

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2384

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

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~~ COMPOSED 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.

24 6. "Enhanced municipal services" means public service provided by a
25 county or municipality within the district at a higher level or to a greater
26 degree than provided in the remainder of the county or municipality,
27 including such services as public safety, fire protection, street or sidewalk
28 cleaning or landscape maintenance in public areas.

29 7. "General obligation bond" means a bond that is issued pursuant to
30 section 48-719 and that is secured by a pledge of ad valorem taxes levied by
31 the district.

32 8. "General plan" means the general plan described in section 48-702,
33 subsection B, as the plan may be amended.

34 9. "Governing body" means the body or board which by law is
35 constituted as the legislative department of the municipality or county.

36 10. "Municipality" means an incorporated city or town.

1 11. "Owner" means the person who, on the day the action, election or
2 proceeding is begun or held, appears to be the owner of real property as
3 shown on the property tax assessment roll.

4 12. "Public infrastructure" means all improvements listed in this
5 paragraph that will result in a beneficial use principally to land within the
6 geographical limits of the district and may include a district's share of any
7 improvements listed in this paragraph if the district board determines such
8 share is REASONABLY proportionate to the beneficial use of such improvements
9 to land within the geographical limits of the district, improvements within
10 or outside the geographical limits of the district, necessary or incidental
11 work, whether newly constructed, renovated or existing, and all necessary or
12 desirable appurtenances. For the purposes of this paragraph, adoption by the
13 district board of a resolution of intent pursuant to section 48-715 shall
14 conclusively establish that the improvements or, if applicable, share of the
15 improvements that are the subject of the resolution will result in a
16 beneficial use principally to land within the geographical limits of the
17 district. Public infrastructure improvements are:

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

20 (b) Drainage and flood control systems, including collection,
21 transport, diversion, storage, detention, retention, dispersal, use and
22 discharge.

23 (c) Water systems for domestic, industrial, irrigation, municipal or
24 fire protection purposes, including production, collection, storage,
25 treatment, transport, delivery, RECHARGE, connection and dispersal, but not
26 including facilities for agricultural irrigation purposes unless for the
27 repair or replacement of existing facilities when required by other
28 improvements permitted by this article.

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

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

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

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

38 (h) Public buildings, public safety facilities and fire protection
39 facilities.

40 (i) Lighting systems.

41 (j) Traffic control systems and devices, including signals, controls,
42 markings and signage.

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

45 (l) EASEMENTS, RIGHTS-OF-WAY, LICENSES AND OTHER RIGHTS, BENEFITS OR
46 INTERESTS, WHETHER TANGIBLE OR INTANGIBLE OR RELATED TO REAL OR PERSONAL
47 PROPERTY, THAT ARE INCIDENTAL TO OR NECESSARY OR APPROPRIATE TO ANY OTHER
48 PUBLIC INFRASTRUCTURE PRESCRIBED BY THIS PARAGRAPH.

1 13. "Public infrastructure purpose" means:

2 (a) Planning, design, engineering, construction, acquisition or
3 installation of public infrastructure, **INCLUDING ANY RELATED COSTS AND FEES**
4 **FOR OBTAINING PERMITS AND REVIEWS.**

5 (b) Acquiring, converting, renovating or improving existing facilities
6 for public infrastructure.

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

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

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

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

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

17 (h) **INCURRING AND PAYING ANY OF THE FOLLOWING:**

18 (i) **FINANCING COSTS INCURRED BY THE DISTRICT OR OWNER RELATED TO**
19 **PROVIDING PUBLIC INFRASTRUCTURE OR FOR OTHER PUBLIC INFRASTRUCTURE PURPOSES**
20 **PRESCRIBED BY THIS PARAGRAPH.**

21 (ii) **COSTS OF PUBLIC SAFETY AND OTHER PUBLIC SERVICES FOR A DISTRICT**
22 **LOCATED IN AN UNINCORPORATED AREA OF A COUNTY.**

23 (iii) **COSTS FOR ENROLLMENT, MEMBERSHIP AND ACTIVATION FEES FOR AND**
24 **PARTICIPATION IN WATER-RELATED PUBLIC INFRASTRUCTURE SYSTEMS AND ACTIVITIES.**

25 (iv) **DEVELOPMENT FEES CHARGED PURSUANT TO SECTION 9-463.05.**

26 ~~(h)~~ (i) Incurring expenses of the district incident to and reasonably
27 necessary to carry out the purposes specified in this paragraph.

28 14. "Revenue bonds" means those bonds that are issued pursuant to
29 section 48-720 and that are secured by a pledge of revenues of the district
30 or revenues collected by the county or municipality and returned to the
31 district.

32 15. "Treasurer" includes any person or official who performs the duties
33 of treasurer of the municipality or county or any person appointed by the
34 district board as the district treasurer pursuant to section 48-711,
35 subsection D.

