

House Engrossed

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

State of Arizona  
House of Representatives  
Fifty-second Legislature  
Second Regular Session  
2016

CHAPTER 264

# **HOUSE BILL 2561**

AN ACT

AMENDING TITLE 48, CHAPTER 14, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 3;  
RELATING TO SANITARY DISTRICT FINANCING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 48, chapter 14, Arizona Revised Statutes, is amended  
3 by adding article 3, to read:

4 ARTICLE 3. REFUNDING BONDS

5 48-2091. Refunding bonds

6 A. THE BOARD OF DIRECTORS OF A SANITARY DISTRICT MAY ISSUE BONDS FOR  
7 THE PURPOSE OF REFUNDING ANY BONDS ISSUED PURSUANT TO ARTICLE 2 OF THIS  
8 CHAPTER. REFUNDING BONDS MAY BE ISSUED ONLY IF THE TOTAL AMOUNT OF PRINCIPAL  
9 OF AND INTEREST ON THE REFUNDING BONDS DOES NOT EXCEED THE TOTAL AMOUNT OF  
10 REMAINING PRINCIPAL OF AND INTEREST ON THE BONDS TO BE REFUNDED.

11 B. REFUNDING BONDS SHALL BE ISSUED AND SOLD AND CONTAIN SUCH DETAILS  
12 AS THE BOARD OF DIRECTORS PRESCRIBES.

13 C. INTEREST ON REFUNDING BONDS IS PAYABLE ON JANUARY 1 AND JULY 1 EACH  
14 YEAR.

15 D. THE DUE DATES OF REFUNDING BONDS ARE JANUARY 1 AND JULY 1 IN THE  
16 YEARS THEY ARE DUE.

17 48-2091.01. Use of net proceeds of refunding bonds; authorized  
18 investments

19 A. REFUNDING BONDS ISSUED UNDER THIS ARTICLE MAY BE:

20 1. EXCHANGED FOR BONDS OF AT LEAST THE SAME PRINCIPAL AMOUNT OF THE  
21 BONDS TO BE REFUNDED.

22 2. SOLD AT, ABOVE OR BELOW PAR AT A NEGOTIATED OR PUBLIC SALE.

23 3. EXCHANGED IN PART AND SOLD IN PART.

24 B. IF THE REFUNDING BONDS ARE SOLD, THE NET PROCEEDS OF THE REFUNDING  
25 BONDS, TOGETHER WITH ALL OR PART OF THE AMOUNTS HELD IN THE DEBT SERVICE FUND  
26 FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS BEING REFUNDED, AMOUNTS  
27 IN ANY RESERVE FUND FOR THE BONDS BEING REFUNDED AND OTHER AMOUNTS LAWFULLY  
28 AVAILABLE, MAY BE INVESTED IF THE INVESTMENTS AND ANY REINVESTMENT WILL  
29 MATURE WITH INTEREST SO AS TO PROVIDE MONIES TO PAY THE BONDS TO BE REFUNDED  
30 WHEN DUE, OR WHEN CALLED FOR REDEMPTION, PLUS INTEREST AND REDEMPTION  
31 PREMIUMS, IF ANY, AT MATURITY OR ON AN AVAILABLE REDEMPTION DATE OR ON AN  
32 EARLIER VOLUNTARY SURRENDER WITH THE CONSENT OF THE BOARD OF DIRECTORS. ON  
33 RECEIPT, THESE AMOUNTS AND INVESTMENTS SHALL BE DEPOSITED IN TRUST WITH A  
34 NATIONAL BANKING CORPORATION, OR AN ASSOCIATION AUTHORIZED TO DO TRUST  
35 BUSINESS IN THIS STATE, THAT IS A MEMBER OF THE FEDERAL DEPOSIT INSURANCE  
36 CORPORATION, OR ANY SUCCESSOR. AFTER THE DEPOSIT, THE BONDS BEING REFUNDED  
37 ARE CONSIDERED TO HAVE BEEN PAID AND HAVE NO FURTHER INTEREST IN THE  
38 ASSESSMENTS FOR THE BONDS BEING REFUNDED. FOR THE PURPOSES OF THIS  
39 SUBSECTION, "NET PROCEEDS" MEANS THE GROSS PROCEEDS OF THE REFUNDING BONDS,  
40 AFTER THE DEDUCTION OF:

41 1. ALL ACCRUED INTEREST.

