

REFERENCE TITLE: rural and tribal infrastructure development

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SB 1394

Introduced by
Senator Begay

AN ACT

AMENDING TITLE 41, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 20; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3025.01; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5031.02; RELATING TO RURAL AND TRIBAL INFRASTRUCTURE DEVELOPMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 41, Arizona Revised Statutes, is amended by adding
3 chapter 20, to read:

4 CHAPTER 20

5 RURAL ARIZONA AND TRIBAL INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN

6 ARTICLE 1. GENERAL PROVISIONS

7 41-2351. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "AUTHORITY" MEANS THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE
10 AUTHORITY ESTABLISHED BY SECTION 41-2353.

11 2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE RURAL ARIZONA AND
12 TRIBAL INFRASTRUCTURE AUTHORITY.

13 3. "FUND" MEANS THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE REVOLVING
14 FUND ESTABLISHED BY SECTION 41-2356.

15 4. "INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN" OR "PLAN" MEANS THE RURAL
16 ARIZONA AND TRIBAL INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN ESTABLISHED BY
17 SECTION 41-2352.

18 5. "QUALIFIED PROJECT" MEANS A PROJECT APPROVED BY THE AUTHORITY UNDER
19 THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN TO
20 RECEIVE FINANCIAL OR OTHER ASSISTANCE UNDER THIS CHAPTER.

21 6. "RURAL ARIZONA AND TRIBAL COMMUNITY" MEANS AN INDIAN TRIBE IN A
22 COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED THOUSAND PERSONS, A CITY
23 OR TOWN IN A COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED THOUSAND
24 PERSONS OR A COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED THOUSAND
25 PERSONS.

26 41-2352. Rural Arizona and tribal infrastructure capital
27 improvement plan

28 THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN IS
29 ESTABLISHED TO ENSURE ADEQUATE FINANCIAL RESOURCES FOR INFRASTRUCTURE
30 DEVELOPMENT FOR RURAL ARIZONA AND TRIBAL COMMUNITIES, TO PROVIDE FOR THE
31 PLANNING AND DEVELOPMENT OF INFRASTRUCTURE IN AN EFFICIENT AND COST-EFFECTIVE
32 MANNER AND TO DEVELOP INFRASTRUCTURE IN RURAL ARIZONA AND TRIBAL COMMUNITIES
33 TO IMPROVE THE QUALITY OF LIFE AND STIMULATE ECONOMIC DEVELOPMENT. THE RURAL
34 ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY ESTABLISHED BY SECTION 41-2353
35 SHALL ADMINISTER THE PLAN.

36 41-2353. Rural Arizona and tribal infrastructure authority;
37 board of directors

38 A. THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY IS
39 ESTABLISHED. THE AUTHORITY, THROUGH ITS BOARD OF DIRECTORS, SHALL ACT AS A
40 CENTRAL CLEARINGHOUSE FOR THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE CAPITAL
41 IMPROVEMENT PLAN AND SHALL ADMINISTER AND COORDINATE THE PLAN, PROVIDE FOR A
42 COMMON APPLICATION AND FUNDING PROCESS, EVALUATE INFRASTRUCTURE PROJECT
43 PROPOSALS AND AWARD GRANTS, FINANCIAL ASSISTANCE, TECHNICAL ASSISTANCE AND
44 LOANS TO QUALIFIED PROJECTS FROM MONIES AVAILABLE IN THE RURAL ARIZONA AND
45 TRIBAL INFRASTRUCTURE REVOLVING FUND.

1 B. THE BOARD OF DIRECTORS OF THE AUTHORITY CONSISTS OF ELEVEN MEMBERS
2 WHO ARE APPOINTED BY THE GOVERNOR AS FOLLOWS:

3 1. TWO MEMBERS WHO REPRESENT RURAL COUNTIES WITH A POPULATION OF LESS
4 THAN THREE HUNDRED THOUSAND PERSONS.

5 2. TWO MEMBERS WHO REPRESENT CITIES OR TOWNS IN A COUNTY WITH A
6 POPULATION OF LESS THAN THREE HUNDRED THOUSAND PERSONS.

7 3. SEVEN MEMBERS WHO REPRESENT INDIAN TRIBES, ONE OF WHOM IS A MEMBER
8 OF A TRIBE WITH A POPULATION IN THIS STATE OF MORE THAN FIFTY THOUSAND
9 PERSONS. EACH TRIBE OR TRIBAL COUNCIL MAY SUBMIT NAMES OF MEMBERS OF ITS
10 TRIBE TO BE CONSIDERED FOR APPOINTMENT TO THE BOARD.

11 C. IF THE GOVERNOR FAILS TO MAKE AN APPOINTMENT TO THE BOARD TO FILL A
12 VACANCY RESULTING FROM EXPIRATION OF A TERM OR FROM THE RESIGNATION OR
13 REMOVAL OF A MEMBER WITHIN SIX MONTHS AFTER THE DATE OF THE VACANCY, THE
14 SENATE SHALL NOMINATE AND CONFIRM A MEMBER TO FILL THE VACANCY, EXCEPT THAT
15 FOR THE MEMBERS OF THE BOARD REPRESENTING INDIAN TRIBES OTHER THAN A TRIBE
16 WITH A POPULATION IN THIS STATE OF MORE THAN FIFTY THOUSAND PERSONS, THE
17 TRIBAL COUNCIL SHALL NOMINATE THE MEMBER OF THE BOARD TO FILL THE VACANCY.

18 D. THE TERM OF OFFICE OF EACH MEMBER OF THE BOARD IS FOUR YEARS,
19 UNLESS THE MEMBER RESIGNS OR IS REMOVED. THE TERMS OF SIX MEMBERS EXPIRE ON
20 THE FIRST MONDAY IN JANUARY EVEN-NUMBERED YEARS AND THE TERMS OF FIVE MEMBERS
21 EXPIRE ON THE FIRST MONDAY IN JANUARY ODD-NUMBERED YEARS. EACH MEMBER OF THE
22 BOARD SHALL HOLD OFFICE UNTIL THE MEMBER'S SUCCESSOR IS APPOINTED AND
23 QUALIFIES. APPOINTMENT TO FILL A VACANCY CAUSED OTHER THAN BY EXPIRATION OF
24 A TERM IS FOR THE UNEXPIRED PORTION OF THE TERM. A MEMBER REPRESENTING A
25 TRIBE MAY BE REMOVED AT THE REQUEST OF THAT TRIBE OR TRIBAL COUNCIL IF THE
26 MEMBER'S NAME WAS SUBMITTED BY THAT TRIBE OR TRIBAL COUNCIL TO BE CONSIDERED
27 FOR APPOINTMENT TO THE BOARD. A MEMBER OF THE BOARD MAY NOT SERVE MORE THAN
28 TWO TERMS.

29 E. THE BOARD SHALL ELECT A CHAIRPERSON AND VICE CHAIRPERSON, WHO SHALL
30 ADOPT RULES FOR THE CONDUCT OF MEETINGS. THE BOARD SHALL KEEP A RECORD OF
31 ALL PROCEEDINGS.

32 F. THE BOARD SHALL MEET AT THE CALL OF THE CHAIRPERSON OR WHENEVER
33 FOUR MEMBERS SUBMIT A REQUEST IN WRITING TO THE CHAIRPERSON, BUT AT LEAST TWO
34 TIMES EACH CALENDAR YEAR. A MAJORITY OF MEMBERS CONSTITUTE A QUORUM FOR THE
35 TRANSACTION OF BUSINESS. THE AFFIRMATIVE VOTE OF AT LEAST A MAJORITY OF A
36 QUORUM OF THE BOARD IS NECESSARY FOR ACTION TO BE TAKEN BY THE AUTHORITY.

37 G. MEMBERS OF THE BOARD ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT
38 ARE ELIGIBLE FOR REIMBURSEMENT OF EXPENSES PURSUANT TO TITLE 38, CHAPTER 4,
39 ARTICLE 2.

40 41-2354. Powers and duties of the authority; rulemaking;
41 definition

42 A. THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY IS A
43 CORPORATE AND POLITIC BODY AND SHALL HAVE AN OFFICIAL SEAL THAT IS JUDICIALLY
44 NOTICED. THE AUTHORITY MAY SUE AND BE SUED, CONTRACT AND ACQUIRE, HOLD,

1 OPERATE AND DISPOSE OF PROPERTY AS NECESSARY TO CARRY OUT ITS
2 RESPONSIBILITIES UNDER THIS CHAPTER.

3 B. THE AUTHORITY, THROUGH ITS BOARD, MAY:

4 1. ISSUE NEGOTIABLE INFRASTRUCTURE CAPITAL IMPROVEMENT BONDS PURSUANT
5 TO SECTION 41-2357 FOR THE FOLLOWING PURPOSES:

6 (a) TO GENERATE A STATE MATCH FOR THE RURAL ARIZONA AND TRIBAL
7 INFRASTRUCTURE REVOLVING FUND.

