

REFERENCE TITLE: water infrastructure finance authority; cities

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1067

Introduced by
Senator Shope

AN ACT

AMENDING SECTION 9-571, ARIZONA REVISED STATUTES; RELATING TO MUNICIPAL
WATER INFRASTRUCTURE FINANCING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-571, Arizona Revised Statutes, is amended to
3 read:

4 9-571. Wastewater treatment and drinking water treatment
5 facilities and nonpoint source projects; financial
6 assistance loan repayment agreements; definitions

7 A. Notwithstanding any other law, a city or town may construct,
8 acquire from a willing seller or improve a wastewater treatment facility,
9 drinking water facility or nonpoint source project with monies borrowed
10 from, or financial assistance including, forgivable principal provided by
11 the water infrastructure finance authority of Arizona.

12 B. To repay financial assistance from the water infrastructure
13 finance authority of Arizona, a city or town may enter into a financial
14 assistance loan repayment agreement with the authority. A financial
15 assistance loan repayment agreement is payable from any revenues otherwise
16 authorized by law to be used to repay long-term obligations. If revenue
17 from a property tax assessment is the designated source of repayment under
18 the agreement, the property tax assessed and levied is a secondary
19 property tax levy for purposes of article IX, Constitution of Arizona.

20 C. For any city or town, ~~the following apply:~~

21 ~~1. For a city or town with a population of more than one hundred~~
22 ~~fifty thousand persons, the governing body of the city or town shall~~
23 ~~submit the question of entering and performing a financial assistance loan~~
24 ~~repayment agreement to the qualified electors voting at a regular or~~
25 ~~special election in the city or town, except that if revenue from a~~
26 ~~secondary property tax levy is the designated source of repayment or if~~
27 ~~the project is constructed with an improvement district, the question~~
28 ~~shall be submitted to the qualified electors at an election held on the~~
29 ~~first Tuesday following the first Monday in November.~~

30 ~~2. For a city or town with a population of one hundred fifty~~
31 ~~thousand persons or less, the revenues of the city's or town's utility~~
32 ~~system or systems may be pledged to the payment of the repayment agreement~~
33 ~~without an election, if the pledge of revenues does not violate any~~
34 ~~covenant pertaining to the utility system or systems or the revenues~~
35 ~~pledged to secure outstanding bonds or other obligations of the city or~~
36 ~~town.~~

37 ~~3. An election is not required if voter approval has previously~~
38 ~~been obtained for substantially the same project with another funding~~
39 ~~source.~~

40 ~~4. If a majority of the qualified electors voting on the question:~~

41 ~~(a) Approves, the governing body may execute, deliver and perform~~
42 ~~the financial assistance loan repayment agreement.~~

43 ~~(b) Disapproves, the governing body shall not execute a financial~~
44 ~~assistance loan repayment agreement.~~

1 D. Payments made pursuant to a financial assistance loan repayment
2 agreement are not subject to section 42-17106.

3 E. A financial assistance loan repayment agreement entered into
4 pursuant to this section shall contain the covenants and conditions
5 pertaining to ~~the construction, acquisition~~ CONSTRUCTING, ACQUIRING or
6 ~~improvement of~~ IMPROVING a wastewater treatment or drinking water facility
7 or nonpoint source project and ~~repayment of~~ REPAYING the loan as the water
8 infrastructure finance authority of Arizona deems proper. Financial
9 assistance loan repayment agreements may provide for ~~the payment of~~ PAYING
10 interest on the unpaid principal balance of such agreement at the rates
11 established in the agreement. The agreement may also provide for ~~payment~~
12 ~~of~~ PAYING the city's or town's proportionate share of the expenses of
13 administering the clean water and drinking water revolving funds
14 established by sections 49-1221 and 49-1241 and may provide that the city
15 or town pay financing and loan administration fees approved by the water
16 infrastructure finance authority. These costs may be included in the levy
17 or assessment amounts pledged to repay the financial assistance. Cities
18 and towns are bound by and shall fully perform the loan repayment
19 agreements, and the agreements are incontestable after the loan is funded
20 by the water infrastructure finance authority of Arizona. The city or
21 town shall also agree to pay the authority's costs in issuing bonds or
22 otherwise borrowing to fund a loan.

23 F. A financial assistance loan repayment agreement under this
24 section does not create a debt of the city or town, and the authority
25 shall not require that payment of a financial assistance loan repayment
26 agreement be made from other than those sources ~~permitted~~ ALLOWED in
27 subsection B of this section and as prescribed by sections 49-1225 and
28 49-1245.

29 G. A city or town may employ attorneys, accountants, financial
30 consultants and such other experts in their field as deemed necessary to
31 perform services with respect to the financial assistance loan repayment
32 agreement.

33 H. This section is supplemental and alternative to any other law
34 under which a city or town may borrow money or issue bonds. This section
35 ~~shall not be construed as~~ IS NOT the exclusive authorization to enter into
36 loan agreements with the authority.

37 ~~I. A city or town may borrow additional monies or enter into~~
38 ~~additional financial assistance loan repayment agreements with the water~~
39 ~~infrastructure finance authority in an amount up to the amount approved by~~
40 ~~the voters pursuant to subsection C of this section less the amount that~~
41 ~~the city or town is already obligated to repay to the water infrastructure~~
42 ~~finance authority pursuant to a financial assistance loan repayment~~
43 ~~agreement.~~

1 ~~1.~~ I. For the purposes of this section:

2 1. "City" includes both cities formed pursuant to this title and
3 charter cities.

4 2. "Nonpoint source project" has the same meaning prescribed in
5 section 49-1201.

6 Sec. 2. Emergency

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