REFERENCE TITLE: rural and tribal infrastructure; development

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

SB 1386

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 41-3026.01; 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)

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

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

CHAPTER 20

RURAL ARIZONA AND TRIBAL INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN

ARTICLE 1. GENERAL PROVISIONS

41-2351. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. THE AUTHORITY, THROUGH ITS BOARD, MAY:

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

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

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

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

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

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

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

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

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

5. PROVIDE LINKED DEPOSIT GUARANTEES THROUGH THIRD-PARTY LENDERS TO RURAL ARIZONA AND TRIBAL COMMUNITIES THAT ARE ISSUED TO FINANCE OR REFINANCE INFRASTRUCTURE PROJECTS UNDER THE PLAN.

6. APPLY FOR, ACCEPT AND ADMINISTER GRANTS AND OTHER FINANCIAL ASSISTANCE FROM THE UNITED STATES GOVERNMENT AND FROM OTHER PUBLIC AND PRIVATE SOURCES.

7. ENTER INTO CAPITALIZATION GRANT AGREEMENTS WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY.

8. APPROVE THE PROJECTS THAT RECEIVE TECHNICAL AND FINANCIAL ASSISTANCE.

9. APPROVE LOAN REPAYMENT AGREEMENTS ENTERED INTO WITH RURAL ARIZONA AND TRIBAL COMMUNITIES.

10. SUBJECT TO CHAPTER 4 OF THIS TITLE, HIRE A DIRECTOR AND STAFF FOR THE AUTHORITY.

11. CONTRACT FOR THE SERVICES OF OUTSIDE ADVISORS, ATTORNEYS, CONSULTANTS, AIDES AND OTHER PROFESSIONAL ASSISTANCE REASONABLY NECESSARY OR DESIRABLE TO ALLOW THE AUTHORITY AND ITS BOARD TO ADEQUATELY PERFORM ITS DUTIES.

12. CONTRACT AND INCUR OBLIGATIONS AS REASONABLY NECESSARY OR DESIRABLE WITHIN THE GENERAL SCOPE OF THE AUTHORITY'S ACTIVITIES AND OPERATIONS TO ALLOW THE AUTHORITY AND ITS BOARD TO ADEQUATELY PERFORM ITS DUTIES.

13. ESTABLISH ACCOUNTS AND SUBACCOUNTS OF THE FUND AS NECESSARY TO PROPERLY ACCOUNT FOR AND USE MONIES RECEIVED BY THE AUTHORITY.

14. USE MONIES RECEIVED IN THE FUND PURSUANT TO SECTION 41-2356, SUBSECTION B, PARAGRAPH 1 SOLELY FOR SECURING BONDS OF THE AUTHORITY.

15. USE MONIES RECEIVED IN THE FUND PURSUANT TO SECTION 41-2356, SUBSECTION B, PARAGRAPHS 2 THROUGH 8 FOR:

(a) PROVIDING TECHNICAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL COMMUNITIES.

(b) PROVIDING FINANCIAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL COMMUNITIES.

(c) PAYING THE COMPENSATION AND EMPLOYMENT-RELATED EXPENSES ASSOCIATED WITH THE EMPLOYEES HIRED PURSUANT TO THIS SECTION.

(d) PAYING THE COSTS TO OPERATE THE AUTHORITY, ADMINISTER THE FUND AND CARRY OUT THE REQUIREMENTS OF THIS CHAPTER.

(e) PAYING THE COSTS OF PROFESSIONAL ASSISTANCE HIRED BY THE AUTHORITY PURSUANT TO THIS SECTION.

16. ASSESS FINANCIAL ASSISTANCE ORIGINATION FEES AND ANNUAL FEES FOR ADMINISTERING THE AUTHORITY AND THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE REVOLVING FUND. ANY FEES COLLECTED PURSUANT TO THIS PARAGRAPH MAY BE USED FOR ANY PURPOSE CONSISTENT WITH THE MISSION AND OBJECTIVES OF THE AUTHORITY.

