

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 33
HOUSE BILL 2464

AN ACT

AMENDING SECTION 9-571, ARIZONA REVISED STATUTES; RELATING TO MUNICIPAL
WATER INFRASTRUCTURE FINANCING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-571, Arizona Revised Statutes, is amended to
3 read:

4 9-571. Wastewater treatment and drinking water treatment
5 facilities and nonpoint source projects; financial
6 assistance loan repayment agreements; definitions

7 A. Notwithstanding any other law, a city or town may construct,
8 acquire from a willing seller or improve a wastewater treatment facility,
9 drinking water facility or nonpoint source project with monies borrowed
10 from or financial assistance including forgivable principal provided by
11 the water infrastructure finance authority of Arizona.

12 B. To repay financial assistance from the water infrastructure
13 finance authority of Arizona a city or town may enter into a financial
14 assistance loan repayment agreement with the authority. A financial
15 assistance loan repayment agreement is payable from any revenues otherwise
16 authorized by law to be used to repay long-term obligations. If revenue
17 from a property tax assessment is the designated source of repayment under
18 the agreement, the property tax assessed and levied is a secondary
19 property tax levy for purposes of article IX, Constitution of Arizona.

20 C. For any city or town, **THE FOLLOWING APPLY:**

21 1. **FOR A CITY OR TOWN** with a population of more than **ONE HUNDRED**
22 fifty thousand persons, the governing body of the city or town shall
23 submit the question of entering and performing a financial assistance loan
24 repayment agreement to the qualified electors voting at a regular or
25 special election in the city or town, except that if revenue from a
26 secondary property tax levy is the designated source of repayment or if
27 the project is constructed with an improvement district, the question
28 shall be submitted to the qualified electors at an election held on the
29 first Tuesday following the first Monday in November.

30 2. For a city or town with a population of **ONE HUNDRED** fifty
31 thousand persons or less, the revenues of the city's or town's utility
32 system or systems may be pledged to the payment of the repayment agreement
33 without an election, if the pledge of revenues does not violate any
34 covenant pertaining to the utility system or systems or the revenues
35 pledged to secure outstanding bonds or other obligations of the city or
36 town.

37 3. An election is not required if voter approval has previously
38 been obtained for substantially the same project with another funding
39 source.

40 4. If a majority of the qualified electors voting on the question:

41 ~~1-~~ (a) Approves, the governing body may execute, deliver and
42 perform the financial assistance loan repayment agreement.

43 ~~2-~~ (b) Disapproves, the governing body shall not execute a
44 financial assistance loan repayment agreement.

45 D. Payments made pursuant to a financial assistance loan repayment
46 agreement are not subject to section 42-17106.

1 E. A financial assistance loan repayment agreement entered into
2 pursuant to this section shall contain the covenants and conditions
3 pertaining to the construction, acquisition or improvement of a wastewater
4 treatment or drinking water facility or nonpoint source project and
5 repayment of the loan as the water infrastructure finance authority of
6 Arizona deems proper. Financial assistance loan repayment agreements may
7 provide for the payment of interest on the unpaid principal balance of
8 such agreement at the rates established in the agreement. The agreement
9 may also provide for payment of the city's or town's proportionate share
10 of the expenses of administering the clean water and drinking water
11 revolving funds established by sections 49-1221 and 49-1241 and may
12 provide that the city or town pay financing and loan administration fees
13 approved by the water infrastructure finance authority. These costs may
14 be included in the levy or assessment amounts pledged to repay the
15 financial assistance. Cities and towns are bound by and shall fully
16 perform the loan repayment agreements, and the agreements are
17 incontestable after the loan is funded by the water infrastructure finance
18 authority of Arizona. The city or town shall also agree to pay the
19 authority's costs in issuing bonds or otherwise borrowing to fund a loan.

20 F. A financial assistance loan repayment agreement under this
21 section does not create a debt of the city or town, and the authority
22 shall not require that payment of a financial assistance loan repayment
23 agreement be made from other than those sources permitted in subsection B
24 of this section and as prescribed by sections 49-1225 and 49-1245.

25 G. A city or town may employ attorneys, accountants, financial
26 consultants and such other experts in their field as deemed necessary to
27 perform services with respect to the financial assistance loan repayment
28 agreement.

29 H. This section is supplemental and alternative to any other law
30 under which a city or town may borrow money or issue bonds. This section
31 shall not be construed as the exclusive authorization to enter into loan
32 agreements with the authority.

33 I. A city or town may borrow additional monies or enter into
34 additional financial assistance loan repayment agreements with the water
35 infrastructure finance authority in an amount up to the amount approved by
36 the voters pursuant to subsection C of this section less the amount that
37 the city or town is already obligated to repay to the water infrastructure
38 finance authority pursuant to a financial assistance loan repayment
39 agreement.

40 J. For the purposes of this section:

41 1. "City" includes both cities formed pursuant to this title and
42 charter cities.

43 2. "Nonpoint source project" has the same meaning prescribed in
44 section 49-1201.

H.B. 2464

APPROVED BY THE GOVERNOR MARCH 22, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 22, 2019.