

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

COMMITTEE ON RURAL ECONOMIC DEVELOPMENT

Report of Regular Meeting
Thursday, February 19, 2026
House Hearing Room 4 -- 9:00 A.M.

RECEIVED
CHIEF CLERKS OFFICE

Convened 9:04 A.M.
Recessed
Reconvened
Adjourned 10:09 A.M.

FEB 20 2026

Members Present

Representative Blackman
Representative Bliss
Representative Hernandez
Representative Peshlakai
Representative Volk
Representative Lopez, Vice-Chairman
Representative Martinez, Chairman

Members Not Present

Representative Biasiucci

Agenda

Original Agenda – Attachment 1

Request to Speak

Report – Attachment 2

Committee Attendance

Report – Attachment 3

Presentations

<u>Name</u>	<u>Organization</u>	<u>Attachments (Handouts)</u>
Lucid and Economic Development Success in Pinal County	Keith Watkins, Senior Vice President	0

Committee Action

<u>Bill</u>	<u>Action</u>	<u>Vote</u>	<u>Attachments</u>
HB2950	DP	7-0-0-0	4,5
HB2946	DPA	4-1-2-0	6,7,8
HB2107	HELD		
HB2588	HELD		


Veronica Graham, Committee Secretary
February 20, 2026

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

REVISED - 2/16/26

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REGULAR MEETING AGENDA

COMMITTEE ON RURAL ECONOMIC DEVELOPMENT

DATE Thursday, February 19, 2026

ROOM HHR 4

TIME 9:00 A.M.

Members of the public may access a livestream of the meeting here:

<https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2026021118>

Members:

Representative Blackman
Representative Bliss
Representative Hernandez C

Representative Peshlakai
Representative Volk

Representative Lopez, Vice-Chairman
Representative Martinez, Chairman

- Presentation: *Lucid and Economic Development Success in Pinal County* - Keith Watkins, Senior Vice President, Rural Economic Development

Bills	Short Title	Strike Everything Title
<u>HB2107</u>	<u>Held</u> SNAP benefits; purchases; waiver (Martinez: Biasiucci, Carbone, et al) HHS w/d, RED, APPROP, RULES	S/E: appropriation; Douglas port of entry
<u>HB2588</u>	<u>Held</u> municipalities; planned communities; design; prohibition. (Way) COM w/d, RED, RULES	
<u>HB2946</u>	<u>DPA</u> municipalities; counties; development fees (Powell) <u>4-1-2-0</u> RED, RULES	
* <u>HB2950</u>	<u>DP</u> tourism improvement areas; municipalities; counties <u>7-0-0-0</u> (Wilmet: Diaz, Hernandez C, et al) RED held 0-0-0-0-0, RULES	

* On previous agenda

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

VC
02/12/2026
02/13/2026
02/16/2026

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Information Registered on the Request to Speak System

House Rural Economic Development (2/19/2026)

HB2107, SNAP benefits; purchases; waiver

Support:

Brian Murray, CITY OF DOUGLAS; Linda Busam, representing self; Brent Michelson, representing self

Oppose:

Joan Murphy, representing self; Glenn Sollers, representing self; Stephen Flaaen, representing self; Elizabeth Lee, representing self; Dave Long, representing self; Janie Hydrick, representing self; Judith Simons, representing self; Mary Pradelt, representing self; Janet Larkin, representing self; Sandra Kravetz, representing self; Dianne Post, AZ NATIONAL ORGANIZATION FOR WOMEN (NOW), Self; Kevin Brown, representing self; Sherrilynn James, representing self; Rebecca Smith Gross, representing self; Lisa Olson, representing self; Maria Salvucci, representing self; Beverly Janowitz-Price, representing self; Cynthia Couture, representing self; Sally Harvey, representing self; Charlie Silver, representing self; Gail Kamaras, representing self; Susan Morris, representing self; Christina Mollica, representing self; Robin LaVoie, representing self; Anita Mosesman, representing self; Jacqueline Johnson, representing self; Claudia Bloom, representing self; Elizabeth Schauer, representing self; Brent Gibbs, representing self; Jeanne Casteen, representing self; Mariana Spier, representing self; Craig McDermott, representing self; Katherine Doman Sheydayi, representing self; Laurie Stoff, representing self; Alisa McMahon, representing self; Carol Maas, representing self; Bobbie Howard, representing self; Steve Gorman-Hackstadt, representing self; Jennifer Dawson, representing self; Kathleen Dubbs, representing self; Matthew Nelson, representing self; Linda Edwards, representing self; Gail Block, representing self; Jo Ann Caruthers, representing self; Cassandra Morano, representing self; Eileen Goldman, representing self; Mary Gaudio, representing self; Mary Nelson, representing self; Carol Garnett, representing self; Martha O'Connor, representing self; Mariette Francis, representing self; Barbara Larson, representing self; Beverlee Loat, representing self; Kathy Pyner, representing self; Penny Boone, representing self; Rebecca Haynes, representing self; Edna Weigel, representing self; Bart James, representing self; Gayle Meredith, representing self; Ralph Meredith, representing self; William S. James, representing self; Mary Ganapol, representing self; Chris Senko, representing self; Charlotte Lis, representing self; William Yohey, representing self; Karen Peterson, representing self; Amy Etzkorn, representing self; Bonnie Oakes, representing self; Brenda Nelson, representing self; Sandra Rizzo, representing self; Ann Johnson, representing self; Mary Martiniak, representing self; Katherine Lathrop, representing self; Dee Maitland, representing self; Mary-Jeanne Fincher, representing self; Julie Golding, representing self; Saher Afzal, representing self; Jeri Dow, representing self; Kristen Abrahamson, representing self; Janet Senf, representing self; Roxanna Kearns, representing self; Linda Martin, representing self; Peter Coston, representing self; Patricia Gerrodette, representing self; Paula Redinger, representing self; Kathryn Anderson, representing self; Chris Ahearn, representing self; Christine Petersen, representing self; Rivko Knox, representing self; Jacqueline deSa, representing self; Carol Campbell, representing self; Jennifer Horne, representing self; Alicia Messing, representing self; Frederick James, representing self; Marilyn Murov, representing self; Eric Kadel, representing self; Kathleen Schanus-Gohl, representing self; Suzanne Zimmerman, representing self; Cynthia Wagner, representing self; Libby Stortz, representing self; Mitchell Smith, representing self; Karen Brown, representing self; ALICE BUCK, representing self; Devon Sloan, representing self; Ann Lebert, representing self; Christopher Cerrato, representing

