

State of Arizona  
House of Representatives  
Fifty-second Legislature  
Second Regular Session  
2016

# HOUSE BILL 2568

AN ACT

AMENDING SECTIONS 48-701, 48-702, 48-705, 48-707, 48-711, 48-715, 48-719 AND 48-723, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 48-726, 48-727, 48-728 AND 48-729; RELATING TO COMMUNITY FACILITIES DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 48-701, Arizona Revised Statutes, is amended to  
3 read:  
4 48-701. Definitions  
5 In this article, unless the context otherwise requires:  
6 1. "Clerk" includes any person or official who performs the duties of  
7 clerk of the municipality or county or any person appointed by the district  
8 board to be the district clerk pursuant to section 48-711, ~~subsection D~~.  
9 2. "County" means a county that forms a community facilities district  
10 pursuant to this article in an unincorporated area or in an incorporated area  
11 with the municipality's consent.  
12 3. "Debt service" means the principal of, interest on and premium, if  
13 any, on the bonds, when due, whether at maturity or prior redemption and fees  
14 and costs of registrars, trustees, paying agents or other agents necessary to  
15 handle the bonds and the costs of credit enhancement or liquidity support.  
16 4. "District" means a tax levying community facilities district formed  
17 pursuant to this article by a municipality or formed pursuant to this article  
18 by a county in an unincorporated area or in an incorporated area with the  
19 municipality's consent.  
20 5. "District board" means the board of directors of the district,  
21 which shall ~~be comprised~~ CONSIST of the members of the governing body of the  
22 municipality or county, ex officio, or, ~~at the option of the governing body,~~  
23 five directors appointed by the governing body ~~under this article~~ PURSUANT TO  
24 SECTION 48-711.  
25 6. "Enhanced municipal services" means public service provided by a  
26 county or municipality within the district at a higher level or to a greater  
27 degree than provided in the remainder of the county or municipality,  
28 including such services as public safety, fire protection, street or sidewalk  
29 cleaning or landscape maintenance in public areas.  
30 7. "General obligation bond" means a bond that is issued pursuant to  
31 section 48-719 and that is secured by a pledge of ad valorem taxes levied by  
32 the district.  
33 8. "General plan" means the general plan described in section 48-702,  
34 subsection B, as the plan may be amended.  
35 9. "Governing body" means the body or board ~~which~~ THAT by law is  
36 constituted as the legislative department of the municipality or county.  
37 10. "Municipality" means an incorporated city or town.  
38 11. "Owner" means the person who, on the day the action, election or  
39 proceeding is begun or held, appears to be the owner of real property as  
40 shown on the property tax assessment roll.  
41 12. "Public infrastructure" means all improvements listed in this  
42 paragraph that will result in a beneficial use principally to land within the  
43 geographical limits of the district and may include a district's share of any  
44 improvements listed in this paragraph if the district board determines such  
45 share is proportionate to the beneficial use of such improvements to land

1 within the geographical limits of the district, improvements within or  
2 outside the geographical limits of the district, necessary or incidental  
3 work, whether newly constructed, renovated or existing, and all necessary or  
4 desirable appurtenances. For the purposes of this paragraph, adoption by the  
5 district board of a resolution of intent pursuant to section 48-715 shall  
6 conclusively establish that the improvements or, if applicable, share of the  
7 improvements that are the subject of the resolution will result in a  
8 beneficial use principally to land within the geographical limits of the  
9 district. Public infrastructure improvements are:

10 (a) Sanitary sewage systems, including collection, transport, storage,  
11 treatment, dispersal, effluent use and discharge.

12 (b) Drainage and flood control systems, including collection,  
13 transport, diversion, storage, detention, retention, dispersal, use and  
14 discharge.

15 (c) Water systems for domestic, industrial, irrigation, municipal or  
16 fire protection purposes, including production, collection, storage,  
17 treatment, transport, delivery, connection and dispersal, but not including  
18 facilities for agricultural irrigation purposes unless for the repair or  
19 replacement of existing facilities when required by other improvements  
20 permitted by this article.

21 (d) Highways, streets, roadways and parking facilities, including all  
22 areas for vehicular use for travel, ingress, egress and parking.

23 (e) Areas for pedestrian, equestrian, bicycle or other nonmotor  
24 vehicle use for travel, ingress, egress and parking.

25 (f) Pedestrian malls, parks, recreational facilities other than  
26 stadiums, and open space areas for the use of members of the public for  
27 entertainment, assembly and recreation.

28 (g) Landscaping, including earthworks, structures, lakes and other  
29 water features, plants, trees and related water delivery systems.

30 (h) Public buildings, public safety facilities and fire protection  
31 facilities.

32 (i) Lighting systems.

33 (j) Traffic control systems and devices, including signals, controls,  
34 markings and signage.

35 (k) Equipment, vehicles, furnishings and other personalty related to  
36 the items listed in this paragraph.

37 13. "Public infrastructure purpose" means:

38 (a) Planning, design, engineering, construction, acquisition or  
39 installation of public infrastructure.

40 (b) Acquiring, converting, renovating or improving existing facilities  
41 for public infrastructure.

42 (c) Acquiring interests in real property for public infrastructure.

43 (d) Establishing, maintaining and replenishing reserves from any  
44 source described in section 48-717 or from any other source in order to  
45 secure payment of debt service on bonds.

1 (e) Notwithstanding section 48-589, funding and paying from bond  
2 proceeds interest accruing on bonds for a period of not to exceed three years  
3 from their date of issuance.

4 (f) Providing for the timely payment of debt service on bonds or other  
5 indebtedness of the district.

6 (g) Refinancing any matured or unmatured bonds with new bonds.