36 Sec. 2. Section 48-702, Arizona Revised Statutes, is amended to read:

37 **48-702. Resolution declaring intention to form district**

38 A. If the public convenience and necessity require, and on
39 presentation of a petition signed by the owners of at least twenty-five ~~per~~
40 ~~cent~~ **PERCENT** of the land area proposed to be included in the district, the
41 governing body may adopt a resolution declaring its intention to form a
42 community facilities district to include contiguous or noncontiguous property
43 ~~which~~ **THAT** shall be wholly within the corporate boundaries of the
44 municipality or county. The resolution shall state the following:

45 1. The area or areas to be included in the district.

46 2. The purposes for which the district is to be formed.

47 3. That a general plan for the district is on file with the clerk.

1 4. The date, time and place of the hearing to be held on the formation
2 of the district.

3 5. The place where written objections to the formation of the district
4 may be filed.

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

8 7. A reference to this article.

9 8. Whether the district will be governed by a district board comprised
10 of the members of the governing body, ex officio, or, ~~at the option of the~~
11 ~~governing body and~~ if the total area to be included in the district is larger
12 than six hundred acres, five directors appointed by the governing body
13 PURSUANT TO SECTION 48-705.

14 B. Before adopting a resolution under this section, a general plan for
15 the district shall be filed with the clerk setting out a general description
16 of the public infrastructure improvements for which the district is proposed
17 to be formed and the general areas to be improved.

18 Sec. 3. Section 48-705, Arizona Revised Statutes, is amended to read:
19 48-705. Order forming district; election

20 A. After the hearing, the governing body may adopt a resolution
21 ordering the formation of the district, deleting any property determined not
22 to be benefited by the district or modifying the general plan and then
23 ordering the formation of the district or determining that the district not
24 be formed. A resolution ordering formation of the district shall state
25 whether the district will be governed by a district board ~~comprised~~ COMPOSED
26 of the members of the governing body, ex officio, or, ~~at the option of the~~
27 ~~governing body and~~ if the total area included in the district is larger than
28 six hundred acres, five directors appointed by the governing body FROM A LIST
29 OF AT LEAST TEN NAMES SUBMITTED BY THE OWNERS OF THE PROPERTY. If the
30 district board will be ~~comprised~~ COMPOSED of appointed directors, the
31 resolution shall contain the names of the five initial directors and the
32 terms of office of each.

33 B. If the governing body determines that the district should be
34 formed, it shall submit the formation to an election of the owners of land in
35 the district who are qualified electors of this state and other landowners,
36 according to section 48-3043, unless a petition is presented to the governing
37 body pursuant to section 48-707, subsection F OR SECTION 48-726. Each owner
38 has the number of votes or portions of votes equal to the number of acres or
39 portions of acres rounded upward to the nearest one-fifth of an acre owned by
40 that owner in the submitted district. In addition to holding the landowner
41 election required by this subsection or receipt of the landowner petition
42 pursuant to section 48-707, subsection F OR SECTION 48-726, and subject to
43 section 48-707, subsection G, the governing body shall submit the formation
44 of the district to a vote of the qualified electors who reside within the
45 boundaries of the proposed district.

1 Sec. 4. Section 48-707, Arizona Revised Statutes, is amended to read:
2 48-707. Notice and conduct of elections; waiver

3 A. Any election under this article shall be a nonpartisan election
4 called by posting notices in three public places within the boundaries of the
5 district not less than twenty days before the election. Notice shall also be
6 published in a newspaper of general circulation in the municipality or county
7 or if there is no newspaper so circulated in the municipality in a newspaper
8 of general circulation in the county in which the municipality is located
9 once a week for two consecutive weeks before the election. The notice shall
10 state:

11 1. The place of holding the election.

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

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

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

20 5. If it is an ad valorem tax levy election pursuant to section
21 48-723, the maximum tax rate per one hundred dollars of assessed valuation to
22 be imposed INCLUDING ANY LIMITATION ON THE AD VALOREM TAX LEVY, the purposes
23 for which the monies raised will be used and the existing maximum tax rate,
24 if any.

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

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

45 C. Except as otherwise provided by this article, the election shall
46 comply with the general election laws of this state, except that the words to
47 appear on the ballots shall be for a formation election "district, yes" and
48 "district, no", for a bond election "bonds, yes" and "bonds, no", for a tax

1 election if no tax is in place "tax, yes" and "tax, no" and for a tax
2 election to change an existing maximum or eliminate an existing tax "tax
3 change, yes" and "tax change, no". FOR A BOND ELECTION, THE QUESTION SHALL
4 INCLUDE AUTHORIZATION FOR A TAX LEVY TO PAY THE DEBT SERVICE OF THE BOND AND
5 ANY LIMITATION ON THE AD VALOREM PROPERTY TAX TO BE LEVIED. The returns of
6 election shall be made to the governing body or, if after formation, to the
7 district board.