self; STACEY NORDWALL, representing self; Nancy Hancock, representing self; Paula Van Derven, representing self; Pamela Chittenden, representing self; Linda Block, representing self; Leonora Midgley, representing self; Lisa Maczura, representing self; Remy Sinclair, representing self; Barbara Lucas, representing self; Nelson Morgan, representing self; Roger Blain, representing self; Susan Matheson, representing self; Angela Buer, representing self; Terri Farneti, representing self; Patricia Brunner, representing self; Jerrold Borchardt, representing self; Margaret Tinsley, representing self; Zinah Burke, representing self; Dieter Knecht, representing self; Jillian Ryan, representing self; Allison Jackson, representing self; Caroline Esmond, representing self; John Cummings, representing self; Kristan Larson, representing self; Carol Rohe, representing self; Erica Hansen, representing self; Jean Meconi, representing self; Donna Rugg, representing self; Bridget Clark-Cooper, representing self; Marcella Deluca, representing self; Christa Trexler, representing self; Marcia Tingley, representing self; Theresa Ryan, representing self; Allen Brown, representing self; Greg Olszta, representing self; marcia stewart, representing self; Theresa Prichard, representing self; Sara Isett, representing self; Janet Lewis-Weaver, representing self; Valarie Bryant, representing self; Claudia Yeager-Smith, representing self; JoAnn McCay, representing self; Clarissa Vela, representing self; William Bowlus-Root, representing self; Sue Diaz, representing self; Barbara Jones, representing self; Jonathan Brechner, representing self; Sally Evans, representing self; Kathleen Woessner, representing self; Lisa Koenig, representing self; Mary Pena, representing self; Cheryl Benefield, representing self; Alicia Vaughan, representing self; Mary Keerins, representing self; Jeanmarie Haney, representing self; Kathryn Avila Hammond, representing self; Erin Dahl, representing self; Mike Kunnecke, representing self; Susan Ordway, representing self; Melissa Boyle, representing self; Dennis Johnson, representing self; Melinda Bell, representing self; Gina Gral, representing self; Kathleen Sauer, representing self; JOHN FIENE, representing self; Katie Rice, representing self; Gail Graves, representing self; Aaron Essif, representing self; Kat Ginzel, representing self; Jane Johnson, representing self; Kristin White, representing self; RITA DEPUYDT, representing self; Traci Garcia, representing self; Garyh Rulapaugh, representing self; Marin Lersch, representing self; Sherri Johnson, representing self; Dana Jolly, representing self; Joseph Johnson, representing self; Julia Allison, representing self; Nadya Laliberte, representing self; Amy Gaiennie, representing self; Margie Gomez, representing self; Kathryn Dorn, representing self; VICKI D ELIA, representing self; Erica Rivera, representing self; Dimitrios Gockel, representing self; Karen Weihs, representing self; Eden Winget, representing self; Salie Travis, representing self; Felisa Gilley, representing self; Deborah Anderson, representing self; Amy Licht, representing self; Kymberli Ricks-WhiteColbourne, representing self; Ken Jones, representing self; Don Howard, representing self; Roy L Carrington Jr., representing self; Kayla Lundquist, representing self; Sery Johnson, representing self; Mary Rose, representing self; Carolyn Drennan, representing self; Jessie Kline Loganbill, representing self; Lisa Wayman, representing self; Amy Tremper, representing self; Caleb Demeter, representing self; Susan Bowen, representing self; Judy Wilkening, representing self; Lauren Whitiker, representing self; Alice Bauman, representing self; Elizabeth Lehr, representing self

All Comments:

Joan Murphy, Self: it's not the poor who are using up our budget - it's the giveaways to the rich! stop attacking the poor!; Glenn Sollers, Self: The fast food carve-out exists for people who may not be able to prepare meals or who don't have homes and kitchens. Just 3% of SNAP users qualify for this carve-out; banning them would disproportionately impact disabled, elderly and homeless people.; Stephen Flaaen, Self: Make it easier to obtain and use SNAP, not harder.; Judith Simons, Self: This is just cruel to disabled, elderly, homeless, & other people who may need a way to get a convenient meal.; Janet Larkin, Self: Some folks on SNAP don't have the luxury of a home or kitchen.; Lisa Olson, Self: Republicans have already severely restricted the use of SNAP benefits. This ban would disproportionately impact disabled, elderly and unhoused people. I STRONGLY OPPOSE this attack on poor people!; Gail Kamaras, Self: Stop beating up the poor. Look for fraud in corporations.; Susan Morris, Self: SNAP is to help poor people eat. You don't get to decide what they choose to eat.; Robin LaVoie, Self: This impacts the homeless, disabled and elderly who cannot cook at home. Terrible bill.; Anita Mosesman, Self: And anyone else

who eats unhealthy food and then becomes a health burden on society? Like that unhealthy McDonalds loving president?; Mariana Spier, Self: Not all recipients have a stove to cook on (or a roof above their head); Laurie Stoff, Self: Rules already bar SNAP (food stamps) from use at most restaurants, but the fast food carve-out exists for people who may not be able to prepare meals or who; Jennifer Dawson, Self: Just 3% of SNAP users qualify for this carve-out; banning them would disproportionately impact disabled, elderly and homeless people. Cruel to starve those in need.; Kathleen Dubbs, Self: The nanny state is alive and well; Linda Edwards, Self: We don't know enough about peoples' situations to say yea to this bill.; Mary Gaudio, Self: Only 3% of SNAP users even qualify for this carve-out; banning fast-food for these few users would be akin to starving them. Inhumane and unjust. Vote no!; Carol Garnett, Self: There are already rules and in some cases exceptions need to be made for the homeless, disabled or elderly.; Martha O'Connor, Self: Harms elderly, disabled and homeless people.; Beverlee Loat, Self: would negatively impact disabled, elderly and homeless people -No; Kathy Pyner, Self: I agree that there should be some restrictions. Soda and candy should be banned. However fast food may be the only way some people have to get prepared food.; Penny Boone, Self: NO! This will disproportionately impact disabled, elderly and homeless people; Rebecca Haynes, Self: Just 3% of SNAP users qualify for this carve-out; banning them would disproportionately impact disabled, elderly and homeless people.; Chris Senko, Self: If someone qualifies for SNAP, but lacks the facilities or the ability to cook their own food, their primary alternative is fast food. Don't take that away from them.; William Yohey, Self: A terrible bill. Not everyone has access to a kitchen. What are they to do when they want to get a meal?; Brenda Nelson, Self: Stop penalizing SNAP users who may not have access to kitchen facilities and need fast food. OPPOSE; Sandra Rizzo, Self: Seriously? 3% of SNAP users use this. It's not easy to always cook for one's self or family, or possible. This hurts disabled, elderly, seniors and others.; Dee Maitland, Self: Tax breaks for private plane owners; starvation for low income people; Jeri Dow, Self: would disproportionately impact disabled, elderly and homeless people; Kristen Abrahamson, Self: This bill could harm the homeless population without kitchens that are unable to prepare a hot meal. Stop punishing the poor by placing roadblocks to receiving food.; Roxanna Kearns, Self: While I'm not a fan of fast food I believe that it's a choice and sometimes the most reasonable option for meals in areas where other food choices are limited. Some people live in areas without access to supermarkets and fast food options are closer; Patricia Gerrodette, Self: Some people don't have access to kitchens or maybe even a hotplate. It doesn't seem charitable to deny the poorest some food.; Chris Ahearn, Self: Please oppose. Really? This bill wants to expand restrictions on SNAP for fast food to our society's most vulnerable people? How can one possibly vote for this and claim to have common decency. Please vote no. Thank you.; Jacqueline deSa, Self: A bill to slam the communities' vulnerable . Banning them would disproportionately impact disabled, elderly and homeless people. "Feed the Homeless" - what Jesus would do for sure.; Jennifer Horne, Self: More penalizing the poorest among us; Mitchell Smith, Self: Please stop picking on society's most vulnerable. The savings would be negligible, even considering any health care savings. Increase sales taxes on luxury items instead.; Karen Brown, Self: For some, fast food may be next to the only food source readily available. This bill is unnecessary and cruel; Lisa Maczura, Self: My aunt was homeless for many years. This bad bill feels personal.; Barbara Lucas, Self: expanding restrictions on using SNAP for fast food to our society's most vulnerable people is just cruel and heartless. Lacks all compassion; Nelson Morgan, Self: I support people being able to eat.; Angela Buer, Self: Republicans have already severely restricted the use of SNAP benefits. This ban would disproportionately impact disabled, elderly and unhoused people. I STRONGLY OPPOSE this attack on poor people!; Jerrold Borchardt, Self: This bill would disproportionately impact the disabled, elderly, and homeless. I would also affect people unable to prepare meals or who don't have homes and kitchens. OPPOSED!; Margaret Tinsley, Self: Mean just to be mean. Will impact the most needy Arizonans, who may not have access to a kitchen.. Please vote "no" to let them eat.; Jillian Ryan, Self: Just 3% of SNAP users qualify for this carve-out; banning them would disproportionately impact disabled, elderly and homeless people; Jean Meconi, Self: When you are working multiple jobs, fast food can make the difference between eating and not eating.; Donna Rugg, Self: This bill is mean. Stop penalizing people who need SNAP to eat.; Bridget Clark-Cooper, Self:

Ridiculous! to further restrict SNAP for fast food- especially if those very vulnerable people don't have homes (unhoused) or kitchens! This would disproportionately negatively impact the disabled, elderly, & homeless people!; Marcia Tingley, Self: The fast-food carve-out currently impacts only 3% of SNAP users. The expanded carve-out would disproportionately impact disabled, elderly, & homeless people. Oppose.; Theresa Ryan, Self: Banning fast food would disproportionately impact disabled, elderly and homeless people.; Allen Brown, Self: I oppose HB2107. So, under your bill if you are on SNAP, you won't be able to buy your kid a Happy Meal? Shame on Theresa Martinez!; Greg Olszta, Self: Rules already bar SNAP (food stamps) from use at most restaurants, but the fast food carve-out exists for people who may not be able to prepare meals or who don't have homes and kitchens. disproportionately impact disabled, elderly and homeless.; marcia stewart, Self: In a perfect world, fresh food is better, but also expensive. Many SNAP users are disabled, homeless, elderly, cannot cook or afford fresh. Fast food has options; Theresa Prichard, Self: This waiver is limited and for a valid reason. leave as it.; Sara Isett, Self: Just 3% of SNAP users qualify for this carve-out, which makes this a performative waste of legislator's time and taxpayer's money.; Claudia Yeager-Smith, Self: Expanding restrictions on using SNAP for fast food negatively impacts disabled, elderly and homeless who may not have kitchens or the ability to prepare their food. **STRONGLY OPPOSE!!**; Jonathan Brechner, Self: An attack on the poor? Why? Don't they vote for you, too? Don't you represent them?; Mary Pena, Self: Just 3% of SNAP users qualify for this carve-out; banning them would disproportionately impact disabled, elderly and homeless people.; Mary Keerins, Self: the fast food carve-out exists for people who may not be able to prepare meals or who don't have homes and kitchens.; Jeanmarie Haney, Self: Just 3% of SNAP users qualify for this "fast food" carve-out; banning them would disproportionately impact the most vulnerable: disabled, elderly and homeless people who may not be able to prepare meals or who don't have homes and kitchens.; Kathryn Avila Hammond, Self: Rules already bar SNAP from use at most restaurants, but the fast food carve-out exists for people who may not be able to prepare meals or who don't have homes and kitchens. Just 3% of SNAP users qualify, this harms the elderly, disabled and homeless; Erin Dahl, Self: I oppose the bill that would expand restrictions on using SNAP for fast food to our society's most vulnerable people. Rules already bar SNAP (food stamps) from use at most restaurants, but the fast food carve-out exists for people who may not be able; Susan Ordway, Self: This would seriously impact the 3% of SNAP beneficiaries who are eligible for the fast food exception because they are unable to cook for themselves.; Dennis Johnson, Self: "One man's meat is another man's poison. The government should not regulate it's citizens diet.; JOHN FIENE, Self: Punishing the most vulnerable in our state seems to be the status quo at the legislature. Expanding restrictions is just what SNAP users need. LD1 voter; Aaron Essif, Self: Banning these people would disproportionately impact disabled, elderly and homeless people.; Kristin White, Self: Instead of focusing punitively, why don't we reward people who use their SNAP benefits on fresh fruits and veggies. Better yet, why not use the traveling grocery nonprofit orgs as a resource for reach.; Marin Lersch, Self: Not everyone can prepare meals at home, or may not even have homes. This targets the most vulnerable for simply trying to stay fed.; Amy Gaiennie, Self: I oppose this bill that will disproportionately impact disabled, elderly and homeless people.; Margie Gomez, Self: Thursday - HB2107 - **OPPOSE**. Republicans have already severely restricted the use of SNAP benefits. This ban would disproportionately impact disabled, elderly and unhoused people. I **STRONGLY OPPOSE** this attack on poor people!; Kathryn Dorn, Self: We all have days when we're too busy or exhausted or ill to prepare meals for ourselves. Those of us who are privileged enough to be able to buy themselves a nice takeout or delivery meal shouldn't deprive SNAP recipients of that option!; Erica Rivera, Self: Stop making it harder for people to **SURVIVE**. Just 3% of SNAP users qualify for this carve-out; banning them would disproportionately impact disabled, elderly and homeless people.; Dimitrios Gockel, Self: Banning them would disproportionately impact disabled, elderly and homeless people. Scheduled for House Rural Economic Development Committee. This affects people with people with Disabilities and other vulnerable people; Salie Travis, Self: As only about 3% of SNAP users qualify for option to use fast food with SNAP benefits, I feel there may be a need for them to do so, like no home, no kitchen, no utilities. **OPPOSE**.; Felisa Gilley, Self: Banning fast food from SNAP benefits would disproportionately impact disabled, elderly and homeless people.

You know, those people who don't have the resources (like a kitchen) or the physical ability to cook for themselves.; Kymberli Ricks-WhiteColbourne, Self: As a person of faith I cannot support this bill. This carve-out is only available to 3% of SNAP users already, giving food options to those without homes or kitchens to cook in or those elderly or disabled who cannot safely cook for themselves.; Caleb Demeter, Self: This restriction would not save a significant amount, and it would harm people that are already vulnerable; Susan Bowen, Self: JUST 3% OF SNAP USERS QUALIFY FOR THIS CARVE-OUT; BANNING THEM WOULD DISPROPORTIONATELY IMPACT DISABLED, ELDERLY AND HOMELESS PEOPLE.; Elizabeth Lehr, Self: This bill will disproportionately impact families who are unhoused and living in temporary shelters such as low rate motels. In addition, it would create barriers for disabled and elderly people who may not physically be able to cook for themselves.

HB2588, municipalities; planned communities; design; prohibition.

Support:

David Morris, AMERICANS FOR PROSPERITY AZ; Alexis Monet Bacs, THE LIBRE INITIATIVE ARIZONA; Jake Hinman, ARIZONA NEIGHBORHOOD PROJECT; Andrea Hernandez Falcon, representing self; Yahaira Felix, representing self; Hunter Anderson, representing self

Oppose:

Nick Ponder, LEAGUE OF ARIZONA CITIES & TOWNS; Mayor Robyn Prud'homme-Bauer, Clarkdale, representing self; Craig McDermott, representing self; Heather Bernacki Wilkey, QUEEN CREEK, TOWN OF; Rodney Short, YUMA, CITY OF; Margaret Babbitt-Pierce, representing self; Robert Wisler, APACHE JUNCTION, CITY OF; Paul Davenport, representing self; Leigh Marino, City Of Cottonwood

All Comments:

Mayor Robyn Prud'homme-Bauer, Clarkdale, Self: Preemption - take away local control over design, architectural or aesthetic requirements!; Paul Davenport, Self: This bill undermines local control with a one-size-fits-all mandate that does not require passing on any savings to homebuyers. The Legislature should increase the housing supply by restricting corporate home purchases and short-term rentals.

