CHAPTER 84

HOUSE BILL 2699

AN ACT

AMENDING SECTIONS 48-806 AND 48-815.01, ARIZONA REVISED STATUTES; RELATING TO FIRE DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 48-806, Arizona Revised Statutes, is amended to read:

48-806. Bond election; issuance and sale of bonds; security

A. Except for a district formed pursuant to section 48-851, the district board or the elected chief and secretary-treasurer may order an election by the qualified electors of the district to be held pursuant to title 16, chapter 2, article 1 to determine whether bonds shall be issued on behalf of the district. The order shall specify the maximum principal amount of bonds to be issued, the maximum number of years bonds of any issue or series may run from their date not exceeding thirty years, the purpose for which the bonds are to be issued, the maximum rate of interest that the bonds are to bear, the date and hours of the election and the location of the polling places. Copies of the order shall be posted in three public places within the district not less than twenty days prior to the date of the election, and if a newspaper is published within the county having a general circulation within the district, the order shall be published in the newspaper not less than once a week during each of the three calendar weeks preceding the calendar week of the election.

B. A district board formed pursuant to section 48-851 shall not order an election for or issue bonds under this section.

C. Instead of publishing the notice described in subsection A of this section, the board of directors may mail a notice of election to each household containing a qualified elector of the district. The notice shall contain the same information described in subsection A of this section except that the notice shall not contain the location of all the polling places for that election. The notice shall contain the location of the polling place for that household's qualified electors. The notice shall be mailed at least thirty-five days before the election.

D. At the election the ballot shall contain the phrases "for the bonds" and "against the bonds". There shall be placed a square or other designated marking space in the same manner as used for candidates on ballots. The voter shall indicate a vote "for the bonds" or "against the bonds". No other question, word or figure need be printed on the ballot. The ballot need not be any particular size, nor need sample ballots be printed, posted or distributed but ballots shall comply with standards otherwise provided by law, including requirements for electronic voting, if applicable.

E. If a majority of the qualified electors of the district voting at the election approves the issuance of bonds, the district board or the elected chief and secretary-treasurer, as appropriate, may issue bonds in an aggregate principal amount not exceeding the lesser of six percent of the value of the taxable property in the district as shown on the last property tax assessment roll before issuing the bonds or the maximum amount specified in the election order.
F. Bonds may be in such denominations, may be in registered or
bearer form either as to principal or interest, or both, may mature at
such times not exceeding the maximum maturity specified in the election
order and may be subject to redemption prior to maturity, all as
specified by the district board or elected chief and secretary-treasurer,
as appropriate, as provided in subsection E of this section. The district
may engage the services of a depository to administer a book entry system
for the bonds. The costs and expenses of such depository and any
registrar or paying agent for the bonds shall be deemed to be interest
expenses that may also be paid from the tax levy made pursuant to
subsection I OR J of this section.

G. Bonds shall be executed by the manual or facsimile signatures of
the chairman and clerk of the district board or elected chief
and secretary-treasurer of the district. Coupons attached to the bonds
shall bear the facsimile signature of the chairman of the
district board or the elected chief of the district, as appropriate.

H. The district board may sell the bonds at public or private sale
or through an online bidding process. In addition, the district board may
negotiate loan agreements or loan repayment agreements with the greater
Arizona development authority in lieu of selling bonds where authority to
sell bonds has been granted by the district's voters. The proceeds of
sale on the bonds shall be deposited in an account of the fire district
fund to be known as the capital fund to be applied for the purpose for
which the bonds were issued.