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

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

21 F. Notwithstanding any other provision of this article, if a petition
22 for formation is signed by owners of all of the land in the district
23 described in the petition and is approved by the municipality or county, the
24 municipality or county may waive any or all requirements of posting,
25 publication, mailing, notice, hearing and landowner election. On receipt of
26 such a petition, and after approval by an election of resident electors, if
27 any, OR ON RECEIPT OF A PETITION FOR FORMATION FILED PURSUANT TO SECTION
28 48-726 THAT IS SIGNED BY OWNERS OF ALL OF THE LAND IN THE DISTRICT DESCRIBED
29 IN THE PETITION AND IF THE DISTRICT CONSISTS OF MORE THAN SIX HUNDRED ACRES,
30 the municipality or county shall declare the district formed without being
31 required to comply with the provisions of this article for posting,
32 publication, mailing, notice, hearing or landowner election.

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

42 H. For a district that is proposed to be formed by a county AND EXCEPT
43 FOR A DISTRICT FORMED PURSUANT TO SECTION 48-726, a district may be formed
44 only if a petition for formation is signed by the owners of all of the land
45 in the district that is described in the petition and if it is approved by
46 the county. If the district is proposed to be formed in a county island, as
47 defined in section 11-251.12, in existence on ~~the effective date of this~~
48 ~~amendment to this section~~ SEPTEMBER 21, 2006, the petition must be signed by

1 the owners of all of the land in the district that is described in the
2 petition and the district must be approved by the county and by the
3 municipality or all municipalities that form the county island. If the
4 petition is signed by the owners of all of the land in the district, the
5 county may waive any or all requirements of posting, publication, mailing,
6 notice, hearing and landowner election. On receipt of such a petition, and
7 after approval by an election of one hundred ~~per-cent~~ PERCENT of the resident
8 electors, if any, **OR ON RECEIPT OF A PETITION FOR FORMATION FILED PURSUANT TO**
9 **SECTION 48-726 THAT IS SIGNED BY OWNERS OF ALL OF THE LAND IN THE DISTRICT**
10 **DESCRIBED IN THE PETITION AND IF THE DISTRICT CONSISTS OF MORE THAN SIX**
11 **HUNDRED ACRES**, the county shall declare the district formed without being
12 required to comply with the provisions of this article for posting.

13 Sec. 5. Section 48-708, Arizona Revised Statutes, is amended to read:
14 **48-708. Formation; debt limitation**

15 A. If the formation of the district is approved by a majority of the
16 votes cast at the election, the governing body shall order the formation,
17 appoint the initial directors of the district board if the district will be
18 governed by an appointed board, set the district boundaries and order that a
19 map showing the district boundaries be drawn and a copy of the order forming
20 the district be delivered to the county assessor and the board of supervisors
21 of the county in which the district is located and to the department of
22 revenue. A notice of the formation showing the number and date of the order
23 and giving a description of the land included in the district shall be
24 recorded with the county recorder.

25 B. On its formation, the district is a special purpose district for
26 purposes of article IX, section 19, Constitution of Arizona, a tax levying
27 public improvement district for the purposes of article XIII, section 7,
28 Constitution of Arizona, and a municipal corporation for all purposes of
29 title 35, chapter 3, articles 3, 3.1, 3.2, 4 and 5. A district that
30 distributes or sells groundwater is a private water company only for purposes
31 of title 45, chapters 2 and 3.1. Except as otherwise provided in this
32 section, a district is considered to be a municipal corporation and political
33 subdivision of this state, separate and apart from the municipality or
34 county, **AND THE MUNICIPALITY AND COUNTY ARE NOT LIABLE FOR ANY DEBT OR OTHER**
35 **OBLIGATION OF THE DISTRICT**. Under no circumstances may the amount of
36 indebtedness evidenced by general obligation bonds issued pursuant to section
37 48-719 and revenue bonds issued pursuant to section 48-720 exceed the
38 estimated cost of the public infrastructure improvements plus all costs
39 connected with the public infrastructure purposes and issuance and sale of
40 bonds, including, without limitation, credit enhancement and liquidity
41 support fees and costs. The total aggregate outstanding amount of bonds and
42 any other indebtedness for which the full faith and credit of the district
43 are pledged shall not exceed sixty ~~per-cent~~ PERCENT of the aggregate of the
44 estimated market value of the real property and improvements in the district
45 after the public infrastructure of the district is completed plus the value
46 of the public infrastructure owned or to be acquired by the district with the
47 proceeds of the bonds.

1 C. On formation of the district, the district board shall administer,
2 in a reasonable manner, the implementation of the general plan for the public
3 infrastructure of the district and any development agreement entered into
4 pursuant to section 9-500.05 between the governing body and owners of land in
5 the district. The district board shall be considered a party to that
6 agreement.

7 D. Fees and other charges assessed by a municipality or county in
8 connection with the submission and ~~consideration~~ REVIEW of an application or
9 petition to form a district MAY NOT EXCEED FIFTEEN THOUSAND DOLLARS, ~~or by a~~
10 ~~municipality, county or district in connection with the administration of a~~
11 ~~district, including the issuance and sale of bonds, shall not exceed the~~
12 ~~estimated actual expense incurred by the municipality, county or district for~~
13 ~~staff and consultant services and support facilities supplied by the~~
14 ~~municipality, county or district or the financial, legal and administrative~~
15 ~~costs of the district that are not reimbursed from proceeds of the bonds or~~
16 ~~other district revenue~~ AND A MUNICIPALITY OR COUNTY MAY NOT CHARGE TO THE
17 DISTRICT ANY ADDITIONAL FEES OR COSTS RELATING TO ESTABLISHMENT OF THE
18 DISTRICT.

