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MICHELE REAGAN
SECRETARY OF STATE

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CHAPTER 16

SENATE BILL 1176

AN ACT

AMENDING SECTIONS 11-605, 48-805, 48-805.02, 48-807 AND 48-853, ARIZONA
REVISED STATUTES; RELATING TO FIRE DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-605, Arizona Revised Statutes, is amended to
3 read:

4 11-605. Warrants, substitute checks or electronic funds
5 transfers drawn on fund

6 Warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS drawn by a
7 political subdivision on the county treasurer shall be paid in the order
8 of presentation to the treasurer. If the fund is insufficient to pay a
9 warrant, SUBSTITUTE CHECK OR ELECTRONIC FUNDS TRANSFER, it shall be paid
10 from monies obtained by the treasurer on behalf of each political
11 subdivision pursuant to this article. If no agreement has been entered
12 into under this article, the fiscal provisions prescribed in section
13 11-635 are applicable.

14 Sec. 2. Section 48-805, Arizona Revised Statutes, is amended to
15 read:

16 48-805. Fire district; powers and duties; definition

17 A. A fire district, through its board, shall:

18 1. Hold public meetings at least once each calendar month unless a
19 board consists of three members and the fire district levies less than
20 five hundred thousand dollars annually then the board shall meet in July
21 and at least every two months thereafter. A board for a district
22 organized pursuant to article 3 of this chapter shall hold public meetings
23 at least every two months.

24 2. Determine the compensation payable to district personnel.

25 3. Require probationary employees in a paid sworn firefighter
26 position, a reserve firefighter position or a volunteer firefighter
27 position to submit a full set of fingerprints to the fire district. The
28 fire district shall submit the fingerprints to the department of public
29 safety for the purpose of obtaining a state and federal criminal records
30 check pursuant to section 41-1750 and Public Law 92-544. The department
31 of public safety may exchange this fingerprint data with the federal
32 bureau of investigation.

33 B. A fire district, through its board, may:

34 1. Employ any personnel and provide services deemed necessary for
35 fire protection, for preservation of life and for carrying out its other
36 powers and duties, including providing ambulance transportation services
37 when authorized to do so pursuant to title 36, chapter 21.1, article 2,
38 but a member of a district board shall not be an employee of the
39 district. The merger of two or more fire districts pursuant to section
40 48-820 or the consolidation with one or more fire districts pursuant to
41 section 48-822 shall not expand the boundaries of an existing certificate
42 of necessity unless authorized pursuant to title 36, chapter 21.1,
43 article 2.

44 2. Construct, purchase, lease, lease-purchase or otherwise acquire
45 the following or any interest therein and, in connection with the

1 construction or other acquisition, purchase, lease, lease-purchase or
2 grant a lien on any or all of its present or future property, including:

3 (a) Apparatus, water and rescue equipment, including ambulances and
4 equipment related to any of the foregoing.

5 (b) Land, buildings, equipment and furnishings to house equipment
6 and personnel necessary or appropriate to carry out its purposes.

7 3. Finance the acquisition of property as provided in this section
8 and costs incurred in connection with the issuance of bonds as provided in
9 section 48-806. Bonds shall not be issued without the consent of a
10 majority of the electors of the district voting at an election held for
11 that purpose. For the purposes of an election held under this paragraph,
12 all persons who are eligible to vote in fire district elections under
13 section 48-802 are eligible to vote.

14 4. Enforce the fire code adopted by the district, if any, and
15 assist the state fire marshal in the enforcement of fire protection
16 standards of this state within the fire district including enforcement of
17 a nationally recognized fire code if expressly authorized by the state
18 fire marshal.

19 5. After the approval of the qualified electors of the fire
20 district voting at a regular district election or at a special election
21 called for that purpose by the district board, as appropriate, or at any
22 election held in the county that encompasses the fire district, adopt the
23 _____ fire code, which is a nationally recognized fire code approved by
24 the state fire marshal. The words appearing on the ballots shall be
25 "should _____ fire district adopt the _____ fire code, which is
26 a nationally recognized fire code approved by the state fire
27 marshal--yes", "should _____ fire district adopt the _____
28 fire code, which is a nationally recognized fire code approved by the
29 state fire marshal--no". The code shall be enforced by the county
30 attorney in the same manner as any other law or ordinance of the
31 county. Any inspection or enforcement costs are the responsibility of the
32 fire district involved. The district shall keep the code on file, which
33 shall be open to public inspection for a period of thirty days before any
34 election for the purpose of adopting a fire code. Copies of the order of
35 election shall be posted in three public places in the district at least
36 twenty days before the date of the election, and if a newspaper is
37 published in the county having a general circulation in the district, the
38 order shall be published in the newspaper at least once a week during each
39 of the three calendar weeks preceding the calendar week of the election.

