

REFERENCE TITLE: municipal development; permits; review

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SB 1665

Introduced by
Senator Gowan

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 6.4, ARIZONA REVISED STATUTES, BY
ADDING SECTION 9-469; AMENDING SECTION 9-835, ARIZONA REVISED STATUTES;
RELATING TO MUNICIPAL BUILDING PERMITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 9, chapter 4, article 6.4, Arizona Revised
3 Statutes, is amended by adding section 9-469, to read:

4 9-469. Building permits; inspections; third-party review;
5 appeals; definition

6 A. IF A MUNICIPALITY DOES NOT APPROVE, CONDITIONALLY APPROVE OR
7 DENY AN APPLICATION FOR A RESIDENTIAL BUILDING PERMIT WITHIN FIFTEEN DAYS
8 AFTER THE DATE THE APPLICATION IS SUBMITTED, ANY REQUIRED REVIEW OF THE
9 APPLICATION MAY BE PERFORMED BY A QUALIFIED THIRD PARTY SELECTED BY THE
10 APPLICANT. THE QUALIFIED THIRD PARTY SELECTED BY THE APPLICANT MAY NOT BE
11 THE APPLICANT OR A PERSON WHOSE WORK IS THE SUBJECT OF THE APPLICATION. A
12 QUALIFIED THIRD PARTY SELECTED BY THE APPLICANT MAY BE ANY OF THE
13 FOLLOWING:

14 1. A PERSON WHO IS EMPLOYED BY THE MUNICIPALITY THAT IS REVIEWING
15 THE APPLICATION.

16 2. A PERSON WHO IS EMPLOYED BY ANOTHER MUNICIPALITY TO REVIEW
17 RESIDENTIAL BUILDING PERMIT APPLICATIONS.

18 3. AN ENGINEER OR ARCHITECT WHO IS REGISTERED PURSUANT TO TITLE 32,
19 CHAPTER 1.

20 B. IF A MUNICIPALITY DOES NOT CONDUCT AN INSPECTION REQUIRED AS A
21 CONDITION OF OBTAINING A CERTIFICATE OF OCCUPANCY FOR A RESIDENTIAL
22 DWELLING UNIT WITHIN FORTY-EIGHT HOURS AFTER AN INSPECTION REQUEST, ANY
23 REQUIRED INSPECTION MAY BE PERFORMED BY A QUALIFIED THIRD PARTY SELECTED
24 BY THE APPLICANT. THE QUALIFIED THIRD PARTY SELECTED BY THE APPLICANT MAY
25 NOT BE THE APPLICANT OR A PERSON WHOSE WORK IS THE SUBJECT OF THE
26 APPLICATION. A QUALIFIED THIRD PARTY SELECTED BY THE APPLICANT TO PERFORM
27 THE INSPECTION MAY BE ANY OF THE FOLLOWING:

28 1. A PERSON WHO IS CERTIFIED TO INSPECT BUILDINGS BY AN
29 INTERNATIONAL COUNCIL ON MODEL CODES AND STANDARDS FOR BUILDING SAFETY.

30 2. A PERSON WHO IS EMPLOYED BY THE MUNICIPALITY AS A BUILDING
31 INSPECTOR.

32 3. A PERSON WHO IS EMPLOYED BY ANOTHER MUNICIPALITY AS A BUILDING
33 INSPECTOR.

34 4. AN ENGINEER OR ARCHITECT WHO IS REGISTERED PURSUANT TO TITLE 32,
35 CHAPTER 1.

36 C. A THIRD PARTY WHO REVIEWS A RESIDENTIAL BUILDING PERMIT
37 APPLICATION OR WHO PERFORMS AN INSPECTION REQUIRED TO OBTAIN A RESIDENTIAL
38 DWELLING UNIT CERTIFICATE OF OCCUPANCY SHALL DO BOTH OF THE FOLLOWING:

39 1. REVIEW THE APPLICATION OR CONDUCT THE INSPECTION AND TAKE ALL
40 OTHER RELATED ACTIONS IN ACCORDANCE WITH ALL REQUIREMENTS ADOPTED BY THE
41 MUNICIPALITY WHERE THE APPLICATION WAS SUBMITTED.

42 2. PROVIDE NOTICE TO THE MUNICIPALITY OF THE RESULTS OF THE REVIEW
43 OR INSPECTION.

1 D. A MUNICIPALITY MAY PRESCRIBE A REASONABLE FORMAT FOR THE NOTICE
2 REQUIRED BY SUBSECTION C OF THIS SECTION.

3 E. A MUNICIPALITY MAY NOT REQUEST OR REQUIRE AN APPLICANT TO WAIVE
4 A DEADLINE OR OTHER PROCEDURE REQUIRED BY THIS SECTION.