8 (b) TO PROVIDE FINANCIAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL
9 COMMUNITIES FOR QUALIFIED PROJECTS UNDER THE PLAN FOR PLANNING, DESIGNING,
10 CONSTRUCTING, IMPROVING, EXPANDING, ACQUIRING OR EQUIPPING WASTEWATER
11 TREATMENT FACILITIES, DRINKING WATER FACILITIES, NONPOINT SOURCE PROJECTS,
12 MAJOR WATER SYSTEMS, ELECTRICAL POWER LINES, COMMUNICATIONS INFRASTRUCTURE,
13 ROADS, HEALTH INFRASTRUCTURE, EMERGENCY RESPONSE FACILITIES AND
14 INFRASTRUCTURE NEEDED TO STIMULATE ECONOMIC DEVELOPMENT.

15 2. PROVIDE FINANCIAL ASSISTANCE PURSUANT TO 41-2362 TO RURAL ARIZONA
16 AND TRIBAL COMMUNITIES FOR QUALIFIED PROJECTS UNDER THE PLAN FOR PLANNING,
17 DESIGNING, CONSTRUCTING, IMPROVING, EXPANDING, ACQUIRING OR EQUIPPING
18 WASTEWATER TREATMENT FACILITIES, DRINKING WATER FACILITIES, NONPOINT SOURCE
19 PROJECTS, MAJOR WATER SYSTEMS, ELECTRICAL POWER LINES, COMMUNICATIONS
20 INFRASTRUCTURE, ROADS, HEALTH INFRASTRUCTURE, EMERGENCY RESPONSE FACILITIES
21 AND INFRASTRUCTURE NEEDED TO STIMULATE ECONOMIC DEVELOPMENT.

22 3. PROVIDE GRANTS, STAFF ASSISTANCE, SHORT-TERM ASSISTANCE OR
23 TECHNICAL ASSISTANCE IN THE FORM OF A LOAN REPAYMENT AGREEMENT AND OTHER
24 PROFESSIONAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL COMMUNITIES IN CONNECTION
25 WITH A QUALIFIED PROJECT. THE BOARD SHALL DETERMINE THE FORM AND TERMS OF
26 ASSISTANCE PROVIDED UNDER A TECHNICAL ASSISTANCE LOAN REPAYMENT AGREEMENT.
27 THE RURAL ARIZONA AND TRIBAL COMMUNITY SHALL REPAY THE LOAN NOT MORE THAN
28 THREE YEARS AFTER THE DATE THE MONIES ARE ADVANCED TO THE RURAL ARIZONA AND
29 TRIBAL COMMUNITY. THE PROVISION OF TECHNICAL ASSISTANCE BY THE AUTHORITY OR
30 ITS BOARD DOES NOT CREATE ANY LIABILITY FOR THE AUTHORITY, ITS BOARD OR THIS
31 STATE REGARDING THE DESIGN, CONSTRUCTION OR OPERATION OF ANY QUALIFIED
32 PROJECT. FOR THE PURPOSES OF THIS PARAGRAPH:

33 (a) SHORT-TERM ASSISTANCE REPRESENTS AN ADVANCE OF FINANCIAL
34 ASSISTANCE. THE AUTHORITY MAY NOT PROVIDE SHORT-TERM ASSISTANCE UNLESS THE
35 BORROWER HAS AN APPROVED FINANCIAL ASSISTANCE APPLICATION ON FILE WITH THE
36 AUTHORITY. THE BORROWER SHALL REPAY SHORT-TERM ASSISTANCE PURSUANT TO A
37 TECHNICAL ASSISTANCE REPAYMENT AGREEMENT.

38 (b) THE AUTHORITY SHALL ESTABLISH AN APPLICATION PROCESS AND METHOD OF
39 DETERMINING THE ALLOCATION OF TECHNICAL ASSISTANCE.

40 (c) BEFORE TECHNICAL ASSISTANCE MAY BE PROVIDED, THE BOARD SHALL
41 APPROVE THE APPLICATION FOR TECHNICAL ASSISTANCE.

42 4. GUARANTEE DEBT OBLIGATIONS OF RURAL ARIZONA AND TRIBAL COMMUNITIES
43 TO FINANCE INFRASTRUCTURE PROJECTS UNDER THE PLAN.

- 1 5. PROVIDE LINKED DEPOSIT GUARANTEES THROUGH THIRD-PARTY LENDERS TO
2 RURAL ARIZONA AND TRIBAL COMMUNITIES THAT ARE ISSUED TO FINANCE OR REFINANCE
3 INFRASTRUCTURE PROJECTS UNDER THE PLAN.
- 4 6. APPLY FOR, ACCEPT AND ADMINISTER GRANTS AND OTHER FINANCIAL
5 ASSISTANCE FROM THE UNITED STATES GOVERNMENT AND FROM OTHER PUBLIC AND
6 PRIVATE SOURCES.
- 7 7. ENTER INTO CAPITALIZATION GRANT AGREEMENTS WITH THE UNITED STATES
8 ENVIRONMENTAL PROTECTION AGENCY.
- 9 8. APPROVE THE PROJECTS THAT RECEIVE TECHNICAL AND FINANCIAL
10 ASSISTANCE.
- 11 9. APPROVE LOAN REPAYMENT AGREEMENTS ENTERED INTO WITH RURAL ARIZONA
12 AND TRIBAL COMMUNITIES.
- 13 10. SUBJECT TO CHAPTER 4 OF THIS TITLE, HIRE A DIRECTOR AND STAFF FOR
14 THE AUTHORITY.
- 15 11. CONTRACT FOR THE SERVICES OF OUTSIDE ADVISORS, ATTORNEYS,
16 CONSULTANTS, AIDES AND OTHER PROFESSIONAL ASSISTANCE REASONABLY NECESSARY OR
17 DESIRABLE TO ALLOW THE AUTHORITY AND ITS BOARD TO ADEQUATELY PERFORM ITS
18 DUTIES.
- 19 12. CONTRACT AND INCUR OBLIGATIONS AS REASONABLY NECESSARY OR DESIRABLE
20 WITHIN THE GENERAL SCOPE OF THE AUTHORITY'S ACTIVITIES AND OPERATIONS TO
21 ALLOW THE AUTHORITY AND ITS BOARD TO ADEQUATELY PERFORM ITS DUTIES.
- 22 13. ESTABLISH ACCOUNTS AND SUBACCOUNTS OF THE FUND AS NECESSARY TO
23 PROPERLY ACCOUNT FOR AND USE MONIES RECEIVED BY THE AUTHORITY.
- 24 14. USE MONIES RECEIVED IN THE FUND PURSUANT TO SECTION 41-2356,
25 SUBSECTION B, PARAGRAPH 1 SOLELY FOR SECURING BONDS OF THE AUTHORITY.
- 26 15. USE MONIES RECEIVED IN THE FUND PURSUANT TO SECTION 41-2356,
27 SUBSECTION B, PARAGRAPHS 2 THROUGH 8 FOR:
28 (a) PROVIDING TECHNICAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL
29 COMMUNITIES.
30 (b) PROVIDING FINANCIAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL
31 COMMUNITIES.
32 (c) PAYING THE COMPENSATION AND EMPLOYMENT-RELATED EXPENSES ASSOCIATED
33 WITH THE EMPLOYEES HIRED PURSUANT TO THIS SECTION.
34 (d) PAYING THE COSTS TO OPERATE THE AUTHORITY, ADMINISTER THE FUND AND
35 CARRY OUT THE REQUIREMENTS OF THIS CHAPTER.
36 (e) PAYING THE COSTS OF PROFESSIONAL ASSISTANCE HIRED BY THE AUTHORITY
37 PURSUANT TO THIS SECTION.
- 38 16. ASSESS FINANCIAL ASSISTANCE ORIGINATION FEES AND ANNUAL FEES FOR
39 ADMINISTERING THE AUTHORITY AND THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE
40 REVOLVING FUND. ANY FEES COLLECTED PURSUANT TO THIS PARAGRAPH MAY BE USED
41 FOR ANY PURPOSE CONSISTENT WITH THE MISSION AND OBJECTIVES OF THE AUTHORITY.
- 42 17. ADOPT RULES PURSUANT TO CHAPTER 6 OF THIS TITLE GOVERNING THE
43 APPLICATION FOR AND AWARDING OF FINANCIAL ASSISTANCE AND OTHER ASSISTANCE FOR
44 QUALIFIED PROJECTS PURSUANT TO THIS CHAPTER, THE ADMINISTRATION OF THE FUND
45 AND THE ISSUANCE OF INFRASTRUCTURE CAPITAL IMPROVEMENT BONDS.