17. ADOPT RULES PURSUANT TO CHAPTER 6 OF THIS TITLE GOVERNING THE APPLICATION FOR AND AWARDING OF FINANCIAL ASSISTANCE AND OTHER ASSISTANCE FOR

QUALIFIED PROJECTS PURSUANT TO THIS CHAPTER, THE ADMINISTRATION OF THE FUND AND THE ISSUANCE OF INFRASTRUCTURE CAPITAL IMPROVEMENT BONDS.

C. THE BOARD SHALL:

1. ADMINISTER THE FUND IN COMPLIANCE WITH THE REQUIREMENTS OF THIS CHAPTER.

2. APPROVE ALL POLICIES AND PROCEDURES OF THE AUTHORITY.

3. SEPARATELY ACCOUNT FOR MONIES RECEIVED IN THE FUND PURSUANT TO SECTION 41-2356 FROM EACH SOURCE LISTED IN SECTION 41-2356, SUBSECTION B.

4. NOT USE MONIES RECEIVED IN THE FUND PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS SECTION FOR ANY PURPOSE EXCEPT SECURING BONDS ISSUED BY THE AUTHORITY AND PROVIDING ASSISTANCE UNDER TECHNICAL ASSISTANCE REPAYMENT AGREEMENTS IF THE AMOUNT USED FOR PROVIDING THIS ASSISTANCE IS NOT MORE THAN EIGHT HUNDRED THOUSAND DOLLARS. THIS PARAGRAPH DOES NOT LIMIT THE POWER OF THE AUTHORITY TO PLEDGE OTHER MONIES IN THE FUND TO SECURE BONDS ISSUED BY THE AUTHORITY OR TO PROVIDE ASSISTANCE UNDER TECHNICAL ASSISTANCE REPAYMENT AGREEMENTS.

5. DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, ANY MONIES RECEIVED PURSUANT TO SUBSECTION B, PARAGRAPH 5 OF THIS SECTION IN THE FUND.

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

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

F. DISBURSEMENTS OF MONIES BY THE BOARD PURSUANT TO A FINANCIAL ASSISTANCE AGREEMENT ARE NOT SUBJECT TO CHAPTER 23 OF THIS TITLE.

G. FOR THE PURPOSES OF THIS SECTION, "NONPOINT SOURCE PROJECT" HAS THE SAME MEANING PRESCRIBED IN SECTION 49-1201.

41-2355. Administrative support; annual report

A. THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA SHALL PROVIDE GENERAL ADMINISTRATIVE SUPPORT AND OFFICE AND MEETING SPACE FOR THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY AND ITS BOARD.

B. THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY THROUGH ITS BOARD SHALL SUBMIT A WRITTEN REPORT TO THE GOVERNOR, PRESIDENT OF THE SENATE AND SPEAKER OF THE HOUSE OF REPRESENTATIVES NOT LATER THAN JANUARY 1 OF EACH YEAR PROVIDING AN ACCOUNT OF ITS ACTIVITIES, INCLUDING A COPY OF THE ANNUAL AUDIT OF THE FUND REQUIRED BY SECTION 41-2356, SUBSECTION J. THE AUTHORITY SHALL SUBMIT A COPY OF THIS REPORT TO THE SECRETARY OF STATE.

41-2356. Rural Arizona and tribal infrastructure revolving fund; monies; expenditures; audit

A. THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE REVOLVING FUND IS ESTABLISHED. THE AUTHORITY THROUGH ITS BOARD SHALL ADMINISTER THE FUND IN COMPLIANCE WITH THE REQUIREMENTS OF THIS CHAPTER.

B. THE FUND CONSISTS OF:

1. MONIES TRANSFERRED PURSUANT TO SECTION 42-5031.02, SUBSECTION A, PARAGRAPH 1.

2. MONIES RECEIVED UNDER SECTION 41-2354, SUBSECTION B, PARAGRAPH 6.

3. MONIES RECEIVED UNDER SECTION 41-2357.

4. MONIES RECEIVED FROM THE UNITED STATES GOVERNMENT TO CARRY OUT THIS CHAPTER.

5. MONIES RECEIVED AS LOAN REPAYMENTS, TECHNICAL ASSISTANCE REPAYMENTS, INTEREST, ADMINISTRATIVE FEES AND PENALTIES.

6. GIFTS, GRANTS AND DONATIONS RECEIVED FROM ANY PUBLIC OR PRIVATE SOURCE TO CARRY OUT THIS CHAPTER.

7. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE FUND.

