

House Engrossed

**FILED**  
**MICHELE REAGAN**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-second Legislature  
First Regular Session  
2015

CHAPTER 114

# **HOUSE BILL 2323**

AN ACT

AMENDING SECTIONS 15-1636, 35-701, 35-706, 35-708, 35-901 AND 36-1474,  
ARIZONA REVISED STATUTES; RELATING TO INDUSTRIAL DEVELOPMENT AUTHORITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1636, Arizona Revised Statutes, is amended to  
3 read:

4 15-1636. Lease of real property and improvements in research  
5 park; prohibited and permitted uses

6 A. The board shall not lease real property located in an area  
7 ~~designated~~ DEFINED as a research park pursuant to section 35-701, ~~paragraph~~  
8 ~~10~~ unless the lease contains a covenant that prohibits unlimited  
9 manufacturing on the site and allows the board to enforce the covenant by  
10 appropriate means, which may include termination of the lease.

11 B. The board may take title to and lease improvements constructed on  
12 land located in an area defined as a research park pursuant to section  
13 35-701, ~~paragraph 10~~, if the lease contains a covenant that restricts the use  
14 of the subject property to the uses permitted under this section. The lease  
15 shall allow the board to enforce the covenant by appropriate means, including  
16 termination of the lease. The board may lease unimproved lots or parcels  
17 located in an area ~~designated~~ DEFINED as a research park pursuant to section  
18 35-701, ~~paragraph 10~~, for any use by a lessee.

19 C. The requirements of subsection B of this section do not apply to  
20 improvements constructed before ~~the effective date of subsection B of this~~  
21 ~~section~~ JULY 20, 1996 or to a lease entered into between the board and a  
22 lessee, subsidiary, successor, sublessee or assignee of a lessee, who  
23 originally entered into any lease with the board before July 31, 1996.

24 D. The subject property may be used only for the following purposes:

25 1. Laboratories, offices and other facilities for testing, consulting  
26 and information processing, related to research and development.

27 2. Production, assembly or sale of products pursuant to research and  
28 development activities.

29 3. Pilot plants in which processes planned for use in production  
30 elsewhere can be tested and assembled.

31 4. Regional or national headquarters of the lessee or its subsidiaries  
32 that are engaged in research and development or education activities.

33 5. Education and training facilities.

34 6. Operations required to maintain or support any permitted use,  
35 including maintenance shops, power plants, wastewater treatment facilities,  
36 the keeping of animals, machine shops, common area improvements and  
37 facilities and professional and commercial services supporting permitted  
38 uses, such as child development centers, food services and post office and  
39 mailing centers.

40 Sec. 2. Section 35-701, Arizona Revised Statutes, is amended to read:

41 35-701. Definitions

42 In this chapter, unless the context otherwise requires:

43 1. "Corporation" means any corporation organized as an authority as  
44 provided in this chapter.

1           ~~2. "Designated area" means any area of this state which is either~~  
2 ~~designated pursuant to section 36-1479 as a slum or blighted area as defined~~  
3 ~~in section 36-1471, designated by regulation as a pocket of poverty or a~~  
4 ~~neighborhood strategy area by the United States department of housing and~~  
5 ~~urban development pursuant to title I of the housing and community~~  
6 ~~development act of 1977 (P.L. 95-128; 42 United States Code sections 5301~~  
7 ~~through 5320), as amended, and the department of housing and urban~~  
8 ~~development act (P.L. 89-174; 42 United States Code section 3535(d)) or~~  
9 ~~designated by the United States department of housing and urban development~~  
10 ~~as an empowerment or enterprise zone pursuant to the federal omnibus budget~~  
11 ~~reconciliation act of 1993 (P.L. 103-66; 26 United States Code section~~  
12 ~~1391(g)).~~

13           ~~3.~~ 2. "Governing body" means:

14           (a) The board or body in which the general legislative powers of the  
15 municipality or the county are vested.

16           (b) The Arizona board of regents with respect to a corporation formed  
17 with the permission of the Arizona board of regents.

18           ~~4.~~ 3. "Income" means gross earnings from wages, salary, commissions,  
19 bonuses or tips from all jobs, net earnings from such person's or family's  
20 own nonfarm business, professional practice or partnership, and net earnings  
21 from such person's or family's own farm. Income includes income, other than  
22 earnings, that consists of amounts received from social security or railroad  
23 retirement, interest, dividends, veterans payments, pensions and other  
24 regular payments, public assistance or welfare payments, including aid for  
25 dependent children, old age assistance and aid to the blind or persons with  
26 total disability, but excluding separate payments for hospital or other  
27 medical care.

28           ~~5.~~ 4. "Manufactured house" means a structure that is manufactured in  
29 a factory after June 15, 1976, that is delivered to a homesite in more than  
30 one section and that is placed on a permanent foundation. The dimensions of  
31 the completed house shall not be less than twenty feet by forty feet, the  
32 roof must be sloping, the siding and roofing must be the same as those found  
33 in site-built houses and the house must be eligible for thirty year real  
34 estate mortgage financing.

35           ~~6.~~ 5. "Municipality" or "county" means the Arizona board of regents  
36 or any incorporated city or town, including charter cities, or any county in  
37 this state in which a corporation may be organized and in which it is  
38 contemplated the corporation will function.