40 6. Amend or revise the adopted fire code, including replacement of
41 the adopted fire code with an alternative nationally recognized fire code,
42 with the approval of the state fire marshal and after a hearing held
43 pursuant to posted and published notice as prescribed by section
44 48-805.02, subsection A. The district shall keep three copies of the
45 adopted code, amendments and revisions on file for public inspection.

1 7. Enter into an agreement procuring the services of an organized
2 private fire protection company or a fire department of a neighboring
3 city, town, district or settlement without impairing the fire district's
4 powers.

5 8. Contract with a city or town for fire protection services for
6 all or part of the city or town area until the city or town elects to
7 provide regular fire department services to the area.

8 9. Retain a certified public accountant to perform an annual audit
9 of district books.

10 10. Retain private legal counsel.

11 11. Accept gifts, contributions, bequests and grants and comply
12 with any requirements of those gifts, contributions, bequests and grants
13 that are not inconsistent with this article.

14 12. Appropriate and expend annually monies as are necessary for the
15 purpose of fire districts belonging to and paying dues in the Arizona fire
16 district association and other professional affiliations or entities.

17 13. Adopt resolutions establishing fee schedules both within and
18 outside of the jurisdictional boundaries of the district for providing
19 fire protection services and services for the preservation of life,
20 including emergency fire and emergency medical services, plan reviews,
21 standby charges, fire cause determination, users' fees or facilities
22 benefit assessments or any other fee schedule that may be required.

23 14. With the approval of two of the three members of a three-member
24 board, four of the five members of a five-member board or five of the
25 seven members of a seven-member board, change the district's name and on
26 so doing shall give written notice to the board of supervisors of the
27 change. The governing board of a fire district may place a question on
28 the general election ballot as to whether the fire district shall change
29 its name.

30 15. Require all employees to submit a full set of fingerprints as
31 prescribed by subsection A, paragraph 3 of this section.

32 16. Enter into intergovernmental agreements or contracts as
33 follows:

34 (a) Enter into an intergovernmental agreement with another
35 political subdivision for technical or administrative services or to
36 provide fire services to the property owned by the political subdivision,
37 including property that is outside the district boundary.

38 (b) Enter into a contract with individuals to provide technical or
39 administrative services.

40 (c) Enter into a contract with individuals to provide fire
41 protection services or emergency medical services, or both, to the extent
42 not regulated by title 36, chapter 21.1 to property owned by the
43 individual located outside the district boundaries if the individual's
44 property is not located in a county island as defined in section 11-251.12
45 and at least one of the following apply:

1 (i) The existing fire service provider where the individual's
2 property is located has issued a notice to the individual that the
3 provider plans to discontinue service.

4 (ii) Fire service is not available to the individual's property.

5 (iii) Fire service is offered pursuant to a contract or
6 subscription and the individual has not obtained service for a period of
7 twenty-four months before the date of the contract with the district.

8 (d) Enter into a contract with individuals to provide fire services
9 to property owned by the individual located outside the district
10 boundaries, where the individual's property is located in a county island
11 as defined in section 11-251.12, if both of the following apply:

12 (i) The existing fire service provider where the individual's
13 property is located has issued a notice to the residents of the county
14 island and the individual that the provider plans to discontinue or
15 substantially reduce service.

16 (ii) The district offers contracts to all residents and property
17 owners of the county island who will be affected by the discontinuance or
18 substantial reduction in service by the current fire service provider.

19 (e) For the purposes of subdivision (a), (b), (c) or (d) of this
20 paragraph, a district may contract with any public or private fire service
21 provider to provide some or all of the contractual services the district
22 is contracting to deliver.

23 (f) Any contract entered into pursuant to subdivisions (b), (c) and
24 (d) of this paragraph shall include a provision setting forth the cost of
25 service and performance criteria.

26 17. Sell or otherwise dispose of any real property, facilities or
27 equipment if the district board determines the real property, facilities
28 or equipment to be surplus.

29 C. A fire district may not administratively add or annex additional
30 property or delete property or otherwise modify its boundaries except in a
31 merger or consolidation pursuant to this chapter or in a boundary change
32 made pursuant to section 48-262. This subsection does not apply to a
33 district organized pursuant to article 3 of this chapter.

34 D. The chairman and clerk of the district board or their respective
35 designees, as applicable, shall draw warrants, SUBSTITUTE CHECKS OR
36 ELECTRONIC FUNDS TRANSFERS on the county treasurer for money required to
37 operate the district in accordance with the budget and, as so drawn, the
38 warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS shall be
39 sufficient to authorize the county treasurer to pay from the fire district
40 fund.

41 E. For any fire district that designates one or more board members
42 to have access to the financial books and records of the district, those
43 board members are authorized by law to have full access to those financial
44 books and records.

1 F. The district board may assess and levy a secondary property tax
2 pursuant to this article to pay for the costs of fire protection services
3 or emergency medical services except for services regulated pursuant to
4 title 36, chapter 21.1.

