

House Engrossed

**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-first Legislature  
First Regular Session  
2013

CHAPTER 22

## **HOUSE BILL 2492**

AN ACT

AMENDING SECTION 9-514, ARIZONA REVISED STATUTES; REPEALING SECTION 9-514.01, ARIZONA REVISED STATUTES; AMENDING SECTIONS 11-264 AND 41-1279.03, ARIZONA REVISED STATUTES; REPEALING LAWS 2012, CHAPTER 303, SECTION 12; RELATING TO CITIES AND TOWNS; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-514, Arizona Revised Statutes, is amended to  
3 read:

4 9-514. Authority to engage in utility business

5 A. Except as provided in section 9-571, before construction, purchase,  
6 acquisition or lease by a municipal corporation, as authorized in sections  
7 9-511, 9-511.01, 9-511.02, 9-512, AND 9-513 and ~~9-514.01~~, of any plant or  
8 property or portion of plant or property devoted to the business of or  
9 services rendered by a public utility shall be undertaken, the construction,  
10 purchase, acquisition or lease shall be authorized by the affirmative vote of  
11 a majority of the qualified electors who are taxpayers of the municipal  
12 corporation voting at a general or special municipal election duly called and  
13 held for the purpose of voting ~~upon~~ ON the question.

14 B. This section does not apply to the construction, purchase,  
15 acquisition or lease of water or sewage system utilities by a city or town  
16 incorporated pursuant to section 9-101.02.

17 Sec. 2. Repeal

18 Section 9-514.01, Arizona Revised Statutes, is repealed.

19 Sec. 3. Section 11-264, Arizona Revised Statutes, is amended to read:

20 11-264. Authority to operate a sewage system; liens; sewage  
21 system user fees

22 A. ~~Subject to the rights of a city or town pursuant to section~~  
23 ~~9-514.01~~, Any county with a population between one million and two million  
24 persons may purchase, construct or operate a sewage system, including the  
25 collection, transportation, pumping, treatment and disposal of sewage, and  
26 charge fees and levy taxes therefor, ~~provided~~ IF the county secures the  
27 assent by resolution of the governing bodies of those incorporated cities and  
28 towns representing not less than one-half of the population of the county  
29 before purchase, construction or operation of a sewage system, ~~provided~~  
30 ~~that~~. Once an initial assent is given no further assent is necessary to  
31 operate or improve the system.

32 B. The provisions of this section are declaratory of existing law and  
33 shall not affect the validity of the authorization or issuance of any bonds  
34 by a county for sewage purposes.

35 C. A county may file a lien on property for the nonpayment of sewage  
36 system user fees for services provided to the property if the payment of the  
37 fees is delinquent for more than ninety days.

38 D. Before filing the lien, the county shall provide written notice to  
39 the owner of the property. The notice shall be given at least thirty days  
40 before filing the lien and shall include an opportunity for a hearing with a  
41 designated county official. The notice shall be either personally served or  
42 mailed to the property owner, at the last known address by certified mail, or  
43 to the address to which the tax bill for the property was last mailed. If  
44 the owner does not reside on the property, the notice shall be sent to the  
45 last known address.

1 E. The unpaid sewage system user fees, from the date of recording in  
2 the office of the county recorder in the county in which the property is  
3 located, are a lien on the property until the fees are paid. The lien is  
4 subject and inferior to the lien for general taxes and to all prior recorded  
5 mortgages and encumbrances of record. A sale of the property to satisfy a  
6 lien obtained under this section shall be made on judgment of foreclosure and  
7 order of sale. A county may bring an action to enforce the lien in the  
8 superior court in the county in which the property is located at any time  
9 after the recording, but failure to enforce the lien by this action does not  
10 affect its validity. The recorded unpaid sewage system user fees are prima  
11 facie evidence of the truth of all matters recited in the recording and of  
12 the regularity of all proceedings before the recording.

13 F. Unpaid sewage system user fees pursuant to this section accrue  
14 interest at the rate prescribed by section 44-1201.

15 G. A prior assessment of unpaid sewage system user fees for the  
16 purposes provided in this section does not bar a subsequent assessment for  
17 these purposes and any number of liens on the same lot or tract of land may  
18 be enforced in the same action.

19 H. Subsection C of this section does not apply to residential property  
20 occupied by a lessee where the lessee is responsible for payment of the  
21 sewage system user fees. The county shall determine the status of leased  
22 residential property before filing the lien.