8. ANY OTHER MONIES RECEIVED BY THE AUTHORITY.

C. THE BOARD SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THE MONIES INTO THE FUND MONTHLY. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED FOR THE PURPOSES OF THIS CHAPTER FOR PROVIDING FINANCIAL ASSISTANCE, GRANTS, TECHNICAL ASSISTANCE OR LOANS FOR QUALIFIED PROJECTS UNDER THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE CAPITAL IMPROVEMENT PLAN. MONIES IN THE FUND DO NOT REVERT TO THE STATE GENERAL FUND.

D. THE BOARD SHALL SEPARATELY ACCOUNT FOR MONIES RECEIVED FROM EACH SOURCE LISTED IN SUBSECTION B OF THIS SECTION. MONIES RECEIVED PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS SECTION MAY NOT BE USED FOR ANY PURPOSE EXCEPT SECURING BONDS ISSUED BY THE AUTHORITY AND PROVIDING ASSISTANCE UNDER TECHNICAL ASSISTANCE REPAYMENT AGREEMENTS IF THE AMOUNT USED FOR PROVIDING THIS ASSISTANCE IS NOT MORE THAN EIGHT HUNDRED THOUSAND DOLLARS. THIS SUBSECTION DOES NOT LIMIT THE POWER OF THE AUTHORITY TO PLEDGE OTHER MONIES IN THE FUND TO SECURE BONDS ISSUED BY THE AUTHORITY OR TO PROVIDE ASSISTANCE UNDER TECHNICAL ASSISTANCE REPAYMENT AGREEMENTS.

E. THE BOARD MAY ESTABLISH ACCOUNTS AND SUBACCOUNTS AS NECESSARY TO PROPERLY ACCOUNT FOR AND USE MONIES RECEIVED BY THE AUTHORITY.

F. MONIES IN THE FUND RECEIVED PURSUANT TO SUBSECTION B, PARAGRAPHS 2 THROUGH 8 OF THIS SECTION MAY BE USED FOR:

1. PROVIDING TECHNICAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL COMMUNITIES.

2. PROVIDING FINANCIAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL COMMUNITIES.

3. PAYING THE COMPENSATION AND EMPLOYMENT-RELATED EXPENSES ASSOCIATED WITH THE EMPLOYEES HIRED PURSUANT TO SECTION 41-2354.

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

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

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

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

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

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

41-2357. Infrastructure capital improvement bonds

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

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

1. THE RATE OR RATES OF INTEREST AND THE DENOMINATIONS OF THE BONDS.

2. THE DATE OR DATES OF THE BONDS AND MATURITY.

3. THE COUPON OR REGISTERED FORM OF THE BONDS.

4. THE MANNER OF EXECUTING THE BONDS.

5. THE MEDIUM AND PLACE OF PAYMENT.

6. THE TERMS OF REDEMPTION.

C. THE AUTHORITY SHALL SELL THE BONDS AT A PUBLIC OR PRIVATE SALE AT THE PRICE AND ON THE TERMS DETERMINED BY ITS BOARD. THE AUTHORITY SHALL DEPOSIT ALL PROCEEDS FROM THE ISSUANCE OF BONDS, EXCEPT ANY AMOUNTS USED TO PAY COSTS ASSOCIATED WITH THE ISSUANCE AND SALE OF THE BONDS, IN THE APPROPRIATE ACCOUNTS OF THE FUND AS SPECIFIED IN THE RESOLUTION.

