORMED AT
11 THE REQUEST OF THE COUNTY BOARD OF SUPERVISORS OR ON RECEIPT OF A REQUEST FOR
12 A FINANCIAL REVIEW THAT IS SIGNED BY AT LEAST TEN RESIDENTS OF THAT
13 DISTRICT. A DISTRICT SHALL NOT BE REQUIRED TO PERFORM A FINANCIAL REVIEW
14 MORE THAN ONCE PER FISCAL YEAR. ALL FINANCIAL REVIEWS PRESCRIBED BY THIS
15 SECTION MUST BE CONDUCTED ACCORDING TO GENERALLY ACCEPTED GOVERNMENT AUDITING
16 STANDARDS.

17 ~~G.~~ H. Districts organized under chapters 4, 6, 17, 22, 27 and 28 of
18 this title are exempt from the requirements of this section.

19 Sec. 3. Section 48-261, Arizona Revised Statutes, is amended to read:

20 ~~48-261.~~ District creation; procedures; notice; hearing;
21 determinations; petitions

22 A. A fire district, community park maintenance district, sanitary
23 district or hospital district for either a hospital or an urgent care center
24 shall be created by the following procedures:

25 1. Any adult person desiring to propose creation of a district shall
26 provide a legal description of the area proposed for inclusion in the
27 district to the county assessor of the county in which the district is to be
28 located. The county assessor shall provide to the person proposing formation
29 of the district a detailed list of all ~~taxed~~ TAXABLE properties in the area
30 proposed for inclusion in the district. The person proposing formation of
31 the district shall prepare and submit a district impact statement to the
32 board of supervisors of the county in which the district is to be located.
33 Except for a proposed community park maintenance district that is to be
34 located in more than one county, if a proposed district is located in more
35 than one county, the impact statement shall be submitted to the board of
36 supervisors of the county in which the majority of the assessed valuation of
37 the proposed district is located. The boards of supervisors of any other
38 counties in which a portion of the district is to be located shall provide
39 information and assistance to the responsible board of supervisors. For a
40 community park maintenance district that is to be located in more than one
41 county, the impact statement shall be submitted to the board of supervisors
42 for each of the affected counties. If the person desiring to create a
43 district pursuant to this section is unable to complete the district impact
44 statement, the board of supervisors may assist in the completion of the
45 impact statement if requested to do so, provided the bond required in
46 subsection C of this section is in an amount sufficient to cover any

1 additional cost to the county. The district impact statement shall contain
2 at least the following information:

3 (a) A legal description of the boundaries of the proposed district and
4 a map and a general description of the area to be included in the district
5 sufficiently detailed to permit a property owner to determine whether a
6 particular property is within the proposed district.

7 (b) The detailed list of ~~taxed~~ TAXABLE properties provided by the
8 assessor pursuant to this paragraph.

9 (c) An estimate of the assessed valuation within the proposed
10 district.

11 (d) An estimate of the change in the property tax liability, as a
12 result of the proposed district, of a typical resident of the proposed
13 district.

14 (e) A list and explanation of benefits that will result from the
15 proposed district.

16 (f) A list and explanation of the injuries that may result from the
17 proposed district.

18 (g) The names, addresses and occupations of the proposed members of
19 the district's organizing board of directors.

20 (h) A description of the scope of services to be provided by the
21 district during its first five years of operation. At a minimum this
22 description shall include an estimate of anticipated capital expenditures,
23 personnel growth and enhancements to service.

24 2. On receipt of the district impact statement, the board of
25 supervisors shall set a day, ~~not fewer than~~ AT LEAST thirty ~~nor~~ BUT NOT
26 more than sixty days from that date, for a hearing on the impact statement. The
27 board of supervisors, at any time before making a determination pursuant to
28 paragraph 4 of this subsection, may require that the impact statement be
29 amended to include any information that the board of supervisors deems to be
30 relevant and necessary.

31 3. On receipt of the district impact statement, the clerk of the board
32 of supervisors shall mail, by first class mail, notice of the day, hour and
33 place of the hearing on the proposed district to each owner of taxable
34 property within the boundaries of the proposed district. The written notice
35 shall state the purpose of the hearing and shall state where a copy of the
36 impact statement may be viewed or requested. The clerk of the board of
37 supervisors shall post the notice in at least three conspicuous public places
38 in the area of the proposed district and shall publish twice in a daily
39 newspaper of general circulation in the area of the proposed district, at
40 least ten days before the hearing, or, if no daily newspaper of general
41 circulation exists in the area of the proposed district, at least twice at
42 any time before the date of the hearing, a notice setting forth the purpose
43 of the impact statement, the description of the area of the proposed district
44 and the day, hour and place of the hearing.

45 4. At the hearing called pursuant to paragraph 2 of this subsection,
46 the board of supervisors shall hear those who appear for and against the

1 proposed district and shall determine whether the creation of the district
2 will promote public health, comfort, convenience, necessity or welfare. If
3 the board of supervisors determines that the public health, comfort,
4 convenience, necessity or welfare will be promoted, it shall approve the
5 district impact statement and authorize the persons proposing the district to
6 circulate petitions as provided in this subsection. For a community park
7 maintenance district that is required to obtain the approval of more than one
8 county's board of supervisors, the petitions may only be circulated after
9 approval of the board of supervisors from each affected county. The order of
10 the board of supervisors shall be final, but if the request to circulate
11 petitions is denied, a subsequent request for a similar district may be
12 refiled with the board of supervisors after six months from the date of ~~such~~
13 ~~THE~~ denial. The county board of supervisors shall authorize the circulation
14 of petitions of only one proposed new district of the same type in which any
15 property owner's land is proposed for inclusion. ~~No~~ A new petition
16 circulation shall ~~NOT~~ be authorized until the one-year period to submit
17 signatures prescribed by ~~section 48-261, subsection A,~~ paragraph 6, ~~OF THIS~~
18 ~~SUBSECTION~~ of the original petition circulation has expired or has otherwise
19 been extinguished.

20 5. Within fifteen days after receiving the approval of the board of
21 supervisors as prescribed by paragraph 4 of this subsection, the clerk of the
22 board shall determine the minimum number of signatures and assessed valuation
23 required for compliance with paragraph 7 of this subsection. After making
24 that determination, the number of signatures shall remain fixed and the
25 assessed valuation of the ~~taxed~~ TAXABLE properties within the boundaries of
26 the proposed district shall remain fixed for purposes of determining
27 compliance with the property valuation requirement prescribed in paragraph 7
28 of this subsection.

29 6. After receiving the approval of the board of supervisors as
30 provided in paragraph 4 of this subsection, any adult person may circulate
31 and present petitions to the board of supervisors of the county in which the
32 district is located. All petitions circulated shall be returned to the board
33 of supervisors within one year from the date of the approval of the board of
34 supervisors pursuant to paragraph 4 of this subsection. Any petition that is
35 returned more than one year from that date is void.

36 7. The petitions presented pursuant to paragraph 6 of this subsection
37 shall comply with the provisions regarding verification in section 48-266 and
38 shall:

39 (a) At all times, contain a map and general description of the
40 boundaries of the proposed district sufficiently detailed to permit a
41 property owner to determine whether a particular property is within the
42 proposed district and the names, addresses and occupations of the proposed
43 members of the district's organizing board of directors. ~~No~~ AN alteration of
44 the proposed district shall ~~NOT~~ be made after receiving the approval of the
45 board of supervisors as provided in paragraph 4 of this subsection. The
46 items required to be contained with the petition under this ~~subsection~~

1 SUBDIVISION shall be printed on the back of the petition form required
2 pursuant to section 48-266 unless the size of the items ~~preclude~~ PRECLUDES
3 COMPLIANCE WITH this requirement. An error in the legal description of the
4 proposed district shall not invalidate the petitions if considered as a whole
5 the information provided is sufficient to identify the property as
6 illustrated in the map required pursuant to ~~subsection A of this section~~ THIS
7 SUBDIVISION.

8 (b) Be signed by owners of more than one-half of the ~~taxed~~ TAXABLE
9 property units in the area of the proposed district and be signed by persons
10 owning collectively more than one-half of the assessed valuation of the
11 property in the area of the proposed district. Property exempt pursuant to
12 title 42, chapter 11, article 3 shall not be considered in determining the
13 total assessed valuation of the proposed district nor shall owners of
14 property not subject to taxation be eligible to sign petitions.

15 8. On receipt of the petitions, INCLUDING ANY SUPPLEMENTAL SIGNATURES,
16 AND THE REPORT OF THE COUNTY ASSESSOR, the board of supervisors shall set a
17 day, ~~not fewer than ten nor more than thirty days from that date,~~ for a
18 hearing on the petition. ~~The hearing shall be postponed if a timely request~~
19 ~~to supplement petition signatures is made pursuant to section 48-266,~~
20 ~~subsection K, so that any supplemental petition signatures submitted pursuant~~
21 ~~to that section may be considered by the board of supervisors. The postponed~~
22 ~~hearing shall be held no more than thirty days after the submission of any~~
23 ~~supplemental petition signatures.~~

24 9. Before the hearing called pursuant to paragraph 8 of this
25 subsection, the board of supervisors shall determine the validity of the
26 petitions presented.

27 10. At the hearing called pursuant to paragraph 8 of this subsection,
28 the board of supervisors, if the petitions are valid, shall order the
29 creation of the district. The board of supervisors shall enter its order
30 setting forth its determination in the minutes of the meeting, not later than
31 ten days from the day of the hearing, and a copy of the order shall be filed
32 in the county recorder's office. The order of the board of supervisors shall
33 be final, and the proposed district shall be created thirty days after the
34 board of supervisors votes to create the district, except that for a
35 community park maintenance district that is proposed for more than one
36 county, the proposed district is created thirty days after the approval of
37 the board of supervisors of the final county of the counties in which the
38 district is to be located. A decision of the board of supervisors under this
39 subsection is subject to judicial review under title 12, chapter 7,
40 article 6.

1 B. For the purpose of determining the validity of the petitions
2 presented pursuant to subsection A, paragraph 6 of this section:

3 1. Property held in multiple ownership shall be treated as if it had
4 only one property owner, ~~so that~~ AND the signature of only one of the owners
5 of property held in multiple ownership is required on the formation petition.
6 The number of persons owning property inside the boundaries of the proposed
7 district shall be determined as follows:

8 (a) In the case of property assessed by the county assessor, the
9 number of persons owning property shall be as shown on the most recent
10 assessment of property.

11 (b) In the case of property valued by the department of revenue, the
12 number of persons owning property shall be as shown on the most recent
13 valuation of property.

14 (c) If an undivided parcel of property is owned by multiple owners,
15 those owners are deemed to be one owner for the purposes of this section.

16 (d) If a person owns multiple parcels of property, that owner is
17 deemed to be a single owner for the purposes of this section.

18 2. The value of property shall be determined as follows:

19 (a) In the case of property assessed by the county assessor, values
20 shall be the same as those shown on the last assessment roll of the county
21 containing ~~such~~ THE property.

22 (b) In the case of property valued by the department of revenue, the
23 values shall be those determined by the department in the manner provided by
24 law, for municipal assessment purposes. The county assessor and the
25 department of revenue, respectively, shall furnish to the board of
26 supervisors, within twenty days after ~~such~~ a request, a statement in writing
27 showing the owner, the address of each owner and the appraisal or assessment
28 value of properties contained within the boundaries of the proposed district
29 as described in subsection A of this section.

30 3. Petition signatures REPRESENTING REAL PROPERTY on which taxes and
31 assessments are not current at the time of petition review ~~shall be~~
32 ~~invalidated~~ ARE INVALID.