5 F. A PERSON MAY APPEAL TO THE GOVERNING BODY OF THE MUNICIPALITY
6 ANY OF THE FOLLOWING:

7 1. A DECISION BY THE MUNICIPALITY TO APPROVE, CONDITIONALLY APPROVE
8 OR DENY A RESIDENTIAL BUILDING PERMIT APPLICATION.

9 2. A DECISION MADE BY A QUALIFIED THIRD PARTY AUTHORIZED IN
10 SUBSECTION A OF THIS SECTION TO REVIEW A RESIDENTIAL BUILDING PERMIT
11 APPLICATION.

12 3. THE RESULTS OF AN INSPECTION CONDUCTED BY THE MUNICIPALITY.

13 4. THE RESULTS OF AN INSPECTION CONDUCTED BY A QUALIFIED THIRD
14 PARTY AUTHORIZED BY SUBSECTION B OF THIS SECTION TO CONDUCT AN INSPECTION.

15 G. AN APPEAL FILED PURSUANT TO SUBSECTION F OF THIS SECTION SHALL
16 BE FILED WITH THE GOVERNING BODY WITHIN FIFTEEN DAYS AFTER THE DATE THE
17 DECISION BEING APPEALED WAS MADE. IF THE GOVERNING BODY HEARING THE APPEAL
18 DOES NOT AFFIRM THE DECISION BEING APPEALED WITHIN SIXTY DAYS AFTER THE
19 APPEAL IS FILED, THE APPLICATION THAT IS THE SUBJECT OF THE APPEAL SHALL
20 BE DEEMED APPROVED OR THE INSPECTION THAT IS THE SUBJECT OF THE APPEAL IS
21 WAIVED.

22 H. FOR THE PURPOSES OF THIS SECTION, "APPLICATION" MEANS A PLAT,
23 PLAN, PERMIT OR OTHER DOCUMENT THAT IS RELATED TO LAND DEVELOPMENT AND
24 BUILDING CONSTRUCTION AND THAT IS NECESSARY FOR THE CONSTRUCTION OF A
25 RESIDENTIAL DWELLING UNIT.

26 Sec. 2. Section 9-835, Arizona Revised Statutes, is amended to
27 read:

28 9-835. Licensing time frames; compliance; consequence for
29 failure to comply with time frame; exemptions

30 A. For any new ordinance or code requiring a license, a
31 municipality shall have in place an overall time frame during which the
32 municipality will either grant or deny each type of license that it
33 issues. The overall time frame for each type of license shall state
34 separately the administrative completeness review time frame and the
35 substantive review time frame and shall be posted on the municipality's
36 website or the website of an association of cities and towns if the
37 municipality does not have a website.

38 ~~B. On or before December 31, 2012,~~ A municipality that issues
39 licenses required under existing ordinances or codes shall have in place
40 an overall time frame during which the municipality will either grant or
41 deny each type of license that it issues. The overall time frame for each
42 type of license shall state separately the administrative completeness
43 review time frame and the substantive review time frame and shall be
44 posted on the municipality's website or the website of an association of

1 cities and towns if the municipality does not have a
2 website. Municipalities shall prioritize the establishment of time frames
3 for those licenses that have the greatest impact on the public.

4 C. In establishing time frames, municipalities shall consider all
5 of the following:

6 1. The complexity of the licensing subject matter.
7 2. The resources of the municipality.
8 3. The economic impact of delay on the regulated community.
9 4. The impact of the licensing decision on public health and
10 safety.

11 5. The possible use of volunteers with expertise in the subject
12 matter area.

13 6. The possible increased use of general licenses for similar types
14 of licensed businesses or facilities.

15 7. The possible increased cooperation between the municipality and
16 the regulated community.

17 8. Increased municipal flexibility in structuring the licensing
18 process and personnel including:

19 (a) Adult businesses and other licenses that are related to the
20 first amendment.

21 (b) Master planned communities.

22 (c) Suspension of the substantive and overall time frames for
23 purposes including delays caused by the need for public hearings, state or
24 federal licenses or approvals from public utilities on residential or
25 commercial development projects.

26 9. That the substantive review time frames and overall time frames
27 do not include the time required for an applicant to obtain other
28 nonmunicipal licenses or to participate in meetings as required by law.

29 D. A municipality shall issue a written or electronic notice of
30 administrative completeness or deficiencies to an applicant for a license
31 within the administrative completeness review time frame. If the permit
32 sought requires approval of more than one department of the municipality,
33 each department may issue a written or electronic notice of administrative
34 completeness or deficiencies.