19 Sec. 6. Section 48-709, Arizona Revised Statutes, is amended to read:
20 48-709. Powers of a community facilities district

21 A. In addition to the powers otherwise granted to a district pursuant
22 to this article, a district may to further the general plan:

23 1. Enter into contracts and expend monies for any public
24 infrastructure purpose with respect to the district.

25 2. Enter into intergovernmental agreements as prescribed in title 11,
26 chapter 7, article 3 for the planning, design, inspection, ownership,
27 control, maintenance, operation or repair of public infrastructure or the
28 provision of enhanced municipal services by the municipality in the district.

29 3. Sell, lease or otherwise dispose of district property if the sale,
30 lease or conveyance is not a violation of the terms of any contract or bond
31 resolution of the district.

32 4. Reimburse the COUNTY OR municipality for providing enhanced
33 municipal services in the district.

34 5. Operate, maintain and repair public infrastructure.

35 6. Establish, charge and collect user fees, rates or charges for the
36 use of any public infrastructure or service.

37 7. Employ staff, counsel and consultants.

38 8. Reimburse the municipality or county for staff and consultant
39 services and support facilities supplied by the municipality or county.

40 9. Accept gifts or grants and incur and repay loans for any public
41 infrastructure purpose.

42 10. Enter into agreements with landowners and the municipality or
43 county for the collection of fees and charges from landowners for public
44 infrastructure purposes, the advance of monies by landowners for public
45 infrastructure purposes or the granting of real property by the landowner for
46 public infrastructure purposes.

47 11. By resolution, levy and assess the costs of any public
48 infrastructure purpose on any land benefited in the district.

1 12. Pay the financial, legal and administrative costs of the district.

2 13. Enter into contracts, agreements and trust indentures to obtain
3 credit enhancement or liquidity support for its bonds and process the
4 issuance, registration, transfer and payment of its bonds and the
5 disbursement and investment of proceeds of the bonds.

6 14. With the consent of the governing body of the municipality or
7 county ~~which~~ THAT formed the district, enter into agreements with persons
8 outside of the district to provide services to persons and property outside
9 of the district.

10 15. Use public easements and rights-of-way in or across public
11 property, roadways, highways, streets or other thoroughfares and other public
12 easements and rights-of-way, whether in or out of the geographical limits of
13 the district, the municipality or the county.

14 16. REIMBURSE THE COUNTY FOR PROVIDING PUBLIC SAFETY AND OTHER SERVICES
15 IN DISTRICTS LOCATED IN THE UNINCORPORATED AREAS OF THE COUNTY.

16 B. This article does not authorize:

17 1. A district to acquire, construct, operate or maintain an electric
18 generation or distribution system or natural gas distribution system without
19 the written consent of any affected public service corporation, electric
20 cooperative, agricultural improvement or power district or other district
21 described in article XIII, section 7, Constitution of Arizona, the service
22 area of which encompasses all or part of the district, if that entity is
23 providing ~~or is capable of adequately providing~~ electrical utility service or
24 natural gas utility service in the district.

25 2. A district to provide service outside its boundaries without the
26 written consent of any affected public service corporation, electric
27 cooperative, agricultural improvement or power district or other district
28 described in article XIII, section 7, Constitution of Arizona, with a service
29 area that lies outside of the district, if that entity is providing or is
30 capable of adequately providing electrical utility service or natural gas
31 utility service in the area that the district proposes to serve.

32 C. If a district is granted written consent pursuant to this section,
33 the district shall provide a copy to the governor, the president of the
34 senate, the speaker of the house of representatives and each commissioner of
35 the Arizona corporation commission no later than thirty days after consent is
36 granted.

37 D. In connection with any power authorized by statute, the district
38 may:

39 1. Contract.

40 2. Enter into intergovernmental agreements pursuant to title 11,
41 chapter 7, article 3.

42 3. Adopt and change a seal.

43 4. Sue and be sued.

44 5. Enter into development agreements, as defined in section 9-500.05.

45 6. Exercise the same right and power of eminent domain as a public
46 service corporation pursuant to title 12, chapter 8, articles 2 and 3 to
47 acquire any property or right-of-way, except political subdivision, county,
48 state or federal property, for any public infrastructure purpose.

1 E. A district ~~which~~ THAT proposes to provide domestic water service in
2 the certificated area of a public service corporation serving domestic water
3 shall provide just compensation to the public service corporation pursuant to
4 section 9-516.

