REFERENCE TITLE: County Improvement Districts Tax Levy

State of Arizona Senate Thirtieth Legislature Second Regular Session

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s. B. 1184

Introduced by

AM ACT

Jon Lusles

RELATING TO COUNTIES; PROVIDING THAT COUNTY IMPROVEMENT DISTRICTS ARE TAX LEVYING DISTRICTS; PROVIDING FOR BOND ELECTIONS FOR BONDS TO BE PAID FROM ASSESSMENTS AND TAXES; PROVIDING FOR PREPAYMENT OF ASSESSMENT; PRESCRIBING PROCEDURES; PROVIDING FOR LIMITATION ON ISSUANCE OF IMPROVEMENT DISTRICT BONDS UNDER ALTERNATE PROCEDURE; AMENDING TITLE 11, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 11-701.01 AND 11-711.01; AMENDING SECTION 11-713, ARIZONA REVISED STATUTES; AMENDING TITLE 11, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 11-713.01, 11-713.02, 11-726.01, 11-745.01 AND 11-759.01; AMENDING TITLE 11, CHAPTER 5, ARTICLE 1.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 11-761.08, AND AMENDING SECTION 35-451, ARIZONA REVISED STATUTES.

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

Section 1. Title 11, chapter 5, article 1, Arizona Revised

Statutes, is amended by adding sections 11-701.01 and 11-711.01, to read:

11-701.01. Status of improvement districts as a tax

levying public improvement district

ALL IMPROVEMENT DISTRICTS FORMED PURSUANT TO THIS ARTICLE SHAW

ALL IMPROVEMENT DISTRICTS FORMED PURSUANT TO THIS ARTICLE SHALL BE TAX LEVYING IMPROVEMENT DISTRICTS WITHIN THE MEANING OF ARTICLE 13, SECTION 7, CONSTITUTION OF ARIZONA.

11-711.01. Bond election; qualifications of voters;
affidavit; challenges; inapplicability
of certain provisions

A. AT THE TIME OF THE ADOPTION OF THE RESOLUTION OF INTENTION,

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THE BOARD OF DIRECTORS MAY ORDER A SPECIAL ELECTION TO BE HELD TO DETER-MINE WHETHER GENERAL OBLIGATION BONDS OF THE DISTRICT MAY BE ISSUED TO PAY THE COSTS AND EXPENSES OF ANY PROJECT TO BE CONSTRUCTED BY THE DISTRICT. EXCEPT AS PROVIDED IN THIS ARTICLE. THE PROCEDURE FOR CALLING. HOLDING AND CANVASSING THE ELECTION AND FOR THE SALE AND ISSUANCE OF BONDS SHALL BE HELD AND CONDUCTED IN THE MANNER SET FORTH IN TITLE 35. CHAPTER 3, ARTICLE 3, THE DISTRICT RESERVING THE RIGHT TO ASSESS THE COSTS AND EXPENSES AGAINST THE PROPERTY BENEFITTED AS PROVIDED BY THIS ARTICLE.

- B. ALL QUALIFIED ELECTORS OF THE STATE WHO RESIDE WITHIN THE IMPROVEMENT DISTRICT AT THE TIME OF THE ELECTION SHALL BE QUALIFIED TO VOTE AT SUCH ELECTION. A PERSON OFFERING TO VOTE AT SUCH ELECTION SHALL SIGN AN AFFIDAVIT STATING HIS ADDRESS AND SWEARING HE IS QUALIFIED TO VOTE IN THE ELECTION AND HAS NOT VOTED PREVIOUSLY AT THE ELECTION.
- C. A PERSON OFFERING TO VOTE MAY BE CHALLENGED AND THE ELECTION OFFICERS SHALL THEN HAVE THE POWERS AND DUTIES OF GENERAL ELECTION OFFICERS.
- D. WHEN THE BOND ELECTION IS TO BE HELD THE DATE OF THE ELECTION AND THE DATE FOR THE HEARING ON THE ASSESSMENT, PROVIDED IN SECTION 11-713.01, SHALL BE STATED IN THE RESOLUTION OF INTENTION, AND THE NOTICE OF "PROPOSED IMPROVEMENT" REQUIRED BY SECTION 11-715.
- E. WHEN BONDS ARE AUTHORIZED PURSUANT TO AN ELECTION, SECTIONS 11-726, 11-727, 11-730, 11-732, 11-734, 11-735 AND 11-756 SHALL NOT APPLY.
- Sec. 2. Section 11-713, Arizona Revised Statutes, is amended to read:
  - 11-713. Plans; specifications; estimate of cost;