5 G. The county attorney may advise and represent the district if in
6 the county attorney's judgment the advice and representation are
7 appropriate and not in conflict with the county attorney's duties under
8 section 11-532. If the county attorney is unable to advise and represent
9 the district due to a conflict of interest, the district may retain
10 private legal counsel or may request the attorney general to represent it,
11 or both.

12 H. If a district's fire code requires the use of a fire watch, an
13 employee who works at the building in which a fire watch is required may
14 serve as the fire watch. A person who is designated as a fire watch shall
15 be equipped with the means to contact the local fire department, and the
16 person's only duty while keeping watch for fires shall be to perform
17 constant patrols of the protected premises. The district shall provide
18 the fire watch with printed instructions from the state fire marshal and
19 may provide a free training session before the person's deployment as the
20 fire watch begins.

21 I. For the purposes of this section, "fire watch" means a person
22 who is stationed in a building or in a place relative to a building to
23 observe the building and its openings when the fire protection system for
24 the building is temporarily nonoperational or absent.

25 Sec. 3. Section 48-805.02, Arizona Revised Statutes, is amended to
26 read:

27 48-805.02. Fire district annual budget; levy; requirements

28 A. A fire district shall prepare an annual budget that contains
29 detailed estimated expenditures for each fiscal year and that clearly
30 shows salaries payable to employees of the district. The budget summary
31 shall be posted in three public places and a complete copy of the budget
32 shall be published on the district's official website for twenty days
33 before a public hearing at a meeting called by the board to adopt the
34 budget. Copies of the budget shall also be available to members of the
35 public on written request to the district. Following the public hearing,
36 the district board shall adopt a budget. A complete copy of the adopted
37 budget shall be posted in a prominent location on the district's official
38 website within seven business days after final adoption and shall be
39 retained on the website for at least sixty months. For any fire district
40 that does not maintain an official website, the fire district may comply
41 with this subsection by posting on a website of an association of fire
42 districts in this state.

43 B. Not more than ten days after the organization of a fire district
44 and not later than August 1 of each year thereafter, the chairman of the
45 district board shall submit to the county board of supervisors a budget

1 estimate that contains certifications by item and that specifies the
2 amount of money required for the maintenance and operation of the district
3 for the ensuing year.

4 C. Based on the budget submitted by the district, the board of
5 supervisors shall levy the tax as prescribed in section 48-807,
6 subsection F.

7 D. Every budget adopted by a fire district shall include the
8 following:

9 1. A certification by the chairman and clerk of the district board
10 as to both of the following:

11 (a) That the district has not incurred any debt or liability in
12 excess of taxes levied and to be collected and the money actually
13 available and unencumbered at that time in the district general fund,
14 except for those liabilities as prescribed in section 48-805, subsection
15 B, paragraph 2 and sections 48-806 and 48-807.

16 (b) That the district complies with subsection F of this section.

17 2. For each of the items listed in the budget summary approved
18 pursuant to subsection A of this section, the district shall estimate the
19 revenue or expense for the next two fiscal years. Estimates shall be
20 based on the average increase or decrease of the item for the previous two
21 fiscal years unless more certain information is available to the district.
22 Estimates shall include any applicable levy or rate limitations.

23 3. If a district's total estimate of expenses exceeds its total
24 estimate of revenues for any fiscal year, the district shall undertake a
25 study of merger, consolidation or joint operating alternatives. The study
26 required by this paragraph shall be presented to the fire district board
27 in a special public meeting called for the sole purpose of evaluating the
28 study. The study shall include an identification of districts available
29 for merger, consolidation or joint operations, an analysis of the level of
30 service and cost of service that may be provided to the residents of a
31 merged, consolidated or jointly operated district as compared to the level
32 and cost of service to the residents of the districts without any merger,
33 consolidation or joint operations.

34 E. For any district that amends its budget after its initial
35 adoption, the district board shall hold at least two hearings on the
36 revision of the budget and the revised budget must be considered and
37 adopted in a special meeting that is called for the adoption of the
38 revised budget. The special meeting must be held one week after the
39 consideration of the revision of the budget at a regularly scheduled
40 meeting of the board of directors of the district. This subsection does
41 not apply to a district organized pursuant to article 3 of this chapter.