5 F. Public infrastructure other than personalty may be located only in
6 or on lands owned by the state, a county, a municipality or the district or
7 dedicated or otherwise designated as public roadways, highways, streets,
8 thoroughfares, easements or rights-of-way, whether in or out of the district
9 or the municipality. Personalty may be used only for purposes authorized by
10 the district board.

11 G. An agreement pursuant to subsection A, paragraph 10 of this section
12 may include agreements to repay all or part of such advances, fees and
13 charges from the proceeds of bonds if issued or from advances, fees and
14 charges collected from other landowners or users or those having a right to
15 use any public infrastructure. A person does not have authority to compel
16 the issuance or sale of the bonds of the district or the exercise of any
17 taxing power of the district to make repayment under any agreement.

18 H. A district shall not contract with a municipality for enhanced
19 municipal services unless the area for which the services are to be provided
20 is designated by the municipality as a slum or blighted area pursuant to
21 title 36, chapter 12, or an urban core business district of the municipality
22 determined by formal resolution of the municipality to be in need of enhanced
23 municipal services to encourage or preserve commercial development in the
24 area.

25 I. Notwithstanding title 34 or article 2 of this chapter, the district
26 at the option of the district board may enter into contracts for the
27 performance of district projects with landowners in the district after
28 calling for bids but before publishing notice of the award of a contract if
29 all of the following conditions are met:

30 1. The landowner or landowners own three-fourths or more of the total
31 land area of the district.

32 2. The landowner or landowners contract to perform the work at a cost
33 ~~which~~ THAT does not exceed the cost specified in the bid of the bidder who
34 would have been awarded that bid.

35 3. The work for which the contract was let is to be financed pursuant
36 to this article.

37 4. All contracts and work executed pursuant to this section are
38 subject to those rules as the district board may prescribe.

39 Sec. 7. Section 48-711, Arizona Revised Statutes, is amended to read:
40 48-711. Records; board of directors; open meetings

41 A. The district shall keep the following records, which shall be open
42 to public inspection:

- 43 1. Minutes of all meetings of the district board.
- 44 2. All resolutions.
- 45 3. Accounts showing all monies received and disbursed.
- 46 4. The annual budget.
- 47 5. All other records required to be maintained by law.

1 B. If the resolution ordering formation of the district provides that
2 the district will be governed by a district board appointed by the governing
3 body, each appointed director shall serve for a term of six years, except
4 that two directors initially appointed by the governing body in the
5 resolution shall serve for a term of four years. The resolution shall state
6 which directors shall serve four year terms and which shall serve six year
7 terms. On the expiration of the term of an appointed director, the governing
8 body shall appoint a person to fill the position **FROM A LIST OF AT LEAST**
9 **THREE PERSONS NOMINATED BY THE OWNERS**. If a vacancy occurs on the district
10 board because of death, resignation or inability of the director to discharge
11 the duties of director, the vacancy shall be filled by appointment made by
12 the governing body **FROM A LIST OF AT LEAST THREE PERSONS NOMINATED BY THE**
13 **OWNERS**. A director appointed by the governing body shall hold office for the
14 remainder of the unexpired term until his successor is appointed. An
15 appointed director shall not be a landowner owning more than forty acres in
16 the district, an elected official of the municipality or county or an
17 employee or agent of the landowner or municipality or county but may be a
18 director of more than one district. The members of the governing body of the
19 municipality or county are not eligible to receive compensation for their
20 services as members of the district board.

21 C. The board of directors shall comply with title 38, chapter 3,
22 article 3.1 as a separate political subdivision.

23 D. The district clerk and district treasurer shall be the clerk of the
24 municipality or county and the treasurer of the municipality or county,
25 respectively, **FOR DISTRICTS THAT ARE GOVERNED BY THE GOVERNING BODY OF A**
26 **MUNICIPALITY OR COUNTY**, unless the district board appoints a **DISTRICT**
27 **MANAGER**, A district clerk, ~~and~~ A district treasurer **OR OTHER DISTRICT STAFF**
28 **AS MAY BE APPROPRIATE**.

29 Sec. 8. Section 48-714, Arizona Revised Statutes, is amended to read:
30 **48-714. Change in district boundaries or general plan**

31 A. After the formation election, an area may be deleted from the
32 district only following a hearing on notice to the owners of land in the
33 district, given in the manner prescribed for the formation hearing, adoption
34 of a resolution of intention to do so by the district board and approval by
35 the owners of land in the district pursuant to section 48-705, subsection B
36 or section 48-707, subsection F. Deleted areas remain subject to the levy
37 for debt service on any bonds issued before the date of deletion.

38 B. At any time after adoption of the resolution of intention to form
39 the district an area may be added to the district on adoption by the
40 governing board of a resolution of intention to do so, and approval by the
41 district board following a hearing on notice to the owners of land ~~in the~~
42 ~~district and~~ in the proposed addition to the district in the manner
43 prescribed for the formation hearing. Approval for addition of the area to
44 the district shall be received from the owners of land ~~in the district and~~ in
45 the proposed addition area pursuant to section 48-705, subsection B or
46 pursuant to section 48-707, subsection F if the approval by the owners of
47 land ~~in the district and~~ in the proposed addition includes in its petition a
48 waiver of any requirement for a separate resolution of intention by the

1 district board and a waiver of any requirement of posting, publication,
2 mailing, notice, hearing and election as to that addition to the district.

