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House of Representatives  
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**FILED**

Jane Dee Hull  
Secretary of State

CHAPTER 268

**HOUSE BILL 2251**

AN ACT

AMENDING SECTIONS 48-701, 48-702, 48-703, 48-707, 48-708, 48-709, 48-711, 48-712, 48-713, 48-715, 48-717, 48-719, 48-720, 48-723 AND 48-724, ARIZONA REVISED STATUTES; RELATING TO COMMUNITY FACILITIES DISTRICTS.

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

Section 1. Section 48-701, Arizona Revised Statutes, is amended to read:

48-701. Definitions

~~A-~~ In this article, unless the context otherwise requires:

1. "Clerk" includes any person or official who performs the duties of clerk of the municipality or COUNTY OR any person appointed by the district board to be the district clerk pursuant to section 48-711, subsection D.

2. "COUNTY" MEANS A COUNTY THAT FORMS A COMMUNITY FACILITIES DISTRICT PURSUANT TO THIS ARTICLE IN AN UNINCORPORATED AREA OR IN AN INCORPORATED AREA WITH THE MUNICIPALITY'S CONSENT FOR THE SOLE PURPOSE OF FINANCING SCHOOL FACILITIES AS PRESCRIBED IN PARAGRAPH 12, SUBDIVISION (k) OF THIS SECTION.

~~2-~~ 3. "Debt service" means the principal of, interest on and premium, if any, on the bonds, when due, whether at maturity or prior redemption and fees and costs of registrars, trustees, paying agents or other agents necessary to handle the bonds and the costs of credit enhancement or liquidity support.

~~3-~~ 4. "District" means a tax levying community facilities district formed pursuant to this article BY A MUNICIPALITY OR FORMED PURSUANT TO THIS ARTICLE BY A COUNTY IN AN UNINCORPORATED AREA OR IN AN INCORPORATED AREA WITH THE MUNICIPALITY'S CONSENT FOR THE SOLE PURPOSE OF FINANCING SCHOOL FACILITIES AS PRESCRIBED IN PARAGRAPH 12, SUBDIVISION (k) OF THIS SECTION.

1           ~~4-~~ 5. "District board" means the board of directors of the district,  
2 which shall be comprised of the members of the governing body of the  
3 municipality OR COUNTY, ex officio, or, at the option of the governing body,  
4 five directors appointed by the governing body under this article.

5           ~~5-~~ 6. "Enhanced municipal services" means public service provided by  
6 a municipality within the district at a higher level or to a greater degree  
7 than provided in the remainder of the municipality including such services  
8 as public safety, fire protection, street or sidewalk cleaning or landscape  
9 maintenance in public areas.

10           ~~6-~~ 7. "General obligation bond" means a bond which is issued pursuant  
11 to section 48-719 and which is secured by a pledge of ad valorem taxes levied  
12 by the district.

13           ~~7-~~ 8. "General plan" means the general plan described in section  
14 48-702, subsection B, as the plan may be amended.

15           ~~8-~~ 9. "Governing body" means the body or board which by law is  
16 constituted as the legislative department of the municipality OR COUNTY.

17           ~~9-~~ 10. "Municipality" means an incorporated city or town.

18           ~~10-~~ 11. "Owner" means the person who, on the day the action, election  
19 or proceeding is begun or held, appears to be the owner of real property as  
20 shown on the assessment roll for state and county taxes.

21           ~~11-~~ 12. "Public infrastructure" means all improvements listed in this  
22 paragraph, including necessary or incidental work, whether newly constructed,  
23 renovated or existing, and all necessary or desirable appurtenances. Public  
24 infrastructure improvements are:

25           (a) Sanitary sewage systems, including collection, transport, storage,  
26 treatment, dispersal, effluent use and discharge.

27           (b) Drainage and flood control systems, including collection,  
28 transport, diversion, storage, detention, retention, dispersal, use and  
29 discharge.

30           (c) Water systems for domestic, industrial, irrigation, municipal or  
31 fire protection purposes including production, collection, storage,  
32 treatment, transport, delivery, connection and dispersal, but not including  
33 facilities for agricultural irrigation purposes unless for the repair or  
34 replacement of existing facilities when required by other improvements  
35 permitted by this article.

36           (d) Highways, streets, roadways and parking facilities including all  
37 areas for vehicular use for travel, ingress, egress and parking.

38           (e) Areas for pedestrian, equestrian, bicycle or other nonmotor  
39 vehicle use for travel, ingress, egress and parking.

