



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

March 29, 2018

The Honorable Michele Reagan
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

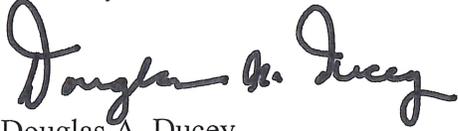
Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2nd Regular Session, which I signed on March 29, 2018:

HB 2035 deferred compensation plans; governing committee (Livingston)
HB 2156 legislative vacancy; appointment; time frame (Coleman)
HB 2196 certificates of necessity; hearings; duration (Carter)
HB 2242 fire districts; revisions; county islands (Farnsworth, E.)
HB 2258 diabetes; annual report (Carter)
HB 2412 leave of absence; day; definition (Shope)
HB 2477 high school mathematics; proficiency; notification (Udall)
HB 2505 converted entities; claims (Cobb)
HB 2513 hyperbaric oxygen therapy; veterans; fund (Finchem)
HB 2536 dual enrollment; homeschooled children (Bowers)
SB 1073 orthotics; prosthetic devices; valid prescription (Brophy McGee)
SB 1111 workers' compensation; opioids; dispensed medications (Fann)
SB 1204 trusts and estates (Worsley)
SB 1253 game and fish; licenses; fees (Griffin)
SB 1294 tax corrections act of 2018 (Farnsworth, D.)
SB 1401 ignition interlock device; installer; manufacturer (Worsley)
SB 1405 corporate income tax allocation; sales (Fann)
SB 1422 universities; tuition and fees (Griffin)

SB 1499 community facilities districts; directors (Smith)
SB 1502 ignition interlock device; incarceration credits (Smith)
SB 1518 department of child safety; reports (Brophy McGee)

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey". The signature is written in a cursive, flowing style.

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed
FILED

MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 108
SENATE BILL 1499

AN ACT

AMENDING SECTIONS 48-702, 48-705, 48-708 AND 48-711, ARIZONA REVISED
STATUTES; RELATING TO COMMUNITY FACILITIES DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-702, Arizona Revised Statutes, is amended to
3 read:

4 48-702. Resolution declaring intention to form district

5 A. If the public convenience and necessity require, and on
6 presentation of a petition signed by the owners of at least twenty-five
7 percent of the land area proposed to be included in the district, the
8 governing body may adopt a resolution declaring its intention to form a
9 community facilities district that shall include contiguous or
10 noncontiguous property that is wholly within the corporate boundaries of
11 the municipality or county.

12 B. On presentation of a petition signed by the owners of at least
13 twenty-five percent of the land area proposed to be included in the
14 district and a completed application for formation of a district by an
15 individual or entity, the governing body of a municipality or county
16 within sixty days after submission of the completed application shall hold
17 a public hearing to consider the application for formation of the
18 district. Immediately after completion of the hearing, the governing body
19 may adopt a resolution declaring its intention to form a community
20 facilities district that shall include contiguous or noncontiguous
21 property that is wholly within the corporate boundaries of the
22 municipality or county. If the governing body does not adopt a resolution
23 declaring its intention to form a district, the governing body shall
24 provide a written basis for not adopting the resolution and shall identify
25 the specific changes needed for the application to be approved. This
26 subsection does not create a presumption of district formation.

27 C. The resolution adopted by the governing body shall state the
28 following:

- 29 1. The area or areas to be included in the district.
- 30 2. The purposes for which the district is to be formed.
- 31 3. That a general plan for the district is on file with the clerk.
- 32 4. The date, time and place of the hearing to be held on the
33 formation of the district.
- 34 5. The place where written objections to the formation of the
35 district may be filed.
- 36 6. That formation of the district may result in the levy of taxes
37 to pay the costs of improvements constructed by the district and for their
38 operation and maintenance.
- 39 7. A reference to this article.
- 40 8. Whether the district will be governed by a district board that
41 consists of the members of the governing body, ex officio, with two
42 additional members who are designated INITIALLY by the owner who owns the
43 largest amount of privately owned acreage in the proposed district and who
44 are appointed by the governing body, or, at the option of the governing
45 body, five directors appointed by the governing body. The applicant for

1 formation of the district shall provide in the application a process for
2 the designation of the two additional district board members, if
3 applicable, on completion of the development of all of the property in the
4 district, AS CERTIFIED BY THE APPLICANT OR ITS SUCCESSORS, AND MAY PROVIDE
5 FOR THE DESIGNATION OF BOARD MEMBERS ON EXPIRATION OF THE TERM OF
6 ADDITIONAL DISTRICT BOARD MEMBERS AND FOR THE DESIGNATION OF A BOARD
7 MEMBER IF A VACANCY OCCURS ON THE DISTRICT BOARD BECAUSE OF THE DEATH,
8 RESIGNATION OR INABILITY TO DISCHARGE THE DUTIES OF DIRECTOR OF AN
9 ADDITIONAL DISTRICT BOARD MEMBER.