7 (h) Incurring expenses of the district incident to and reasonably  
8 necessary to carry out the purposes specified in this paragraph.

9 14. "Revenue bonds" means those bonds that are issued pursuant to  
10 section 48-720 and that are secured by a pledge of revenues of the district  
11 or revenues collected by the county or municipality and returned to the  
12 district.

13 15. "Treasurer" includes any person or official who performs the duties  
14 of treasurer of the municipality or county or any person appointed by the  
15 district board as the district treasurer pursuant to section  
16 48-711, ~~subsection D~~.

17 Sec. 2. Section 48-702, Arizona Revised Statutes, is amended to read:  
18 48-702. Resolution declaring intention to form district

19 A. If the public convenience and necessity require, and on  
20 presentation of a petition signed by the owners of at least twenty-five ~~per~~  
21 ~~cent~~ PERCENT of the land area proposed to be included in the district, the  
22 governing body may adopt a resolution declaring its intention to form a  
23 community facilities district ~~to~~ THAT SHALL include contiguous or  
24 noncontiguous property ~~which shall be~~ THAT IS wholly within the corporate  
25 boundaries of the municipality or county. BEGINNING WITH DISTRICTS FORMED  
26 AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, IF THE LAND  
27 PROPOSED TO BE INCLUDED IN THE DISTRICT IS MORE THAN SIX HUNDRED ACRES AND,  
28 FOR LAND THAT IS LOCATED IN THE UNINCORPORATED AREA OF A COUNTY, THE LAND  
29 MEETS THE REQUIREMENTS PRESCRIBED IN SUBSECTION C OF THIS SECTION, ON  
30 PRESENTATION OF A PETITION SIGNED BY THE OWNERS OF ALL OF THE LAND AREA  
31 PROPOSED TO BE INCLUDED IN THE DISTRICT, THE GOVERNING BODY SHALL ADOPT A  
32 RESOLUTION DECLARING ITS INTENTION TO FORM A COMMUNITY FACILITIES DISTRICT TO  
33 INCLUDE CONTIGUOUS OR NONCONTIGUOUS PROPERTY THAT IS WHOLLY WITHIN THE  
34 CORPORATE BOUNDARIES OF THE MUNICIPALITY OR COUNTY. NONCONTIGUOUS PROPERTY  
35 MAY BE INCLUDED IN A DISTRICT ONLY IF IT IS UNDER COMMON OWNERSHIP OR CONTROL  
36 AND WOULD BE SERVED BY COMMON INFRASTRUCTURE. BEGINNING WITH DISTRICTS  
37 FORMED AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, THE  
38 GOVERNING BODY SHALL ADOPT THE RESOLUTION WITHIN NINETY DAYS AFTER THE  
39 SUBMITTAL OF THE PETITION. The resolution shall state the following:

- 40 1. The area or areas to be included in the district.  
41 2. The purposes for which the district is to be formed.  
42 3. That a general plan for the district is on file with the clerk.  
43 4. The date, time and place of the hearing to be held on the formation  
44 of the district.

1           5. The place where written objections to the formation of the district  
2 may be filed.

3           6. That formation of the district may result in the levy of taxes to  
4 pay the costs of improvements constructed by the district and for their  
5 operation and maintenance.

6           7. A reference to this article.

7           8. Whether the district will be governed by a district board ~~comprised~~  
8 **THAT CONSISTS** of the members of the governing body, ex officio, or, at the  
9 option of the governing body **OR, FOR DISTRICTS FORMED AFTER THE EFFECTIVE**  
10 **DATE OF THIS AMENDMENT TO THIS SECTION, AT THE OPTION OF THE LANDOWNERS** and  
11 if the total area to be included in the district is larger than six hundred  
12 acres, five directors appointed ~~by the governing body~~ **PURSUANT TO SECTION**  
13 **48-711, SUBSECTION C.**

14           B. Before adopting a resolution under this section: ~~—~~

15           1. A general plan for the district shall be filed with the clerk  
16 setting out a general description of the public infrastructure improvements  
17 for which the district is proposed to be formed and the general areas to be  
18 improved.

19           2. **THE OWNERS OF THE LAND TO BE INCLUDED IN THE DISTRICT SHALL PROVIDE**  
20 **TO THE GOVERNING BODY AN AGREEMENT TO INDEMNIFY, DEFEND AND HOLD HARMLESS THE**  
21 **GOVERNING BODY AND ITS AGENTS, CONSULTANTS, OFFICERS AND EMPLOYEES FOR, FROM**  
22 **AND AGAINST ALL LIABILITIES, CLAIMS, COSTS AND EXPENSES, INCLUDING ATTORNEY**  
23 **FEES, THAT ARE INCURRED IN ANY CHALLENGE OR PROCEEDING RELATED TO THE OFFER,**  
24 **SALE AND REPAYMENT OF THE DISTRICT'S BONDS AND THE LEVYING BY THE DISTRICT OF**  
25 **ANY TAX, ASSESSMENT OR CHARGE. THE INDEMNIFICATION AGREEMENT SHALL ESTABLISH**  
26 **A GENERAL OBLIGATION OF THE OWNERS OF THE LAND BUT SHALL NOT BE SECURED BY**  
27 **THE LAND AND SHALL BE ACCEPTED WITHOUT REFERENCE TO THE OWNERS' FINANCIAL**  
28 **ABILITY TO MAKE REPAYMENT. THE INDEMNIFICATION AGREEMENT SHALL TERMINATE ON**  
29 **FINAL REPAYMENT OF ANY DEBT ISSUED BY THE DISTRICT.**

30           C. **THE PROPERTY TO BE INCLUDED IN A DISTRICT FORMED BY A COUNTY MUST**  
31 **MEET ALL OF THE FOLLOWING REQUIREMENTS:**

