

Senate Engrossed

~~government lending programs; auditor general~~
(now: credit support programs; lending; report)

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

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)

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

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

4 35-501. Records of bond issues; debt-level analysis and
5 report

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

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

19 1. The par amount of the bonds or securities.

20 2. The interest rate, by maturity of the bonds or securities.

21 3. The repayment schedule, showing both principal and interest for
22 the issue.

23 4. The sources of repayment.

24 5. The original issue price and any premium or discount, by
25 maturity, for the issue.

26 6. A detailed listing of all issuance costs, regardless of source
27 of payment, including underwriter's compensation, bond counsel fees,
28 financial advisor fees, verification agent fees, placement agent fees,
29 investment securities brokerage fees, registrar fees, trustee fees, credit
30 enhancement fees, rating agency fees, printing costs, registration fees,
31 transfer and recording fees and any other costs directly or indirectly
32 earned or paid as a result of the issuance of the bonds or securities, as
33 determined by the department of administration.

34 7. The total amount of parity bonds or securities outstanding,
35 including the issue, at the time of issuance.

36 8. The total amount of any bonds or securities, senior or
37 subordinate to the issue outstanding at the time of issuance.

38 9. The amount of any constitutional or statutory limitation on the
39 issuance of bonds or securities of the type issued.

40 10. The remaining amount of bonds or securities that may be issued
41 within the limitation determined in paragraph 9 of this subsection.

42 11. The amount of any constitutional or statutory voter
43 authorization applicable to the issuance of bonds or securities of the
44 type issued.

1 12. The remaining amount of bonds or securities that may be issued
2 within the authorization determined in paragraph 9 of this subsection.

3 13. Any other similar or related information the department of
4 administration may determine.

5 C. THE DEPARTMENT OF ADMINISTRATION SHALL INCLUDE THE FOLLOWING
6 INFORMATION IN THE REPORTS PRESCRIBED BY SUBSECTION B OF THIS SECTION:

7 1. A LIST OF EACH LENDING PROGRAM AND CREDIT SUPPORT PROGRAM AND
8 THE STATUTORY OR OTHER AUTHORITY FOR EACH PROGRAM.

9 2. THE TOTAL DOLLAR AMOUNT OF ALL MONIES OFFERED PURSUANT TO
10 LENDING PROGRAMS, SPECIFIED BY PROGRAM.

11 3. THE TOTAL DOLLAR AMOUNT OF ALL DEBTS GUARANTEED OR TO WHICH
12 CREDIT ENHANCEMENTS ARE GIVEN PURSUANT TO CREDIT SUPPORT PROGRAMS,
13 SPECIFIED BY PROGRAM.

14 4. AN ESTIMATE OF THE COST OF LIKELY DEFAULTS ON LENDING PROGRAMS
15 AND CREDIT SUPPORT PROGRAMS, SPECIFIED BY PROGRAM. IF PRACTICABLE, THE
16 DEPARTMENT SHALL USE RECOGNIZED STANDARD ACCOUNTING PRACTICES IN THE
17 PRIVATE SECTOR TO EVALUATE THE LIKELIHOOD AND COST OF THE DEFAULTS.

18 ~~C.~~ D. ~~By~~ ON OR BEFORE December 15 of each year, the department of
19 administration shall provide to the governor, the president of the senate
20 and the speaker of the house of representatives a report of the
21 information collected pursuant to ~~subsection~~ SUBSECTIONS A AND C of this
22 section. This report shall include an analysis of the outstanding
23 indebtedness of each jurisdiction and the relationship of the outstanding
24 indebtedness to the appropriate debt limitations in article IX, sections
25 5, 8 and 8.1, Constitution of Arizona.

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

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

41 G. FOR THE PURPOSES OF THIS SECTION:

42 1. "CREDIT SUPPORT PROGRAM" MEANS ANY PROGRAM THAT IS OPERATED BY
43 THIS STATE OR A PUBLIC BODY THAT IS ENTIRELY CONTROLLED OR FUNDED BY THIS
44 STATE, THAT GUARANTEES OR PROVIDES A CREDIT ENHANCEMENT, INCLUDING STATE
45 SUPPORT FOR INTEREST OR PRINCIPAL PAYMENTS, TO THE DEBT OF A PRIVATE PARTY

1 OR POLITICAL SUBDIVISION OF THIS STATE AND THAT OFFERS MONIES IF THE
2 PRIVATE PARTY OR POLITICAL SUBDIVISION FAILS TO PAY THE DEBT.
3 2. "LENDING PROGRAM" MEANS ANY PROGRAM THAT IS OPERATED BY THIS
4 STATE OR A PUBLIC BODY THAT IS ENTIRELY CONTROLLED OR FUNDED BY THIS STATE
5 AND THAT OFFERS MONIES TO A PRIVATE PARTY OR POLITICAL SUBDIVISION OF THIS
6 STATE IF THE PRIVATE PARTY OR POLITICAL SUBDIVISION IS EXPECTED TO REPAY
7 THE MONIES TO THIS STATE.
8 Sec. 2. Short title
9 This act may be cited as the "Arizona State Lending Transparency
10 Act".

APPROVED BY THE GOVERNOR JULY 6, 2022.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 6, 2022.