

Senate Engrossed

domestic water districts; wastewater; annexation

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

# **SENATE BILL 1564**

AN ACT

AMENDING SECTION 48-959, ARIZONA REVISED STATUTES; RELATING TO COUNTY  
IMPROVEMENT DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-959, Arizona Revised Statutes, is amended to  
3 read:

4 48-959. Dissolution of county improvement districts; domestic  
5 water improvement districts; wastewater

6 A. Any district organized under this article shall be dissolved by  
7 its board of directors when all bonds and other obligations of the  
8 district are paid or have become barred by the statute of limitations, and  
9 the operation and maintenance functions of the district or the major part  
10 thereof OF THOSE FUNCTIONS have been taken over by an incorporated city or  
11 town, by the county or by a utility.

12 B. NOTWITHSTANDING SECTION 9-514, WHEN ANY PORTION OF A DOMESTIC  
13 WATER IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER IMPROVEMENT DISTRICT IS  
14 ANNEXED INTO A CITY OR TOWN OR ENTIRELY INCLUDED WITHIN A NEWLY ORGANIZED  
15 CITY OR TOWN, THE FOLLOWING APPLY:

16 1. THE DOMESTIC WATER IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER  
17 IMPROVEMENT DISTRICT MAY CONTINUE TO PROVIDE DOMESTIC WATER OR DOMESTIC  
18 WASTEWATER SERVICES OR BOTH, AS APPLICABLE, IN THE AREA ANNEXED BY THE  
19 CITY OR TOWN IF THE CITY OR TOWN ELECTS NOT TO PROVIDE THE DOMESTIC WATER  
20 OR DOMESTIC WASTEWATER SERVICES OR BOTH, AS APPLICABLE, IN THAT AREA.

21 2. WHEN THE CITY OR TOWN ELECTS TO PROVIDE DOMESTIC WATER OR  
22 DOMESTIC WASTEWATER SERVICES OR MANAGEMENT OF WATER OR WASTEWATER SERVICES  
23 IN THE NEWLY ANNEXED AREA AND THE DOMESTIC WATER IMPROVEMENT DISTRICT OR  
24 DOMESTIC WASTEWATER IMPROVEMENT DISTRICT PROVIDES SERVICES IN AREAS  
25 OUTSIDE OF THE BOUNDARIES OF THE NEWLY ANNEXED AREA, THE DOMESTIC WATER  
26 IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER IMPROVEMENT DISTRICT SHALL  
27 CONTINUE TO OPERATE OUTSIDE THE BOUNDARIES OF THE NEWLY ANNEXED AREA. THE  
28 DISTRICT'S ASSETS, INCLUDING PERSONNEL, AND LIABILITIES, INCLUDING ANY  
29 THEN-EXISTING PENSION FUNDS, FROM THE NEWLY ANNEXED AREA BECOME MERGED  
30 WITH THE CITY OR TOWN ON THE DATE THAT THE CITY OR TOWN ELECTS TO PROVIDE  
31 SERVICES TO THAT AREA. THE DISTRICT AND THE CITY OR TOWN MUST REASONABLY  
32 COOPERATE TO ENSURE THAT WATER AND WASTEWATER SERVICES TO THE PORTIONS OF  
33 THE IMPROVEMENT DISTRICT THAT WERE NOT ANNEXED ARE NOT DISRUPTED.

34 3. WHEN THE CITY OR TOWN ELECTS TO PROVIDE DOMESTIC WATER OR  
35 DOMESTIC WASTEWATER SERVICES OR MANAGEMENT OF DOMESTIC WATER OR DOMESTIC  
36 WASTEWATER SERVICES IN THE NEWLY ANNEXED AREA AND THE CITY OR TOWN  
37 DETERMINES THAT THE DOMESTIC WATER IMPROVEMENT DISTRICT OR DOMESTIC  
38 WASTEWATER IMPROVEMENT DISTRICT DOES NOT HAVE THE CAPACITY TO MAINTAIN  
39 PEAK DOMESTIC DEMAND AND FIRE FLOW DEMAND REQUIREMENTS IN THE NEWLY  
40 ANNEXED AREA IN ACCORDANCE WITH THE CITY'S OR TOWN'S ADOPTED VERSION OF  
41 THE INTERNATIONAL FIRE CODE, APPENDIX B FIRE FLOW REQUIREMENTS FOR  
42 BUILDINGS, THE DOMESTIC WATER IMPROVEMENT DISTRICT OR DOMESTIC WASTEWATER  
43 IMPROVEMENT DISTRICT IS DISSOLVED, AND THE CITY OR TOWN SHALL PROVIDE  
44 DOMESTIC WATER OR DOMESTIC WASTEWATER SERVICES, OR BOTH, AS APPLICABLE, TO  
45 THE NEWLY ANNEXED AREA. THE DISSOLUTION OF THE DISTRICT OCCURS ON THE

1 DATE THE CITY OR TOWN ELECTS TO PROVIDE DOMESTIC WATER OR DOMESTIC  
2 WASTEWATER SERVICES TO THAT AREA. IN DETERMINING LACK OF CAPACITY, THE  
3 CITY OR TOWN MAY CONSIDER INADEQUATE FIRE FLOW STORAGE CAPACITY, NEW  
4 DEVELOPMENT MODELING, REDUNDANCY OR EMERGENCY CONTINGENCY PLANNING, AMONG  
5 OTHER POSSIBLE FACTORS. ON THE DISSOLUTION OF THE IMPROVEMENT DISTRICT,  
6 THE CITY OR TOWN PROVIDING DOMESTIC WATER OR DOMESTIC WASTEWATER SERVICES  
7 ASSUMES THE ASSETS, INCLUDING PERSONNEL, AND LIABILITIES, INCLUDING ANY  
8 THEN-EXISTING PENSION FUNDS, FROM THE DISSOLVED IMPROVEMENT DISTRICT.

9 C. SUBSECTION B OF THIS SECTION DOES NOT APPLY TO CITY OR TOWN  
10 SERVICES THAT ARE PROVIDED OUTSIDE OF THE MUNICIPALITY'S CORPORATE  
11 BOUNDARIES.