10 D. A completed application shall include at least the following
11 information:

12 1. A petition signed by the owners of at least twenty-five percent
13 of the land to be included in the district.

14 2. A description of the applicant, including the corporate and
15 organizational structure of the entity or individual making the
16 application, the names of all officers and corporate directors directly
17 related to or associated with the proposed district, the name, address and
18 telephone number of the primary contact for the applicant, the names of
19 any legal representatives, engineers, architects, financial consultants or
20 other consultants significantly involved in the application and a general
21 description of the applicant's experience with similar types of
22 developments.

23 3. A general plan setting out a general description of the public
24 infrastructure for which the district is proposed to be formed, the
25 general areas to be improved and the estimated costs of construction or
26 acquisition of the public infrastructure to be financed, constructed or
27 acquired by the district.

28 4. A preliminary financing plan that includes the sources and uses
29 of monies for the public improvements.

30 E. In reviewing an application for formation of a district in a
31 county, the governing body of the county may consider the district's
32 proximity to a city or town, its inclusion in a metropolitan planning area
33 or county growth area, the availability and capacity of utilities and
34 public infrastructure, including the transportation network, law
35 enforcement services, current levels of other public services and the
36 terms of existing zoning, development agreements and capital improvement
37 plans.

38 Sec. 2. Section 48-705, Arizona Revised Statutes, is amended to
39 read:

40 48-705. Order forming district; election

41 A. After the hearing, the governing body may adopt a resolution
42 ordering the formation of the district, deleting any property determined
43 not to be benefited by the district or modifying the general plan and then
44 ordering the formation of the district or determining that the district
45 not be formed. A resolution ordering formation of the district shall

1 state whether the district will be governed by a district board ~~comprised~~
2 THAT CONSISTS of the members of the governing body, ex officio, WITH TWO
3 ADDITIONAL MEMBERS WHO ARE INITIALLY DESIGNATED BY THE OWNER WHO OWNS THE
4 LARGEST AMOUNT OF PRIVATELY OWNED ACREAGE IN THE DISTRICT AND WHO ARE
5 APPOINTED BY THE GOVERNING BODY, or, at the option of the governing body
6 ~~and if the total area included in the district is larger than six hundred~~
7 ~~acres, five directors appointed by the governing body. If the district~~
8 ~~board will be comprised of appointed directors,~~ The resolution shall
9 contain the names of the five initial directors and the terms of office of
10 each.

11 B. If the governing body determines that the district should be
12 formed, it shall submit the formation to an election of the owners of land
13 in the district who are qualified electors of this state and other
14 landowners, according to section 48-3043, unless a petition is presented
15 to the governing body pursuant to section 48-707, subsection F. Each
16 owner has the number of votes or portions of votes equal to the number of
17 acres or portions of acres rounded upward to the nearest one-fifth of an
18 acre owned by that owner in the submitted district. In addition to
19 holding the landowner election required by this subsection or receipt of
20 the landowner petition pursuant to section 48-707, subsection F, and
21 subject to section 48-707, subsection G, the governing body shall submit
22 the formation of the district to a vote of the qualified electors who
23 reside within the boundaries of the proposed district.

24 Sec. 3. Section 48-708, Arizona Revised Statutes, is amended to
25 read:

26 48-708. Formation; debt limitation; disclosure

27 A. If the formation of the district is approved by a majority of
28 the votes cast at the election, the governing body shall order the
29 formation, appoint the initial directors of the district board ~~if the~~
30 ~~district will be governed by an appointed board~~ THAT ARE NOT MEMBERS OF
31 THE GOVERNING BODY, EX OFFICIO, set the district boundaries and order that
32 a map showing the district boundaries be drawn and a copy of the order
33 forming the district be delivered to the county assessor and the board of
34 supervisors of the county in which the district is located and to the
35 department of revenue. A notice of the formation showing the number and
36 date of the order and giving a description of the land included in the
37 district shall be recorded with the county recorder.

