

Senate Engrossed

fire district bonding; limitation

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

## CHAPTER 19

# SENATE BILL 1172

AN ACT

AMENDING SECTION 48-806, ARIZONA REVISED STATUTES; RELATING TO FIRE DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 48-806. Bond election; issuance and sale of bonds; security

5 A. Except for a district formed pursuant to section 48-851, the  
6 district board ~~or the elected chief and secretary-treasurer~~ may order an  
7 election by the qualified electors of the district to be held pursuant to  
8 title 16, chapter 2, article 1 to determine whether bonds shall be issued  
9 on behalf of the district. The order shall specify the maximum principal  
10 amount of bonds to be issued, **WHICH SHALL NOT EXCEED ONE HUNDRED AND**  
11 **TWENTY PERCENT OF THE DISTRICT'S STATUTORY DEBT LIMITATION WHEN COMBINED**  
12 **WITH THE DISTRICT'S CURRENT OUTSTANDING GENERAL OBLIGATION DEBT AMOUNT,**  
13 the **MINIMUM AND** maximum number of years bonds of any issue or series may  
14 run from their date not exceeding thirty years, the purpose for which the  
15 bonds are to be issued, the maximum rate of interest that the bonds are to  
16 bear, **THE CURRENT OUTSTANDING GENERAL OBLIGATION DEBT AMOUNT, THE**  
17 **STATUTORY DEBT LIMITATION OF THE DISTRICT,** the date and hours of the  
18 election and the location of the polling places. Copies of the order  
19 shall be posted in three public places within the district not less than  
20 twenty days before the date of the election, and if a newspaper is  
21 published within the county having a general circulation within the  
22 district, the order shall be published in the newspaper not less than once  
23 a week during each of the three calendar weeks preceding the calendar week  
24 of the election.

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

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

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

44 E. If a majority of the qualified electors of the district voting  
45 at the election approves the issuance of bonds, the district board ~~or the~~

1 ~~elected chief and secretary-treasurer, as appropriate,~~ may issue bonds in  
2 an aggregate principal amount not exceeding the lesser of six percent of  
3 the value of the taxable property in the district as shown on the last  
4 property tax assessment roll before issuing the bonds or the maximum  
5 amount specified in the election order.

6 F. Bonds may be in such denominations, may be in registered or  
7 bearer form either as to principal or interest, or both, may mature at  
8 such times not exceeding the maximum maturity specified in the election  
9 order and may be subject to redemption before maturity, all as specified  
10 by the district board ~~or elected chief and secretary-treasurer, as~~  
11 ~~appropriate,~~ as provided in subsection E of this section. The district  
12 may engage the services of a depository to administer a book entry system  
13 for the bonds. The costs and expenses of such depository and any  
14 registrar or paying agent for the bonds shall be deemed to be interest  
15 expenses that may also be paid from the tax levy made pursuant to  
16 subsection I or J of this section.

17 G. Bonds shall be executed by the manual or facsimile signatures of  
18 the chairperson and clerk of the district board ~~or elected chief and~~  
19 ~~secretary-treasurer of the district.~~ Coupons attached to the bonds shall  
20 bear the facsimile signature of the chairperson of the district board ~~or~~  
21 ~~the elected chief of the district, as appropriate.~~

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

30 I. After the bonds are issued, the district board ~~or elected chief~~  
31 ~~and secretary-treasurer, as appropriate,~~ shall enter on the district's  
32 minutes a record of the bonds sold and shall annually determine the amount  
33 of the tax levy to pay the bonds and certify such amount to the board of  
34 supervisors of the county. The board of supervisors shall annually cause  
35 to be levied and collected a tax, at the same time and in the same manner  
36 as other taxes are levied and collected on all taxable property in the  
37 district, sufficient to pay the principal of and interest on the bonds as  
38 they become due and payable. Monies derived from the levy of the tax when  
39 collected shall be deposited in the debt service fund and shall be applied  
40 only to payment of the principal of and interest on the bonds. On payment  
41 of the outstanding bonded indebtedness of the district, any monies  
42 remaining in the debt service fund shall be used to reduce the district's  
43 property tax levy in the next fiscal year. Amounts levied for debt  
44 service on bonds issued pursuant to this section payable from the  
45 secondary tax are and shall be considered special revenues of the

1 district, shall be kept in a special, segregated fund, are not and shall  
2 not be general property taxes and may not be used for any other purpose of  
3 the district.

4 J. If a district with outstanding bonded indebtedness is merged  
5 pursuant to section 48-820 or consolidated pursuant to section 48-823, the  
6 indebtedness shall not be assumed by all of the resulting district and  
7 shall be deemed an ongoing indebtedness of only that portion of the  
8 resulting district that originally approved the bonds for the purposes of  
9 subsection E of this section. In order to pay the principal of and  
10 interest on the bonds as they become due and payable, the board of  
11 supervisors shall annually cause to be levied and collected a tax on the  
12 taxable property of only that portion of the resulting district that  
13 approved the bonds as determined on the date of the merger or  
14 consolidation of the district, and may not levy taxes on the remainder of  
15 the taxable property of the newly merged or consolidated district.

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

APPROVED BY THE GOVERNOR APRIL 4, 2023.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 4, 2023.