1 C. THE BOARD SHALL:
2 1. ADMINISTER THE FUND IN COMPLIANCE WITH THE REQUIREMENTS OF THIS
3 CHAPTER.
4 2. APPROVE ALL POLICIES AND PROCEDURES OF THE AUTHORITY.
5 3. SEPARATELY ACCOUNT FOR MONIES RECEIVED IN THE FUND PURSUANT TO
6 SECTION 41-2356 FROM EACH SOURCE LISTED IN SECTION 41-2356, SUBSECTION B.
7 4. NOT USE MONIES RECEIVED IN THE FUND PURSUANT TO SUBSECTION B,
8 PARAGRAPH 1 OF THIS SECTION FOR ANY PURPOSE EXCEPT SECURING BONDS ISSUED BY
9 THE AUTHORITY AND PROVIDING ASSISTANCE UNDER TECHNICAL ASSISTANCE REPAYMENT
10 AGREEMENTS IF THE AMOUNT USED FOR PROVIDING THIS ASSISTANCE IS NOT MORE THAN
11 EIGHT HUNDRED THOUSAND DOLLARS. THIS PARAGRAPH DOES NOT LIMIT THE POWER OF
12 THE AUTHORITY TO PLEDGE OTHER MONIES IN THE FUND TO SECURE BONDS ISSUED BY
13 THE AUTHORITY OR TO PROVIDE ASSISTANCE UNDER TECHNICAL ASSISTANCE REPAYMENT
14 AGREEMENTS.
15 5. DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, ANY MONIES
16 RECEIVED PURSUANT TO SUBSECTION B, PARAGRAPH 5 OF THIS SECTION IN THE FUND.
17 D. ON NOTICE FROM THE BOARD, THE STATE TREASURER SHALL INVEST AND
18 DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED
19 FROM INVESTMENT SHALL BE CREDITED TO THE FUND.
20 E. IF THE MONIES PLEDGED TO SECURE BONDS ISSUED UNDER SECTION 41-2357
21 BECOME INSUFFICIENT TO PAY THE PRINCIPAL AND INTEREST ON THE BONDS, THE BOARD
22 MAY DIRECT THE STATE TREASURER TO DIVEST MONIES IN THE FUND AS MAY BE
23 NECESSARY AND MAY APPLY THOSE PROCEEDS TO MAKE CURRENT ALL PAYMENTS THEN DUE
24 ON THE BONDS. THE STATE TREASURER SHALL IMMEDIATELY NOTIFY THE ATTORNEY
25 GENERAL AND AUDITOR GENERAL OF THE INSUFFICIENCY. THE AUDITOR GENERAL SHALL
26 AUDIT THE CIRCUMSTANCES SURROUNDING THE DEPLETION OF THE FUND AND SHALL
27 REPORT THESE FINDINGS TO THE ATTORNEY GENERAL. THE ATTORNEY GENERAL SHALL
28 CONDUCT AN INVESTIGATION AND REPORT THESE FINDINGS TO THE GOVERNOR AND THE
29 LEGISLATURE.
30 F. DISBURSEMENTS OF MONIES BY THE BOARD PURSUANT TO A FINANCIAL
31 ASSISTANCE AGREEMENT ARE NOT SUBJECT TO CHAPTER 23 OF THIS TITLE.
32 G. FOR THE PURPOSES OF THIS SECTION, "NONPOINT SOURCE PROJECT" HAS THE
33 SAME MEANING PRESCRIBED IN SECTION 49-1201.
34 41-2355. Administrative support; annual report
35 A. THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA SHALL PROVIDE
36 GENERAL ADMINISTRATIVE SUPPORT AND OFFICE AND MEETING SPACE FOR THE RURAL
37 ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY AND ITS BOARD.
38 B. THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY THROUGH ITS
39 BOARD SHALL SUBMIT A WRITTEN REPORT TO THE GOVERNOR, PRESIDENT OF THE SENATE
40 AND SPEAKER OF THE HOUSE OF REPRESENTATIVES NO LATER THAN JANUARY 1 OF EACH
41 YEAR PROVIDING AN ACCOUNT OF ITS ACTIVITIES, INCLUDING A COPY OF THE ANNUAL
42 AUDIT OF THE FUND REQUIRED BY SECTION 41-2356, SUBSECTION J.

1 4. PAYING THE COSTS TO OPERATE THE AUTHORITY, TO ADMINISTER THE FUND
2 AND TO CARRY OUT THE REQUIREMENTS OF THIS CHAPTER.

3 5. PAYING THE COSTS OF PROFESSIONAL ASSISTANCE HIRED BY THE AUTHORITY
4 PURSUANT TO SECTION 41-2354.

5 G. ON NOTICE FROM THE BOARD, THE STATE TREASURER SHALL INVEST AND
6 DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED
7 FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

8 H. IF THE MONIES PLEDGED TO SECURE THE BONDS ISSUED UNDER SECTION
9 41-2357 BECOME INSUFFICIENT TO PAY THE PRINCIPAL AND INTEREST ON THE BONDS,
10 THE BOARD MAY DIRECT THE STATE TREASURER TO DIVEST MONIES IN THE FUND AS MAY
11 BE NECESSARY AND MAY APPLY THOSE PROCEEDS TO MAKE CURRENT ALL PAYMENTS THEN
12 DUE ON THE BONDS. THE STATE TREASURER SHALL IMMEDIATELY NOTIFY THE ATTORNEY
13 GENERAL AND AUDITOR GENERAL OF THE INSUFFICIENCY. THE AUDITOR GENERAL SHALL
14 AUDIT THE CIRCUMSTANCES SURROUNDING THE DEPLETION OF THE FUND AND SHALL
15 REPORT THESE FINDINGS TO THE ATTORNEY GENERAL. THE ATTORNEY GENERAL SHALL
16 CONDUCT AN INVESTIGATION AND REPORT THESE FINDINGS TO THE GOVERNOR AND THE
17 LEGISLATURE.

18 I. THE AUTHORITY SHALL SPEND SEVENTY-FIVE PERCENT OF THE MONIES IN THE
19 FUND ON EXCLUSIVELY TRIBAL PROJECTS AND TWENTY-FIVE PERCENT OF THE MONIES IN
20 THE FUND ON COOPERATIVE PROJECTS BETWEEN A TRIBE AND A CITY OR TOWN IN A
21 COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED THOUSAND PERSONS OR A
22 COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED THOUSAND PERSONS.

23 J. THE AUTHORITY THROUGH ITS BOARD SHALL CAUSE AN ANNUAL AUDIT TO BE
24 CONDUCTED OF THE FUND, INCLUDING ALL ACCOUNTS AND SUBACCOUNTS, BY AN
25 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT WITHIN ONE HUNDRED TWENTY DAYS AFTER
26 THE END OF EACH FISCAL YEAR. THE AUTHORITY SHALL IMMEDIATELY FILE A
27 CERTIFIED COPY OF THE AUDIT WITH THE AUDITOR GENERAL. THE AUDITOR GENERAL
28 MAY MAKE FURTHER AUDITS AND EXAMINATIONS AS NECESSARY AND MAY TAKE
29 APPROPRIATE ACTION RELATING TO THE AUDIT OR EXAMINATION PURSUANT TO CHAPTER
30 7, ARTICLE 10.1 OF THIS TITLE. IF THE AUDITOR GENERAL TAKES NO OFFICIAL
31 ACTION WITHIN THIRTY DAYS AFTER THE AUDIT IS FILED, THE AUDIT IS CONSIDERED
32 TO BE SUFFICIENT. THE AUTHORITY SHALL PAY ALL FEES AND COSTS OF THE
33 CERTIFIED PUBLIC ACCOUNTANT AND AUDITOR GENERAL UNDER THIS SUBSECTION FROM
34 THE FUND.

