

Senate Engrossed
fire district bonding; limitation

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

SENATE BILL 1172

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

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

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

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

44 E. If a majority of the qualified electors of the district voting
45 at the election approves the issuance of bonds, the district board ~~or the~~

1 ~~elected chief and secretary-treasurer, as appropriate,~~ may issue bonds in
2 an aggregate principal amount not exceeding the lesser of six percent of
3 the value of the taxable property in the district as shown on the last
4 property tax assessment roll before issuing the bonds or the maximum
5 amount specified in the election order.

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

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

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

30 I. After the bonds are issued, the district board ~~or elected chief~~
31 ~~and secretary-treasurer, as appropriate,~~ shall enter on the district's
32 minutes a record of the bonds sold and shall annually determine the amount
33 of the tax levy to pay the bonds and certify such amount to the board of
34 supervisors of the county. The board of supervisors shall annually cause
35 to be levied and collected a tax, at the same time and in the same manner
36 as other taxes are levied and collected on all taxable property in the
37 district, sufficient to pay the principal of and interest on the bonds as
38 they become due and payable. Monies derived from the levy of the tax when
39 collected shall be deposited in the debt service fund and shall be applied
40 only to payment of the principal of and interest on the bonds. On payment
41 of the outstanding bonded indebtedness of the district, any monies
42 remaining in the debt service fund shall be used to reduce the district's
43 property tax levy in the next fiscal year. Amounts levied for debt
44 service on bonds issued pursuant to this section payable from the
45 secondary tax are and shall be considered special revenues of the

1 district, shall be kept in a special, segregated fund, are not and shall
2 not be general property taxes and may not be used for any other purpose of
3 the district.

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

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