39           ~~7.~~ 6. "Persons of low and moderate income" means, for the purposes of  
40 financing owner-occupied single family dwelling units in areas ~~which~~ THAT the  
41 municipality has found, pursuant to section 36-1479, to be slum or blighted  
42 areas, as defined in section 36-1471, persons and families whose income does  
43 not exceed two and one-half times the median family income of this state. In  
44 all other areas it means persons and families whose income does not exceed  
45 one and one-half times the median family income of this state.

1           8- 7. "Project" means any land, any building or any other improvement  
2 and all real and personal properties, including machinery and equipment  
3 whether or not now in existence or under construction and whether located  
4 within or without this state or the municipality or county approving the  
5 formation of the corporation, that are suitable for any of the following:

6           (a) With respect to a corporation formed with the permission of a  
7 municipality or county other than the Arizona board of regents:

8           (i) Any enterprise for the manufacturing, processing or assembling of  
9 any agricultural or manufactured products.

10           (ii) Any commercial enterprise for the storing, warehousing,  
11 distributing or selling of products of agriculture, mining or industry, or of  
12 processes related thereto, including research and development.

13           ~~(iii) Any office building or buildings for use as corporate or company~~  
14 ~~headquarters or regional offices or the adaptive use for offices of any~~  
15 ~~building within this state that is on the national register of historic~~  
16 ~~places or rehabilitation of residential buildings located in registered~~  
17 ~~historic neighborhoods.~~

18           ~~(iv)~~ (iii) A health care institution as defined in section 36-401.

19           ~~(v)~~ (iv) Residential real property for dwelling units located within  
20 the municipality or county approving the formation of the corporation and, in  
21 the case of a county, whether or not also within a municipality that is  
22 within the county.

23           ~~(vi)~~ (v) Repairing or rehabilitating single family dwelling units or  
24 constructing or repairing residential fences and walls.

25           ~~(vii)~~ (vi) Convention or trade show facilities.

26           ~~(viii)~~ (vii) Airports, docks, wharves, mass commuting facilities,  
27 parking facilities or storage or training facilities directly related to any  
28 of the facilities as provided in this item.

29           ~~(ix)~~ (viii) Sewage or solid waste disposal facilities or facilities  
30 for the furnishing of electric energy, gas or water.

31           ~~(x)~~ (ix) Industrial park facilities.

32           ~~(xi)~~ (x) Air or water pollution control facilities.

33           ~~(xii)~~ (xi) Any educational institution that is operated by a  
34 nonprofit educational organization that is exempt from taxation under section  
35 501(c)(3) of the United States internal revenue code and that is not  
36 otherwise funded by state monies, any educational institution or organization  
37 that is established under title 15, chapter 1, article 8 and that is owned  
38 by a nonprofit organization, any private nonsectarian school or any private  
39 nonsectarian organization established for the purpose of funding a joint  
40 technical education school district.

41           ~~(xiii)~~ (xii) Research and development facilities.

42           ~~(xiv)~~ (xiii) ANY commercial enterprises, including facilities for  
43 MANUFACTURING, office, recreational, hotel, motel and service uses ~~if the~~  
44 ~~facilities authorized by this item are to be located in a designated area.~~

1       ~~(xv)~~ (xiv) A child welfare agency, as defined in section 8-501, owned  
2 and operated by a nonprofit organization.

3       ~~(xvi)~~ (xv) A transportation facility constructed or operated pursuant  
4 to title 28, chapter 22.

5       ~~(xvii)~~ (xvi) A museum operated by a nonprofit organization.

6       ~~(xviii)~~ (xvii) Facilities owned or operated by a nonprofit  
7 organization described in section 501(c) of the United States internal  
8 revenue code of 1986.

9       ~~(xix)~~ (xviii) New or existing correctional facilities within this  
10 state.

11       (b) With respect to a corporation formed with the permission of the  
12 Arizona board of regents, any facility consisting of classrooms, lecture  
13 halls or conference centers or any facility for research and development or  
14 for manufacturing, processing, assembling, marketing, storing and  
15 transferring items developed through or connected with research and  
16 development or in which the results of such research and development are  
17 utilized, but only if the facility is located in an area designated as a  
18 research park by the Arizona board of regents.

19       ~~9-~~ 8. "Property" means any land, improvements thereon, buildings and  
20 any improvements thereto, machinery and equipment of any and all kinds  
21 necessary to a project and any other personal properties deemed necessary in  
22 connection with a project.

23       ~~10-~~ 9. "Research park" means an area of land that has been designated  
24 by the Arizona board of regents as a research park for a university and that,  
25 at the date of designation, is owned by this state or by the Arizona board of  
26 regents.

27       ~~11-~~ 10. "Single family dwelling unit" includes any new, used or  
28 manufactured house that meets the insuring requirements of the federal  
29 housing administration, the United States department of veterans affairs or  
30 any other insuring entity of the United States government or any private  
31 mortgage insurance or surety company that is approved by the federal home  
32 loan mortgage corporation or the federal national mortgage association.

33       Sec. 3. Section 35-706, Arizona Revised Statutes, is amended to read:

34       35-706. Corporate powers

35       A. In addition to the powers granted to an industrial development  
36 authority by law, the authority has the following powers, together with all  
37 powers incidental or necessary for the performance of those powers:

38       1. To acquire, whether by purchase, exchange, gift, lease or otherwise  
39 establish, construct, improve, maintain, equip and furnish one or more  
40 projects.