33 C. The board of supervisors may require of the person desiring to
34 propose creation of a district pursuant to subsection A, paragraph 1 of this
35 section a reasonable bond to be filed with the board at the start of
36 proceedings under this section. The bond shall be in an amount sufficient to
37 cover costs incurred by the county if the district is not finally organized.
38 County costs covered by the bond include any expense incurred from completion
39 of the district impact statement, mailing of the notice of hearing to
40 district property owners, publication of the notice of hearing and other
41 expenses reasonably incurred as a result of any requirements of this section.

42 D. If a district is created pursuant to this section, the cost of
43 publication of the notice of hearing, the mailing of notices to property
44 owners and all other costs incurred by the county as a result of this section
45 shall be a charge against the district.

1 E. If a proposed district would include property located within an
2 incorporated city or town, in addition to the other requirements of
3 subsection A of this section, the board shall approve the creation and
4 authorize the circulation of petitions only if the governing body of the city
5 or town has by ordinance or resolution endorsed ~~such~~ THE creation.

6 F. Except as provided in section 48-851 and section 48-2001,
7 subsection A, the area of a district created pursuant to this section shall
8 be contiguous.

9 G. A district organized pursuant to this section shall have an
10 organizing board of directors to administer the affairs of the district until
11 a duly constituted board of directors is elected as provided in this title.
12 The organizing board shall have all the powers, duties and responsibilities
13 of an elected board. The organizing board shall consist of the three
14 individuals named in the district impact statement and the petitions
15 presented pursuant to subsection A of this section. If a vacancy occurs on
16 the organizing board, the remaining board members shall fill the vacancy by
17 appointing an interim member. Members of the organizing board shall serve
18 without compensation but may be reimbursed for actual expenses incurred in
19 performing their duties. The organizing board shall elect from its members a
20 chairman and a clerk.

21 H. For the purposes of this section assessed valuation does not include
22 property exempt pursuant to title 42, chapter 11, article 3.

23 Sec. 4. Section 48-262, Arizona Revised Statutes, is amended to read:
24 48-262. District boundary changes; procedures; notice; hearing;
25 determinations; petitions

26 A. Except as prescribed by subsection I of this section, a fire
27 district, community park maintenance district or sanitary district shall
28 change its boundaries by the following procedures:

29 1. Any adult person desiring to propose any change to the boundaries
30 of a district shall provide a legal description of the area proposed for
31 inclusion in the district to the county assessor of the county in which the
32 district is to be located. The county assessor shall provide to the person
33 proposing any change to the boundaries of the district a detailed list of all
34 ~~taxed~~ TAXABLE properties in the area proposed for inclusion in the district.
35 The person proposing any change to the boundaries of the district shall
36 prepare and submit a boundary change impact statement to the governing body
37 of the district. The boundary change impact statement shall contain at least
38 the following information:

39 (a) A legal description of the boundaries of the area to be included
40 within the proposed change and a map and general description of the area
41 sufficiently detailed to permit a property owner to determine whether a
42 particular property is within the proposed district. The boundaries of the
43 proposed change shall not overlap with the boundaries of any other proposed
44 new district of the same type or any annexation by a district of the same
45 type for which petitions are being circulated on the date that the boundary
46 change impact statement is filed with the governing body.

1 (b) The detailed list of ~~taxed~~ TAXABLE properties provided by the
2 assessor pursuant to this paragraph.

3 (c) An estimate of the assessed valuation within the boundaries of the
4 proposed change.

5 (d) An estimate of the change in the tax rate of the district if the
6 proposed change is made.

7 (e) An estimate of the change in the property tax liability, as a
8 result of the proposed change, of a typical resident of a portion of the
9 district, not in the area of the proposed change, before and after the
10 proposed change and of a typical resident of the area of the proposed change.

11 (f) A list and explanation of benefits that will result from the
12 proposed change to the residents of the area and of the remainder of the
13 district.

14 (g) A list and explanation of the injuries that may result from the
15 proposed change to residents of the area and of the remainder of the
16 district.

17 2. On receipt of the boundary change impact statement, the governing
18 body shall set a day, ~~not fewer than~~ AT LEAST twenty ~~nor~~ BUT NOT more than
19 thirty days from that date, for a hearing on the boundary change impact
20 statement. The board of supervisors may at any time prior to making a
21 determination pursuant to paragraph 5 of this subsection require that the
22 impact statement be amended to include any information that the board of
23 supervisors deems to be relevant and necessary.

24 3. On receipt of the boundary change impact statement, the clerk of
25 the governing body shall mail, by first class mail, written notice of the
26 statement, its purpose and notice of the day, hour and place of the hearing
27 on the proposed change to each owner of taxable property within the
28 boundaries of the proposed change. The clerk of the governing body shall
29 post the notice in at least three conspicuous public places in the area of
30 the proposed change and also publish twice in a daily newspaper of general
31 circulation in the area of the proposed change, at least ten days before the
32 hearing, or if no daily newspaper of general circulation exists in the area
33 of the proposed change, at least twice at any time before the date of the
34 hearing, a notice setting forth the purpose of the impact statement, the
35 description of the boundaries of the proposed change and the day, hour and
36 place of the hearing.

37 4. On receipt of the boundary change impact statement the clerk shall
38 also mail notice, as provided in paragraph 3 of this subsection, to the
39 chairman of the board of supervisors of the county in which the district is
40 located. The chairman of the board of supervisors shall order a review of
41 the proposed change and may submit written comments to the governing body of
42 the district within ten days of receipt of the notice.

43 5. At the hearing called pursuant to paragraph 2 of this subsection,
44 the governing body shall consider the comments of the board of supervisors,
45 hear those who appear for and against the proposed change and determine
46 whether the proposed change will promote the public health, comfort,

1 convenience, necessity or welfare. If the governing body determines that the
2 public health, comfort, convenience, necessity or welfare will be promoted,
3 it shall approve the impact statement and authorize the persons proposing the
4 change to circulate petitions as provided in this subsection. The order of
5 the governing body shall be final, but if the request to circulate petitions
6 is denied, a subsequent request for a similar change may be refiled with the
7 governing body after six months from the date of ~~such~~ THE denial. The county
8 board of supervisors shall authorize the circulation of petitions for only
9 one boundary change of a district of the same type in which any property
10 owner's land is proposed for inclusion. ~~No~~ A new petition circulation shall
11 NOT be authorized until the one-year period to submit signatures set by
12 subsection B, paragraph 3 of this section of the original petition
13 circulation has expired or has otherwise been extinguished.

14 6. Except as provided by section 48-851, the governing body shall not
15 approve a proposed annexation if the property to be annexed is not contiguous
16 with the district's existing boundary. For THE purposes of determining
17 whether or not the proposed addition is contiguous, the addition is deemed
18 contiguous if land that is owned by or under the jurisdiction of the United
19 States government, this state or any political subdivision of this state,
20 other than an incorporated city or town, intervenes between the proposed
21 addition and the current district boundary.

22 7. The governing body shall not approve a proposed annexation if the
23 area proposed to be annexed surrounds any unincorporated territory and that
24 unincorporated territory is not also included in the district.

25 8. After receiving the approval of the governing body as provided in
26 paragraph 5 of this subsection and ~~provided~~ IF no appeal filed pursuant to
27 paragraph 14 of this subsection remains unresolved, any adult person may
28 circulate and present petitions to the governing body of the district.

29 9. Within fifteen days after receiving the approval of the governing
30 body as prescribed by paragraph 5 of this subsection, the clerk of the board
31 shall determine the minimum number of signatures and the assessed valuation
32 required to comply with paragraph 10, subdivision (b) of this subsection.
33 After making that determination, the number of signatures shall remain fixed
34 and the assessed valuation of the ~~taxed~~ TAXABLE properties within the
35 boundaries of the proposed change shall remain fixed for purposes of
36 determining compliance, notwithstanding any subsequent changes in ownership
37 of the property within the boundaries of the proposed change.

38 10. The petitions presented pursuant to paragraph 8 of this subsection
39 shall comply with the provisions regarding petition form in section 48-266
40 and shall:

41 (a) At all times, contain a map and general description of the
42 boundaries of the area to be included within the proposed change sufficiently
43 detailed to permit a property owner to determine whether a particular
44 property is included within the proposed change. ~~No~~ AN alteration of the
45 described area shall NOT be made after receiving the approval of the
46 governing body as provided in paragraph 5 of this subsection. The items

1 required to be contained with the petition under this ~~subsection~~ SUBDIVISION
2 shall be printed on the back of the petition form required pursuant to
3 section 48-266 unless the size of the items ~~preclude~~ PRECLUDES COMPLIANCE
4 WITH this requirement. An error in the legal description of the proposed
5 change shall not invalidate the petitions if considered as a whole the
6 information provided is sufficient to identify the property as illustrated in
7 the map required pursuant to ~~subsection A of this section~~ THIS SUBDIVISION.

8 (b) Be signed by owners of more than one-half of the ~~taxed~~ TAXABLE
9 property units within the boundaries of the proposed change and be signed by
10 persons owning collectively more than one-half of the assessed valuation of
11 the property within the boundaries of the proposed change. Property exempt
12 pursuant to title 42, chapter 11, article 3 shall not be considered in
13 determining the total assessed valuation of the proposed change nor shall
14 owners of property not subject to taxation be eligible to sign petitions.

15 11. On receipt of the petitions, INCLUDING ANY SUPPLEMENTAL SIGNATURES
16 AND THE REPORT OF THE COUNTY ASSESSOR, the governing body shall set a day,
17 ~~not fewer than~~ AT LEAST ten ~~nor~~ BUT NOT more than thirty days from that date,
18 for a hearing on the request. ~~The hearing shall be postponed if a timely~~
19 ~~request to supplement petition signatures is made pursuant to section 48-266,~~
20 ~~subsection K, so that any supplemental petition signatures submitted pursuant~~
21 ~~to that section may be considered by the board of supervisors. The postponed~~
22 ~~hearing shall be held no more than thirty days after the submission of any~~
23 ~~supplemental petition signatures.~~

24 12. Prior to the hearing called pursuant to paragraph 11 of this
25 subsection, the board of supervisors shall determine the validity of the
26 petitions presented pursuant to subsection B of this section.

27 13. At the hearing called pursuant to paragraph 11 of this subsection,
28 the governing body, if the petitions are valid, shall order the change to the
29 boundaries. The governing body shall enter its order setting forth its
30 determination in the minutes of the meeting, ~~not later than~~ AT LEAST ten days
31 from the day of the hearing, and a copy of the order shall be sent to the
32 officer in charge of elections and a copy shall be recorded in the county
33 recorder's office. The order of the governing body shall be final, and the
34 proposed change shall be made to the district boundaries thirty days after
35 the governing body votes.

36 14. On filing a verified complaint with the superior court, the
37 attorney general, the county attorney or any other interested party may
38 question the validity of the annexation for failure to comply with this
39 section. The complaint shall include a description of the alleged
40 noncompliance and shall be filed within thirty days after the governing body
41 of the district adopts a resolution that annexes the territory of the
42 district. The burden of proof is on the plaintiff to prove the material
43 allegations of the verified complaint. An action shall not be brought to
44 question the validity of an annexation resolution unless it is filed within
45 the time and for the reasons prescribed in this subsection. All hearings
46 that are held pursuant to this paragraph and all appeals of any orders shall

1 be preferred and shall be heard and determined in preference to all other
2 civil matters, except election actions. If more than one complaint
3 questioning the validity of an annexation resolution is filed, all ~~such~~
4 complaints shall be consolidated for the hearing.

5 B. For the purpose of determining the validity of the petitions
6 presented pursuant to subsection A, paragraph 8 of this section:

7 1. Property held in multiple ownership shall be treated as if it had
8 only one property owner, ~~so that~~ AND the signature of only one of the owners
9 of property held in multiple ownership is required on the boundary change
10 petition. The number of persons owning property inside the boundaries of the
11 proposed boundary change shall be determined as follows:

12 (a) In the case of property assessed by the county assessor, the
13 number of persons owning property shall be as shown on the most recent
14 assessment of property.