    limitation on assessment; filing of
    assessment diagram and assessment where
    election is to be held
- A. Before passing the resolution of intention, plans and specifications and estimates of the cost and expenses thereof shall be prepared by the engineer and filed with the clerk. The assessment for any lot shall not exceed its proportion of the estimate.

B. WHEN A BOND ELECTION IS TO BE HELD. THE SUPERINTENDENT SHALL 1 FILE WITH THE CLERK DUPLICATE DIAGRAMS OF THE PROPERTY FRONTING UPON 2 THE PROPOSED WORK OR IMPROVEMENT OR CONTAINED WITHIN THE ASSESSMENT DISTRICT WHEN EXPENSES OF THE PROPOSED IMPROVEMENT ARE TO BE ASSESSED UPON A DISTRICT. THE DIAGRAM SHALL SHOW EACH SEPARATE LOT OR PARCEL OF LAND NUMBERED CONSECUTIVELY. THE AREA IN SQUARE FEET OF EACH LOT OR PARCEL OF LAND AND THE LOCATION OF THE LOT OR PARCEL OF LAND IN RELATION TO THE WORK PROPOSED TO BE DONE. FURTHER, THE SUPERINTENDENT OF STREETS SHALL FILE WITH THE CLERK AN ASSESSMENT COVERING THE SUMS 9 10 ESTIMATED TO BE DUE FOR THE WORK PERFORMED AND SPECIFIED IN THE RESO-11 LUTION OF INTENTION BASED UPON THE AGGREGATE OF COSTS AND INCIDENTALS 12 SHOWN IN THE ESTIMATE. IN PREPARING THE ASSESSMENT THE SUPERINTENDENT OF STREETS SHALL ASSESS THE TOTAL SUM UPON THE LOTS SHOWN IN THE 13 14 ASSESSMENT DIAGRAM, EACH RESPECTIVELY IN PROPORTION TO THE BENEFIT TO 15 BE RECEIVED BY EACH LOT OR PARCEL OF LAND.

C. THE TOTAL AMOUNT OF BONDS TO BE AUTHORIZED AT THE ELECTION SHALL NOT EXCEED THE AGGREGATE OF ALL COSTS AND INCIDENTAL EXPENSES SHOWN ON THE ESTIMATE. THE ESTIMATE OF INCIDENTAL EXPENSES SHALL INCLUDE:

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- 1. THE COSTS FOR ENGINEERING, LEGAL, FINANCIAL AND OTHER SERVICES.
- 2. THE DIRECT OR INCIDENTAL COSTS TO BE INCURRED IN THE ISSUANCE AND SALE OF THE BONDS.
  - 3. THE COSTS OF PRINTING, PUBLICATION AND POSTING.
  - 4. THE COST OF DRAWING THE ASSESSMENT AND SUPERVISING THE WORK.
- D. IF THE BOND ELECTION FAILS OR IF THE WORK IS ABANDONED VOLUNTARILY OR INVOLUNTARILY, THEN A NOTICE OF RECISION OF THE ASSESSMENT SHALL BE EXECUTED BY THE BOARD OF DIRECTORS AND THE NOTICE OF RECISION OF THE ASSESSMENT SHALL BE FORTHWITH RECORDED IN THE OFFICE OF THE COUNTY RECORDER.
- 30 Sec. 3. Title 11, chapter 5, article 1, Arizona Revised Statutes, 31 is amended by adding sections 11-713.01, 11-713.02, 11-726.01, 11-745.01 32 and 11-759.01, to read:

## 11-713.01. Approval of assessment; notice; prepayment; hearing on assessment

- A. WHEN A BOND ELECTION IS ORDERED, THE RECORDING OF THE ASSESSMENT, THE CASH COLLECTIONS AND THE HEARING ON THE ASSESSMENT SHALL BE CONDUCTED IN THE MANNER PROVIDED IN THIS SECTION.
- B. IF THE BOARD FINDS THAT THE ASSESSMENT FILED PURSUANT TO SECTION 11-713 APPEARS TO CORRECTLY ASSESS THE ESTIMATED COSTS OF THE PROPOSED IMPROVEMENT, INCLUDING INCIDENTAL EXPENSES, UPON THE LOTS OR PARCELS BENEFITTED, THE BOARD SHALL APPROVE THE ASSESSMENT DIAGRAM AND THE ASSESSMENT AND DIRECT THE SUPERINTENDENT OF STREETS TO RECORD THE ASSESSMENT DIAGRAM AND ASSESSMENT IN THE OFFICE OF THE COUNTY RECORDER AND ALSO RECORD A DUPLICATE ASSESSMENT DIAGRAM AND ASSESSMENT IN THE OFFICE OF THE SUPERINTENDENT OF STREETS.
- C. WITHIN FIVE DAYS AFTER THE RECORDING OF THE ASSESSMENT DIAGRAM AND ASSESSMENT THE CLERK SHALL CAUSE THE FOLLOWING NOTICE TO BE MAILED TO EACH OF THE OWNERS OF REAL PROPERTY WITHIN THE PROPOSED ASSESSMENT DISTRICT, AS THEIR NAMES AND ADDRESSES APPEAR ON THE LAST EQUALIZED COUNTY ROLL OR AS KNOWN TO THE CLERK:

CANVASS OF ELECTION). IF YOU MAKE A PARTIAL PAYMENT YOU MAY NOT LEAVE UNPAID AN AMOUNT LESS THAN THIRTY DOLLARS. ALL ASSESSMENTS REMAINING UNPAID ON (DATE OF CANVASS OF ELECTION) SHALL BE COLLECTED IN ANNUAL INSTALLMENTS AND SHALL BEAR INTEREST AT A RATE NOT TO EXCEED PER CENT PER ANNUM.

IN THE EVENT THE IMPROVEMENT IS ABANDONED, ALL PREPAYMENTS WILL BE RETURNED.

