

State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

House Engrossed
FILED
MICHELE REAGAN
SECRETARY OF STATE

CHAPTER 99
HOUSE BILL 2452

AN ACT

AMENDING SECTIONS 11-275, 15-1022, 15-1024, 35-457, 35-458, 35-471, 35-473.01, 35-474, 42-17151, 48-719, 48-806, 48-5563 AND 48-5566, ARIZONA REVISED STATUTES; RELATING TO THE ISSUANCE OF BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-275, Arizona Revised Statutes, is amended to
3 read:

4 11-275. Tax levy to pay bonds and interest; debt service
5 fund; security

6 A. The board shall cause to be assessed and levied each year on the
7 taxable property of the county, in addition to the levy authorized for
8 other purposes, an amount sufficient to pay the interest on outstanding
9 bonds and such proportion of the principal that at the end of five years
10 the amount raised from the levy shall equal at least twenty percent of the
11 amount of bonds issued, and at the end of nine years shall equal at least
12 forty percent of the amount, and at and before the date of maturity of the
13 bonds shall equal the whole amount of the principal and interest.

14 B. The money raised by the levy shall be known as the debt service
15 fund and shall be used only for payment of bonds and interest coupons.
16 The treasurer shall keep in his books a separate account thereof, which
17 shall at all times show the exact condition of the debt service fund.

18 C. If there is not at any time sufficient monies in the fund to pay
19 the interest due on the bonds, the board may transfer a sufficient sum
20 from the general fund to the debt service fund for such purpose, and any
21 excess in the fund over the amount required for principal and interest on
22 the bonds may be transferred to the general fund.

23 D. All bonds, ~~whenever~~ HERETOFORE AND HEREAFTER issued, are secured
24 by a lien on all revenues received pursuant to the tax levy. The lien
25 arises automatically without the need for any action or authorization by
26 the county or the board. The lien is valid and binding from the time of
27 the issuance of the bonds. The revenues received pursuant to the levy of
28 the tax are immediately subject to the lien. The lien attaches
29 immediately to the revenues and is effective, binding and enforceable
30 against the county, the county's successors, transferees and creditors and
31 all other parties asserting rights in the revenues, irrespective of
32 whether the parties have notice of the lien, without the need for any
33 physical delivery, recordation, filing or further act.

34 Sec. 2. Section 15-1022, Arizona Revised Statutes, is amended to
35 read:

36 15-1022. Tax levy for bonds; administration and disposition
37 of tax; cancellation of paid bonds; security

38 A. The board of supervisors, at the time of making the levy of
39 taxes for county purposes, shall levy a tax for the year ~~upon~~ ON the
40 taxable property in a school district or former school district canceled
41 by election, which has outstanding school bonds for the interest and
42 redemption of the bonds. The tax shall not be less than sufficient to pay
43 the interest of the bonds for the year and the portion of the principal of
44 the bonds becoming due during the year and in any event shall be enough to
45 raise, annually, for the first half of the term of the bonds a sufficient

1 amount to pay the interest thereon, and during the remainder of the term
2 enough to pay the annual interest and to pay, annually, a portion of the
3 principal of the bonds equal to an amount produced by taking the whole
4 amount of bonds outstanding and dividing it by the number of years the
5 bonds then have to run.

6 B. All monies, when collected, shall be paid into the county
7 treasury to the credit of the debt service fund of the school district and
8 shall be used only for payment of principal and interest on the bonds.
9 The county treasurer shall keep the debt service fund separate from all
10 other funds in the county treasury. The principal and interest on the
11 bonds shall be paid by the county treasurer from the fund provided
12 therefor.

13 C. The county treasurer or the treasurer's designated agent shall
14 cancel all bonds and coupons when paid.

15 D. All bonds, ~~whenever~~ HERETOFORE AND HEREAFTER issued, are secured
16 by a lien on all revenues received pursuant to the tax levy. The lien
17 arises automatically without the need for any action or authorization by
18 the school district, the school district's governing board or the county
19 treasurer. The lien is valid and binding from the time of the issuance of
20 the bonds. The revenues received pursuant to the levy of the tax are
21 immediately subject to the lien. The lien attaches immediately to the
22 revenues and is effective, binding and enforceable against the school
23 district, THE SCHOOL DISTRICT'S GOVERNING BOARD and the county treasurer,
24 their successors, transferees and creditors and all other parties
25 asserting rights in the revenues, irrespective of whether the parties have
26 notice of the lien, without the need for any physical delivery,
27 recordation, filing or further act.

28 Sec. 3. Section 15-1024, Arizona Revised Statutes, is amended to
29 read:

30 15-1024. Interest on bonds; sale; disposition of proceeds;
31 definition

32 A. The bonds shall bear interest, payable semiannually at the rate
33 or rates set by the accepted bid, which shall not exceed the maximum rate
34 of interest set forth in the resolution calling the election. The bonds
35 may be made payable at such place within the United States as the
36 governing board of the school district directs and shall be sold in the
37 manner prescribed by the governing board of the school district for not
38 less than par.