32           1. **THE ZONING FOR THE PROPERTY MUST ALLOW DEVELOPMENT IN EXCESS OF ONE**  
33 **RESIDENTIAL DWELLING UNIT PER ACRE.**

34           2. **THE PROPERTY MUST BE INCLUDED WITHIN THE PLANNING AREA OF A**  
35 **MUNICIPALITY OR THE LAND USE ELEMENT OF A MUNICIPALITY'S GENERAL PLAN ADOPTED**  
36 **PURSUANT TO SECTION 9-461.05 OR MUST BE LOCATED IMMEDIATELY ADJACENT TO THE**  
37 **MUNICIPALITY.**

38           3. **THE PROPERTY MUST BE THE SUBJECT OF A SPECIFIC PLAN, A PLANNED AREA**  
39 **DEVELOPMENT OR A DEVELOPMENT AGREEMENT THAT IS APPROVED BY THE COUNTY**  
40 **PURSUANT TO SECTION 11-1101.**

41           Sec. 3. Section 48-705, Arizona Revised Statutes, is amended to read:  
42 **48-705. Order forming district; election**

43           A. After the hearing, the governing body may adopt a resolution  
44 ordering the formation of the district, deleting any property determined not  
45 to be benefited by the district or modifying the general plan and then

1 ordering the formation of the district or determining that the district not  
2 be formed. BEGINNING WITH DISTRICTS FORMED AFTER THE EFFECTIVE DATE OF THIS  
3 AMENDMENT TO THIS SECTION, IF THE LAND PROPOSED TO BE INCLUDED IN THE  
4 DISTRICT IS MORE THAN SIX HUNDRED ACRES AND, FOR LAND THAT IS LOCATED IN THE  
5 UNINCORPORATED AREA OF A COUNTY, THE LAND MEETS THE REQUIREMENTS PRESCRIBED  
6 BY SECTION 48-702, SUBSECTION C, THE GOVERNING BODY SHALL ADOPT A RESOLUTION  
7 WITHIN NINETY DAYS AFTER THE ADOPTION OF THE RESOLUTION DECLARING ITS  
8 INTENTION TO FORM A COMMUNITY FACILITIES DISTRICT PURSUANT TO SECTION 48-702  
9 ORDERING THE FORMATION OF THE DISTRICT, DELETING ANY PROPERTY DETERMINED NOT  
10 TO BE BENEFITED BY THE DISTRICT OR MODIFYING THE GENERAL PLAN. A resolution  
11 ordering formation of the district shall state whether the district will be  
12 governed by a district board ~~comprised~~ COMPOSED of the members of the  
13 governing body, ex officio, or, at the option of the governing body OR, FOR  
14 DISTRICTS FORMED AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION,  
15 AT THE OPTION OF THE LANDOWNERS and if the total area included in the  
16 district is larger than six hundred acres, five directors appointed ~~by the~~  
17 ~~governing body~~ PURSUANT TO SECTION 48-711, SUBSECTION C. If the district  
18 board will ~~be comprised~~ CONSIST of appointed directors, the resolution shall  
19 contain the names of the five initial directors and the terms of office of  
20 each.

21 B. If the governing body determines that the district should OR MUST  
22 be formed, it shall submit the formation to an election of the owners of land  
23 in the district who are qualified electors of this state and other  
24 landowners, according to section 48-3043, unless a petition is presented to  
25 the governing body pursuant to section 48-707, subsection F. Each owner has  
26 the number of votes or portions of votes equal to the number of acres or  
27 portions of acres rounded upward to the nearest one-fifth of an acre owned by  
28 that owner in the submitted district. In addition to holding the landowner  
29 election required by this subsection or receipt of the landowner petition  
30 pursuant to section 48-707, subsection F, and subject to section 48-707,  
31 subsection G, the governing body shall submit the formation of the district  
32 to a vote of the qualified electors who reside within the boundaries of the  
33 proposed district.

34 Sec. 4. Section 48-707, Arizona Revised Statutes, is amended to read:  
35 48-707. Notice and conduct of elections; waiver

36 A. Any election under this article shall be a nonpartisan election  
37 called by posting notices in three public places within the boundaries of the  
38 district not less than twenty days before the election. Notice shall also be  
39 published in a newspaper of general circulation in the municipality or county  
40 or if there is no newspaper so circulated in the municipality in a newspaper  
41 of general circulation in the county in which the municipality is located  
42 once a week for two consecutive weeks before the election. The notice shall  
43 state:

44 1. The place of holding the election.

1           2. The hours during the day, not less than six, in which the polls  
2 will be open.

3           3. If it is a formation election, the boundaries of the proposed  
4 district.

5           4. If it is a bond election, the amount of bonds to be authorized for  
6 the district, the maximum rate of interest to be borne on the bonds, the  
7 maximum term of the bonds, not exceeding twenty-five years, and the purposes  
8 for which the monies raised will be used.

9           5. If it is an ad valorem tax levy election pursuant to section  
10 48-723, the maximum tax rate per one hundred dollars of assessed valuation to  
11 be imposed, the purposes for which the monies raised will be used and the  
12 existing maximum tax rate, if any, **AND BEGINNING WITH DISTRICTS FORMED AFTER**  
13 **THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, A LIMIT ON THE AD**  
14 **VALOREM TAX LEVY.**

15           6. That a general plan is on file with the clerk.