35 41-2357. Infrastructure capital improvement bonds

36 A. THE AUTHORITY THROUGH ITS BOARD MAY ISSUE NEGOTIABLE INFRASTRUCTURE
37 CAPITAL IMPROVEMENT BONDS IN A PRINCIPAL AMOUNT THAT IN ITS OPINION IS
38 NECESSARY TO PROVIDE SUFFICIENT MONIES FOR FINANCIAL ASSISTANCE UNDER THIS
39 CHAPTER, MAINTAINING SUFFICIENT RESERVES TO SECURE THE BONDS, TO REFUND THE
40 BONDS WHEN THE AUTHORITY DEEMS IT EXPEDIENT TO DO SO, TO PAY THE NECESSARY
41 COSTS OF ISSUING, SELLING AND REDEEMING THE BONDS AND TO PAY OTHER
42 EXPENDITURES OF THE AUTHORITY INCIDENTAL TO AND NECESSARY AND CONVENIENT TO
43 CARRY OUT THE PURPOSES OF THIS CHAPTER.

44 B. THE AUTHORITY THROUGH ITS BOARD SHALL AUTHORIZE THE BONDS BY A
45 RESOLUTION THAT PRESCRIBES:

- 1 1. THE RATE OR RATES OF INTEREST AND THE DENOMINATIONS OF THE BONDS.
- 2 2. THE DATE OR DATES OF THE BONDS AND MATURITY.
- 3 3. THE COUPON OR REGISTERED FORM OF THE BONDS.
- 4 4. THE MANNER OF EXECUTING THE BONDS.
- 5 5. THE MEDIUM AND PLACE OF PAYMENT.
- 6 6. THE TERMS OF REDEMPTION.
- 7 C. THE AUTHORITY SHALL SELL THE BONDS AT A PUBLIC OR PRIVATE SALE AT
- 8 THE PRICE AND ON THE TERMS DETERMINED BY ITS BOARD. THE AUTHORITY SHALL
- 9 DEPOSIT ALL PROCEEDS FROM THE ISSUANCE OF BONDS, EXCEPT ANY AMOUNTS USED TO
- 10 PAY COSTS ASSOCIATED WITH THE ISSUANCE AND SALE OF THE BONDS, IN THE
- 11 APPROPRIATE ACCOUNTS OF THE FUND AS SPECIFIED IN THE RESOLUTION.
- 12 D. THE AUTHORITY SHALL PUBLISH A NOTICE OF ITS INTENTION TO ISSUE
- 13 BONDS UNDER THIS CHAPTER FOR AT LEAST FIVE CONSECUTIVE DAYS IN A NEWSPAPER
- 14 PUBLISHED IN THIS STATE. THE LAST DAY OF PUBLICATION SHALL BE AT LEAST TEN
- 15 DAYS BEFORE ISSUING THE BONDS. THE NOTICE SHALL STATE THE AMOUNT OF THE
- 16 BONDS TO BE SOLD AND THE INTENDED DATE OF ISSUANCE. THE AUTHORITY SHALL HAND
- 17 DELIVER OR SEND, BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, A COPY OF THE
- 18 NOTICE TO THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION ON OR BEFORE THE
- 19 LAST DAY OF PUBLICATION.
- 20 E. TO SECURE ANY BONDS AUTHORIZED BY THIS SECTION, THE AUTHORITY BY
- 21 RESOLUTION OF ITS BOARD MAY:
- 22 1. PROVIDE THAT BONDS ISSUED UNDER THIS SECTION MAY BE SECURED BY A
- 23 LIEN ON ALL OR PART OF THE MONIES PAID INTO THE APPROPRIATE ACCOUNT OR
- 24 SUBACCOUNT OF THE FUND.
- 25 2. PLEDGE OR ASSIGN TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR
- 26 HOLDERS OF THE BONDS ANY PART OR APPROPRIATE ACCOUNT OR SUBACCOUNT OF THE
- 27 MONIES IN THE FUND AS IS NECESSARY TO PAY THE PRINCIPAL AND INTEREST OF THE
- 28 BONDS AS THEY COME DUE.
- 29 3. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING FUNDS.
- 30 4. PROVIDE THAT SUFFICIENT AMOUNTS OF THE PROCEEDS FROM THE SALE OF
- 31 THE BONDS MAY BE USED TO FULLY OR PARTLY FUND ANY RESERVES OR SINKING FUNDS
- 32 SET UP BY THE BOND RESOLUTION.
- 33 5. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT
- 34 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS
- 35 OF WHICH MUST CONSENT TO AND THE MANNER IN WHICH CONSENT MAY BE GIVEN.
- 36 6. PROVIDE FOR PAYMENT FROM THE PROCEEDS OF THE SALE OF THE BONDS OF
- 37 ALL LEGAL AND FINANCIAL SERVICES INCURRED BY THE AUTHORITY AND BOARD IN
- 38 ISSUING, SELLING, DELIVERING AND PAYING THE BONDS.
- 39 7. PROVIDE TERMS NECESSARY TO SECURE CREDIT ENHANCEMENT OR OTHER
- 40 SOURCES OF PAYMENT OR SECURITY.
- 41 8. DO ANY OTHER MATTERS THAT IN ANY WAY MAY AFFECT THE SECURITY AND
- 42 PROTECTION OF THE BONDS.
- 43 F. THE AUTHORITY, THE MEMBERS OF THE BOARD AND ANY PERSON EXECUTING
- 44 THE BONDS ARE NOT PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS. THE BONDS
- 45 ARE VALID AND BINDING OBLIGATIONS NOTWITHSTANDING THAT BEFORE THE DELIVERY OF

1 THE BONDS ANY PERSON WHOSE SIGNATURE APPEARS ON THE BONDS CEASES TO BE A
2 MEMBER OF THE BOARD. FROM AND AFTER THE SALE AND DELIVERY OF THE BONDS, THEY
3 ARE INCONTESTABLE BY THE AUTHORITY OR ITS BOARD.

4 G. THE AUTHORITY, OUT OF ANY AVAILABLE MONIES, MAY PURCHASE BONDS,
5 WHICH MAY BE CANCELED, AT A PRICE NOT EXCEEDING EITHER OF THE FOLLOWING:

6 1. IF THE BONDS ARE THEN REDEEMABLE, THE REDEMPTION PRICE THEN
7 APPLICABLE PLUS ACCRUED INTEREST TO THE NEXT INTEREST PAYMENT DATE.

8 2. IF THE BONDS ARE NOT THEN REDEEMABLE, THE REDEMPTION PRICE
9 APPLICABLE ON THE FIRST DATE AFTER PURCHASE ON WHICH THE BONDS BECOME SUBJECT
10 TO REDEMPTION PLUS ACCRUED INTEREST TO THAT DATE.

11 H. THE BONDS ISSUED UNDER THIS SECTION, THEIR TRANSFER AND THE INCOME
12 THEY PRODUCE ARE EXEMPT FROM TAXATION BY THIS STATE OR BY ANY POLITICAL
13 SUBDIVISION OF THIS STATE.

14 I. IF A RURAL ARIZONA AND TRIBAL COMMUNITY FAILS TO MAKE A PAYMENT DUE
15 TO THE AUTHORITY UNDER ITS LOAN REPAYMENT AGREEMENT OR BONDS, THE AUTHORITY
16 SHALL CERTIFY TO THE STATE TREASURER AND NOTIFY THE GOVERNING BODY OF THE
17 DEFAULTING RURAL ARIZONA AND TRIBAL COMMUNITY THAT THE RURAL ARIZONA AND
18 TRIBAL COMMUNITY HAS FAILED TO MAKE THE PAYMENT AND DIRECT WITHHOLDING
19 PURSUANT TO SUBSECTION J OF THIS SECTION. THE AUTHORITY MAY DETERMINE THE
20 FORM OF THE CERTIFICATE OF DEFAULT, EXCEPT THAT THE CERTIFICATE SHALL SPECIFY
21 THE AMOUNT OF MONEY REQUIRED TO SATISFY THE UNPAID PAYMENT OBLIGATION OF THE
22 RURAL ARIZONA AND TRIBAL COMMUNITY.