40           (f) Pedestrian malls, parks, recreational facilities other than  
41 stadiums, and open space areas for the use of members of the public for  
42 entertainment, assembly and recreation.

43           (g) Landscaping including earthworks, structures, lakes and other  
44 water features, plants, trees and related water delivery systems.

1 (h) Public buildings, public safety facilities and fire protection  
2 facilities.

3 (i) Lighting systems.

4 (j) Traffic control systems and devices including signals, controls,  
5 markings and signage.

6 (k) School sites and facilities with the consent of the governing  
7 board of the school district for which the site or facility is to be  
8 acquired, CONSTRUCTED OR RENOVATED.

9 (l) Equipment, vehicles, furnishings and other personalty related to  
10 the items listed in this paragraph.

11 ~~12~~ 13. "Public infrastructure purpose" means:

12 (a) Planning, design, engineering, construction, acquisition or  
13 installation of public infrastructure.

14 (b) Acquiring, converting, renovating or improving existing facilities  
15 for public infrastructure.

16 (c) Acquiring interests in real property for public infrastructure.

17 (d) Establishing, maintaining and replenishing reserves from any  
18 source described in section 48-717 or from any other source in order to  
19 secure payment of debt service on bonds.

20 (e) Notwithstanding section 48-589, funding and paying from bond  
21 proceeds interest accruing on bonds for a period of not to exceed three years  
22 from their date of issuance.

23 (f) Providing for the timely payment of debt service on bonds or other  
24 indebtedness of the district.

25 (g) Refinancing any matured or unmatured bonds, with new bonds.

26 (h) Expenses of the district incident to and reasonably necessary to  
27 carry out the purposes specified in this paragraph.

28 ~~13~~ 14. "Revenue bonds" means those bonds which are issued pursuant  
29 to section 48-720 and are secured by a pledge of revenues of the district or  
30 revenues collected by the municipality and returned to the district.

31 ~~14~~ 15. "Treasurer" includes any person or official who performs the  
32 duties of treasurer of the municipality or COUNTY OR any person appointed by  
33 the district board as the district treasurer pursuant to section 48-711,  
34 subsection D.

35 Sec. 2. Section 48-702, Arizona Revised Statutes, is amended to read:

36 48-702. Resolution declaring intention to form district

37 A. If the public convenience and necessity require, and on  
38 presentation of a petition signed by the owners of at least twenty-five per  
39 cent of the land area proposed to be included in the district, the governing  
40 body may adopt a resolution declaring its intention to form a community  
41 facilities district to include contiguous or noncontiguous property which  
42 shall be wholly within the corporate boundaries of the municipality OR  
43 COUNTY. The resolution shall state the following:

44 1. The area or areas to be included in the district.



1 all other persons claiming an interest in such property who have filed a  
2 written request for a copy of the notice within the six months preceding or  
3 at any time following the adoption of the resolution of intent to form the  
4 district. The clerk shall also publish a copy of the notice and resolution  
5 at least once in the official newspaper of the municipality OR COUNTY, if  
6 there is one, or, if there is no official newspaper OF THE MUNICIPALITY, in  
7 a newspaper of general circulation in the county in which the municipality  
8 is located. The mailing and publication shall be completed at least twenty  
9 days before the date set for hearing. The clerk shall execute an affidavit  
10 of mailing stating the date of mailing and the names and addresses of the  
11 persons to whom the notices and copies of the resolutions were mailed. The  
12 clerk shall obtain an affidavit from the newspaper in which the publication  
13 was made. The clerk shall cause both affidavits to be placed in the official  
14 records of the municipality OR COUNTY. The affidavits are conclusive  
15 evidence of the mailing and publishing of notice. Notice shall not be held  
16 invalid for failure of delivery to the addressee.

17 C. If the clerk is informed that the person listed on the assessment  
18 roll is no longer the owner and the name and address of the successor owner  
19 become known, the clerk shall cause a copy of the notice and resolution to  
20 be mailed to the successor owner as soon as practicable after learning of the  
21 change of ownership.