39 B. The proceeds of the sale of the bonds shall be deposited in the
40 county treasury to the credit of the bond building fund of the school
41 district. Such deposits may be drawn out for the purposes authorized by
42 this article as other school monies are drawn. If a balance remains in
43 the bond building fund after the acquisition or construction of facilities
44 is completed for which the bonds were issued and on written request of the
45 governing board:

1 1. If the school district has outstanding bonded indebtedness, the
2 balance remaining in the bond building fund shall be transferred to the
3 debt service fund of the district.

4 2. If the district has no outstanding bonded indebtedness, the
5 balance remaining in the bond building fund shall be used for reduction of
6 school district taxes.

7 C. When bonds are sold and the proceeds are not required to be used
8 for a period of ten days or more, such proceeds may be invested as
9 provided by section 15-1025, subsection B. All monies earned as interest
10 or otherwise derived from the investment of the proceeds of the sale of
11 the bonds shall be credited to the debt service fund, except that on the
12 request of the district, the monies earned as interest shall be deposited
13 to the bond building fund if federal laws or rules require the interest to
14 be used for capital expenditures or the monies earned as interest shall be
15 credited to the bond building fund if the voters authorized such use of
16 the monies in a separate question at the bond election. The separate
17 question shall inform the voters that the monies will be credited to the
18 debt service fund, and may therefore reduce the amount of the secondary
19 property tax, if the measure authorizing the monies to be credited to the
20 bond building fund does not pass.

21 D. The amount of net premium associated with a bond issue may be
22 used only for one or more of the following:

23 1. To pay costs incurred in issuing the bonds, subject to ~~sections~~
24 SECTION 15-491, subsection G and SECTION 15-1465, subsection A.

25 2. As a deposit in a debt service fund and used only to pay
26 interest on the bonds.

27 3. For any other purpose, if the district has voter authorization
28 and available capacity under its debt limitations and the amount of net
29 premium used for such purpose will reduce in an equal amount both:

30 (a) The available aggregate indebtedness capacity of the district
31 under the statutes and constitution of this state.

32 (b) The principal amount authorized at the election for the
33 district from which the issue of bonds ~~are~~ IS being sold.

34 E. ANY NET PREMIUM USED AS PROVIDED IN SUBSECTION D, PARAGRAPH 3 OF
35 THIS SECTION SHALL BE AMORTIZED FOR ALL DEBT LIMITATION PURPOSES ON A PRO
36 RATA BASIS EACH YEAR BY MULTIPLYING THE NET PREMIUM USED BY A PERCENTAGE
37 EQUAL TO THE PERCENTAGE OF THE TOTAL PRINCIPAL AMOUNT OF THE BOND ISSUE
38 THAT MATURES IN THAT YEAR.

39 F. For the purposes of this section, "net premium" means the
40 difference between the par amount of the bond issue and the bond issue
41 price determined pursuant to United States treasury regulations.

1 Sec. 4. Section 35-457, Arizona Revised Statutes, is amended to
2 read:

3 35-457. Sale of bonds; bids; forfeiture of deposit;
4 definitions

5 A. Any or all of the bonds may be sold at public sale or through an
6 online bidding process in a manner prescribed by the governing body or
7 board that includes the following:

8 1. If sold by public sale before the sale of any bonds the
9 governing body or board shall meet and enter on its record an order
10 directing the sale of the bonds and the date and hour of the sale, and
11 cause a copy of the order to be published at least once a week for two
12 successive weeks in cities having a population of fifteen thousand or more
13 persons, and once a week for four successive weeks in all other political
14 subdivisions before the sale in one or more designated daily or weekly
15 newspapers, together with a notice that sealed proposals will be received
16 for purchase of the bonds on the date and hour named in the order.

17 2. If sold through an online bidding process, bids for the bonds
18 that are entered into the system may be concealed until a specified time
19 or disclosed in the online bidding process, may be subject to improvement
20 in favor of the political subdivision before a specified time and may be
21 for an entire issue of bonds or specified maturities according to the
22 manner, terms and notice provisions ordered by the governing body.

23 B. If the bonds are sold by public sale or through an online
24 bidding process, all proposals shall be received on the date and hour or
25 in the manner stated in the order and the governing body or board shall
26 award the bonds to the highest and most responsible bidder. The
27 successful bidder shall provide a bid guarantee for not less than two
28 percent of the total par value of the bonds within twenty-four hours after
29 the date and time the bid is awarded. The bid guarantee may be in the
30 form of a certified check or a bond issued by a surety company licensed by
31 the department of insurance to do business in this state. The governing
32 body or board may reject any and all bids. If the successful bidder does
33 not carry out the terms of the proposal to purchase the bonds, the bid
34 guarantee shall be forfeited as stipulated and liquidated damages.

35 C. Notwithstanding any other provision of this section, bonds may
36 be sold by negotiated sale on terms the governing body deems to be the
37 best then available and may bear interest payable at such times as shall
38 be determined by the governing body.