41       2. To lease to others any or all of its projects, to charge and  
42 collect rent and to terminate any lease ~~upon~~ ON the failure of the lessee to  
43 comply with any of the obligations of the lease.

44       3. To sell, exchange, donate and convey to others any or all of its  
45 projects or properties ~~upon~~ ON terms and conditions as its board of directors

1 may deem advisable, including the power to receive for any sale the note or  
2 notes of the purchaser of the project or property, whenever its board of  
3 directors finds the action to further advance the interest of the  
4 corporation.

5 4. To issue its bonds for the purpose of carrying out any of its  
6 powers.

7 5. To mortgage and pledge any or all of its projects and properties,  
8 whether owned or acquired, and to pledge the revenues, proceeds and receipts  
9 or any portion of the revenues, proceeds and receipts from a project as  
10 security for the payment of the principal of and interest on any bonds so  
11 issued and any agreements made in connection therewith.

12 6. To contract with and employ others to provide and to pay  
13 compensation for professional services and other services as the board of  
14 directors deems necessary for the financing of projects and for the business  
15 of the corporation.

16 7. To refund outstanding obligations incurred by an enterprise to  
17 finance the cost of a project when the board of directors finds that the  
18 refinancing is in the public interest.

19 8. To invest and reinvest funds under the control of the corporation  
20 and bond proceeds pending application thereof to the purposes for which the  
21 bonds were issued, subject only to the provisions of any bond resolution,  
22 lease or other agreement entered into by the board of directors.

23 9. To make secured or unsecured loans for the purpose of financing or  
24 refinancing the acquisition, construction, improvement, equipping or  
25 operating of a project and to charge and collect interest on the loans and  
26 pledge the proceeds of loan agreements as security for the payment of the  
27 principal and interest of any bonds, or designated issues of bonds, issued by  
28 the corporation, and any agreements made in connection with the loan,  
29 whenever the board of directors finds the loans to further advance the  
30 interest of the corporation or the public.

31 10. To acquire and hold obligations of any kind to carry out any of its  
32 purposes.

33 11. Subject to this section, to make loans to any bank, savings and  
34 loan institution, credit union or other mortgage lender, whether organized or  
35 existing under the laws of this state, another state or the United States,  
36 ~~which~~ THAT is qualified to do business in this state, for the purpose of  
37 enabling the institutions to make loans to finance the acquisition,  
38 construction, improvement or equipping of projects ~~which~~ THAT are  
39 owner-occupied single family dwelling units to be occupied by persons of low  
40 and moderate income, as determined by the corporation. The loans shall be  
41 fully secured in the same manner as deposits of public funds or by loans  
42 secured by mortgages, deeds of trust or other security instruments guaranteed  
43 or insured by the United States, or any instrumentality thereof, or by any  
44 private mortgage insurance or surety company ~~which~~ THAT is approved by the  
45 federal home loan mortgage corporation or the federal national mortgage

1 association and ~~which~~ THAT is licensed to do business in this state, if the  
2 private mortgage insurance shall be in a dollar amount sufficient to satisfy  
3 the mortgage insurance requirements for loans eligible to be purchased by the  
4 federal home loan mortgage corporation or the federal national mortgage  
5 association or any other agency or department of the United States. The  
6 security shall not be necessary if the bonds issued to make the loans are  
7 guaranteed or insured by an agency, department or instrumentality of the  
8 United States. Any bonds issued to make loans shall be ratable as "A" or  
9 better by a nationally recognized bond rating agency.

10 12. Subject to this section, to purchase or enter into advance  
11 commitments to purchase loans or any loan interests secured by mortgages,  
12 deeds of trust or other security instruments relating to projects ~~which~~ THAT  
13 are owner-occupied single family dwelling units from or with any bank,  
14 savings and loan institution, credit union or other mortgage lender, whether  
15 organized or existing under the laws of this state, another state or the  
16 United States, ~~which~~ THAT is qualified to do business in this state, on terms  
17 and conditions as may be determined by the corporation. The purpose of the  
18 purchases shall be to finance directly or indirectly the acquisition,  
19 construction, improvement or equipping of projects ~~which~~ THAT are  
20 owner-occupied single family dwelling units to be occupied by persons of low  
21 and moderate income. If the bonds issued to make purchases are not  
22 guaranteed or insured by an agency, department or instrumentality of the  
23 United States or secured by a letter of credit, insurance policy, surety bond  
24 or other credit facility from a financial institution or a combination of  
25 such instruments, the purchased loans shall be guaranteed or insured by the  
26 United States or any agency, department, or instrumentality thereof, or by  
27 any private mortgage insurance or surety company ~~which~~ THAT is approved by  
28 the federal home loan mortgage corporation or the federal national mortgage  
29 association or secured by a letter of credit, insurance policy, surety bond  
30 or other credit facility from a financial institution or a combination of  
31 such instruments. In the case of private mortgage insurance, the insurance  
32 shall be in a dollar amount sufficient to satisfy the mortgage insurance  
33 requirements for loans eligible to be purchased by the federal home loan  
34 mortgage corporation or the federal national mortgage association or any  
35 other agency or department of the United States. Any bonds issued to  
36 purchase loans shall be ratable as "A" or better by a nationally recognized  
37 bond rating agency. If the purchased loans have not been originated on  
38 behalf of the corporation to directly finance projects, the corporation shall  
39 require that the institution receiving proceeds from the sale of the loans  
40 use the proceeds to make loans to finance or refinance the acquisition,  
41 construction, improvement or equipping of projects ~~which~~ THAT are  
42 owner-occupied single family dwelling units to be occupied by persons of low  
43 and moderate income, as determined by the corporation.