16           B. The district board or the governing body, as applicable, shall  
17 determine the date of the election and the polling places for the election  
18 and may consolidate county precincts. For other than a formation election  
19 pursuant to section 48-705, subsection B, and an election held pursuant to  
20 subsection G of this section, precinct registers shall be used. The county  
21 recorder shall submit precinct registers on the request of the clerk, and if  
22 the district includes land lying partly in and partly out of any county  
23 election precinct, the precinct registers may contain the names of all  
24 registered voters in the precinct and the election boards at those precincts  
25 shall require that a prospective elector execute an affidavit stating that  
26 the elector is also a qualified elector of the district. For formation  
27 elections and elections held pursuant to subsection G of this section, a  
28 prospective elector shall execute an affidavit stating that the elector is  
29 the owner of land in the proposed district and is a qualified elector of this  
30 state or otherwise qualified to vote pursuant to section 48-3043 and stating  
31 the area of land in acres owned by the elector. Election board members may  
32 administer oaths or take all affirmations for these purposes. A community  
33 facilities district election held pursuant to this article is not subject to  
34 title 16, chapter 2, article 3.

35           C. Except as otherwise provided by this article, the election shall  
36 comply with the general election laws of this state, except that the words to  
37 appear on the ballots shall be for a formation election "district, yes" and  
38 "district, no", for a bond election "bonds, yes" and "bonds, no", for a tax  
39 election if no tax is in place "tax, yes" and "tax, no" and for a tax  
40 election to change an existing maximum or eliminate an existing tax "tax  
41 change, yes" and "tax change, no". **BEGINNING WITH DISTRICTS FORMED AFTER THE**  
42 **EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, THE BOND QUESTION SHALL**  
43 **INCLUDE AUTHORIZATION FOR AN AD VALOREM TAX LEVY TO PAY DEBT SERVICE ON THE**  
44 **BONDS AND A LIMIT ON THAT TAX LEVY.** The returns of election shall be made to  
45 the governing body or, if after formation, to the district board.

1 D. Within fourteen days after an election, the governing body, or if  
2 after formation, the district board, shall meet and canvass the returns, and  
3 if a majority of the votes cast at the election is in favor of formation,  
4 issuing the bonds, imposing the tax or changing the tax, the governing body  
5 or the district board, as appropriate, shall enter that fact on its  
6 minutes. The canvass may be continued from time to time. Failure of a  
7 majority to vote in favor of the matter submitted does not prejudice the  
8 submission of the same or similar matters at a later election.

9 E. If a person listed on the assessment roll is no longer the owner of  
10 land in the district and the name of the successor owner becomes known and is  
11 verified by recorded deed or other similar evidence of transfer of ownership,  
12 the successor owner is deemed to be the owner for the purposes of this  
13 article.

14 F. Notwithstanding any other provision of this article, if a petition  
15 for formation is signed by owners of all of the land in the district  
16 described in the petition and, **ONLY FOR DISTRICTS FORMED BEFORE THE EFFECTIVE**  
17 **DATE OF THIS AMENDMENT TO THIS SECTION, IF IT** is approved by the municipality  
18 or county, the municipality or county may, **AND FOR DISTRICTS FORMED AFTER THE**  
19 **EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION SHALL**, waive any or all  
20 requirements of posting, publication, mailing, notice, hearing and landowner  
21 election. On receipt of such a petition, and after approval by an election  
22 of resident electors, if any, the municipality or county shall declare the  
23 district formed without being required to comply with the provisions of this  
24 article for posting, publication, mailing, notice, hearing or landowner  
25 election.

26 G. Notwithstanding any other provision of this article, if no person  
27 has registered to vote within the district within fifty days immediately  
28 preceding any scheduled election date, any election required to be held  
29 pursuant to this article shall be held with the vote by the owners of land  
30 within the district who are qualified electors of this state and other  
31 landowners according to section 48-3043. Each owner has the number of votes  
32 or portion of votes equal to the number of acres or portion of acres rounded  
33 upward to the nearest one-fifth of an acre owned in the district by that  
34 person.

35 H. For a district that is proposed to be formed by a county, a  
36 district may be formed only if a petition for formation is signed by the  
37 owners of all of the land in the district that is described in the petition  
38 and, **ONLY FOR DISTRICTS FORMED BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO**  
39 **THIS SECTION**, if it is approved by the county. If the district is proposed  
40 to be formed in a county island, as defined in section 11-251.12, in  
41 existence on ~~the effective date of this amendment to this section~~ **SEPTEMBER**  
42 **21, 2006**, the petition must be signed by the owners of all of the land in the  
43 district that is described in the petition and the district must be approved  
44 by the county and by the municipality or all municipalities that form the  
45 county island. If the petition is signed by the owners of all of the land in



1 the district, the county may, AND FOR DISTRICTS FORMED AFTER THE EFFECTIVE  
2 DATE OF THIS AMENDMENT TO THIS SECTION SHALL, waive any or all requirements  
3 of posting, publication, mailing, notice, hearing and landowner election. On  
4 receipt of such a petition, and after approval by an election of one hundred  
5 ~~per cent~~ PERCENT of the resident electors, if any, the county shall declare  
6 the district formed without being required to comply with the provisions of  
7 this article for posting.

8 Sec. 5. Section 48-711, Arizona Revised Statutes, is amended to read:  
9 48-711. Records; board of directors; open meetings

10 A. The district shall keep the following records ~~which~~ THAT shall be  
11 open to public inspection:

- 12 1. Minutes of all meetings of the district board.
- 13 2. All resolutions.
- 14 3. Accounts showing all monies received and disbursed.
- 15 4. The annual budget.
- 16 5. All other records required to be maintained by law.