39 D. The bonds may be sold below, at or above par. If an issue of
40 bonds is sold below par, the aggregate amount of discount plus interest to
41 be paid on the bonds must not exceed the amount of interest that would be
42 payable on the bonds over the maturity schedule prescribed by the
43 governing body at the maximum rate set out in the resolution calling the
44 election at which the bonds were voted. The amount of net premium

1 associated with a bond issue may be used only for one or more of the
2 following:

3 1. To pay costs incurred in issuing the bonds, subject to section
4 35-452, subsection C.

5 2. As a deposit in a debt service fund and used only to pay
6 interest on the bonds.

7 3. For any other purpose, if the political subdivision has voter
8 authorization and available capacity under its debt limitations and the
9 amount of net premium used for such purpose will reduce in an equal amount
10 both:

11 (a) The available aggregate indebtedness capacity of the political
12 subdivision under the statutes and constitution of this state.

13 (b) The principal amount authorized at the election for the
14 political subdivision from which the issue of bonds are IS being sold.

15 E. ANY NET PREMIUM USED AS PROVIDED IN SUBSECTION D, PARAGRAPH 3 OF
16 THIS SECTION SHALL BE AMORTIZED FOR ALL DEBT LIMITATION PURPOSES ON A PRO
17 RATA BASIS EACH YEAR BY MULTIPLYING THE NET PREMIUM USED BY A PERCENTAGE
18 EQUAL TO THE PERCENTAGE OF THE TOTAL PRINCIPAL AMOUNT OF THE BOND ISSUE
19 THAT MATURES IN THAT YEAR.

20 F. For the purposes of this section:

21 1. "Net premium" means the difference between the par amount of the
22 bond issue and the bond issue price determined pursuant to United States
23 treasury regulations.

24 2. "Online bidding process" means a procurement process in which
25 the governing body receives bids electronically over the internet in a
26 real-time, competitive bidding event.

27 Sec. 5. Section 35-458, Arizona Revised Statutes, is amended to
28 read:

29 35-458. Levy of tax for payment of bonds; security

30 A. After the bonds are issued, the governing body or board shall
31 enter on its minutes a record of the bonds sold and their numbers and
32 dates, and shall annually levy and cause to be collected a tax, at the
33 same time and in the same manner as other taxes are levied and collected
34 on all taxable property in ~~such~~ THE political subdivision, sufficient to
35 pay the annual interest on the bonds when due, and shall likewise annually
36 levy a tax sufficient to redeem the bonds when they mature. The annual
37 levy shall not exceed the net amount necessary to meet annual payments of
38 principal and interest, projected payments of principal and interest on
39 new debt planned for the ensuing year, a reasonable delinquency factor,
40 including an amount necessary to correct prior year errors or shortages in
41 the levy, if applicable, and any expenses and fees required in conjunction
42 with the authorization pursuant to section 35-512.

1 B. Monies derived from the levy of the tax when collected shall
2 constitute a fund for payment of interest and the bonds. The fund shall
3 be kept separately and shall be known as the "interest fund" and
4 "redemption fund" or the two funds may be combined into a single "interest
5 and redemption fund."

6 C. All bonds, ~~whenever~~ HERETOFORE AND HEREAFTER issued, are secured
7 by a lien on all revenues received pursuant to the tax levy. The lien
8 arises automatically without the need for any action or authorization by
9 the political subdivision or the political subdivision's governing body or
10 board. The lien is valid and binding from the time of the issuance of the
11 bonds. The revenues received pursuant to the levy of the tax are
12 immediately subject to the lien. The lien attaches immediately to the
13 revenues and is effective, binding and enforceable against the political
14 subdivision, the political subdivision's successors, transferees and
15 creditors and all other parties asserting rights in the revenues,
16 irrespective of whether the parties have notice of the lien, without the
17 need for any physical delivery, recordation, filing or further act.

18 Sec. 6. Section 35-471, Arizona Revised Statutes, is amended to
19 read:

20 35-471. Refunding bonds; resolution authorizing issuance;
21 definition

22 A. The board of supervisors, on behalf of the county, the governing
23 body of a city or town or similar municipal corporation and a school
24 district governing board may issue refunding bonds to refund the bonded
25 indebtedness of such county, school district, city or town or other
26 similar municipal corporation when it is expedient to do so.

27 B. The board of supervisors or other governing body desiring to
28 issue refunding bonds shall adopt and include in its minutes a resolution
29 stating:

30 1. The facts and determination of the necessity or advisability of
31 refunding such bonded indebtedness, including an estimate of the present
32 value of the debt service savings, net of all costs associated with the
33 refunding bonds, that will occur.

34 2. The amount of bonds to be issued, the date of such bonds and the
35 denominations.

36 3. The rate of interest and the maturity date.

37 4. The place of payment, within or without the state, of the
38 principal and interest.

39 C. The amount of net premium associated with a refunding bond issue
40 may be used only for one or more of the following:

41 1. To fund the escrow account to pay the bonds to be refunded.

42 2. To pay the costs incurred in issuing the refunding bonds.

43 3. As a deposit in a debt service fund and used to pay interest on
44 the bonds.