I. After the bonds are issued, the district board or elected chief
and secretary-treasurer, as appropriate, shall enter on the district's
minutes a record of the bonds sold and shall annually determine the amount
of the tax levy to pay the bonds and certify such amount to the board of
supervisors of the county. The board of supervisors shall annually cause
to be levied and collected a tax, at the same time and in the same manner
as other taxes are levied and collected on all taxable property in the
district, sufficient to pay the principal of and interest on the bonds as
they become due and payable. Monies derived from the levy of the tax when
collected shall be deposited in the debt service fund and shall be applied
only to payment of the principal of and interest on the bonds. On payment
of the outstanding bonded indebtedness of the district, any monies
remaining in the debt service fund shall be used to reduce the district's
property tax levy in the next fiscal year. Amounts levied for debt
service on bonds issued pursuant to this section payable from the
secondary tax are and shall be considered special revenues of the
district, shall be kept in a special, segregated fund, are not and shall
not be general property taxes and may not be used for any other purpose of
the district.
J. IF A DISTRICT WITH OUTSTANDING BONDED INDEBTEDNESS IS MERGED
PURSUANT TO SECTION 48-820 OR CONSOLIDATED PURSUANT TO SECTION 48-823, THE
INDEBTEDNESS SHALL NOT BE ASSUMED BY ALL OF THE RESULTING DISTRICT AND
SHALL BE DEEMED AN ONGOING INDEBTEDNESS OF ONLY THAT PORTION OF THE
RESULTING DISTRICT THAT ORIGINALLY APPROVED THE BONDS FOR THE PURPOSES OF
SUBSECTION E OF THIS SECTION. IN ORDER TO PAY THE PRINCIPAL OF AND
INTEREST ON THE BONDS AS THEY BECOME DUE AND PAYABLE, THE BOARD OF
SUPERVISORS SHALL ANNUALLY CAUSE TO BE LEVIED AND COLLECTED A TAX ON THE
TAXABLE PROPERTY OF ONLY THAT PORTION OF THE RESULTING DISTRICT THAT
APPROVED THE BONDS AS DETERMINED ON THE DATE OF THE MERGER OR
CONSOLIDATION OF THE DISTRICT, AND MAY NOT LEVY TAXES ON THE REMAINDER OF
THE TAXABLE PROPERTY OF THE NEWLY MERGED OR CONSOLIDATED DISTRICT.

K. All bonds, heretofore and hereafter issued, are secured by a
lien on all revenues received pursuant to the tax levy made pursuant to
subsection I OR J of this section. The lien arises automatically without
the need for any action or authorization by the district or the district's
governing board. The lien is valid and binding from the time of the
issuance of the bonds. The revenues received pursuant to the levy of the
tax made pursuant to subsection I OR J of this section are immediately
subject to the lien. The lien attaches immediately to the revenues and is
effective, binding and enforceable against the district, the district's
successors, transferees and creditors and all other parties asserting
rights in the revenues, irrespective of whether the parties have notice of
the lien, without the need for any physical delivery, recordation, filing
or further act.

Sec. 2. Section 48-815.01, Arizona Revised Statutes, is amended to
read:

48-815.01. District dissolution; procedures; notice; hearing;
determinations; petitions

A. A fire district may be dissolved by the following procedures:
1. Any adult person desiring to dissolve a fire district shall
prepare and submit a dissolution statement to the board of supervisors of
the county in which the district is located. The dissolution statement
shall contain at least the following information:
   (a) A legal description of the boundaries of the district and a
detailed, accurate map of the district.
   (b) A list and explanation of benefits that will result from the
proposed dissolution of the district.
   (c) A list and explanation of the injuries that will result from
the proposed dissolution of the district.
2. On receipt of the dissolution statement, the board of
supervisors shall set a day, not fewer than thirty nor OR more than sixty
days from AFTER that date, for a hearing on the dissolution statement.
The board of supervisors, at any time prior to BEFORE making a
determination pursuant to paragraph 4 of this subsection, may require that
the dissolution statement be amended to include any information that the
board of supervisors deems to be relevant and necessary.

3. On receipt of the dissolution statement, the clerk of the board
of supervisors shall mail, by first class mail, written notice of the
statement, its purpose and notice of the day, hour and place of the
hearing on the proposed dissolution of the district to each owner of
taxable property within the boundaries of the district. The clerk of the
board of supervisors shall post the notice in at least three conspicuous
public places in the area of the district and shall publish twice in a
daily newspaper of general circulation in the area of the district, at
least ten days before the hearing, or, if no daily newspaper of general
circulation exists in the area of the district, at least twice at any time
before the date of the hearing, a notice setting forth the purpose of the
dissolution statement, the description of the area of the district and the
day, hour and place of the hearing.

4. At the hearing called pursuant to paragraph 2 of this
subsection, the board of supervisors shall hear those who appear for and
against the proposed dissolution of the district and shall determine
whether the dissolution of the district will promote THE public health,
comfort, convenience, necessity or welfare. If the board of supervisors
determines that the public health, comfort, convenience, necessity or
welfare will be promoted, it shall approve the dissolution statement and
authorize the persons proposing the dissolution of the district to
circulate petitions as provided in this subsection. The order of the
board of supervisors shall be final, but if the request to circulate
petitions is denied, a subsequent request for a similar district
dissolution may be refilled with the board of supervisors after six months
from AFTER the date of such denial.

