Senate Engrossed House Bill

FILED
MICHELE REAGAN
SECRETARY OF STATE

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

CHAPTER 221

HOUSE BILL 2615

AN ACT

AMENDING SECTIONS 35-501, 35-502, 35-504, 41-4604 AND 42-17003, ARIZONA REVISED STATUTES; RELATING TO PUBLIC FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 35-501, Arizona Revised Statutes, is amended to read:

35-501. State treasurer records of bond issues; debt level analysis and report

A. By June 30 of each year, the ~~department of revenue~~ STATE TREASURER shall ascertain and record in its office all issues of bonds, certificates of participation or other securities issued for a term in excess of one year by the state or a county, city, town, school district, irrigation district, other political subdivision or municipal property corporation within the state. The record shall show the date of issuance, amount, denomination, rates of interest, maturity, dates of the bonds, certificates of participation or securities and other information the ~~department~~ STATE TREASURER requires.

B. The reports relating to the issuance of bonds and securities required under subsection A shall be filed with the ~~department of revenue~~ STATE TREASURER within sixty days of the issuance and shall contain the following information:

1. The par amount of the bonds or securities.

2. The interest rate, by maturity of the bonds or securities.

3. The repayment schedule, showing both principal and interest for the issue.

4. The sources of repayment.

5. The original issue price and any premium or discount, by maturity, for the issue.

6. A detailed listing of all issuance costs, regardless of source of payment, including underwriter's compensation, bond counsel fees, financial advisor fees, verification agent fees, placement agent fees, investment securities brokerage fees, registrar fees, trustee fees, credit enhancement fees, rating agency fees, printing costs, registration fees, transfer and recording fees and any other costs directly or indirectly earned or paid as a result of the issuance of the bonds or securities, as determined by the ~~department~~ STATE TREASURER.

7. The total amount of parity bonds or securities outstanding, including the issue, at the time of issuance.

8. The total amount of any bonds or securities, senior or subordinate to the issue outstanding at the time of issuance.

9. The amount of any constitutional or statutory limitation on the issuance of bonds or securities of the type issued.

10. The remaining amount of bonds or securities that may be issued within the limitation determined in paragraph 9.

11. The amount of any constitutional or statutory voter authorization applicable to the issuance of bonds or securities of the type issued.

12. The remaining amount of bonds or securities that may be issued within the authorization determined in paragraph 9.

13. Any other similar or related information the ~~department~~ STATE TREASURER may determine.

C. By December 15 of each year, the ~~department of revenue~~ STATE TREASURER shall provide to the governor, the president of the senate and the speaker of the house of representatives a report of the information collected pursuant to subsection A. This report shall include an analysis of the outstanding indebtedness of each jurisdiction and the relationship of the outstanding indebtedness to the appropriate debt limitations in article IX, sections 5, 8 and 8.1, Constitution of Arizona.

D. If as a result of the analysis conducted pursuant to subsection C the ~~department of revenue~~ STATE TREASURER determines that the outstanding indebtedness of a jurisdiction is in excess of the debt limitation prescribed by the Constitution or statutes of Arizona, the ~~department of revenue~~ STATE TREASURER shall notify the governing body or board of the jurisdiction, the governor, the president of the senate, the speaker of the house of representatives and, in the case of a school district, the superintendent of public instruction.

E. The ~~director of the department of revenue~~ STATE TREASURER shall notify the person or governing body responsible for complying with this section of a failure to comply in whole or in part with the requirements of this section. Any person or governing body so notified shall comply within thirty days. Any county, city, town, school district, irrigation district or other political subdivision of the state that fails to comply fully with the provisions of this article shall not issue any additional bonds or other securities.

Sec. 2. Section 35-502, Arizona Revised Statutes, is amended to read:

35-502. Reports to state treasurer; omission or refusal to comply; classification

A. ~~The state treasurer and~~ The governing body of the county, city, town, district or other political subdivision shall make such reports to the ~~department of revenue~~ STATE TREASURER as the ~~department~~ TREASURER requires relating to the issuance of the bonds and securities provided by section 35-501, and shall notify the ~~department~~ TREASURER of the retirement of any such bonds, and of all payments of interest thereon, immediately upon retirement of the bond or payment of interest.

B. Any person or member of any governing body knowingly omitting or refusing to comply with the orders of the ~~department~~ STATE TREASURER issued pursuant to this article is guilty of a class 2 misdemeanor.

Sec. 3. Section 35-504, Arizona Revised Statutes, is amended to read:

35-504. Debt oversight commission; membership; compensation; duties; commission termination

A. In order to provide more accurate and meaningful information to the public regarding bond issues, the debt oversight commission is established in the ~~department of revenue~~ OFFICE OF THE STATE TREASURER.

B. The commission consists of the ~~director of the department of revenue~~ STATE TREASURER, who serves as chairman, and four private citizens knowledgeable in the area of finance or bond financing, one appointed by the governor and three appointed jointly by the president of the senate and the speaker of the house of representatives. The terms of appointive members are three years.