22 Sec. 4. Section 48-707, Arizona Revised Statutes, is amended to read:  
23 48-707. Notice and conduct of elections; waiver

24 A. Any election under this article shall be a nonpartisan election  
25 called by posting notices in three public places within the boundaries of the  
26 district not less than twenty days before the election. Notice shall also  
27 be published in a newspaper of general circulation in the municipality or  
28 COUNTY OR if there is no newspaper so circulated in the municipality in a  
29 newspaper of general circulation in the county in which the municipality is  
30 located once a week for two consecutive weeks before the election. The  
31 notice shall state:

- 32 1. The place of holding the election.
- 33 2. The hours during the day, not less than six, in which the polls  
34 will be open.
- 35 3. If it is a formation election, the boundaries of the proposed  
36 district.
- 37 4. If it is a bond election, the amount of bonds to be authorized for  
38 the district, the maximum rate of interest to be borne on the bonds, the  
39 maximum term of the bonds, not exceeding twenty-five years, and the purposes  
40 for which the monies raised will be used.
- 41 5. If it is an ad valorem tax levy election pursuant to section  
42 48-723, the maximum tax rate per one hundred dollars of assessed valuation  
43 to be imposed, the purposes for which the monies raised will be used and the  
44 existing maximum tax rate, if any.

1           6. That a general plan is on file with the clerk.

2           B. The district board or the governing body, as applicable, shall  
3 determine the date of the election and the polling places for the election  
4 and may consolidate county precincts. For other than a formation election  
5 pursuant to section 48-705, subsection B, and an election held pursuant to  
6 subsection G of this section, precinct registers shall be used. The county  
7 recorder shall submit precinct registers on the request of the clerk, and if  
8 the district includes land lying partly in and partly out of any county  
9 election precinct, the precinct registers may contain the names of all  
10 registered voters in the precinct and the election boards at those precincts  
11 shall require that a prospective elector execute an affidavit stating that  
12 the elector is also a qualified elector of the district. For formation  
13 elections and elections held pursuant to subsection G of this section, a  
14 prospective elector shall execute an affidavit stating that the elector is  
15 the owner of land in the proposed district and is a qualified elector of this  
16 state or otherwise qualified to vote pursuant to section 48-3043 and stating  
17 the area of land in acres owned by the elector. Election board members may  
18 administer oaths or take all affirmations for these purposes. A community  
19 facilities district election held pursuant to this article is not subject to  
20 title 16, chapter 2, article 3.

21           C. Except as otherwise provided by this article, the election shall  
22 comply with the general election laws of this state, except that the words  
23 to appear on the ballots shall be for a formation election "district, yes"  
24 and "district, no", for a bond election "bonds, yes" and "bonds, no", for  
25 a tax election if no tax is in place "tax, yes" and "tax, no" and for a tax  
26 election to change an existing maximum or eliminate an existing tax "tax  
27 change, yes" and "tax change, no". The returns of election shall be made to  
28 the governing body or, if after formation, to the district board.

29           D. Within fourteen days after an election, the governing body, or if  
30 after formation, the district board, shall meet and canvass the returns, and  
31 if a majority of the votes cast at the election is in favor of formation,  
32 issuing the bonds, imposing the tax or changing the tax, the governing body  
33 or the district board, as appropriate, shall enter that fact on its minutes.  
34 The canvass may be continued from time to time. Failure of a majority to  
35 vote in favor of the matter submitted does not prejudice the submission of  
36 the same or similar matters at a later election.

37           E. If a person listed on the assessment roll is no longer the owner  
38 of land in the district and the name of the successor owner becomes known and  
39 is verified by recorded deed or other similar evidence of transfer of  
40 ownership, the successor owner is deemed to be the owner for the purposes of  
41 this article.

42           F. Notwithstanding any other provision of this article, if a petition  
43 for formation is signed by owners of all of the land in the district  
44 described in the petition and is approved by the municipality OR COUNTY, the

1 municipality OR COUNTY may waive any or all requirements of posting,  
2 publication, mailing, notice, hearing and landowner election. On receipt of  
3 such a petition, and after approval by an election of resident electors, if  
4 any, the municipality OR COUNTY shall declare the district formed without  
5 being required to comply with the provisions of this article for posting,  
6 publication, mailing, notice, hearing or landowner election.

7 G. Notwithstanding any other provision of this article, if no person  
8 has registered to vote within the district within fifty days immediately  
9 preceding any scheduled election date, any election required to be held  
10 pursuant to this article shall be held with the vote by the owners of land  
11 within the district who are qualified electors of this state and other  
12 landowners according to section 48-3043. Each owner has the number of votes  
13 or portion of votes equal to the number of acres or portion of acres rounded  
14 upward to the nearest one-fifth of an acre owned in the district by that  
15 person.

