REFERENCE TITLE: water and energy; improvement district.

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

HB 2742

Introduced by Representative Sierra

AN ACT

AMENDING SECTIONS 11-496 AND 48-572, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 7; RELATING TO SPECIAL TAXING DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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Be it enacted by the Legislature of the State of Arizona: Section 1. Section 11-496, Arizona Revised Statutes, is amended to read:

11-496. <u>Public records copy; proceeds of sale; agent duties;</u> <u>surcharge; special district assessments; deposit</u>

- A. In addition to the fee prescribed by section 39-121.01, subsection D, paragraph 1 or section 39-121.03, subsection A, the county treasurer may impose a surcharge of not more than twenty-five per cent PERCENT of the fee charged for furnishing a copy, printout or photograph.
- B. A county treasurer who is designated as a registrar pursuant to section 35-491 may impose a surcharge of not more than twenty-five per cent PERCENT of the average fee charged by commercial bank trust departments during the previous calendar year for discharging registrar, transfer and paying agent duties.
- C. The county treasurer may impose and collect a fee for expenses directly related to the collection of THE FOLLOWING:
- 1. Special assessments for a community facilities district pursuant to section 48-721. and
- 2. SPECIAL ASSESSMENTS FOR a revitalization district pursuant to section 48-6815. and for collecting
- 3. Municipal fire and emergency services fees from owners of record in certain areas of the county as prescribed in section 9-500.23.
- 4. SPECIAL ASSESSMENTS FOR A SPECIAL ASSESSMENT PROGRAM AS PRESCRIBED IN AN AGREEMENT ENTERED INTO PURSUANT TO SECTION 48-755.
- D. The county treasurer shall deposit monies collected pursuant to this section in the taxpayers' information fund established by section 11-495.
- Sec. 2. Section 48-572, Arizona Revised Statutes, is amended to read:

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48-572. Purposes for which public improvements may be undertaken; powers incidental to public improvements
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- A. When the public interest or convenience requires, the governing body of a municipality may:
- 1. Order the whole or any portion, either in length or width, of one or more of the streets of the municipality graded or regraded, paved or repayed, or otherwise improved or reimproved.
- 2. Order the construction, reconstruction or repair of any tunnel, subway, viaduct or conduit in, on, under or over any street, or land of the municipality or any land on, under or over which the municipality may have an easement or right-of-way therefor.
- 3. Order the construction or reconstruction of railroads, sidewalks, crosswalks, curbs, gutters, culverts, bridges, tunnels, siphons, manholes, steps, parkings and parkways and also pipes, hydrants and appliances for fire protection.

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- 4. Order construction, reconstruction or acquisition of sewers, ditches, drains, conduits, pipelines and channels for sanitary and drainage purposes, or either or both, with outlets, cesspools, manholes, catch basins, flush tanks, septic tanks, connecting sewers, ditches, drains, conduits, channels and other appurtenances in, under, over or through any street, or any land of the municipality or any right-of-way granted or obtained for such purpose, either within or without the limits of the municipality.
- 5. Order construction, reconstruction or acquisition of waterworks, ditches, canals, channels, conduits, pipelines and siphons, together with the necessary or usual appurtenances for carrying storm water STORMWATER or water from irrigation ditches, watercourses, streams or springs into, through or out of the municipality, in, under, over or through any street, or any land of the municipality or any right-of-way granted or obtained for such purpose, either within or without the limits of the municipality.
- 6. Order construction, reconstruction or acquisition of breakwater levees or walls, docks, wharves, marinas, boat harbors and related facilities.
- 7. Order construction, reconstruction or acquisition of lighting plants and poles, wires, conduits, lamps, standards and other appliances for the purpose of lighting and beautifying the streets improved.
- 8. Order the whole or any portion of any off-street parking area and entrances thereto of the municipality graded or regraded, paved or repaved, or otherwise improved or reimproved, order lighting plants and poles, wires, conduits, lamps, standards, and other appliances for the purpose of lighting, landscaping and beautifying the streets or off-street parking areas and entrances thereto to be improved and order construction on such land of parking structures that may have any portion at, above or below grade. If in connection with any lot or parcel within a proposed assessment district adequate off-street parking facilities have been provided, such lot or parcel shall be excluded from the assessment district and shall not be assessed for such improvements if, within the time and in the manner provided in section 48-579, subsection C, the owner or owners file a written objection to the extent of the assessment district. For purposes of this paragraph in cities having a zoning code or ordinance, unless the off-street parking facilities provided meet or exceed the requirements of the zoning code or ordinance for a lot or parcel of that size in that zone, then such off-street parking facilities shall not be deemed adequate. In cities not having a zoning code or ordinance, the facilities provided shall not be deemed adequate unless parking space for one motor vehicle is provided for each three hundred square feet of floor space in the building served by such off-street parking site. If any lot or parcel within a proposed assessment district organized for improvements provided for in this paragraph is zoned and used exclusively for single family SINGLE-FAMILY residential purposes,

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such lot or parcel shall be excluded from the assessment district and shall not be assessed for such improvements if, within the time and in the manner provided in section 48-579, subsection C, the owner or owners file a written objection to the extent of the assessment district.

