



ARIZONA STATE SENATE
Fifty-Second Legislature, Second Regular Session

FACT SHEET FOR H.B. 2568

community facilities districts; formation; governance

Purpose

Requires the creation of a community facilities district (district) if the proposed land totals more than 600 acres and every land owner has signed the petition, to begin after the effective date of the amendment.

Background

Currently, a declaration of intention to form a district requires 25 percent of the land owners of the proposed land area to sign a petition and permits the governing body to adopt a resolution declaring its intention to form a district. The resolution must include: a) the area to be included; b) purpose of the district; c) general plan that is to be filed with the clerk; d) date, time and place of the hearing to form the district; e) the location to send written objections; f) that the formation of the district may result in a levy of taxes to pay the cost of district made improvements; g) a reference to A.R.S. Title 49, Chapter 6; and h) whether the district is to be run by a board that consists of members of the governing body, ex officio, or if more than 600 acres, five directors appointed by the governing body (A.R.S. § 48-702).

Among others, districts have the authority to enter into contracts and spend money to operate and maintain public infrastructure. If legally permitted, the district can sell lease or dispose of property and establish, charge and collect user fees and rates (A.R.S. § 48-709).

Constructed or acquired projects may be financed by: a) proceeds from the sale of bonds of the district; b) contributions from the municipality, county, state, federal government or private sector; c) annual tax levies; d) special assessments; e) grants from the state or federal governments; f) landowner, user and other fees and charges; g) proceeds from loans or advances; or h) any other legally available money (A.R.S. § 48-717).

Governing body means the body or board which by law is constituted as the legislative department of the municipality or county (A.R.S. § 48-701).

District means a tax levying community facilities district, formed pursuant to statute, by a municipality or formed pursuant to this article by a county in an unincorporated area or in an incorporated area with the municipality's consent (A.R.S. § 48-701).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Permits the formation of a district if:
 - a) the total proposed land area is more than 600 acres;
 - b) a petition is signed by all the land owners; and
 - c) the district is formed after the effective date of the amendment.
2. Requires the governing body to declare its intention to form a community facilities district, which includes contiguous or noncontiguous property that is located entirely within the corporate boundaries of the municipality or county, if the district is formed after the effective date of the amendment.
3. Permits the landowners to decide, pursuant to statute, who will comprise the governing district board (board), if the district is larger than 600 acres and formed after the effective date of the amendment.
4. Requires the board to consist of five members:
 - a) two members selected by the governing body;
 - b) two members selected by district property owners who own more than 25 acres; and
 - c) one member, from a list of at least four, that is submitted by the district property owners who own more than 25 acres and then selected by the governing body, if the district is formed after the effective date of the amendment.
5. Requires new appointments and vacancies to the board follow these same prescribed provisions, if the district is formed after the effective date of the amendment.
6. Prohibits members of the governing body of a district to receive compensation for their services as board members.
7. Requires the manager of the municipality or county to be the manager for a district, unless the board appoints a district manager.
8. Amends definition of *district board* to include the newly prescribed board for districts over 600 acres and created after the date of the amendment.
9. Makes technical and conforming corrections.
10. Becomes effective on the general effective date.

House Action

WM	2/15/16	DPA	8-0-1
3 rd	2/25/16		60-0-0

Prepared by Senate Research

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RH/SH/rf