

House Engrossed

fire district bonds; merger; consolidation

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
Second Regular Session  
2022

# HOUSE BILL 2699

AN ACT

AMENDING SECTIONS 48-806 AND 48-815.01, 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 48-806, Arizona Revised Statutes, is amended to  
3 read:

4 48-806. Bond election; issuance and sale of bonds; security

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

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

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

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

39 E. If a majority of the qualified electors of the district voting  
40 at the election approves the issuance of bonds, the district board or the  
41 elected chief and secretary-treasurer, as appropriate, may issue bonds in  
42 an aggregate principal amount not exceeding the lesser of six percent of  
43 the value of the taxable property in the district as shown on the last  
44 property tax assessment roll before issuing the bonds or the maximum  
45 amount specified in the election order.

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

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

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

25 I. After the bonds are issued, the district board or elected chief  
26 and secretary-treasurer, as appropriate, shall enter on the district's  
27 minutes a record of the bonds sold and shall annually determine the amount  
28 of the tax levy to pay the bonds and certify such amount to the board of  
29 supervisors of the county. The board of supervisors shall annually cause  
30 to be levied and collected a tax, at the same time and in the same manner  
31 as other taxes are levied and collected on all taxable property in the  
32 district, sufficient to pay the principal of and interest on the bonds as  
33 they become due and payable. Monies derived from the levy of the tax when  
34 collected shall be deposited in the debt service fund and shall be applied  
35 only to payment of the principal of and interest on the bonds. On payment  
36 of the outstanding bonded indebtedness of the district, any monies  
37 remaining in the debt service fund shall be used to reduce the district's  
38 property tax levy in the next fiscal year. Amounts levied for debt  
39 service on bonds issued pursuant to this section payable from the  
40 secondary tax are and shall be considered special revenues of the  
41 district, shall be kept in a special, segregated fund, are not and shall  
42 not be general property taxes and may not be used for any other purpose of  
43 the district.

1 J. IF A DISTRICT WITH OUTSTANDING BONDED INDEBTEDNESS IS MERGED  
2 PURSUANT TO SECTION 48-820 OR CONSOLIDATED PURSUANT TO SECTION 48-823, THE  
3 INDEBTEDNESS SHALL NOT BE ASSUMED BY ALL OF THE RESULTING DISTRICT AND  
4 SHALL BE DEEMED AN ONGOING INDEBTEDNESS OF ONLY THAT PORTION OF THE  
5 RESULTING DISTRICT THAT ORIGINALLY APPROVED THE BONDS FOR THE PURPOSES OF  
6 SUBSECTION E OF THIS SECTION. IN ORDER TO PAY THE PRINCIPAL OF AND  
7 INTEREST ON THE BONDS AS THEY BECOME DUE AND PAYABLE, THE BOARD OF  
8 SUPERVISORS SHALL ANNUALLY CAUSE TO BE LEVIED AND COLLECTED A TAX ON THE  
9 TAXABLE PROPERTY OF ONLY THAT PORTION OF THE RESULTING DISTRICT THAT  
10 APPROVED THE BONDS AS DETERMINED ON THE DATE OF THE MERGER OR  
11 CONSOLIDATION OF THE DISTRICT, AND MAY NOT LEVY TAXES ON THE REMAINDER OF  
12 THE TAXABLE PROPERTY OF THE NEWLY MERGED OR CONSOLIDATED DISTRICT.

13 ~~J.~~ K. All bonds, heretofore and hereafter issued, are secured by a  
14 lien on all revenues received pursuant to the tax levy made pursuant to  
15 subsection I OR J of this section. The lien arises automatically without  
16 the need for any action or authorization by the district or the district's  
17 governing board. The lien is valid and binding from the time of the  
18 issuance of the bonds. The revenues received pursuant to the levy of the  
19 tax made pursuant to subsection I OR J of this section are immediately  
20 subject to the lien. The lien attaches immediately to the revenues and is  
21 effective, binding and enforceable against the district, the district's  
22 successors, transferees and creditors and all other parties asserting  
23 rights in the revenues, irrespective of whether the parties have notice of  
24 the lien, without the need for any physical delivery, recordation, filing  
25 or further act.