C. An appointment to fill a vacancy on the commission resulting from other than expiration of term is for the unexpired portion of the term.

D. The ~~department of revenue~~ OFFICE OF THE STATE TREASURER shall provide secretarial and staff support services to the commission.

E. The private citizen members of the commission are eligible to receive fifty dollars per day for time spent in the performance of their duties. These monies shall be paid from monies appropriated to the ~~department of revenue~~ STATE TREASURER.

F. The commission shall meet at least annually and, in addition, at the call of the chairman. The commission shall meet at such times and places as convenient or necessary to conduct its affairs and shall render its findings, reports and recommendations in writing to the governor~~, to the director of the department of revenue~~ and to the legislature.

G. The commission shall:

1. Review the information provided to the ~~department~~ STATE TREASURER as prescribed in section 35-501.

2. Ascertain the bonded indebtedness of all taxing jurisdictions and the relationship to the appropriate debt limitation.

H. The commission established by this section ends on July 1, 2026 pursuant to section 41-3103.

Sec. 4. Section 41-4604, Arizona Revised Statutes, is amended to read:

41-4604. Debt reporting by state and local government

A. State government and all local governments shall report to the ~~department of revenue~~ STATE TREASURER all incurred debt, including date of issue, purpose, original amount, current balance, interest paid to date and principal and interest paid in the latest full fiscal year according to a schedule determined by the ~~department of revenue~~ TREASURER.

B. The ~~department of revenue~~ STATE TREASURER shall maintain an online accessible and searchable database and, subject to approval by the joint legislative budget committee, may require additional information not listed in this section.

Sec. 5. Section 42-17003, Arizona Revised Statutes, is amended to read:

42-17003. Duties; notification

A. The commission shall:

1. Establish procedures for deriving the information required by sections 15-905.01, 15-1461.01 and 42-17107, ~~and~~ article 2 of this chapter AND PARAGRAPH 3 OF THIS SUBSECTION.

2. Review the primary property tax levy of each political subdivision to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

3. REVIEW THE SECONDARY PROPERTY TAX LEVY OF EACH COUNTY, CITY, TOWN AND COMMUNITY COLLEGE DISTRICT TO IDENTIFY VIOLATIONS OF CONSTITUTIONAL AND STATUTORY REQUIREMENTS.

~~3.~~ 4. Review the secondary property tax levy of each fire district to determine violations of section 48-807.

~~4.~~ 5. Review for accuracy the tax levy and rate as prescribed by section 15-992.

~~5.~~ 6. Review the reports made by the department concerning valuation accuracy.

~~6.~~ 7. Hold hearings to determine the adequacy of compliance with articles 2 and 3 of this chapter.

~~7.~~ 8. Upon the request of a county, city, town or community college district, hold hearings as prescribed in section 42-17004 regarding the calculation of the maximum allowable primary property tax levy limits prescribed in section 42-17051, subsection A.

B. If the commission determines that a political subdivision has violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, that a fire district has violated section 48-807 or that a school district incorrectly calculated the tax levy and rate as prescribed by section 15-992, ~~then~~ on or before September 15 the commission shall notify the political subdivision or district, and the county board of supervisors, in writing, of:

1. The nature of the violation.

2. The necessary adjustment to:

(a) The primary property tax levy and tax rate to comply with section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

(b) The secondary property tax levy and tax rate to comply with section 48-807.

(c) For school districts, the tax levy and rate to comply with section 15-992.

C. IF THE COMMISSION DETERMINES THAT A COUNTY, CITY, TOWN OR COMMUNITY COLLEGE DISTRICT HAS LEVIED A SECONDARY PROPERTY TAX IN VIOLATION OF CONSTITUTIONAL OR STATUTORY LAW, ON OR BEFORE DECEMBER 31 THE COMMISSION SHALL NOTIFY IN WRITING THE AFFECTED POLITICAL SUBDIVISION, THE COUNTY BOARD OF SUPERVISORS, THE COUNTY ATTORNEY AND THE ATTORNEY GENERAL OF THE VIOLATION.

Sec. 6. Effective date

Section 42-17003, Arizona Revised Statutes, as amended by this act, is effective from and after December 31, 2015.

APPROVED BY THE GOVERNOR APRIL 6, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 7, 2015.

Passed the House March 3, 2015

by the following vote: 60 Ayes,

0 Nays, 0 Not Voting

Speaker of the House

☐ Pro Tempore

Chief Clerk of the House

Passed the Senate March 30, 2015

by the following vote: 28 Ayes,

1 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

Secretary of State

H.B. 2615

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

March 31, 2015,

by the following vote: 60 Ayes,

0 Nays, 0 Not Voting

Speaker of the House

Jim Drake
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
31st day of March, 2015,

at 3:16 o'clock P. M.

Secretary to the Governor

Approved this 6th day of

April, 2015,

at 1:34 o'clock P M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 7th day of April, 2015,

at 8:30 o'clock A M.

Michele Reagan
Secretary of State

H.B. 2615