1 D. If the net premium associated with a refunding bond issue is
2 used to fund the escrow account to pay the bonds to be refunded and the
3 principal amount of the refunding bonds is less than the principal amount
4 of the bonds being refunded, the difference between such principal amounts
5 reduces the available aggregate indebtedness capacity of the political
6 subdivision under the constitution and statutes of this state in an equal
7 amount, provided that the difference in the amounts may not exceed the
8 aggregate available indebtedness capacity of the political subdivision.
9 The difference in principal amount will not cause any increase or decrease
10 in the principal amount authorized pursuant to any bond election. ANY NET
11 PREMIUM USED AS PROVIDED IN THIS SUBSECTION SHALL BE AMORTIZED FOR ALL
12 DEBT LIMITATION PURPOSES ON A PRO RATA BASIS EACH YEAR BY MULTIPLYING THE
13 NET PREMIUM USED BY A PERCENTAGE EQUAL TO THE PERCENTAGE OF THE TOTAL
14 PRINCIPAL AMOUNT OF THE BOND ISSUE THAT MATURES IN THAT YEAR.

15 E. For the purposes of this section, "net premium" means the
16 difference between the par amount of the bond issue and the bond issue
17 price determined pursuant to United States treasury regulations.

18 Sec. 7. Section 35-473.01, Arizona Revised Statutes, is amended to
19 read:

20 35-473.01. Refunding bonds issued in advance of maturity of
21 the bonds to be refunded; definition

22 A. Refunding bonds, designated as such, may also be authorized,
23 issued and sold pursuant to this article for the purpose of refunding any
24 bonds theretofore issued under the authority of article 3 of this chapter
25 or under the authority of both article 3 of this chapter and title 9,
26 chapter 5, article 3 or under the authority of title 15, chapter 4,
27 article 5 and chapter 9, article 7 or by any political subdivision that is
28 a public, corporate body under the laws of this state the property of
29 which is exempt from taxation, for the purpose of refunding any bonds,
30 theretofore issued under authority of law and payable from the proceeds of
31 taxes, including assessments, which may be levied annually at uniform
32 rates and are secured by property subject thereto in the political
33 subdivision, in advance of the maturity or call date of such bonds to be
34 refunded. If the weighted average maturity of the refunding bonds is at
35 least seventy-five percent of the weighted average maturity of the bonds
36 being refunded, no election on the issuance of the refunding bonds shall
37 be required. If the refunding bonds are combined into a single issue with
38 bonds authorized for nonrefunding purposes, the bonds so authorized for
39 nonrefunding purposes shall have been submitted at an election as
40 otherwise provided by law.

41 B. When refunding bonds issued pursuant to this section are sold,
42 the net proceeds shall be invested in obligations issued by or guaranteed
43 by the United States government, if these investments will mature with
44 interest so as to provide funds to pay when due, or called for redemption,
45 the bonds to be refunded together with interest thereon and redemption

1 premiums, if any, and such proceeds or obligations shall, and other funds
2 legally available for such purposes may, be deposited in the respective
3 principal and interest redemption funds and shall be held in trust for the
4 payment of the refunded bonds with interest and redemption premiums, if
5 any, on maturity or upon an available redemption date or on an earlier
6 voluntary surrender with the consent of the issuer.

7 C. For bonds that are issued to refund outstanding bonds that are
8 issued before September 1, 2016, in advance of the maturity dates of such
9 bonds, the holder of the refunding bonds shall rely on the sufficiency of
10 the funds or securities held in trust for the payment of the refunded
11 bonds. The issuance of refunding bonds shall in no way infringe on the
12 rights of the holder of the refunded bonds to rely on a tax levy for the
13 payment of principal and interest on the refunded bonds if the investments
14 in the redemption funds prove insufficient. The total aggregate of taxes
15 levied to pay principal and interest on the refunding bonds in the
16 aggregate shall not exceed the total aggregate principal and interest to
17 become due on the refunded bonds from the date of issuance of the
18 refunding bonds to the final date of maturity on the bonds being
19 refunded. Subject to such limitation, taxes in an amount sufficient to
20 pay the interest on all refunding bonds issued pursuant to this section,
21 then outstanding, the installments of the principal thereof becoming due
22 and payable in the ensuing year, and the annual portion of such sinking
23 fund as may be set up for retirement thereof, shall be levied, assessed
24 and collected as other taxes of the political subdivision and the proceeds
25 therefrom kept in a special fund and used only for the purposes for which
26 collected.