26 Sec. 2. Section 48-815.01, Arizona Revised Statutes, is amended to  
27 read:

28 ~~48-815.01.~~ District dissolution; procedures; notice; hearing;  
29 determinations; petitions

30 A. A fire district may be dissolved by the following procedures:

31 1. Any adult person desiring to dissolve a fire district shall  
32 prepare and submit a dissolution statement to the board of supervisors of  
33 the county in which the district is located. The dissolution statement  
34 shall contain at least the following information:

35 (a) A legal description of the boundaries of the district and a  
36 detailed, accurate map of the district.

37 (b) A list and explanation of benefits that will result from the  
38 proposed dissolution of the district.

39 (c) A list and explanation of the injuries that will result from  
40 the proposed dissolution of the district.

41 2. On receipt of the dissolution statement, the board of  
42 supervisors shall set a day, not fewer than thirty ~~not~~ OR more than sixty  
43 days ~~from~~ AFTER that date, for a hearing on the dissolution statement.  
44 The board of supervisors, at any time ~~prior to~~ BEFORE making a  
45 determination pursuant to paragraph 4 of this subsection, may require that

1 the dissolution statement be amended to include any information that the  
2 board of supervisors deems to be relevant and necessary.

3 3. On receipt of the dissolution statement, the clerk of the board  
4 of supervisors shall mail, by first class mail, written notice of the  
5 statement, its purpose and notice of the day, hour and place of the  
6 hearing on the proposed dissolution of the district to each owner of  
7 taxable property within the boundaries of the district. The clerk of the  
8 board of supervisors shall post the notice in at least three conspicuous  
9 public places in the area of the district and shall publish twice in a  
10 daily newspaper of general circulation in the area of the district, at  
11 least ten days before the hearing, or, if no daily newspaper of general  
12 circulation exists in the area of the district, at least twice at any time  
13 before the date of the hearing, a notice setting forth the purpose of the  
14 dissolution statement, the description of the area of the district and the  
15 day, hour and place of the hearing.

16 4. At the hearing called pursuant to paragraph 2 of this  
17 subsection, the board of supervisors shall hear those who appear for and  
18 against the proposed dissolution of the district and shall determine  
19 whether the dissolution of the district will promote THE public health,  
20 comfort, convenience, necessity or welfare. If the board of supervisors  
21 determines that the public health, comfort, convenience, necessity or  
22 welfare will be promoted, it shall approve the dissolution statement and  
23 authorize the persons proposing the dissolution of the district to  
24 circulate petitions as provided in this subsection. The order of the  
25 board of supervisors shall be final, but if the request to circulate  
26 petitions is denied, a subsequent request for a similar district  
27 dissolution may be refiled with the board of supervisors ~~after~~ six months  
28 ~~from~~ AFTER the date of such denial.

29 5. Within fifteen days after receiving the approval of the board of  
30 supervisors as prescribed by paragraph 4 of this subsection, the clerk of  
31 the board shall determine the minimum number of signatures required for  
32 compliance with paragraph 7 of this subsection. After making that  
33 determination, that number of signatures shall remain fixed.

34 6. After receiving the approval of the board of supervisors as  
35 provided in paragraph 4 of this subsection, any adult person may circulate  
36 and present petitions for the dissolution of the district to the board of  
37 supervisors of the county in which the district is located. All petitions  
38 circulated shall be returned to the board of supervisors within one year  
39 ~~from~~ AFTER the date of the approval of the board of supervisors pursuant  
40 to paragraph 4 of this subsection. Any petition that is returned more  
41 than one year ~~from~~ AFTER that date is void.

42 7. The petitions presented pursuant to paragraph 6 of this  
43 subsection shall comply with section 48-815.02 and shall at all  
44 times, contain a legal description of the boundaries of the district and  
45 a detailed, accurate map of the district. Petitions shall be signed by

1 more than one-half of the property owners in the area of the district and  
2 be signed by persons owning collectively more than one-half of the  
3 assessed valuation of the property in the area of the district.

