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COMMITTEE ON APPROPRIATIONS

SENATE AMENDMENTS TO H.B. 2432

(Reference to House engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 48-261, Arizona Revised Statutes, is amended to read:

48-261. <u>District creation; procedures; notice; hearing;</u> determinations; petitions

- A. A fire district, community park maintenance district, sanitary district or hospital district for either a hospital or an urgent care center shall be created by the following procedures:
- 1. Any adult person desiring to propose creation of a district shall prepare and submit a district impact statement to the board of supervisors of the county in which the district is to be located. Except for a proposed community park maintenance district that is to be located in more than one county, if a proposed district is located in more than one county, the impact statement shall be submitted to the board of supervisors of the county in which the majority of the assessed valuation of the proposed district is located. The boards of supervisors of any other counties in which a portion of the district is to be located shall provide information and assistance to the responsible board of supervisors. For a community park maintenance district that is to be located in more than one county, the impact statement shall be submitted to the board of supervisors for each of the affected counties. If the person desiring to create a district pursuant to this section is unable to complete the district impact statement, the board of supervisors may assist in the completion of the impact statement if requested to do so, provided the bond required in subsection C of this section is in an amount sufficient to cover any additional cost to the county. The district impact statement shall contain at least the following information:

- 1 (a) A legal description of the boundaries of the proposed district and 2 a detailed, accurate map of the area to be included in the district.
 - (b) An estimate of the assessed valuation within the proposed district.
 - (c) An estimate of the change in the property tax liability, as a result of the proposed district, of a typical resident of the proposed district.
 - (d) A list and explanation of benefits that will result from the proposed district.
 - (e) A list and explanation of the injuries that will result from the proposed district.
 - (f) The names, addresses and occupations of the proposed members of the district's organizing board of directors.
 - (g) A description of the scope of services to be provided by the district during its first five years of operation. At a minimum this description shall include an estimate of anticipated capital expenditures, personnel growth and enhancements to service.
 - 2. On receipt of the district impact statement, the board of supervisors shall set a day, not fewer than thirty nor more than sixty days from that date, for a hearing on the impact statement. The board of supervisors, at any time before making a determination pursuant to paragraph 4 of this subsection, may require that the impact statement be amended to include any information that the board of supervisors deems to be relevant and necessary.
 - 3. On receipt of the district impact statement, the clerk of the board of supervisors shall mail, by first class mail, written notice of the statement, its purpose and notice of the day, hour and place of the hearing on the proposed district to each owner of taxable property and to each household in which a qualified elector resides within the boundaries of the proposed district. The clerk of the board of supervisors shall post the notice in at least three conspicuous public places in the area of the proposed district and shall publish twice in a daily newspaper of general

circulation in the area of the proposed district, at least ten days before the hearing, or, if no daily newspaper of general circulation exists in the area of the proposed district, at least twice at any time before the date of the hearing, a notice setting forth the purpose of the impact statement, the description of the area of the proposed district and the day, hour and place of the hearing.

- 4. At the hearing called pursuant to paragraph 2 of this subsection, the board of supervisors shall hear those who appear for and against the proposed district and shall determine whether the creation of the district will promote public health, comfort, convenience, necessity or welfare. If the board of supervisors determines that the public health, comfort, convenience, necessity or welfare will be promoted, it shall approve the district impact statement and authorize the persons proposing the district to circulate petitions as provided in this subsection. For a community park maintenance district that is required to obtain the approval of more than one county's board of supervisors, the petitions may only be circulated after approval of the board of supervisors from each affected county. The order of the board of supervisors shall be final, but if the request to circulate petitions is denied, a subsequent request for a similar district may be refiled with the board of supervisors after six months from the date of such denial.
- 5. Within fifteen days after receiving the approval of the board of supervisors as prescribed by paragraph 4 of this subsection, the clerk of the board shall determine the minimum number of signatures required for compliance with paragraph 7 of this subsection. After making that determination, that number of signatures shall remain fixed.
- 6. After receiving the approval of the board of supervisors as provided in paragraph 4 of this subsection, any adult person may circulate and present petitions to the board of supervisors of the county in which the district is located. All petitions circulated shall be returned to the board of supervisors within one year from the date of the approval of the board of

supervisors pursuant to paragraph 4 of this subsection. Any petition that is returned more than one year from that date is void.