27 D. For bonds that are issued to refund or refinance bonds that are
28 issued from and after August 31, 2016, in advance of the maturity dates of
29 such bonds, the holder of the refunded bonds shall rely on the sufficiency
30 of the funds or securities held in trust for the payment of the refunded
31 bonds. TO THE EXTENT THAT PAYMENT OF AMOUNTS ON THE REFUNDED BONDS IS
32 PROVIDED FOR BY THE DEPOSIT OF FUNDS AND SECURITIES HELD IN TRUST FOR THE
33 PAYMENT OF THE REFUNDED BONDS, ALL OBLIGATIONS OF THE POLITICAL
34 SUBDIVISION TO LEVY A TAX FOR THE PAYMENT OF SUCH AMOUNTS SHALL CEASE AND
35 TERMINATE. The refunded bonds shall in no way infringe on the rights of
36 the holders of the refunding bonds to rely on a tax levy for the payment
37 of principal of and interest on the refunding bonds if the investments in
38 the redemption funds prove insufficient. The total aggregate of taxes
39 levied to pay principal of and interest on the refunding bonds in the
40 aggregate shall not exceed the total aggregate principal and interest to
41 become due on the refunded bonds from the date of issuance of the
42 refunding bonds to the final date of maturity on the bonds being refunded.
43 Subject to such limitation, taxes in an amount sufficient to pay the
44 interest on all refunding bonds issued pursuant to this section, then
45 outstanding, the installments of the principal thereof becoming due and

1 payable in the ensuing year, and the annual portion of such sinking fund
2 as may be set up for retirement thereof, shall be levied, assessed and
3 collected as other taxes of the political subdivision and the proceeds
4 therefrom kept in a special fund and used only for the purposes for which
5 collected.

6 E. Proceedings pursuant to this section shall be had by the board
7 or boards that would be authorized to issue and sell the bonds to be
8 refunded if such bonds were then to be issued and sold. The refunding
9 bonds to be issued pursuant hereto may be of serial, including semiannual,
10 or term maturities payable at any time on or before the maximum maturity
11 date otherwise authorized by this article, and the provisions relating to
12 execution, validity, records, place of payment and payment, cancellation
13 and destruction on maturity of the bonds to be refunded shall apply to
14 such refunding bonds.

15 F. Refunding bonds to be issued pursuant to this section may be
16 combined with bonds otherwise authorized, provided that they are of equal
17 priority.

18 G. The powers conferred by this section are in addition to, and not
19 in substitution of, and the limitations imposed by this section shall not
20 affect the powers conferred by any other law.

21 H. The amount of net premium associated with a refunding bond issue
22 may be used only for one or more of the following:

- 23 1. To fund the escrow account to pay the bonds to be refunded.
- 24 2. To pay the costs incurred in issuing the refunding bonds.
- 25 3. As a deposit in a debt service fund and only to pay interest on
26 the bonds.

27 I. If the net premium associated with a refunding bond issue is
28 used to fund the escrow account to pay the bonds to be refunded and the
29 principal amount of the refunding bonds is less than the principal amount
30 of the bonds being refunded, the difference between such principal amounts
31 reduces the available aggregate indebtedness capacity of the political
32 subdivision under the constitution and statutes of this state in an equal
33 amount, provided that the difference in the amounts may not exceed the
34 aggregate available indebtedness capacity of the political subdivision.
35 The difference in principal amount will not cause any increase or decrease
36 in the principal amount authorized pursuant to any bond election. ANY
37 NET PREMIUM USED AS PROVIDED IN THIS SUBSECTION SHALL BE AMORTIZED FOR ALL
38 DEBT LIMITATION PURPOSES ON A PRO RATA BASIS EACH YEAR BY MULTIPLYING THE
39 NET PREMIUM USED BY A PERCENTAGE EQUAL TO THE PERCENTAGE OF THE TOTAL
40 PRINCIPAL AMOUNT OF THE BOND ISSUE THAT MATURES IN THAT YEAR.

41 J. For the purposes of this section, "net premium" means the
42 difference between the par amount of the bond issue and the bond issue
43 price determined pursuant to United States treasury regulations.

1 total of amounts proposed to be spent in the budget for the current fiscal
2 year.

3 2. Designate the amounts to be levied for each purpose appearing in
4 the adopted budget.

5 3. Fix and determine a primary property tax rate and a secondary
6 property tax rate, each rounded to four decimal places on each one hundred
7 dollars of taxable property shown by the finally equalized valuations of
8 property, less exemptions, that appear on the tax rolls for the fiscal
9 year, as determined by the assessor on or before February 10 of the tax
10 year pursuant to section 42-17052, and that when extended on those
11 valuations will produce, in the aggregate, the entire amount to be raised
12 by direct taxation for that year. AMOUNTS LEVIED FOR DEBT SERVICE ON
13 BONDS PAYABLE FROM THE SECONDARY TAX ARE AND SHALL BE CONSIDERED SPECIAL
14 REVENUES OF THE COUNTY, CITY, TOWN OR DISTRICT, SHALL BE KEPT IN A
15 SPECIAL, SEGREGATED FUND, ARE NOT AND SHALL NOT BE GENERAL PROPERTY TAXES
16 AND MAY NOT BE USED FOR ANY OTHER PURPOSE OF THE COUNTY, CITY, TOWN OR
17 DISTRICT.

18 B. The governing body of a county, city, town or community college
19 district shall not fix, levy or assess an amount of primary property taxes
20 in excess of the amount permitted by section 42-17051, subsection A,
21 paragraph 7 or section 42-17005 as determined by the property tax
22 oversight commission.