HB2946, municipalities; counties; development fees

Support:

Spencer Kamps, HOME BUILDERS ASSOCIATION OF CENTRAL AZ; Emily Ryan, Southern Arizona Home Builders Association; Courtney Gilstrap LeVinus, Arizona Multihousing Association; Jake Hinman, HOME BUILDERS ASSOCIATION OF CENTRAL ARIZONA

Oppose:

Tom Savage, LEAGUE OF ARIZONA CITIES & TOWNS; Katy Proctor, City Of Maricopa; Andrew McGuire League of Arizona Cities and Towns, representing self; Dave Long, representing self; Janie Hydrick, representing self; Theresa Ulmer, AZ MUNICIPAL WATER USERS ASSN; Judith Simons, representing self; Mary Pradelt, representing self; Sandra Kravetz, representing self; Dianne Post, representing self; Kevin Brown, representing self; Sherrilynn James, representing self; Rebecca Smith Gross, representing self; Lisa Olson, representing self; Beverlee Loat, representing self; Beverly Janowitz-Price, representing self; Cynthia Couture, representing self; Sally Harvey, representing self; Charlie Silver, representing self; Brenda Nelson, representing self; Gail Kamaras, representing self; Susan Morris,

representing self; Christina Mollica, representing self; Julie Golding, representing self; jacqueline Johnson, representing self; Elizabeth Schauer, representing self; Brent Gibbs, representing self; Jeanne Casteen, representing self; Mariana Spier, representing self; Michael Fiflis, representing self; Katherine Doman Sheydayi, representing self; Laurie Stoff, representing self; Craig McDermott, representing self; Alisa McMahon, representing self; Maegan Johnson , PHOENIX, CITY OF; Steve Gorman-Hackstadt, representing self; Fred Miller, representing self; Jennifer Dawson, representing self; Kathleen Dubbs, representing self; Matthew Nelson, representing self; Linda Edwards, representing self; Gail Block, representing self; Jo Ann Caruthers, representing self; Cassandra Morano, representing self; Linda Block, representing self; Joan Murphy, representing self; Mary Nelson, representing self; Martha O'Connor, representing self; Mariette Francis, representing self; Barbara Larson, representing self; Kathy Pyner, representing self; Penny Boone, representing self; Rebecca Haynes, representing self; Edna Weigel, representing self; Bart James, representing self; Gayle Meredith, representing self; Ralph Meredith, representing self; William S. James, representing self; Mary Ganapol, representing self; Chris Senko, representing self; Glenn Sollers, representing self; Charlotte Lis, representing self; Rebecca Daggett, representing self; Amy Etzkorn, representing self; Bonnie Oakes, representing self; Sandra Rizzo, representing self; Ann Johnson, representing self; Mary Martiniak, representing self; Katherine Lathrop, representing self; Dee Maitland, representing self; Mary-Jeanne Fincher, representing self; Saher Afzal, representing self; Jeri Dow, representing self; Rodney Short, YUMA, CITY OF; Carolyn Watson, representing self; Heather Bernacki Wilkey, QUEEN CREEK, TOWN OF; Janet Senf, representing self; Roxanna Kearns, representing self; Linda Martin, representing self; Francesca Pardes, representing self; Peter Coston, representing self; Patricia Gerrodette, representing self; Paula Redinger, representing self; Kathryn Anderson, representing self; Chris Ahearn, representing self; Christine Petersen, representing self; Kristen Abrahamson, representing self; Jacqueline deSa, representing self; Michael Tarek, representing self; Carol Campbell, representing self; Jennifer Horne, representing self; Alicia Messing, representing self; Eden Winget, representing self; Frederick James, representing self; Kathleen Schanus-Gohl, representing self; Eric Kadel, representing self; Suzanne Zimmerman, representing self; Cynthia Wagner, representing self; Libby Stortz, representing self; ALICE BUCK, representing self; Karen Brown, representing self; Devon Sloan, representing self; Ann Lebert, representing self; Rivko Knox, representing self; Christopher Cerrato, representing self; Nancy Hancock, representing self; STACEY NORDWALL, representing self; Paula Van Derven, representing self; Pamela Chittenden, representing self; Leonora Midgley, representing self; Sharon Arnst, representing self; Lisa Maczura, representing self; Remy Sinclair, representing self; Barbara Lucas, representing self; Nelson Morgan, representing self; Susan Matheson, representing self; Patricia Brunner, representing self; Angela Buer, representing self; Zinah Burke, representing self; Margaret Tinsley, representing self; Dieter Knecht, representing self; Jerrold Borchardt, representing self; Jillian Ryan, representing self; Caroline Esmond, representing self; John Cummings, representing self; Pam Spicer, representing self; Carol Rohe, representing self; Kristan Larson, representing self; Allison Jackson, representing self; Jean Meconi, representing self; Bridget Clark-Cooper, representing self; Donna Rugg, representing self; Marcella Deluca, representing self; Christa Trexler, representing self; Marcia Tingley, representing self; Donna Corbin, representing self; Theresa Ryan, representing self; marcia stewart, representing self; Linda Paul, representing self; Theresa Prichard, representing self; Janet Lewis-Weaver, representing self; Sara Isett, representing self; Valarie Bryant, representing self; Claudia Yeager-Smith, representing self; JoAnn McCay, representing self; Kymberli Ricks-WhiteColbourne, representing self; William Bowlus-Root, representing self; Sue Diaz, representing self; Barbara Jones, representing self; Jonathan Brechner, representing self; Ken Jones, representing self; Kathleen Woessner, representing self; Lisa Koenig, representing self; Roy L Carrington Jr., representing self; Mary Pena, representing self; Allen Brown, representing self; Mary Keerins, representing self; Kathryn Avila Hammond, representing self; Erin Dahl, representing self; Ginna Carico, City Of Glendale; Mike Kunnecke, representing self; Sery Johnson, representing self; Melissa Boyle, representing self; Mary Rose, representing self; Melinda Bell, representing self; Gina Gral, representing self; Kathleen Sauer, representing self; Carolyn Drennan, representing self; JOHN FIENE, representing self; Gail Graves,

representing self; Michelle Lerman, representing self; Aaron Essif, representing self; Jane Johnson, representing self; Jessie Kline Loganbill, representing self; Kristin White, representing self; RITA DEPUYDT, representing self; Traci Garcia, representing self; Marin Lersch, representing self; Caleb Demeter, representing self; Joseph Johnson, representing self; Julia Allison, representing self; Nadya Laliberte, representing self; Amy Gaiennie, representing self; Susan Bowen, representing self; Margie Gomez, representing self; Kathryn Dorn, representing self; VICKI D ELIA, representing self; Erica Rivera, representing self; Judy Wilkening, representing self; Shana Tevlin, representing self; Elizabeth Lehr, representing self; Felisa Gilley, representing self; Salie Travis, representing self; Amy Licht, representing self; Stephen Flaaen, representing self; Alison Danis, representing self; Lisa Wayman, representing self; Amy Tremper, representing self; Mike Gardner, MESA, CITY OF

All Comments:

Andrew McGuire League of Arizona Cities and Towns, Self: With the League of Cities and Towns; Judith Simons, Self: Legislative overreach. County & city officials know better what their needs & resources are in any given time period.; Beverlee Loat, Self: leave local control with local communities; Brenda Nelson, Self: Leave cities and counties to plan their own growth. OPPOSE; Michael Fiflis, Self: Unfairly ties local governments' hands to charge for and pay for services.; Alisa McMahon, Self: 1. This legislature has already squeezed localities too far. Stop usurping local control. 2. Why should localities (taxpayers) have to front development costs? 3. Erasure of county development fees is absurd. County taxpayers will pay the price.; Fred Miller, Self: Another "I know better than the local rubes" bill. Sure you do. For someone who touts 'over regulation' on their website, you sure want to regulate us dim-witted rural folks. Hopefully you'll be defeated this year.; Jennifer Dawson, Self: a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth. Legislative overreach.; Kathleen Dubbs, Self: Again I say: local control please!; Linda Edwards, Self: This bill makes no sense.; Martha O'Connor, Self: Bill makes it difficult for cities and counties to thoughtfully plan their growth.; Kathy Pyner, Self: This should be determined by local officials; Penny Boone, Self: NO! this is absurd; Rebecca Haynes, Self: This bill would create a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth.; Sandra Rizzo, Self: This is an imposition on cities' rights.; Dee Maitland, Self: Stop interfering with local governments to benefit your developer donors; Rodney Short, YUMA, CITY OF: This bill really hampers rural communities who have fiscally responsible councils who try to keep development fees low. Keep it local.; Carolyn Watson, Self: Who benefits from this law? Certainly not cities and counties attempting to manage growth and provide public services. Please vote no and thank you.; Roxanna Kearns, Self: Do not make it difficult for cities and counties to thoughtfully plan their growth by limiting increases and banning development fees.; Chris Ahearn, Self: Please oppose. We should focus on enabling cities and counties to decide for themselves and their constituents what growth is acceptable and desired, not place restrictions on them. Please vote no. Thank you.; Kristen Abrahamson, Self: Cities and counties should be able to decide on their growth without state interference.; Jacqueline deSa, Self: An unjust bill. cities and counties would be banned from charging development fees for parks and libraries or from basing fees on residence size or number of bedrooms.; Michael Tarek, Self: cities and counties would be banned from charging development fees for parks and libraries or from basing fees on residence size or number of bedrooms.; Karen Brown, Self: Quality of life depends on the availability of public amenities and services. Do not restrict the ability of local government to provide them.; Lisa Maczura, Self: Government overreach.; Barbara Lucas, Self: A bunch of new restrictions making it difficult for cities and counties to thoughtfully plan their growth. Just NO; Angela Buer, Self: Banning development fees for parks and libraries forces existing taxpayers to subsidize the amenities required by new residents. This bill ensures that as Arizona grows, our access to essential community spaces will inevitably diminish. I OPPOSE.; Margaret Tinsley, Self: This bill requires the ability to intuit the future that few have. Let cities and counties deal with the realities in front of them at the time. Please vote NO.; Jerrold Borchardt, Self: I oppose this bill that restricts the ability of cities and counties to carefully plan their growth.; Jillian Ryan, Self: Would create a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth.; Jean Meconi, Self:

Municipalities need to manage growth so that infrastructure is in place.; Bridget Clark-Cooper, Self: This should NOT move forward. It removes the ability of cities & counties to plan for & fund growth. It's up to each locale to determine their growth- NOT up to the AZ Legislature to place unreasonable restrictions on cities & counties.; Donna Corbin, Self: This makes it difficult for cities and counties to thoughtfully plan for growth.; Theresa Prichard, Self: limits the local control of planning and development of their communities.; Sara Isett, Self: Just plain bad.; Sue Diaz, Self: Growth planning should be left to cities and counties.; Mary Pena, Self: Would create a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth.; Allen Brown, Self: I oppose HB2946. Cities and counties should be able to operate without unnecessary interference from the state.; Mary Keerins, Self: Stay out of local politics - local is better; Kathryn Avila Hammond, Self: create a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth. Bans cities/counties from charging development fees for parks and libraries.; Erin Dahl, Self: I oppose the bill that would create a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth.; JOHN FIENE, Self: Another anti-home rule bill that restricts local and community planning. Further, banning local governments from collecting fees for anything is State overreach. LD1 voter; Michelle Lerman, Self: Let cities and counties plan their own growth and sustainability.; Caleb Demeter, Self: These restrictions are not productive, especially requiring unanimous approval; Susan Bowen, Self: THIS BILL WOULD CREATE A HOST OF RESTRICTIONS MAKING IT DIFFICULT FOR CITIES AND COUNTIES TO THOUGHTFULLY PLAN THEIR GROWTH. WHAT MORE CAN YOU COME UP WITH TO MAKE IT DIFFICULT FOR COMMUNITIES TO SUCCEED? YOU ARE SUPPOSE TO BE SERVING THEM!; Margie Gomez, Self: This bill strips cities and counties of the flexibility needed to manage local growth. Imposing rigid, one-size-fits-all caps on fee adjustments ignores the unique economic realities and infrastructure needs of our diverse communities. I OPPOSE.; Kathryn Dorn, Self: Please back off and let our cities govern their own city-level decisions! I think the Legislature has more than enough state-level work on its own plate already.; Erica Rivera, Self: Would create a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth; Felisa Gilley, Self: This bill would create a host of restrictions making it difficult for cities and counties to thoughtfully plan their growth.; Salie Travis, Self: It seems this proposal would create hardships for cities and counties to plan for future growth and restrict fees. I personally would prefer to live in an area that was deliberately and cautiously planned, fees included. Oppose.; Stephen Flaaen, Self: Leave growth plans up to the municipalities and counties.

HB2950, tourism improvement areas; municipalities; counties

Testified in support:

Kim Sabow, Arizona Lodging & Tourism Association

Support:

Marcus Carney, representing self; Ron Price, representing self; Steve Barclay, BEER & WINE DISTRIBUTORS OF ARIZONA; Andrea Kadar, representing self; Dan Bogert, AZ RESTAURANT ASSOCIATION; Larry Hilliard, representing self; Vera Markgraf, representing self; Julie Pace, representing self; Randy Brown, representing self; Mayor Cal Sheehy, representing self; Starr Costa, representing self; Mackenzie Shane, GREATER PHOENIX CHAMBER OF COMMERCE; Gregory Flachman, representing self; Denbie Nash, representing self; Sally Evans, representing self; Don Howard, representing self; Alison Brooks, representing self; Cameron Molloy, representing self; Devney Majarie, representing self; Tom Farley, Arizona Association Of Realtors, GREATER PHOENIX LEADERSHIP INC; Mark Mingura, representing self; Johanna Gomez, representing self; Alice Bauman, representing self; Patrick McDaniel, PHOENIX COMMUNITY ALLIANCE; Michael Meister, representing self; James Daniel Fitzgerald, representing self; Jon Schmieder, representing self; Kelsey Sparks, representing self; Kate Birchler, representing self; Dana Swan, representing self; Emily Burns, representing self

Oppose:

Cathy Schwanke, representing self; Andres Aguerrette, representing self; Dwight Kadar, representing self; Laurie Reiner, representing self; James Mosher, representing self; Shaulan McDaniel, representing self; Shirley Dye, representing self; April Smith, representing self; Dale Brewer, representing self; Michael Gabrick, representing self; Charles Merendo, representing self; Charmaine Roth, representing self; Bonnie Kistler, representing self; Janelle Solomon, representing self; Susan O'Daniel, representing self; K Webster, representing self; Randal Scott, representing self; Pam Reinke, representing self; Jean Ferguson, representing self; Kathleen Clark, representing self; John Yoder, representing self; Melanie Hutchings, representing self; Cherie Anello, representing self; Peter Anello, representing self; Stephen Harris, representing self; Donna Booth, representing self; Kristine Nelson, representing self; Cara Kretz, representing self; Carol Kliewer, representing self; Sydney Brown, representing self; Garrett Bowers, representing self; Christi Sourk, representing self; Nikki Colletti, representing self; Steve Hetsler, representing self; Michael Steffens, representing self; Bill Brown, representing self; Carmela Barna, representing self; David Kahn, REPUBLICAN LIBERTY CAUCUS OF ARIZONA; Jamie Alford, representing self; Susan Bolt, representing self; Pam Anderson, representing self; Mozelle Ault, representing self; Diana Meyer, representing self; J Holmes, representing self; C D Tavares, representing self; Jeanne Tavares, representing self; Thomas Simacek, representing self; William & Mary Jurica, representing self; Colleen Ryan, representing self; Linda Jorgensen, representing self; Lorraine S, representing self; Leslie White, representing self; Vicki Vaughn, representing self; Dianna Gates, representing self; Bridget Nelke, representing self; Deanna Schreckler, representing self; Marcella Cronenberg, representing self; Maria Lopez, representing self; Aimee Yentes, AZ FREE ENTERPRISE CLUB; Jeffrey Luft, representing self; Roy Scott Lassell, representing self; Kathryn Clark, representing self; Connie Wright, representing self; LEE YARBROUGH, representing self; Renee Yarbrough, representing self; Bill Harenburg, representing self; Merl Nielsen, representing self; Bonnie Lund, representing self; Barbara Carter, representing self; Shuron Harvey, representing self; Carrie Cox, representing self; brenda simon, representing self; Douglas Simon, representing self; Michal Joyner, representing self; Barbara Scott, representing self; Anne Girdler, representing self; Chandrasekhar Doniparthi, representing self; Joyce Mansur, representing self; John Paglia, representing self; Lynda Patrick-Hayes, LD10STRONGI, representing self; Steve Kolter, representing self; Jean Rice, representing self; conrad tolsen, representing self; Pam Throw, representing self; Patricia Keitel, representing self; Mary Jamsa, representing self; eileen acosta, representing self; James Roth, representing self; Pamela Calik, representing self; Katherine Cabianca, representing self; Anne White, representing self; Jane Breakiron, representing self; Helen Fong, representing self; Joni Hahn, representing self; MARY PRIEBE, representing self; Margaret Barnes, representing self; Brent Michelson, representing self; louise liggett, representing self; Joeline Williamson, representing self; Cynthia Sampson, representing self; Kathryn Farkas, representing self; Michele Lennane-Root, representing self; Priscilla Moore, representing self; Dayle Hartgerink, representing self; Donald Koeppen, representing self; Donald Bond, representing self; Vickie Parks, representing self; Ronald Pardini, representing self; Bev Miller, representing self; Shay Cardell, representing self; K Caillier, representing self; Robin Davis, representing self; Susan Cheatham, representing self; karen enns, representing self; Patricia Phillips, representing self; Chass Onkst, representing self; Marlene Leatherwood, representing self; Linda Burrier, representing self; Barton Anderson, representing self; Doris Mills, representing self; joel strabala, representing self