- 7. The petitions presented pursuant to paragraph 6 of this subsection shall comply with the provisions regarding verification in section 48-266 and shall:
- (a) At all times, contain a legal description of the boundaries of the proposed district and a detailed, accurate map of the proposed district and the names, addresses and occupations of the proposed members of the district's organizing board of directors. No alteration of the proposed district shall be made after receiving the approval of the board of supervisors as provided in paragraph 4 of this subsection.
- (b) Be signed by more than one-half of the property owners in the area of the proposed district and be signed by persons owning collectively more than one-half of the assessed valuation of the property in the area of the proposed district.
- 8. On receipt of the petitions, the board of supervisors shall set a day, not fewer than ten nor more than thirty days from that date, for a hearing on the petition.
- 9. Before the hearing called pursuant to paragraph 8 of this subsection, the board of supervisors shall determine the validity of the petitions presented.
- 10. At the hearing called pursuant to paragraph 8 of this subsection, the board of supervisors, if the petitions are valid, shall order the creation of the district. The board of supervisors shall enter its order setting forth its determination in the minutes of the meeting, not later than ten days from the day of the hearing, and a copy of the order shall be filed in the county recorder's office. The order of the board of supervisors shall be final, and the proposed district shall be created thirty days after the board of supervisors votes to create the district, except that for a community park maintenance district that is proposed for more than one county, the proposed district is created thirty days after the approval of the board of supervisors of the final county of the counties in which the

district is to be located. A decision of the board of supervisors under this subsection is subject to judicial review under title 12, chapter 7, article 6.

- B. For the purpose of determining the validity of the petitions presented pursuant to subsection A, paragraph 6 of this section:
- 1. Property held in multiple ownership shall be treated as if it had only one property owner, so that the signature of only one of the owners of property held in multiple ownership is required on the formation petition. THE NUMBER OF PERSONS OWNING PROPERTY INSIDE THE BOUNDARIES OF THE PROPOSED DISTRICT SHALL BE DETERMINED AS FOLLOWS:
- (a) IN THE CASE OF PROPERTY ASSESSED BY THE COUNTY ASSESSOR, THE NUMBER OF PERSONS OWNING PROPERTY SHALL BE AS SHOWN ON THE MOST RECENT ASSESSMENT OF PROPERTY.
- (b) IN THE CASE OF PROPERTY VALUED BY THE DEPARTMENT OF REVENUE, THE NUMBER OF PERSONS OWNING PROPERTY SHALL BE AS SHOWN ON THE MOST RECENT VALUATION OF PROPERTY.
- (c) IF AN UNDIVIDED PARCEL OF PROPERTY IS OWNED BY MULTIPLE OWNERS, THOSE OWNERS ARE DEEMED TO BE ONE OWNER FOR THE PURPOSES OF THIS SECTION.
- (d) IF A PERSON OWNS MULTIPLE PARCELS OF PROPERTY, THAT OWNER IS DEEMED TO BE A SINGLE OWNER FOR THE PURPOSES OF THIS SECTION.
 - 2. The value of property shall be determined as follows:
- (a) In the case of property assessed by the county assessor, values shall be the same as those shown on the last assessment roll of the county containing such property.
- (b) In the case of property valued by the department of revenue, the values shall be those determined by the department in the manner provided by law, for municipal assessment purposes. The county assessor and the department of revenue, respectively, shall furnish to the board of supervisors, within twenty days after such a request, a statement in writing showing the owner, the address of each owner and the appraisal or assessment value of properties contained within the boundaries of the proposed district as described in subsection A of this section.

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3. PETITION SIGNATURES ON WHICH TAXES AND ASSESSMENTS ARE NOT CURRENT AT THE TIME OF PETITION REVIEW SHALL BE INVALIDATED.