16 Sec. 5. Section 48-708, Arizona Revised Statutes, is amended to read:

17 48-708. Formation; debt limitation

18 A. If the formation of the district is approved by a majority of the  
19 votes cast at the election, the governing body shall order the formation,  
20 appoint the initial directors of the district board if the district will be  
21 governed by an appointed board, set the district boundaries and order that  
22 a map showing the district boundaries be drawn and a copy of the order  
23 forming the district be delivered to the county assessor and the board of  
24 supervisors of the county in which the district is located and to the  
25 department of revenue. A notice of the formation showing the number and date  
26 of the order and giving a description of the land included in the district  
27 shall be recorded with the county recorder.

28 B. On its formation, the district is a special purpose district for  
29 purposes of article IX, section 19, Constitution of Arizona, a tax levying  
30 public improvement district for the purposes of article XIII, section 7,  
31 Constitution of Arizona, and a municipal corporation for all purposes of  
32 title 35, chapter 3, articles 3, 3.1, 3.2, 4 and 5. A district that  
33 distributes or sells groundwater is a private water company only for purposes  
34 of title 45, chapters 2 and 3. Except as otherwise provided in this section,  
35 a district is considered to be a municipal corporation and political  
36 subdivision of this state, separate and apart from the municipality OR  
37 COUNTY. Under no circumstances may the amount of indebtedness evidenced by  
38 general obligation bonds issued pursuant to section 48-719 and revenue bonds  
39 issued pursuant to section 48-720 exceed the estimated cost of the public  
40 infrastructure improvements plus all costs connected with the public  
41 infrastructure purposes and issuance and sale of bonds, including, without  
42 limitation, credit enhancement and liquidity support fees and costs. The  
43 total aggregate outstanding amount of bonds and any other indebtedness for  
44 which the full faith and credit of the district are pledged shall not exceed

1 sixty per cent of the aggregate of the estimated market value of the real  
2 property and improvements in the district after the public infrastructure of  
3 the district is completed plus the value of the public infrastructure owned  
4 or to be acquired by the district with the proceeds of the bonds.

5 C. On formation of the district, the district board shall administer,  
6 in a reasonable manner, the implementation of the general plan for the public  
7 infrastructure of the district and any development agreement entered into  
8 pursuant to section 9-500.05 between the governing body and owners of land  
9 in the district. The district board shall be considered a party to that  
10 agreement.

11 Sec. 6. Section 48-709, Arizona Revised Statutes, is amended to read:

12 48-709. Powers of a community facilities district

13 A. In addition to the powers otherwise granted to a district pursuant  
14 to this article a district may to further the general plan:

15 1. Enter into contracts and expend monies for any public  
16 infrastructure purpose with respect to the district.

17 2. Enter into intergovernmental agreements as prescribed in title 11,  
18 chapter 7, article 3 for the planning, design, inspection, ownership,  
19 control, maintenance, operation or repair of public infrastructure or the  
20 provision of enhanced municipal services by the municipality in the district.

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

24 4. Reimburse the municipality for providing enhanced municipal  
25 services in the district.

26 5. Operate, maintain and repair public infrastructure.

27 6. Establish, charge and collect user fees, rates or charges for the  
28 use of any public infrastructure or service.

29 7. Employ staff, counsel and consultants.

30 8. Reimburse the municipality OR COUNTY for staff and consultant  
31 services and support facilities supplied by the municipality OR COUNTY.

32 9. Accept gifts or grants and incur and repay loans for any public  
33 infrastructure purpose.

34 10. Enter into agreements with landowners and the municipality OR  
35 COUNTY for the collection of fees and charges from landowners for public  
36 infrastructure purposes, the advance of monies by landowners for public  
37 infrastructure purposes or the granting of real property by the landowner for  
38 public infrastructure purposes.

39 11. By resolution, levy and assess the costs of any public  
40 infrastructure purpose on any land benefited in the district.

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

42 13. Enter into contracts, agreements and trust indentures to obtain  
43 credit enhancement or liquidity support for its bonds and process the

1 issuance, registration, transfer and payment of its bonds and the  
2 disbursement and investment of proceeds of the bonds.

3 14. With the consent of the governing body of the municipality OR  
4 COUNTY which formed the district, enter into agreements with persons outside  
5 of the district to provide services to such persons and property outside of  
6 the district.

7 15. Use public easements and rights-of-way in or across public  
8 property, roadways, highways, streets or other thoroughfares and other public  
9 easements and rights-of-way, whether in or out of the geographical limits of  
10 the district, ~~or~~ the municipality OR THE COUNTY.