5. Within fifteen days after receiving the approval of the board of
supervisors as prescribed by paragraph 4 of this subsection, the clerk of
the board shall determine the minimum number of signatures required for
compliance with paragraph 7 of this subsection. After making that
determination, that number of signatures shall remain fixed.

6. After receiving the approval of the board of supervisors as
provided in paragraph 4 of this subsection, any adult person may circulate
and present petitions for the dissolution of the district to the board of
supervisors of the county in which the district is located. All petitions
circulated shall be returned to the board of supervisors within one year
from AFTER the date of the approval of the board of supervisors pursuant
to paragraph 4 of this subsection. Any petition that is returned more
than one year from AFTER that date is void.

7. The petitions presented pursuant to paragraph 6 of this
subsection shall comply with section 48-815.02 and shall at all
times—contain a legal description of the boundaries of the district and
a detailed, accurate map of the district. Petitions shall be signed by
more than one-half of the property owners in the area of the district and be signed by persons owning collectively more than one-half of the assessed valuation of the property in the area of the district.

8. On receipt of the petitions, the board of supervisors shall set a day, not fewer than ten nor more than thirty days from after that date, for a hearing on the petition.

9. Prior to the hearing called pursuant to paragraph 8 of this subsection, the board of supervisors shall determine the validity of the petitions presented.

10. At the hearing called pursuant to paragraph 8 of this subsection, the board of supervisors, if the petitions are valid, shall order the dissolution of the district. The board of supervisors shall enter its order setting forth its determination in the minutes of the meeting, not later than ten days from after the day of the hearing, and a copy of the order shall be filed in the county recorder's office. The order of the board of supervisors shall be final, and the district shall be dissolved thirty days after the board of supervisors votes. A decision of the board of supervisors under this section is subject to judicial review under title 12, chapter 7, article 6.

11. On the recording of the order prescribed in paragraph 10 of this subsection, all money remaining in the fire district fund after the payment of all valid claims against the district shall be transferred to the general fund of the county in which the fire district is located, but if all of the fire district has been included within the corporate limits of a city or town, then on dissolution as provided by this section, the equipment, assets and liabilities of the district shall be transferred to that city or town. If the district was an employer covered by the Arizona state retirement system, the clerk of the county board of supervisors shall notify the director of the Arizona state retirement system of the dissolution of the district.

12. Taxes shall continue to be levied as provided in section 48-806, subsection I or J on all the taxable property within the former boundaries of the district to pay the principal or any interest on the outstanding bonds of the district.

B. For the purpose of determining the validity of the petitions presented pursuant to subsection A, paragraph 6 of this section:

1. Property held in multiple ownership shall be treated as if it had only one property owner, so that the signature of only one of the owners of property held in multiple ownership is required on the formation petition.

2. The value of property shall be determined as follows:
   (a) In the case of property assessed by the county assessor, values shall be the same as those shown on the last assessment roll of the county containing such property.
(b) In the case of property valued by the department of revenue, the values shall be those determined by the department in the manner provided by law for municipal assessment purposes. The county assessor and the department of revenue, respectively, shall furnish to the board of supervisors, within twenty days after such a request, a statement in writing showing the owner, the address of each owner and the appraisal or assessment value of properties contained within the boundaries of the proposed district as described in subsection A of this section.

C. For the purposes of this section, assessed valuation does not include the assessed valuation of property that is owned by a county, this state or the United States government and in the case of multiple ownership of a single parcel of property, any one property owner constitutes the entire ownership interest.

D. The board of supervisors may require of the person desiring to dissolve a district pursuant to subsection A, paragraph 1 of this section a reasonable bond to be filed with the board at the start of proceedings under this section. The bond shall be in an amount sufficient to cover costs incurred by the county if the district is not finally dissolved. County costs covered by the bond include any expense incurred from completion of the dissolution statement, mailing of the notice of hearing to district property owners, publication of the notice of hearing and other expenses reasonably incurred as a result of any requirements of this section.

E. If a district is dissolved pursuant to this section, the cost of publication of the notice of hearing AND the mailing of notices to property owners and all other costs incurred by the county as a result of this section shall be a valid charge against the district.