23 J. ON RECEIPT OF A CERTIFICATE OF DEFAULT FROM THE AUTHORITY, THE
24 STATE TREASURER, TO THE EXTENT NOT OTHERWISE EXPRESSLY PROHIBITED BY LAW,
25 SHALL WITHHOLD AN AMOUNT FROM THE DEFAULTING RURAL ARIZONA AND TRIBAL
26 COMMUNITY'S NEXT DISTRIBUTION OF MONIES PURSUANT TO SECTION 42-5029 AND AN
27 AMOUNT FROM A DEFAULTING CITY'S OR TOWN'S NEXT DISTRIBUTION OF MONIES
28 PURSUANT TO SECTION 43-206 NECESSARY TO MEET THE CERTIFIED AMOUNT OF THE
29 DEFICIENCY. THE STATE TREASURER SHALL IMMEDIATELY DEPOSIT IN THE FUND THE
30 AMOUNT WITHHELD. THE STATE TREASURER SHALL CONTINUE TO WITHHOLD
31 DISTRIBUTIONS PURSUANT TO SECTIONS 42-5029 AND 43-206 AND DEPOSIT THEM INTO
32 THE FUND UNTIL THE AUTHORITY CERTIFIES TO THE STATE TREASURER THAT THE
33 DEFAULT HAS BEEN CURED.

34 K. NOTWITHSTANDING SUBSECTION J OF THIS SECTION, THE STATE TREASURER
35 SHALL NOT WITHHOLD FROM THE DISTRIBUTION OF MONIES UNDER SECTION 42-5029 ANY
36 AMOUNT, AS CERTIFIED BY THE DEFAULTING RURAL ARIZONA AND TRIBAL COMMUNITY TO
37 THE STATE TREASURER AND THE AUTHORITY, THAT IS NECESSARY TO MAKE ANY REQUIRED
38 DEPOSITS THEN DUE FOR PAYMENT OF PRINCIPAL AND INTEREST ON BONDS OF THE RURAL
39 ARIZONA AND TRIBAL COMMUNITY THAT HAVE BEEN SECURED BY A PLEDGE OF THE
40 DISTRIBUTION.

41 41-2358. Bond obligations of the authority

42 BONDS ISSUED UNDER THIS CHAPTER ARE OBLIGATIONS OF THE RURAL ARIZONA
43 AND TRIBAL INFRASTRUCTURE AUTHORITY, ARE PAYABLE ONLY ACCORDING TO THEIR
44 TERMS AND ARE NOT OBLIGATIONS GENERAL, SPECIAL OR OTHERWISE OF THIS STATE.
45 THE BONDS DO NOT CONSTITUTE A LEGAL DEBT OF THIS STATE AND ARE NOT

1 ENFORCEABLE AGAINST THIS STATE. PAYMENT OF THE BONDS IS NOT ENFORCEABLE OUT
2 OF ANY STATE MONIES OTHER THAN THE INCOME AND REVENUE PLEDGED AND ASSIGNED
3 TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE BONDS.

4 41-2359. Certification of bonds by attorney general

5 THE BOARD MAY SUBMIT ANY INFRASTRUCTURE CAPITAL IMPROVEMENT BONDS
6 ISSUED UNDER THIS CHAPTER TO THE ATTORNEY GENERAL AFTER ALL PROCEEDINGS FOR
7 THEIR AUTHORIZATION HAVE BEEN COMPLETED. ON SUBMISSION THE ATTORNEY GENERAL
8 SHALL EXAMINE AND PASS ON THE VALIDITY OF THE BONDS AND THE REGULARITY OF THE
9 PROCEEDINGS. IF THE PROCEEDINGS COMPLY WITH THIS CHAPTER, AND IF THE
10 ATTORNEY GENERAL DETERMINES THAT, WHEN DELIVERED AND PAID FOR, THE BONDS WILL
11 CONSTITUTE BINDING AND LEGAL OBLIGATIONS OF THE AUTHORITY, THE ATTORNEY
12 GENERAL SHALL CERTIFY ON THE BACK OF EACH BOND, IN SUBSTANCE, THAT IT IS
13 ISSUED ACCORDING TO THE CONSTITUTION AND LAWS OF THIS STATE.

14 41-2360. Infrastructure capital improvement bonds as legal
15 investments

16 INFRASTRUCTURE CAPITAL IMPROVEMENT BONDS ISSUED UNDER THIS CHAPTER ARE
17 SECURITIES IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE AND OF
18 MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE, ALL COMPANIES,
19 ASSOCIATIONS AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS, ALL
20 FINANCIAL INSTITUTIONS, INVESTMENT COMPANIES AND OTHER PERSONS CARRYING ON A
21 BANKING BUSINESS, ALL FIDUCIARIES AND ALL OTHER PERSONS WHO ARE AUTHORIZED TO
22 INVEST IN OBLIGATIONS OF THIS STATE MAY PROPERLY AND LEGALLY INVEST. THE
23 BONDS ARE ALSO SECURITIES THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR
24 BODIES OF THIS STATE AND MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS
25 STATE FOR PURPOSES THAT REQUIRE THE DEPOSIT OF STATE BONDS OR OBLIGATIONS.

26 41-2361. Agreement of state

27 THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS THAT
28 THIS STATE WILL NOT LIMIT OR ALTER THE RIGHTS VESTED IN THE RURAL ARIZONA AND
29 TRIBAL INFRASTRUCTURE AUTHORITY OR ANY SUCCESSOR ENTITY TO COLLECT THE MONIES
30 NECESSARY TO PRODUCE SUFFICIENT REVENUE TO FULFILL THE TERMS OF ANY
31 AGREEMENTS MADE WITH THE HOLDERS OF THE BONDS, OR IN ANY WAY IMPAIR THE
32 RIGHTS AND REMEDIES OF THE BONDHOLDERS, UNTIL ALL BONDS ISSUED UNDER THIS
33 CHAPTER, TOGETHER WITH INTEREST, INCLUDING INTEREST ON ANY UNPAID
34 INSTALLMENTS OF INTEREST, AND ALL COSTS AND EXPENSES IN CONNECTION WITH ANY
35 ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE BONDHOLDERS, ARE FULLY MET AND
36 DISCHARGED. THE BOARD AS AGENT FOR THIS STATE MAY INCLUDE THIS PLEDGE AND
37 UNDERTAKING IN ITS RESOLUTIONS AND INDENTURES SECURING ITS BONDS.

38 41-2362. Financial assistance

39 A. THE AUTHORITY MAY PROVIDE FINANCIAL ASSISTANCE TO RURAL ARIZONA AND
40 TRIBAL COMMUNITIES IN DEVELOPING, ACQUIRING, CONSTRUCTING, IMPROVING,
41 EQUIPPING OR REFINANCING INFRASTRUCTURE. THE FINANCIAL ASSISTANCE SHALL
42 INCLUDE:

- 43 1. LOANS AS PROVIDED BY THIS SECTION.
- 44 2. CREDIT ENHANCEMENTS PURCHASED FOR A RURAL ARIZONA AND TRIBAL
45 COMMUNITY BOND OR OTHER FORM OF INDEBTEDNESS.

1 B. A LOAN SHALL BE EVIDENCED BY A LOAN REPAYMENT AGREEMENT, LEASE
2 PURCHASE AGREEMENT OR BONDS OF A RURAL ARIZONA AND TRIBAL COMMUNITY THAT ARE
3 DELIVERED TO AND HELD BY THE AUTHORITY.

4 C. THE AUTHORITY SHALL PRESCRIBE A PRINCIPAL REPAYMENT SCHEDULE FOR
5 EACH LOAN MADE. LOAN PRINCIPAL PAYMENTS MAY BE RESCHEDULED AT THE DISCRETION
6 OF THE AUTHORITY.

7 D. A LOAN UNDER THIS SECTION SHALL:

8 1. BE REPAYED NOT MORE THAN THIRTY YEARS AFTER THE DATE IT IS INCURRED.

9 2. REQUIRE THAT INTEREST PAYMENTS BEGIN NOT LATER THAN THE NEXT DATE
10 THAT EITHER PRINCIPAL OR INTEREST MUST BE PAID BY THE AUTHORITY TO HOLDERS OF
11 ANY OF THE AUTHORITY'S BONDS THAT PROVIDED FUNDING FOR THE LOAN. THE
12 AUTHORITY MAY PROVIDE THAT LOAN INTEREST ACCRUING DURING CONSTRUCTION OF THE
13 BORROWER'S INFRASTRUCTURE PROJECT AND UP TO ONE YEAR AFTER COMPLETION OF THE
14 CONSTRUCTION BE CAPITALIZED IN THE LOAN.

15 3. BE REPAYABLE IN AT LEAST ANNUAL PRINCIPAL INSTALLMENTS AND AT LEAST
16 SEMIANNUAL INTEREST INSTALLMENTS.