44 13. To elect not to issue an amount of qualified mortgage revenue bonds  
45 which it may otherwise issue during any calendar year and to issue instead

1 mortgage credit certificates pursuant to a qualified mortgage credit  
2 certificate program as defined in section 35-901.

3 14. To make loans to any person or entity owning residential property  
4 or to make loans to any bank, savings and loan association, credit union or  
5 other mortgage lender, or to purchase or enter into advance commitments to  
6 purchase funding for the repair or improvement of property related to  
7 residential or neighborhood improvement projects. An authority may issue its  
8 bonds or incur other obligations to fund loans or purchases. An authority  
9 shall establish the provisions relating to bonds or other obligations,  
10 including the security for the loans, and shall establish the guidelines for  
11 the approval, funding, purchasing and security of the loans.

12 15. To enter into contracts and execute any agreements or instrument  
13 and do any other act necessary or appropriate to carry out its purposes.

14 16. To exercise the powers granted by this chapter, including through  
15 the issuance of bonds, to provide financing or refinancing for projects other  
16 than a project as defined in section 35-701, paragraph 7, subdivision (a),  
17 item (v) (ii), located in whole or in part outside this state, provided that  
18 the board of directors of the corporation has determined that the exercise of  
19 such powers will provide a benefit within this state.

20 B. The corporation shall not have the power to operate any project as  
21 a business other than as lessor or seller nor shall any corporation make any  
22 loans pursuant to subsection A, paragraph 9 of this section for projects  
23 ~~which~~ THAT are owner-occupied single family dwelling units except by  
24 utilizing as its contract agent a mortgage lender, whether organized or  
25 existing under the laws of this state, another state or the United States,  
26 ~~which~~ THAT is qualified to do business in this state. Any project  
27 established pursuant to subsection A, paragraph 14 of this section is not  
28 required to use a mortgage lender as its contract agent. The corporation  
29 shall not permit any funds derived from the sale of its bonds to be used,  
30 loaned or provided for the acquisition of any facilities of a public utility  
31 or public service corporation, except as provided in section 35-701. The  
32 corporation shall comply with title 38, chapter 3, article 3.1.

33 C. A person's or family's eligibility for an owner-occupied single  
34 family dwelling unit financed pursuant to subsection A, paragraph 11, 12 or  
35 13 of this section shall be determined by considering the person's or  
36 family's income. Owner-occupied single family dwelling units shall only be  
37 financed as provided in subsection A, paragraphs 11, 12 and 13 of this  
38 section unless the owner-occupied single family dwelling units are located in  
39 an area designated pursuant to section 36-1479 as a slum or blighted area as  
40 defined in section 36-1471 by a municipality having a population of more than  
41 two hundred fifty thousand persons according to the most recent United States  
42 decennial census or a special census conducted in accordance with section  
43 42-5033.

44 D. In the exercise of its powers authorized in this section with  
45 respect to projects ~~which~~ THAT are owner-occupied single family dwelling

1 units to be occupied by persons of low and moderate income and financed  
2 pursuant to subsection A, paragraphs 11 and 12 of this section, the  
3 corporation shall establish, subject to approval by the governing body of the  
4 authorizing county or municipality, standards and requirements applicable to  
5 the purchase of loans or the making of loans to mortgage lenders, including:

6 1. The eligibility of mortgage lenders, including the requirement that  
7 all mortgage lenders be approved as mortgagees by the federal housing  
8 administration and the United States department of veterans affairs and be  
9 approved as sellers and servicers of mortgage loans by the federal national  
10 mortgage association or federal home loan mortgage corporation.

11 2. The time within which mortgage lenders must make commitments and  
12 disbursements for mortgage loans.

13 3. The character of residences to be financed by mortgage loans.

14 4. The eligibility of persons of low and moderate income, including  
15 the requirement that no person of low and moderate income may receive, more  
16 than once in a three year period, a mortgage loan financed directly or  
17 indirectly from the proceeds of bonds issued by the corporation.

18 5. The terms and conditions of mortgage loans to be acquired.

19 6. The amounts and types of insurance coverage required on residences,  
20 mortgages and bonds.

21 7. The representations and warranties of mortgage lenders confirming  
22 compliance with the standards and requirements.

23 8. Restrictions as to interest rate and other terms of mortgage loans  
24 and the return realized on mortgage loans by mortgage lenders.

25 9. The type and amount of collateral security to be provided to assure  
26 repayment of any loans from the corporation and to assure repayment of bonds.

27 10. Assignment of the mortgage loans to a trustee acting on behalf of  
28 the corporation which shall be either a bank or trust company doing business  
29 in this state, having an officially reported combined capital surplus,  
30 undivided profits and reserves of not less than fifteen million dollars.  
31 Trustees must be approved to sell mortgages to and service mortgages for the  
32 federal national mortgage association and the federal home loan mortgage  
33 corporation.