11 B. This article does not authorize a district to acquire, construct,  
12 operate or maintain an electric generation or distribution system or natural  
13 gas distribution system without the written consent of any public service  
14 corporation, electric cooperative, agricultural improvement or power district  
15 or other district described in article XIII, section 7, Constitution of  
16 Arizona, the service area of which encompasses all or part of the district,  
17 if that entity is providing or is capable of adequately providing electrical  
18 utility service or natural gas utility service in the district.

19 C. In connection with any power authorized by statute, the district  
20 may:

21 1. Contract.

22 2. Enter into intergovernmental agreements pursuant to title 11,  
23 chapter 7, article 3.

24 3. Adopt and change a seal.

25 4. Sue and be sued.

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

27 6. Exercise the same right and power of eminent domain as a public  
28 service corporation pursuant to title 12, chapter 8, articles 2 and 3 to  
29 acquire any property or right-of-way, except political subdivision, county,  
30 state or federal property, for any public infrastructure purpose.

31 D. A district which proposes to provide domestic water service in the  
32 certificated area of a public service corporation serving domestic water  
33 shall provide just compensation to the public service corporation pursuant  
34 to section 9-516.

35 E. Public infrastructure other than personalty may be located only in  
36 or on lands owned by the state, a county, a municipality or the district or  
37 dedicated or otherwise designated as public roadways, highways, streets,  
38 thoroughfares, easements or rights-of-way, whether in or out of the district  
39 or the municipality. Personalty may be used only for purposes authorized by  
40 the district board. School sites and facilities, by agreement, may be  
41 transferred to a school district.

42 F. An agreement pursuant to subsection A, paragraph 10 of this section  
43 may include agreements to repay all or part of such advances, fees and  
44 charges from the proceeds of bonds if issued or from advances, fees and

1 charges collected from other landowners or users or those having a right to  
2 use any public infrastructure. No person has any right to compel the  
3 issuance or sale of the bonds of the district or the exercise of any taxing  
4 power of the district to make repayment under any agreement.

5 G. A district shall not contract with a municipality for enhanced  
6 municipal services unless the area for which the services are to be provided  
7 is designated by the municipality as a slum or blighted area pursuant to  
8 title 36, chapter 12, or an urban core business district of the municipality  
9 determined by formal resolution of the municipality to be in need of enhanced  
10 municipal services to encourage or preserve commercial development in the  
11 area.

12 H. Notwithstanding title 34 or article 2 of this chapter, the district  
13 at the option of the district board may enter into contracts for the  
14 performance of district projects with landowners in the district after  
15 calling for bids but before publishing notice of the award of a contract if  
16 all of the following conditions are met:

17 1. The landowner or landowners own three-fourths or more of the total  
18 land area of the district.

19 2. The landowner or landowners contract to perform the work at a cost  
20 which does not exceed the cost specified in the bid of the bidder who would  
21 have been awarded that bid.

22 3. The work for which the contract was let is to be financed pursuant  
23 to this article.

24 4. All contracts and work executed pursuant to this section are  
25 subject to those rules as the district board may prescribe.

26 Sec. 7. Section 48-711, Arizona Revised Statutes, is amended to read:  
27 48-711. Records; board of directors; open meetings

28 A. The district shall keep the following records which shall be open  
29 to public inspection:

30 1. Minutes of all meetings of the district board.

31 2. All resolutions.

32 3. Accounts showing all monies received and disbursed.

33 4. The annual budget.

34 5. All other records required to be maintained by law.

35 B. If the resolution ordering formation of the district provides that  
36 the district will be governed by a district board appointed by the governing  
37 body, each appointed director shall serve for a term of six years, except  
38 that two directors initially appointed by the governing body in the  
39 resolution shall serve for a term of four years. The resolution shall state  
40 which directors shall serve four year terms and which shall serve six year  
41 terms. On the expiration of the term of an appointed director, the governing  
42 body shall appoint a person to fill the position. If a vacancy occurs on the  
43 district board because of death, resignation or inability of the director to  
44 discharge the duties of director, the vacancy shall be filled by appointment

1 made by the governing body. A director appointed by the governing body  
2 shall hold office for the remainder of the unexpired term until his successor  
3 is appointed. An appointed director shall not be a landowner owning more  
4 than forty acres in the district, an elected official of the municipality or  
5 an employee or agent of the landowner or municipality but may be a director  
6 of more than one district. The members of the governing body of the  
7 municipality OR COUNTY are not eligible to receive compensation for their  
8 services as members of the district board.