| 1  | YOU ARE FURTHER ADVISED THAT A PUBLIC HEARING UPON THE ASSESSMENT           |
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| 2  | WILL BE HELD ON (DATE OF CANVASS OF ELECTION) AT THE HOUR OF                |
| 3  | AT THE OFFICE OF THE BOARD OF SUPERVISORS OF COUNTY AT                      |
| 4  | , ARIZONA, AND ANY PERSON OWNING OR HAVING AN INTEREST IN PROP-             |
| 5  | ERTY SUBJECT TO ASSESSMENT WHO HAS ANY OBJECTION TO THE ASSESSMENT OR       |
| 6  | ANY PROCEEDINGS CONNECTED THEREWITH MAY, PRIOR TO THE TIME FIXED FOR THE    |
| 7  | HEARING, FILE A WRITTEN NOTICE BRIEFLY SPECIFYING THEIR OBJECTIONS.         |
| 8  | DATED THIS DAY OF   |
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| 10 | CLERK, BOARD OF DIRECTORS OF  |
| 11 | IMPROVEMENT DISTRICT OF   |
| 12 | COUNTY  |
| 13 | D. THE TREASURER SHALL GIVE A RECEIPT FOR ALL CASH PAYMENTS RECEIVED        |
| 14 | AND SHALL HOLD SUCH PAYMENTS IN TRUST FOR THE PROPERTY OWNER UNTIL A CON-   |
| 15 | STRUCTION CONTRACT HAS BEEN EXECUTED AND THEN IN TRUST, FIRST FOR THE COM-  |
| 16 | STRUCTION CONTRACTOR TO BE PAID IN ACCORDANCE WITH THE CONSTRUCTION CON-    |
| 17 | TRACT AND SECONDLY, ANY REMAINDER FOR THE PROPERTY OWNER MAKING THE PAYMENT |
| 18 | IN THE EVENT THE ELECTION FAILS OR THE PROJECT IS ABANDONED ALL MONIES      |
| 19 | COLLECTED BY THE TREASURER SHALL BE RETURNED TO THE RESPECTIVE PROPERTY     |
| 20 | OWNER MAKING THE PAYMENT.   |
| 21 | E. AT THE DATE FIXED FOR HEARING ON THE ASSESSMENT THE BOARD SHALL          |
| 22 | MEET AND PASS UPON ANY OBJECTIONS TO THE ASSESSMENT. THE MEETING MAY BE     |
| 23 | ADJOURNED FROM TIME TO TIME BUT THE BOARD OF DIRECTORS SHALL PASS ON ALL    |
| 24 | MATTERS REQUIRED TO BE HEARD WITHIN TEN DAYS FROM THE DATE SET FOR          |
| 25 | HEARING. ALL DETERMINATIONS BY THE BOARD OF DIRECTORS SHALL BE FINAL        |
| 26 | AND CONCLUSIVE. THE BOARD OF DIRECTORS MAY MODIFY THE AMOUNTS OF THE        |
| 27 | SEVERAL ASSESSMENTS OR MAY CHANGE THE BOUNDARIES OF THE ASSESSMENT DISTRICT |
| 28 | AFTER THE HEARING OR MAY ORDER A NEW ASSESSMENT TO BE MADE. IF A NEW        |
| 29 | ASSESSMENT IS ORDERED TO BE MADE, NOTICE SHALL BE GIVEN BY AN ANNOUNCEMENT  |
| 30 | TO THAT EFFECT AT THE END OF THE HEARING STATING THE TIME FOR HEARING       |
| 31 | OBJECTIONS TO THE NEW ASSESSMENT. NOTICE OF THE DATE FOR THE HEARING        |
| 32 | SHALL BE PUBLISHED ONCE IN A WEEKLY OR DAILY NEWSPAPER PRIOR TO SUCH        |
| 33 | HEARING.  |

## 11-713.02. Certified list of unpaid assessments; bond authorization; sale of bonds; construction bids

- A. IF THE BOND ELECTION IS SUCCESSFUL AND THE ASSESSMENT IS CONFIRMED, THE TREASURER SHALL REPORT ALL PAYMENTS TO THE COUNTY SUPERINTENDENT OF STREETS. THE COUNTY SUPERINTENDENT OF STREETS SHALL DRAW A LIST OF ALL ASSESSMENTS REMAINING UNPAID AT THE DATE OF THE CANVASS AND SHALL CERTIFY SUCH LIST TO THE BOARD OF DIRECTORS. AFTER THE ADOPTION OF THE RESOLUTION ORDERING THE WORK THE BOARD OF DIRECTORS SHALL BE AUTHORIZED TO SELL AND ISSUE BONDS IN THE PRINCIPAL AMOUNT REMAINING UNPAID AS SHOWN ON THE CERTIFIED LIST.
- B. THE BOARD, BY RESOLUTION, SHALL PROVIDE FOR THE ISSUANCE OF BONDS FOR THE AMOUNT OF SUCH UNPAID ASSESSMENTS, DATE THE BONDS AS OF THE DATE OF THE CANVASS, PRESCRIBE THEIR FORM AND DENOMINATION, THE AMOUNT THEREOF TO MATURE EACH YEAR, THEIR PAYMENT ON JANUARY 1 AT THE OFFICE OF THE COUNTY TREASURER OR AT THE OFFICE OF A PAYING AGENT WITHIN OR WITHOUT THE STATE AS DESIGNATED BY THE BOARD, FOR A TERM NOT TO EXCEED TWENTY YEARS AND THREE MONTHS AND THAT THE BONDS SHALL BEAR INTEREST AT A RATE OF NOT TO EXCEED THE RATE SPECIFIED IN THE RESOLUTION OF INTENTION, REPRESENTED BY SEMIANNUAL INTEREST COUPONS ATTACHED.
- C. THE BOARD SHALL SET THE DATE FOR RECEIPT OF BOND BIDS SUBSEQUENT TO THE DATE SET TO RECEIVE BIDS FOR THE CONSTRUCTION OF THE WORK DESCRIBED IN THE RESOLUTION OF INTENTION.
- D. ALL BONDS SHALL BE SOLD AT ONE TIME IN THE MANNER PRESCRIBED IN SECTION 35-457.
- E. NOTWITHSTANDING ANYTHING CONTAINED IN EITHER SECTION 11-713 OR 11-721, ALL CONSTRUCTION BIDS SHALL STATE ONE LUMP-SUM AS THE CONTRACTORS PRICE FOR CONSTRUCTING THE WORK MENTIONED IN THE RESOLUTION OF INTENTION, WHICH PRICE SHALL NOT EXCEED THE AMOUNT OF CONSTRUCTION COSTS MENTIONED IN THE ESTIMATE.