- C. The board of supervisors may require of the person desiring to propose creation of a district pursuant to subsection A, paragraph 1 of this section a reasonable bond to be filed with the board at the start of proceedings under this section. The bond shall be in an amount sufficient to cover costs incurred by the county if the district is not finally organized. County costs covered by the bond include any expense incurred from completion of the district impact statement, mailing of the notice of hearing to district property owners and electors, publication of the notice of hearing and other expenses reasonably incurred as a result of any requirements of this section.
- D. If a district is created pursuant to this section, the cost of publication of the notice of hearing, the mailing of notices to electors and property owners and all other costs incurred by the county as a result of this section shall be a charge against the district.
- E. If a proposed district would include property located within an incorporated city or town, in addition to the other requirements of subsection A of this section, the board shall approve the creation and authorize the circulation of petitions only if the governing body of the city or town has by ordinance or resolution endorsed such creation.
- F. Except as provided in section 48-851 and section 48-2001, subsection A, the area of a district created pursuant to this section shall be contiguous.
- G. A district organized pursuant to this section shall have an organizing board of directors to administer the affairs of the district until a duly constituted board of directors is elected as provided in this title. The organizing board shall have all the powers, duties and responsibilities of an elected board. The organizing board shall consist of the three individuals named in the district impact statement and the petitions presented pursuant to subsection A of this section. If a vacancy occurs on the organizing board, the remaining board members shall fill the vacancy by

appointing an interim member. Members of the organizing board shall serve without compensation but may be reimbursed for actual expenses incurred in performing their duties. The organizing board shall elect from its members a chairman and a clerk.

- H. For the purposes of this section assessed valuation does not include the assessed valuation of property that is owned by a county, this state or the United States government and in the case of multiple ownership of a single parcel of property, any one property owner constitutes the entire ownership interest.
 - Sec. 2. Section 48-262, Arizona Revised Statutes, is amended to read:
 - 48-262. <u>District boundary changes: procedures: notice: hearing:</u>

determinations; petitions

- A. Except as prescribed by subsection I of this section, a fire district, community park maintenance district or sanitary district shall change its boundaries by the following procedures:
- 1. Any adult person desiring to propose any change to the boundaries of a district shall prepare and submit a boundary change impact statement to the governing body of the district. The boundary change impact statement shall contain at least the following information:
- (a) A legal description of the boundaries of the area to be included within the proposed change and a detailed, accurate map of the area. The boundaries of the proposed change shall not overlap with the boundaries of any other proposed new district of the same type or any annexation by a district of the same type for which petitions are being circulated on the date that the boundary change impact statement is filed with the governing body.
- (b) An estimate of the assessed valuation within the boundaries of the proposed change.
- (c) An estimate of the change in the tax rate of the district if the proposed change is made.
- (d) An estimate of the change in the property tax liability, as a result of the proposed change, of a typical resident of a portion of the

district, not in the area of the proposed change, before and after the proposed change and of a typical resident of the area of the proposed change.

- (e) A list and explanation of benefits that will result from the proposed change to the residents of the area and of the remainder of the district.
- (f) A list and explanation of the injuries that will result from the proposed change to residents of the area and of the remainder of the district.
- 2. On receipt of the boundary change impact statement, the governing body shall set a day, not fewer than twenty nor more than thirty days from that date, for a hearing on the boundary change impact statement. The board of supervisors may at any time prior to making a determination pursuant to paragraph 5 of this subsection require that the impact statement be amended to include any information that the board of supervisors deems to be relevant and necessary.
- 3. On receipt of the boundary change impact statement, the clerk of the governing body shall mail, by first class mail, written notice of the statement, its purpose and notice of the day, hour and place of the hearing on the proposed change to each owner of taxable property within the boundaries of the proposed change. The clerk of the governing body shall post the notice in at least three conspicuous public places in the area of the proposed change and also publish twice in a daily newspaper of general circulation in the area of the proposed change, at least ten days before the hearing, or if no daily newspaper of general circulation exists in the area of the proposed change, at least twice at any time before the date of the hearing, a notice setting forth the purpose of the impact statement, the description of the boundaries of the proposed change and the day, hour and place of the hearing.
- 4. On receipt of the boundary change impact statement the clerk shall also mail notice, as provided in paragraph 3 of this subsection, to the chairman of the board of supervisors of the county in which the district is located. The chairman of the board of supervisors shall order a review of

the proposed change and may submit written comments to the governing body of the district within ten days of receipt of the notice.