D. THE AUTHORITY SHALL PUBLISH A NOTICE OF ITS INTENTION TO ISSUE BONDS UNDER THIS CHAPTER FOR AT LEAST FIVE CONSECUTIVE DAYS IN A NEWSPAPER PUBLISHED IN THIS STATE. THE LAST DAY OF PUBLICATION SHALL BE AT LEAST TEN DAYS BEFORE ISSUING THE BONDS. THE NOTICE SHALL STATE THE AMOUNT OF THE BONDS TO BE SOLD AND THE INTENDED DATE OF ISSUANCE. THE AUTHORITY SHALL HAND DELIVER OR SEND, BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, A COPY OF THE NOTICE TO THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION ON OR BEFORE THE LAST DAY OF PUBLICATION.

E. TO SECURE ANY BONDS AUTHORIZED BY THIS SECTION, THE AUTHORITY BY RESOLUTION OF ITS BOARD MAY:

1. PROVIDE THAT BONDS ISSUED UNDER THIS SECTION MAY BE SECURED BY A LIEN ON ALL OR PART OF THE MONIES PAID INTO THE APPROPRIATE ACCOUNT OR SUBACCOUNT OF THE FUND.

2. PLEDGE OR ASSIGN TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR HOLDERS OF THE BONDS ANY PART OR APPROPRIATE ACCOUNT OR SUBACCOUNT OF THE MONIES IN THE FUND AS IS NECESSARY TO PAY THE PRINCIPAL AND INTEREST OF THE BONDS AS THEY COME DUE.

3. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING FUNDS.

4. PROVIDE THAT SUFFICIENT AMOUNTS OF THE PROCEEDS FROM THE SALE OF THE BONDS MAY BE USED TO FULLY OR PARTLY FUND ANY RESERVES OR SINKING FUNDS SET UP BY THE BOND RESOLUTION.

5. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE BONDHOLDERS MUST CONSENT TO AND THE MANNER IN WHICH CONSENT MAY BE GIVEN.

6. PROVIDE FOR PAYMENT FROM THE PROCEEDS OF THE SALE OF THE BONDS OF ALL LEGAL AND FINANCIAL SERVICES INCURRED BY THE AUTHORITY AND BOARD IN ISSUING, SELLING, DELIVERING AND PAYING THE BONDS.

7. PROVIDE TERMS NECESSARY TO SECURE CREDIT ENHANCEMENT OR OTHER SOURCES OF PAYMENT OR SECURITY.

8. DO ANY OTHER MATTERS THAT IN ANY WAY MAY AFFECT THE SECURITY AND PROTECTION OF THE BONDS.

F. THE AUTHORITY, THE MEMBERS OF THE BOARD AND ANY PERSON EXECUTING THE BONDS ARE NOT PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS. THE BONDS ARE VALID AND BINDING OBLIGATIONS NOTWITHSTANDING THAT BEFORE THE DELIVERY OF THE BONDS ANY PERSON WHOSE SIGNATURE APPEARS ON THE BONDS CEASES TO BE A MEMBER OF THE BOARD. FROM AND AFTER THE SALE AND DELIVERY OF THE BONDS, THEY ARE INCONTESTABLE BY THE AUTHORITY OR ITS BOARD.

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

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

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

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

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

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

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

41-2358. Bond obligations of the authority

BONDS ISSUED UNDER THIS CHAPTER ARE OBLIGATIONS OF THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY, ARE PAYABLE ONLY ACCORDING TO THEIR TERMS AND ARE NOT OBLIGATIONS GENERAL, SPECIAL OR OTHERWISE OF THIS STATE. THE BONDS DO NOT CONSTITUTE A LEGAL DEBT OF THIS STATE AND ARE NOT ENFORCEABLE AGAINST THIS STATE. PAYMENT OF THE BONDS IS NOT ENFORCEABLE OUT OF ANY STATE MONIES OTHER THAN THE INCOME AND REVENUE PLEDGED AND ASSIGNED TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE BONDS.