All Comments:

Ron Price, Self: Wish to speak in favor of this bill; Julie Pace, Self: good tool to help industry pool together and increase tourism to benefit their local areas and it is 100% voluntary so local businesses can decide to participate and whether to implement in their area.; Randy Brown, Self: This "idea" needs to die! Don't force others to pay for your "Desires". Nothing is stopping a business from promoting tourism by writing checks out of their own pocketbook. This is a Bill for Bullies!; Mayor Cal Sheehy, Self: This enabling legislation will provide opportunities, if necessary, for communities to make local decisions that make the most sense for their community.; Dwight Kadar,

Self: Establishes an unconstitutional tax where some hotels can force their competitors into association and pay a tax to promote the area for tourism.; Laurie Reiner, Self: I have too many questions about this bill. What is a tourism improvement area here? Is there tourism already existing in a location that needs to be improved? Define a tourism improvement area, and who benefits from the improvements.; Patrick McDaniel, PHOENIX COMMUNITY ALLIANCE: Phoenix Community Alliance supports HB2950. This bill provides a funding mechanism that will allow for increased promotion and marketing.; James Mosher, Self: HB2950 would establish an unconstitutional tax whereby certain hotels could compel their competitors into association and pay a tax to promote tourism.; Shaulan McDaniel, Self: It's unconstitutional. Government should not be pushing private businesses into associations. To much of a risk of perhaps bailing out businesses for bad business practices.; Shirley Dye, Self: We in rural AZ love our tourists but this legislation forms a taxing district and I am very involved in town business and this taxing district is not the way to go. We are doing fine with grants and and existing taxing options. No on taxing distric; April Smith, Self: Do not vote for this tax; Randal Scott, Self: No to this one; Melanie Hutchings, Self: Say NO to unconstitutional taxes.; Kristine Nelson, Self: Please-No unconstitutional taxes in Arizona; Cara Kretz, Self: say no to unconstitutional taxes!; Sydney Brown, Self: This unconstitutional tax legislation needs to STOP being re-introduced! Defeat it!; Garrett Bowers, Self: GARY BOWERS, 2ND VC, YAVGOP; Bill Brown, Self: Ugh, more taxes on tourists via hotels as tax collectors. Disgusting!; David Kahn, REPUBLICAN LIBERTY CAUCUS OF ARIZONA: This bill creates another government agency with the power to levy taxes. Arizona should promote free markets instead of government micromangement.; J Holmes, Self: Unconstitutional tourism tax and possibly unfair distribution of tax dollars to private industries.; Linda Jorgensen, Self: Please reject this bill; Leslie White, Self: Bad idea! Why establish an unconstitutional tax! VOTE NO! Leslie White LD5 Oregon District PC; Vicki Vaughn, Self: Establishes an unconstitutional tax where some hotels can force their competitors into association and pay a tax to promote the area for tourism.; Bridget Nelke, Self: I OPPOSE THIS BILL; Marcella Cronenberg, Self: I am saying no to unconstitutional taxes!; Maria Lopez, Self: As a Precinct and State Committeeman, I Do not support this bill since it establishes an unconstitutional tax where some hotels can force their competitors into association and pay a tax to promote the area for tourism.; Aimee Yentes, AZ FREE ENTERPRISE CLUB: Emailed testimony.; Roy Scott Lassell, Self: I do not support this bill. It is not appropriate and is a bad bill.; Kathryn Clark, Self: We should not impose a tax on services like hotels for projects that should be supported by state or city budgets.; Bonnie Lund, Self: Not necessary.; Patricia Keitel, Self: unconstitutional taxes; Mary Jamsa, Self: Say no to unconstitutional taxes!; James Roth, Self: Establishes an unconstitutional tax where some hotels can force their competitors into association and pay a tax to promote the area for tourism.; Helen Fong, Self: Clicked on wrong choice the first time.; louise liggett, Self: Unconstitutional taxes are unconstitutional for a reason. Let's be reasonable. Just stop it dead. You can do it.; Joeline Williamson, Self: I do not support. Similar taxes have already been found to be unconstitutional and this looks like a bureaucratic mess disguising something sinister for the industry.; Kathryn Farkas, Self: Unconstitutional taxation; Dayle Hartgerink, Self: vote NO LD28; Donald Koeppen, Self: Reread material; Donald Bond, Self: no on this bill please; Bev Miller, Self: Unconstitutional taxes.; K Caillier, Self: I am a Pinal County Committeeman And I oppose this bill.; Chass Onkst, Self: This bill would add an unconstitutional tax via the TIA; joel strabala, Self: I disapprove of HB2950, as this is a misuse of state funds.

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD



HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on _____ Bill Number _____

Date _____ ☐ Support ☐ Oppose ☐ Neutral

Name Jackie Elliott Need to Speak? ☐ Yes ☐ No

Representing Centerville Are you a registered lobbyist? _____

Complete Address Arizona College

E-mail Address jackie.elliott@centervilleaz.edu Phone Number 520-494-5200

Comments: _____

FIVE-MINUTE SPEAKING LIMIT

ARIZONA STATE LEGISLATURE
Fifty-seventh Legislature - Second Regular Session
COMMITTEE ATTENDANCE RECORD

COMMITTEE ON RURAL ECONOMIC DEVELOPMENT

CHAIRMAN: Teresa Martinez VICE-CHAIRMAN: Chris Lopez

DATE	02/19/26	
CONVENED	9:04	
RECESSED		
RECONVENED		
ADJOURNED	10:09	
MEMBERS	PRESENT	NOT PRESENT
Blackman	✓	
Bliss	✓	
Hernandez C	✓	
Peshlakai	✓	
Volk	✓	
Lopez, Vice-Chairman	✓	
Martinez, Chairman	✓	
TOTAL	7	



ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session

Majority Research Staff

HB 2950: tourism improvement areas; municipalities; counties

Sponsor: Representative Wilmeth, LD 2

Committee on Rural Economic Development

Overview

Enables a governing body to approve the formation of a tourism improvement area.

History

Special taxing districts are usually created to fill a need and to enable the provision of services in an area that might otherwise be limited from receiving those services for various reasons, including size, location, financial limitations or unavailability of other government support. The formation of a special taxing district creates a funding stream to pay for the desired or needed services by placing the responsibility on those who benefit from that service.

Title 48 of the Arizona Revised Statutes currently allows and outlines the process for the formation of various types of special taxing districts including fire districts, irrigation districts, hospital districts, pest abatement districts and power districts. Although the specific process depends on the type of district created, the formation in many cases requires the submission of petitions to the county board of supervisors followed by a public hearing. Sometimes an election may be required to form a district.