- 5. At the hearing called pursuant to paragraph 2 of this subsection, the governing body shall consider the comments of the board of supervisors, hear those who appear for and against the proposed change and determine whether the proposed change will promote the public health, comfort, convenience, necessity or welfare. If the governing body determines that the public health, comfort, convenience, necessity or welfare will be promoted, it shall approve the impact statement and authorize the persons proposing the change to circulate petitions as provided in this subsection. The order of the governing body shall be final, but if the request to circulate petitions is denied, a subsequent request for a similar change may be refiled with the governing body after six months from the date of such denial.
- 6. The governing body shall not approve a proposed annexation if the property to be annexed is not contiguous with the district's existing boundary. For purposes of determining whether or not the proposed addition is contiguous, the addition is deemed contiguous if land that is owned by or under the jurisdiction of the United States government, this state or any political subdivision of this state, other than an incorporated city or town, intervenes between the proposed addition and the current district boundary.
- 7. The governing body shall not approve a proposed annexation if the area proposed to be annexed surrounds any unincorporated territory and that unincorporated territory is not also included in the district.
- 8. After receiving the approval of the governing body as provided in paragraph 5 of this subsection and provided no appeal filed pursuant to paragraph 14 of this subsection remains unresolved, any adult person may circulate and present petitions to the governing body of the district.
- 9. Within fifteen days after receiving the approval of the governing body as prescribed by paragraph 5 of this subsection, the clerk of the board shall determine the minimum number of signatures required to comply with paragraph 10, subdivision (b) of this subsection. After making that determination, that number of signatures shall remain fixed, notwithstanding

any subsequent changes in ownership of the property within the boundaries of the proposed change.

- 10. The petitions presented pursuant to paragraph 8 of this subsection shall comply with the provisions regarding petition form in section 48-266 and shall:
- (a) At all times, contain a legal description of the boundaries of the area to be included within the proposed change and a detailed, accurate map of the area included within the proposed change. No alteration of the described area shall be made after receiving the approval of the governing body as provided in paragraph 5 of this subsection.
- (b) Be signed by more than one-half of the property owners within the boundaries of the proposed change and be signed by persons owning collectively more than one-half of the assessed valuation of the property within the boundaries of the proposed change.
- 11. On receipt of the petitions, the governing body shall set a day, not fewer than ten nor more than thirty days from that date, for a hearing on the request.
- 12. Prior to the hearing called pursuant to paragraph 11 of this subsection, the board of supervisors shall determine the validity of the petitions presented pursuant to subsection B of this section.
- 13. At the hearing called pursuant to paragraph 11 of this subsection, the governing body, if the petitions are valid, shall order the change to the boundaries. The governing body shall enter its order setting forth its determination in the minutes of the meeting, not later than ten days from the day of the hearing, and a copy of the order shall be sent to the officer in charge of elections and a copy shall be recorded in the county recorder's office. The order of the governing body shall be final, and the proposed change shall be made to the district boundaries thirty days after the governing body votes.
- 14. On filing a verified complaint with the superior court, the attorney general, the county attorney or any other interested party may question the validity of the annexation for failure to comply with this

section. The complaint shall include a description of the alleged noncompliance and shall be filed within thirty days after the governing body of the district adopts a resolution that annexes the territory of the district. The burden of proof is on the plaintiff to prove the material allegations of the verified complaint. An action shall not be brought to question the validity of an annexation resolution unless it is filed within the time and for the reasons prescribed in this subsection. All hearings that are held pursuant to this paragraph and all appeals of any orders shall be preferred and shall be heard and determined in preference to all other civil matters, except election actions. If more than one complaint questioning the validity of an annexation resolution is filed, all such complaints shall be consolidated for the hearing.

