



ARIZONA STATE SENATE
Fiftieth Legislature, Second Regular Session

AMENDED

FACT SHEET FOR H.B. 2702

sanitary districts; projects; revenues

Purpose

Allows a sanitary district board of directors to obligate revenues to specific expenses. Creates a population based exemption from voter approval for sanitary districts entering into and performing financial assistance loan repayment agreements.

Background

Sanitary districts are established for the creation, acquisition, regulation and operation of facilities which provide for sewage collection, treatment and disposal within the district's boundaries. Sanitary districts may also be established for the disposal and treatment but not collection of garbage. Statute requires sanitary districts of 160 acres or more to be governed by a board of at least three qualified electors from the district. Board members serve staggered two or four year terms. Sanitary districts less than 160 acres in size are governed by the county board of supervisors.

The Water Infrastructure Authority of Arizona (WIFA) is an independent agency of the state with a mission to maintain and improve water quality in Arizona by providing financial and technical assistance for basic water infrastructure. Current statute allows a sanitary district to seek financial assistance for infrastructure from WIFA. Borrowed funds are to be repaid through a financial assistance loan repayment agreement. Statute requires that a board of directors seeking to enter into such an agreement submit their intent to the electorate and gain approval in an election before proceeding.

There is no anticipated impact to the state General Fund associated with this legislation.

Provisions

1. Exempts a sanitary district from statutory requirements for voter approval of the district's entry into and performance of a financial assistance loan repayment agreement with WIFA for planning and design of a sewage system or system improvements.
2. Allows the board of directors of a sanitary district (the board) to obligate revenues generated and take any action necessary in order to:
 - a) pay all district maintenance and operating costs,
 - b) provide necessary reserves,
 - c) pay billing costs,
 - d) pay office expenses,

- e) pay the costs of collection,
 - f) purchase or improve the system,
 - g) pay contractual obligations incurred for purchasing or improving the system.
3. Stipulates that the obligation of funds is binding until the obligation is fully satisfied.
 4. Allows the board to apply funds that are in excess of obligations to assessments due or return those funds to the property owner.
 5. Becomes effective on signature of the governor.

Amendments Adopted by Committee of the Whole

1. Removes the population based exemption from voter approval.
2. Exempts sanitary districts from voter requirements for WIFA planning and design loans.

House Action

WM 2/6/12 DP 8-1-0-0
3rd Read 3/1/12 45-10-4-0-1

Senate Action

FIN 3/8/12 DP 6-1-0-0
3rd Read 4/5/12 22-7-1-0

Prepared by Senate Research
April 5, 2012
CS/DF/ly