38 B. On its formation, the district is a special purpose district for
39 purposes of article IX, section 19, Constitution of Arizona, a tax levying
40 public improvement district for the purposes of article XIII, section 7,
41 Constitution of Arizona, and a municipal corporation for all purposes of
42 title 35, chapter 3, articles 3, 3.1, 3.2, 4 and 5. A district that
43 distributes or sells groundwater is a private water company only for
44 purposes of title 45, chapters 2 and 3.1. Except as otherwise provided in
45 this section, a district is considered to be a municipal corporation and

1 political subdivision of this state, separate and apart from the
2 municipality or county. Under no circumstances may the amount of
3 indebtedness evidenced by general obligation bonds issued pursuant to
4 section 48-719 and revenue bonds issued pursuant to section 48-720 exceed
5 the estimated cost of the public infrastructure improvements plus all
6 costs connected with the public infrastructure purposes and issuance and
7 sale of bonds, including, without limitation, credit enhancement and
8 liquidity support fees and costs. The total aggregate outstanding amount
9 of bonds and any other indebtedness for which the full faith and credit of
10 the district are pledged shall not exceed sixty percent of the aggregate
11 of the estimated market value of the real property and improvements in the
12 district after the public infrastructure of the district is completed plus
13 the value of the public infrastructure owned or to be acquired by the
14 district with the proceeds of the bonds.

15 C. On formation of the district, the district board shall make a
16 good faith effort to implement the general plan for the public
17 infrastructure of the district and any development agreement entered into
18 pursuant to section 9-500.05 between the governing body and owners of land
19 in the district. The district board shall be considered a party to that
20 agreement.

21 D. For districts approved after August 9, 2017, the district board
22 shall require that a seller of a property in the district who is otherwise
23 required to obtain a subdivision public report as prescribed by section
24 32-2183 disclose to a prospective purchaser the existence of the district,
25 the purpose for which the district was formed as set forth in the
26 resolution adopted by the governing body, the estimated tax rate and the
27 estimated annual tax amount that is based on applying that tax rate to a
28 hypothetical residential property value.

29 E. Fees and other charges assessed by a municipality or county in
30 connection with the submission and consideration of an application to form
31 a district shall not exceed fifteen thousand dollars. If an application
32 is denied by the governing body, the municipality or county may not assess
33 a fee or other charge in connection with the submission and consideration
34 of a substantially similar application that is submitted within one year
35 following the denial. Fees and other charges assessed by a municipality,
36 county or district in connection with the administration of a district,
37 including the issuance and sale of bonds, shall not exceed the actual
38 expense incurred by the municipality, county or district for staff and
39 consultant services and support facilities supplied by the municipality,
40 county or district or the financial, legal and administrative costs of the
41 district that are not reimbursed from proceeds of the bonds or other
42 district revenue. Any fees or other charges paid by the applicant before
43 formation of the district that exceed the actual costs of forming the
44 district shall be used by the municipality or county solely to support the

1 formation or administration of the district, including the issuance and
2 sale of bonds.

3 Sec. 4. Section 48-711, Arizona Revised Statutes, is amended to
4 read:

5 48-711. Records; board of directors; terms; vacancies; open
6 meetings

7 A. The district shall keep the following records that shall be open
8 to public inspection:

- 9 1. Minutes of all meetings of the district board.
- 10 2. All resolutions.
- 11 3. Accounts showing all monies received and disbursed.
- 12 4. The annual budget.
- 13 5. All other records required to be maintained by law.

14 B. If the resolution ordering formation of the district provides
15 that the district will be governed by a district board THAT CONSISTS OF
16 FIVE DIRECTORS WHO ARE appointed by the governing body, ALL OF THE
17 FOLLOWING APPLY:

18 1. Each appointed director shall serve for a term of six years,
19 except that two directors initially appointed by the governing body in the
20 resolution shall serve for a term of four years.

21 2. The resolution shall state which directors shall serve ~~four year~~
22 FOUR-YEAR terms and which shall serve ~~six year~~ SIX-YEAR terms.

23 3. On the expiration of the term of an appointed director, the
24 governing body shall appoint a person to fill the position.

25 4. If a vacancy occurs on the district board because of death,
26 resignation or inability of the director to discharge the duties of
27 director, the vacancy shall be filled by appointment made by the governing
28 body.