34 11. Any other matters related to the purchase of mortgage loans or the  
35 making of loans to mortgage lenders deemed relevant by the corporation. In  
36 establishing standards and requirements, the corporation shall be guided by  
37 the following standards:

38 (a) The amount of mortgage monies proposed to be made available in the  
39 area is to be reasonably related to the demand for mortgage monies.

40 (b) For projects of owner-occupied single family dwelling units to be  
41 occupied by persons of low and moderate income and financed pursuant to  
42 subsection A, paragraphs 11 and 12 of this section, at least ten ~~per-cent~~  
43 PERCENT of all mortgage monies proposed to be made available by the  
44 corporations other than mortgage monies reserved for any period to finance  
45 mortgage loans on residences located within an area designated as a slum or

1 blighted area as defined in section 36-1471 shall be reserved for at least a  
2 three month period for the financing of mortgage loans on manufactured  
3 housing unless the Arizona commerce authority determines that any bonds  
4 issued to make loans will not be ratable as "A" or better by a nationally  
5 recognized bond rating agency, in which case no such reservation is  
6 required. If all the mortgage monies reserved for manufactured housing are  
7 not committed or used to make mortgage loans during this three month period,  
8 the mortgage lender may allocate the remaining monies to finance mortgage  
9 loans on any single family dwelling unit.

10 (c) Any departure from the level of commitment fees, origination fees  
11 or servicing fees normally charged by a mortgage lender is to be justified in  
12 the context of the transaction.

13 (d) The costs, fees and expenditures associated with the issuance of  
14 bonds are to be reasonably related to the services provided.

15 E. Only corporations, the formations of which have been approved by  
16 the governing body of a county having a population of more than seven ~~per~~  
17 ~~cent~~ PERCENT of the total state population computed according to the most  
18 recent United States decennial census or by the governing body of a  
19 municipality having a population of more than seven ~~per-cent~~ PERCENT of the  
20 total state population computed according to the most recent United States  
21 decennial census, shall have the powers granted in subsection A, paragraphs  
22 11, 12 and 13 of this section. Except as provided in section 35-913,  
23 subsections E and F, a corporation shall not exercise the powers granted in  
24 subsection A, paragraphs 11, 12 and 13 of this section outside of its  
25 jurisdiction. For the purposes of a refunding of any mortgage revenue bond  
26 issued before January 1, 2000, the proceeds from the refunding may be used  
27 outside the jurisdiction of the corporation issuing the refunding bonds  
28 except the corporation issuing the refunding bonds shall obtain the consent  
29 from another corporation with powers granted in subsection A, paragraphs 11,  
30 12 and 13 of this section if the proceeds of the refunding are to be used  
31 within the jurisdiction of that corporation. For the purposes of exercising  
32 the powers granted in subsection A, paragraphs 11, 12 and 13 of this section,  
33 the jurisdiction of a corporation formed on behalf of a county includes all  
34 incorporated and unincorporated territory in the county.

35 F. A corporation may not permit proceeds of bonds or a qualified  
36 mortgage credit certificate program to be used to finance projects ~~which~~ THAT  
37 are owner-occupied single family dwelling units within the corporate limits  
38 of an incorporated city or town unless the governing body of the city or town  
39 has approved the general location and character of the residences to be  
40 financed. The corporation, prior to the issuance of bonds or mortgage credit  
41 certificates for that purpose, shall give written notice to the governing  
42 body of each city or town in which it intends to permit proceeds of an issue  
43 of bonds or mortgage credit certificates to be used to finance projects ~~which~~  
44 THAT are owner-occupied single family dwelling units and of the general  
45 location and character of the residences ~~which~~ THAT may be financed. The

1 governing body of the city or town shall be deemed to have given its approval  
2 unless it has denied approval by formal action of the governing body within  
3 twenty-one days after receiving the written notice from the corporation.  
4 Approvals given or deemed to have been given with respect to use of proceeds  
5 of an issue of bonds or mortgage credit certificates under this subsection  
6 may not be withdrawn. Denials may be withdrawn by the governing body of a  
7 city or town and approval may be given thereafter if the corporation issuing  
8 the bonds or mortgage credit certificates approves the withdrawal of the  
9 denial.

10 G. Two or more corporations with the powers granted by subsection E of  
11 this section may provide:

12 1. That a corporation, the formation of which was approved by the  
13 governing body of a county or city, may exercise the powers granted in  
14 subsection A, paragraphs 11, 12 and 13 of this section, with respect to  
15 owner-occupied single family dwelling units located in all counties and  
16 cities ~~which~~ THAT are parties to a cooperative agreement.

17 2. For the joint exercise by two or more corporations, each formed  
18 with the approval of a governing body executing the cooperative agreement, of  
19 the powers granted in subsection A, paragraphs 11, 12 and 13 of this section,  
20 with respect to owner-occupied single family dwelling units located in all  
21 counties and cities ~~which~~ THAT are parties to the cooperative agreement. The  
22 agreement shall specify the calendar year or years for which it is effective,  
23 the means by which the agreement may be terminated prior to the expiration of  
24 the calendar year or years and the aggregate principal amount of bonds ~~which~~  
25 THAT may be issued by the designated corporation or corporations to exercise  
26 the powers pursuant to the agreement. The corporation or corporations  
27 designated in the agreement to exercise the powers in the counties and cities  
28 ~~which~~ THAT are parties to the agreement are the only corporation or  
29 corporations authorized and having jurisdiction to exercise the powers and to  
30 issue bonds to carry out the powers in the counties and cities while the  
31 agreement is in effect. The combined jurisdictions of all the counties and  
32 cities ~~which~~ THAT are parties to the cooperative agreement are the  
33 jurisdictions of the corporation or corporations designated to exercise the  
34 powers granted in subsection A, paragraphs 11, 12 and 13 of this section  
35 within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499;  
36 26 United States Code section 103A).