42 F. When a fire district has adopted a budget and the board of
43 supervisors has levied a fire district tax as provided in subsection C of
44 this section and the district has insufficient monies in its general fund
45 with the county treasurer to operate the district, the chairman of the

1 fire district board of directors, on or after August 1 of each year, may
2 draw warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS for the
3 purposes prescribed in section 48-805 on the county treasurer, payable on
4 November 1 of that year or on April 1 of the succeeding year. The
5 aggregate amounts of the warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS
6 TRANSFERS may not exceed ninety percent of the taxes levied by the county
7 for the district's current fiscal year. If the treasurer cannot pay a
8 warrant, SUBSTITUTE CHECK OR ELECTRONIC FUNDS TRANSFER for lack of monies
9 in the fire district general fund, the warrant, ~~OR~~ OR SUBSTITUTE CHECK shall
10 be endorsed, ~~be~~ AND registered, OR THE ELECTRONIC FUNDS TRANSFER SHALL BE
11 RECORDED, AND THE WARRANT, SUBSTITUTE CHECK OR ELECTRONIC FUNDS TRANSFER
12 SHALL bear interest and be redeemed as provided by law for county
13 warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS, except that the
14 warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS are payable only
15 from the fire district general fund.

16 G. Any audit, report or review of a fire district made pursuant to
17 section 48-253 shall be presented to the district board by the auditor
18 telephonically or in another live electronic format during a public
19 meeting of the board or, as directed by the board, in person at a public
20 meeting of the board. The district board shall take formal action at the
21 public meeting to review and receive the audit, report or review. The
22 audit, report or review shall include an attestation by the auditor of the
23 district as to all of the following:

24 1. That the district has not incurred any debt or liability in
25 excess of taxes levied and to be collected and the monies actually
26 available and unencumbered at that time in the district general fund
27 except for those liabilities as prescribed in section 48-805, subsection
28 B, paragraph 2 and sections 48-806 and 48-807.

29 2. That the district complies with subsection F of this section.

30 3. Whether the audit, report or review disclosed any information
31 contrary to the certification made as prescribed by subsection D,
32 paragraph 1 of this section.

33 Sec. 4. Section 48-807, Arizona Revised Statutes, is amended to
34 read:

35 48-807. County fire district assistance tax; annual budget;
36 override

37 A. The board of supervisors of a county shall levy, at the time of
38 levying other property taxes, a county fire district assistance tax on the
39 taxable property in the county of not more than ten cents per one hundred
40 dollars of assessed valuation. The tax levy provided for in this
41 subsection shall be a levy of secondary property taxes and shall not be
42 subject to title 42, chapter 17, article 2. The county treasurer shall
43 pay to each fire district, including a fire district formed pursuant to
44 section 48-851, in the county from the proceeds of the tax an amount equal

1 to twenty percent of the property tax levy adopted by the district for the
2 fiscal year in which the tax will be levied, except that:

3 1. The amount of assistance from the county to a fire district
4 shall be reduced as follows:

5 (a) Through the fiscal year that ends June 30, 2012, by the dollar
6 amount that the fire district receives from the fire district assistance
7 tax that exceeds three hundred thousand dollars from and after June 30 of
8 each fiscal year.

9 (b) Beginning with the fiscal year that starts July 1, 2012, by the
10 dollar amount that the fire district receives from the fire district
11 assistance tax that exceeds four hundred thousand dollars from and after
12 June 30 of each fiscal year, without regard to whether the district is
13 located in more than one county.

14 (c) Except as provided in paragraph 2 of this subsection, if the
15 total amount to be paid to all districts in the county under this
16 paragraph exceeds the amount to be raised by the levy of ten cents per one
17 hundred dollars assessed valuation, then the county treasurer shall pay an
18 amount less than twenty percent of the property tax levy of each
19 district. The amount to be paid by the county treasurer to each district
20 shall be determined by multiplying the proceeds of the county fire
21 district assistance tax against the proportion that twenty percent of the
22 property tax levy of each district bears to the total of twenty percent of
23 the property tax levies of all fire districts in the county.

24 2. For fiscal years beginning from and after July 1, 1992, the
25 amount of assistance from the county to a fire district shall not be less
26 than the assistance provided from and after June 30, 1991 through June 30,
27 1992, if, for the fiscal year in which the tax will be levied, the
28 district levies a tax, in addition to any tax levied under section 48-806,
29 of three dollars per one hundred dollars of assessed valuation and the
30 assessed valuation is at least ninety percent of the assessed valuation
31 for the 1991 tax year. This paragraph does not apply to fire districts
32 subject to paragraph 1, subdivision (a) or (b) of this subsection.

33 B. For the purpose of subsection A of this section, the property
34 tax levy of the fire district shall include in lieu contributions pursuant
35 to chapter 1, article 8 of this title but shall not include property tax
36 levies to be applied to the payment of principal and interest on bonds
37 issued pursuant to section 48-806.

38 C. Beginning with the fiscal year that starts July 1, 2016, a
39 consolidated district shall not receive more than the maximum allowable
40 amount in fire district assistance tax monies as prescribed in subsection
41 D of this section, without regard to whether the consolidated district is
42 located in more than one county.