15 (b) In the case of property valued by the department of revenue, the
16 number of persons owning property shall be as shown on the most recent
17 valuation of property.

18 (c) If an undivided parcel of property is owned by multiple owners,
19 those owners are deemed to be one owner for the purposes of this section.

20 (d) If a person owns multiple parcels of property, that owner is
21 deemed to be a single owner for the purposes of this section.

22 2. The value of property shall be determined as follows:

23 (a) In the case of property assessed by the county assessor, values
24 shall be the same as those shown on the last assessment roll of the county
25 containing ~~such~~ THE property.

26 (b) In the case of property valued by the department of revenue, the
27 values shall be those determined by the department in the manner provided by
28 law, for municipal assessment purposes. The county assessor and the
29 department of revenue, respectively, shall furnish to the governing body,
30 within twenty days after ~~such a~~ THE request, a statement in writing showing
31 the owner, the address of each owner and the appraisal or assessment value of
32 properties contained within the area of a proposed change as described in
33 subsection A of this section.

34 3. All petitions circulated shall be returned to the governing body of
35 the district within one year from the date of the approval given by the
36 governing body pursuant to subsection A, paragraph 5 of this section. Any
37 petition returned more than one year from that date is void. If an appeal is
38 filed pursuant to subsection A, paragraph 14 of this section, this time
39 period for gathering signatures is tolled beginning on the date an action is
40 filed in superior court and continuing until the expiration of the time
41 period for any further appeal.

42 C. For the purposes of determining whether or not the proposed
43 addition is contiguous, the addition is deemed contiguous if land that is
44 owned by or under the jurisdiction of the United States government, this
45 state or any political subdivision of this state, other than an incorporated
46 city or town, intervenes between the proposed addition and the current

1 district boundary. Property shall not be approved for annexation if the area
2 proposed to be annexed surrounds any unincorporated territory and that
3 unincorporated territory is not also included in the district.

4 D. If the change in the boundaries proposed pursuant to subsection A
5 of this section would result in a withdrawal of territory from an existing
6 district, the petitions shall be approved by the governing body only if the
7 proposed withdrawal would not result in a noncontiguous portion of the
8 district that is less than one square mile in size.

9 E. If the impact statement described in subsection A of this section
10 relates to the withdrawal of property from a district, in addition to the
11 other requirements of subsection A of this section, the governing body shall
12 also determine:

13 1. If the district has any existing outstanding bonds or other
14 evidences of indebtedness.

15 2. If those bonds were authorized by an election and issued during the
16 time the property to be withdrawn was lawfully included within the district.

17 F. If the conditions of subsection E of this section are met:

18 1. The property withdrawn from the district shall remain subject to
19 taxes, special assessments or fees levied or collected to meet the contracts
20 and covenants of the bonds. The board of supervisors shall provide for the
21 levy and collection of ~~such~~ taxes, special assessments or fees.

22 2. The governing body shall:

23 (a) Annually determine the amount of special property taxes, special
24 assessments or fees that must be levied and collected from property withdrawn
25 from the district and the mechanism by which ~~such~~ THAT amount is to be
26 collected.

27 (b) Notify the board of supervisors on or before the third Monday in
28 July of the amount determined in subdivision (a) of this paragraph.

29 3. Property withdrawn from an existing district shall not be subject
30 to any further taxes, special assessments or fees arising from the
31 indebtedness of ~~such~~ THE district except as provided in this subsection.

32 G. If the statement described in subsection A, paragraph 1 of this
33 section requests the annexation of property located within an incorporated
34 city or town, in addition to the other requirements of subsection A of this
35 section, the governing body shall approve the district boundary change impact
36 statement and authorize the circulation of petitions only if the governing
37 body of the city or town has by ordinance or resolution endorsed ~~such~~ THE
38 annexation and ~~such~~ THE annexation is authorized pursuant to this title.

39 H. Except as provided in subsection D of this section and section
40 48-2002, ~~no~~ A change in the boundaries of a district pursuant to this section
41 shall NOT result in a district ~~which~~ THAT contains area that is not
42 contiguous.

43 I. Notwithstanding subsection A of this section, any property owner,
44 including a county, this state or the United States government, whose land is
45 within a county that contains a sanitary district or fire district and whose
46 land is contiguous to the boundaries of the sanitary district or fire

1 district may request in writing that the governing body of the district amend
2 the district boundaries to include that property owner's land. If the
3 property is located in an incorporated city or town, in addition to the other
4 requirements prescribed in this subsection, the governing body of the fire
5 district or sanitary district may approve the boundary change only if the
6 governing body of the affected city or town by ordinance or resolution has
7 approved the inclusion of the property in the district. If the governing
8 body determines that the inclusion of that property will benefit the district
9 and the property owner, the boundary change may be made by order of the
10 governing body and is final on the recording of the governing body's order
11 that includes a legal description of the property that is added to the
12 district. A petition and impact statement are not required for an amendment
13 to a sanitary district's or fire district's boundaries made pursuant to this
14 subsection.

15 J. Until August 1, 2014, in a county with a population greater than
16 two million persons, notwithstanding subsection I of this section, any
17 property owner, including the United States, this state or a county, whose
18 land is within two thousand six hundred forty feet of an adjacent sanitary
19 district or fire district, not contiguous to the boundaries of the sanitary
20 district or fire district and within an unincorporated area or county island
21 may request in writing that the governing body of the district amend the
22 district boundaries to include that property owner's land.

23 K. A fire district shall not annex or otherwise add territory that is
24 already included in another existing fire district, unless deannexed pursuant
25 to subsections D, E and F of this section.

26 L. A fire district, community park maintenance district or sanitary
27 district may appropriate and spend monies as necessary or reasonably required
28 to assist one or more individuals or entities to change the district's
29 boundaries pursuant to this section.

30 M. Notwithstanding subsection A of this section, if an incorporated
31 city or town has previously adopted a resolution designating a fire district
32 as the fire service agency for the city or town, the jurisdictional
33 boundaries of the fire district without further notice or election shall be
34 changed to include any property annexed into the city or town. If the
35 annexation occurs pursuant to a joint petition for annexation, any joint
36 petition for annexation shall clearly indicate in its title and in the notice
37 required in the petition that the property to be annexed will be subject to
38 the jurisdiction of both the city or town and the fire district. A joint
39 petition for annexation shall comply with both section 9-471 and this
40 section. Any fire district boundary change that occurs through city or town
41 annexation pursuant to this subsection is effective on the effective date of
42 the annexation by the incorporated city or town. If an incorporated city or
43 town that has designated a fire district as the fire service agency for that
44 city or town annexes property that is already part of another fire district,
45 the annexed property shall remain part of the fire district in which it was
46 located before the city or town's annexation.

1 N. Notwithstanding subsection I of this section, from ~~the effective~~
2 ~~date of this amendment to this section~~ AUGUST 2, 2012 until July 1, 2015, in
3 counties with a population of more than two million five hundred thousand
4 persons, any property owner, including the United States, this state or a
5 county, whose land is within two thousand six hundred forty feet of an
6 adjacent sanitary district or fire district, ~~AND IS~~ not contiguous to the
7 boundaries of the sanitary district or fire district may request in writing
8 that the governing body of the district amend the district boundaries to
9 include that property owner's land. If the property is located in an
10 incorporated city or town, in addition to the other requirements prescribed
11 in this subsection, the governing body of the sanitary district or fire
12 district may approve the boundary change only if the governing body of the
13 affected city or town, by ordinance or resolution, has approved the inclusion
14 of the property in the district. If the governing body determines that the
15 inclusion of that property will benefit the district and the property owner,
16 the boundary change may be made by order of the governing body and is final
17 on the recording of the governing body's order that includes a general
18 description of the property, including the assessor's parcel number, that is
19 added to the district. A petition and impact statement are not required for
20 an amendment to a sanitary district's or fire district's boundaries made
21 pursuant to this subsection.

22 O. For the purposes of this section, assessed valuation does not
23 include property exempt pursuant to title 42, chapter 11, article 3.

24 Sec. 5. Section 48-266, Arizona Revised Statutes, is amended to read:
25 48-266. Petitions of property owners; form; verification

26 A. The secretary of state shall promulgate sample petition forms, with
27 instructions for completing the form, that comply with the requirements of
28 this ~~statute~~ SECTION. Petitions that conform to the sample form will be
29 deemed to have complied with ~~sections~~ SUBSECTIONS B, C and D of this section.
30 Petitions that do not conform to the sample petition are void and shall not
31 be counted in determining the legal sufficiency of the petition.

32 B. A petition of property owners that is submitted to comply with
33 section 48-261, subsection A, paragraph 7 shall contain a heading that
34 clearly identifies the type of petition circulated and a statement that
35 clearly describes the type of action being proposed. The petition shall be
36 in a form that is substantially similar to the following:

37 Special taxing district creation petition

38 To the board of supervisors of (insert name) county:

39 We the undersigned, property owners of (insert name of
40 county), state of Arizona and owning property within the
41 boundaries as illustrated and defined on the attached
42 exhibit(s), legal description and map of the proposed
43 boundaries, petition the county board of supervisors to create a
44 (insert description of district) as described in the attached
45 exhibit(s). I have personally signed this petition with my
46 first and last names. I have not signed any other petition for

1 the same measure. I am a property owner of the state of
2 Arizona, county of _____.

3 Notice: this is only a description of the district sought
4 to be created by the sponsor of the measure. It may not include
5 every provision contained in the measure. Before signing, make
6 sure the exhibits are attached. You have the right to read or
7 examine the district impact statement before signing.

8 Warning

9 It is a class 1 misdemeanor for any person to knowingly do
10 any of the following:

11 1. Sign a district creation petition with a name other
12 than the person's own name, except in a circumstance where the
13 person signs for another person, in the presence of and at the
14 specific request of that person, who is incapable of signing
15 that person's own name because of physical infirmity.

16 2. Sign the person's name more than once for the same
17 measure.

18 3. Sign a district creation petition if the person is not
19 a property owner.

20	Signature	Name	Actual	Arizona	City or	Date
21		(first and	Address	Post Office	Town	
22		last name	(street &	Address	(if any)	
23		printed)	no. and if	& Zip		
24			no street	Code		
25			address,			
26			describe			
27			residence			
28			location)			

29 (Fifteen numbered lines for signatures)

30 C. A petition of property owners that is submitted to comply with
31 section 48-262, subsection A, paragraph 10 shall contain a heading that
32 clearly identifies the type of petition circulated and a statement that
33 clearly describes the type of action being proposed. The petition shall be
34 in a form substantially similar to the following:

35 Special taxing district annexation petition

36 To the governing body of the (insert name) district:

37 We the undersigned, property owners of (insert name of
38 county), state of Arizona and owning property within the
39 boundaries as illustrated and defined on the attached
40 exhibit(s), legal description and map of the proposed
41 boundaries, petition the district to annex the territory as
42 described in the attached exhibit(s). The area petitioning for
43 annexation, if approved by the governing body of the district,
44 shall become part of the annexing district and subject to all
45 relevant provisions of the Arizona Revised Statutes. I have
46 personally signed this petition with my first and last names. I

1 have not signed any other petition for the same measure. I am a
2 property owner of the state of Arizona, county of _____.

3 Notice: this is only a description of the territory
4 sought to be annexed by the sponsor of the measure. It may not
5 include every provision contained in the measure. Before
6 signing, make sure the exhibits are attached. You have the
7 right to read or examine the boundary change impact statement
8 before signing.

9 Warning

10 It is a class 1 misdemeanor for any person to knowingly do
11 any of the following:

12 1. Sign a district annexation petition with a name other
13 than the person's own name, except in a circumstance where the
14 person signs for another person, in the presence of and at the
15 specific request of that person, who is incapable of signing
16 that person's own name because of physical infirmity.