42 2. COSTS AND EXPENSES INCURRED:

43 (a) IN CONNECTION WITH THE AUTHORIZATION AND ISSUANCE OF THE REFUNDING  
44 BONDS.

45 (b) IN CONNECTION WITH THE REFUNDING OF THE BONDS BEING REFUNDED.

1 (c) RESULTING FROM PRICE VARIATION TO PAR.

2 (d) IN THE PURCHASE OF OBLIGATIONS FOR THE TRUST.

3 (e) IN THE DISTRIBUTION OF THE REFUNDING BONDS.

4 C. THE TREASURER OF THE SANITARY DISTRICT MAY ENTER INTO TRUST  
5 AGREEMENTS WITH BANKING CORPORATIONS OR ASSOCIATIONS FOR THE HANDLING,  
6 SAFEKEEPING AND ADMINISTRATION OF THE AMOUNTS AND INVESTMENTS THAT ARE  
7 DERIVED FROM, OR CONTRIBUTED TO, THE REFUNDING.

8 D. MONIES THAT ARE INVESTED PURSUANT TO SUBSECTION B OF THIS SECTION  
9 SHALL BE INVESTED AND REINVESTED AT THE BOARD'S DISCRETION IN:

10 1. OBLIGATIONS ISSUED BY THE UNITED STATES GOVERNMENT OR ONE OF ITS  
11 AGENCIES.

12 2. OBLIGATIONS FULLY GUARANTEED BY THE UNITED STATES GOVERNMENT AS TO  
13 PRINCIPAL AND INTEREST.

14 48-2091.02. Modified assessment; notice and hearing

15 A. IF REFUNDING BONDS ARE ISSUED, THE BOARD OF DIRECTORS SHALL FILE A  
16 MODIFIED ASSESSMENT REFLECTING THE REDUCTION IN THE ASSESSMENT.

17 B. IF THE MODIFIED ASSESSMENT DOES NOT INCREASE THE ASSESSMENT ON ANY  
18 PARCEL OR LOT IN THE SANITARY DISTRICT, THE BOARD MAY APPROVE THE MODIFIED  
19 ASSESSMENT WITHOUT NOTICE OR HEARING. IF THE MODIFICATION RESULTS IN AN  
20 INCREASE IN THE ASSESSMENT TO ANY PARCEL OR LOT IN THE DISTRICT, NOTICE AND,  
21 IF REQUIRED, A HEARING MUST BE PROVIDED IN THE MANNER PRESCRIBED BY SECTION  
22 48-2062.

23 48-2091.03. Security for and payment of bonds; special fund

24 A. REFUNDING BONDS SHALL BE SECURED BY AND ARE PAYABLE FROM THE  
25 SPECIAL ASSESSMENTS LEVIED TO PAY THE BONDS BEING REFUNDED. ON THE ISSUANCE  
26 OF REFUNDING BONDS, THE BOARD OF DIRECTORS SHALL CAUSE THE REMAINING UNPAID  
27 INSTALLMENTS OF THE SPECIAL ASSESSMENTS TO BE RECALCULATED AND MODIFIED SO  
28 THAT THE AMOUNTS TO BE COLLECTED EQUAL THE AMOUNTS NECESSARY TO REPAY THE  
29 REFUNDING BONDS.