11-726.01. Correction of assessment

WHEN THE WORK IS COMPLETED AND ALL COSTS AND EXPENSES ARE KNOWN,
THE SUPERINTENDENT OF STREETS SHALL REPORT THE TOTAL COSTS AND EXPENSES

TO THE BOARD OF DIRECTORS. WHEN THE ASSESSMENT HAS BEEN RECORDED IN THE MANNER SET FORTH IN SECITON 11-713.01, THE BOARD SHALL ORDER A CORRECTION OF THE ASSESSMENT TO REFLECT THE DIFFERENCE BETWEEN THE ESTIMATE AND THE ACTUAL COST OF CONSTRUCTION. BOND PROCEEDS REMAINING ON HAND AFTER PAYMENT OF ALL COSTS AND EXPENSES HAVE BEEN PAID SHALL BE CREDITED TO THE PRINCIPAL AND INTEREST REDEMPTION FUND.

11-745.01. Special provision pertaining to assessment when bonds are authorized by an election; levy of tax to pay bond debt service; continuation of interest

- A. ANY OTHER SECTION OF THIS ARTICLE TO THE CONTRARY NOTWITHSTANDING, WHEN THE BONDS HAVE BEEN AUTHORIZED BY AN ELECTION THE ASSESSMENTS SHALL CONSTITUTE A FIRST LIEN ON THE RESPECTIVE LOTS OR PARCELS
  ASSESSED, COEQUAL WITH THE LIEN OF GENERAL TAXES, NOT SUBJECT TO
  EXTINGUISHMENT BY A SALE FOR NONPAYMENT OF GENERAL TAXES, PRIOR AND
  SUPERIOR TO ALL DEMANDS, EXECUTIONS, INCUMBRANCES, TITLES OR LIENS
  WHENSOEVER CREATED, INCLUDING THE LIEN OF ALL SPECIAL ASSESSMENTS THEREAFTER LEVIED, AND SHALL CONTINUE UNTIL SUCH ASSESSMENT INSTALLMENTS, WITH
  PENALTIES, INTEREST AND CHARGES THAT MAY ACCRUE THEREON SHALL HAVE BEEN
  PAID.
- B. ALL INSTALLMENTS PAID ON SUCH ASSESSMENTS SHALL BE DEPOSITED BY THE TREASURER INTO THE PRINCIPAL AND INTEREST REDEMPTION FUNDS OF THE DISTRICT AS PROVIDED IN SECTION 35-458, SUBSECTION B, AND SO LONG AS THE INSTALLMENTS ARE SUFFICIENT TO PAY THE PRINCIPAL AND INTEREST COMING DUE ON THE BONDS NO TAX LEVY NEED BE MADE PURSUANT TO SECTION 35-458.
- C. IF SUCH ANNUAL INSTALLMENTS OF PRINCIPAL AND INTEREST DO NOT PROVIDE FUNDS SUFFICIENT FOR THE PAYMENT OF THE BONDS AND THE INTEREST THEREON AS THEY SHALL ACCRUE, THE BOARD OF DIRECTORS SHALL CAUSE LEVIES TO BE MADE AS PROVIDED IN SECTION 35-458 ON THE PROPERTIES WITHIN THE IMPROVEMENT DISTRICT UNTIL THE BONDS AND INTEREST ARE PAID.
- D. IF, UPON PRESENTATION AT MATURITY, PAYMENT OF ANY BOND OR COUPON IS NOT PAID FOR WANT OF FUNDS, THE BOND OR COUPON SHALL CONTINUE TO BEAR INTEREST AT THE RATE STATED IN THE BOND UNTIL PAID IN FULL.