23 C. The governing board of a common school district, a high school
24 district or a unified school district shall not fix, levy or assess a
25 primary property tax rate higher than the current year's rate if the
26 district meets both of the following criteria, as determined by the
27 property tax oversight commission:

28 1. The total primary property taxes levied for all taxing
29 jurisdictions on at least one-half of the residential property of the
30 district exceed the limitation described in section 15-972, subsection E.

31 2. The school district primary property tax rate exceeds one
32 hundred fifty per cent of the applicable qualifying tax rate pursuant to
33 section 41-1276.

34 D. No later than December 31, the property tax oversight commission
35 shall notify those school districts that meet the criteria described in
36 subsection C of this section and the county school superintendents and
37 boards of supervisors of the counties in which the school districts are
38 located.

39 E. Within three days after the final levies are determined for a
40 county, city, town or community college district, the chief county fiscal
41 officer shall notify the property tax oversight commission of the amount
42 of the primary property tax levied.

43 F. Pursuant to section 15-465.01, subsection E, an accommodation
44 school governing board shall not levy a primary or secondary property tax.
45 The property tax oversight commission shall consider any amount of

1 property tax levied by a county in support of an accommodation school to
2 be part of the county's primary levy for the purposes of determining the
3 county's compliance with subsection B of this section.

4 Sec. 10. Section 48-719, Arizona Revised Statutes, is amended to
5 read:

6 48-719. General obligation bonds; tax levy; security

7 A. At any time after the hearing on formation of the district, the
8 district board, or, if before formation, the governing body, may from time
9 to time order and call a general obligation bond election to submit to the
10 qualified electors of the district or to those persons who are qualified
11 to vote pursuant to section 48-707, subsection G the question of
12 authorizing the district board to issue general obligation bonds of the
13 district to provide monies for any public infrastructure purposes
14 consistent with the general plan. The election may be held in conjunction
15 with the formation election.

16 B. If general obligation bonds are approved at an election, the
17 district board may issue and sell general obligation bonds of the
18 district.

19 C. The district may issue and sell refunding bonds to refund any
20 general obligation bonds of the district. If general obligation bonds are
21 issued to refund any general obligation bonds of the district, ~~no~~ AN
22 election on the issuance of such refunding bonds is NOT required.

23 D. After the bonds are issued, the district board shall enter in
24 its minutes a record of the bonds sold and their numbers and dates and
25 shall annually levy and cause an ad valorem tax to be collected, at the
26 same time and in the same manner as other taxes are levied and collected
27 on all taxable property in the district, sufficient, together with any
28 monies from the sources described in section 48-717, to pay debt service
29 on the bonds when due. Monies derived from the levy of the tax provided
30 in this section when collected constitute funds to pay the debt service on
31 the bonds and shall be kept separately from other funds of the district.
32 AMOUNTS LEVIED FOR DEBT SERVICE ON BONDS PAYABLE FROM THE SECONDARY TAX
33 ARE AND SHALL BE CONSIDERED SPECIAL REVENUES OF THE DISTRICT, SHALL BE
34 KEPT IN A SPECIAL, SEGREGATED FUND, ARE NOT AND SHALL NOT BE GENERAL
35 PROPERTY TAXES AND MAY NOT BE USED FOR ANY OTHER PURPOSE OF THE DISTRICT.

36 E. All bonds, ~~whenever~~ HERETOFORE AND HEREAFTER issued, are secured
37 by a lien on all revenues received pursuant to the tax levy. The lien
38 arises automatically without the need for any action or authorization by
39 the district or the district board. The lien is valid and binding from the
40 time of the issuance of the bonds. The revenues received pursuant to the
41 levy of the tax are immediately subject to the lien. The lien attaches
42 immediately to the revenues and is effective, binding and enforceable
43 against the district, the district's successors, transferees and creditors
44 and all other parties asserting rights in the revenues, irrespective of

1 whether the parties have notice of the lien, without the need for any
2 physical delivery, recordation, filing or further act.

3 Sec. 11. Section 48-806, Arizona Revised Statutes, is amended to
4 read:

5 48-806. Bond election; issuance and sale of bonds

6 A. Except for a district formed pursuant to section 48-851, the
7 district board or the elected chief and secretary-treasurer may order an
8 election by the qualified electors of the district to be held pursuant to
9 title 16, chapter 2, article 1 to determine whether bonds shall be issued
10 on behalf of the district. The order shall specify the maximum principal
11 amount of bonds to be issued, the maximum number of years bonds of any
12 issue or series may run from their date not exceeding thirty years, the
13 purpose for which the bonds are to be issued, the maximum rate of interest
14 which THAT the bonds are to bear, the date and hours of the election and
15 the location of the polling places. Copies of the order shall be posted
16 in three public places within the district not less than twenty days prior
17 to the date of the election, and if a newspaper is published within the
18 county having a general circulation within the district, the order shall
19 be published in the newspaper not less than once a week during each of the
20 three calendar weeks preceding the calendar week of the election.

21 B. A district board formed pursuant to section 48-851 shall not
22 order an election for or issue bonds under this section.