17 B. If the resolution ordering formation of the district provides that  
18 the district will be governed by a district board appointed by the governing  
19 body, each appointed director shall serve for a term of six years, except  
20 that two directors initially appointed by the governing body in the  
21 resolution shall serve for a term of four years. The resolution shall state  
22 which directors shall serve four year terms and which shall serve six year  
23 terms. On the expiration of the term of an appointed director, the governing  
24 body shall appoint a person to fill the position AND, FOR DISTRICTS FORMED ON  
25 OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, SHALL DO SO IN  
26 A MANNER THAT COMPLIES WITH THIS SECTION AND THAT MAINTAINS THE COMPOSITION  
27 OF THE BOARD AS PRESCRIBED BY SUBSECTION C OF THIS SECTION. If a vacancy  
28 occurs on the district board because of death, resignation or inability of  
29 the director to discharge the duties of director, the vacancy shall be filled  
30 by appointment made by the governing body AND, FOR DISTRICTS FORMED ON OR  
31 AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, IN A MANNER THAT  
32 COMPLIES WITH THIS SECTION AND THAT MAINTAINS THE COMPOSITION OF THE BOARD AS  
33 PRESCRIBED BY SUBSECTION C OF THIS SECTION. A director appointed by the  
34 governing body AFTER A VACANCY shall hold office for the remainder of the  
35 unexpired term until ~~his~~ THAT DIRECTOR'S successor is appointed. ~~An~~  
36 ~~appointed~~ A director APPOINTED PURSUANT TO THIS SUBSECTION IN A DISTRICT  
37 FORMED BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION shall not  
38 be a landowner owning more than forty acres in the district, an elected  
39 official of the municipality or county or an employee or agent of the  
40 landowner or municipality or county but may be a director of more than one  
41 district.

42 C. BEGINNING WITH DISTRICTS FORMED ON OR AFTER THE EFFECTIVE DATE OF  
43 THIS AMENDMENT TO THIS SECTION, THE APPOINTED DISTRICT BOARD SHALL CONSIST OF  
44 FIVE MEMBERS. THREE MEMBERS SHALL BE SELECTED BY THE GOVERNING BODY, TWO OF  
45 WHOM SHALL BE SELECTED DIRECTLY BY THE GOVERNING BODY AND ONE OF WHOM SHALL

1 BE SELECTED BY THE GOVERNING BODY FROM A LIST OF AT LEAST FOUR PERSONS WHO  
2 ARE SUBMITTED BY DESIGNATION OF THE PERSONS WHO EACH OWN MORE THAN TWENTY-  
3 FIVE ACRES IN THE DISTRICT. THE GOVERNING BODY MAY REMOVE AND REPLACE ANY  
4 ONE OR MORE OF THESE THREE MEMBERS SELECTED BY THE GOVERNING BODY AT ANY  
5 TIME. TWO ADDITIONAL MEMBERS SHALL BE SELECTED BY DESIGNATION OF THE PERSONS  
6 WHO EACH OWN MORE THAN TWENTY-FIVE ACRES IN THE DISTRICT. A DIRECTOR  
7 APPOINTED PURSUANT TO THIS SUBSECTION MAY BE A DIRECTOR OF MORE THAN ONE  
8 DISTRICT. ALL DIRECTORS SELECTED BY OR SUBMITTED BY DESIGNATION OF THE  
9 PERSONS WHO EACH OWN MORE THAN TWENTY-FIVE ACRES IN THE DISTRICT SHALL HAVE  
10 EXPERTISE IN ONE OR MORE OF THE FIELDS OF REAL ESTATE, ENGINEERING, LAND  
11 PLANNING, CONSTRUCTION, LAW OR FINANCE OR A RELATED FIELD, BUT THESE  
12 DIRECTORS SHALL NOT INCLUDE PERSONS WHO OWN MORE THAN TWENTY-FIVE ACRES IN  
13 THE DISTRICT. REPLACEMENT OF ALL APPOINTEES SHALL BE AS PRESCRIBED BY THIS  
14 SUBSECTION.

15 D. IF A DISTRICT THAT IS IN EXISTENCE ON THE EFFECTIVE DATE OF THIS  
16 AMENDMENT TO THIS SECTION DOES NOT CONTAIN ANY QUALIFIED ELECTORS AND HAS NOT  
17 ISSUED ANY BONDS PURSUANT TO THIS ARTICLE, THE OWNERS OF ALL OF THE LAND IN  
18 THE DISTRICT MAY SUBMIT A PETITION TO THE GOVERNING BODY THAT REQUESTS THAT  
19 THE DISTRICT BOARD CONSIST OF FIVE MEMBERS AS PRESCRIBED BY SUBSECTION C OF  
20 THIS SECTION. WITHIN NINETY DAYS AFTER RECEIPT OF THE PETITION, THE  
21 GOVERNING BODY SHALL VOTE TO APPROVE OR DISAPPROVE THE PETITION.

22 E. The members of the governing body of the ~~municipality or county~~  
23 DISTRICT are not eligible to receive compensation for their services as  
24 members of the district board.

25 ~~F.~~ F. The board of directors shall comply with title 38, chapter 3,  
26 article 3.1 as a separate political subdivision.

27 ~~D.~~ G. The district MANAGER, clerk and ~~district~~ treasurer shall be the  
28 MANAGER, clerk ~~of the municipality or county~~ and ~~the~~ treasurer of the  
29 municipality or county, respectively, unless the district board appoints a  
30 district MANAGER, clerk and ~~district~~ treasurer.