- 9. Order the construction or reconstruction of any work incidental to or connected with the improvements set forth in this subsection.
- 10. Pursuant to section 48-622, and notwithstanding any other law, construct, acquire or improve a wastewater treatment facility, drinking water facility or nonpoint source project with monies borrowed from or financial assistance, including forgivable principal, provided by the water infrastructure finance authority of Arizona.
- 11. PURSUANT TO ARTICLE 7 OF THIS CHAPTER, PROVIDE FOR OR AUTHORIZE THE CONSTRUCTION, INSTALLATION OR MODIFICATION OF ENERGY EFFICIENCY IMPROVEMENTS, WATER CONSERVATION IMPROVEMENTS, RENEWABLE ENERGY IMPROVEMENTS OR RESILIENCY IMPROVEMENTS ON QUALIFYING PROPERTY THROUGH THE ESTABLISHMENT OF A C-PACE PROGRAM AS DEFINED IN SECTION 48-751.
- B. In addition to all powers specifically granted by or reasonably inferred under the provisions of this article, cities and towns, acting through their governing bodies, may:
- 1. Join with other cities or towns, or any improvement district or sanitary district, or the THIS state, or any of its departments or agencies, OR the federal government or any of its departments, agencies or instrumentalities, in PROVIDING FOR OR AUTHORIZING the construction, operation or maintenance of improvements authorized by this section, INCLUDING BY ESTABLISHING A C-PACE PROGRAM AS DEFINED IN SECTION 48-751. THIS PARAGRAPH DOES NOT AUTHORIZE A CITY, TOWN OR COUNTY TO ENTER INTO A FINANCING AGREEMENT FOR THE DIRECT FINANCING OF A QUALIFYING IMPROVEMENT AS DEFINED IN SECTION 48-751.
- 2. Join with any other city, town, improvement district or sanitary district in improving streets running on or along the boundaries of the city or town and levy assessments or issue bonds for the proportionate part of the city or town of the cost of the improvement. A municipality that proposes to levy an assessment for the proportionate part of the city or town COST OF THE IMPROVEMENT shall prepare a notice of intent to establish or increase the assessments pursuant to section 9-499.15, subsection B, paragraph 4.
- 3. Accept from the THIS state, or THE federal government, or any agency, department or instrumentality of either, grants for or in aid of the construction of any of the improvements provided by this article, and enter into contracts with this state, the federal government, or any agency, department or instrumentality of either or both, for the construction or supervision of construction by this state, the federal government, or any agency, department or instrumentality of either or both, of any such improvements, in accordance with the plans, specifications, rules and regulations of this state, the federal

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government, or any agency, department or instrumentality of either or both, but reserving to the city or town the right to assess against the property benefited by the improvement, and located within the city or town, that portion of the cost of the improvement that does not qualify for aid under the state or federal grant.

Sec. 3. Title 48, chapter 4, Arizona Revised Statutes, is amended by adding article 7, to read:

ARTICLE 7. WATER CONSERVATION, ENERGY EFFICIENCY, RENEWABLE ENERGY AND RESILIENCY IMPROVEMENT DISTRICT

48-751. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- 1. "AUTHORIZING COUNTY" MEANS A COUNTY THAT FORMS A C-PACE PROGRAM PURSUANT TO THIS ARTICLE.
- 2. "AUTHORIZING MUNICIPALITY" MEANS A CITY OR TOWN THAT FORMS A C-PACE PROGRAM PURSUANT TO THIS ARTICLE.
- 3. "CAPITAL PROVIDER" MEANS A PRIVATE ENTITY OR ITS DESIGNEE, SUCCESSOR OR ASSIGN THAT FINANCES OR REFINANCES A QUALIFYING IMPROVEMENT PURSUANT TO THIS ARTICLE.
- 4. "ENERGY EFFICIENCY IMPROVEMENT" MEANS A DEVICE INTENDED TO DECREASE ENERGY CONSUMPTION OR DEMAND THROUGH THE USE OF EFFICIENCY TECHNOLOGIES, PRODUCTS OR ACTIVITIES THAT REDUCE OR SUPPORT THE REDUCTION OF ENERGY CONSUMPTION.
- 5. "FINANCING AGREEMENT" MEANS THE AGREEMENT UNDER WHICH A PRIVATE PROPERTY OWNER AGREES TO REPAY A CAPITAL PROVIDER FOR THE SPECIAL ASSESSMENT FINANCING, INCLUDING DETAILS OF FINANCE CHARGES, FEES, DEBT SERVICING, ACCRUAL OF INTEREST AND PENALTIES AND TERMS RELATING TO TREATMENT OF PREPAYMENT AND PARTIAL PAYMENT, OF THE SPECIAL ASSESSMENT FINANCING.
- 6. "GOVERNING BODY" MEANS THE BODY CONSTITUTED BY LAW TO BE THE LEGISLATIVE DEPARTMENT OF THE AUTHORIZING MUNICIPALITY OR AUTHORIZING COUNTY.
- 7. "LOCAL GOVERNMENT" MEANS AN AUTHORIZING MUNICIPALITY OR AUTHORIZING COUNTY.
- 8. "LOCAL PROGRAM AUTHORITY" MEANS AN OFFICIAL OR AGENCY DESIGNATED BY A LOCAL GOVERNMENT TO PERFORM CERTAIN OBLIGATIONS RELATED TO ENTERING INTO SPECIAL ASSESSMENT AGREEMENTS, IMPOSING SPECIAL ASSESSMENTS AND ENFORCEMENT AND COLLECTION OF SPECIAL ASSESSMENTS UNDER THIS ARTICLE.
- 9. "NOTICE OF ASSIGNMENT OF SPECIAL ASSESSMENT" MEANS A WRITTEN NOTICE IN THE FORM PRESCRIBED BY THE LOCAL GOVERNMENT FOR RECORDING IN CONNECTION WITH THE ASSIGNMENT OF A SPECIAL ASSESSMENT BY A LOCAL GOVERNMENT TO THE APPLICABLE CAPITAL PROVIDER AND EACH SUBSEQUENT ASSIGNMENT OF THE SPECIAL ASSESSMENT.