23 Sec. 4. Section 41-1279.03, Arizona Revised Statutes, is amended to  
24 read:

25 41-1279.03. Powers and duties

26 A. The auditor general shall:

27 1. Prepare an audit plan for approval by the committee and report to  
28 the committee the results of each audit and investigation and other reviews  
29 conducted by the auditor general.

30 2. Conduct or cause to be conducted at least biennial financial and  
31 compliance audits of financial transactions and accounts kept by or for all  
32 state agencies subject to the single audit act of 1984 (P.L. 98-502). The  
33 audits shall be conducted in accordance with generally accepted governmental  
34 auditing standards and accordingly shall include tests of the accounting  
35 records and other auditing procedures as may be considered necessary in the  
36 circumstances. The audits shall include the issuance of suitable reports as  
37 required by the single audit act of 1984 (P.L. 98-502) so the legislature,  
38 federal government and others will be informed as to the adequacy of  
39 financial statements of the state in compliance with generally accepted  
40 governmental accounting principles and to determine whether the state has  
41 complied with laws and regulations that may have a material effect on the  
42 financial statements and on major federal assistance programs.

43 3. Perform procedural reviews for all state agencies at times  
44 determined by the auditor general. These reviews may include evaluation of

1 administrative and accounting internal controls and reports on such THESE  
2 reviews.

3 4. Perform special research requests, special audits and related  
4 assignments as designated by the committee and conduct performance audits,  
5 special audits, special research requests and investigations of any state  
6 agency, whether created by the constitution or otherwise, as may be requested  
7 by the committee.

8 5. Annually on or before the fourth Monday of December, prepare a  
9 written report to the governor and to the committee that contains a summary  
10 of activities for the previous fiscal year.

11 6. In the tenth year and in each fifth year thereafter in which a  
12 transportation excise tax is in effect in a county as provided in section  
13 42-6106 or 42-6107, conduct a performance audit that:

14 (a) Reviews past expenditures and future planned expenditures of the  
15 transportation excise revenues and determines the impact of the expenditures  
16 in solving transportation problems within the county and, for a  
17 transportation excise tax in effect in a county as provided in section  
18 42-6107, determines whether the expenditures of the transportation excise  
19 revenues comply with section 28-6392, subsection B.

20 (b) Reviews projects completed to date and projects to be completed  
21 during the remaining years in which a transportation excise tax is in effect.  
22 Within six months after each review period the auditor general shall present  
23 a report to the speaker of the house of representatives and the president of  
24 the senate detailing findings and making recommendations. If the parameters  
25 of the performance audit are set by the citizens transportation oversight  
26 committee, the auditor general shall also present the report to the citizens  
27 transportation oversight committee.

28 (c) Reviews, determines, reports and makes recommendations to the  
29 speaker of the house of representatives and the president of the senate  
30 whether the distribution of highway user revenues complies with title 28,  
31 chapter 18, article 2. If the parameters of the performance audit are set by  
32 the citizens transportation oversight committee, the auditor general shall  
33 also present the report to the citizens transportation oversight committee.

34 7. If requested by the committee, conduct performance audits of  
35 counties and incorporated cities and towns receiving highway user revenue  
36 fund monies pursuant to title 28, chapter 18, article 2 to determine if the  
37 monies are being spent as provided in section 28-6533, subsection B.

38 8. Perform special audits designated pursuant to law if the auditor  
39 general determines that there are adequate monies appropriated for the  
40 auditor general to complete the audit. If the auditor general determines the  
41 appropriated monies are inadequate, the auditor general shall notify the  
42 committee.

43 9. Beginning on July 1, 2001, establish a school-wide audit team in  
44 the office of the auditor general to conduct performance audits and monitor  
45 school districts to determine the percentage of every dollar spent in the

