

House Engrossed Senate Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-seventh Legislature  
Second Regular Session  
2006

**CHAPTER 223**

# **SENATE BILL 1413**

AN ACT

AMENDING SECTION 11-1102, ARIZONA REVISED STATUTES; RELATING TO COUNTY  
DEVELOPMENT FEES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-1102, Arizona Revised Statutes, is amended to  
3 read:

4 11-1102. County development fees; annual report

5 A. If a county has adopted a capital improvements plan, the county may  
6 assess development fees within the covered planning area in order to offset  
7 the capital costs for water, sewer, streets, parks and public safety  
8 facilities determined by the plan to be necessary for public services  
9 provided by the county to a development in the planning area.

10 B. Development fees assessed under this section are subject to the  
11 following requirements:

12 1. Development fees shall result in a beneficial use to the  
13 development.

14 2. Monies received from development fees shall be placed in a separate  
15 fund and accounted for separately and may only be used for the purposes  
16 authorized by this section. Interest earned on monies in the separate fund  
17 shall be credited to the fund.

18 3. The county shall prescribe the schedule for paying the development  
19 fees. The county shall provide a credit toward the payment of the fee for  
20 the required dedication of public sites and improvements provided by the  
21 developer for which that fee is assessed. The developer of residential  
22 dwelling units shall be required to pay the fees when construction permits  
23 for the dwelling units are issued.

24 4. The amount of any development fees must bear a reasonable  
25 relationship to the burden of capital costs imposed on the county to provide  
26 additional necessary public services to the development. In determining the  
27 extent of the burden imposed by the development, the county shall consider,  
28 among other things, the contribution made or to be made in the future in cash  
29 by taxes, fees or assessments by the property owner toward the capital costs  
30 of the necessary public service covered by the development fee.

31 5. Development fees shall be assessed in a nondiscriminatory manner.

32 6. In determining and assessing a development fee applying to land in  
33 a community facilities district established under title 48, chapter 4,  
34 article 6, the county shall take into account all public infrastructure  
35 provided by the district and capital costs paid by the district for necessary  
36 public services and shall not assess a portion of the development fee based  
37 on the infrastructure or costs.

38 C. Before assessing or increasing a development fee, the county shall:

39 1. Give at least one hundred twenty days' advance notice of intention  
40 to assess a new or increased development fee.

41 2. Release to the public a written report including all documentation  
42 that supports the assessment of a new or increased development fee.

43 3. Conduct a public hearing on the proposed new or increased  
44 development fee at any time after the expiration of the one hundred twenty

1 day notice of intention to assess a new or increased development fee and at  
2 least fourteen days before the scheduled date of adoption of the new or  
3 increased fee.

4 D. A development fee assessed pursuant to this section is not  
5 effective for at least ninety days after its formal adoption by the board of  
6 supervisors.

7 E. EACH COUNTY THAT ASSESSES DEVELOPMENT FEES SHALL SUBMIT AN ANNUAL  
8 REPORT ACCOUNTING FOR THE COLLECTION AND USE OF THE FEES. THE ANNUAL REPORT  
9 SHALL INCLUDE THE FOLLOWING:

10 1. THE AMOUNT ASSESSED BY THE COUNTY FOR EACH TYPE OF DEVELOPMENT FEE.

11 2. THE BALANCE OF EACH FUND MAINTAINED FOR EACH TYPE OF DEVELOPMENT  
12 FEE ASSESSED AS OF THE BEGINNING AND END OF THE FISCAL YEAR.

13 3. THE AMOUNT OF INTEREST OR OTHER EARNINGS ON THE MONIES IN EACH FUND  
14 AS OF THE END OF THE FISCAL YEAR.

15 4. THE AMOUNT OF DEVELOPMENT FEE MONIES USED TO REPAY:

16 (a) BONDS ISSUED BY THE COUNTY TO PAY THE COST OF A CAPITAL  
17 IMPROVEMENT PROJECT THAT IS THE SUBJECT OF A DEVELOPMENT FEE ASSESSMENT.

18 (b) MONIES ADVANCED BY THE COUNTY FROM FUNDS OTHER THAN THE FUNDS  
19 ESTABLISHED FOR DEVELOPMENT FEES IN ORDER TO PAY THE COST OF A CAPITAL  
20 IMPROVEMENT PROJECT THAT IS THE SUBJECT OF A DEVELOPMENT FEE ASSESSMENT.

21 5. THE AMOUNT OF DEVELOPMENT FEE MONIES SPENT ON EACH CAPITAL  
22 IMPROVEMENT PROJECT THAT IS THE SUBJECT OF A DEVELOPMENT FEE ASSESSMENT AND  
23 THE PHYSICAL LOCATION OF EACH CAPITAL IMPROVEMENT PROJECT.

24 6. THE AMOUNT OF DEVELOPMENT FEE MONIES SPENT FOR EACH PURPOSE OTHER  
25 THAN A CAPITAL IMPROVEMENT PROJECT THAT IS THE SUBJECT OF A DEVELOPMENT FEE  
26 ASSESSMENT.

27 F. WITHIN NINETY DAYS FOLLOWING THE END OF EACH FISCAL YEAR, EACH  
28 COUNTY SHALL SUBMIT A COPY OF THE ANNUAL REPORT TO THE CLERK OF THE BOARD OF  
29 SUPERVISORS. COPIES SHALL BE MADE AVAILABLE TO THE PUBLIC ON REQUEST. THE  
30 ANNUAL REPORT MAY CONTAIN FINANCIAL INFORMATION THAT HAS NOT BEEN AUDITED.

31 G. A COUNTY THAT FAILS TO FILE THE REPORT REQUIRED BY THIS SECTION  
32 SHALL NOT COLLECT DEVELOPMENT FEES UNTIL THE REPORT IS FILED.

33 ~~E. H. This section does not affect any development fee adopted before~~  
34 ~~the effective date of this section MAY 18, 2000.~~

**APPROVED BY THE GOVERNOR APRIL 25, 2006.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2006.**