17 2. Sign the person's name more than once for the same
18 measure.

19 3. Sign a district annexation petition if the person is
20 not a property owner.

21	Signature	Name	Actual	Arizona	City or	Date
22		(first and	Address	Post Office	Town	
23		last name	(street &	Address	(if any)	
24		printed)	no. and if	& Zip		
25			no street	Code		
26			address,			
27			describe			
28			residence			
29			location)			

30 (Fifteen numbered lines for signatures)

31 D. Each petition sheet shall have printed in capital letters in no
32 less than twelve point bold-faced type in the upper right-hand corner of the
33 face of the petition sheet the following:

34 "_____ paid circulator" "_____ volunteer"

35 E. A circulator of petitions shall state whether the circulator is a
36 paid circulator or volunteer by checking the appropriate line on the petition
37 form before circulating the petition for signatures.

38 F. Signatures obtained on petitions in violation of subsection ~~C~~ D of
39 this section are void and shall not be counted in determining the legal
40 sufficiency of the petition. The presence of signatures that are invalidated
41 under this subsection on a petition does not invalidate other signatures on
42 the petition that were obtained as prescribed by this section.

43 G. At the time of signing, the property owner shall sign the property
44 owner's first and last names in the spaces provided and the property owner so
45 signing for the person circulating the petition shall print the first and
46 last names and write, in the appropriate spaces following the signature, the

1 signer's residence address, giving street and number, and if THE property
2 owner has no street address, a description of the residence location. The
3 property owner so signing or the person circulating the petition shall write,
4 in the appropriate spaces following the property owner's address, the date on
5 which the property owner signed the petition.

6 H. The title and text of petitions shall be in at least eight point
7 type.

8 I. The eight point type required by subsection ~~G~~ H of this section
9 does not apply to maps, charts or other graphics.

10 J. The board of supervisors or other governing body of a political
11 subdivision that receives a petition pursuant to this section shall submit a
12 copy of the signature sheets to the county assessor for verification. The
13 county assessor shall:

14 1. Verify that the petition contains the names of more than one-half
15 of the property owners in the area of the proposed district.

16 2. Determine the total assessed valuation of the property owned by the
17 persons whose names are signed on the petition.

18 K. The county assessor shall report the results of the verification to
19 the board of supervisors or other governing body within ten days after
20 receiving the copy of the signature sheets, not including Saturdays, Sundays
21 and other legal holidays.

22 L. If the report of the county assessor prepared pursuant to
23 subsection K of this section determines that the valid signatures submitted
24 are insufficient to meet the requirements of section 48-261, subsection A,
25 paragraph 7, subdivision (b) and the one-year period to submit signatures
26 pursuant to section 48-261, subsection A, paragraph 6 has not yet expired or
27 TO MEET THE REQUIREMENTS OF section 48-262, subsection A, paragraph 10,
28 subdivision (b), ~~and the one-year period to submit signatures pursuant to~~
29 ~~section 48-262, subsection B, paragraph 3 has not yet expired, the person~~
30 ~~submitting the petitions may request that any hearing on the petitions be~~
31 ~~extended by a period of up to thirty days to permit submission of SUBMIT~~
32 ~~additional petition signatures. The request to extend must be made within~~
33 ~~five days from the preparation of the county assessor's report or before the~~
34 ~~conclusion of the board of supervisors' hearing on the petitions, whichever~~
35 ~~is earlier. Only one request to extend may be made, and only one additional~~
36 ~~submission of petitions may be made during the extension period. THE~~
37 ~~ORIGINAL PETITION SIGNATURES MAY BE SUBMITTED ANY TIME DURING THE ONE-YEAR~~
38 ~~PERIOD FOR SUBMITTAL AND~~ the additional submission must ALSO be made within
39 the SAME one-year period to submit signatures set by section 48-261,
40 subsection A, paragraph 6 or section 48-262, subsection B, paragraph 3. If
41 additional signatures are submitted, they shall be submitted to the county
42 assessor for verification pursuant to subsections ~~I~~ and J AND K of this
43 section.

44 Sec. 6. Section 48-802, Arizona Revised Statutes, is amended to read:
45 48-802. Election procedures; qualifications

1 A. All elections held pursuant to this article shall conform to the
2 requirements of this section.

3 B. Except as otherwise provided in this article, the manner of
4 conducting and voting at an election, contesting an election, keeping poll
5 lists, canvassing votes and certifying returns shall be the same, as nearly
6 as practicable, as in elections for county officers. If the fire district is
7 administered by a board, after consultation with the officer in charge of
8 elections, a fire district may divide itself into precincts. To the extent
9 practicable, the precincts shall be equal or as nearly equal in population
10 and shall conform to the boundaries of precincts adopted by the board of
11 supervisors of the county. The fire district shall thereafter conduct its
12 elections using those precincts.

13 C. No person may vote at the election other than a qualified elector
14 of this state who has registered to vote at least twenty-nine days before the
15 election as a resident within the district boundaries, proposed district
16 boundaries created by the merger of fire districts or the proposed district
17 boundaries created by a consolidated district. A person offering to vote at
18 a fire district election for which no fire district register has been
19 supplied shall sign an affidavit stating the person's address and the fire
20 district in which the person resides and swearing the person is qualified to
21 vote and has not voted at the fire district election being held. A person
22 offering to vote at a fire district election for which a fire district
23 register has been supplied shall proceed as required for voting at any
24 election at which precinct registers are used.

25 D. In elections for ~~an elected chief and secretary treasurer or~~
26 district board members:

27 1. The person or persons within the district or precinct, as
28 applicable, receiving the highest number of votes shall be declared elected.

29 2. Candidates must be, and during incumbency must remain, qualified
30 electors of the fire district **AND, EXCEPT FOR A DISTRICT FORMED PURSUANT TO**
31 **ARTICLE 3 OF THIS CHAPTER, MUST BE A RESIDENT OF THE DISTRICT FOR AT LEAST**
32 **ONE YEAR IMMEDIATELY PRECEDING THE DATE OF THE ELECTION.** In a fire district
33 that is divided into precincts as prescribed by subsection B of this section,
34 candidates shall be qualified electors of the precinct in which they are
35 candidates and during incumbency must remain qualified electors of that
36 precinct. **EXCEPT FOR A DISTRICT FORMED PURSUANT TO ARTICLE 3 OF THIS**
37 **CHAPTER, A PERSON IS NOT ELIGIBLE TO BE A CANDIDATE FOR ELECTION TO THE FIRE**
38 **DISTRICT BOARD IF THAT PERSON IS RELATED BY AFFINITY OR CONSANGUINITY WITHIN**
39 **THE THIRD DEGREE TO A PERSON WHO SERVES ON THE BOARD DURING THE POTENTIAL**
40 **CANDIDATE'S TERM OF OFFICE. ANY PERSON WHO VIOLATES THIS PARAGRAPH IS NOT**
41 **ELIGIBLE TO SERVE ON THE BOARD.**

42 3. Elections, other than special elections to fill a vacancy or
43 elections to merge or dissolve fire districts, shall be held on the first
44 Tuesday after the first Monday in November of the first even numbered year
45 following the year the district is declared organized by the board of
46 supervisors and, ~~in the case of a fire district administered by a district~~

1 ~~board,~~ every two years thereafter on the first Tuesday after the first Monday
2 in November. ~~Elections shall be held every four years thereafter in~~
3 ~~districts administered by an elected chief.~~

4 4. Except for an election to reorganize a fire district, nominating
5 petitions shall be filed with the board of supervisors as prescribed by title
6 16, chapter 3. If only one person files or no person files a nominating
7 petition for an election to fill a position on the district board ~~or the~~
8 ~~position of elected fire chief or elected secretary-treasurer~~ for which the
9 term of office is to expire, the board of supervisors may cancel the election
10 for that position and appoint the person who filed the nominating petition to
11 fill the position. If no person files a nominating petition for an election
12 to fill a district office, the board of supervisors may cancel the election
13 for those offices and those offices are deemed vacant and shall be filled as
14 otherwise provided by law. A person who is appointed pursuant to this
15 paragraph is fully vested with the powers and duties of the office as if
16 elected to that office.

17 5. The names of all nominated persons for office within the district
18 or precinct, as applicable, shall appear on the ballot without partisan
19 designation.

20 E. In an election to reorganize, notice of the appropriate order of
21 the board of supervisors or governing body of the district shall be given as
22 prescribed by title 16.

23 F. In an election to merge fire districts, notice of the appropriate
24 order of the board of supervisors shall be given as prescribed by title 16.
25 In addition, notice of the election with an accurate map of the territory
26 proposed to be merged shall be sent by first class mail to each owner of
27 property that would be subject to taxation by the merged district at least
28 sixty days before the election. An order to hold an election shall be issued
29 not more than thirty days after the receipt of the resolution to merge fire
30 districts pursuant to section 48-820.

31 G. In an election to consolidate fire districts, notice of the
32 appropriate order of the board of supervisors shall be given as prescribed by
33 title 16. In addition, notice of the election with an accurate map of the
34 territory proposed to be consolidated shall be sent by first class mail to
35 each owner of property that would be subject to taxation by the consolidated
36 district at least sixty days before the election. An order to hold an
37 election shall be issued not more than thirty days after the receipt of the
38 resolution to consolidate fire districts pursuant to section 48-822.

39 Sec. 7. Section 48-803, Arizona Revised Statutes, is amended to read:

40 48-803. District administered by a district board; report

41 A. In a district that the board of supervisors estimates has a
42 population of fewer than four thousand inhabitants, the district board may
43 consist of three or five members. In a district that the board of
44 supervisors estimates has a population of four thousand or more inhabitants,
45 the district board shall consist of five members, and for a noncontiguous
46 county island fire district formed pursuant to section 48-851, the board

1 shall consist of five members. The estimate of population by the board of
2 supervisors is conclusive and shall be based on available census information,
3 school attendance statistics, election or voter registration statistics,
4 estimates provided by state agencies or the county assessor, or other
5 information as deemed appropriate by the board of supervisors. If the board
6 of supervisors determines, at any time prior to one hundred twenty days
7 before the next regular scheduled election for members of a district board,
8 that the population of a fire district administered by a district board
9 consisting of three members exceeds four thousand inhabitants, estimated as
10 provided in this section, the board of supervisors shall order an increase in
11 the number of members of the district board. If the board of supervisors
12 determines at any time prior to one hundred eighty days before the next
13 regularly scheduled election for members of a district board that the
14 population of a fire district administered by a district board that consists
15 of five members exceeds fifty thousand inhabitants as prescribed in this
16 section, the board of supervisors shall inform the district board that it may
17 expand to seven members. Any expansion to seven members shall occur by
18 majority vote of the district board. The increase is effective for the
19 election of the additional members at the next regular election of members of
20 the district board.