|    | 11-735.01. Saving Clauses  |
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| 2  | A. NEITHER AN ELECTION NOR THE VALIDITY OF ANY BONDS AUTHORIZED                    |
| 3  | AT SUCH ELECTION MAY BE CHALLENGED BY ANY ACTION IN ANY COURT FOR ANY              |
| 4  | REASON IF SUCH ACTION IS NOT BROUGHT WITHIN THIRTY DAYS AFTER THE                  |
| 5  | CANVASS OF THE RESULT OF THE ELECTION.   |
| 6  | B. THE INVALIDITY OF ANY ASSESSMENT SHALL NOT AFFECT THE VALIDITY                  |
| 7  | OF ANY BONDS AUTHORIZED BY AN ELECTION.  |
| 8  | C. NO INVALIDITY IN THE CALLING OR HOLDING OF ANY ELECTION SHALL                   |
| 9  | AFFECT THE VALIDITY OF ANY ASSESSMENT.   |
| 10 | Sec. 4. Title 11, chapter 5, article 1.1, Arizona Revised Statute                  |
| 11 | is amended by adding section 11-761.08, to read:                                   |
| 12 | 11-761.08. <u>Limitation</u>   |
| 13 | NO BONDS MAY BE ISSUED UNDER THE PROVISIONS OF THIS ARTICLE UNLESS                 |
| 14 | THE RESOLUTION AUTHORIZING THE WORK SHALL HAVE BEEN ADOPTED BY THE BOARD           |
| 15 | OF DIRECTORS OF THE IMPROVEMENT DISTRICT BEFORE THE EFFECTIVE DATE OF              |
| 16 | THIS SECTION.  |
| 17 | Sec. 5. Section 35-451, Arizona Revised Statutes, is amended to                    |
| 18 | read:  |
| 19 | 35-451. <u>Increase of aggregate indebtedness above</u>                            |
| 20 | four per cent of valuation; authority to   |
| 21 | 1ssue bonds  |
| 22 | <ol> <li>The aggregate indebtedness of a county, school district, city,</li> </ol> |
| 23 | town or similar municipal corporation may be increased above four per              |
| 24 | cent of the value of the taxable property in such political subdivision            |
| 25 | only as provided in this article. The value of such taxable property               |
| 26 | shall be ascertained as provided by section 8 of article 9 of the consti           |
| 27 | tution.  |
| 28 | <ol><li>B. Bonds may be issued under the provisions of this article for</li></ol>  |
| 29 | any lawful or necessary purpose.   |
| 20 | C IN ADDITION TO THE PROVISIONS OF SURSECTIONS & AND R. BONDS                      |

DISTRICT ACTING PURSUANT TO TITLE 11, CHAPTER 5, ARTICLE 1.

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MAY BE AUTHORIZED AND ISSUED PURSUANT TO THIS ARTICLE BY AN IMPROVEMENT

Sec. 6. Emergency

To preserve the public peace, health and safety it is necessary

that this act become immediately operative. It is therefore declared to

be an emergency measure, to take effect as provided by law.