17 4. BE CONDITIONED ON THE IDENTIFICATION OF PLEDGED REVENUES FOR
18 REPAYING THE LOAN. IF THE INFRASTRUCTURE FINANCED BY THE LOAN IS PART OF A
19 MUNICIPAL UTILITY AND THE CITY OR TOWN PLEDGES REVENUES OF THE UTILITY TO
20 REPAY THE LOAN, THE LOAN SHALL BE TREATED UNDER SECTION 9-530, SUBSECTION B
21 AS A LAWFUL LONG-TERM OBLIGATION INCURRED FOR A SPECIFIC CAPITAL PURPOSE.

22 5. TO THE EXTENT PERMITTED BY LAW, BE SECURED BY A DEBT SERVICE
23 RESERVE ACCOUNT THAT IS HELD IN TRUST AND THAT IS IN SUCH AMOUNT, IF ANY, AS
24 DETERMINED BY THE AUTHORITY.

25 E. THE AUTHORITY SHALL PRESCRIBE THE RATE OR RATES OF INTEREST ON
26 LOANS MADE UNDER THIS SECTION, BUT THE RATE OR RATES MAY NOT EXCEED THE
27 PREVAILING MARKET RATE FOR SIMILAR TYPES OF LOANS. A RURAL ARIZONA AND
28 TRIBAL COMMUNITY MAY NEGOTIATE THE SALE OF ITS BONDS TO OR A LOAN REPAYMENT
29 AGREEMENT WITH THE AUTHORITY WITHOUT COMPLYING WITH ANY PUBLIC OR ACCELERATED
30 BIDDING REQUIREMENTS IMPOSED BY ANY OTHER LAW FOR THE SALE OF ITS BONDS.

31 F. THE APPROVAL OF A LOAN IS CONDITIONED ON A WRITTEN COMMITMENT BY
32 THE RURAL ARIZONA AND TRIBAL COMMUNITY TO COMPLETE ALL APPLICABLE REVIEWS AND
33 APPROVALS AND TO SECURE ALL REQUIRED PERMITS IN A TIMELY MANNER.

34 G. THE APPROVAL OF FINANCIAL ASSISTANCE TO A CITY OR TOWN HAVING A
35 POPULATION OF MORE THAN FIFTY THOUSAND PERSONS IS CONDITIONED ON APPROVAL OF
36 ITS VOTERS. AN ELECTION IS NOT REQUIRED IF VOTER APPROVAL HAS PREVIOUSLY
37 BEEN RECEIVED FOR SUBSTANTIALLY THE SAME PROJECT.

38 H. THE APPROVAL OF FINANCIAL ASSISTANCE TO A COUNTY HAVING A
39 POPULATION OF MORE THAN TWO HUNDRED THOUSAND PERSONS IS CONDITIONED ON
40 APPROVAL OF ITS VOTERS. AN ELECTION IS NOT REQUIRED IF VOTER APPROVAL HAS
41 PREVIOUSLY BEEN RECEIVED FOR SUBSTANTIALLY THE SAME PROJECT.

42 I. BY RESOLUTION OF THE BOARD, THE AUTHORITY MAY IMPOSE ANY ADDITIONAL
43 REQUIREMENTS IT CONSIDERS NECESSARY TO ENSURE THAT THE LOAN PRINCIPAL AND
44 INTEREST ARE TIMELY PAID.

1 J. ALL MONIES RECEIVED FROM RURAL ARIZONA AND TRIBAL COMMUNITIES AS
2 LOAN REPAYMENTS, INTEREST AND PENALTIES SHALL BE DEPOSITED, PURSUANT TO
3 SECTIONS 35-146 AND 35-147, IN THE FUND.

4 K. IF A RURAL ARIZONA AND TRIBAL COMMUNITY FAILS TO MAKE ANY PAYMENT
5 DUE TO THE AUTHORITY UNDER ITS LOAN REPAYMENT AGREEMENT OR BONDS, THE
6 AUTHORITY SHALL CERTIFY TO THE STATE TREASURER AND NOTIFY THE GOVERNING BODY
7 OF THE DEFAULTING RURAL ARIZONA AND TRIBAL COMMUNITY THAT THE RURAL ARIZONA
8 AND TRIBAL COMMUNITY HAS FAILED TO MAKE THE REQUIRED PAYMENT AND DIRECT A
9 WITHHOLDING OF STATE SHARED REVENUES AS PROVIDED IN SUBSECTION L OF THIS
10 SECTION. THE CERTIFICATE OF DEFAULT SHALL BE IN THE FORM DETERMINED BY THE
11 AUTHORITY, PROVIDED THE CERTIFICATE SPECIFIES THE AMOUNT REQUIRED TO SATISFY
12 THE UNPAID PAYMENT OBLIGATION OF THE RURAL ARIZONA AND TRIBAL COMMUNITY.

13 L. ON RECEIPT OF A CERTIFICATE OF DEFAULT FROM THE AUTHORITY, THE
14 STATE TREASURER, TO THE EXTENT NOT OTHERWISE EXPRESSLY PROHIBITED BY LAW,
15 SHALL WITHHOLD THE MONIES FROM THE NEXT SUCCEEDING DISTRIBUTION OF MONIES
16 PURSUANT TO SECTION 42-5029 DUE TO THE DEFAULTING RURAL ARIZONA AND TRIBAL
17 COMMUNITY. IN THE CASE OF A CITY OR TOWN, THE STATE TREASURER SHALL ALSO
18 WITHHOLD FROM THE NEXT SUCCEEDING DISTRIBUTION OF MONIES PURSUANT TO SECTION
19 43-206 DUE TO THE DEFAULTING CITY OR TOWN THE AMOUNT SPECIFIED IN THE
20 CERTIFICATE OF DEFAULT AND IMMEDIATELY DEPOSIT THE AMOUNT WITHHELD IN THE
21 FUND. THE STATE TREASURER SHALL CONTINUE TO WITHHOLD AND DEPOSIT THE MONIES
22 UNTIL THE AUTHORITY CERTIFIES TO THE STATE TREASURER THAT THE DEFAULT HAS
23 BEEN CURED. THE STATE TREASURER MAY NOT WITHHOLD ANY AMOUNT THAT IS
24 NECESSARY, AS CERTIFIED BY THE DEFAULTING RURAL ARIZONA AND TRIBAL COMMUNITY
25 TO THE STATE TREASURER AND THE AUTHORITY, TO MAKE ANY REQUIRED DEPOSITS THEN
26 DUE FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON BONDS OF THE RURAL ARIZONA
27 AND TRIBAL COMMUNITY THAT WERE ISSUED BEFORE THE DATE OF THE LOAN REPAYMENT
28 AGREEMENT OR BONDS AND THAT HAVE BEEN SECURED BY A PLEDGE OF DISTRIBUTIONS
29 MADE PURSUANT TO SECTIONS 42-5029 AND 43-206.

30 41-2363. Enforcement; attorney general

31 THE ATTORNEY GENERAL MAY TAKE ACTIONS NECESSARY TO ENFORCE THE LOAN
32 CONTRACT AND ACHIEVE REPAYMENT OF LOANS PROVIDED BY THE AUTHORITY PURSUANT TO
33 SECTION 41-2362.

34 Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes, is
35 amended by adding section 41-3025.01, to read:

36 41-3025.01. Rural Arizona and tribal infrastructure authority
37 board; termination July 1, 2025

38 A. THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY BOARD
39 TERMINATES ON JULY 1, 2025.

40 B. TITLE 41, CHAPTER 20 IS REPEALED ON JANUARY 1, 2026.

41 Sec. 3. Section 42-5029, Arizona Revised Statutes, is amended to read:

42 42-5029. Remission and distribution of monies; definition

43 A. The department shall deposit, pursuant to sections 35-146 and
44 35-147, all revenues collected under this article and articles 4, 5 and 8 of
45 this chapter pursuant to section 42-1116, separately accounting for:

- 1 1. Payments of estimated tax under section 42-5014, subsection D.
2 2. Revenues collected pursuant to section 42-5070.
3 3. Revenues collected under this article and article 5 of this chapter
4 from and after June 30, 2000 from sources located on Indian reservations in
5 this state. THESE REVENUES SHALL BE DISTRIBUTED FIRST AS PRESCRIBED BY
6 SECTIONS 42-5031.01 AND 42-5031.02, AND THE REMAINDER OF THE REVENUES SHALL
7 BE DISTRIBUTED AS OTHERWISE REQUIRED BY THIS ARTICLE.
8 4. Revenues collected pursuant to section 42-5010, subsection G and
9 section 42-5155, subsection D.
10 B. The department shall credit payments of estimated tax to an
11 estimated tax clearing account and each month shall transfer all monies in
12 the estimated tax clearing account to a fund designated as the transaction
13 privilege and severance tax clearing account. The department shall credit
14 all other payments to the transaction privilege and severance tax clearing
15 account, separately accounting for the monies designated as distribution base
16 under sections 42-5010, 42-5164, 42-5205 and 42-5353. Each month the
17 department shall report to the state treasurer the amount of monies collected
18 pursuant to this article and articles 4, 5 and 8 of this chapter.
19 C. On notification by the department, the state treasurer shall
20 distribute the monies deposited in the transaction privilege and severance
21 tax clearing account in the manner prescribed by this section and by sections
22 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the
23 account pursuant to sections 42-1118 and 42-1254.
24 D. Of the monies designated as distribution base the department shall:
25 1. Pay twenty-five ~~per-cent~~ PERCENT to the various incorporated
26 municipalities in this state in proportion to their population to be used by
27 the municipalities for any municipal purpose.
28 2. Pay 38.08 ~~per-cent~~ PERCENT to the counties in this state by
29 averaging the following proportions:
30 (a) The proportion that the population of each county bears to the
31 total state population.
32 (b) The proportion that the distribution base monies collected during
33 the calendar month in each county under this article, section 42-5164,
34 subsection B, section 42-5205, subsection B and section 42-5353 bear to the
35 total distribution base monies collected under this article, section 42-5164,
36 subsection B, section 42-5205, subsection B and section 42-5353 throughout
37 the state for the calendar month.
38 3. Pay an additional 2.43 ~~per-cent~~ PERCENT to the counties in this
39 state as follows:
40 (a) Average the following proportions:
41 (i) The proportion that the assessed valuation used to determine
42 secondary property taxes of each county, after deducting that part of the
43 assessed valuation that is exempt from taxation at the beginning of the month
44 for which the amount is to be paid, bears to the total assessed valuations
45 used to determine secondary property taxes of all the counties after

1 deducting that portion of the assessed valuations that is exempt from
 2 taxation at the beginning of the month for which the amount is to be paid.
 3 Property of a city or town that is not within or contiguous to the municipal
 4 corporate boundaries and from which water is or may be withdrawn or diverted
 5 and transported for use on other property is considered to be taxable
 6 property in the county for purposes of determining assessed valuation in the
 7 county under this item.

8 (ii) The proportion that the distribution base monies collected during
 9 the calendar month in each county under this article, section 42-5164,
 10 subsection B, section 42-5205, subsection B and section 42-5353 bear to the
 11 total distribution base monies collected under this article, section 42-5164,
 12 subsection B, section 42-5205, subsection B and section 42-5353 throughout
 13 the state for the calendar month.

14 (b) If the proportion computed under subdivision (a) of this paragraph
 15 for any county is greater than the proportion computed under paragraph 2 of
 16 this subsection, the department shall compute the difference between the
 17 amount distributed to that county under paragraph 2 of this subsection and
 18 the amount that would have been distributed under paragraph 2 of this
 19 subsection using the proportion computed under subdivision (a) of this
 20 paragraph and shall pay that difference to the county from the amount
 21 available for distribution under this paragraph. Any monies remaining after
 22 all payments under this subdivision shall be distributed among the counties
 23 according to the proportions computed under paragraph 2 of this subsection.

24 4. After any distributions required by sections 42-5030, 42-5030.01,
 25 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to
 26 the water quality assurance revolving fund as required by section 49-282,
 27 subsection B, credit the remainder of the monies designated as distribution
 28 base to the state general fund. From this amount the legislature shall
 29 annually appropriate to:

30 (a) The department of revenue sufficient monies to administer and
 31 enforce this article and articles 5 and 8 of this chapter.

32 (b) The department of economic security monies to be used for the
 33 purposes stated in title 46, chapter 1.

34 (c) The firearms safety and ranges fund established by section 17-273,
 35 fifty thousand dollars derived from the taxes collected from the retail
 36 classification pursuant to section 42-5061 for the current fiscal year.

37 E. If approved by the qualified electors voting at a statewide general
 38 election, all monies collected pursuant to section 42-5010, subsection G and
 39 section 42-5155, subsection D shall be distributed each fiscal year pursuant
 40 to this subsection. The monies distributed pursuant to this subsection are
 41 in addition to any other appropriation, transfer or other allocation of
 42 public or private monies from any other source and shall not supplant,
 43 replace or cause a reduction in other school district, charter school,
 44 university or community college funding sources. The monies shall be
 45 distributed as follows:

1 1. If there are outstanding state school facilities revenue bonds
2 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
3 amount that is necessary to pay the fiscal year's debt service on outstanding
4 state school improvement revenue bonds for the current fiscal year shall be
5 transferred each month to the school improvement revenue bond debt service
6 fund established by section 15-2084. The total amount of bonds for which
7 these monies may be allocated for the payment of debt service shall not
8 exceed a principal amount of eight hundred million dollars exclusive of
9 refunding bonds and other refinancing obligations.

10 2. After any transfer of monies pursuant to paragraph 1 of this
11 subsection, twelve per cent of the remaining monies collected during the
12 preceding month shall be transferred to the technology and research
13 initiative fund established by section 15-1648 to be distributed among the
14 universities for the purpose of investment in technology and research-based
15 initiatives.

16 3. After the transfer of monies pursuant to paragraph 1 of this
17 subsection, three per cent of the remaining monies collected during the
18 preceding month shall be transferred to the workforce development account
19 established in each community college district pursuant to section 15-1472
20 for the purpose of investment in workforce development programs.

21 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
22 subsection, one-twelfth of the amount a community college that is owned,
23 operated or chartered by a qualifying Indian tribe on its own Indian
24 reservation would receive pursuant to section 15-1472, subsection D,
25 paragraph 2 if it were a community college district shall be distributed each
26 month to the treasurer or other designated depository of a qualifying Indian
27 tribe. Monies distributed pursuant to this paragraph are for the exclusive
28 purpose of providing support to one or more community colleges owned,
29 operated or chartered by a qualifying Indian tribe and shall be used in a
30 manner consistent with section 15-1472, subsection B. For the purposes of
31 this paragraph, "qualifying Indian tribe" has the same meaning as defined in
32 section 42-5031.01, subsection D.

33 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
34 subsection, one-twelfth of the following amounts shall be transferred each
35 month to the department of education for the increased cost of basic state
36 aid under section 15-971 due to added school days and associated teacher
37 salary increases enacted in 2000:

38 (a) In fiscal year 2001-2002, \$15,305,900.

39 (b) In fiscal year 2002-2003, \$31,530,100.

40 (c) In fiscal year 2003-2004, \$48,727,700.

41 (d) In fiscal year 2004-2005, \$66,957,200.

42 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
43 \$86,280,500.

44 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
45 subsection, seven million eight hundred thousand dollars is appropriated each

1 fiscal year, to be paid in monthly installments, to the department of
2 education to be used for school safety as provided in section 15-154 and two
3 hundred thousand dollars is appropriated each fiscal year, to be paid in
4 monthly installments to the department of education to be used for the
5 character education matching grant program as provided in section 15-154.01.

6 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
7 subsection, no more than seven million dollars may be appropriated by the
8 legislature each fiscal year to the department of education to be used for
9 accountability purposes as described in section 15-241 and title 15, chapter
10 9, article 8.

11 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
12 subsection, one million five hundred thousand dollars is appropriated each
13 fiscal year, to be paid in monthly installments, to the failing schools
14 tutoring fund established by section 15-241.

15 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
16 subsection, twenty-five million dollars shall be transferred each fiscal year
17 to the state general fund to reimburse the general fund for the cost of the
18 income tax credit allowed by section 43-1072.01.

19 10. After the payment of monies pursuant to paragraphs 1 through 9 of
20 this subsection, the remaining monies collected during the preceding month
21 shall be transferred to the classroom site fund established by section
22 15-977. The monies shall be allocated as follows in the manner prescribed by
23 section 15-977:

24 (a) Forty per cent shall be allocated for teacher compensation based
25 on performance.

26 (b) Twenty per cent shall be allocated for increases in teacher base
27 compensation and employee related expenses.

28 (c) Forty per cent shall be allocated for maintenance and operation
29 purposes.

30 F. The department shall credit the remainder of the monies in the
31 transaction privilege and severance tax clearing account to the state general
32 fund, subject to any distribution required by section 42-5030.01.