21 B. If a vacancy occurs on the district board other than from
22 expiration of a term, the remaining board members shall fill the vacancy by
23 appointment of an interim member AND EXCEPT FOR A DISTRICT FORMED PURSUANT TO
24 ARTICLE 3 OF THIS CHAPTER, THE REMAINING BOARD MEMBERS SHALL FILL THE VACANCY
25 WITHIN NINETY DAYS AFTER THE DATE THE VACANCY OCCURS. EXCEPT FOR A DISTRICT
26 FORMED PURSUANT TO ARTICLE 3 OF THIS CHAPTER, IF THE REMAINING DISTRICT BOARD
27 MEMBERS DO NOT APPOINT AN INTERIM MEMBER WITHIN THAT NINETY-DAY PERIOD, THE
28 BOARD OF SUPERVISORS SHALL APPOINT AN INTERIM MEMBER TO THE DISTRICT BOARD
29 WITHIN SIXTY DAYS AFTER EXPIRATION OF THE NINETY-DAY PERIOD, AND IF THE
30 DISTRICT IS LOCATED IN MORE THAN ONE COUNTY, THE BOARD OF SUPERVISORS OF THE
31 COUNTY IN WHICH THE MAJORITY OF THE ASSESSED VALUATION OF THE DISTRICT IS
32 LOCATED SHALL MAKE THE APPOINTMENT AFTER THE EXPIRATION OF THE NINETY-DAY
33 PERIOD. If the entire board resigns or for any reason cannot fulfill its
34 duties, the board of supervisors shall appoint an administrator to administer
35 the district with the same duties and obligations of the elected board. If
36 the board of supervisors fails to appoint an administrator within thirty days
37 AFTER THE RESIGNATION OF THE ENTIRE BOARD OR ITS INABILITY TO FULFILL ITS
38 DUTIES, a special election shall be held to fill the vacancies on the fire
39 district board.

40 C. Members of the district board shall serve without compensation, but
41 may be reimbursed for actual expenses incurred in performing duties required
42 by law.

43 D. The board of a fire district shall appoint or hire a fire chief.

44 E. The district board shall elect from its members a chairman and a
45 clerk. EXCEPT FOR A DISTRICT FORMED PURSUANT TO ARTICLE 3 OF THIS CHAPTER,
46 THE ELECTION OF THE CHAIRMAN AND THE CLERK MUST OCCUR AT THE DISTRICT BOARD

1 MEETING THAT FIRST OCCURS IN THE MONTH IMMEDIATELY FOLLOWING EACH GENERAL
2 ELECTION.

3 F. FOR DISTRICTS FORMED UNDER ARTICLE 3 OF THIS CHAPTER, of the
4 members first elected to district boards consisting of three members, the two
5 people receiving the first and second highest number of votes shall be
6 elected to four-year terms, and the person receiving the third highest number
7 of votes shall be elected to a two-year term. Of the members first elected
8 to district boards consisting of five members, the three people receiving the
9 first, second and third highest number of votes shall be elected to four-year
10 terms, and the two people receiving the fourth and fifth highest number of
11 votes shall be elected to two-year terms. Thereafter, the term of office of
12 each district board member shall be four years from the first day of the
13 month next following such member's election. Of the members elected as
14 additional members to a five-member district board, the person with the
15 highest number of votes is elected to a four-year term and the person with
16 the second highest number of votes is elected to a two-year term. If a
17 district resolves to increase the governing board to seven members pursuant
18 to subsection A OF THIS SECTION, the governing board may appoint two
19 additional members to serve until the next general election. After the
20 general election at which the two additional members are elected, the newly
21 elected member with the highest number of votes serves a four-year term and
22 the other member serves a two-year term. Thereafter, the term of office for
23 these two new members is four years.

24 G. FOR ANY FIRE DISTRICT ADMINISTERED BY A THREE-MEMBER BOARD AND THAT
25 LEVIES TAXES IN A FISCAL YEAR IN THE AMOUNT OF FIVE HUNDRED THOUSAND DOLLARS
26 OR MORE, THE DISTRICT MUST BE ADMINISTERED BY A FIVE-MEMBER BOARD, BEGINNING
27 WITH THE FIRST GENERAL ELECTION HELD AFTER THE END OF THE FISCAL YEAR IN
28 WHICH THE DISTRICT LEVIED THE PRESCRIBED AMOUNT, THE CHANGE TO A FIVE-MEMBER
29 BOARD MUST OCCUR AS PRESCRIBED IN THIS SUBSECTION. ON LEVYING THE PRESCRIBED
30 AMOUNT, THE DISTRICT MAY NOT REORGANIZE AS A THREE-MEMBER BOARD REGARDLESS OF
31 ANY SUBSEQUENT CHANGE IN THE DISTRICT'S LEVY. FOR THREE-PERSON BOARDS WITH A
32 SINGLE VACANCY FOR AN EXISTING BOARD MEMBERSHIP POSITION AND THAT ARE ADDING
33 TWO ADDITIONAL MEMBERS, THE THREE PERSONS WITH THE HIGHEST NUMBER OF VOTES
34 ARE ELECTED TO A FOUR-YEAR TERM OF OFFICE. FOR THREE-PERSON BOARDS WITH TWO
35 VACANCIES FOR EXISTING BOARD MEMBERSHIP POSITIONS AND THAT ARE ADDING TWO
36 ADDITIONAL MEMBERS, THE THREE PERSONS WITH THE FIRST, SECOND AND THIRD
37 HIGHEST NUMBERS OF VOTES ARE ELECTED TO FOUR-YEAR TERMS OF OFFICE AND THE
38 PERSON WITH THE FOURTH HIGHEST NUMBER OF VOTES IS ELECTED TO A TWO-YEAR TERM
39 OF OFFICE. THEREAFTER, ALL TERMS OF OFFICE FOR MEMBERS OF THESE FIVE-PERSON
40 BOARDS OF DIRECTORS MUST BE FOUR YEARS. THIS SUBSECTION APPLIES TO ANY
41 THREE-MEMBER BOARD THAT IS EXPANDING TO A FIVE-MEMBER BOARD, REGARDLESS OF
42 WHETHER THE EXPANSION IS THE RESULT OF THE AMOUNT OF THE DISTRICT'S LEVY.
43 THIS SUBSECTION DOES NOT APPLY TO DISTRICTS FORMED UNDER ARTICLE 3 OF THIS
44 CHAPTER.

45 H. BEGINNING WITH THE 2014 GENERAL ELECTION AND EXCEPT FOR A DISTRICT
46 FORMED PURSUANT TO ARTICLE 3 OF THIS CHAPTER, ALL PERSONS WHO ARE ELECTED OR

1 APPOINTED TO A FIRE DISTRICT BOARD AND THE FIRE CHIEF WHO IS APPOINTED OR
2 HIRED BY THE DISTRICT BOARD SHALL ATTEND PROFESSIONAL DEVELOPMENT TRAINING
3 THAT IS PROVIDED BY AN ASSOCIATION OF ARIZONA FIRE DISTRICTS. DISTRICT BOARD
4 MEMBERS AND THE FIRE CHIEF SHALL COMPLETE AT LEAST SIX HOURS OF PROFESSIONAL
5 DEVELOPMENT TRAINING, WITH BOARD MEMBERS COMPLETING THEIR TRAINING WITHIN ONE
6 YEAR AFTER THE DATE OF THE CERTIFICATION OF THEIR ELECTION AND FOR THE FIRE
7 CHIEF, WITHIN ONE YEAR AFTER THE DATE OF HIRING. THE FIRE DISTRICT SHALL
8 REIMBURSE BOARD MEMBERS AND THE FIRE CHIEF FOR THE REASONABLE COSTS OF THE
9 TRAINING. THE PROFESSIONAL DEVELOPMENT TRAINING MUST INCLUDE TRAINING ON
10 OPEN MEETINGS LAWS, FINANCE AND BUDGET MATTERS AND LAWS RELATING TO FIRE
11 DISTRICT GOVERNANCE AND OTHER MATTERS THAT ARE REASONABLY NECESSARY FOR THE
12 EFFECTIVE ADMINISTRATION OF A FIRE DISTRICT.

13 I. ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE FIRE DISTRICT
14 ASSOCIATION THAT HAS PROVIDED TRAINING REQUIRED PURSUANT TO SUBSECTION H OF
15 THIS SECTION SHALL SUBMIT A REPORT THAT DESCRIBES THE COMPLIANCE WITH THE
16 TRAINING REQUIREMENTS TO THE COUNTY BOARD OF SUPERVISORS FOR EVERY COUNTY IN
17 WHICH THE FIRE DISTRICT OPERATES. THE ANNUAL REPORT MUST INCLUDE AT LEAST
18 THE FOLLOWING:

19 1. A COMPILATION OF THE PROFESSIONAL DEVELOPMENT TRAINING DELIVERED BY
20 THE ASSOCIATION PURSUANT TO THIS SECTION AND THE NAMES OF THE FIRE DISTRICT
21 BOARD MEMBERS AND FIRE CHIEFS WHO ARE COMPLIANT AND NONCOMPLIANT WITH THE
22 REQUIREMENTS OF THIS SECTION.

23 2. RECOMMENDATIONS REGARDING IMPROVEMENTS TO THE LAWS OF THIS STATE OR
24 TO ADMINISTRATIVE ACTIONS THAT ARE REQUIRED UNDER THE LAWS OF THIS STATE
25 PERTAINING TO FIRE DISTRICTS.

26 J. FOR FIRE DISTRICT GOVERNING BOARD MEMBERS AND FIRE CHIEFS WHO ARE
27 REQUIRED TO ATTEND PROFESSIONAL DEVELOPMENT TRAINING PURSUANT TO SUBSECTION H
28 OF THIS SECTION, A FIRE DISTRICT GOVERNING BOARD MEMBER OR FIRE CHIEF WHO
29 FAILS TO COMPLETE THE PROFESSIONAL DEVELOPMENT TRAINING WITHIN THE TIME
30 PRESCRIBED IN THIS SECTION IS GUILTY OF NONFEASANCE IN OFFICE. ANY PERSON
31 MAY MAKE A FORMAL COMPLAINT TO THE COUNTY BOARD OF SUPERVISORS REGARDING THIS
32 FAILURE TO COMPLY, AND THE COUNTY BOARD OF SUPERVISORS MAY SUBMIT THE
33 COMPLAINT TO THE COUNTY ATTORNEY FOR POSSIBLE ACTION. THE COUNTY ATTORNEY
34 MAY TAKE APPROPRIATE ACTION TO ACHIEVE COMPLIANCE, INCLUDING FILING AN ACTION
35 IN SUPERIOR COURT AGAINST A FIRE DISTRICT GOVERNING BOARD MEMBER OR A FIRE
36 CHIEF FOR FAILURE TO COMPLY WITH THE PROFESSIONAL DEVELOPMENT TRAINING
37 REQUIREMENTS PRESCRIBED IN THIS SECTION. IF THE COURT DETERMINES THAT A FIRE
38 DISTRICT GOVERNING BOARD MEMBER OR FIRE CHIEF FAILED TO COMPLY WITH THE
39 PROFESSIONAL DEVELOPMENT TRAINING REQUIREMENTS PRESCRIBED IN THIS SECTION,
40 THE COURT SHALL ISSUE AN ORDER REMOVING THE FIRE DISTRICT GOVERNING BOARD
41 MEMBER FROM OFFICE OR THE FIRE CHIEF FROM EMPLOYMENT OR APPOINTMENT WITH THE
42 DISTRICT. ANY VACANCY IN THE OFFICE OF A FIRE DISTRICT GOVERNING BOARD AS A
43 RESULT OF A COURT ORDER THAT IS ISSUED PURSUANT TO THIS SUBSECTION MUST BE
44 FILLED IN THE MANNER PROVIDED BY LAW.

45 Sec. 8. Section 48-804, Arizona Revised Statutes, is amended to read:

1 1. Hold public meetings at least once each calendar month UNLESS A
2 BOARD CONSISTS OF THREE MEMBERS AND THE FIRE DISTRICT LEVIES LESS THAN FIVE
3 HUNDRED THOUSAND DOLLARS ANNUALLY THEN THE BOARD SHALL MEET IN JULY AND AT
4 LEAST EVERY TWO MONTHS THEREAFTER. A BOARD FOR A DISTRICT ORGANIZED PURSUANT
5 TO ARTICLE 3 OF THIS CHAPTER SHALL HOLD PUBLIC MEETINGS AT LEAST EVERY TWO
6 MONTHS.

7 2. Determine the compensation payable to district personnel.