43 D. Beginning with the fiscal year that starts July 1, 2016, for any
44 two or more fire districts that merge or consolidate to form a
45 consolidated district on or after July 1, 2014, the consolidated district

1 may continue to receive monies in an amount not to exceed the sum of the
2 average of the amount of fire district assistance tax monies received by
3 each of the consolidating or merging districts in the five fiscal years
4 immediately preceding the merger or consolidation as prescribed in
5 subsection A of this section, without regard to whether the consolidated
6 district is located in more than one county.

7 E. For a consolidated district that is formed in any fiscal year
8 beginning July 1, 2014 or later and that is receiving fire district
9 assistance tax monies that are reduced as prescribed in subsection A,
10 paragraph 1, subdivision (c) of this section, if the total amount of fire
11 district assistance tax monies that would be paid to all districts in the
12 county pursuant to subsection A of this section is less than the amount of
13 monies that would be raised by the levy of ten cents per one hundred
14 dollars assessed valuation, the COUNTY treasurer shall pay the
15 consolidated district the amount of fire district assistance tax monies
16 prescribed by subsection A of this section that would have been paid to
17 the districts at the time the districts merged or consolidated.

18 F. The board, based on the budget submitted by the district, shall
19 levy, in addition to any tax levied as provided in section 48-806, a tax
20 not to exceed three dollars twenty-five cents per one hundred dollars of
21 assessed valuation, or the amount of the levy in the preceding tax year
22 multiplied by 1.08, whichever levy is less, and minus any amounts required
23 to reduce the levy pursuant to subsection I of this section, against all
24 property situated within the district boundaries and appearing on the last
25 assessment roll. The levy shall be made and the taxes collected in the
26 manner, at the time and by the officers provided by law for the collection
27 of general county taxes.

28 G. The qualified electors of the district, voting in an election as
29 prescribed by subsection H of this section, may authorize the board to
30 levy a tax exceeding the limits prescribed by subsection F of this section
31 under one, but not both, of the following options:

32 1. The electors may authorize a permanent override allowing annual
33 levies without reference to the levy in the preceding tax year, but
34 remaining subject to the tax rate limit of three dollars twenty-five cents
35 per one hundred dollars of assessed valuation. An election for the
36 purposes of this paragraph must be held at a regularly scheduled general
37 election held on the first Tuesday following the first Monday in November
38 as prescribed by section 16-204, subsection F.

39 2. If the net assessed valuation of all property in the district
40 declines by a combined total of twenty percent or more over two
41 consecutive valuation years, the electors voting at the next regularly
42 scheduled general election held on the first Tuesday following the first
43 Monday in November as prescribed by section 16-204, subsection F may
44 authorize an override for five consecutive tax years allowing annual
45 levies that are exempt from the tax rate limit of three dollars

1 twenty-five cents, but subject to an annual levy limit of the amount of
2 the levy in the preceding tax year multiplied by 1.05. After the fifth
3 tax year, the district is again subject to the limits prescribed by
4 subsection F of this section, computed by multiplying the levy beginning
5 in the year preceding the override by 1.08 for each year through the
6 current tax year.

7 H. The call for an override election held for the purposes of
8 subsection G of this section must state:

9 1. The purpose for requesting additional secondary property tax
10 revenue for the district.

11 2. If the voters approve the levy:

12 (a) The maximum dollar amount of secondary property tax that may be
13 collected in the first year compared to the existing maximum secondary
14 property tax levy prescribed in subsection F of this section.

15 (b) The estimated secondary property tax rate to fund the proposed
16 levy under subdivision (a) of this paragraph in the first tax year
17 compared to the secondary property tax rate levied in the current year.

18 I. If the district annexes additional territory, the limit under
19 subsection F of this section shall be adjusted by applying the district's
20 tax rate to the assessed valuation of the annexed property in the
21 preceding tax year. If districts are merged or consolidated under this
22 chapter, the limitation under this subsection in the first year after the
23 districts are merged or consolidated is the total of the levies of the
24 merged or consolidated districts in the preceding tax year multiplied by
25 1.08 or the amount of the levies allowed by the maximum rate prescribed by
26 subsection F of this section, whichever is less.

27 J. The district shall maintain any property tax revenues collected
28 in excess of the sum of the amounts of taxes collectible pursuant to
29 section 42-17054 and the allowable levy determined under subsection F of
30 this section in a separate fund and used to reduce the property tax levy
31 in the following tax year.

32 K. The levy limit under this section is considered to be increased
33 each year to the maximum limit permissible under subsection F of this
34 section regardless of whether the district actually levies taxes up to the
35 maximum permissible amount in that year.

36 L. The county treasurer shall keep the money received from taxes
37 levied pursuant to subsection F of this section in a separate fund known
38 as the "fire district general fund" of the district for which collected.
39 Any surplus remaining in the fire district general fund at the end of the
40 fiscal year shall be credited to the fire district general fund of the
41 district for which it was collected for the succeeding fiscal year and
42 after subtraction of accounts payable and encumbrances, shall be used to
43 reduce the property tax levy in the following tax year.