31 Sec. 6. Section 48-715, Arizona Revised Statutes, is amended to read:  
32 48-715. Project approval

33 Before constructing or acquiring any public infrastructure, the  
34 district board shall cause a study of the feasibility and benefits of the  
35 project ~~to~~ THAT SHALL be prepared by engineers and other qualified  
36 persons, ~~which~~ AND THAT shall include a description of the public  
37 infrastructure to be constructed or acquired and all other information useful  
38 to understand the project, a map showing, in general, the location of the  
39 project, an estimate of the cost to construct, acquire, operate and maintain  
40 the project, an estimated schedule for completion of the project, a map or  
41 description of the area to be benefited by the project, ~~and~~ a plan for  
42 financing the project. WITHIN SIXTY DAYS AFTER RECEIVING THE REPORT, the  
43 board shall hold a public hearing on the report and provide notice of the  
44 hearing by publication not less than ten days in advance in the official  
45 newspaper of the municipality or county or, if none in the municipality, a

1 newspaper of general circulation in the county and by mail to the governing  
2 body of the municipality. **WITHIN SIXTY DAYS** after the hearing, the district  
3 board may reject, amend or approve the report. If the report is amended  
4 substantially a new hearing shall be held **WITHIN SIXTY DAYS AFTER THE DATE**  
5 **THE AMENDED REPORT IS RECEIVED AND** before approval. If the report is  
6 approved, the district board shall adopt a resolution ~~of intent which~~ **THAT**  
7 identifies the public infrastructure of the project, the areas benefited, the  
8 expected method of financing, **INCLUDING THE NATURE AND TIMING OF THE ISSUANCE**  
9 **OF BONDS, IF ANY,** and an appropriate system of providing revenues to operate  
10 and maintain the project. **THE DISTRICT BOARD SHALL EXECUTE THE PROVISIONS OF**  
11 **THE REPORT WITHIN THE TIME FRAMES IDENTIFIED IN THE APPROVED REPORT.**

12 Sec. 7. Section 48-719, Arizona Revised Statutes, is amended to read:  
13 **48-719. General obligation bonds; tax levy**

14 A. At any time after the hearing on formation of the district, the  
15 district board, or, if before formation, the governing body, may from time to  
16 time order and call a general obligation bond election to submit to the  
17 qualified electors of the district or to those persons who are qualified to  
18 vote pursuant to section 48-707, subsection G the question of authorizing the  
19 district board to issue general obligation bonds of the district to provide  
20 monies for any public infrastructure purposes consistent with the general  
21 plan. The election may be held in conjunction with the formation election.

22 B. If general obligation bonds are approved at an election, the  
23 district board may issue and sell general obligation bonds of the district.

24 C. If the bonds are to be sold in a public offering, no bonds may be  
25 issued by the district unless the bonds receive one of the four highest  
26 investment grade ratings by a nationally recognized bond rating agency.

27 D. The district may issue and sell refunding bonds to refund any  
28 general obligation bonds of the district. If general obligation bonds are  
29 issued to refund any general obligation bonds of the district no election on  
30 the issuance of such refunding bonds is required.

31 E. After the bonds are issued, the district board shall enter in its  
32 minutes a record of the bonds sold and their numbers and dates and **EXCEPT AS**  
33 **OTHERWISE LIMITED BY THE TERMS OF THE BOND ELECTION PURSUANT TO SECTION**  
34 **48-707, SUBSECTION C,** shall annually levy and cause an ad valorem tax to be  
35 collected, at the same time and in the same manner as other taxes are levied  
36 and collected on all taxable property in the district, sufficient, together  
37 with any monies from the sources described in section 48-717, to pay debt  
38 service on the bonds when due. **IN PLEDGING THE PROCEEDS OF AN AD VALOREM**  
39 **PROPERTY TAX, THE DISTRICT BOARD MAY LIMIT THE RATE OF TAXATION OR THE AMOUNT**  
40 **OF AD VALOREM TAX THAT IT IS OBLIGATED TO LEVY OR COLLECT AS PRESCRIBED BY**  
41 **THE TERMS OF THE BOND ELECTION PURSUANT TO SECTION 48-707, SUBSECTION C TO**  
42 **PAY FOR THE BONDS ISSUED.** Monies derived from the levy of the tax provided  
43 in this section when collected constitute funds to pay the debt service on  
44 the bonds and shall be kept separately from other funds of the district.

1           Sec. 8. Section 48-723, Arizona Revised Statutes, is amended to read:  
2           48-723. District taxes; annual financial estimate and budget

3           A. Except as provided in subsection D of this section and at any time  
4 after the hearing on formation of the district, the district board, or, if  
5 before formation, the governing body, may call an election to submit to the  
6 qualified electors of the district or to the persons qualified to vote  
7 pursuant to section 48-707, subsection G the question of authorizing the  
8 district board to levy an ad valorem tax on the assessed value of all the  
9 real and personal property in the district at a rate or rates ~~which~~ THAT do  
10 not exceed the maximum rate or rates specified in the ballot. All taxes  
11 attributable to the operation and maintenance expenses of the district,  
12 excluding expenses for an area described in section 48-709, subsection G,  
13 shall not exceed an amount equal to thirty cents per one hundred dollars of  
14 assessed valuation for all real and personal property in the district, unless  
15 a higher rate is approved by a vote of the electors of the district, or by  
16 the persons who are qualified to vote as provided in section 48-707,  
17 subsection G, voting at an election not less than three years after the date  
18 of the formation of the district. The election may be held in conjunction  
19 with the formation election. Once approved at an election, the maximum rate  
20 remains in effect until increased or decreased at a subsequent election. If  
21 a maximum rate is in effect, the district board, on petition of twenty-five  
22 ~~per-cent~~ PERCENT of the qualified electors of the district, or by those  
23 persons owning twenty-five ~~per-cent~~ PERCENT of the land area who are  
24 qualified to vote pursuant to section 48-707, subsection G, shall call an  
25 election to reduce the maximum tax rate but not below the lesser of that rate  
26 determined by the district board to be necessary to maintain the district's  
27 facilities and improvements or the actual rate then in effect. On the  
28 presentation to the district board of a petition signed by the owners of a  
29 majority of the property in the district, the district board shall adopt a  
30 resolution to reduce or eliminate the portion of the tax, beginning the next  
31 fiscal year, required for one or more enhanced municipal services specified  
32 in the petition. Signatures on a petition to reduce or eliminate a tax are  
33 valid for a period of sixty days.