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- 10. "NOTICE OF SPECIAL ASSESSMENT LIEN" MEANS A WRITTEN NOTICE OF A SPECIAL ASSESSMENT LIEN IN THE FORM PRESCRIBED BY THE LOCAL GOVERNMENT FOR RECORDING IN CONNECTION WITH THE EXECUTION OF A SPECIAL ASSESSMENT AGREEMENT.
- 11. "PROGRAM" OR "C-PACE PROGRAM" MEANS A SPECIAL ASSESSMENT PROGRAM THAT IS ESTABLISHED UNDER THIS ARTICLE.
- 12. "PROGRAM ADMINISTRATOR" MEANS AN OFFICIAL OR AGENCY DESIGNATED BY A LOCAL GOVERNMENT TO ADMINISTER A PROGRAM OR A PRIVATE AND INDEPENDENT THIRD PARTY DESIGNATED BY A LOCAL GOVERNMENT TO ADMINISTER A PROGRAM, PROVIDED THAT THE ADMINISTRATION PROCEDURES USED CONFORM TO THE REQUIREMENTS OF THIS ARTICLE.
- 13. "PROGRAM GUIDEBOOK" MEANS A COMPREHENSIVE DOCUMENT THAT ESTABLISHES APPROPRIATE GUIDELINES, SPECIFICATIONS, APPROVAL CRITERIA AND OTHER STANDARD FORMS CONSISTENT WITH ADMINISTERING A PROGRAM AND NOT DETAILED IN THIS CHAPTER, INCLUDING FORMS FOR A SPECIAL ASSESSMENT AGREEMENT, NOTICE OF SPECIAL ASSESSMENT LIEN, NOTICE OF ASSIGNMENT OF SPECIAL ASSESSMENT AND PROJECT APPLICATION.
- 14. "PROJECT APPLICATION" MEANS AN APPLICATION SUBMITTED TO A PROGRAM ADMINISTRATOR TO DEMONSTRATE THAT THE PROPOSED IMPROVEMENTS QUALIFY FOR SPECIAL ASSESSMENT FINANCING PURSUANT TO A PROGRAM.
- 15. "PROPERTY OWNER" MEANS THE OWNER LISTED ON A QUALIFYING PROPERTY'S LEGAL DOCUMENTS ON FILE IN THE COUNTY RECORDER'S OFFICE, THE OWNER OF AN IMPROVEMENT ON A POSSESSORY RIGHT OR THE OWNER OF AN ESTATE FOR YEARS CREATED PURSUANT TO A WRITTEN GROUND LEASE AGREEMENT, GOVERNMENT PROPERTY LEASE EXCISE TAX DEVELOPMENT AGREEMENT OR SIMILAR AGREEMENT WHOSE OWNER OF RECORD, INCLUDING THIS STATE OR ANY LOCAL GOVERNMENT IN ADDITION TO A PRIVATE ENTITY, CONSENTS IN WRITING TO A SPECIAL ASSESSMENT BEING LEVIED ON THE REAL PROPERTY UNDER THIS ARTICLE.
- 16. "QUALIFYING IMPROVEMENT" MEANS A PERMANENT AFFIXED ENERGY EFFICIENCY IMPROVEMENT, RENEWABLE ENERGY IMPROVEMENT, WATER CONSERVATION IMPROVEMENT OR RESILIENCY IMPROVEMENT INSTALLED ON REAL PROPERTY AS PART OF THE CONSTRUCTION OR RENOVATION OF THE PROPERTY.
 - 17. "QUALIFYING PROPERTY" MEANS BOTH OF THE FOLLOWING:
- (a) PRIVATELY OWNED COMMERCIAL, INDUSTRIAL OR AGRICULTURAL REAL PROPERTY OR MULTIFAMILY RESIDENTIAL REAL PROPERTY WITH FIVE OR MORE DWELLING UNITS, AN IMPROVEMENT ON A POSSESSORY RIGHT, PROPERTY OWNED BY A NONPROFIT OR TAX-EXEMPT ENTITY OTHER THAN A RESIDENTIAL PROPERTY WITH ONE TO FOUR DWELLINGS.
- (b) REAL PROPERTY OWNED BY THIS STATE OR A LOCAL GOVERNMENTAL ENTITY BUT LEASED TO A PRIVATELY OWNED ENTITY OR REAL PROPERTY IMPROVEMENTS OWNED BY A PRIVATE PARTY PURSUANT TO A WRITTEN GROUND LEASE AGREEMENT, GOVERNMENT PROPERTY LEASE EXCISE TAX DEVELOPMENT AGREEMENT OR SIMILAR AGREEMENT WHOSE OWNER OF RECORD, INCLUDING THIS STATE OR ANY LOCAL GOVERNMENT IN ADDITION TO A PRIVATE ENTITY, CONSENTS IN WRITING TO A SPECIAL ASSESSMENT BEING LEVIED ON THE REAL PROPERTY UNDER THIS ARTICLE.