41-2359. Certification of bonds by attorney general

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

41-2360. Infrastructure capital improvement bonds as legal investments

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

41-2361. Agreement of state

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

41-2362. Financial assistance

A. THE AUTHORITY MAY PROVIDE FINANCIAL ASSISTANCE TO RURAL ARIZONA AND TRIBAL COMMUNITIES IN DEVELOPING, ACQUIRING, CONSTRUCTING, IMPROVING,

EQUIPPING OR REFINANCING INFRASTRUCTURE. THE FINANCIAL ASSISTANCE SHALL INCLUDE:

1. LOANS AS PROVIDED BY THIS SECTION.

2. CREDIT ENHANCEMENTS PURCHASED FOR A RURAL ARIZONA AND TRIBAL COMMUNITY BOND OR OTHER FORM OF INDEBTEDNESS.

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

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

D. A LOAN UNDER THIS SECTION SHALL:

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

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

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

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

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

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

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

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

H. THE APPROVAL OF FINANCIAL ASSISTANCE TO A COUNTY HAVING A POPULATION OF MORE THAN TWO HUNDRED THOUSAND PERSONS IS CONDITIONED ON

APPROVAL OF ITS VOTERS. AN ELECTION IS NOT REQUIRED IF VOTER APPROVAL HAS PREVIOUSLY BEEN RECEIVED FOR SUBSTANTIALLY THE SAME PROJECT.

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

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

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

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

41-2363. Enforcement; attorney general

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

Sec. 2. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3026.01, to read:

41-3026.01. Rural Arizona and tribal infrastructure authority board; termination July 1, 2026

A. THE RURAL ARIZONA AND TRIBAL INFRASTRUCTURE AUTHORITY BOARD TERMINATES ON JULY 1, 2026.

B. TITLE 41, CHAPTER 20 IS REPEALED ON JANUARY 1, 2027.

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

42-5029. Remission and distribution of monies; definition

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

1. Payments of estimated tax under section 42-5014, subsection D.

2. Revenues collected pursuant to section 42-5070.

3. Revenues collected under this article and article 5 of this chapter from and after June 30, 2000 from sources located on Indian reservations in this state. THESE REVENUES SHALL BE DISTRIBUTED FIRST AS PRESCRIBED BY SECTIONS 42-5031.01 AND 42-5031.02, AND THE REMAINDER OF THE REVENUES SHALL BE DISTRIBUTED AS OTHERWISE REQUIRED BY THIS ARTICLE.

4. Revenues collected pursuant to section 42-5010, subsection G and section 42-5155, subsection D.

B. The department shall credit payments of estimated tax to an estimated tax clearing account and each month shall transfer all monies in the estimated tax clearing account to a fund designated as the transaction privilege and severance tax clearing account. The department shall credit all other payments to the transaction privilege and severance tax clearing account, separately accounting for the monies designated as distribution base under sections 42-5010, 42-5164, 42-5205 and 42-5353. Each month the department shall report to the state treasurer the amount of monies collected pursuant to this article and articles 4, 5 and 8 of this chapter.

C. On notification by the department, the state treasurer shall distribute the monies deposited in the transaction privilege and severance tax clearing account in the manner prescribed by this section and by sections 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the account pursuant to sections 42-1118 and 42-1254.

D. Of the monies designated as distribution base, and subject to the requirements of section 42-5041, the department shall:

1. Pay twenty-five percent to the various incorporated municipalities in this state in proportion to their population to be used by the municipalities for any municipal purpose.

2. Pay 38.08 percent to the counties in this state by averaging the following proportions:

(a) The proportion that the population of each county bears to the total state population.

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

3. Pay an additional 2.43 percent to the counties in this state as follows:

(a) Average the following proportions:

(i) The proportion that the assessed valuation used to determine secondary property taxes of each county, after deducting that part of the assessed valuation that is exempt from taxation at the beginning of the month for which the amount is to be paid, bears to the total assessed valuations used to determine secondary property taxes of all the counties after deducting that portion of the assessed valuations that is exempt from taxation at the beginning of the month for which the amount is to be paid. Property of a city or town that is not within or contiguous to the municipal corporate boundaries and from which water is or may be withdrawn or diverted and transported for use on other property is considered to be taxable property in the county for purposes of determining assessed valuation in the county under this item.