1 classroom by a school district. The performance audits shall determine  
2 whether school districts that receive monies from the Arizona structured  
3 English immersion fund established by section 15-756.04 and the statewide  
4 compensatory instruction fund established by section 15-756.11 are in  
5 compliance with title 15, chapter 7, article 3.1. The auditor general shall  
6 determine, through random selection, the school districts to be audited each  
7 year, subject to review by the joint legislative audit committee. A school  
8 district that is subject to an audit pursuant to this paragraph shall notify  
9 the auditor general in writing as to whether the school district agrees or  
10 disagrees with the findings and recommendations of the audit and whether the  
11 school district will implement the findings and recommendations, implement  
12 modifications to the findings and recommendations or refuse to implement the  
13 findings and recommendations. The school district shall submit to the  
14 auditor general a written status report on the implementation of the audit  
15 findings and recommendations every six months for two years after an audit  
16 conducted pursuant to this paragraph. The auditor general shall review the  
17 school district's progress toward implementing the findings and  
18 recommendations of the audit every six months after receipt of the district's  
19 status report for two years. The auditor general may review a school  
20 district's progress beyond this two-year period for recommendations that have  
21 not yet been implemented by the school district. The auditor general shall  
22 provide a status report of these reviews to the joint legislative audit  
23 committee. The school district shall participate in any hearing scheduled  
24 during this review period by the joint legislative audit committee or by any  
25 other legislative committee designated by the joint legislative audit  
26 committee.

27 ~~10. Perform the duties prescribed in section 9-514.01 either directly~~  
28 ~~or by contract with a certified public accountant.~~

29 B. The auditor general may:

30 1. Subject to approval by the committee, adopt rules necessary to  
31 administer the duties of the office.

32 2. Hire consultants to conduct the studies required by subsection A,  
33 paragraphs 6 and 7 of this section.

34 C. If approved by the committee the auditor general may charge a  
35 reasonable fee for the cost of performing audits or providing accounting  
36 services for auditing federal funds, special audits or special services  
37 requested by political subdivisions of the state. Monies collected pursuant  
38 to this subsection shall be deposited in the audit services revolving fund.

39 D. The department of transportation, the board of supervisors of a  
40 county that has approved a county transportation excise tax as provided in  
41 section 42-6106 or 42-6107 and the governing bodies of counties, cities and  
42 towns receiving highway user revenue fund monies shall cooperate with and  
43 provide necessary information to the auditor general or the auditor general's  
44 consultant.

1 E. The department of transportation shall reimburse the auditor  
2 general as follows, and the auditor general shall deposit the reimbursed  
3 monies in the audit services revolving fund:

4 1. For the cost of conducting the studies or hiring a consultant to  
5 conduct the studies required by subsection A, paragraph 6, subdivisions (a)  
6 and (b) of this section, from monies collected pursuant to a county  
7 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

8 2. For the cost of conducting the studies or hiring a consultant  
9 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of  
10 this section, from the Arizona highway user revenue fund.

11 Sec. 5. Repeal

12 Laws 2012, chapter 303, section 12 is repealed.

13 Sec. 6. Conditional enactment; notice

14 A. Sections 9-514, 11-264 and 41-1279.03, Arizona Revised Statutes, as  
15 amended by this act, and section 9-514.01, Arizona Revised Statutes, and Laws  
16 2012, chapter 303, section 12, as repealed by this act, are not effective  
17 unless on or before July 1, 2014 Pima county and the town of Marana reach a  
18 wastewater settlement.

19 B. Pima county and the town of Marana shall promptly provide written  
20 notice of the date of that settlement or the failure to reach a settlement to  
21 the director of the Arizona legislative council.

APPROVED BY THE GOVERNOR MARCH 28, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 28, 2013.

Passed the House February 26, 2013

Passed the Senate March 25, 2013

by the following vote: 57 Ayes,

by the following vote: 25 Ayes,

2 Nays, 1 Not Voting

0 Nays, 5 Not Voting



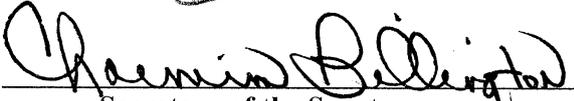
Speaker of the House



President of the Senate



Chief Clerk of the House



Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

26 day of March, 2013

at 3:30 o'clock P M.

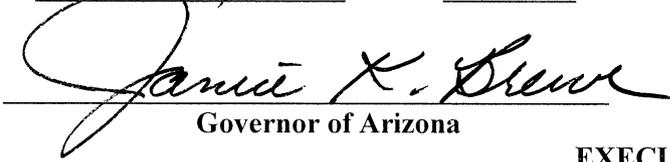


Secretary to the Governor

Approved this 28<sup>th</sup> day of

March

at 2:14 o'clock P. M.

  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 28<sup>th</sup> day of March, 2013

at 5:07 o'clock P M.

  
Secretary of State