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- 18. "REGION" MEANS THE GEOGRAPHICAL AREA WITHIN THE CORPORATE LIMITS OF A MUNICIPALITY, THE UNINCORPORATED AREA OF A COUNTY AND THE INCORPORATED AREAS OF A COUNTY WITH THE CONSENT OF AFFECTED MUNICIPALITIES.
- 19. "RENEWABLE ENERGY IMPROVEMENT" MEANS A DEVICE OR A GROUP OF PRODUCTS OR DEVICES THAT USE LOW OR ZERO CARBON EMISSIONS ENERGY TECHNOLOGY TO GENERATE ELECTRICITY, PROVIDE THERMAL ENERGY OR REGULATE TEMPERATURE.
- 20. "RESILIENCY IMPROVEMENT" MEANS IMPROVEMENTS OR BUILDING COMPONENTS THAT INCREASE THE RESILIENCE OF A QUALIFYING PROPERTY, INCLUDING AIR QUALITY, FLOOD MITIGATION, STORMWATER MANAGEMENT, ENERGY STORAGE AND MICROGRIDS, ALTERNATIVE VEHICLE CHARGING INFRASTRUCTURE, FIRE OR WIND RESISTANCE OR INUNDATION ADAPTATION.
- 21. "SPECIAL ASSESSMENT" MEANS A VOLUNTARY ASSESSMENT IMPOSED ON A QUALIFYING PROPERTY BY A LOCAL GOVERNMENT UNDER THIS ARTICLE AND A SPECIAL ASSESSMENT AGREEMENT FOR THE TOTAL AMOUNT OF SPECIAL ASSESSMENT FINANCING.
- 22. "SPECIAL ASSESSMENT AGREEMENT" MEANS A WRITTEN AGREEMENT BETWEEN THE APPLICABLE LOCAL GOVERNMENT AND THE PROPERTY OWNER IN THE FORM PRESCRIBED BY THE LOCAL GOVERNMENT SETTING FORTH THE TERMS AND CONDITIONS OF THE SPECIAL ASSESSMENT AND ALLOWING THE LOCAL GOVERNMENT TO IMPOSE A SPECIAL ASSESSMENT ON THE QUALIFYING PROPERTY TO REPAY THE SPECIAL ASSESSMENT FINANCING.
- 23. "SPECIAL ASSESSMENT FINANCING" MEANS FINANCING AND REFINANCING PROVIDED BY A CAPITAL PROVIDER PURSUANT TO A FINANCING AGREEMENT FOR QUALIFYING IMPROVEMENTS UNDER THIS ARTICLE.
- 24. "SPECIAL ASSESSMENT LIEN" MEANS A LIEN TO SECURE THE SPECIAL ASSESSMENT THAT REMAINS ON THE QUALIFYING PROPERTY UNTIL PAID IN FULL.
- 25. "TREASURER" MEANS THE PERSON OR OFFICIAL WHO PERFORMS THE DUTIES OF THE TREASURER OF A COUNTY IN WHICH A C-PACE PROGRAM IS ESTABLISHED.
- 26. "WATER CONSERVATION IMPROVEMENT" MEANS MEASURES, EQUIPMENT OR DEVICES THAT DECREASE THE CONSUMPTION OF OR DEMAND FOR WATER, ADDRESS SAFE DRINKING WATER OR ELIMINATE LEAD FROM WATER USED FOR DRINKING OR COOKING.
 - 48-752. <u>Establishing a program</u>
- A. TO ESTABLISH A PROGRAM, A GOVERNING BODY MUST ADOPT A RESOLUTION OR ORDINANCE TO ESTABLISH THE PROGRAM.
- B. BEFORE ADOPTING A RESOLUTION OR ORDINANCE TO ESTABLISH A PROGRAM, A GOVERNING BODY SHALL HOLD A PUBLIC HEARING TO CONSIDER ESTABLISHING THE PROGRAM.
- C. THE RESOLUTION OR ORDINANCE TO ESTABLISH THE PROGRAM SHALL INCLUDE:
- 1. A STATEMENT THAT THE FINANCING OF QUALIFYING IMPROVEMENTS, REPAID BY SPECIAL ASSESSMENTS, IS IN THE INTEREST OF THE PUBLIC HEALTH, SAFETY AND WELFARE.

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- 2. A STATEMENT THAT THE LOCAL GOVERNMENT INTENDS TO AUTHORIZE DIRECT FINANCING BETWEEN PROPERTY OWNERS AND CAPITAL PROVIDERS AS THE MEANS TO FINANCE QUALIFYING IMPROVEMENTS.
- 3. A STATEMENT THAT THE LOCAL GOVERNMENT INTENDS TO AUTHORIZE SPECIAL ASSESSMENTS, ENTERED INTO VOLUNTARILY BY A PROPERTY OWNER WITH THE LOCAL GOVERNMENT BY MEANS OF A WRITTEN SPECIAL ASSESSMENT AGREEMENT, AS THE MEANS TO REPAY THE SPECIAL ASSESSMENT FINANCING.
- 4. A DESCRIPTION OF THE LOCAL GOVERNMENT'S PROCEDURES FOR BILLING AND COLLECTION OF SPECIAL ASSESSMENTS, INCLUDING WHETHER A PROGRAM ADMINISTRATOR OR CAPITAL PROVIDER IS RESPONSIBLE FOR BILLING AND COLLECTION THE SPECIAL ASSESSMENT.
- 5. A STATEMENT THAT THE ENFORCEMENT METHOD FOR A DELINQUENT SPECIAL ASSESSMENT IS THE PROCEDURE PRESCRIBED BY SECTION 48-755.
- 6. A STATEMENT IDENTIFYING, AUTHORIZING AND DIRECTING THE LOCAL PROGRAM AUTHORITY TO DO THE FOLLOWING:
- (a) EXECUTE SPECIAL ASSESSMENT AGREEMENTS AND OTHER DOCUMENTS ON BEHALF OF THE LOCAL GOVERNMENT RELATED TO PROJECT APPLICATIONS APPROVED BY THE PROGRAM ADMINISTRATOR PURSUANT TO THIS ARTICLE.
- (b) BILL AND COLLECT SPECIAL ASSESSMENT INSTALLMENTS UNLESS OTHERWISE DELEGATED.
- (c) ENFORCE DELINQUENT SPECIAL ASSESSMENTS IN THE MANNER SET FORTH IN SECTIONS 48-601 THROUGH 48-607, INCLUDING ISSUING DEEDS IN THE SAME MANNER THAT A SUPERINTENDENT MAY ISSUE SUCH DEEDS.
- (d) UNDERTAKE ANY OTHER OBLIGATIONS THAT THE LOCAL GOVERNMENT ASSIGNS TO THE LOCAL PROGRAM AUTHORITY.
- 7. AN INCORPORATION BY REFERENCE OF THE PROGRAM GUIDEBOOK AND PROVISION AUTHORIZING THE PROGRAM GUIDEBOOK TO BE AMENDED BY THE LOCAL GOVERNMENT.
- 8. A DESCRIPTION OF THE TYPES OF QUALIFYING IMPROVEMENTS THAT MAY BE SUBJECT TO SPECIAL ASSESSMENTS.
- 9. A DESCRIPTION OF THE BOUNDARIES OF THE REGION IN WHICH QUALIFYING PROPERTY OWNERS MAY FINANCE QUALIFYING IMPROVEMENTS.
- 10. A DESCRIPTION OF PROPOSED ARRANGEMENTS FOR THE ADMINISTRATION OF THE PROGRAM.
- D. A PROGRAM MAY BE AMENDED IN ACCORDANCE WITH THE RESOLUTION OR ORDINANCE THAT ESTABLISHES THE PROGRAM.
 - 48-753. <u>Special assessment agreements; application; financing agreement; fees</u>
- A. LOCAL PROGRAM AUTHORITIES MAY ENTER INTO SPECIAL ASSESSMENT AGREEMENTS WITH PROPERTY OWNERS TO SECURE SPECIAL ASSESSMENT FINANCING UNDER THIS ARTICLE. BEFORE ENTERING INTO A SPECIAL ASSESSMENT AGREEMENT, A PROPERTY OWNER SHALL SUBMIT A PROJECT APPLICATION TO THE PROGRAM ADMINISTRATOR ON A FORM PRESCRIBED BY THE PROGRAM GUIDEBOOK. THE APPLICATION SHALL INCLUDE:
 - 1. FOR AN EXISTING QUALIFYING PROPERTY EITHER:

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- (a) WHERE ENERGY EFFICIENCY IMPROVEMENTS, WATER CONSERVATION IMPROVEMENTS OR RENEWABLE ENERGY IMPROVEMENTS ARE PROPOSED, CERTIFICATION BY A LICENSED PROFESSIONAL ENGINEER OR OTHER PROFESSIONAL LISTED IN THE PROGRAM GUIDEBOOK STATING THAT THE PROPOSED IMPROVEMENTS WILL RESULT IN EITHER A MORE EFFICIENT USE OR THE CONSERVATION OF ENERGY OR WATER, THE REDUCTION OF GREENHOUSE GAS EMISSIONS OR THE ADDITION OF RENEWABLE SOURCES OF ENERGY OR WATER.
- (b) WHERE RESILIENCY IMPROVEMENTS ARE PROPOSED, CERTIFICATION BY A LICENSED PROFESSIONAL ENGINEER STATING THAT THE QUALIFIED IMPROVEMENTS WILL RESULT IN IMPROVED RESILIENCE.
- 2. FOR CONSTRUCTION OF A NEW QUALIFYING PROPERTY, CERTIFICATION BY A LICENSED PROFESSIONAL ENGINEER STATING THAT THE PROPOSED IMPROVEMENTS WILL ENABLE THE PROPERTY TO EXCEED THE ENERGY EFFICIENCY, WATER CONSERVATION, RENEWABLE ENERGY OR RESILIENCE REQUIREMENTS OF THE APPLICABLE BUILDING CODES.
- 3. CERTIFICATION THAT THE PERSON REQUESTING THE PROPOSED QUALIFYING IMPROVEMENTS IS THE PROPERTY OWNER AND THAT THERE ARE NO DELINQUENT TAXES OR ASSESSMENTS ON THE PROPERTY.
- 4. THE NAME OF THE CAPITAL PROVIDER PROVIDING THE SPECIAL ASSESSMENT FINANCING AND THE PROPOSED TERMS OF THE FINANCING AGREEMENT, INCLUDING:
 - (a) THE SPECIAL ASSESSMENT FINANCING AMOUNT.
 - (b) THE INTEREST RATE.
 - (c) THE ADMINISTRATIVE FEES PAID TO THE LOCAL GOVERNMENT.
 - (d) A SCHEDULE OF THE SPECIAL ASSESSMENT INSTALLMENTS.
- (e) THE NUMBER OF YEARS THE SPECIAL ASSESSMENT SHALL BE IMPOSED ON THE PROPERTY.
 - (f) THE DELINQUENT INTEREST RATE OR PENALTIES.
- (g) THE CONDITIONS BY WHICH THE PROPERTY OWNER MAY PREPAY AND PERMANENTLY SATISFY THE DEBT OWED PURSUANT TO THE FINANCING AGREEMENT AND REMOVE THE SPECIAL ASSESSMENT LIEN FROM THE PROPERTY.
- 5. WRITTEN CONSENT FROM ANY HOLDER OF A LIEN, MORTGAGE OR SECURITY INTEREST IN THE QUALIFYING PROPERTY THAT THE PROPERTY MAY PARTICIPATE IN THE PROGRAM AND THAT THE SPECIAL ASSESSMENT LIEN SHALL HAVE PRIORITY SUPERIOR TO ALL LIENS, CLAIMS AND TITLES EXCEPT FOR GENERAL PROPERTY TAXES AND PRIOR SPECIAL ASSESSMENTS.
- B. BEFORE ENTERING INTO A SPECIAL ASSESSMENT AGREEMENT, THE LOCAL PROGRAM AUTHORITY SHALL RECEIVE FROM THE PROGRAM ADMINISTRATOR CERTIFICATION THAT THE PROPOSED IMPROVEMENTS, QUALIFYING PROPERTY AND PROPERTY OWNER QUALIFY FOR SPECIAL ASSESSMENT FINANCING PURSUANT TO THE PROGRAM.
- C. SPECIAL ASSESSMENT FINANCING SHALL BE PROVIDED BY CAPITAL PROVIDERS AND DISBURSED DIRECTLY BY CAPITAL PROVIDERS TO FUND QUALIFYING IMPROVEMENTS SUBJECT TO A FINANCING AGREEMENT.