44 M. A fire district may maintain separate accounts with a financial
45 institution that is authorized to do business in this state for the

1 purpose of operating a payroll account or for holding special revenues or
2 ambulance revenues, or both, as necessary to fulfill the district's
3 fiduciary responsibilities.

4 N. A fire district, through the county treasurer, shall establish
5 the relevant governmental funds necessary for the proper management and
6 fiscal accountability of district monies from property taxes, grants,
7 contributions and donations, as defined by the government accounting
8 standards board. Unless the monies received are legally restricted by
9 contract, agreement or law, those monies may be transferred between fund
10 accounts according to the original or amended budget of the fire district.

11 O. A fire district shall reconcile all balance sheet accounts for
12 accounts for each calendar month of the fiscal year within thirty days
13 after the end of that calendar month. The fire district board shall
14 review the reconciled balance sheet accounts monthly, except that for a
15 fire district that is governed by a three-member board, the board may
16 review the reconciled balance sheet accounts every two months.

17 P. A fire district shall produce monthly financial reports to
18 include a register of checks, SUBSTITUTE CHECKS, warrants and deposits, A
19 RECORD OF ELECTRONIC FUNDS TRANSFERS, a statement of financial activities
20 and a statement of net assets for each calendar month. A fire district
21 shall produce a cash flow projection report for each fiscal year. The
22 cash flow projection report shall be updated monthly with the actual
23 revenues and expenditures from the preceding month. Each month, the fire
24 district board shall review the financial reports, the updated cash flow
25 projections report and all month-end fund statements and reports of the
26 preceding month to include those reports provided by the county treasurer
27 and each of the financial institutions in which the district maintains an
28 account, except that for a fire district that is governed by a
29 three-member board, the board may review the reports and statements
30 prescribed by this subsection every two months. Any financial report or
31 cash flow projection report that would indicate that the district is
32 likely to violate section 48-805.02, subsection D, paragraph 1 or that
33 would indicate an adverse impact on the ongoing operations or liquidity of
34 the district shall be reported by the fire district board chairman in
35 writing and delivered by certified mail to the county treasurer and the
36 county board of supervisors within ten days after the discovery.

37 Q. Notwithstanding section 11-605, a fire district may register OR
38 RECORD warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS only if
39 separate accounts are maintained by the county treasurer for each
40 governmental fund of a fire district. Warrants, SUBSTITUTE CHECKS OR
41 ELECTRONIC FUNDS TRANSFERS may ~~only~~ be registered OR RECORDED ONLY on the
42 maintenance and operation account, the unrestricted capital outlay account
43 and the special revenue account, and only if the total cash balance of all
44 three accounts is insufficient to pay the warrants, SUBSTITUTE CHECKS OR

1 ELECTRONIC FUNDS TRANSFERS and after any revolving line of credit has been
2 expended as prescribed in section 11-635.

3 R. When a fire district has adopted a budget and the board of
4 supervisors has levied a fire district tax as provided in subsection F of
5 this section and the district has insufficient money in ~~its~~ THE DISTRICT'S
6 general fund with the county treasurer to operate the district, the
7 chairman of the board, on or after August 1 of each year, may draw
8 warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS for the purposes
9 prescribed in section 48-805 on the county treasurer, payable on November
10 1 of that year or on April 1 of the succeeding year. The aggregate
11 amounts of the warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS
12 may not exceed ninety percent of the taxes levied by the county for the
13 district's current fiscal year. If the treasurer cannot pay a warrant,
14 SUBSTITUTE CHECK OR ELECTRONIC FUNDS TRANSFER for lack of funds in the
15 fire district general fund, the warrant OR SUBSTITUTE CHECK shall be
16 endorsed, ~~be~~ AND registered, OR THE ELECTRONIC FUNDS TRANSFER SHALL BE
17 RECORDED, AND THE WARRANT, SUBSTITUTE CHECK OR ELECTRONIC FUNDS TRANSFER
18 SHALL bear interest and be redeemed as provided by law for county
19 warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS, except that the
20 warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS are payable only
21 from the fire district general fund.

22 Sec. 5. Section 48-853, Arizona Revised Statutes, is amended to
23 read:

24 48-853. District board; powers and duties; intergovernmental
25 agreements; contract; administration; definition

26 A. A fire district formed pursuant to this article, through its
27 board shall:

28 1. Hold public meetings as necessary to carry out its powers and
29 duties but at least once every ninety days.