Provisions

Tourism Improvement Area

1. Authorizes a governing body, on presentation of a petition, to approve the formation of a tourism improvement area. (Sec. 1)
2. Delineates information that a petition for the formation of the tourism improvement area must include. (Sec. 1)
3. Allows a lodging business owner to appoint an authorized agent to act as the lodging business owner's representative. (Sec. 1)
4. Deems the lodging business owner's representative as the business owner for the purposes of any required signature, serving on a board or other purposes authorized by the owner. (Sec. 1)
5. Asserts a governing body has no obligation to obtain other information as to the ownership of the lodging business and its determination of ownership is final and conclusive. (Sec. 1)

Tourism Improvement Area Plan

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note
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6. Requires a tourism improvement area plan be prepared before the required public hearing on the proposed tourism improvement area is held. (Sec. 1)
7. Outlines information that must be included in the tourism improvement area plan. (Sec. 1)
8. Asserts lodging business assessments levied must provide benefits to lodging businesses and associated industries located within the tourism improvement area that are subject to the assessment. (Sec. 1)
9. Specifies that lodging business assessments may vary by types or classes of lodging businesses as described in the tourism improvement area plan. (Sec. 1)
10. Specifies the lodging business assessment may be levied based on:
 - a. a fixed rate per transient lodging transaction per day; or
 - b. the percentage of transient lodging sales. (Sec. 1)
11. Outlines stipulations for contesting the validity of a lodging business assessment. (Sec. 1)
12. Requires tourism improvement area activities be designed to promote tourism and lodging to enhance the economic development climate in the improvement area. (Sec. 1)

Tourism Improvement Area Formation

13. Authorizes a governing body, upon receipt of a valid petition, to adopt a resolution of intention to consider the formation of a tourism improvement area. (Sec. 1)
14. Outlines information that must be included in the resolution of intention. (Sec. 1)
15. Provides requirements for noticing and conducting the public hearing relating to the resolution of intention. (Sec. 1)
16. Requires the governing body to consider public testimony regarding a proposed tourism improvement area. (Sec. 1)
17. Allows a lodging business to submit a written objection to the governing body prior to the conclusion of the public hearing. (Sec. 1)
18. Stipulates on receiving written objections from lodging business owners representing 50% or more of the total rooms within the proposed tourism improvement area:
 - a. the public hearing must end; and
 - b. no further proceedings on the formation of the tourism improvement area may be held for a period of one year after the date of the hearing. (Sec. 1)
19. Provides restrictions relating to forming a proposed tourism improvement area in an unincorporated territory or within the territorial jurisdiction of another municipality or county without consent. (Sec. 1)
20. Limits the initial term and subsequent renewals of the tourism improvement area to 10 years. (Sec. 1)
21. Subjects a lodging business that commences operation during the term of the tourism improvement area to the lodging business assessment. (Sec. 1)

Tourism Improvement Area Management

22. Requires an owners' board or their authorized representatives to govern the tourism improvement area and permits the representative of a municipality or county to have a nonvoting, ex officio seat on the governing board. (Sec. 1)
23. Instructs the governing body to contract with its destination marketing organization (DMO) to manage and implement the tourism improvement area activities. (Sec. 1)
24. Asserts the DMO has any powers possessed by a nonprofit corporation, including accepting donations and receiving grants. (Sec. 1)
25. Prescribes reporting requirements for the DMO. (Sec. 1)

Tourism Improvement Area Plan Amendments

26. Allows a governing body to amend the tourism improvement area plan on written request of the DMO. (Sec. 1)
27. Instructs a governing body, for tourism improvement area plan amendments that include a new or increase lodging assessment, to hold a public hearing on the amendment and provide a meeting notice to the owner of each lodging business subject to the lodging business assessment. (Sec. 1)
28. Stipulates a public hearing is not required if the amendment does not include a new or increased assessment. (Sec. 1)
29. Restricts amendments from including any changes to the tourism improvement area's boundaries. (Sec. 1)

Lodging Business Assessments

30. Requires the DMO to establish, charge and collect lodging business assessments on the lodging businesses located in the tourism improvement area. (Sec. 1)
31. Limits the assessments to \$5 or 5% per room sold per night on the lodging business rooms in the tourism improvement area. (Sec. 1)
32. Outlines the process and requirements for levying, collecting and disbursing the assessments from lodging businesses to the local government's treasurer where the tourism improvement area is located. (Sec. 1)
33. Provides reporting requirements relating to the amount of the assessments collected. (Sec. 1)
34. Specifies the statutory provisions relating to transaction privilege taxes govern the administration of levying the assessment with exceptions. (Sec. 1)

Tourism Improvement Area Renewal and Dissolution

35. Allows a tourism improvement area to be renewed and engage in different tourism improvement activities than the original tourism improvement area. (Sec. 1)
36. Specifies any remaining monies held by the tourism improvement area be transferred to the renewed tourism improvement area. (Sec. 1)
37. Stipulates a 60-day period each year in which the lodging business owners may request dissolution of the tourism improvement area. (Sec. 1)
38. Outlines the process and requirements for tourism improvement area dissolution, including petition submission and holding a public hearing. (Sec. 1)

39. Allows the governing body to adopt a resolution dissolving the tourism improvement area upon:
- a. the area satisfying all debts of the tourism improvement area; or
 - b. upon finding that there has been misappropriation of monies, malfeasance or a violation of law in connection with the management of the tourism improvement area. (Sec. 1)
40. Requires, on the dissolution or expiration without renewal, remaining monies of the tourism improvement area to be spent in accordance with the area plan or refunded to the appropriate lodging business owners. (Sec. 1)
41. Stipulates monies must be refunded using the same method and basis that was used to calculate the assessments levied in the fiscal year in which the tourism improvement area is dissolved or expires. (Sec. 1)

Miscellaneous

42. Defines pertinent terms. (Sec. 1)
43. Contains a legislative findings clause. (Sec. 2)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

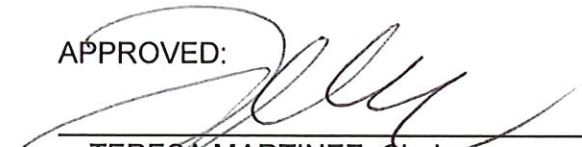
ROLL CALL VOTE

COMMITTEE ON Rural Economic Development BILL NO. HB 2950

DATE February 19, 2026 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Blackman		✓			
Bliss		✓			
Hernandez C		✓			
Peshlakai		✓			
Volk		✓			
Lopez, Vice-Chairman		✓			
Martinez, Chairman		✓			
		7	0	0	0

APPROVED:


TERESA MARTINEZ, Chairman
CHRIS LOPEZ, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 5



ARIZONA HOUSE OF REPRESENTATIVES

57th Legislature, 2nd Regular Session

Majority Research Staff

HB 2946: municipalities; counties; development fees

Sponsor: Representative Powell, LD 14

Committee on Rural Economic Development

Overview

Revises development fee requirements for municipalities and counties.

History

Statute allows local governments to assess development fees to offset costs associated with providing necessary public services to new developers.

Developers of residential dwelling units are required to pay development fees when construction permits are issued or later, if specified in a *development agreement* to allow deferral. The deferred fees shall be paid no later than 15 days after the issuance certificate of occupancy. The development agreement shall provide for the value of any deferred fees to be supported by appropriate securities, including a surety bond, letter of credit or cash bond.

Statute prohibits local governments from assessing new or increased fees for 24 months after a project receives final approval or its first building permit, if the site plan remains unchanged. Developers are prohibited from extending the 24-month fee-lock through renewals or amendments of their site plans or subdivision plats. Additionally, property owners are only eligible for a refund on excess development fees if the actual infrastructure costs are at least 10% lower than the original forecast. If the cost difference is less than 10%, the local government is not required to issue a refund (A.R.S. §§ 9-463.05, 11-1102).