37 H. It shall not be a conflict of interest under title 38, chapter 3,  
38 article 8, and this chapter, for any trustee or any mortgage lender to enter  
39 into loan agreements with, or to sell mortgage loans to, the corporation as  
40 contemplated in subsection A, paragraphs 11, 12 and 13 of this section, act  
41 for or under contract with the corporation as a mortgage originator,  
42 servicer, paying agent or depository, act as holder or dealer of bonds of the  
43 corporation or have as a director, officer or employee any member of the  
44 board of directors of the corporation or any combination.

1 I. The department of economic security shall once in each calendar  
2 year on or before March 1 determine the median family income of this state  
3 for the purposes of this chapter.

4 J. All areas in this state ~~which~~ THAT are either designated pursuant  
5 to section 36-1479 as slum or blighted areas as defined in section 36-1471 or  
6 designated as pockets of poverty by the United States department of housing  
7 and urban development are designated as areas of chronic economic distress  
8 within the meaning of the mortgage subsidy bond tax act of 1980 (P.L. 96-499;  
9 26 United States Code section 103A).

10 K. Any corporation that is described in subsection E of this section  
11 and that desires to exercise the powers granted in subsection A, paragraphs  
12 11, 12 and 13 of this section, with respect to owner-occupied single family  
13 dwelling units located in two or more counties, may do so if the corporation,  
14 before issuing bonds or mortgage credit certificates for that purpose, gives  
15 written notice to the governing bodies of the other counties and their  
16 respective corporations, if any, of its intent to permit the proceeds of an  
17 issue of bonds or mortgage credit certificates to finance projects within its  
18 jurisdiction ~~which~~ THAT are owner-occupied single family dwelling units. The  
19 governing body of a county and its respective corporation, if any, ~~which~~ THAT  
20 have been given notice are deemed to have approved the use of the proceeds or  
21 mortgage credit certificates for owner-occupied single family dwelling units  
22 within their jurisdiction and approved the use of any state ceiling, as  
23 defined in section 35-901, unless approval is denied by formal action of the  
24 governing body or the board of directors of the corporation, if any, within  
25 twenty-one days after receiving written notice from the corporation. Absent  
26 a denial of approval as stated in this subsection, a cooperative agreement  
27 providing for the exercise of the powers granted in subsection A, paragraphs  
28 11, 12 and 13 of this section is deemed to exist among the applicable  
29 counties or corporations. Approvals given or deemed to have been given with  
30 respect to the matters stated in this subsection may not be withdrawn.  
31 Denials by the governing body of a county apply only to the unincorporated  
32 areas of the county. Denials may be withdrawn by the governing body of a  
33 county and approval may be given thereafter if the corporation issuing the  
34 bonds or mortgage credit certificates approves the withdrawal of the denial.  
35 Mortgage credit certificates and bond proceeds issued pursuant to this  
36 subsection shall be available on an equitable basis within each of the  
37 participating counties.

38 L. THE CORPORATION WITHIN THIRTY DAYS SHALL UPON ACTUAL NOTICE NOTIFY  
39 THE GOVERNING BODY OF:

40 1. ANY LAWSUIT FILED AGAINST THE CORPORATION RELATED TO THE ISSUANCE  
41 OF BONDS.

42 2. ANY FORMAL INVESTIGATION OF THE CORPORATION INITIATED BY THE UNITED  
43 STATES SECURITIES AND EXCHANGE COMMISSION.

1           Sec. 4. Section 35-708, Arizona Revised Statutes, is amended to read:  
2           35-708. Financing certain owner-occupied single family  
3                                   dwelling; exception

4           A. For purposes of section 35-701, paragraph ~~7~~ 6, in areas other than  
5 a slum or blighted area, the authority undertaking the bond issue shall set  
6 aside for sixty days thirty ~~per cent~~ PERCENT of the mortgages for  
7 owner-occupied single family dwelling units for persons and families whose  
8 income is below the median family income of this state.

9           B. This section does not apply to projects described in section  
10 35-701, paragraph ~~8~~ 7, subdivision (a), item ~~(vi)~~ (iii) or programs  
11 established pursuant to section 35-706, subsection A, paragraph 14.

12           Sec. 5. Section 35-901, Arizona Revised Statutes, is amended to read:  
13           35-901. Definitions

14           In this chapter, unless the context otherwise requires:

15           1. "Authority" means the Arizona commerce authority.

16           2. "Bond" means any obligation ~~which~~ THAT is subject to the provisions  
17 of section 146 of the code, excluding obligations that received a  
18 carry-forward allocation in a prior year.

19           3. "Business day" means between the hours of 8:00 a.m. and 5:00 p.m.,  
20 mountain standard time, any day of the week other than a Saturday, a Sunday  
21 or a legal holiday or a day on which the authority is authorized or obligated  
22 by law or executive order to close.

23           4. "Carry-forward project" means any project receiving a carry-forward  
24 allocation pursuant to section 35-907.