33 G. Notwithstanding subsection D of this section, if a court of
34 competent jurisdiction finally determines that tax monies distributed under
35 this section were illegally collected under this article or articles 5 and 8
36 of this chapter and orders the monies to be refunded to the taxpayer, the
37 department shall compute the amount of such monies that was distributed to
38 each city, town and county under this section. Each city's, town's and
39 county's proportionate share of the costs shall be based on the amount of the
40 original tax payment each municipality and county received. Each month the
41 state treasurer shall reduce the amount otherwise distributable to the city,
42 town and county under this section by one thirty-sixth of the total amount to
43 be recovered from the city, town or county until the total amount has been
44 recovered, but the monthly reduction for any city, town or county shall not
45 exceed ten ~~per cent~~ PERCENT of the full monthly distribution to that

1 entity. The reduction shall begin for the first calendar month after the
2 final disposition of the case and shall continue until the total amount,
3 including interest and costs, has been recovered.

4 H. On receiving a certificate of default from the greater Arizona
5 development authority pursuant to section 41-2257 or 41-2258 and to the
6 extent not otherwise expressly prohibited by law, the state treasurer shall
7 withhold from the next succeeding distribution of monies pursuant to this
8 section due to the defaulting political subdivision the amount specified in
9 the certificate of default and immediately deposit the amount withheld in the
10 greater Arizona development authority revolving fund. The state treasurer
11 shall continue to withhold and deposit the monies until the greater Arizona
12 development authority certifies to the state treasurer that the default has
13 been cured. In no event may the state treasurer withhold any amount that the
14 defaulting political subdivision certifies to the state treasurer and the
15 authority as being necessary to make any required deposits then due for the
16 payment of principal and interest on bonds of the political subdivision that
17 were issued before the date of the loan repayment agreement or bonds and that
18 have been secured by a pledge of distributions made pursuant to this section.

19 I. Except as provided by sections 42-5033 and 42-5033.01, the
20 population of a county, city or town as determined by the most recent United
21 States decennial census plus any revisions to the decennial census certified
22 by the United States bureau of the census shall be used as the basis for
23 apportioning monies pursuant to subsection D of this section.

24 J. Except as otherwise provided by this subsection, on notice from the
25 department of revenue pursuant to section 42-6010, subsection B, the state
26 treasurer shall withhold from the distribution of monies pursuant to this
27 section to the affected city or town the amount of the penalty for business
28 location municipal tax incentives provided by the city or town to a business
29 entity that locates a retail business facility in the city or town. The
30 state treasurer shall continue to withhold monies pursuant to this subsection
31 until the entire amount of the penalty has been withheld. The state
32 treasurer shall credit any monies withheld pursuant to this subsection to the
33 state general fund as provided by subsection D, paragraph 4 of this section.
34 The state treasurer shall not withhold any amount that the city or town
35 certifies to the department of revenue and the state treasurer as being
36 necessary to make any required deposits or payments for debt service on bonds
37 or other long-term obligations of the city or town that were issued or
38 incurred before the location incentives provided by the city or town.

39 K. On notice from the auditor general pursuant to section 9-626,
40 subsection D, the state treasurer shall withhold from the distribution of
41 monies pursuant to this section to the affected city the amount computed
42 pursuant to section 9-626, subsection D. The state treasurer shall continue
43 to withhold monies pursuant to this subsection until the entire amount
44 specified in the notice has been withheld. The state treasurer shall credit

1 any monies withheld pursuant to this subsection to the state general fund as
2 provided by subsection D, paragraph 4 of this section.

3 L. For the purposes of this section, "community college district"
4 means a community college district that is established pursuant to sections
5 15-1402 and 15-1403 and that is a political subdivision of this state and,
6 unless otherwise specified, includes a community college district established
7 pursuant to section 15-1402.01 and a provisional community college district
8 established pursuant to section 15-1409.

9 Sec. 4. Title 42, chapter 5, article 1, Arizona Revised Statutes, is
10 amended by adding section 42-5031.02, to read:

11 42-5031.02. Distribution of revenues to rural Indian tribes for
12 infrastructure and community development;
13 distribution of revenues to rural Arizona and
14 tribal infrastructure revolving fund; definition

15 A. AFTER ANY DISTRIBUTIONS MADE PURSUANT TO SECTION 42-5031.01, THE
16 STATE TREASURER SHALL MAKE DISTRIBUTIONS OF THE REVENUES COLLECTED UNDER THIS
17 ARTICLE AND ARTICLE 5 OF THIS CHAPTER IN THE PRECEDING MONTH FROM ALL SOURCES
18 LOCATED ON INDIAN RESERVATIONS IN THIS STATE PURSUANT TO SECTION 42-5029,
19 SUBSECTION A, PARAGRAPH 3 TO THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE
20 REVOLVING FUND AND RURAL INDIAN TRIBES, AS FOLLOWS:

21 1. TO THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE REVOLVING FUND
22 ESTABLISHED BY SECTION 41-2356, FIFTEEN PERCENT.

23 2. TO BE DISTRIBUTED AMONG THE RURAL INDIAN TRIBES AS PROVIDED BY
24 SUBSECTION B OF THIS SECTION:

25 (a) FOR FISCAL YEAR 2015-2016, TEN PERCENT.

26 (b) FOR FISCAL YEAR 2016-2017, TWENTY PERCENT.

27 (c) FOR EVERY FISCAL YEAR AFTER FISCAL YEAR 2016-2017, THIRTY-FIVE
28 PERCENT.

29 B. THE MONIES UNDER SUBSECTION A, PARAGRAPH 2 OF THIS SECTION SHALL BE
30 DISTRIBUTED TO THE TREASURER OR OTHER DESIGNATED DEPOSITORY OF EACH RURAL
31 INDIAN TRIBE AS FOLLOWS:

32 1. DIVIDE THE AMOUNT OF REVENUES COLLECTED UNDER THIS ARTICLE AND
33 ARTICLE 5 OF THIS CHAPTER IN THE PRECEDING MONTH FROM EACH RURAL INDIAN TRIBE
34 PURSUANT TO SECTION 42-5029, SUBSECTION A, PARAGRAPH 3 BY THE AMOUNT OF
35 REVENUES COLLECTED UNDER THIS ARTICLE AND ARTICLE 5 OF THIS CHAPTER IN THE
36 PRECEDING MONTH FROM ALL RURAL INDIAN TRIBES PURSUANT TO SECTION 42-5029,
37 SUBSECTION A, PARAGRAPH 3.

38 2. MULTIPLY THE AMOUNT OF MONIES UNDER SUBSECTION A, PARAGRAPH 2 OF
39 THIS SECTION BY THE QUOTIENT OBTAINED UNDER PARAGRAPH 1 OF THIS SUBSECTION.

40 3. FOR PURPOSES OF THE CALCULATION OF THE REVENUE COLLECTED FROM A
41 SINGLE RURAL INDIAN TRIBE UNDER THIS ARTICLE AND ARTICLE 5 OF THIS CHAPTER
42 UNDER PARAGRAPH 1 OF THIS SUBSECTION, A RURAL INDIAN TRIBE THAT HAS A
43 NEGATIVE AMOUNT OF REVENUES COLLECTED SHALL BE TREATED AS HAVING ZERO
44 REVENUES COLLECTED.

1 C. EACH RURAL INDIAN TRIBE SHALL USE THE MONIES RECEIVED UNDER THIS
2 SECTION FOR INFRASTRUCTURE DEVELOPMENT AND COMMUNITY DEVELOPMENT PROJECTS,
3 INCLUDING MULTIPURPOSE BUILDINGS AND ROADS ON THE INDIAN RESERVATION THAT ARE
4 LOCATED WITHIN THIS STATE.

5 D. FOR THE PURPOSES OF THIS SECTION, "RURAL INDIAN TRIBE" MEANS AN
6 INDIAN TRIBE IN A COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED
7 THOUSAND PERSONS.

8 Sec. 5. Initial terms of members of the rural Arizona and
9 tribal infrastructure authority board

10 A. Notwithstanding section 41-2353, Arizona Revised Statutes, the
11 initial terms of members of the rural Arizona and tribal infrastructure
12 authority board are as follows:

13 1. For one member representing a county, one member representing a
14 city or town and four members representing Indian tribes, the initial term
15 ends in January 2018.

16 2. For the remaining members, the initial term ends in January 2019.

17 B. The governor shall make all subsequent appointments as prescribed
18 by statute.

19 Sec. 6. Purpose

20 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
21 the legislature establishes the rural Arizona and tribal infrastructure
22 authority board pursuant to section 41-2353, Arizona Revised Statutes, to
23 administer the funding for capital projects in rural Arizona and tribal
24 communities.