

Senate Engrossed

~~community facilities districts; prompt pay~~
(now: special districts; construction; payments)

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SENATE BILL 1145

AN ACT

AMENDING SECTIONS 48-6808, 48-6809, 48-6811 AND 48-6819, ARIZONA REVISED
STATUTES; RELATING TO SPECIAL DISTRICT CONSTRUCTION CONTRACTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-6808, Arizona Revised Statutes, is amended to
3 read:

4 48-6808. Powers of a revitalization district

5 A. In addition to the powers otherwise granted to a district
6 pursuant to this article, a district, ~~may~~ to further the implementation of
7 the general plan, MAY:

8 1. Enter into contracts and spend monies for any infrastructure
9 purpose with respect to the district. ALL CONSTRUCTION CONTRACTS ENTERED
10 INTO BY THE DISTRICT SHALL COMPLY WITH SECTION 34-221.

11 2. Enter into intergovernmental agreements as prescribed in title
12 11, chapter 7, article 3 for the financing, planning, design, inspection,
13 ownership, control, maintenance, operation or repair of infrastructure or
14 the provision of enhanced municipal services by the municipality in the
15 district, including an intergovernmental agreement with an Indian tribe or
16 community.

17 3. Sell, lease or otherwise dispose of district property if the
18 sale, lease or conveyance is not a violation of the terms of any contract
19 or bond resolution of the district.

20 4. Reimburse a municipality for providing enhanced municipal
21 services in the district.

22 5. Operate, maintain and repair infrastructure.

23 6. Establish, charge and collect user fees, rates or charges for
24 the use of any infrastructure or service.

25 7. Employ staff, counsel and consultants.

26 8. Reimburse a municipality for staff and consultant services and
27 support facilities supplied by the municipality.

28 9. Accept gifts or grants and incur and repay loans for any
29 infrastructure purpose.

30 10. Enter into agreements with landowners and the municipality for
31 the collection of fees and charges from landowners for infrastructure
32 purposes, the advance of monies by landowners for infrastructure purposes
33 or the granting of real property by the landowner for infrastructure
34 purposes.

35 11. After approval at an election held pursuant to section 48-6818,
36 levy and assess the costs of any infrastructure purpose on any land
37 benefited in the district.

38 12. Pay the financial, legal and administrative costs of the
39 district.

40 13. Enter into contracts, agreements and trust indentures to obtain
41 credit enhancement or liquidity support for its bonds and process the
42 issuance, registration, transfer and payment of its bonds and the
43 disbursement and investment of proceeds of the bonds.

1 14. With the consent of the governing body of the municipality that
2 formed the district, enter into agreements with persons outside of the
3 district to provide services to persons and property outside of the
4 district.

5 15. With the consent of the applicable governmental entity, use
6 public easements and rights-of-way in or across public property, roadways,
7 highways, streets or other thoroughfares and other public easements and
8 rights-of-way, whether in or out of the geographical limits of the
9 district or the municipality.

10 B. In connection with any power authorized by statute, the district
11 may:

12 1. Contract.

13 2. Enter into intergovernmental agreements pursuant to title 11,
14 chapter 7, article 3.

15 3. Adopt and change a seal.

16 4. Sue and be sued.

17 5. Enter into development agreements, as defined in section
18 9-500.05.

19 C. The district shall not be used to finance or facilitate the
20 acquisition, operation, maintenance, construction or operation of a sports
21 stadium or other sports facility that is designed specifically for or used
22 specifically by a professional sports team, including a clubhouse, a
23 practice facility or any other related facility or on-site infrastructure
24 or related parking facilities for those purposes. This subsection does
25 not apply to the financing, acquisition, operation, maintenance or
26 construction of a multipurpose event center.

27 D. Public infrastructure other than personalty may be located only
28 in or on lands owned by ~~the~~ THIS state, a county, a municipality or the
29 district or dedicated or otherwise designated as public roadways,
30 highways, streets, thoroughfares, easements or rights-of-way, whether in
31 or out of the district or the municipality. Personalty may be used only
32 for purposes authorized by the district board. IF THE CONTRACTOR
33 CONSTRUCTING INFRASTRUCTURE IN OR ON LANDS OWNED BY THIS STATE, A COUNTY,
34 A MUNICIPALITY OR THE DISTRICT OR DEDICATED OR OTHERWISE DESIGNATED AS
35 PUBLIC ROADWAYS, HIGHWAYS, STREETS, THOROUGHFARES, EASEMENTS OR
36 RIGHTS-OF-WAY IS NOT PAID IN FULL FOR THE WORK PERFORMED DUE TO THE
37 DISTRICT HAVING INSUFFICIENT MONIES OR ANY OTHER REASON, A MUNICIPALITY
38 SHALL NOT OPERATE OR USE THE INFRASTRUCTURE FOR ANY PURPOSE AND SHALL NOT
39 ALLOW ANY OTHER PERSON OR ENTITY TO USE THE INFRASTRUCTURE FOR ANY PURPOSE
40 UNLESS THE MUNICIPALITY THAT USES OR OPERATES THE INFRASTRUCTURE PAYS THE
41 BALANCE DUE AND OWING TO THE CONTRACTOR FOR THE WORK PERFORMED.