30 B. SECTION 48-2062 DOES NOT APPLY TO THE RECALCULATION AND  
31 MODIFICATION OF THE ASSESSMENTS AUTHORIZED BY THIS SUBSECTION. ALL OTHER  
32 PROVISIONS OF ARTICLE 2 OF THIS CHAPTER REGARDING THE COLLECTION, PAYMENT AND  
33 ENFORCEMENT OF THE ASSESSMENTS OF THE BONDS BEING REFUNDED AND THE VALIDITY  
34 AND PRIORITY OF THE LIEN OF THE ASSESSMENTS FOR THE BONDS BEING REFUNDED  
35 CONTINUE IN FORCE AND EFFECT. EXCEPT AS PROVIDED BY THIS ARTICLE, THE  
36 ASSESSMENTS SURVIVE THE PAYMENT OR DEFEASANCE OF THE BONDS BEING REFUNDED AND  
37 REMAIN IN FORCE AND EFFECT, SECURING THE REFUNDING BONDS UNTIL THEY ARE PAID  
38 IN FULL. THE SPECIAL ASSESSMENTS ARE THE SAME FIRST LIENS ON THE PROPERTY  
39 THAT WAS ASSESSED FOR THE BONDS BEING REFUNDED, SUBJECT ONLY TO THE LIEN FOR  
40 GENERAL PROPERTY TAXES AND PRIOR SPECIAL ASSESSMENTS. THE FULL FAITH AND  
41 DILIGENCE OF THE DISTRICT ARE IRREVOCABLY PLEDGED FOR THE ASSESSMENT OR  
42 REASSESSMENT, COLLECTION AND PAYMENT OF THE SPECIAL ASSESSMENTS.

43 C. REFUNDING BONDS ARE PAYABLE ONLY FROM A SPECIAL FUND TO BE  
44 ESTABLISHED AND COLLECTED FROM THE SPECIAL ASSESSMENTS. THE FUND IS SET  
45 APART SOLELY TO PAY THE PRINCIPAL OF AND INTEREST ON REFUNDING BONDS AND FOR

1 NO OTHER PURPOSE. ALL MONIES COLLECTED FROM THE SPECIAL ASSESSMENT SHALL BE  
2 DEPOSITED IN THE SPECIAL FUND.

3 48-2091.04. Collection of assessments

4 THE TREASURER OF THE SANITARY DISTRICT AND THE COUNTY TREASURER MAY  
5 PROVIDE BY AGREEMENT FOR:

6 1. THE COUNTY TREASURER TO COLLECT THE SPECIAL ASSESSMENTS UNDER THIS  
7 ARTICLE AT THE SAME TIME AND IN THE SAME MANNER AS PROVIDED BY LAW FOR THE  
8 COLLECTION AND ENFORCEMENT OF GENERAL AD VALOREM PROPERTY TAXES.

9 2. THE PAYMENT OF THE COUNTY TREASURER'S COLLECTION EXPENSES DIRECTLY  
10 RELATED TO THE SPECIAL ASSESSMENT AND, IF SO PROVIDED, THE LEVY OF THE  
11 SPECIAL ASSESSMENT MAY INCLUDE AN AMOUNT FOR COMPENSATION OF THE COUNTY  
12 TREASURER DIRECTLY RELATED TO THE COLLECTION OF THE SPECIAL ASSESSMENT. THE  
13 COMPENSATION RECEIVED BY THE COUNTY TREASURER PURSUANT TO THE AGREEMENT IS  
14 GOVERNED BY SECTION 11-496.

15 48-2091.05. Determination of board of directors

16 THE DETERMINATION BY THE BOARD OF DIRECTORS THAT THE LIMITATIONS AND  
17 CONDITIONS PRESCRIBED BY THIS ARTICLE RELATING TO ISSUING REFUNDING BONDS  
18 HAVE BEEN MET IS CONCLUSIVE IN THE ABSENCE OF FRAUD OR ARBITRARY AND GROSS  
19 ABUSE OF DISCRETION.

APPROVED BY THE GOVERNOR MAY 17, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 17, 2016.

Passed the House February 24, 20 16

Passed the Senate May 7, 20 16

by the following vote: 59 Ayes,

by the following vote: 28 Ayes,

0 Nays, 1 Not Voting

0 Nays, 2 Not Voting

[Signature]

Speaker of the House

Pro Tempore

[Signature]  
Chief Clerk of the House

[Signature]  
President of the Senate

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

9th day of May, 20 16

at 9:54 o'clock A. M.

[Signature]  
Secretary to the Governor

Approved this 17th day of

May

at 10:56 o'clock A. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 17th day of May, 20 16

at 11:40 o'clock A. M.

[Signature]  
Secretary of State

H.B. 2561