- B. For the purpose of determining the validity of the petitions presented pursuant to subsection A, paragraph 8 of this section:
- 1. Property held in multiple ownership shall be treated as if it had only one property owner, so that the signature of only one of the owners of property held in multiple ownership is required on the boundary change petition. THE NUMBER OF PERSONS OWNING PROPERTY INSIDE THE BOUNDARIES OF THE PROPOSED BOUNDARY CHANGE SHALL BE DETERMINED AS FOLLOWS:
- (a) IN THE CASE OF PROPERTY ASSESSED BY THE COUNTY ASSESSOR, THE NUMBER OF PERSONS OWNING PROPERTY SHALL BE AS SHOWN ON THE MOST RECENT ASSESSMENT OF PROPERTY.
- (b) IN THE CASE OF PROPERTY VALUED BY THE DEPARTMENT OF REVENUE, THE NUMBER OF PERSONS OWNING PROPERTY SHALL BE AS SHOWN ON THE MOST RECENT VALUATION OF PROPERTY.
- (c) IF AN UNDIVIDED PARCEL OF PROPERTY IS OWNED BY MULTIPLE OWNERS, THOSE OWNERS ARE DEEMED TO BE ONE OWNER FOR THE PURPOSES OF THIS SECTION.
- (d) IF A PERSON OWNS MULTIPLE PARCELS OF PROPERTY, THAT OWNER IS DEEMED TO BE A SINGLE OWNER FOR THE PURPOSES OF THIS SECTION.
 - 2. The value of property shall be determined as follows:

- (a) In the case of property assessed by the county assessor, values shall be the same as those shown on the last assessment roll of the county containing such property.
- (b) In the case of property valued by the department of revenue, the values shall be those determined by the department in the manner provided by law, for municipal assessment purposes. The county assessor and the department of revenue, respectively, shall furnish to the governing body, within twenty days after such a request, a statement in writing showing the owner, the address of each owner and the appraisal or assessment value of properties contained within the area of a proposed change as described in subsection A of this section.
- 3. All petitions circulated shall be returned to the governing body of the district within one year from the date of the approval given by the governing body pursuant to subsection A, paragraph 5 of this section. Any petition returned more than one year from that date is void. If an appeal is filed pursuant to subsection A, paragraph 14 of this section, this time period for gathering signatures is tolled beginning on the date an action is filed in superior court and continuing until the expiration of the time period for any further appeal.
- C. For the purposes of determining whether or not the proposed addition is contiguous, the addition is deemed contiguous if land that is owned by or under the jurisdiction of the United States government, this state or any political subdivision of this state, other than an incorporated city or town, intervenes between the proposed addition and the current district boundary. Property shall not be approved for annexation if the area proposed to be annexed surrounds any unincorporated territory and that unincorporated territory is not also included in the district.
- D. If the change in the boundaries proposed pursuant to subsection A of this section would result in a withdrawal of territory from an existing district, the petitions shall be approved by the governing body only if the proposed withdrawal would not result in a noncontiguous portion of the district that is less than one square mile in size.

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- E. If the impact statement described in subsection A of this section relates to the withdrawal of property from a district, in addition to the other requirements of subsection A of this section, the governing body shall also determine:
- 1. If the district has any existing outstanding bonds or other evidences of indebtedness.
- 2. If those bonds were authorized by an election and issued during the time the property to be withdrawn was lawfully included within the district.
 - F. If the conditions of subsection E of this section are met:
- 1. The property withdrawn from the district shall remain subject to taxes, special assessments or fees levied or collected to meet the contracts and covenants of the bonds. The board of supervisors shall provide for the levy and collection of such taxes, special assessments or fees.
 - 2. The governing body shall:
- (a) Annually determine the amount of special property taxes, special assessments or fees that must be levied and collected from property withdrawn from the district and the mechanism by which such amount is to be collected.
- (b) Notify the board of supervisors on or before the third Monday in July of the amount determined in subdivision (a) of this paragraph.
- 3. Property withdrawn from an existing district shall not be subject to any further taxes, special assessments or fees arising from the indebtedness of such district except as provided in this subsection.
- G. If the statement described in subsection A, paragraph 1 of this section requests the annexation of property located within an incorporated city or town, in addition to the other requirements of subsection A of this section, the governing body shall approve the district boundary change impact statement and authorize the circulation of petitions only if the governing body of the city or town has by ordinance or resolution endorsed such annexation and such annexation is authorized pursuant to this title.
- H. Except as provided in subsection D of this section and section 48-2002, no change in the boundaries of a district pursuant to this section shall result in a district which contains area that is not contiguous.