9 C. The board of directors shall comply with title 38, chapter 3,  
10 article 3.1 as a separate political subdivision.

11 D. The district clerk and district treasurer shall be the clerk of the  
12 municipality OR COUNTY and the treasurer of the municipality OR COUNTY,  
13 respectively, unless the district board appoints a district clerk and  
14 district treasurer.

15 Sec. 8. Section 48-712, Arizona Revised Statutes, is amended to read:  
16 48-712. Participation by municipality

17 The governing body of the municipality OR COUNTY, by resolution, may  
18 summarily order the participation by the municipality OR COUNTY in the costs  
19 of any public infrastructure purpose.

20 Sec. 9. Section 48-713, Arizona Revised Statutes, is amended to read:  
21 48-713. Other districts or improvements

22 The formation of a district under this article does not prevent the  
23 subsequent establishment of similar districts or the improvement or  
24 assessment of land in the district by the municipality OR COUNTY pursuant to  
25 article 2 of this chapter or the exercise by the municipality OR COUNTY of  
26 any of its powers on the same basis as on all other land in its corporate  
27 boundaries.

28 Sec. 10. Section 48-715, Arizona Revised Statutes, is amended to read:  
29 48-715. Project approval

30 Before constructing or acquiring any public infrastructure, the  
31 district board shall cause a study of the feasibility and benefits of the  
32 project to be prepared by engineers and other qualified persons, which shall  
33 include a description of the public infrastructure to be constructed or  
34 acquired and all other information useful to understand the project, a map  
35 showing, in general, the location of the project, an estimate of the cost to  
36 construct, acquire, operate and maintain the project, an estimated schedule  
37 for completion of the project, a map or description of the area to be  
38 benefited by the project, and a plan for financing the project. The board  
39 shall hold a public hearing on the report and provide notice of the hearing  
40 by publication not less than ten days in advance in the official newspaper  
41 of the municipality or COUNTY OR, if none IN THE MUNICIPALITY, a newspaper  
42 of general circulation in the county and by mail to the governing body of the  
43 municipality. After the hearing the district board may reject, amend or  
44 approve the report. If the report is amended substantially a new hearing

1 shall be held before approval. If the report is approved, the district board  
2 shall adopt a resolution of intent which identifies the public infrastructure  
3 of the project, the areas benefited, the expected method of financing and an  
4 appropriate system of providing revenues to operate and maintain the project.

5 Sec. 11. Section 48-717, Arizona Revised Statutes, is amended to read:  
6 48-717. Finances; exception

7 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, the projects  
8 to be constructed or acquired as shown in the general plan may be financed  
9 from the following sources of revenue:

- 10 1. Proceeds received from the sale of bonds of the district.
- 11 2. Monies of the municipality OR COUNTY contributed to the district.
- 12 3. Annual tax levies.
- 13 4. Special assessments.
- 14 5. State or federal grants or contributions.
- 15 6. Private contributions.
- 16 7. User, landowner and other fees and charges.
- 17 8. Proceeds of loans or advances.
- 18 9. Any other monies available to the district by law.

19 B. A DISTRICT FORMED BY A COUNTY SHALL NOT LEVY AN AD VALOREM TAX  
20 PURSUANT TO SECTION 48-723 OR ISSUE GENERAL OBLIGATION BONDS PURSUANT TO  
21 SECTION 48-719.

22 Sec. 12. Section 48-719, Arizona Revised Statutes, is amended to read:  
23 48-719. General obligation bonds; tax levy; exception

24 A. At any time after the hearing on formation of the district, the  
25 district board, or, if before formation, the governing body, may from time  
26 to time order and call a general obligation bond election to submit to the  
27 qualified electors of the district or to those persons who are qualified to  
28 vote pursuant to section 48-707, subsection G the question of authorizing the  
29 district board to issue general obligation bonds of the district to provide  
30 monies for any public infrastructure purposes consistent with the general  
31 plan. The election may be held in conjunction with the formation election.

32 B. If general obligation bonds are approved at an election, the  
33 district board may issue and sell general obligation bonds of the district.

34 C. If the bonds are to be sold in a public offering, no bonds may be  
35 issued by the district unless the bonds receive one of the four highest  
36 investment grade ratings by a nationally recognized bond rating agency.

