

REFERENCE TITLE: **municipal economic development; sale; lease**

State of Arizona  
House of Representatives  
Fifty-third Legislature  
Second Regular Session  
2018

# **HB 2005**

Introduced by  
Representative Leach

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 9-403.01; RELATING TO THE SALE OR LEASE OF MUNICIPAL  
PROPERTY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 9, chapter 4, article 1, Arizona Revised Statutes,  
3 is amended by adding section 9-403.01, to read:

4 9-403.01. Sale or lease of property for economic development  
5 activities; notice; exceptions; definition

6 A. NOTWITHSTANDING ANY OTHER LAW, THE GOVERNING BODY OF A CITY OR  
7 TOWN MAY SELL OR LEASE FOR ECONOMIC DEVELOPMENT ACTIVITIES LAND OR  
8 BUILDINGS OWNED BY OR UNDER THE CONTROL OF THE CITY OR TOWN ONLY PURSUANT  
9 TO THE REQUIREMENTS OF THIS SECTION.

10 B. THE TERM OF A LEASE FOR ECONOMIC DEVELOPMENT ACTIVITIES MAY NOT  
11 EXCEED TWENTY-FIVE YEARS.

12 C. THE GOVERNING BODY OF THE CITY OR TOWN SHALL APPOINT AN  
13 EXPERIENCED APPRAISER TO DETERMINE THE SALE OR LEASE VALUATION OF THE LAND  
14 OR BUILDING, EXCEPT THAT THE APPOINTMENT OF AN APPRAISER IS NOT REQUIRED  
15 FOR THE SALE OR LEASE OF ANY LAND OR BUILDING THAT IS VALUED AT FIFTY  
16 THOUSAND DOLLARS OR LESS IF THE VALUE OF THE LAND OR BUILDING HAS BEEN  
17 ESTIMATED AND JUSTIFIED BY A MARKET ANALYSIS THAT IS BASED ON COMPARABLE  
18 SALES.

19 D. THE GOVERNING BODY OF THE CITY OR TOWN SHALL SELL OR LEASE LAND  
20 OR BUILDINGS AT A PUBLIC AUCTION TO THE HIGHEST RESPONSIBLE BIDDER, IF THE  
21 AMOUNT OF THE BID IS AT LEAST NINETY PERCENT OF THE VALUATION AS  
22 DETERMINED BY THE APPRAISER OR THE MARKET ANALYSIS AND SUBJECT TO SUCH  
23 OTHER TERMS AND CONDITIONS AS THE GOVERNING BODY OF THE CITY OR TOWN  
24 PRESCRIBES.

25 E. THE GOVERNING BODY OF THE CITY OR TOWN SHALL GIVE NOTICE OF A  
26 PROPOSED SALE OR LEASE BY PUBLICATION, ONCE EACH WEEK FOR FOUR CONSECUTIVE  
27 WEEKS, IN A NEWSPAPER OF GENERAL CIRCULATION IN THE CITY OR TOWN. THE  
28 NOTICE SHALL STATE ALL MATERIAL CONDITIONS OF THE PROPOSED SALE OR LEASE  
29 AND THE DAY ON WHICH THE AUCTION WILL BE HELD, WHICH SHALL BE NOT FEWER  
30 THAN THIRTY DAYS AFTER THE LAST PUBLICATION OF THE NOTICE.

31 F. SUBSECTIONS D AND E OF THIS SECTION DO NOT APPLY TO LEASES THAT  
32 GRANT A LEASEHOLD INTEREST TO A PERSON OR ENTITY THAT OWNED, LEASED OR  
33 OTHERWISE POSSESSED THE PROPERTY TO BE LEASED IMMEDIATELY BEFORE PURCHASE  
34 OR ACQUISITION BY THE CITY OR TOWN OR TO OTHER PERSONS OR ENTITIES LEASING  
35 PROPERTY FOR A TERM THAT WOULD EXPIRE WITHIN FOUR YEARS AFTER THE PURCHASE  
36 OR ACQUISITION BY THE CITY OR TOWN. A LEASE ENTERED INTO PURSUANT TO THIS  
37 SUBSECTION SHALL BE FOR AT LEAST NINETY PERCENT OF, BUT NOT MORE THAN, THE  
38 APPRAISED LEASE VALUATION OR MARKET ANALYSIS DETERMINED PURSUANT TO  
39 SUBSECTION C OF THIS SECTION.

40 G. FOR THE PURPOSES OF THIS SECTION, "ECONOMIC DEVELOPMENT  
41 ACTIVITIES" HAS THE SAME MEANING PRESCRIBED IN SECTION 9-500.11,  
42 SUBSECTION M, PARAGRAPH 1.

1           Sec. 2. Purpose; applicability

2           A. This act is intended to enforce article IX, section 7,  
3 Constitution of Arizona. It is the intent of the legislature to clarify  
4 existing law relating to the state's preemption of economic development  
5 activities in this state. Economic development is regulated by the  
6 Constitution of Arizona and is of statewide concern. Therefore, the  
7 legislature intends to limit the ability of any city or town to engage in  
8 economic development activities in violation of article IX, section 7,  
9 Constitution of Arizona.

10          B. This act applies to any agreement made on and after the  
11 effective date of this act.