4 8. On receipt of the petitions, the board of supervisors shall set  
5 a day, not fewer than ten ~~nor~~ OR more than thirty days ~~from~~ AFTER that  
6 date, for a hearing on the petition.

7 9. ~~Prior to~~ BEFORE the hearing called pursuant to paragraph 8 of  
8 this subsection, the board of supervisors shall determine the validity of  
9 the petitions presented.

10 10. At the hearing called pursuant to paragraph 8 of this  
11 subsection, the board of supervisors, if the petitions are valid, shall  
12 order the dissolution of the district. The board of supervisors shall  
13 enter its order setting forth its determination in the minutes of the  
14 meeting, not later than ten days ~~from~~ AFTER the day of the hearing, and  
15 a copy of the order shall be filed in the county recorder's office. The  
16 order of the board of supervisors shall be final, and the district shall  
17 be dissolved thirty days after the board of supervisors votes. A decision  
18 of the board of supervisors under this section is subject to judicial  
19 review under title 12, chapter 7, article 6.

20 11. On the recording of the order prescribed in paragraph 10 of  
21 this subsection, all ~~money~~ MONIES remaining in the fire district fund  
22 after the payment of all valid claims against the district shall be  
23 transferred to the general fund of the county in which the fire district  
24 is located, but if all of the fire district has been included within the  
25 corporate limits of a city or town, then on dissolution as provided by  
26 this section, the equipment, assets and liabilities of the district shall  
27 be transferred to that city or town. If the district was an employer  
28 covered by the Arizona state retirement system, the clerk of the county  
29 board of supervisors shall notify the director of the Arizona state  
30 retirement system of the dissolution of the district.

31 12. Taxes shall continue to be levied as provided in section  
32 48-806, subsection I OR J on ~~all~~ the taxable property within the ~~former~~  
33 FORMER boundaries of the district to pay the principal OF or any interest  
34 on THE outstanding bonds of the district.

35 B. For the purpose of determining the validity of the petitions  
36 presented pursuant to subsection A, paragraph 6 of this section:

37 1. Property held in multiple ownership shall be treated as if it  
38 had only one property owner, so that the signature of only one of the  
39 owners of property held in multiple ownership is required on the formation  
40 petition.

41 2. The value of property shall be determined as follows:

42 (a) In the case of property assessed by the county assessor, values  
43 shall be the same as those shown on the last assessment roll of the county  
44 containing such property.

1 (b) In the case of property valued by the department of revenue,  
2 the values shall be those determined by the department in the manner  
3 provided by law, for municipal assessment purposes. The county assessor  
4 and the department of revenue, respectively, shall furnish to the board of  
5 supervisors, within twenty days after such a request, a statement in  
6 writing showing the owner, the address of each owner and the appraisal or  
7 assessment value of properties contained within the boundaries of the  
8 proposed district as described in subsection A of this section.

9 C. For the purposes of this section, assessed valuation does not  
10 include the assessed valuation of property that is owned by a county, this  
11 state or the United States government and in the case of multiple  
12 ownership of a single parcel of property, any one property owner  
13 constitutes the entire ownership interest.

14 D. The board of supervisors may require of the person desiring to  
15 dissolve a district pursuant to subsection A, paragraph 1 of this section  
16 a reasonable bond to be filed with the board at the start of proceedings  
17 under this section. The bond shall be in an amount sufficient to cover  
18 costs incurred by the county if the district is not finally dissolved.  
19 County costs covered by the bond include any expense incurred from  
20 completion of the dissolution statement, mailing of the notice of hearing  
21 to district property owners, publication of the notice of hearing and  
22 other expenses reasonably incurred as a result of any requirements of this  
23 section.

24 E. If a district is dissolved pursuant to this section, the cost of  
25 publication of the notice of hearing, AND the mailing of notices to  
26 property owners and all other costs incurred by the county as a result of  
27 this section shall be a valid charge against the district.