25           5. "Certificate of closing" means the certificate of closing adopted  
26 for use by and to be filed with the authority declaring that bonds were  
27 issued or that a qualified mortgage credit certificate program has been  
28 established.

29           6. "Chief executive officer" means the chief executive officer of the  
30 authority.

31           7. "Code" means the United States internal revenue code of 1986, as  
32 amended, and its applicable regulations.

33           8. "Confirmation" means the allocation confirmation ~~which~~ THAT  
34 confirms an allocation to a project in the form adopted for use by the  
35 authority.

36           9. "Issued" means, with respect to a bond or bonds, either of the  
37 following:

38           (a) The bond or bonds have been delivered and paid for in full.

39           (b) For bonds issued pursuant to a draw-down loan for which a bond  
40 purchaser has agreed to receive and pay for the bonds of the issue in  
41 increments from time to time, all of the bonds are treated as issued on the  
42 first date on which the aggregate principal amount of such bonds delivered  
43 and paid for exceeds the lesser of fifty thousand dollars or five ~~per cent~~  
44 PERCENT of the aggregate issue price of the issue.

45           10. "Issuer" means an entity or person issuing bonds.

1 11. "Manufacturing project" means a project as described in section  
2 35-701, paragraph 8- 7, subdivision (a), item ~~(i)~~, ~~(ii)~~, ~~(x)~~ (vii) or (xiii).

3 12. "Mortgage credit certificate" means a certificate as described in  
4 section 25(c)(1) of the code.

5 13. "Nonurban area" means all areas of this state not within the  
6 boundaries of the urban cities.

7 14. "Notice of intent" means the notice of intent to be filed with the  
8 authority in the form adopted for use by the authority.

9 15. "Project" means a qualified mortgage credit certificate program or  
10 any construction, acquisition, planned expenditure or other activity,  
11 including all phases of a multiphased project ~~which~~ THAT requests allocations  
12 in the same year and including costs of issuance, capitalized interest and  
13 discounts, financed with bonds and located in this state or directly  
14 benefiting residents of this state. All qualified mortgage credit  
15 certificate programs and qualified mortgage revenue bonds, or combinations of  
16 such programs and bonds, of a single issuer or group of issuers acting  
17 together, constitute a single project for the purposes of this paragraph.

18 16. "Qualified mortgage credit certificate program" means a qualified  
19 mortgage credit certificate program as described in section 25(c)(2) of the  
20 code.

21 17. "Qualified mortgage revenue bonds" means an issue of bonds as  
22 described in section 143(a) of the code.

23 18. "Qualified student loan project" means an issue of bonds as  
24 described in section 144(b) of the code.

25 19. "Request" means the request for allocation to be filed with the  
26 authority in the form adopted for use by the authority.

27 20. "Security deposit" means cash, a bank cashier's check, a surety  
28 bond, a letter of credit or any other form of security approved by the chief  
29 executive officer in favor of the authority that is received by the authority  
30 from an issuer or user to secure or extend an allocation.

31 21. "State ceiling" means the dollar limit of the aggregate amount of  
32 private activity bonds ~~which~~ THAT may be issued in this state pursuant to  
33 section 146 of the code for each calendar year, beginning in 1988.

34 22. "Tax reform act of 1986" means P.L. 99-514 enacted by the  
35 ninety-ninth Congress, second session in 1986.

36 23. "Urban city" means a city having a population of not less than one  
37 hundred thousand persons according to the most recent United States decennial  
38 or special census. The area of each urban city is the boundary of the city  
39 as of January 1 of the current calendar year.

40 24. "Year" means the calendar year.

41 Sec. 6. Section 36-1474, Arizona Revised Statutes, is amended to read:

42 36-1474. Powers of municipalities

43 A. Every municipality shall have all the powers necessary or  
44 convenient to carry out and effectuate the purposes and provisions of this

1 article, including the following powers in addition to others granted by this  
2 article:

3 1. To prepare or cause to be prepared redevelopment plans and to  
4 undertake and carry out redevelopment projects within its area of operation.

5 2. To arrange or contract for the furnishing or repair, by any person  
6 or agency, public or private, of services, privileges, works, streets, roads,  
7 public utilities or other facilities for or in connection with a  
8 redevelopment project, and anything to the contrary contained in this article  
9 or any other provision of law notwithstanding, to agree to any conditions  
10 that it deems reasonable and appropriate attached to federal financial  
11 assistance and imposed pursuant to federal law relating to the determination  
12 of prevailing salaries or wages or compliance with labor standards, in the  
13 undertaking or carrying out of a redevelopment project, and to include in any  
14 contract let in connection with a redevelopment project, provisions to  
15 fulfill the conditions as it deems reasonable and appropriate.

16 3. Within its area of operation:

17 (a) To purchase, lease, obtain options ~~upon~~ ON, acquire by gift,  
18 grant, bequest, devise, eminent domain or otherwise, any real or personal  
19 property or any interest in the property, together with any improvements on  
20 the property, necessary or incidental to a redevelopment project.

21 (b) To hold, improve, clear or prepare for redevelopment any such  
22 property.

23 (c) To sell, lease, exchange, transfer, assign, subdivide, retain for  
24 its own use, mortgage, pledge, hypothecate or otherwise encumber or dispose  
25 of any real or personal property or any interest in the property in a  
26 redevelopment project.

