

House Engrossed

industrial development bonds; preapproval; threshold

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

# HOUSE BILL 2161

AN ACT

AMENDING SECTION 35-726, ARIZONA REVISED STATUTES; RELATING TO INDUSTRIAL DEVELOPMENT BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 35-726, Arizona Revised Statutes, is amended to  
3 read:

4 35-726. Approval of general plan before issuing bonds; fee;  
5 definition

6 A. Bonds shall not be issued by a corporation for the purpose of  
7 financing single family dwelling units pursuant to section 35-706,  
8 subsection A, paragraph 11 or 12 without approval of a general plan by its  
9 governing body. The corporation shall submit a general plan for each  
10 respective series of bonds to its governing body. The general plan shall  
11 briefly describe:

- 12 1. The amount of the proposed bonds.
- 13 2. The maximum term of the bonds.
- 14 3. The maximum interest rate on the bonds.
- 15 4. The need for the bond issue.
- 16 5. The terms and conditions for originating or purchasing mortgage  
17 loans or making loans to lenders.
- 18 6. The area in which the single family dwelling units to be  
19 financed may be located.
- 20 7. The proposed fees, charges and expenditures to be paid for  
21 originators, servicers, trustees, custodians, mortgage administrators and  
22 others.
- 23 8. All insurance requirements with respect to mortgage loans,  
24 mortgaged property, mortgagors, originators, servicers and trustees.
- 25 9. The anticipated date of issuance of the bonds.

26 B. The governing body shall review general plans submitted by  
27 corporations pursuant to subsection A of this section. In reviewing the  
28 plans the governing body shall consider:

- 29 1. Whether the amount of the mortgage monies proposed to be made  
30 available is reasonably related to the demand for the mortgage monies.
- 31 2. Whether the terms of the general plan are justifiable in the  
32 context of the transaction and in the context of similar transactions.
- 33 3. Whether the fees, costs and expenditures as set forth in the  
34 general plan are reasonably related to the services provided.
- 35 4. For projects of owner-occupied single family dwelling units to  
36 be occupied by persons of low and moderate income and financed pursuant to  
37 section 35-706, subsection A, paragraphs 11 and 12, whether the proposed  
38 mortgage monies to be made available will fulfill a public purpose by  
39 providing housing for persons of low and moderate income or by encouraging  
40 single family developments in all participating jurisdictions, including  
41 such jurisdictions' slum or blighted areas as defined in section 36-1471.

42 C. The governing body shall approve or disapprove the general plan  
43 not later than thirty days after receipt of the plan. If the governing  
44 body does not act on the general plan within thirty days after the date of  
45 receipt, the general plan shall be deemed approved. If a general plan is

1 approved, the corporation may issue the series of bonds covered by the  
2 general plan with a total principal amount, maximum term and maximum  
3 interest rate ~~no~~ NOT greater than that which is set forth in the general  
4 plan. The origination and servicing fees pertaining to mortgage loans to  
5 be financed in accordance with the general plan shall not exceed those  
6 proposed in the general plan. The corporation may vary other items in the  
7 general plan on a finding that the variation is minor and that the  
8 variations will not impair the security for the bonds or substantially  
9 increase the cost of financing the single family dwelling units and the  
10 findings of the corporation shall be conclusive.

11 D. The governing body may charge any corporation submitting a  
12 general plan for review a fee ~~of~~ not to exceed ~~ten thousand dollars~~  
13 \$10,000 together with reimbursement of its actual costs and expenses  
14 incurred in reviewing the general plan.

15 E. Except for a corporation approved by the Arizona finance  
16 authority or a governing body of a county or a municipality having a  
17 population of more than ~~seven~~ THREE percent of the total state population,  
18 a corporation shall not issue bonds, other than refunding bonds the  
19 proceeds of which are used exclusively to refund a prior bond issue, to  
20 finance a multifamily residential rental project, sanitarium, clinic,  
21 medical hotel, rest home, nursing home, skilled nursing facility or life  
22 care facility as prescribed in section 20-1801, unless the department  
23 approves the project. The department, with or without a hearing, shall  
24 review the project and consider at least the following factors:

25 1. The demand for and feasibility of the project in the area set  
26 forth in the application to the corporation.

27 2. The terms and conditions of the proposed bonds.

28 3. The proposed use of bond proceeds.

29 4. The benefit to the public if the project provides rental housing  
30 for persons of low and moderate income or encourages rental housing in  
31 slum or blighted areas as defined in section 36-1471.

32 5. If the project consists of a nursing home, or a life care  
33 facility as prescribed in section 20-1801, the benefit to the public of  
34 the project, including the proposed rent, fees and other charges of the  
35 project in relation to the level of services to be offered.

36 F. Subsection E of this section does not apply to bonds issued to  
37 finance:

38 1. A sanitarium, clinic, medical hotel, rest home, nursing home,  
39 skilled nursing facility, or life care facility as prescribed in section  
40 20-1801, if the facility is to be owned and operated by this state or a  
41 political subdivision or agency of this state.

42 2. A nursing home, rest home, skilled nursing facility, life care  
43 facility or senior residential facility providing on-site medical and  
44 support services if the facility is owned and operated by a nonprofit

1 organization that is exempt from taxation under section 501(c)(3) of the  
2 United States internal revenue code.

3 G. Except for a corporation that is exempt under subsection E of  
4 this section, the department with or without a hearing shall approve or  
5 disapprove the project not later than thirty days after receipt of the  
6 request for approval. If the project is approved the corporation may  
7 issue the bonds described in the approval request with the total principal  
8 amount, maximum term and maximum interest rate ~~no~~ NOT greater than as set  
9 forth in the request. The department shall charge each applicant  
10 submitting a project approval request pursuant to this subsection a fee of  
11 not to exceed ~~five thousand dollars~~ \$5,000 together with reimbursement of  
12 its actual costs and expenses incurred in reviewing the project. The  
13 department shall remit the fees to the state treasurer for deposit in the  
14 Arizona department of housing program fund established by section 41-3957.

15 H. For the purposes of this section, "department" means the Arizona  
16 department of housing.