34           B. EXCEPT FOR A DISTRICT THAT HAS A LOWER LEVY LIMIT AS OTHERWISE  
35 PRESCRIBED BY THE TERMS OF A BOND ELECTION PURSUANT TO SECTION 48-707,  
36 SUBSECTION C, the district may not levy, other than for the payment of debt  
37 service on general obligation bonds, at a rate or rates in excess of the  
38 maximum rate then in effect.

39           C. When levying an ad valorem tax, the district board shall make  
40 annual statements and estimates of the operation and maintenance expenses of  
41 the district, the costs of capital improvements to be financed by the tax  
42 levy or levies and the amount of all other expenditures for public  
43 infrastructure and enhanced municipal services proposed to be paid from the  
44 tax levy or levies and of the amount to be raised to pay general obligation  
45 bonds of the district, ~~all of which.~~ SUBJECT TO ANY LIMITS PRESCRIBED BY

1 THE TERMS OF A BOND ELECTION PURSUANT TO SECTION 48-707, SUBSECTION C, THESE  
2 AMOUNTS shall be provided for by the levy and collection of ad valorem taxes  
3 on the assessed value of all the real and personal property in the  
4 district. The district board shall file the annual statements and estimates  
5 with the clerk. The district board shall publish a notice of the filing of  
6 the estimate, shall hold hearings on the portions of the estimate not  
7 relating to debt service on general obligation bonds and shall adopt a  
8 budget. The board, on or before the date set by law for certifying the  
9 annual budget of the county or municipality, shall fix, levy and assess the  
10 amounts to be raised by ad valorem taxes of the district and shall cause  
11 certified copies of the order to be delivered to the board of supervisors and  
12 to the department of revenue. All statutes relating to the levy and  
13 collection of general county taxes, including the collection of delinquent  
14 taxes and sale of property for nonpayment of taxes, apply to the district  
15 taxes provided for by this section.

16 Sec. 9. Title 48, chapter 4, article 6, Arizona Revised Statutes, is  
17 amended by adding sections 48-726, 48-727, 48-728 and 48-729, to read:

18 48-726. Public infrastructure; acceptance; review of engineer's  
19 certification

20 UNLESS OTHERWISE PROVIDED FOR IN A DEVELOPMENT AGREEMENT ENTERED INTO  
21 PURSUANT TO SECTION 9-500.05 OR 11-1101 BEFORE THE EFFECTIVE DATE OF THIS  
22 SECTION, BOTH OF THE FOLLOWING APPLY:

23 1. WITHIN THIRTY DAYS AFTER SUBMITTAL OF AN ENGINEER'S CERTIFICATION  
24 THAT A DISCRETE SEGMENT OF PUBLIC INFRASTRUCTURE HAS BEEN CONSTRUCTED  
25 ACCORDING TO THE PLANS AND SPECIFICATIONS REQUIRED BY THE GOVERNING BODY, THE  
26 GOVERNING BODY SHALL COMPLETE THE GOVERNING BODY'S REVIEW OF THE ENGINEER'S  
27 CERTIFICATION AND SHALL APPROVE THE CERTIFICATION IF THE DISCRETE SEGMENT OF  
28 INFRASTRUCTURE IS CONSTRUCTED IN SUBSTANTIAL CONFORMANCE WITH THE PLANS AND  
29 SPECIFICATIONS REQUIRED BY THE GOVERNING BODY.

30 2. WITHIN THIRTY DAYS AFTER THE GOVERNING BODY'S APPROVAL OF THE  
31 ENGINEER'S CERTIFICATION, THE GOVERNING BODY SHALL ADOPT AND ACCEPT THE  
32 DISCRETE SEGMENT OF PUBLIC INFRASTRUCTURE FOR OWNERSHIP, OPERATION AND  
33 MAINTENANCE.

34 48-727. Property owner; county three-year roadway maintenance  
35 agreement

36 UNLESS OTHERWISE PROVIDED FOR IN A DEVELOPMENT AGREEMENT ENTERED INTO  
37 PURSUANT TO SECTION 11-1101 BEFORE THE EFFECTIVE DATE OF THIS SECTION, IF THE  
38 PROPERTY WITHIN A DISTRICT FORMED BY A COUNTY MEETS THE REQUIREMENTS  
39 PRESCRIBED IN SECTION 48-702, SUBSECTION C BEFORE THE EFFECTIVE DATE OF THIS  
40 SECTION, ALL OF THE FOLLOWING APPLY:

41 1. THE OWNER SHALL PROVIDE TO THE COUNTY AN AGREEMENT LIMITED IN SCOPE  
42 TO THE PROVISION OF SURFACE MAINTENANCE OF PUBLIC ROADWAYS TO BE FINANCED BY  
43 THE DISTRICT. THE AGREEMENT SHALL BE PROVIDED BY THE OWNER WITH THE FIRST  
44 FINAL PLAT SUBMITTED TO THE COUNTY BY THE OWNER.

1           2. THE AGREEMENT SHALL OBLIGATE THE OWNER OR THE OWNER'S ASSIGNEE TO  
2 MAINTAIN THE SURFACE OF THE PUBLIC ROADWAYS TO THE STANDARDS BY WHICH THE  
3 COUNTY MAINTAINS SIMILAR PUBLIC ROADWAYS FOR ONE PERIOD OF THREE YEARS AFTER  
4 INITIAL ACCEPTANCE BY THE COUNTY OF EACH DISCRETE SEGMENT OF EACH PUBLIC  
5 ROADWAY.