37 D. The district may issue and sell refunding bonds to refund any  
38 general obligation bonds of the district. If general obligation bonds are  
39 issued to refund any general obligation bonds of the district no election on  
40 the issuance of such refunding bonds is required.

41 E. After the bonds are issued, the district board shall enter in its  
42 minutes a record of the bonds sold and their numbers and dates and shall  
43 annually levy and cause an ad valorem tax to be collected, at the same time  
44 and in the same manner as other taxes are levied and collected on all taxable

1 property in the district, sufficient, together with any monies from the  
2 sources described in section 48-717, to pay debt service on the bonds when  
3 due. Monies derived from the levy of the tax provided in this section when  
4 collected constitute funds to pay the debt service on the bonds and shall be  
5 kept separately from other funds of the district.

6 F. A DISTRICT FORMED BY A COUNTY SHALL NOT CALL A GENERAL OBLIGATION  
7 BOND ELECTION OR ISSUE GENERAL OBLIGATION BONDS.

8 Sec. 13. Section 48-720, Arizona Revised Statutes, is amended to read:  
9 48-720. Revenue bonds; fees and charges

10 A. At any time after the hearing on formation of the district, the  
11 district board may hold a hearing on the question of authorizing the district  
12 board to issue revenue bonds of the district to provide monies for any public  
13 infrastructure purposes consistent with the general plan.

14 B. If revenue bonds are approved by resolution, the district board may  
15 issue and sell revenue bonds of the district.

16 C. If the bonds are to be sold in a public offering, no bonds may be  
17 issued by the district unless the bonds receive one of the four highest  
18 investment grade ratings by a nationally recognized bond rating agency.

19 D. The district board may pledge to the payment of its revenue bonds  
20 any revenues of the district or revenues to be collected by the municipality  
21 OR COUNTY in trust for the district and returned to the district.

22 E. The district shall prescribe fees and charges, and shall revise  
23 them when necessary, to generate revenue sufficient, together with any monies  
24 from the sources described in section 48-717, to pay when due the principal  
25 and interest of all revenue bonds for the payment of which revenue has been  
26 pledged. The establishment or revision of any rates, fees and charges shall  
27 be identified and noticed concurrently with the annual budget process of the  
28 district pursuant to section 48-716.

29 F. If, in the resolution of the district board, the revenues to be  
30 pledged were limited to certain types of revenues, only those types of  
31 revenues may be pledged and only those revenues must be maintained.

32 G. No holder of revenue bonds issued under this article may compel any  
33 exercise of the taxing power of the district, ~~or the municipality OR COUNTY~~  
34 to pay the bonds or the interest on the bonds. Revenue bonds issued under  
35 this article are not a debt of the district, ~~or the municipality OR COUNTY~~,  
36 nor is the payment of revenue bonds enforceable out of any monies other than  
37 the revenue pledged to the payment of the bonds.

38 H. The district may issue and sell refunding bonds to refund any  
39 revenue bonds of the district.

40 Sec. 14. Section 48-723, Arizona Revised Statutes, is amended to read:

1           48-723. District taxes: annual financial estimate and budget

2           A. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION AND at any time  
3 after the hearing on formation of the district, the district board, or, if  
4 before formation, the governing body, may call an election to submit to the  
5 qualified electors of the district or to the persons qualified to vote  
6 pursuant to section 48-707, subsection G the question of authorizing the  
7 district board to levy an ad valorem tax on the assessed value of all the  
8 real and personal property in the district at a rate or rates which do not  
9 exceed the maximum rate or rates specified in the ballot. All taxes  
10 attributable to the operation and maintenance expenses of the district,  
11 excluding expenses for an area described in section 48-709, subsection G,  
12 shall not exceed an amount equal to thirty cents per one hundred dollars of  
13 assessed valuation for all real and personal property in the district, unless  
14 a higher rate is approved by a vote of the electors of the district, or by  
15 the persons who are qualified to vote as provided in section 48-707,  
16 subsection G, voting at an election not less than three years after the date  
17 of the formation of the district. The election may be held in conjunction  
18 with the formation election. Once approved at an election, the maximum rate  
19 remains in effect until increased or decreased at a subsequent election. If  
20 a maximum rate is in effect, the district board, on petition of twenty-five  
21 per cent of the qualified electors of the district, or by those persons  
22 owning twenty-five per cent of the land area who are qualified to vote  
23 pursuant to section 48-707, subsection G, shall call an election to reduce  
24 the maximum tax rate but not below the lesser of that rate determined by the  
25 district board to be necessary to maintain the district's facilities and  
26 improvements or the actual rate then in effect. On the presentation to the  
27 district board of a petition signed by the owners of a majority of the  
28 property in the district, the district board shall adopt a resolution to  
29 reduce or eliminate the portion of the tax, beginning the next fiscal year,  
30 required for one or more enhanced municipal services specified in the  
31 petition. Signatures on a petition to reduce or eliminate a tax are valid  
32 for a period of sixty days.