8 3. Require probationary employees in a paid sworn firefighter
9 position, a reserve firefighter position or a volunteer firefighter position
10 to submit a full set of fingerprints to the fire district. The fire district
11 shall submit the fingerprints to the department of public safety for the
12 purpose of obtaining a state and federal criminal records check pursuant to
13 section 41-1750 and Public Law 92-544. The department of public safety may
14 exchange this fingerprint data with the federal bureau of investigation.

15 B. A fire district, through its board, may:

16 1. Employ any personnel and provide services deemed necessary for fire
17 protection, for preservation of life and for carrying out its other powers
18 and duties, including providing ambulance transportation services when
19 authorized to do so pursuant to title 36, chapter 21.1, article 2, but a
20 member of a district board shall not be an employee of the district. The
21 merger of two or more fire districts pursuant to section 48-820 or the
22 consolidation with one or more fire districts pursuant to section 48-822
23 shall not expand the boundaries of an existing certificate of necessity
24 unless authorized pursuant to title 36, chapter 21.1, article 2.

25 2. Construct, purchase, lease, lease-purchase or otherwise acquire the
26 following or any interest therein and, in connection with the construction or
27 other acquisition, purchase, lease, lease-purchase or grant a lien on any or
28 all of its present or future property, including:

29 (a) Apparatus, water and rescue equipment, including ambulances and
30 equipment related to any of the foregoing.

31 (b) Land, buildings, equipment and furnishings to house equipment and
32 personnel necessary or appropriate to carry out its purposes.

33 3. Finance the acquisition of property as provided in this section and
34 costs incurred in connection with the issuance of bonds as provided in
35 section 48-806. Bonds shall not be issued without the consent of a majority
36 of the electors of the district voting at an election held for that purpose.
37 For the purposes of an election held under this paragraph, all persons who
38 are eligible to vote in fire district elections under section 48-802 are
39 eligible to vote.

40 4. Enforce the fire code adopted by the district, if any, and assist
41 the state fire marshal in the enforcement of fire protection standards of
42 this state within the fire district including enforcement of a nationally
43 recognized fire code if expressly authorized by the state fire marshal.

44 5. After the approval of the qualified electors of the fire district
45 voting at a regular district election or at a special election called for
46 ~~such~~ THAT purpose by the district board, as appropriate, or at any election

1 held in the county that encompasses the fire district, adopt the _____
2 fire code, which is a nationally recognized fire code approved by the state
3 fire marshal. The words appearing on the ballots shall be "should
4 _____ fire district adopt the _____ fire code, which is a
5 nationally recognized fire code approved by the state fire marshal--yes",
6 "should _____ fire district adopt the _____ fire code,
7 which is a nationally recognized fire code approved by the state fire
8 marshal--no". The code shall be enforced by the county attorney in the same
9 manner as any other law or ordinance of the county. Any inspection or
10 enforcement costs are the responsibility of the fire district involved. The
11 district shall keep the code on file which shall be open to public inspection
12 for a period of thirty days before any election for the purpose of adopting a
13 fire code. Copies of the order of election shall be posted in three public
14 places in the district at least twenty days before the date of the election,
15 and if a newspaper is published in the county having a general circulation in
16 the district, the order shall be published in the newspaper at least once a
17 week during each of the three calendar weeks preceding the calendar week of
18 the election.

19 6. Amend or revise the adopted fire code, including replacement of the
20 adopted fire code with an alternative nationally recognized fire code, with
21 the approval of the state fire marshal and after a hearing held pursuant to
22 posted and published notice as prescribed by section 48-805.02, subsection A.
23 The district shall keep three copies of the adopted code, amendments and
24 revisions on file for public inspection.

25 7. Enter into an agreement procuring the services of an organized
26 private fire protection company or a fire department of a neighboring city,
27 town, district or settlement without impairing the fire district's powers.

28 8. Contract with a city or town for fire protection services for all
29 or part of the city or town area until the city or town elects to provide
30 regular fire department services to the area.

31 9. Retain a certified public accountant to perform an annual audit of
32 district books.

33 10. Retain private legal counsel.

34 11. Accept gifts, contributions, bequests and grants and comply with
35 any requirements of those gifts, contributions, bequests and grants that are
36 not inconsistent with this article.

37 12. Appropriate and expend annually monies as are necessary for the
38 purpose of fire districts belonging to and paying dues in the Arizona fire
39 district association and other professional affiliations or entities.

40 13. Adopt resolutions establishing fee schedules both within and
41 outside of the jurisdictional boundaries of the district for providing fire
42 protection services and services for the preservation of life, including
43 emergency fire and emergency medical services, plan reviews, standby charges,
44 fire cause determination, users' fees or facilities benefit assessments or
45 any other fee schedule that may be required.

1 14. With the approval of two of the three members of a three-member
2 board, four of the five members of a five-member board or five of the seven
3 members of a seven-member board, change the district's name and on so doing
4 shall give written notice to the board of supervisors of the change. The
5 governing board of a fire district may place a question on the general
6 election ballot as to whether the fire district shall change its name.

7 15. Require all employees to submit a full set of fingerprints as
8 prescribed by subsection A, paragraph 3 of this section.

9 16. Enter into intergovernmental agreements or contracts as follows:

10 (a) Enter into an intergovernmental agreement with another political
11 subdivision for technical or administrative services or to provide fire
12 services to the property owned by the political subdivision, including
13 property that is outside the district boundary.

14 (b) Enter into a contract with individuals to provide technical or
15 administrative services.

16 (c) Enter into a contract with individuals to provide fire protection
17 services or emergency medical services, or both, to the extent not regulated
18 by title 36, chapter 21.1 to property owned by the individual located outside
19 the district boundaries if the individual's property is not located in a
20 county island as defined in section 11-251.12 and at least one of the
21 following apply:

22 (i) The existing fire service provider where the individual's property
23 is located has issued a notice to the individual that the provider plans to
24 discontinue service.

25 (ii) Fire service is not available to the individual's property.

26 (iii) Fire service is offered pursuant to a contract or subscription
27 and the individual has not obtained service for a period of twenty-four
28 months before the date of the contract with the district.

29 (d) Enter into a contract with individuals to provide fire services to
30 property owned by the individual located outside the district boundaries,
31 where the individual's property is located in a county island as defined in
32 section 11-251.12, if both of the following apply:

33 (i) The existing fire service provider where the individual's property
34 is located has issued a notice to the residents of the county island and the
35 individual that the provider plans to discontinue or substantially reduce
36 service.

37 (ii) The district offers contracts to all residents and property
38 owners of the county island who will be affected by the discontinuance or
39 substantial reduction in service by the current fire service provider.

40 (e) For the purposes of subdivision (a), (b), (c) or (d) of this
41 paragraph, a district may contract with any public or private fire service
42 provider to provide some or all of the contractual services the district is
43 contracting to deliver.

44 (f) Any contract entered into pursuant to subdivisions (b), (c) and
45 (d) of this paragraph shall include a provision setting forth the cost of
46 service and performance criteria.

1 C. A FIRE DISTRICT MAY NOT ADMINISTRATIVELY ADD OR ANNEX ADDITIONAL
2 PROPERTY OR DELETE PROPERTY OR OTHERWISE MODIFY ITS BOUNDARIES EXCEPT IN A
3 MERGER OR CONSOLIDATION PURSUANT TO THIS CHAPTER OR IN A BOUNDARY CHANGE MADE
4 PURSUANT TO SECTION 48-262. THIS SUBSECTION DOES NOT APPLY TO A DISTRICT
5 ORGANIZED PURSUANT TO ARTICLE 3 OF THIS CHAPTER.

6 ~~C.~~ D. The chairman and clerk of the district board or their
7 respective designees, as applicable, shall draw warrants on the county
8 treasurer for money required to operate the district in accordance with the
9 budget and, as so drawn, the warrants shall be sufficient to authorize the
10 county treasurer to pay from the fire district fund.

11 ~~D.~~ E. For any fire district that designates one or more board members
12 to have access to the financial books and records of the district, those
13 board members are authorized by law to have full access to those financial
14 books and records.

15 ~~E.~~ F. The district board may assess and levy a secondary property tax
16 pursuant to this article to pay for the costs of fire protection services or
17 emergency medical services except for services regulated pursuant to title
18 36, chapter 21.1.

19 ~~F.~~ G. The county attorney may advise and represent the district if in
20 the county attorney's judgment the advice and representation are appropriate
21 and not in conflict with the county attorney's duties under section 11-532.
22 If the county attorney is unable to advise and represent the district due to
23 a conflict of interest, the district may retain private legal counsel or may
24 request the attorney general to represent it, or both.

25 Sec. 10. Section 48-805.02, Arizona Revised Statutes, is amended to
26 read:

27 48-805.02. Fire district annual budget; levy; requirements

28 A. A fire district shall prepare an annual budget that contains
29 detailed estimated expenditures for each fiscal year and that clearly shows
30 salaries payable to employees of the district. The budget summary shall be
31 posted in three public places and a complete copy of the budget shall be
32 published on the district's official website for twenty days before a public
33 hearing at a meeting called by the board to adopt the budget. Copies of the
34 budget shall also be available to members of the public on written request to
35 the district. Following the public hearing, the district board shall adopt a
36 budget. A complete copy of the adopted budget shall be posted in a prominent
37 location on the district's official website within seven business days after
38 final adoption and shall be retained on the website for at least sixty
39 months. For any fire district that does not maintain an official website,
40 the fire district may comply with this subsection by posting on a website of
41 an association of fire districts in this state.

42 B. Not more than ten days after the organization of a fire district
43 and not later than August 1 of each year thereafter, the chairman of the
44 district board shall submit to the county board of supervisors a budget
45 estimate that contains certifications by item and that specifies the amount

1 of money required for the maintenance and operation of the district for the
2 ensuing year.

3 C. Based on the budget submitted by the district, the board of
4 supervisors shall levy the tax as prescribed in section 48-807, subsection E.

5 D. Every budget adopted by a fire district shall include the
6 following:

7 1. A certification by the chairman and clerk of the district board as
8 to both of the following:

9 (a) That the district has not incurred any debt or liability in excess
10 of taxes levied and to be collected and the money actually available and
11 unencumbered at that time in the district general fund, except for those
12 liabilities as prescribed in section 48-805, subsection B, paragraph 2 and
13 sections 48-806 and 48-807.

14 (b) That the district complies with subsection ~~E~~ F of this section.

15 2. For each of the items listed in the budget summary approved
16 pursuant to subsection A of this section, the district shall estimate the
17 revenue or expense for the next two fiscal years. Estimates shall be based
18 on the average increase or decrease of the item for the previous two fiscal
19 years unless more certain information is available to the district.
20 Estimates shall include any applicable levy or rate limitations.

21 3. If a district's total estimate of expenses exceeds its total
22 estimate of revenues for any fiscal year, the district shall undertake a
23 study of merger, consolidation or joint operating alternatives. The study
24 required by this ~~subsection~~ PARAGRAPH shall be presented to the fire district
25 board in a special public meeting called for the sole purpose of evaluating
26 the study. The study shall include an identification of districts available
27 for merger, consolidation or joint operations, an analysis of the level of
28 service and cost of service that may be provided to the residents of a
29 merged, consolidated or jointly operated district as compared to the level
30 and cost of service to the residents of the districts without any merger,
31 consolidation or joint operations.

32 E. FOR ANY DISTRICT THAT AMENDS ITS BUDGET AFTER ITS INITIAL ADOPTION,
33 THE DISTRICT BOARD SHALL HOLD AT LEAST TWO HEARINGS ON THE REVISION OF THE
34 BUDGET AND THE REVISED BUDGET MUST BE CONSIDERED AND ADOPTED IN A SPECIAL
35 MEETING THAT IS CALLED FOR THE ADOPTION OF THE REVISED BUDGET. THE SPECIAL
36 MEETING MUST BE HELD ONE WEEK AFTER THE CONSIDERATION OF THE REVISION OF THE
37 BUDGET AT A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE
38 DISTRICT. THIS SUBSECTION DOES NOT APPLY TO A DISTRICT ORGANIZED PURSUANT TO
39 ARTICLE 3 OF THIS CHAPTER.