42 E. An agreement pursuant to subsection A, paragraph 10 of this
43 section may include agreements to repay all or part of such advances, fees
44 and charges from the proceeds of bonds if issued or from advances, fees
45 and charges collected from other landowners or users or those having a

1 right to use any infrastructure, EXCEPT THAT ANY AGREEMENT PRESCRIBED BY
2 THIS SUBSECTION SHALL INCLUDE A PROVISION THAT BOND PROCEEDS OR
3 REIMBURSEMENTS SHALL NOT BE APPLIED TO ANY REPAYMENTS IF ANY CONTRACTOR
4 CONSTRUCTING INFRASTRUCTURE FOR THE DISTRICT HAS NOT BEEN PAID IN FULL FOR
5 THE WORK PERFORMED, AS CERTIFIED BY THE CONTRACTOR AND THE DISTRICT
6 ENGINEER. NOTWITHSTANDING ANY PROVISION IN THIS SUBSECTION, a person does
7 not have authority to compel the issuance or sale of the bonds of the
8 district or the exercise of any taxing power of the district to make
9 repayment under any agreement.

10 Sec. 2. Section 48-6809, Arizona Revised Statutes, is amended to
11 read:

12 48-6809. Perpetual succession

13 The district has perpetual succession, except that the district may
14 be dissolved as provided in section 48-6819 and, if the district does not
15 have any bonds or other obligations outstanding, shall be dissolved ten
16 years after the date of formation unless the governing bodies of the
17 participating municipalities by resolution extend the district by an
18 additional period of ten years. IF THE DISTRICT OWES MONIES TO A LICENSED
19 CONTRACTOR FOR THE INSTALLATION OF ANY TYPE OF INFRASTRUCTURE FOR THE
20 DISTRICT, THE DISTRICT MAY NOT BE DISSOLVED.

21 Sec. 3. Section 48-6811, Arizona Revised Statutes, is amended to
22 read:

23 48-6811. Participation by municipality

24 The governing body of the municipality, by resolution, may summarily
25 order the participation by the municipality in the costs of any public
26 infrastructure purpose, including the payment of bond debt service. THE
27 MUNICIPALITY OR ANY PERSON MAY NOT USE FOR ITS INTENDED PURPOSE ANY
28 INFRASTRUCTURE THAT IS CONSTRUCTED PURSUANT TO THIS CHAPTER UNTIL THE
29 CONTRACTOR PERFORMING THE WORK HAS BEEN PAID IN FULL FOR THE WORK
30 PERFORMED PURSUANT TO A CONTRACT ENTERED INTO UNDER THIS CHAPTER.

31 Sec. 4. Section 48-6819, Arizona Revised Statutes, is amended to
32 read:

33 48-6819. Dissolution of district

34 A. The district may be dissolved by the district board by a
35 resolution of the district board if the following conditions exist:

36 1. All of the real and personal property owned by the district has
37 been or will be conveyed to a municipality.

38 2. Either the district has no bonds or obligations or the
39 municipality has assumed all of the obligations of the district.

40 3. ALL MONIES DUE TO CONTRACTORS THAT PERFORMED WORK FOR THE
41 DISTRICT HAVE BEEN PAID IN FULL.

42 B. The district board shall comply with the conditions prescribed
43 by subsection A OF THIS SECTION and shall dissolve the district if both of
44 the following occur:

1 1. The governing body has consented to comply with the conditions
2 prescribed by subsection A **OF THIS SECTION** and either:

3 (a) Dissolution has been approved by a vote of the property owners
4 of the district voting in an election called for that purpose.

5 (b) The governing body determines that the district has been
6 inactive for at least five consecutive years and has no future purpose.

7 2. The district board adopts a resolution dissolving the district
8 and records the resolution in the office of the county recorder.

9 C. The district board may call such an election and shall call such
10 an election if requested to do so in a petition signed by ten ~~per cent~~
11 **PERCENT** of the property owners of the district.

12 D. The election shall be called and held in the same manner as an
13 assessment levy election, except that the ballot shall contain the words
14 "dissolution, yes" and "dissolution, no".

15 E. All property in the district, except federal, state, county and
16 municipal property, remains subject to the lien for the payment of ad
17 valorem taxes levied, and any property subject to a special assessment
18 lien remains subject to the lien notwithstanding dissolution of the
19 district. The district may not be dissolved if any revenue or assessment
20 bonds of the district remain outstanding unless an amount of money
21 sufficient, together with investment income thereon, to make all payments
22 due on the revenue bonds either at maturity or prior redemption has been
23 deposited with a trustee or escrow agent and pledged to the payment and
24 redemption of the bonds. The district may continue to operate after
25 dissolution only as needed to collect money and make payments on any
26 outstanding bonds.

27 F. If a proposal for dissolution is approved and the district is an
28 Arizona state retirement system employer before the dissolution, the
29 governing body of the district shall notify the director of the Arizona
30 state retirement system of the dissolution.

31 Sec. 5. Applicability

32 **This act applies only to revitalization district infrastructure**
33 **construction work that is commenced on or after the effective date of this**
34 **act.**