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- D. A FINANCING AGREEMENT SHALL SPECIFY THAT, NOTWITHSTANDING THE OBLIGATION OF THE LOCAL GOVERNMENT OR TREASURER PURSUANT TO SECTION 48-755 TO REMIT A SPECIAL ASSESSMENT INSTALLMENT RECEIVED FROM A PROPERTY OWNER TO THE APPLICABLE CAPITAL PROVIDER, THE LOCAL GOVERNMENT OR TREASURER IS NOT LIABLE IN ANY WAY FOR THE DEBT OF THE PROPERTY OWNER, IS NOT A THIRD-PARTY OBLIGOR AND IS NOT PLEDGING OR LENDING CREDIT TO THE PROPERTY OWNER OR THE CAPITAL PROVIDER.
- E. COSTS CAPITALIZED INTO THE SPECIAL ASSESSMENT FINANCING PRINCIPAL AMOUNT MAY INCLUDE:
- 1. THE COST OF MATERIALS AND LABOR NECESSARY FOR INSTALLATION OR MODIFICATION OF A QUALIFYING IMPROVEMENT.
 - 2. PERMIT FEES.
 - 3. INSPECTION FEES.
 - 4. CAPITAL PROVIDER'S FEES.
 - 5. PROGRAM ADMINISTRATIVE FEES.
 - 6. PROJECT DEVELOPMENT AND ENGINEERING FEES.
 - 7. THIRD-PARTY REVIEW FEES
 - 8. VERIFICATION REVIEW FEES.
 - 9. CAPITALIZED INTEREST.
 - 10. INTEREST RESERVES.
 - 11. ESCROW FOR PREPAID PROPERTY TAXES AND INSURANCE.
- 12. ANY OTHER FEES OR COSTS THAT MAY BE INCURRED BY THE PROPERTY OWNER THAT ARE INCIDENT TO THE INSTALLATION, MODIFICATION OR CONSTRUCTION OF A QUALIFYING IMPROVEMENT ON A SPECIFIC OR PRO RATA BASIS.
- F. A FINANCING AGREEMENT MAY AUTHORIZE THE PROPERTY OWNER TO DIRECTLY PURCHASE THE RELATED EQUIPMENT AND MATERIALS FOR THE INSTALLATION OR MODIFICATION OF A QUALIFIED IMPROVEMENT OR CONTRACT DIRECTLY, INCLUDING THROUGH LEASE, POWER PURCHASE AGREEMENT OR OTHER SERVICE CONTRACT, FOR INSTALLING OR MODIFYING A QUALIFIED IMPROVEMENT.
- G. NOTWITHSTANDING AMOUNTS RETAINED BY A LOCAL GOVERNMENT OR TREASURER PURSUANT TO SECTION 48-755, A LOCAL GOVERNMENT OR PROGRAM ADMINISTRATOR MAY CHARGE PROGRAM ADMINISTRATIVE FEES THAT SHALL REFLECT THE REASONABLE COSTS OF THE LOCAL GOVERNMENT OR PROGRAM ADMINISTRATOR TO PROVIDE ADMINISTRATIVE SERVICES UNDER THIS SECTION FOR THE PROGRAM BUT MAY NOT EXCEED THE LESSER OF ONE PERCENT OF THE PRINCIPAL AMOUNT OF THE SPECIAL ASSESSMENT FINANCING OR \$50,000.
 - 48-754. <u>Special assessment; imposition; amount; collection;</u> lien
- A. ON ENTERING INTO A SPECIAL ASSESSMENT AGREEMENT, THE LOCAL PROGRAM AUTHORITY SHALL RECORD A NOTICE OF SPECIAL ASSESSMENT LIEN ON THE SUBJECT PROPERTY IN THE COUNTY RECORDER'S OFFICE OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED.
- B. THE RECORDING OF THE NOTICE OF SPECIAL ASSESSMENT LIEN PURSUANT TO SUBSECTION A OF THIS SECTION SHALL INCLUDE ALL OF THE FOLLOWING:
 - 1. THE LEGAL DESCRIPTION OF THE PROPERTY.

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- 2. THE COUNTY ASSESSOR'S PARCEL NUMBER OF THE PROPERTY.
- 3. THE NAME OF EACH PROPERTY OWNER.
 - 4. THE DATE ON WHICH THE SPECIAL ASSESSMENT LIEN WAS CREATED.
 - 5. THE PRINCIPAL AMOUNT OF THE SPECIAL ASSESSMENT LIEN.
 - 6. THE TERM OF THE SPECIAL ASSESSMENT LIEN.
 - 7. A COPY OF THE SPECIAL ASSESSMENT AGREEMENT.
- C. A SPECIAL ASSESSMENT LIEN IS EFFECTIVE FOR THE PERIOD IN WHICH THE SPECIAL ASSESSMENT IS IMPOSED AND HAS PRIORITY SUPERIOR TO ALL LIENS, CLAIMS AND TITLES EXCEPT FOR GENERAL PROPERTY TAXES AND PRIOR SPECIAL ASSESSMENTS.
- D. A SPECIAL ASSESSMENT LIEN RUNS WITH THE LAND, AND THAT PORTION OF THE SPECIAL ASSESSMENT LIEN THAT HAS NOT YET BECOME DUE IS NOT ACCELERATED OR ELIMINATED BY FORECLOSURE OF THE SPECIAL ASSESSMENT LIEN OR ANY LIEN FOR TAXES OR OTHER ASSESSMENTS IMPOSED BY THIS STATE OR A LOCAL GOVERNMENT OR DISTRICT AGAINST THE PROPERTY ON WHICH THE SPECIAL ASSESSMENT LIEN IS IMPOSED, THE FORECLOSURE OF THE QUALIFYING PROPERTY OR THE BANKRUPTCY OR INSOLVENCY OF THE PROPERTY OWNER.
- E. ON RECORDING THE NOTICE OF SPECIAL ASSESSMENT LIEN, THE LOCAL PROGRAM AUTHORITY SHALL EXECUTE AND RECORD A NOTICE OF ASSIGNMENT OF SPECIAL ASSESSMENT FROM THE LOCAL GOVERNMENT TO THE APPLICABLE CAPITAL PROVIDER ON THE SUBJECT PROPERTY IN THE COUNTY RECORDER'S OFFICE OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED. THE NOTICE OF ASSIGNMENT OF SPECIAL ASSESSMENT SHALL CONTAIN ALL OF THE FOLLOWING:
- 1. THE LEGAL DESCRIPTION OF THE PROPERTY COVERED BY THE SPECIAL ASSESSMENT LIEN.
 - 2. THE COUNTY ASSESSOR'S PARCEL NUMBER OF THE PROPERTY.
- 3. THE GRANTOR'S NAME, WHICH IS THE LOCAL GOVERNMENT IMPOSING THE SPECIAL ASSESSMENT LIEN.
- 4. THE GRANTEE'S NAME, WHICH IS THE APPLICABLE CAPITAL PROVIDER AND THE CAPITAL PROVIDER'S SUCCESSORS AND ASSIGNS.
- 5. THE DATE ON WHICH THE NOTICE OF ASSIGNMENT OF SPECIAL ASSESSMENT WAS CREATED.
 - 6. THE AMOUNT AND TERMS OF THE SPECIAL ASSESSMENT ASSIGNED.
- F. ON EXECUTION OF A NOTICE OF ASSIGNMENT OF SPECIAL ASSESSMENT, THE APPLICABLE CAPITAL PROVIDER SHALL HAVE AND POSSESS THE DELEGABLE POWERS AND RIGHTS AT LAW OR IN EQUITY AS THE LOCAL GOVERNMENT WOULD HAVE IF THE SPECIAL ASSESSMENT HAD NOT BEEN ASSIGNED WITH REGARD TO:
 - 1. THE PRECEDENCE AND PRIORITY OF THE SPECIAL ASSESSMENT LIEN.
 - 2. THE PROCEEDS OF SPECIAL ASSESSMENT INSTALLMENTS.
 - 3. ACCRUAL OF PENALTIES AND FEES RELATED TO THE SPECIAL ASSESSMENT.
- G. THE ASSIGNEE OF A SPECIAL ASSESSMENT ENFORCED BY THE LOCAL GOVERNMENT PURSUANT TO SECTION 48-755, SUBSECTION E HAS THE RIGHT TO ENFORCE THE SPECIAL ASSESSMENT AND SPECIAL ASSESSMENT LIEN PURSUANT TO SECTION 48-755, SUBSECTION E, PARAGRAPH 5.