6           3. IF THE COUNTY SUBSEQUENTLY APPROVES A NEW FUNDING SOURCE DEDICATED  
7 TO ROADWAY MAINTENANCE WITHIN THE COUNTY OR IF THE PROPERTY WITHIN THE  
8 DISTRICT IS INCORPORATED OR ANNEXED BY A CITY OR TOWN, THE MAINTENANCE  
9 AGREEMENT PRESCRIBED BY THIS SECTION IS TERMINATED.

10           48-728. Property owner; county law enforcement agreement

11           UNLESS OTHERWISE PROVIDED FOR IN A DEVELOPMENT AGREEMENT ENTERED INTO  
12 PURSUANT TO SECTION 11-1101 BEFORE THE EFFECTIVE DATE OF THIS SECTION, IF THE  
13 PROPERTY WITHIN A DISTRICT FORMED BY A COUNTY MEETS THE REQUIREMENTS  
14 PRESCRIBED IN SECTION 48-702, SUBSECTION C BEFORE THE EFFECTIVE DATE OF THIS  
15 SECTION AND EITHER THE PROPERTY BOUNDARY IS NOT LOCATED WITHIN TEN MILES OF A  
16 COUNTY SHERIFF SUBSTATION OR COUNTY LAW ENFORCEMENT IS PROVIDED TO THE  
17 PROPERTY AT A SERVICE LEVEL OF LESS THAN ONE OFFICER PER THOUSAND POPULATION,  
18 ALL OF THE FOLLOWING APPLY:

19           1. THE OWNER SHALL PROVIDE TO THE COUNTY AN AGREEMENT LIMITED IN SCOPE  
20 TO THE PROVISION OF LAW ENFORCEMENT SERVICES TO THE PROPERTY WITHIN THE  
21 DISTRICT. THE AGREEMENT SHALL BE PROVIDED BY THE OWNER WITH THE FIRST FINAL  
22 PLAT SUBMITTED TO THE COUNTY BY THE OWNER.

23           2. THE AGREEMENT SHALL OBLIGATE THE OWNER OR THE OWNER'S ASSIGNEE TO  
24 FUND LAW ENFORCEMENT SERVICES AT THE LEVEL OF SERVICE PROVIDED BY THE COUNTY,  
25 WHICH MAY BE PROVIDED BY THE COUNTY, AN ADJACENT MUNICIPALITY OR ANOTHER  
26 ENTITY.

27           3. IF THE COUNTY SUBSEQUENTLY APPROVES A NEW FUNDING SOURCE DEDICATED  
28 TO LAW ENFORCEMENT SERVICE WITHIN THE COUNTY OR IF THE PROPERTY WITHIN THE  
29 DISTRICT IS INCORPORATED OR ANNEXED BY A CITY OR TOWN, THE LAW ENFORCEMENT  
30 AGREEMENT PRESCRIBED BY THIS SECTION IS TERMINATED.

31           48-729 Annual bonding disclosures; report

32           A. NOT LATER THAN FEBRUARY 1 OF EACH YEAR, THE DISTRICT SHALL PROVIDE  
33 TO THE DEPARTMENT OF REVENUE A REPORT THAT CONTAINS THE INFORMATION THAT IS  
34 REQUIRED TO BE PROVIDED AS A CONTINUING DISCLOSURE TO THE MUNICIPAL  
35 SECURITIES RULEMAKING BOARD PURSUANT TO 17 CODE OF FEDERAL REGULATIONS  
36 SECTION 240.15c2-12 AS IN EFFECT ON JANUARY 1, 2016. THE REPORT SHALL  
37 INCLUDE INFORMATION ON AT LEAST THE FOLLOWING:

38           1. FINANCIAL INFORMATION AND OPERATING DATA PROVIDED BY THE OBLIGATED  
39 PERSONS.

40           2. AUDITED FINANCIAL STATEMENTS FOR THE OBLIGATED PERSONS, IF  
41 AVAILABLE.

42           3. PRINCIPAL AND INTEREST PAYMENT DELINQUENCIES.

43           4. NONPAYMENT-RELATED DEFAULTS.

44           5. UNSCHEDULED DRAWS ON DEBT SERVICE RESERVES REFLECTING FINANCIAL  
45 DIFFICULTIES.

- 1           6. UNSCHEDULED DRAWS ON CREDIT ENHANCEMENTS REFLECTING FINANCIAL
- 2           DIFFICULTIES.
- 3           7. SUBSTITUTION OF CREDIT OR LIQUIDITY PROVIDERS OR THEIR FAILURE TO
- 4           PERFORM.
- 5           8. ADVERSE TAX OPINIONS OR EVENTS AFFECTING THE TAX EXEMPT STATUS OF
- 6           THE SECURITY.
- 7           9. MODIFICATIONS TO RIGHTS OF SECURITY HOLDERS.
- 8           10. BOND CALLS.
- 9           11. DEFEASANCES.
- 10          12. RELEASE, SUBSTITUTION OR SALE OF PROPERTY SECURING REPAYMENT OF
- 11          THE SECURITIES.
- 12          13. RATING CHANGES.
- 13          14. BANKRUPTCY, INSOLVENCY OR RECEIVERSHIP.
- 14          15. MERGER, ACQUISITION OR SALE OF ALL ISSUER ASSETS.
- 15          16. APPOINTMENT OF A SUCCESSOR TRUSTEE.
- 16          B. THE DEPARTMENT OF REVENUE SHALL PROVIDE TO THE JOINT LEGISLATIVE
- 17          BUDGET COMMITTEE COPIES OF THE REPORTS FILED PURSUANT TO SUBSECTION A OF THIS
- 18          SECTION.