40 ~~E~~ F. When a fire district has adopted a budget and the board of
41 supervisors has levied a fire district tax as provided in subsection C of
42 this section and the district has insufficient monies in its general fund
43 with the county treasurer to operate the district, the chairman of the fire
44 district board of directors, on or after August 1 of each year, may draw
45 warrants for the purposes prescribed in section 48-805 on the county
46 treasurer, payable on November 1 of that year or on April 1 of the succeeding

1 year. The aggregate amounts of the warrants may not exceed ninety per cent
2 of the taxes levied by the county for the district's current fiscal year. If
3 the treasurer cannot pay a warrant for lack of monies in the fire district
4 general fund, the warrant shall be endorsed, be registered, bear interest and
5 be redeemed as provided by law for county warrants, except that the warrants
6 are payable only from the fire district general fund.

7 ~~F.~~ G. Any audit or report of a fire district made pursuant to section
8 48-253 shall be presented in person to the district board by the auditor and
9 the district board shall accept the audit or report. The audit or report
10 shall include a certification by the auditor of the district as to both of
11 the following:

12 1. That the district has not incurred any debt or liability in excess
13 of taxes levied and to be collected and the monies actually available and
14 unencumbered at that time in the district general fund except for those
15 liabilities as prescribed in section 48-805, subsection B, paragraph 2 and
16 sections 48-806 and 48-807.

17 2. That the district complies with subsection ~~E~~ F of this section.

18 Sec. 11. Title 48, chapter 5, article 1, Arizona Revised Statutes, is
19 amended by adding section 48-805.03, to read:

20 48-805.03. Employment of relatives; violation; classification

21 A. IT IS UNLAWFUL FOR AN ELECTED OR APPOINTED OFFICER OR EMPLOYEE OF A
22 FIRE DISTRICT TO DO ANY OF THE FOLLOWING:

23 1. APPOINT OR VOTE FOR APPOINTMENT OF ANY PERSON WHO IS RELATED TO
24 THAT OFFICER OR EMPLOYEE BY AFFINITY OR CONSANGUINITY WITHIN THE THIRD DEGREE
25 TO ANY CLERKSHIP, OFFICE, POSITION, EMPLOYMENT OR DUTY IN ANY DEPARTMENT OF
26 THAT FIRE DISTRICT WHEN THE SALARY, WAGES OR COMPENSATION OF THAT APPOINTEE
27 IS TO BE PAID FROM PUBLIC MONIES OR FEES.

28 2. APPOINT, VOTE FOR OR AGREE TO APPOINT OR TO WORK FOR, SUGGEST,
29 ARRANGE OR BE A PARTY TO THE APPOINTMENT OF ANY PERSON IN CONSIDERATION OF
30 THE APPOINTMENT OF A PERSON WHO IS RELATED TO THAT OFFICER OR EMPLOYEE WITHIN
31 THE DEGREE PRESCRIBED BY THIS SECTION.

32 B. AN EMPLOYEE OF A FIRE DISTRICT OR THE SPOUSE OF AN EMPLOYEE OF A
33 FIRE DISTRICT MAY NOT HOLD MEMBERSHIP ON THE GOVERNING BOARD OF THE FIRE
34 DISTRICT THAT EMPLOYS THAT EMPLOYEE.

35 C. THIS SECTION DOES NOT APPLY TO A FIRE DISTRICT FORMED PURSUANT TO
36 ARTICLE 3 OF THIS CHAPTER.

37 D. A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A CLASS 2
38 MISDEMEANOR.

39 Sec. 12. Section 48-851, Arizona Revised Statutes, is amended to read:

40 48-851. Noncontiguous county island fire district; formation;
41 definition

42 A. A noncontiguous county island fire district shall be formed by the
43 following procedures:

44 1. One or more persons who wish to petition for a noncontiguous county
45 island fire district shall request and the county assessor shall provide a
46 map and a detailed list of all property parcels that includes the assessed

1 values of all of the county island areas that are contained within the
2 municipal planning area of a city ~~or other unincorporated area as prescribed~~
3 ~~in subsection E, paragraph 2 of this section.~~

4 2. Within sixty days after receiving a map from the county assessor,
5 the person shall submit a revised map that indicates those county island
6 areas that are proposed to be included in the noncontiguous county island
7 fire district and shall submit a district impact statement that shall contain
8 at least the following:

9 (a) A general description of the boundaries of the proposed district,
10 a map of the area to be included in the district and a list of the parcels to
11 be included in the district by assessor parcel number.

12 (b) An estimate of the assessed valuation within the proposed
13 district.

14 (c) An estimate of the change in the property tax liability, as a
15 result of the proposed district, of a typical resident of the proposed
16 district.

17 (d) A list and explanation of benefits that will result from the
18 proposed district.

19 (e) A list and explanation of the injuries that will result from the
20 proposed district.

21 (f) The names, addresses and occupations of the three proposed members
22 of the district's organizing board of directors.

23 (g) A description of the scope of services to be provided by the
24 district during its first five years of operation.

25 3. On receipt of the revised map and the impact statement, the board
26 of supervisors shall set a day for a hearing on the proposed district
27 formation not more than sixty days from the date the map and impact statement
28 are received.

29 4. The clerk of the board of supervisors shall mail, by first class
30 mail, written notice of the day, hour and place of the hearing on the
31 proposed district to each owner of taxable property within the boundaries of
32 the proposed district. The written notice shall state the purpose of the
33 hearing and shall state where a copy of the impact statement may be viewed or
34 requested. The clerk of the board of supervisors shall post the notice in at
35 least three conspicuous public places in the area of the proposed district
36 and shall publish twice in a daily newspaper of general circulation in the
37 area of the proposed district, at least ten days before the hearing, or, if
38 no daily newspaper of general circulation exists in the area of the proposed
39 district, at least twice at any time before the date of the hearing, a notice
40 setting forth the purpose of the proposed district formation, the description
41 of the area of the proposed district and the day, hour and place of the
42 hearing.

43 5. At the hearing called pursuant to paragraph 3 of this subsection,
44 the board of supervisors shall hear those who appear for and against the
45 proposed district and shall determine whether the creation of the district
46 will promote public health, comfort, convenience, necessity or welfare. If

1 the board of supervisors determines that the public health, comfort,
2 convenience, necessity or welfare will be promoted, it shall authorize the
3 persons proposing the district to circulate petitions as provided in this
4 subsection. The order of the board of supervisors shall be final, but if the
5 request to circulate petitions is denied, a subsequent request for a similar
6 district may be refiled with the board of supervisors after six months from
7 the date of the denial.

8 6. Within fifteen days after receiving the approval of the board of
9 supervisors as prescribed by paragraph 5 of this subsection, the clerk of the
10 board shall:

11 (a) Determine the minimum number of signatures required for compliance
12 with paragraph 8, subdivision (b) of this subsection. After making that
13 determination, that number of signatures shall remain fixed.

14 (b) Certify whether the petition form to be used is valid and in
15 compliance with section 48-266.

16 7. After receiving the approval of the board of supervisors as
17 provided in paragraph 5 of this subsection, any adult person may circulate
18 and present petitions to the board of supervisors of the county in which the
19 district is located. All petitions circulated shall be returned to the board
20 of supervisors within one year from the date of the approval of the board of
21 supervisors pursuant to paragraph 5 of this subsection. Any petition that is
22 returned more than one year from that date is void. ~~On authorization of the~~
23 ~~board of supervisors to circulate petitions, the organizing board of the~~
24 ~~district established pursuant to this subsection may enter into written~~
25 ~~agreements with third parties to provide services related to the formation of~~
26 ~~the district that may include the cost of circulating petitions and~~
27 ~~associated expenses, but in no event may the cost of reimbursable expenses~~
28 ~~exceed fifteen dollars per parcel. The district shall reimburse third~~
29 ~~parties subject to the successful formation of the district and on receipt of~~
30 ~~secondary property tax revenues by the district.~~

31 8. The petitions presented pursuant to paragraph 7 of this subsection
32 shall comply with the provisions regarding verification in section 48-266 and
33 shall:

34 (a) At all times, contain a general description of the boundaries of
35 the proposed district, the assessor's map of the proposed district and the
36 names, addresses and occupations of the proposed members of the district's
37 organizing board of directors. No alteration of the proposed district shall
38 be made after receiving the approval of the board of supervisors as provided
39 in paragraph 5 of this subsection.

40 (b) Be signed by more than one-half of the aggregate number of
41 property owners in the county island areas contained in the proposed
42 district.

43 9. On receipt of the petitions, the board of supervisors shall set a
44 day, not more than thirty days from that date, for a hearing on the petition.

45 10. Before the hearing called pursuant to paragraph 9 of this
46 subsection, the board of supervisors shall determine the validity of the

1 petition signatures presented. At the hearing called pursuant to paragraph 9
2 of this subsection, the board of supervisors, if the petitions are valid,
3 shall order the formation of the district. The board of supervisors shall
4 enter its order setting forth its determination in the minutes of the
5 meeting, not later than ten days from the day of the hearing, and a copy of
6 the order shall be filed in the county recorder's office. The order of the
7 board of supervisors shall be final, and the proposed district is formed
8 thirty days after the board of supervisors votes to form the district. A
9 decision of the board of supervisors under this subsection is subject to
10 judicial review under title 12, chapter 7, article 6.

11 B. For the purpose of determining the validity of the petitions
12 presented pursuant to subsection A, paragraph 7 of this section property held
13 in multiple ownership shall be treated as if it had only one property owner,
14 so that the signature of only one of the owners of property held in multiple
15 ownership is required on the formation petition.

16 C. If a district is formed pursuant to this section, the cost of
17 publication of the notice of hearing and the mailing of notices to electors
18 and property owners and all other costs incurred by the county as a result of
19 this section shall be a charge against the district.

20 D. A district organized pursuant to this section shall have an
21 organizing board of directors to administer the affairs of the district until
22 a duly constituted board of directors is elected as provided in this title.
23 The organizing board shall have all the powers, duties and responsibilities
24 of an elected board. The organizing board shall consist of the three
25 individuals named in the petitions presented pursuant to subsection A of this
26 section. If a vacancy occurs on the organizing board, the remaining board
27 members shall fill the vacancy by appointing an interim member. Members of
28 the organizing board shall serve without compensation but may be reimbursed
29 for actual expenses incurred in performing their duties. The organizing
30 board shall elect from its members a chairperson and a clerk. For any
31 challenge to the formation of the district, the district board is a proper
32 party to the challenge and any petition circulators are not proper parties.

33 E. For the purposes of this article, "noncontiguous county island fire
34 district" means a district that is formed pursuant to this section and for
35 which ~~either~~ ALL of the following ~~applies~~ APPLY:

36 1. The district consists of only noncontiguous county islands in a
37 geographic boundary area that is contained in a municipal planning area and:
38 ~~(a)~~ is within the boundaries of an automatic aid or mutual aid
39 consortium.

40 ~~(b)~~ 2. Fire protection services are not funded pursuant to section
41 48-807 at the time of the district's formation.

42 ~~(c)~~ 3. There is only one fire district within the geographic area of
43 the municipal planning area for any one city or town.