29 C. IF THE RESOLUTION ORDERING FORMATION OF THE DISTRICT PROVIDES
30 THAT THE DISTRICT WILL BE GOVERNED BY A DISTRICT BOARD THAT CONSISTS OF
31 THE MEMBERS OF THE GOVERNING BODY, EX OFFICIO, WITH TWO ADDITIONAL MEMBERS
32 WHO ARE INITIALLY DESIGNATED BY THE OWNER WHO OWNS THE LARGEST AMOUNT OF
33 PRIVATELY OWNED ACREAGE IN THE DISTRICT AND WHO ARE APPOINTED BY THE
34 GOVERNING BODY, ALL OF THE FOLLOWING APPLY:

35 1. EACH OF THE ADDITIONAL APPOINTED DIRECTORS SHALL SERVE FOR A
36 TERM OF SIX YEARS.

37 2. ON THE EXPIRATION OF THE TERM OF AN ADDITIONAL APPOINTED
38 DIRECTOR, THE GOVERNING BODY SHALL APPOINT A PERSON ACCORDING TO THE
39 PROCESS FOR DESIGNATING A DIRECTOR FOR A TERM OF OFFICE AS PRESCRIBED IN
40 THE APPLICATION FOR FORMATION OF THE DISTRICT SUBMITTED PURSUANT TO
41 SECTION 48-702, OR IF NO PROCESS IS PRESCRIBED IN THE APPLICATION FOR
42 FORMATION, THE OWNER WHO OWNS THE LARGEST AMOUNT OF PRIVATELY OWNED
43 ACREAGE IN THE DISTRICT AT THE TIME THE TERM EXPIRES SHALL DESIGNATE A
44 PERSON TO FILL THE POSITION AND THE GOVERNING BODY SHALL APPOINT THAT
45 PERSON TO FILL THE POSITION.

1 3. IF A VACANCY OCCURS ON A DISTRICT BOARD BECAUSE OF DEATH,
2 RESIGNATION OR INABILITY OF EITHER OF THE ADDITIONAL APPOINTED MEMBERS TO
3 DISCHARGE THE DUTIES OF DIRECTOR, THE GOVERNING BODY SHALL APPOINT A
4 PERSON ACCORDING TO THE PROCESS FOR DESIGNATING A PERSON TO FILL A VACANCY
5 ON THE DISTRICT BOARD AS PRESCRIBED IN THE APPLICATION FOR FORMATION OF
6 THE DISTRICT SUBMITTED PURSUANT TO SECTION 48-702, OR IF NO PROCESS FOR
7 FILLING A VACANCY IS PRESCRIBED IN THE APPLICATION FOR FORMATION, THE
8 VACANCY SHALL BE FILLED BY A PERSON WHO IS DESIGNATED BY THE OWNER WHO
9 OWNS THE LARGEST AMOUNT OF PRIVATELY OWNED ACREAGE IN THE DISTRICT AT THE
10 TIME OF THE VACANCY AND WHO IS APPOINTED BY THE GOVERNING BODY TO FILL THE
11 VACANCY.

12 D. A director appointed by the governing body TO FILL A VACANCY ON
13 THE DISTRICT BOARD shall hold office for the remainder of the unexpired
14 term until that director's successor is appointed.

15 E. An appointed director shall not be a landowner owning more than
16 forty acres in the district, an elected official of the municipality or
17 county or an employee or agent of the landowner or municipality or county
18 but may be a director of more than one district.

19 ~~F.~~ F. The members of the governing body of the municipality or
20 county are not eligible to receive compensation for their services as
21 members of the district board.

22 ~~G.~~ G. The board of directors shall comply with title 38, chapter
23 3, article 3.1 as a separate political subdivision, and the members of the
24 board of directors are deemed public officers for the purposes of and
25 shall comply with title 38, chapter 3, article 8.

26 ~~H.~~ H. The district manager, clerk and treasurer shall be the
27 manager, clerk and treasurer of the municipality or county, respectively,
28 unless the district board appoints a district manager, clerk and
29 treasurer.

30 Sec. 5. Emergency

31 This act is an emergency measure that is necessary to preserve the
32 public peace, health or safety and is operative immediately as provided by
33 law.

APPROVED BY THE GOVERNOR MARCH 29, 2018

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 29, 2018

Passed the House March 22, 20 18,

Passed the Senate February 22, 20 18,

by the following vote: 54 Ayes,

by the following vote: 30 Ayes,

5 Nays, 1 Not Voting
with emergency

0 Nays, 0 Not Voting
with Emergency

[Signature]
Speaker of the House
Jim Duda
Chief Clerk of the House

[Signature]
President of the Senate
Susan Owens
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
20th day of March, 20 18,

at 2:08 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 29th day of
March, 20 18,

at 11:19 o'clock A. M.
[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 29 day of March, 20 18,

at 3:04 o'clock P. M.

[Signature]
Secretary of State

S.B. 1499