3 C. The district board, ~~following a hearing on notice to owners of land~~
4 ~~in the district, given in the manner prescribed for the formation hearing,~~
5 may amend the general plan in any manner IN which it determines will not
6 substantially reduce the benefits to be received by any land in the district
7 from the public infrastructure on completion of the work to be performed
8 under the general plan.

9 D. The hearings required by this section shall be conducted in the
10 same manner as a hearing on formation, and the right to object to the change
11 in the district or the general plan shall be the same as for the hearing on
12 formation.

13 Sec. 9. Section 48-716, Arizona Revised Statutes, is amended to read:
14 48-716. Budget

15 On or before July 15 each year, the district treasurer shall prepare a
16 proposed budget for the ensuing fiscal year to be submitted to the district
17 board for approval. The board shall indicate its approval of the budget by
18 resolution, which shall provide for a hearing on the budget as
19 approved. Notice of the hearing on the budget shall be provided in the
20 manner prescribed by section 48-715. FOR DISTRICTS ADMINISTERED BY THE
21 GOVERNING BODY, EX OFFICIO, the municipality OR COUNTY may review the
22 proposed annual budget and may submit written comments to the board for its
23 assistance and information in adopting its annual budget. At the conclusion
24 of the budget hearing, the district board, by resolution, shall adopt the
25 budget as finally approved by the board. The budget shall be adopted before
26 October 1 each year.

27 Sec. 10. Section 48-717, Arizona Revised Statutes, is amended to read:
28 48-717. Finances

29 The projects to be constructed BY THE DISTRICT or acquired BY THE
30 DISTRICT, OR BOTH, as shown in the general plan may be financed from the
31 following sources of revenue:

- 32 1. Proceeds received from the sale of bonds of the district.
- 33 2. Monies of the municipality or county contributed to the district.
- 34 3. Annual tax levies.
- 35 4. Special assessments.
- 36 5. State or federal grants or contributions.
- 37 6. Private contributions.
- 38 7. User, landowner and other fees and charges.
- 39 8. Proceeds of loans or advances.
- 40 9. Any other monies available to the district by law.

41 Sec. 11. Section 48-719, Arizona Revised Statutes, is amended to read:
42 48-719. General obligation bonds; tax levy

43 A. At any time after the hearing on formation of the district, the
44 district board, or, if before formation, the governing body, may from time to
45 time order and call a general obligation bond election to submit to the
46 qualified electors of the district or to those persons who are qualified to
47 vote pursuant to section 48-707, subsection G the question of authorizing the
48 district board to issue general obligation bonds of the district to provide

1 monies for any public infrastructure purposes consistent with the general
2 plan. The election may be held in conjunction with the formation election.

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

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

8 D. The district may issue and sell refunding bonds to refund any
9 general obligation bonds of the district. If general obligation bonds are
10 issued to refund any general obligation bonds of the district no election on
11 the issuance of such refunding bonds is required.

12 E. After the bonds are issued, the district board shall enter in its
13 minutes a record of the bonds sold and their numbers and dates and, **UNLESS**
14 **LIMITED TO A LOWER RATE OR AMOUNT BY THE TERMS OF THE BOND ELECTION,** shall
15 annually levy and cause an ad valorem tax to be collected, at the same time
16 and in the same manner as other taxes are levied and collected on all taxable
17 property in the district, sufficient, together with any monies from the
18 sources described in section 48-717, to pay debt service on the bonds when
19 due. **IN PLEDGING THE PROCEEDS OF AN AD VALOREM PROPERTY TAX PURSUANT TO THE**
20 **TERMS OF A BOND ELECTION, THE DISTRICT BOARD MAY LIMIT THE RATE OF TAXATION**
21 **OR THE AMOUNT OF TAXES THAT IT IS REQUIRED TO IMPOSE OR COLLECT.** Monies
22 derived from the levy of the tax provided in this section when collected
23 constitute funds to pay the debt service on the bonds and shall be kept
24 separately from other funds of the district.