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- I. Notwithstanding subsection A of this section, any property owner, 1 2 including a county, this state or the United States government, whose land is 3 within a county that contains a sanitary district or fire district and whose 4 land is contiguous to the boundaries of the sanitary district or fire 5 district may request in writing that the governing body of the district amend the district boundaries to include that property owner's land. If the 6 property is located in an incorporated city or town, in addition to the other 7 8 requirements prescribed in this subsection, the governing body of the fire 9 district or sanitary district may approve the boundary change only if the 10 governing body of the affected city or town by ordinance or resolution has approved the inclusion of the property in the district. A request made 11 12 pursuant to this subsection shall be made before the county board of 13 supervisors orders the creation of a proposed new district of the same type or the district governing body orders the annexation by a district of the 14 15 same type in which the property owner's land is proposed for inclusion and for which petitions are being circulated. If the governing body determines 16 that the inclusion of that property will benefit the district and the 17 property owner, the boundary change may be made by order of the governing 18 body and is final on the recording of the governing body's order that 19 20 includes a legal description of the property that is added to the district. 21 If the governing body does not order the boundary change, the land shall be 22 included in the boundaries of the proposed new district of the same type or 23 annexation by a district of the same type in which the property owner's land 24 is proposed for inclusion and for which petitions are being circulated. A petition and impact statement are not required for an amendment to a sanitary 25 26 district's or fire district's boundaries made pursuant to this subsection. 27 J. A fire district shall not annex or otherwise add territory that is
 - J. A fire district shall not annex or otherwise add territory that is already included in another existing fire district, unless deannexed pursuant to subsections D, E and F of this section.
 - K. A fire district, community park maintenance district or sanitary district may appropriate and spend monies as necessary or reasonably required

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to assist one or more individuals or entities to change the district's boundaries pursuant to this section.

- L. Notwithstanding subsection A of this section, if an incorporated city or town has previously adopted a resolution designating a fire district as the fire service agency for the city or town, the jurisdictional boundaries of the fire district without further notice or election shall be changed to include any property annexed into the city or town. If the annexation occurs pursuant to a joint petition for annexation, any joint petition for annexation shall clearly indicate in its title and in the notice required in the petition that the property to be annexed will be subject to the jurisdiction of both the city or town and the fire district. A joint petition for annexation shall comply with both section 9-471 and this section. Any fire district boundary change that occurs through city or town annexation pursuant to this subsection is effective on the effective date of the annexation by the incorporated city or town. If an incorporated city or town that has designated a fire district as the fire service agency for that city or town annexes property that is already part of another fire district, the annexed property shall remain part of the fire district in which it was located before the city or town's annexation.
- M. For the purposes of this section, assessed valuation does not include the assessed valuation of property that is owned by a county, this state or the United States government."
 - Sec. 3. Section 48-1202, Arizona Revised Statutes, is amended to read: 48-1202. Establishment of community park maintenance district:

territory: purpose: approval

- A. In addition to the requirements for the establishment of a community park maintenance district as set forth in section 48-261, a district shall:
 - 1. Include contiguous territories located in one or more counties.
- 2. Be formed only for the purpose of maintaining existing community parks that are certified by the board for inclusion in the district. The board of directors, subject to available tax revenues, may certify any

existing community park within the district's boundaries that will facilitate and encourage the use and enjoyment of recreational land within the district.

- 3. Be approved by a vote of the board of supervisors for each of the counties in which the community park maintenance district is to be located, if proposed for territory that is located in more than one county.
- B. A LEASEHOLDER OF REAL PROPERTY IS NOT AUTHORIZED TO SIGN A FORMATION PETITION OR A BOUNDARY CHANGE PETITION, AND THE BOARD OF SUPERVISORS MAY ACCEPT ONLY THE SIGNATURE OF THE REAL PROPERTY OWNER."
- Amend title to conform

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