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 H. WHEN THE UNDERLYING SPECIAL ASSESSMENT FINANCING HAS BEEN SATISFIED, THE APPLICABLE CAPITAL PROVIDER SHALL NOTIFY THE LOCAL PROGRAM AUTHORITY AND THE LOCAL PROGRAM AUTHORITY SHALL RECORD A RELEASE OF THE SPECIAL ASSESSMENT LIEN BY THE LOCAL GOVERNMENT.

48-755. Special assessment; collection; enforcement

- A. SPECIAL ASSESSMENTS SHALL BE COLLECTED IN INSTALLMENTS AT SUCH TIMES AND PURSUANT TO THE TERMS OF THE SPECIAL ASSESSMENT AGREEMENT.
- B. SPECIAL ASSESSMENTS INSTALLMENTS DUE UNDER THIS ARTICLE SHALL BE BILLED AND COLLECTED AS FOLLOWS:
- 1. THE LOCAL PROGRAM AUTHORITY SHALL EITHER DIRECTLY OR THROUGH THE PROGRAM ADMINISTRATOR BILL AND COLLECT THE SPECIAL ASSESSMENT INSTALLMENTS OR SHALL DELEGATE THE BILLING AND COLLECTION OF SPECIAL ASSESSMENT INSTALLMENTS TO THE CAPITAL PROVIDER.
- 2. SPECIAL ASSESSMENT INSTALLMENTS COLLECTED OR RECEIVED BY THE LOCAL PROGRAM AUTHORITY OR PROGRAM ADMINISTRATOR SHALL BE HELD IN A SEGREGATED ACCOUNT AND REMITTED TO THE APPLICABLE CAPITAL PROVIDER.
- 3. DELINQUENT SPECIAL ASSESSMENT INSTALLMENTS SHALL INCUR INTEREST AND PENALTIES AS SPECIFIED IN THE FINANCING AGREEMENT AND AS SET FORTH IN SECTION 48-605.
 - 4. NOTWITHSTANDING PARAGRAPH 1 OF THIS SUBSECTION:
- (a) THE LOCAL GOVERNMENT AND THE TREASURER OF THE COUNTY IN WHICH THE PROGRAM REGION IS LOCATED MAY VOLUNTARILY ENTER INTO AN AGREEMENT FOR THE TREASURER TO COLLECT SPECIAL ASSESSMENT INSTALLMENTS IMPOSED BY THE LOCAL GOVERNMENT IN THE MANNER AND BY THE OFFICERS AS PROVIDED BY LAW FOR THE COLLECTION AND ENFORCEMENT OF GENERAL TAXES.
- (b) THE LOCAL GOVERNMENT AND THE TREASURER MAY PROVIDE BY SUCH AGREEMENT FOR THE PAYMENT OF THE COUNTY TREASURER'S COLLECTION EXPENSES DIRECTLY RELATED TO THE LEVY OF SPECIAL ASSESSMENT INSTALLMENTS AND, IF SO PROVIDED, THE LEVY OF THE SPECIAL ASSESSMENT INSTALLMENTS MUST INCLUDE ADDITIONAL AMOUNTS ADDED TO THE SPECIAL ASSESSMENT INSTALLMENT AMOUNTS FOR COMPENSATION OF THE TREASURER THAT SHALL BE DIRECTLY RELATED TO THE ACTUAL EXPENSES OF COLLECTION. THE COMPENSATION RECEIVED BY THE COUNTY TREASURER PURSUANT TO THE AGREEMENT SHALL BE GOVERNED BY SECTION 11-496.
- (c) SPECIAL ASSESSMENT INSTALLMENTS COLLECTED BY THE TREASURER PURSUANT TO THIS PARAGRAPH SHALL BE REMITTED TO THE LOCAL PROGRAM AUTHORITY AND SHALL THEN BE REMITTED TO THE APPLICABLE CAPITAL PROVIDER.
- (d) A DELINQUENT SPECIAL ASSESSMENT INSTALLMENT COLLECTED BY THE TREASURER PURSUANT TO THIS PARAGRAPH SHALL INCUR INTEREST AND PENALTIES IN THE SAME MANNER AS GENERAL PROPERTY TAXES AND SHALL BE RETAINED BY THE TREASURER, NOTWITHSTANDING THAT INTEREST AND PENALTIES SPECIFIED IN THE FINANCING AGREEMENT RELATED TO A DELINQUENT SPECIAL ASSESSMENT INSTALLMENT MAY BE CERTIFIED BY THE LOCAL PROGRAM AUTHORITY TO THE TREASURER AND SHALL BE ADDED TO THE SUBSEQUENT ANNUAL SPECIAL ASSESSMENT INSTALLMENT AND COLLECTED ON THE SUBSEQUENT ANNUAL SPECIAL ASSESSMENT INSTALLMENT FOR THE BENEFIT OF THE CAPITAL PROVIDER.