25 Sec. 12. Section 48-723, Arizona Revised Statutes, is amended to read:

26 **48-723. District taxes; annual financial estimate and budget**

27 A. Except as provided in subsection D of this section and at any time
28 after the hearing on formation of the district, the district board, or, if
29 before formation, the governing body, may call an election to submit to the
30 qualified electors of the district or to the persons qualified to vote
31 pursuant to section 48-707, subsection G the question of authorizing the
32 district board to levy an ad valorem tax on the assessed value of all the
33 real and personal property in the district at a rate or rates ~~which~~ **THAT** do
34 not exceed the maximum rate or rates specified in the ballot. All taxes
35 attributable to the operation and maintenance expenses of the district,
36 excluding expenses for an area described in section 48-709, subsection G,
37 shall not exceed an amount equal to thirty cents per one hundred dollars of
38 assessed valuation for all real and personal property in the district, unless
39 a higher rate is approved by a vote of the electors of the district, or by
40 the persons who are qualified to vote as provided in section 48-707,
41 subsection G, ~~voting at an election not less than three years after the date~~
42 ~~of the formation of the district.~~ The election may be held in conjunction
43 with the formation election. Once approved at an election, the maximum rate
44 remains in effect until increased or decreased at a subsequent election. If
45 a maximum rate is in effect, the district board, on petition of twenty-five
46 ~~per cent~~ **PERCENT** of the qualified electors of the district, or by those
47 persons owning twenty-five ~~per cent~~ **PERCENT** of the land area who are
48 qualified to vote pursuant to section 48-707, subsection G, shall call an

1 election to reduce the maximum tax rate but not below the lesser of that rate
2 determined by the district board to be necessary to maintain the district's
3 facilities and improvements or the actual rate then in effect. On the
4 presentation to the district board of a petition signed by the owners of a
5 majority of the property in the district, the district board shall adopt a
6 resolution to reduce or eliminate the portion of the tax, beginning the next
7 fiscal year, required for one or more enhanced municipal services specified
8 in the petition. Signatures on a petition to reduce or eliminate a tax are
9 valid for a period of sixty days.

10 B. **UNLESS THE DISTRICT IS LIMITED TO A LOWER RATE BY THE TERMS OF THE**
11 **BOND ELECTION**, the district may not levy, other than for the payment of debt
12 service on general obligation bonds, at a rate or rates in excess of the
13 maximum rate then in effect.

14 C. When levying an ad valorem tax **AND AFTER TAKING INTO ACCOUNT ANY**
15 **LIMITATION IMPOSED BY THE TERMS OF A BOND ELECTION**, the district board shall
16 make annual statements and estimates of the operation and maintenance
17 expenses of the district, the costs of capital improvements to be financed by
18 the tax levy or levies and the amount of all other expenditures for public
19 infrastructure and enhanced municipal services proposed to be paid from the
20 tax levy or levies and of the amount to be raised to pay general obligation
21 bonds of the district, all of which shall be provided for by the levy and
22 collection of ad valorem taxes on the assessed value of all the real and
23 personal property in the district. The district board shall file the annual
24 statements and estimates with the clerk. The district board shall publish a
25 notice of the filing of the estimate, shall hold hearings on the portions of
26 the estimate not relating to debt service on general obligation bonds and
27 shall adopt a budget. The board, on or before the date set by law for
28 certifying the annual budget of the county or municipality, shall fix, levy
29 and assess the amounts to be raised by ad valorem taxes of the district and
30 shall cause certified copies of the order to be delivered to the board of
31 supervisors and to the department of revenue. All statutes relating to the
32 levy and collection of general county taxes, including the collection of
33 delinquent taxes and sale of property for nonpayment of taxes, apply to the
34 district taxes provided for by this section.

35 Sec. 13. Section 48-724, Arizona Revised Statutes, is amended to read:
36 **48-724. Dissolution of district**

37 A. The district may be dissolved by the district board by a resolution
38 of the district board if **BOTH OF** the following conditions exist:

39 1. All of the property owned by the district has been or will be
40 conveyed to the municipality, county or school district.

41 2. Either the district has no obligations or the municipality or
42 county has assumed all of the obligations of the district.

43 B. The district board shall comply with the conditions prescribed by
44 subsection A of this section and shall dissolve the district if both of the
45 following occur:

46 1. The governing body has consented to comply with the conditions
47 prescribed by subsection A of this section and either:

1 (a) Dissolution has been approved by a vote of the qualified electors
2 of the district or by the persons who are qualified to vote pursuant to
3 section 48-707, subsection G, voting in an election called for that purpose.

4 (b) The ~~governing body~~ DISTRICT BOARD determines that the district has
5 been inactive for at least five consecutive years and has no future purpose.

6 2. The district board adopts a resolution dissolving the district and
7 records the resolution in the office of the county recorder.

8 C. The district board may call such an election and shall call such an
9 election if requested to do so in a petition signed by ten per cent of the
10 qualified electors of the district, or by the persons who are qualified to
11 vote pursuant to section 48-707, subsection G.

12 D. The election shall be called and held in the same manner as a bond
13 or tax levy election, except that the ballot shall contain the words
14 "dissolution, yes" and "dissolution, no".

15 E. All property in the district, except federal, state, county and
16 municipal property, remains subject to the lien for the payment of general
17 obligation bonds, and any property subject to a special assessment lien
18 remains subject to the lien notwithstanding dissolution of the district. The
19 district may not be dissolved if any revenue bonds of the district remain
20 outstanding unless an amount of money sufficient, together with investment
21 income thereon, to make all payments due on the revenue bonds either at
22 maturity or prior redemption has been deposited with a trustee or escrow
23 agent and pledged to the payment and redemption of the bonds. The district
24 may continue to operate after dissolution only as needed to collect money and
25 make payments on any outstanding bonds.