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

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

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

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

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

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

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

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

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

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

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

5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this subsection, one-twelfth of the following amounts shall be transferred each month to the department of education for the increased cost of basic state

aid under section 15-971 due to added school days and associated teacher salary increases enacted in 2000:

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

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

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

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

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

6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this subsection, seven million eight hundred thousand dollars is appropriated each fiscal year, to be paid in monthly installments, to the department of education to be used for school safety as provided in section 15-154 and two hundred thousand dollars is appropriated each fiscal year, to be paid in monthly installments to the department of education to be used for the character education matching grant program as provided in section 15-154.01.

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

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

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

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

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

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

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

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

G. Notwithstanding subsection D of this section, if a court of competent jurisdiction finally determines that tax monies distributed under this section were illegally collected under this article or articles 5 and 8

of this chapter and orders the monies to be refunded to the taxpayer, the department shall compute the amount of such monies that was distributed to each city, town and county under this section. Each city's, town's and county's proportionate share of the costs shall be based on the amount of the original tax payment each municipality and county received. Each month the state treasurer shall reduce the amount otherwise distributable to the city, town and county under this section by one thirty-sixth of the total amount to be recovered from the city, town or county until the total amount has been recovered, but the monthly reduction for any city, town or county shall not exceed ten per cent of the full monthly distribution to that entity. The reduction shall begin for the first calendar month after the final disposition of the case and shall continue until the total amount, including interest and costs, has been recovered.

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

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

J. Except as otherwise provided by this subsection, on notice from the department of revenue pursuant to section 42-6010, subsection B, the state treasurer shall withhold from the distribution of monies pursuant to this section to the affected city or town the amount of the penalty for business location municipal tax incentives provided by the city or town to a business entity that locates a retail business facility in the city or town. The state treasurer shall continue to withhold monies pursuant to this subsection until the entire amount of the penalty has been withheld. The state treasurer shall credit any monies withheld pursuant to this subsection to the state general fund as provided by subsection D, paragraph 4 of this section. The state treasurer shall not withhold any amount that the city or town certifies to the department of revenue and the state treasurer as being

necessary to make any required deposits or payments for debt service on bonds or other long-term obligations of the city or town that were issued or incurred before the location incentives provided by the city or town.

K. On notice from the auditor general pursuant to section 9-626, subsection D, the state treasurer shall withhold from the distribution of monies pursuant to this section to the affected city the amount computed pursuant to section 9-626, subsection D. The state treasurer shall continue to withhold monies pursuant to this subsection until the entire amount specified in the notice has been withheld. The state treasurer shall credit any monies withheld pursuant to this subsection to the state general fund as provided by subsection D, paragraph 4 of this section.

L. For the purposes of this section, "community college district" means a community college district that is established pursuant to sections 15-1402 and 15-1403 and that is a political subdivision of this state and, unless otherwise specified, includes a community college tuition financing district established pursuant to section 15-1409.

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

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

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

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

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

(a) FOR FISCAL YEAR 2016-2017, TEN PERCENT.

(b) FOR FISCAL YEAR 2017-2018, TWENTY PERCENT.

(c) FOR EVERY FISCAL YEAR AFTER FISCAL YEAR 2017-2018, THIRTY-FIVE PERCENT.

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

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

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

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

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

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

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

A. Notwithstanding section 41-2353, Arizona Revised Statutes, as added by this act, the initial terms of members of the rural Arizona and tribal infrastructure authority board are as follows:

1. For one member representing a county, one member representing a city or town and four members representing Indian tribes, the initial term ends in January 2019.

2. For the remaining members, the initial term ends in January 2020.

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

Sec. 6. Purpose

Pursuant to section 41-2955, subsection E, Arizona Revised Statutes, the legislature establishes the rural Arizona and tribal infrastructure authority board pursuant to section 41-2353, Arizona Revised Statutes, as added by this act, to administer the funding for capital projects in rural Arizona and tribal communities.