CHAPTER 350

SENATE BILL 1262

AN ACT

AMENDING SECTION 35-501, ARIZONA REVISED STATUTES; RELATING TO PUBLIC FINANCES.

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

Section 1. Section 35-501, Arizona Revised Statutes, is amended to read:

35-501. Records of bond issues; debt-level analysis and report

A. By ON OR BEFORE June 30 of each year, the department of administration shall ascertain and record in its office all issues of bonds, certificates of participation or other securities issued for a term in excess of one year by this state or a county, city, town, school district, irrigation district, other political subdivision or municipal property corporation within this state. The record shall show the date of issuance, amount, denomination, rates of interest, maturity, dates of the bonds, certificates of participation or securities and other information the department of administration requires.

B. The reports relating to the issuance of bonds and securities required under subsection A of this section shall be filed with the department of administration within sixty days after the issuance and shall contain the following information:

1. The par amount of the bonds or securities.
2. The interest rate, by maturity of the bonds or securities.
3. The repayment schedule, showing both principal and interest for the issue.
4. The sources of repayment.
5. The original issue price and any premium or discount, by maturity, for the issue.
6. A detailed listing of all issuance costs, regardless of source of payment, including underwriter's compensation, bond counsel fees, financial advisor fees, verification agent fees, placement agent fees, investment securities brokerage fees, registrar fees, trustee fees, credit enhancement fees, rating agency fees, printing costs, registration fees, transfer and recording fees and any other costs directly or indirectly earned or paid as a result of the issuance of the bonds or securities, as determined by the department of administration.
7. The total amount of parity bonds or securities outstanding, including the issue, at the time of issuance.
8. The total amount of any bonds or securities, senior or subordinate to the issue outstanding at the time of issuance.
9. The amount of any constitutional or statutory limitation on the issuance of bonds or securities of the type issued.
10. The remaining amount of bonds or securities that may be issued within the limitation determined in paragraph 9 of this subsection.
11. The amount of any constitutional or statutory voter authorization applicable to the issuance of bonds or securities of the type issued.
12. The remaining amount of bonds or securities that may be issued within the authorization determined in paragraph 9 of this subsection.
13. Any other similar or related information the department of administration may determine.

C. THE DEPARTMENT OF ADMINISTRATION SHALL INCLUDE THE FOLLOWING INFORMATION IN THE REPORTS PRESCRIBED BY SUBSECTION B OF THIS SECTION:
1. A list of each lending program and credit support program and the statutory or other authority for each program.
2. The total dollar amount of all monies offered pursuant to lending programs, specified by program.
3. The total dollar amount of all debts guaranteed or to which credit enhancements are given pursuant to credit support programs, specified by program.
4. An estimate of the cost of likely defaults on lending programs and credit support programs, specified by program. If practicable, the department shall use recognized standard accounting practices in the private sector to evaluate the likelihood and cost of the defaults.

D. By ON OR BEFORE December 15 of each year, the department of administration shall provide to the governor, the president of the senate and the speaker of the house of representatives a report of the information collected pursuant to subsection SUBSECTIONS A AND C of this section. This report shall include an analysis of the outstanding indebtedness of each jurisdiction and the relationship of the outstanding indebtedness to the appropriate debt limitations in article IX, sections 5, 8 and 8.1, Constitution of Arizona.

E. If as a result of the analysis conducted pursuant to subsection D of this section the department of administration determines that the outstanding indebtedness of a jurisdiction is in excess of the debt limitation prescribed by the Constitution or statutes of Arizona, the department of administration shall notify the governing body or board of the jurisdiction, the governor, the president of the senate, the speaker of the house of representatives and, in the case of a school district, the superintendent of public instruction.

F. The department of administration shall notify the person or governing body responsible for complying with this section of a failure to comply in whole or in part with the requirements of this section. Any person or governing body so notified shall comply within thirty days. Any county, city, town, school district, irrigation district or other political subdivision of this state that fails to comply fully with this article shall not issue any additional bonds or other securities.

G. FOR THE PURPOSES OF THIS SECTION:
1. "CREDIT SUPPORT PROGRAM" MEANS ANY PROGRAM THAT IS OPERATED BY THIS STATE OR A PUBLIC BODY THAT IS ENTIRELY CONTROLLED OR FUNDED BY THIS STATE, THAT GUARANTEES OR PROVIDES A CREDIT ENHANCEMENT, INCLUDING STATE SUPPORT FOR INTEREST OR PRINCIPAL PAYMENTS, TO THE DEBT OF A PRIVATE PARTY
OR POLITICAL SUBDIVISION OF THIS STATE AND THAT OFFERS MONIES IF THE PRIVATE PARTY OR POLITICAL SUBDIVISION FAILS TO PAY THE DEBT.

2. “LENDING PROGRAM” MEANS ANY PROGRAM THAT IS OPERATED BY THIS STATE OR A PUBLIC BODY THAT IS ENTIRELY CONTROLLED OR FUNDED BY THIS STATE AND THAT OFFERS MONIES TO A PRIVATE PARTY OR POLITICAL SUBDIVISION OF THIS STATE IF THE PRIVATE PARTY OR POLITICAL SUBDIVISION IS EXPECTED TO REPAY THE MONIES TO THIS STATE.

Sec. 2. Short title

This act may be cited as the “Arizona State Lending Transparency Act”.

APPROVED BY THE GOVERNOR JULY 6, 2022.