



HOUSE OF REPRESENTATIVES

HB 2568

community facilities districts; formation; governance

Prime Sponsor: Representative Gowan, LD 14

DPA Committee on Ways and Means

DPA Caucus and COW

X As Transmitted to the Governor

OVERVIEW

HB 2568 modifies procedures to form a community facilities district and the makeup of the district board.

PROVISIONS

1. Requires the governing body of a municipality or county, upon receipt of a petition from all owners of land in a district that exceeds 600 acres, to adopt a resolution declaring its intention to form a community facilities district to include contiguous and noncontiguous land that is completely within the corporate boundaries of the municipality or county.
 - a. Stipulates noncontiguous property must be under common ownership and served by common infrastructure.
2. Requires the landowners to provide the governing body with an indemnification agreement, exempting the governing body and its agents, consultants, officers and employees from all liabilities.
 - a. Stipulates the indemnification agreement is to establish a general obligation of the owners of the land and cannot be secured by the land and must be accepted without reference to the owners' financial ability to make repayment.
3. Stipulates that all properties included in a district, formed by a county, must meet the following requirements:
 - a. Zoning must allow development of more than one residential dwelling per acre.
 - b. The property must be included within the planning area of a municipality, the land use of a municipality's general plan or be located immediately adjacent to the municipality.
 - c. The property must be the subject of a specific plan, a planned area development or a development agreement that is approved by the county.
4. Requires a district board to provide a report relating to project approvals and hold a public hearing within 60 days after receiving the report.
 - a. Stipulates that a district board has 60 days after the public hearing to reject, amend or approve the report.
5. Establishes the membership of the district board of directors to include two members selected by the governing body, two members selected by landowner's who own at least 25 acres in the district and one member selected by the governing body from a list provided by the landowners.

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6. Prohibits a director of the board from being a landowner in the district.
7. Requires all directors selected by or submitted by the landowners in the district to have expertise in real estate, engineering, land planning, construction, law, finance or a related field.
8. Permits a member of community facilities district board directors to be a director for more than one district.
9. Allows landowner in a district formed prior to this Act to submit a petition to restructure the district board.
 - a. Requires a governing body to make a determination within 90 days after receiving the petition.
10. Requires an ad valorem tax levy election notice to include the levy limit.
11. Requires, for districts formed after the effective date of this Act, the bond question to include authorization for an ad valorem tax levy to pay debt service on the bonds and a limit on that tax levy.
12. Requires a bond ballot to ask for authorization to levy a property tax and include a property tax levy limit, if the District is formed after the effective date of this Act.
13. Permits the Board, when determining the annual assessment, to limit the tax rate or the amount of property tax dollars that it is obligated to levy or collect, provided it is within the voter-authorized property tax's limit.
14. Requires a district board to adopt a resolution that includes the nature and timing of the issuance of bonds, if any.
 - a. Requires a district board to execute the provisions of the report within the time frames identified in the approved report.
15. Requires the governing body to complete and approve their review of an engineer's certification of a discrete segment of public infrastructure within stipulated time frames and must adopt and accept the certified discrete segment of public infrastructure, unless authorized by a previous development agreement before the effective date of this section.
16. Requires property owners of Districts, formed by a county before the effective date of this Act, to provide the county an agreement on surface maintenance of public roadways to be financed by the District.
 - a. Stipulates the agreement is to be provided by the owner with the first final plat submitted to the county.
 - b. Requires the owner to maintain the public roadways to the standards by which the county maintains similar roadways.
 - c. Terminates the agreement if a new funding source dedicated to roadway maintenance within the county is approved or if the property is annexed by a city or town.
17. Requires property owners of Districts formed by a county, before the effective date of this Act, to meet the stipulated county land requirements to provide the county an agreement on the provision of law enforcement services to District properties, unless previously authorized by a prior development agreement.

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- a. Terminates the law enforcement agreement if the county approves a new funding source for law enforcement services or if the property within the District is annexed by a city or town.
- 18. Applies only to districts formed after the effective date of this Act.
- 19. Requires the District to provide DOR an annual continuing disclosure report relating to the District's bond and financial status, no later than February 1.
- 20. Makes technical and conforming changes.

CURRENT LAW

A.R.S. Title 48, Chapter 4, Article 6 establishes community facilities districts for the purposes of entering into contracts and expending monies for any public infrastructure purpose within the district. To form a community facilities district a petition must be signed by 25% of the land area proposed to be included in the district. Upon receipt of a petition the governing body of the county or municipality may adopt a resolution declaring its intention to form the district. A resolution ordering formation of the district must state whether the district will be governed by a district board comprised of members of the governing body, ex officio or for districts that exceed 600 acres five directors appointed by the governing body.