26 Sec. 14. Title 48, chapter 4, article 6, Arizona Revised Statutes, is
27 amended by adding sections 48-726 and 48-727, to read:

28 48-726. Alternate district formation process; applicability;
29 existing districts

30 A. ON PRESENTATION OF A PETITION TO THE GOVERNING BODY OF THE
31 MUNICIPALITY OR COUNTY THAT IS SIGNED BY ALL OF THE OWNERS OF THE REAL
32 PROPERTY TO BE INCLUDED IN THE DISTRICT AND IF THE REAL PROPERTY CONSISTS OF
33 MORE THAN SIX HUNDRED ACRES AND THERE ARE NO REGISTERED VOTERS RESIDING ON
34 THE PROPERTY TO BE INCLUDED IN THE DISTRICT, THE GOVERNING BODY OF THE
35 MUNICIPALITY OR COUNTY SHALL DECLARE THE DISTRICT ESTABLISHED AND SECTION
36 48-708, SUBSECTIONS B, C AND D APPLY TO THE DISTRICT.

37 B. THE GOVERNING BODY SHALL APPOINT THE INITIAL DIRECTORS OF THE
38 DISTRICT BOARD FROM A LIST OF AT LEAST TEN NAMES SUBMITTED BY THE OWNERS OF
39 THE PROPERTY IN THE DISTRICT, SET THE DISTRICT BOUNDARIES AND ORDER THAT A
40 MAP SHOWING THE DISTRICT BOUNDARIES BE DRAWN AND A COPY OF THE ORDER FORMING
41 THE DISTRICT BE DELIVERED TO THE COUNTY ASSESSOR AND THE BOARD OF SUPERVISORS
42 OF THE COUNTY IN WHICH THE DISTRICT IS LOCATED AND TO THE DEPARTMENT OF
43 REVENUE. A NOTICE OF THE FORMATION SHOWING THE NUMBER AND DATE OF THE ORDER
44 AND GIVING A DESCRIPTION OF THE LAND INCLUDED IN THE DISTRICT SHALL BE
45 RECORDED WITH THE COUNTY RECORDER.

46 C. ON ESTABLISHMENT OF THE DISTRICT AND ITS GOVERNING BOARD AND THE
47 RECORDING OF ITS DOCUMENTS PURSUANT TO THIS SECTION, THE GOVERNING BODY HAS

1 NO FURTHER OBLIGATIONS, DUTIES OR POWERS WITH RESPECT TO THE GOVERNANCE OF
2 THE DISTRICT.

3 D. FOR ANY DISTRICT IN EXISTENCE ON THE EFFECTIVE DATE OF THIS SECTION
4 THAT IS GOVERNED BY THE GOVERNING BODY OF THE MUNICIPALITY OR COUNTY, EX
5 OFFICIO, ON PRESENTATION OF A PETITION TO THE GOVERNING BODY THAT IS SIGNED
6 BY ALL OF THE OWNERS OF THE REAL PROPERTY IN THE DISTRICT AND SUBMITTAL OF A
7 LIST OF AT LEAST TEN NAMES OF OWNERS OF PROPERTY IN THE DISTRICT, THE
8 GOVERNING BODY SHALL APPOINT A DISTRICT BOARD AND ON APPOINTMENT OF THE
9 DISTRICT BOARD, THE GOVERNING BODY HAS NO FURTHER OBLIGATIONS, DUTIES OR
10 POWERS WITH RESPECT TO THE GOVERNANCE OF THAT DISTRICT.

11 48-727. Database of district records: website

12 A. THE DISTRICT SHALL ESTABLISH AND MAINTAIN AN OFFICIAL WEBSITE THAT
13 IS ELECTRONICALLY SEARCHABLE BY THE PUBLIC THAT CONTAINS A COMPREHENSIVE
14 DATABASE OF DISTRICT CONTACTS, PUBLIC NOTICES, MEETING MINUTES, RESOLUTIONS
15 AND ACCOUNTS SHOWING ALL MONIES RECEIVED AND DISBURSED, THE ANNUAL BUDGET AND
16 OTHER RECORDS REQUIRED TO BE MAINTAINED BY LAW, INCLUDING THE RECORDS
17 PRESCRIBED BY SECTION 48-711.

18 B. THE DATABASE MAY NOT INCLUDE:

19 1. TAX PAYMENT OR REFUND DATA THAT INCLUDES CONFIDENTIAL TAXPAYER
20 INFORMATION.

21 2. WORK PRODUCT IN ANTICIPATION OF LITIGATION OR INFORMATION SUBJECT
22 TO ATTORNEY-CLIENT PRIVILEGE.

23 3. ANY OTHER INFORMATION THAT IS DESIGNATED BY LAW AS CONFIDENTIAL.

24 C. THE DISTRICT SHALL INCLUDE A LINK TO THE DATABASE ON THE DISTRICT'S
25 MAIN WEBSITE MAINTAINED BY THE DISTRICT."

26 Amend title to conform

JUSTIN OLSON

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