

REFERENCE TITLE: fire district bonding; limitation

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1172

Introduced by
Senator Mesnard

AN ACT

AMENDING SECTION 48-806, 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, **WHICH SHALL NOT EXCEED THE DISTRICT'S**
11 **STATUTORY DEBT LIMITATION WHEN COMBINED WITH THE DISTRICT'S CURRENT**
12 **OUTSTANDING GENERAL OBLIGATION DEBT AMOUNT**, the **MINIMUM AND** maximum number
13 of years bonds of any issue or series may run from their date not
14 exceeding thirty years, the purpose for which the bonds are to be issued,
15 the maximum rate of interest that the bonds are to bear, **THE CURRENT**
16 **OUTSTANDING GENERAL OBLIGATION DEBT AMOUNT, THE STATUTORY DEBT LIMITATION**
17 **OF THE DISTRICT**, the date and hours of the election and the location of
18 the polling places. Copies of the order shall be posted in three public
19 places within the district not less than twenty days before the date of
20 the election, and if a newspaper is published within the county having a
21 general circulation within the district, the order shall be published in
22 the newspaper not less than once a week during each of the three calendar
23 weeks preceding the calendar week of the election.

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

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

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

43 E. If a majority of the qualified electors of the district voting
44 at the election approves the issuance of bonds, the district board ~~or the~~
45 ~~elected chief and secretary-treasurer, as appropriate,~~ may issue bonds in

1 an aggregate principal amount not exceeding the lesser of six percent of
2 the value of the taxable property in the district as shown on the last
3 property tax assessment roll before issuing the bonds or the maximum
4 amount specified in the election order.

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

16 G. Bonds shall be executed by the manual or facsimile signatures of
17 the chairperson and clerk of the district board ~~or elected chief and~~
18 ~~secretary-treasurer of the district~~. Coupons attached to the bonds shall
19 bear the facsimile signature of the chairperson of the district board ~~or~~
20 ~~the elected chief of the district, as appropriate~~.

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

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

1 not be general property taxes and may not be used for any other purpose of
2 the district.

3 J. If a district with outstanding bonded indebtedness is merged
4 pursuant to section 48-820 or consolidated pursuant to section 48-823, the
5 indebtedness shall not be assumed by all of the resulting district and
6 shall be deemed an ongoing indebtedness of only that portion of the
7 resulting district that originally approved the bonds for the purposes of
8 subsection E of this section. In order to pay the principal of and
9 interest on the bonds as they become due and payable, the board of
10 supervisors shall annually cause to be levied and collected a tax on the
11 taxable property of only that portion of the resulting district that
12 approved the bonds as determined on the date of the merger or
13 consolidation of the district, and may not levy taxes on the remainder of
14 the taxable property of the newly merged or consolidated district.

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