30 2. Prepare an annual budget that contains detailed estimated
31 expenditures for each fiscal year and that clearly shows expenses of the
32 district. The budget shall be posted in three public places and published
33 in a newspaper of general circulation in the district twenty days before a
34 public hearing at a meeting called by the board to adopt the budget. The
35 budget shall be posted in a prominent location on the official website no
36 later than seven business days after the estimates of revenues and
37 expenses are tentatively adopted. A complete copy of the approved
38 estimates of revenues and expenses shall be posted in a prominent location
39 on the official website no later than seven business days after final
40 adoption. Copies of the budget shall also be available to members of the
41 public on written request to the district. Following the public hearing,
42 the district board shall adopt a budget. Both the tentatively adopted
43 estimates of revenues and expenses and the budget finally adopted under
44 this section shall be retained and accessible in a prominent location on
45 the official website for at least sixty months.

1 3. Maintain a website for the purpose of providing access to public
2 records. The district shall post permanent public records to its website.

3 4. Maintain and store all permanent public records in an electronic
4 media or digital imaging format according to standards for the storage of
5 permanent public records established by the director of the Arizona state
6 library, archives and public records. The director of the Arizona state
7 library, archives and public records shall approve an acceptable
8 electronic media or digital imaging format for the district. The county
9 in which the district is located shall maintain an official copy of the
10 permanent public records of the district. The copy of the permanent
11 public records shall be provided to the county by the district annually no
12 later than ninety days after the end of the fiscal year.

13 5. Appoint the fire chief of the fire service provider selected
14 pursuant to paragraph 9 of this subsection, either public or private, as
15 the fire chief for the district.

16 6. Adopt the fire code of the municipality whose municipal planning
17 area includes the district except that the fire district's authority to
18 conduct inspections shall apply only to commercial and industrial
19 properties and shall not apply to residential properties.

20 7. Keep three copies of the applicable fire code, amendments and
21 revisions on file for public inspection.

22 8. Notify the county board of supervisors of the cost of providing
23 fire protection service and emergency medical service for each household
24 or other structure in the district if the district provides service
25 pursuant to paragraph 9, subdivision (a) or (b) of this subsection.

26 9. Act within sixty days after the formation of the district to do
27 any of the following:

28 (a) Enter into an intergovernmental agreement with a municipal
29 provider for fire protection services for the district. A municipal
30 provider seeking to enter into an agreement with the district shall make a
31 formal expression of intent to enter into an agreement with the district
32 within twenty-one days ~~of~~ AFTER district formation.

33 (b) Issue a request for proposals for nonmunicipal private
34 providers of fire protection services for the district. Notwithstanding
35 any other law, municipal annexation shall not be undertaken during the
36 term of any contract entered into between the district and a private fire
37 service provider, except that in the one hundred eighty day period before
38 the end of the contract, the municipality shall notify the residents of
39 the opportunity to annex into the municipality. A resident shall notify
40 the district and the municipality within ninety days before the end of the
41 contract that the resident is annexing into the municipality and shall
42 complete the annexation within ten days after the completion of the
43 contract. If no district residents notify the municipality that the
44 resident is annexing, the district may renew the contract automatically.

1 If a resident proposes to annex into the municipality, the district shall
2 issue a request for proposals again as prescribed in this subdivision.

3 (c) Before applying this subdivision, request an independent review
4 by the county attorney of the negotiations, if any, that were conducted as
5 prescribed in subdivision (a) of this paragraph and the request for
6 proposals and resulting bids. After the independent review, the county
7 attorney shall certify whether the negotiations and proposals were based
8 on commercially reasonable assumptions. If the county attorney certifies
9 that any one or more of the provisions are not commercially reasonable,
10 the district and the other party to the negotiations have ten days to cure
11 and continue negotiations before resubmitting information on the
12 negotiations and proposals to the county attorney for certification.
13 Notwithstanding any other law, the county attorney shall have access to
14 sealed bids for purposes of this subdivision. The county attorney shall
15 review and issue a certification pursuant to this subdivision within
16 thirty days after the information and documents regarding negotiations and
17 proposals are submitted to the county attorney. If a fire district does
18 not enter into an intergovernmental agreement pursuant to subdivision (a)
19 of this paragraph or enter into a contract pursuant to subdivision (b) of
20 this paragraph, the surrounding municipality shall provide fire protection
21 and emergency medical services except for services regulated pursuant to
22 title 36, chapter 21.1 in the district immediately on request by the
23 district, following final certification by the county attorney. The
24 municipality shall be compensated by the district as follows:

25 (i) A three person board shall set the secondary property tax rate
26 for the district. The district shall appoint one person to the board, the
27 surrounding municipality shall appoint one person to the board, and the
28 two appointees shall agree on a third person for the board. If the two
29 appointees cannot agree on a third appointee within five days after the
30 two persons are appointed, the county board of supervisors shall appoint
31 the third person to the board.

32 (ii) The three person board shall meet and set the tax rate within
33 thirty days after the third person is appointed to the board.

34 (iii) The district shall levy the tax at the rate as determined by
35 the three person board and the tax shall be collected as other property
36 taxes are collected. On receipt of monies from the property tax levied,
37 the district shall reimburse the county for the costs associated with the
38 formation of the district, including administrative expenses.