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- C. IF A PROGRAM ADMINISTRATOR OR CAPITAL PROVIDER IS BILLING AND COLLECTING SPECIAL ASSESSMENT INSTALLMENTS PURSUANT TO SUBSECTION B, PARAGRAPH 1 OF THIS SECTION, IN THE EVENT OF A NONPAYMENT OF A SPECIAL ASSESSMENT INSTALLMENT, THE APPLICABLE COLLECTOR, ON OR BEFORE THE DATE OF THE YEAR REQUIRED BY THE SPECIAL ASSESSMENT AGREEMENT, SHALL SUBMIT A REPORT IN WRITING TO THE LOCAL PROGRAM AUTHORITY. THE REPORT SHALL INCLUDE:
- 1. A STATEMENT THAT THE REPORT CONTAINS A TRUE AND CORRECT LIST OF DELINQUENT SPECIAL ASSESSMENT INSTALLMENTS THAT THE COLLECTOR HAS NOT RECEIVED.
- 2. AN ITEMIZATION OF THE AMOUNT OF THE DELINQUENT ASSESSMENT INSTALLMENTS, INCLUDING INTEREST AND PENALTIES, IF APPLICABLE.
- D. THE REPORT REQUIRED BY SUBSECTION C OF THIS SECTION IS PRIMA FACIE EVIDENCE THAT ALL REQUIREMENTS IN RELATION TO MAKING THE REPORT HAVE BEEN SATISFIED AND THAT THE SPECIAL ASSESSMENT INSTALLMENTS AND INTEREST AND PENALTIES ON DELINQUENT SPECIAL ASSESSMENT INSTALLMENTS ARE DUE AND UNPAID.
- E. ON RECEIPT OF THE REPORT REQUIRED BY SUBSECTION C OF THIS SECTION BY A LOCAL PROGRAM AUTHORITY, AND EXCEPT AS OTHERWISE PROVIDED IN AN AGREEMENT BETWEEN THE LOCAL GOVERNMENT AND THE TREASURER PURSUANT TO SUBSECTION B, PARAGRAPH 4 OF THIS SECTION, THE PROCEDURES FOR COLLECTING DELINQUENT SPECIAL ASSESSMENT INSTALLMENTS, SALE OF PROPERTY SUBJECT TO A DELINQUENT SPECIAL ASSESSMENT AND ISSUANCE AND EFFECT OF THE DEED PRESCRIBED BY SECTIONS 48-601, 48-602, 48-603, 48-604, 48-605, 48-606 AND 48-607 APPLY, AS NEARLY AS PRACTICABLE, EXCEPT THAT:
- 1. THE PROVISIONS OF SECTIONS 48-601, 48-602, 48-603, 48-604, 48-605, 48-606 AND 48-607 APPLY SOLELY TO THE DELINQUENT SPECIAL ASSESSMENT INSTALLMENT, RELATED INTEREST, PENALTIES AND FEES AND NOT TO THE WHOLE AMOUNT OF THE SPECIAL ASSESSMENT.
- 2. A DEED CONVEYED PURSUANT TO SECTIONS 48-601, 48-602, 48-603, 48-604, 48-605, 48-606 AND 48-607 SHALL CONVEY TITLE TO THE PROPERTY DESCRIBED IN THE DEED FREE AND CLEAR OF ALL INTERESTS AND LIENS, EXCEPT FOR THE LIEN FOR GENERAL PROPERTY TAXES AND PRIOR SPECIAL ASSESSMENTS, INCLUDING THE UNPAID PORTION OF THE SPECIAL ASSESSMENT IMPOSED UNDER THIS ARTICLE.
- 3. IF THERE IS NO PURCHASER FOR ANY PROPERTY OFFERED FOR SALE, THE LOCAL PROGRAM AUTHORITY MAY FIRST OFFER THE DEED TO THE APPLICABLE CAPITAL PROVIDER IF ALL OUTSTANDING TAXES AND PRIOR ASSESSMENTS ARE PAID BY THE CAPITAL PROVIDER OR, PURSUANT TO SECTION 48-603, IT SHALL BE STRUCK OFF TO THE MUNICIPALITY IN WHICH THE PROPERTY IS LOCATED AS THE PURCHASER. NOTWITHSTANDING THE FOREGOING, THE MUNICIPALITY IS NOT BE OBLIGATED TO PAY DELINQUENT SPECIAL ASSESSMENT INSTALLMENTS AND SUCH UNPAID SPECIAL ASSESSMENT INSTALLMENTS SHALL ACCRUE AND BE PAID TO THE APPLICABLE CAPITAL PROVIDER ON THE SALE OF THE PROPERTY.

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- 4. ALL PROCEEDS OF A SALE OF THE PROPERTY OR PURCHASE OF A DEED PURSUANT TO THIS SECTION RELATED TO A DELINQUENT SPECIAL ASSESSMENT INSTALLMENT SHALL BE REMITTED TO THE APPLICABLE CAPITAL PROVIDER, EXCEPT THE LOCAL GOVERNMENT SHALL RETAIN THE ACTUAL AND REASONABLE COSTS THE LOCAL PROGRAM AUTHORITY INCURRED TO ENFORCE A DELINQUENT SPECIAL ASSESSMENT INSTALLMENT.
- 5. IF THE LOCAL PROGRAM AUTHORITY FAILS TO PERFORM, THE CAPITAL PROVIDER MAY PROCEED TO COMPEL ENFORCEMENT THROUGH ANY REMEDY ESTABLISHED BY LAW OR COMMON LAW REMEDY AVAILABLE WITHOUT BEING REQUIRED TO FOLLOW SECTION 11-622 OR 12-821.01.

48-756. Program administration

- A. A LOCAL GOVERNMENT, IF AUTHORIZED PURSUANT TO A RESOLUTION OR ORDINANCE ADOPTED UNDER THIS ARTICLE, MAY ENTER INTO AN AGREEMENT WITH ANOTHER LOCAL GOVERNMENT FOR PURPOSES OF ADMINISTERING A PROGRAM PURSUANT TO SECTION 11-952.
- B. AN AUTHORIZING COUNTY MAY ENTER INTO AN INTERGOVERNMENTAL
 AGREEMENT WITH AN AUTHORIZING MUNICIPALITY FOR THE PURPOSES OF
 ADMINISTERING A PROGRAM, CONSISTENT WITH SECTION 9-461.11, SUBSECTION E.

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