33           B. The district may not levy, other than for the payment of debt  
34 service on general obligation bonds, at a rate or rates in excess of the  
35 maximum rate then in effect.

36           C. When levying an ad valorem tax, the district board shall make  
37 annual statements and estimates of the operation and maintenance expenses of  
38 the district, the costs of capital improvements to be financed by the tax  
39 levy or levies and the amount of all other expenditures for public  
40 infrastructure and enhanced municipal services proposed to be paid from the  
41 tax levy or levies and of the amount to be raised to pay general obligation  
42 bonds of the district, all of which shall be provided for by the levy and  
43 collection of ad valorem taxes on the assessed value of all the real and  
44 personal property in the district. The district board shall file the annual

1 statements and estimates with the clerk. The district board shall publish  
2 a notice of the filing of the estimate, shall hold hearings on the portions  
3 of the estimate not relating to debt service on general obligation bonds and  
4 shall adopt a budget. The board, on or before the date set by law for  
5 certifying the annual budget of the municipality, shall fix, levy and assess  
6 the amounts to be raised by ad valorem taxes of the district and shall cause  
7 certified copies of the order to be delivered to the board of supervisors and  
8 to the department of revenue. All statutes relating to the levy and  
9 collection of state and county taxes, including the collection of delinquent  
10 taxes and sale of property for nonpayment of taxes, apply to the district  
11 taxes provided for by this section.

12 D. A DISTRICT FORMED BY A COUNTY SHALL NOT LEVY AN AD VALOREM TAX.

13 Sec. 15. Section 48-724, Arizona Revised Statutes, is amended to read:  
14 48-724. Dissolution of district

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

17 1. All of the property owned by the district has been or will be  
18 conveyed to the municipality, COUNTY OR SCHOOL DISTRICT.

19 2. Either the district has no obligations or the municipality OR  
20 COUNTY has assumed all of the obligations of the district.

21 B. The district board shall comply with the conditions prescribed by  
22 subsection A of this section and shall dissolve the district if BOTH OF the  
23 following ~~occurs~~ OCCUR:

24 1. The ~~municipality~~ GOVERNING BODY has consented to comply with the  
25 conditions prescribed by subsection A of this section AND EITHER:

26 ~~2-~~ (a) Dissolution has been approved by a vote of the qualified  
27 electors of the district or by the persons who are qualified to vote pursuant  
28 to section 48-707, subsection G, voting in an election called for that  
29 purpose.

30 (b) THE GOVERNING BODY DETERMINES THAT THE DISTRICT HAS BEEN INACTIVE  
31 FOR AT LEAST FIVE CONSECUTIVE YEARS AND HAS NO FUTURE PURPOSE.

32 2. THE DISTRICT BOARD ADOPTS A RESOLUTION DISSOLVING THE DISTRICT AND  
33 RECORDS THE RESOLUTION IN THE OFFICE OF THE COUNTY RECORDER.

34 C. The district board may call such an election and shall call such  
35 an election if requested to do so in a petition signed by ten per cent of the  
36 qualified electors of the district, or by the persons who are qualified to  
37 vote pursuant to section 48-707, subsection G.

38 D. The election shall be called and held in the same manner as a bond  
39 or tax levy election, except that the ballot shall contain the words  
40 "dissolution, yes" and "dissolution, no".

41 E. All property in the district, except federal, state, county and  
42 municipal property, remains subject to the lien for the payment of general  
43 obligation bonds, and any property subject to a special assessment lien  
44 remains subject to the lien notwithstanding dissolution of the district. The

1 district may not be dissolved if any revenue bonds of the district remain  
2 outstanding unless an amount of money sufficient, together with investment  
3 income thereon, to make all payments due on the revenue bonds either at  
4 maturity or prior redemption has been deposited with a trustee or escrow  
5 agent and pledged to the payment and redemption of the bonds. The district  
6 may continue to operate after dissolution only as needed to collect money and  
7 make payments on any outstanding bonds.

**APPROVED BY THE GOVERNOR APRIL 23, 1996**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 1996**