39 10. Require that any intergovernmental agreement or contract
40 between the district and a provider of fire protection services include:

41 (a) A term of duration between three and five years.

42 (b) A provision setting forth the cost of service and performance
43 criteria.

1 (c) An acknowledgment of the right of the municipality to determine
2 the location of future infrastructure if the district is in the
3 municipality's planning area at the time of the execution of the contract.

4 11. If necessary, issue a request for proposals for providers of
5 emergency medical services and enter into an intergovernmental agreement
6 or contract with a provider of emergency medical services except for those
7 services regulated by title 36, chapter 21.1.

8 12. Assess and levy a secondary property tax to pay for the costs
9 of the fire protection service or emergency medical service except for
10 those services regulated by title 36, chapter 21.1. A secondary property
11 tax assessed pursuant to this section is not subject to the levy
12 limitation prescribed by section 48-807.

13 13. Defend, indemnify and hold harmless a municipal provider or any
14 other provider of fire protection from and against any claims or expenses
15 to which it may be subjected by reason of injury or death of any person or
16 loss or damage to any property directly attributable to the provision of
17 the services unless the services were provided in a grossly negligent
18 manner. The fire district shall secure insurance sufficient to cover
19 liability exposure.

20 B. A fire district formed pursuant to this article, through its
21 board, may:

22 1. Contract for administrative staff services, if any, deemed
23 necessary or appropriate to carry out its powers and duties, but a member
24 of a district board shall not be an employee of the district.

25 2. Retain a certified public accountant to perform an annual audit
26 of district books.

27 3. Retain private legal counsel.

28 4. Sue and be sued.

29 5. Accept gifts, contributions, bequests and grants and comply with
30 any requirements of such gifts, contributions, bequests and grants not
31 inconsistent with this article.

32 6. Appropriate and expend annually such monies as are necessary for
33 the purpose of fire districts belonging to and paying dues in the Arizona
34 fire district association and other professional affiliations or entities.

35 7. Expand its boundaries pursuant to the requirements of section
36 48-262 to include unincorporated parcels within a city's or a town's
37 municipal planning area with the permission of the city or town.

38 C. The county attorney may advise and represent the district when
39 in the county attorney's judgment such advice and representation are
40 appropriate and not in conflict with the county attorney's duties under
41 section 11-532. If the county attorney is unable to advise and represent
42 the district due to a conflict of interest, the district may retain
43 private legal counsel or may request the attorney general to represent it,
44 or both.

1 D. The chairperson and clerk of the district board or their
2 respective designees, as applicable, shall draw warrants, SUBSTITUTE
3 CHECKS OR ELECTRONIC FUNDS TRANSFERS on the county treasurer for money
4 required to operate the district in accordance with the budget and, as so
5 drawn, the warrants, SUBSTITUTE CHECKS OR ELECTRONIC FUNDS TRANSFERS shall
6 be sufficient to authorize the county treasurer to pay from the fire
7 district fund.

8 E. The district shall not incur any debt or liability in excess of
9 taxes levied and to be collected and the money actually available and
10 unencumbered at the time in the fund, except as provided in section
11 48-807.

12 F. If a district formed under section 48-851 agrees to provide fire
13 and emergency medical services in a county island where a private provider
14 of fire or emergency services has facilities and provides fire service, or
15 where the private provider is the closest responding fire service
16 provider, the district and the private provider shall enter into an
17 agreement covering the roles and relationships regarding mutual aid or
18 backup and any services for which the district wishes to contract. The
19 agreement shall include an allocation of the district's property tax
20 revenues to the municipal contractor or the private provider, or both,
21 based on the proportionate share of the fire services each contractor will
22 provide to the district. The agreement shall be executed before the
23 district begins providing service in the county island. If an agreement
24 is not reached within ninety days after the district requests the private
25 provider to establish a plan, either party may request that the matter be
26 arbitrated pursuant to title 12, chapter 21.

27 G. This section does not require a fire district or a city or town
28 to provide fire protection or emergency medical services to an area of the
29 county that is receiving services from a private provider, except as
30 provided by a mutual aid or backup agreement pursuant to this section.

31 H. For the purposes of this article, "fire service" and "fire
32 protection" include fire prevention, emergency medical services and
33 inspection of commercial or industrial property.

APPROVED BY THE GOVERNOR MARCH 14, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 14, 2017.

Passed the House March 9, 2017,

Passed the Senate February 13, 2017,

by the following vote: 59 Ayes,

by the following vote: 30 Ayes,

0 Nays, 1 Not Voting

0 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

14 day of March, 2017,

at 1:43 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 14th day of

March, 2017,

at 3:24 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 14 day of March, 2017,

at 5:19 o'clock P. M.

[Signature]
Secretary of State

S.B. 1176