35 E. If a municipality determines that an application for a license
36 is not administratively complete, the municipality shall include a
37 comprehensive list of the specific deficiencies in the written or
38 electronic notice provided pursuant to subsection D of this section. If
39 the municipality issues a written or electronic notice of deficiencies
40 within the administrative completeness time frame, the administrative
41 completeness review time frame and the overall time frame are suspended
42 from the date the notice is issued until the date that the municipality
43 receives the missing information from the applicant. The municipality may
44 issue an additional written or electronic notice of administrative

1 completeness or deficiencies based on the applicant's submission of
2 missing information. If the permit sought requires approval of more than
3 one department of the municipality, each department may issue an
4 additional written or electronic notice of administrative completeness or
5 deficiencies based on the applicant's submission of missing information.

6 F. If a municipality does not issue a written or electronic notice
7 of administrative completeness or deficiencies within the administrative
8 completeness review time frame, the application is deemed administratively
9 complete. If a municipality issues a timely written or electronic notice
10 of deficiencies, an application ~~shall~~ IS not ~~be~~ complete until all
11 requested information has been received by the municipality. A
12 municipality may consider an application withdrawn if, by fifteen days or
13 more after the date of notice, as established by the municipality, the
14 applicant does not supply the documentation or information requested or an
15 explanation of why the information cannot be provided within the
16 established time period.

17 G. During the substantive review time frame, a municipality may
18 make one comprehensive written or electronic request for corrections. If
19 the municipality identifies legal requirements that were not included in
20 the comprehensive request for corrections, the municipality may amend the
21 comprehensive request for corrections once to include the legal
22 requirements and the legal authority for the requirements. **WITHIN FIVE
23 WORKING DAYS AFTER A REQUEST BY THE APPLICANT, THE MUNICIPALITY SHALL MEET
24 OR DISCUSS WITH THE APPLICANT THE REQUEST FOR CORRECTIONS AND PROVIDE
25 SUFFICIENT INFORMATION AND INSTRUCTION TO ALLOW THE APPLICANT TO PROVIDE
26 THE REQUESTED CORRECTIONS.** If the permit sought requires approval of more
27 than one department of the municipality, each department may issue a
28 comprehensive written or electronic request for corrections. If the
29 applicant fails to resolve an issue identified in a request for
30 corrections, the municipality may make supplemental written or electronic
31 requests for corrections that are limited to issues previously identified
32 in a comprehensive request for corrections. If a municipality issues a
33 comprehensive written or electronic request or a supplemental request for
34 corrections, the substantive review time frame and the overall time frame
35 are suspended from the date the request is issued until the date that the
36 municipality receives the corrections from the applicant. If an applicant
37 requests significant changes, alterations, additions or amendments to an
38 application that are consistent with the purposes of the original
39 application and that are not in response to the request for corrections, a
40 municipality may make one additional comprehensive written or electronic
41 request for corrections and may have ~~no~~ NOT more than an additional fifty
42 ~~per cent~~ PERCENT of the substantive review time frame as established by
43 the municipality for that license to grant or deny the license. Nothing
44 shall prevent communication between a municipality and an applicant

1 regarding a comprehensive written or electronic request for corrections or
2 a supplemental request for corrections. EXCEPT FOR AN APPLICATION
3 SUBMITTED FOR A CHANGE IN ZONING PURSUANT TO CHAPTER 4, ARTICLE 6.1 OF
4 THIS TITLE, A MUNICIPALITY MAY NOT DENY A LICENSE APPLICATION THAT IS
5 NECESSARY FOR LAND DEVELOPMENT OR BUILDING CONSTRUCTION UNLESS THE
6 MUNICIPALITY CONSIDERS THE APPLICATION WITHDRAWN. A municipality may
7 consider an application withdrawn if, by thirty days or more after the
8 date of notice, as established by the municipality, the applicant does not
9 supply the documentation or information requested or an explanation of why
10 the information cannot be provided within the established time period.

11 H. Nothing shall prevent the municipality from continuing to
12 process the application during the suspension of the substantive review
13 time frame and overall time frame.

14 I. By mutual written or electronic agreement, a municipality and an
15 applicant for a license may extend the substantive review time frame and
16 the overall time frame. An extension of the substantive review time frame
17 and the overall time frame may not exceed fifty ~~per cent~~ PERCENT of the
18 overall time frame.

19 J. Unless a municipality and an applicant for a license mutually
20 agree to extend the substantive review time frame and the overall time
21 frame pursuant to subsection I of this section, a municipality shall issue
22 a written or electronic notice granting or denying a license to an
23 applicant. If a municipality denies or withdraws an application for a
24 license, the municipality shall include in the written or electronic
25 notice at least the following information:

26 1. Justification for the denial or withdrawal with references to
27 the statutes, ordinances, codes or substantive policy statements on which
28 the denial or withdrawal is based.