23 C. Instead of publishing the notice described in subsection A of
24 this section, the board of directors may mail a notice of election to each
25 household containing a qualified elector of the district. The notice
26 shall contain the same information described in subsection A of this
27 section except that the notice shall not contain the location of all the
28 polling places for that election. The notice shall contain the location
29 of the polling place for that household's qualified electors. The notice
30 shall be mailed at least thirty-five days before the election.

31 D. At the election the ballot shall contain the phrases "for the
32 bonds" and "against the bonds". There shall be placed a square or other
33 designated marking space in the same manner as used for candidates on
34 ballots. The voter shall indicate a vote "for the bonds" or "against the
35 bonds". No other question, word or figure need be printed on the ballot.
36 The ballot need not be any particular size, nor need sample ballots be
37 printed, posted or distributed but ballots shall comply with standards
38 otherwise provided by law, including requirements for electronic voting,
39 if applicable.

40 E. If a majority of the qualified electors of the district voting
41 at the election approves the issuance of bonds, the district board or the
42 elected chief and secretary-treasurer, as appropriate, may issue bonds in
43 an aggregate principal amount not exceeding the lesser of six per cent
44 PERCENT of the value of the taxable property in the district as shown on

1 the last property tax assessment roll before issuing the bonds or the
2 maximum amount specified in the election order.

3 F. Bonds may be in such denominations, may be in registered or
4 bearer form either as to principal or interest, or both, may mature at
5 such times not exceeding the maximum maturity specified in the election
6 order and may be subject to redemption prior to maturity, all as specified
7 by the district board or elected chief and secretary-treasurer, as
8 appropriate, as provided in subsection E of this section. The district
9 may engage the services of a depository to administer a book entry system
10 for the bonds. The costs and expenses of such depository and any
11 registrar or paying agent for the bonds shall be deemed to be interest
12 expenses that may also be paid from the tax levy made pursuant to
13 subsection I of this section.

14 G. Bonds shall be executed by the manual or facsimile signatures of
15 the chairman and clerk of the district board or elected chief and
16 secretary-treasurer of the district. Coupons attached to the bonds shall
17 bear the facsimile signature of the chairman of the district board or the
18 elected chief of the district, as appropriate.

19 H. The district board may sell the bonds at public or private sale
20 or through an ~~on-line~~ ONLINE bidding process. In addition, the district
21 board may negotiate loan agreements or loan repayment agreements with the
22 greater Arizona development authority in lieu of selling bonds where
23 authority to sell bonds has been granted by the district's voters. The
24 proceeds of sale on the bonds shall be deposited in an account of the fire
25 district fund to be known as the capital fund to be applied for the
26 purpose for which the bonds were issued.

27 I. After the bonds are issued, the district board or elected chief
28 and secretary-treasurer, as appropriate, shall enter on the district's
29 minutes a record of the bonds sold and shall annually determine the amount
30 of the tax levy to pay the bonds and certify such amount to the board of
31 supervisors of the county. The board of supervisors shall annually cause
32 to be levied and collected a tax, at the same time and in the same manner
33 as other taxes are levied and collected ~~upon~~ ON all taxable property in
34 the district, sufficient to pay principal of and interest on the bonds as
35 they become due and payable. Monies derived from the levy of the tax when
36 collected shall be deposited in the debt service fund and shall be applied
37 only to payment of the principal of and interest on the bonds. On payment
38 of the outstanding bonded indebtedness of the district, any monies
39 remaining in the debt service fund shall be used to reduce the district's
40 property tax levy in the next fiscal year. AMOUNTS LEVIED FOR DEBT
41 SERVICE ON BONDS ISSUED PURSUANT TO THIS SECTION PAYABLE FROM THE
42 SECONDARY TAX ARE AND SHALL BE CONSIDERED SPECIAL REVENUES OF THE
43 DISTRICT, SHALL BE KEPT IN A SPECIAL, SEGREGATED FUND, ARE NOT AND SHALL
44 NOT BE GENERAL PROPERTY TAXES AND MAY NOT BE USED FOR ANY OTHER PURPOSE OF
45 THE DISTRICT.

1 J. ALL BONDS, HERETOFORE AND HEREAFTER ISSUED, ARE SECURED BY A
2 LIEN ON ALL REVENUES RECEIVED PURSUANT TO THE TAX LEVY MADE PURSUANT TO
3 SUBSECTION I OF THIS SECTION. THE LIEN ARISES AUTOMATICALLY WITHOUT THE
4 NEED FOR ANY ACTION OR AUTHORIZATION BY THE DISTRICT OR THE DISTRICT'S
5 GOVERNING BOARD. THE LIEN IS VALID AND BINDING FROM THE TIME OF THE
6 ISSUANCE OF THE BONDS. THE REVENUES RECEIVED PURSUANT TO THE LEVY OF THE
7 TAX MADE PURSUANT TO SUBSECTION I OF THIS SECTION ARE IMMEDIATELY SUBJECT
8 TO THE LIEN. THE LIEN ATTACHES IMMEDIATELY TO THE REVENUES AND IS
9 EFFECTIVE, BINDING AND ENFORCEABLE AGAINST THE DISTRICT, THE DISTRICT'S
10 SUCCESSORS, TRANSFEREES AND CREDITORS AND ALL OTHER PARTIES ASSERTING
11 RIGHTS IN THE REVENUES, IRRESPECTIVE OF WHETHER THE PARTIES HAVE NOTICE OF
12 THE LIEN, WITHOUT THE NEED FOR ANY PHYSICAL DELIVERY, RECORDATION, FILING
13 OR FURTHER ACT.