27 (d) To enter into contracts with redevelopers of property containing  
28 covenants, restrictions and conditions regarding the use of the property for  
29 residential, commercial, industrial, recreational or other purposes or for  
30 public purposes in accordance with a redevelopment plan and the other  
31 covenants, restrictions and conditions as the municipality deems necessary to  
32 prevent a recurrence of conditions that qualify an area as a slum or blighted  
33 area or to effectuate the purposes of this article. A municipality may not  
34 exercise the power of eminent domain unless the municipality makes a separate  
35 determination by a two-thirds vote of the local governing body that the  
36 property is critical to the project and the existing use of the property is  
37 not compatible with the proposed use and cannot be incorporated into or  
38 excluded from the proposed redevelopment project.

39 (e) To make any of the covenants, restrictions or conditions of the  
40 foregoing contracts covenants running with the land and to provide  
41 appropriate remedies for any breach of these covenants or conditions,  
42 including the right in the municipality to terminate these contracts and any  
43 interest in the property created pursuant thereto.

44 (f) To borrow money and issue bonds and provide security for loans or  
45 bonds.

1 (g) To insure or provide for the insurance of any real or personal  
2 property or operations of the municipality in a redevelopment project of the  
3 municipality against any risks or hazards, including the power to pay  
4 premiums on the insurance.

5 (h) To enter into any contracts necessary to effectuate the purposes  
6 of this article.

7 No statutory provision with respect to the acquisition, clearance or  
8 disposition of property by public bodies shall restrict a municipality in  
9 these functions with respect to a redevelopment project, unless the  
10 legislature specifically so states.

11 4. To invest any redevelopment project funds held in reserves or  
12 sinking funds or any redevelopment project funds not required for immediate  
13 disbursement, in property or securities in which savings banks may legally  
14 invest funds subject to their control and to redeem the bonds ~~which~~ THAT have  
15 been issued pursuant to section 36-1481 at the redemption price established  
16 therein or to purchase the bonds at less than redemption price, all bonds so  
17 redeemed or purchased to be cancelled.

18 5. To borrow money and to apply for and accept advances, loans,  
19 grants, contributions and any other form of financial assistance from the  
20 federal government, the state, county or other public body or from any  
21 sources, public or private, for the purposes of this article, to give such  
22 security as may be required and to enter into and carry out contracts in  
23 connection therewith. Notwithstanding any other law, a municipality may  
24 include in any contract for financial assistance with the federal government  
25 for a redevelopment project conditions imposed pursuant to federal law THAT  
26 the municipality deems reasonable and appropriate and ~~which~~ THAT are not  
27 inconsistent with the purposes of this article.

28 6. Within its area of operation, to make or have made all surveys,  
29 appraisals, studies and plans, including the preparation of a general plan  
30 for the development of the municipality, necessary to carry out the purposes  
31 of this article and to contract or cooperate with any and all persons or  
32 agencies, public or private, to make and to carry out the surveys,  
33 appraisals, studies and plans.

34 7. To prepare plans and provide reasonable assistance for the  
35 relocation of families displaced from a redevelopment project area to the  
36 extent essential for acquiring possession of and clearing the area or parts  
37 of the area to permit the carrying out of the redevelopment project.

38 8. To appropriate funds and make expenditures necessary to carry out  
39 the purposes of this article and to make expenditures from funds obtained  
40 from the federal government without regard to any other laws pertaining to  
41 the making and approval of appropriations and expenditures.

42 9. To exercise all or any part or combination of powers granted by  
43 this section.

1           B. A municipality must notify each owner of real property located  
2 within the boundaries of a proposed redevelopment project area of the time,  
3 date and location of a public meeting concerning the proposed adoption of the  
4 redevelopment plan if the municipality intends to acquire that owner's  
5 property or any interest in that property. The municipality must provide  
6 this notice by first class mail to the address stated on the most recent  
7 records of the county assessor.

8           C. The designation of an area as a slum or blighted area terminates  
9 ten years after this designation unless substantial action has been taken to  
10 remove the slum or blighted conditions. The termination does not affect  
11 existing projects as described in section 35-701, paragraph 8-7, subdivision  
12 (a), item ~~(xiv)~~ (xi) that are within that designated area.

APPROVED BY THE GOVERNOR MARCH 30, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 31, 2015.

Passed the House February 26, 2015

Passed the Senate March 24, 2015

by the following vote: 57 Ayes,

by the following vote: 28 Ayes,

0 Nays, 3 Not Voting

0 Nays, 2 Not Voting

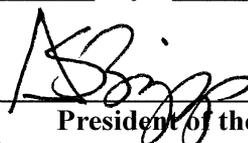


Speaker of the House

Pro Tempore



Chief Clerk of the House



President of the Senate



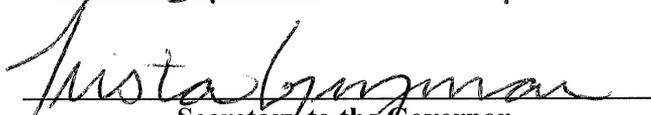
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

25<sup>th</sup> day of March, 2015

at 3:31 o'clock P. M.



Secretary to the Governor

Approved this 30<sup>th</sup> day of

March

at 1:57 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 31<sup>st</sup> day of March, 2015

at 10:00 o'clock A M.



Secretary of State

H.B. 2323