44 ~~2. The district consists of only one or more noncontiguous county~~
45 ~~islands that are not contained in a municipal planning area in which the~~
46 ~~geographic boundary area of the district is surrounded by any combination of~~

1 ~~federal, state, county, municipal or fire district jurisdictional boundaries~~
2 ~~and:~~

3 ~~(a) The area is currently served by a private fire protection service~~
4 ~~provider.~~

5 ~~(b) Fire protection services are not funded pursuant to section 48-807~~
6 ~~at the time of the district's formation.~~

7 Sec. 13. Section 48-853, Arizona Revised Statutes, is amended to read:
8 48-853. District board; powers and duties; intergovernmental
9 agreements; contract; administration; definition

10 A. A fire district formed pursuant to this article, through its board
11 shall:

12 1. Hold public meetings as necessary to carry out its powers and
13 duties but at least once every ninety days.

14 2. Prepare an annual budget that contains detailed estimated
15 expenditures for each fiscal year and that clearly shows expenses of the
16 district. The budget shall be posted in three public places and published in
17 a newspaper of general circulation in the district twenty days before a
18 public hearing at a meeting called by the board to adopt the budget. The
19 budget shall be posted in a prominent location on the official website no
20 later than seven business days after the estimates of revenues and expenses
21 are tentatively adopted. A complete copy of the approved estimates of
22 revenues and expenses shall be posted in a prominent location on the official
23 website no later than seven business days after final adoption. Copies of
24 the budget shall also be available to members of the public on written
25 request to the district. Following the public hearing, the district board
26 shall adopt a budget. Both the tentatively adopted estimates of revenues and
27 expenses and the budget finally adopted under this section shall be retained
28 and accessible in a prominent location on the official website for at least
29 sixty months.

30 3. Maintain a website for the purpose of providing access to public
31 records. The district shall post permanent public records to its website.

32 4. Maintain and store all permanent public records in an electronic
33 media or digital imaging format according to standards for the storage of
34 permanent public records established by the director of the Arizona state
35 library, archives and public records. The director of the Arizona state
36 library, archives and public records shall approve an acceptable electronic
37 media or digital imaging format for the district. The county in which the
38 district is located shall maintain an official copy of the permanent public
39 records of the district. The copy of the permanent public records shall be
40 provided to the county by the district annually no later than ninety days
41 after the end of the fiscal year.

42 5. Appoint the fire chief of the fire service provider selected
43 pursuant to paragraph 9 of this subsection, either public or private, as the
44 fire chief for the district.

45 6. Adopt the fire code of the municipality whose municipal planning
46 area includes the district except that the fire district's authority to

1 conduct inspections shall apply only to commercial and industrial properties
2 and shall not apply to residential properties.

3 7. Keep three copies of the applicable fire code, amendments and
4 revisions on file for public inspection.

5 8. Notify the county board of supervisors of the cost of providing
6 fire protection service and emergency medical service for each household or
7 other structure in the district if the district provides service pursuant to
8 paragraph 9, subdivision (a) or ~~(e)~~ (b) of this subsection.

9 9. Act within sixty days after the formation of the district to do any
10 of the following:

11 ~~(a) If the district is formed pursuant to section 48-851,~~
12 ~~subsection E, paragraph 1, Enter into an intergovernmental agreement with a~~
13 ~~municipal provider for fire protection services for the district. A~~
14 ~~municipal provider seeking to enter into an agreement with the district~~
15 ~~formed pursuant to section 48-851, subsection E, paragraph 1 shall make a~~
16 ~~formal expression of intent to enter into an agreement with the district~~
17 ~~within twenty-one days of district formation.~~

18 ~~(b) If the district is formed pursuant to section 48-851,~~
19 ~~subsection E, paragraph 2, enter into a contract with a private fire~~
20 ~~protection service provider for the district. The private fire protection~~
21 ~~service provider seeking to enter into a contract with the district shall~~
22 ~~make a formal expression of intent within twenty-one days of district~~
23 ~~formation to enter into the contract with the district. If the private fire~~
24 ~~protection service provider makes a formal expression of intent to enter into~~
25 ~~a contract with the district, the provider shall have a right of first~~
26 ~~refusal to contract with the district on terms established by the district~~
27 ~~pursuant to subdivision (c) of this paragraph.~~

28 ~~(e)~~ (b) Issue a request for proposals for nonmunicipal private
29 providers of fire protection services for the district ~~if the current private~~
30 ~~provider fails to notify the district of its intention to enter into a~~
31 ~~contract with the district or for any contract to be awarded pursuant to~~
32 ~~subdivision (b) of this paragraph.~~ Notwithstanding any other law, municipal
33 annexation shall not be undertaken during the term of any contract entered
34 into between the district and a private fire service provider, except that in
35 the one hundred eighty day period before the end of the contract, the
36 municipality shall notify the residents of the opportunity to annex into the
37 municipality. A resident shall notify the district and the municipality
38 within ninety days before the end of the contract that the resident is
39 annexing into the municipality and shall complete the annexation within ten
40 days after the completion of the contract. If no district residents notify
41 the municipality that the resident is annexing, the district may renew the
42 contract automatically. If a resident proposes to annex into the
43 municipality, the district shall issue a request for proposals again as
44 prescribed in this subdivision.

45 ~~(d)~~ (c) Before applying this subdivision, request an independent
46 review by the county attorney of the negotiations, if any, that were

1 conducted as prescribed in subdivision (a) of this paragraph and the request
2 for proposals and resulting bids. After the independent review, the county
3 attorney shall certify whether the negotiations and proposals were based on
4 commercially reasonable assumptions. If the county attorney certifies that
5 any one or more of the provisions are not commercially reasonable, the
6 district and the other party to the negotiations have ten days to cure and
7 continue negotiations before resubmitting information on the negotiations and
8 proposals to the county attorney for certification. Notwithstanding any
9 other law, the county attorney shall have access to sealed bids for purposes
10 of this subdivision. The county attorney shall review and issue a
11 certification pursuant to this subdivision within thirty days after the
12 information and documents regarding negotiations and proposals are submitted
13 to the county attorney. If a fire district ~~as defined in section 48-851,~~
14 ~~subsection E, paragraph 1~~ does not enter into an intergovernmental agreement
15 pursuant to subdivision (a) of this paragraph or enter into a contract
16 pursuant to subdivision ~~(e)~~ (b) of this paragraph, the surrounding
17 municipality shall provide fire protection and emergency medical services
18 except for services regulated pursuant to title 36, chapter 21.1 in the
19 district immediately on request by the district, following final
20 certification by the county attorney. The municipality shall be compensated
21 by the district as follows:

22 (i) A three person board shall set the secondary property tax rate for
23 the district. The district shall appoint one person to the board, the
24 surrounding municipality shall appoint one person to the board, and the two
25 appointees shall agree on a third person for the board. If the two
26 appointees cannot agree on a third appointee within five days after the two
27 persons are appointed, the county board of supervisors shall appoint the
28 third person to the board.

29 (ii) The three person board shall meet and set the tax rate within
30 thirty days after the third person is appointed to the board.

31 (iii) The district shall levy the tax at the rate as determined by the
32 three person board and the tax shall be collected as other property taxes are
33 collected. On receipt of monies from the property tax levied, the district
34 shall reimburse the county for the costs associated with the formation of the
35 district, including administrative expenses.

36 ~~(e) On formation and subject to the availability of funds, reimburse~~
37 ~~third parties for services rendered pursuant to section 48-851, subsection A,~~
38 ~~paragraph 7.~~

39 10. Require that any intergovernmental agreement or contract between
40 the district and a provider of fire protection services include:

41 (a) A term of duration between three and five years.

42 (b) A provision setting forth the cost of service and performance
43 criteria.

44 (c) An acknowledgment of the right of the municipality to determine
45 the location of future infrastructure if the district is in the
46 municipality's planning area at the time of the execution of the contract.

1 11. If necessary, issue a request for proposals for providers of
2 emergency medical services and enter into an intergovernmental agreement or
3 contract with a provider of emergency medical services except for those
4 services regulated by title 36, chapter 21.1.

5 12. Assess and levy a secondary property tax to pay for the costs of
6 the fire protection service or emergency medical service except for those
7 services regulated by title 36, chapter 21.1. A secondary property tax
8 assessed pursuant to this section is not subject to the levy limitation
9 prescribed by section 48-807.

10 13. Defend, indemnify and hold harmless a municipal provider or any
11 other provider of fire protection from and against any claims or expenses to
12 which it may be subjected by reason of injury or death of any person or loss
13 or damage to any property directly attributable to the provision of the
14 services unless the services were provided in a grossly negligent manner.
15 The fire district shall secure insurance sufficient to cover liability
16 exposure.

17 B. A fire district formed pursuant to this article, through its board,
18 may:

19 1. Contract for administrative staff services, if any, deemed
20 necessary or appropriate to carry out its powers and duties, but a member of
21 a district board shall not be an employee of the district.

22 2. Retain a certified public accountant to perform an annual audit of
23 district books.

24 3. Retain private legal counsel.

25 4. Sue and be sued.

26 5. Accept gifts, contributions, bequests and grants and comply with
27 any requirements of such gifts, contributions, bequests and grants not
28 inconsistent with this article.

29 6. Appropriate and expend annually such monies as are necessary for
30 the purpose of fire districts belonging to and paying dues in the Arizona
31 fire district association and other professional affiliations or entities.

32 7. Expand its boundaries pursuant to the requirements of section
33 48-262 to include unincorporated parcels within a ~~city~~ CITY'S or a town's
34 municipal planning area with the permission of the city or town.

35 C. The county attorney may advise and represent the district when in
36 the county attorney's judgment such advice and representation are appropriate
37 and not in conflict with the county attorney's duties under section 11-532.
38 If the county attorney is unable to advise and represent the district due to
39 a conflict of interest, the district may retain private legal counsel or may
40 request the attorney general to represent it, or both.

41 D. The chairperson and clerk of the district board or their respective
42 designees, as applicable, shall draw warrants on the county treasurer for
43 money required to operate the district in accordance with the budget and, as
44 so drawn, the warrants shall be sufficient to authorize the county treasurer
45 to pay from the fire district fund.

1 E. The district shall not incur any debt or liability in excess of
2 taxes levied and to be collected and the money actually available and
3 unencumbered at the time in the fund, except as provided in section 48-807.

4 F. If a district formed under section 48-851 agrees to provide fire
5 and emergency medical services in a county island where a private provider of
6 fire or emergency services has facilities and provides fire service, or where
7 the private provider is the closest responding fire service provider, the
8 district and the private provider shall enter into an agreement covering the
9 roles and relationships regarding mutual aid or backup and any services for
10 which the district wishes to contract. The agreement shall include an
11 allocation of the district's property tax revenues to the municipal
12 contractor ~~and~~ or the private provider, **OR BOTH**, based on the proportionate
13 share of the fire services each contractor will provide to the district. The
14 agreement shall be executed before the district begins providing service in
15 the county island. If an agreement is not reached within ninety days after
16 the district requests the private provider to establish a plan, either party
17 may request that the matter be arbitrated pursuant to title 12, chapter 21.

18 G. This section does not require a fire district or a city or town to
19 provide fire protection or emergency medical services to an area of the
20 county that is receiving services from a private provider, except as provided
21 by a mutual aid or backup agreement pursuant to this section.

22 H. For the purposes of this article, "fire service" and "fire
23 protection" include fire prevention, emergency medical services and
24 inspection of commercial or industrial property.

25 Sec. 14. Approved petitions for fire district formation:
26 reimbursement

27 Notwithstanding section 48-851, subsection A, paragraph 7, Arizona
28 Revised Statutes, as amended by this act, for any petition approved for
29 circulation by the county board of supervisors before the effective date of
30 this act, an organizing board may lawfully reimburse third parties for
31 agreed-upon services relating to the formation of the district that may
32 include reimbursement of expenses of not more than fifteen dollars per
33 parcel.

34 Sec. 15. Emergency

35 This act is an emergency measure that is necessary to preserve the
36 public peace, health or safety and is operative immediately as provided by
37 law.

APPROVED BY THE GOVERNOR APRIL 30, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2014.