14 Sec. 12. Section 48-5563, Arizona Revised Statutes, is amended to
15 read:

16 48-5563. Budget and tax levy

17 A. On or before July 15 of each year, the board of directors shall
18 furnish to the board of supervisors a report of the operation of the
19 district for the past year and a written statement of the amount of money
20 needed to be raised by taxation during the next fiscal year for all
21 operating purposes of the district, including maintaining and operating
22 the district's facilities, payments for professional and other services to
23 the district, debt service, including principal and interest on any bonds
24 issued and outstanding pursuant to section 48-5566 and intergovernmental
25 transfers in connection with special payments, and any other purpose
26 required or authorized by this chapter.

27 B. The board of supervisors shall thereupon levy on the taxable
28 property in the district a secondary tax that, together with other monies
29 on hand or that will accrue during the ensuing fiscal year, exclusive of
30 reserves and taxes levied in connection with bonds issued pursuant to
31 section 48-5566, will provide sufficient revenues to meet the financial
32 needs of the district as provided in subsection A of this section.

33 C. The secondary tax shall be computed, entered on the tax rolls
34 and collected in the same manner as other secondary property taxes in the
35 county in which the district is located. Monies collected on behalf of
36 the district shall be remitted promptly to and shall be handled by the
37 county treasurer as other special district monies are handled. AMOUNTS
38 LEVIED FOR DEBT SERVICE ON BONDS ISSUED PURSUANT TO SECTION 48-5566 OR
39 RESERVES FOR THE BONDS MAINTAINED PURSUANT TO SECTION 48-5567 ARE AND
40 SHALL BE CONSIDERED SPECIAL REVENUES OF THE DISTRICT, SHALL BE KEPT IN A
41 SPECIAL, SEGREGATED FUND, ARE NOT AND SHALL NOT BE GENERAL PROPERTY TAXES
42 AND MAY NOT BE USED FOR ANY OTHER PURPOSE OF THE DISTRICT.

1 Sec. 13. Section 48-5566, Arizona Revised Statutes, is amended to
2 read:

3 48-5566. Issuing bonds; election

4 A. On the approval of a majority of the qualified electors, a
5 special health care district may issue bonds to carry out any of the
6 provisions of this article. If the board of directors determines that
7 bonds should be issued, the board of directors shall apply to the board of
8 supervisors, and the board of supervisors shall submit to a vote of the
9 qualified electors residing in the district the question in the manner
10 prescribed by title 35, chapter 3, article 3. The election must be held
11 on the first Tuesday following the first Monday in November as prescribed
12 by section 16-204, subsection B, paragraph 1, ~~subdivision (d)~~ F.

13 B. If a majority of the qualified electors voting on the issue
14 approves the issue, the bonds shall be issued as provided by law.

15 C. ALL BONDS, HERETOFORE AND HEREAFTER ISSUED PURSUANT TO THIS
16 SECTION, ARE SECURED BY A LIEN ON THE SPECIAL REVENUES RECEIVED PURSUANT
17 TO SECTION 48-5563, SUBSECTION C. THE LIEN ARISES AUTOMATICALLY WITHOUT
18 THE NEED FOR ANY ACTION OR AUTHORIZATION BY THE DISTRICT OR THE DISTRICT'S
19 GOVERNING BOARD. THE LIEN IS VALID AND BINDING FROM THE TIME OF THE
20 ISSUANCE OF THE BONDS. THE REVENUES RECEIVED PURSUANT TO SECTION 48-5563,
21 SUBSECTION C ARE IMMEDIATELY SUBJECT TO THE LIEN. THE LIEN ATTACHES
22 IMMEDIATELY TO THE REVENUES AND IS EFFECTIVE, BINDING AND ENFORCEABLE
23 AGAINST THE DISTRICT, THE DISTRICT'S SUCCESSORS, TRANSFEREES AND CREDITORS
24 AND ALL OTHER PARTIES ASSERTING RIGHTS IN THE REVENUES, IRRESPECTIVE OF
25 WHETHER THE PARTIES HAVE NOTICE OF THE LIEN, WITHOUT THE NEED FOR ANY
26 PHYSICAL DELIVERY, RECORDATION, FILING OR FURTHER ACT.

APPROVED BY THE GOVERNOR MARCH 29, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 29, 2017.

Passed the House February 22, 2017

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

[Signature]
Speaker of the House
 Pro Tempore

[Signature]
Chief Clerk of the House

Passed the Senate March 22, 2017

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this
23rd day of March, 2017

at 3:31 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 29th day of

March, 2017

at 1:42 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State
this 29 day of March, 2017

at 4:59 o'clock P. M.

[Signature]
Secretary of State

H.B. 2452