29 2. An explanation of the applicant's right to appeal the denial or
30 withdrawal. The explanation shall include the number of working days in
31 which the applicant must file a protest challenging the denial or
32 withdrawal and the name and telephone number of a municipal contact person
33 who can answer questions regarding the appeals process.

34 3. An explanation of the applicant's right to resubmit the
35 application, the total amount of fees that will be assessed if the
36 applicant resubmits the application and the method in which those fees
37 were calculated.

38 K. If a municipality MAKES MORE THAN ONE COMPREHENSIVE WRITTEN OR
39 ELECTRONIC REQUEST FOR CORRECTIONS AND ONE SUPPLEMENTAL WRITTEN OR
40 ELECTRONIC REQUEST FOR CORRECTIONS LIMITED TO PREVIOUSLY IDENTIFIED ISSUES
41 OR does not issue the applicant the written or electronic notice granting,
42 CONDITIONALLY GRANTING or denying a license within the overall time frame
43 or within the mutually agreed on time frame extension, the municipality
44 shall refund to the applicant all fees charged for reviewing and acting on

1 the application for the license, ~~and~~ shall excuse payment of any fees that
2 have not yet been paid **AND SHALL PAY ANY MONETARY DAMAGES RESULTING FROM**
3 **THE DELAY**. The municipality shall not require an applicant to submit an
4 application for a refund pursuant to this subsection **BUT MAY REQUIRE**
5 **EVIDENCE OF MONETARY DAMAGES**. The refund shall be made within thirty
6 working days after the expiration of the overall time frame or the time
7 frame extension **AND THE PAYMENT FOR MONETARY DAMAGES SHALL BE MADE WITHIN**
8 **THIRTY WORKING DAYS AFTER THE APPLICANT PROVIDES THE REQUIRED**
9 **EVIDENCE**. The municipality shall continue to process the application.
10 Notwithstanding any other statute, the municipality shall make the refund
11 from the fund in which the application fees were originally
12 deposited. The right to receive a refund of fees charged for reviewing
13 and acting on the application for the license may not be waived by an
14 applicant.

15 L. If an application for a license is denied and the applicant
16 resubmits the application for the same purposes with only revisions or
17 corrections to the original application, the municipality shall not assess
18 any additional application fees that exceed the cost of processing the
19 resubmitted revisions or corrections. This subsection does not apply to
20 license applications that were denied for disqualifying criminal
21 convictions or that were submitted fraudulently.

22 M. If an application for a license is withdrawn and the applicant
23 resubmits the application for the same purpose, the municipality shall not
24 assess any additional application fees that exceed fifty ~~percent~~ **PERCENT**
25 of the original ~~applicant~~ **APPLICATION** fees that have not been refunded to
26 the applicant. This subsection does not apply to license applications
27 that were denied for disqualifying criminal convictions or that were
28 submitted fraudulently.

29 N. This section does not apply to a license that is ~~either:~~
30 ~~+~~ issued within seven working days after receipt of the initial
31 application or a permit that expires within twenty-one working days after
32 issuance.

33 ~~2. Necessary for the construction or development of a residential~~
34 ~~lot, including swimming pools, hardscape and property walls, subdivisions~~
35 ~~or master planned community.~~

36 ~~0. For the purposes of this section:~~

37 ~~1. "Master planned community" means development by one or more~~
38 ~~developers of real estate that consists of residential, commercial,~~
39 ~~education, health care, open space and recreational components and that is~~
40 ~~developed pursuant to a long-range, multiphase master plan providing~~
41 ~~comprehensive land use planning and staged implementation and development.~~

42 ~~2. "Subdivision" means improved or unimproved land or lands divided~~
43 ~~for the purposes of financing, sale or lease, whether immediate or future,~~
44 ~~into four or more lots, tracts or parcels of land, or, if a new street is~~

1 ~~involved, any such property that is divided into two or more lots, tracts~~
2 ~~or parcels of land, or, any such property, the boundaries of which have~~
3 ~~been fixed by a recorded plat, which is divided into more than two parts.~~
4 ~~Subdivision includes any condominium, cooperative, community apartment,~~
5 ~~townhouse or similar project containing four or more parcels, in which an~~
6 ~~undivided interest in the land is coupled with the right of exclusive~~
7 ~~occupancy of any unit located thereon, but plats of such projects need not~~
8 ~~show the buildings or the manner in which the buildings or airspace above~~
9 ~~the property shown on the plat are to be divided.~~