Development agreement is a voluntary, legally binding contract between a municipality or county and a landowner or developer that establishes the rules, regulations and financial commitments for a project over a specified period (A.R.S. § 9-500.05).

Provisions

Municipal Development Fees

1. Revises the requirements for development fee payments by allowing a residential developer to elect to pay development fees at the time the construction permit is issued or to defer payment to not more than 15 days after the certificate of occupancy is issued.
2. Requires municipalities to grant fee deferrals if the developer secures the amount with a surety bond, letter of credit or cash bond. (Sec. 1)
3. Prohibits municipalities from requiring:
 - a. a development agreement as a condition of allowing deferred payments; and

☐ Prop 105 (45 votes)	☐ Prop 108 (40 votes)	☐ Emergency (40 votes)	☐ Fiscal Note
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- b. a develop to pay development fees earlier than the time elected by the developer. (Sec. 1)
4. Stipulates, for municipalities that require as a condition of development approval the set aside of active or passive open space, the issuance of a credit towards any fees to fund any park facilities or facility expansion. (Sec. 1)
5. Requires municipalities to provide for reimbursement from the development fees paid from all development that will use those facilities or facility expansions of the actual costs of the construction or improvement of contributions to or dedication of the public facilities required as a condition of development approval. (Sec. 1)
6. Stipulates a municipality that imposes a construction contracting excise tax rate, the full amount must be treated as a contribution to the capital costs of necessary public services provide to development for which the fees are assessed. (Sec. 1)
7. Prohibits the municipality from distinguishing between residential developments based on the size of the residential dwelling unit or number of bedrooms. (Sec.1)
8. Establishes limits on the increases in current development fees including:
 - a. for increases less than 25%; implemented in two equal annual installments;
 - b. for increases between 25% and 50%; implemented in four equal annual installments;
 - c. prohibits increases from exceeding 50% of the current fee; and
 - d. fees can only be increased once every four years; and
 - e. prohibits fees from being applied retroactively. (Sec. 1)
9. Outlines conditions for which a development fee rate may be increased beyond the specified limits. (Sec. 1)
10. Revises the types of developments to which a new development fee or an increased portion of modified development fee cannot be assessed against. (Sec. 1)
11. Removes the restriction preventing developers from extending their 24-month fee period through site plan renewals or amendments. (Sec.1)
12. Removes the specification, for a current owner be permitted to receive a refund, that the difference between the actual and estimated cost of the development fee is greater than 10%. (Sec. 1)
13. Prohibits a municipality from assessing a development fee on the development of an *accessory dwelling units*. (Sec.1)
14. Modifies the definition of *necessary public service* and *service area*. (Sec. 1)
15. Includes a criterion for municipalities in increasing any water or wastewater rate or rate component, fee or service charge. (Sec. 2)

County Development Fees

16. Allows residential developers to pay development fees 15 days after the certificate of occupancy is issued. (Sec. 3)
17. Removes language relating to allowing residential developers to pay development fees at a time as specified in the development agreement. (Sec. 3)
18. Establishes limits on the increases in current development fees including:
 - a. for increases less than 25%; implemented in two equal annual installments;

- b. for increases between 25% and 50%; implemented in four equal annual installments;
 - c. prohibits increases from exceeding 50% of the current fee; and
 - d. fees can only be increased once every four years; and
 - e. prohibits fees from being applied retroactively. (Sec. 3)
19. Removes the specification, for a current owner be permitted to receive a refund, that the difference between the actual and estimated cost of the development fee is greater than 10%. (Sec. 3)
20. Prohibits counties from assessing development fees on the development of an *accessory dwelling units*. (Sec. 3)

Miscellaneous

21. Defines *accessory dwelling unit*. (Sec.1, 3)
22. Technical and conforming changes. (Sec. 1, 3)

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2946
(Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

~~[GREEN STRIKEOUT IN BRACKETS]~~ indicates new text removed from statute or previously enacted session law.

~~[Green strikeout in brackets]~~ indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Section 9-463.05, Arizona Revised Statutes, is amended
3 to read:

4 9-463.05. Development fees; imposition by cities and towns;
5 infrastructure improvements plan; annual report;
6 advisory committee; limitation on actions;
7 definitions

8 A. A municipality may assess development fees to offset costs to
9 the municipality associated with providing necessary public services to a
10 development, including the costs of infrastructure, improvements, real
11 property, engineering and architectural services, financing and
12 professional services required for the preparation or revision of a
13 development fee pursuant to this section, including the relevant portion
14 of the infrastructure improvements plan.

15 B. Development fees assessed by a municipality under this section
16 are subject to the following requirements:

17 1. Development fees shall result in a beneficial use to the
18 development.

19 2. The municipality shall calculate the development fee based on
20 the infrastructure improvements plan adopted pursuant to this section.

21 3. The development fee shall not exceed a proportionate share of
22 the cost of necessary public services, based on service units, needed to
23 provide necessary public services to the development.

24 4. Costs for necessary public services made necessary by new
25 development shall be based on the same level of service provided to
26 existing development in the service area.

Attachment 7

Adopted ☒ # of Verbals ☐

Failed ☐ Withdrawn ☐

Not Offered ☐ Analysts Initials ☐

1 5. Development fees may not be used for any of the following:

2 (a) Construction, acquisition or expansion of public facilities or
3 assets other than necessary public services or facility expansions
4 identified in the infrastructure improvements plan.

5 (b) Repair, operation or maintenance of existing or new necessary
6 public services or facility expansions.

7 (c) Upgrading, updating, expanding, correcting or replacing
8 existing necessary public services to serve existing development in order
9 to meet stricter safety, efficiency, environmental or regulatory
10 standards.

11 (d) Upgrading, updating, expanding, correcting or replacing
12 existing necessary public services to provide a higher level of service to
13 existing development.

14 (e) Administrative, maintenance or operating costs of the
15 municipality.

16 6. Any development for which a development fee has been paid is
17 entitled to the use and benefit of the services for which the fee was
18 imposed and is entitled to receive immediate service from any existing
19 facility with available capacity to serve the new service units if the
20 available capacity has not been reserved or pledged in connection with the
21 construction or financing of the facility.

22 7. Development fees may be collected if any of the following
23 occurs:

24 (a) The collection is made to pay for a necessary public service or
25 facility expansion that is identified in the infrastructure improvements
26 plan and the municipality plans to complete construction and to have the
27 service available within the time period established in the infrastructure
28 ~~improvement~~ IMPROVEMENTS plan, but in no event longer than the time period
29 provided in subsection ~~H~~ I, paragraph 3 of this section.

30 (b) The municipality reserves in the infrastructure improvements
31 plan adopted pursuant to this section or otherwise agrees to reserve
32 capacity to serve future development.

33 (c) The municipality requires or agrees to allow the owner of a
34 development to construct or finance the necessary public service or
35 facility expansion and any of the following ~~apply~~ APPLIES:

36 (i) The costs incurred or money advanced are credited against or
37 reimbursed from the development fees otherwise due from a development.

38 (ii) The municipality reimburses the owner for those costs from the
39 development fees paid from all developments that will use those necessary
40 public services or facility expansions.

41 (iii) For those costs incurred the municipality allows the owner to
42 assign the credits or reimbursement rights from the development fees
43 otherwise due from a development to other developments for the same
44 category of necessary public services in the same service area.

45 8. Projected interest charges and other finance costs may be
46 included in determining the amount of development fees only if the monies
47 are used for the payment of principal and interest on the portion of the

1 bonds, notes or other obligations issued to finance construction of
2 necessary public services or facility expansions identified in the
3 infrastructure improvements plan.

4 9. Monies received from development fees assessed pursuant to this
5 section shall be placed in a separate fund and accounted for separately
6 and may only be used for the purposes authorized by this section. Monies
7 received from a development fee identified in an infrastructure
8 improvements plan adopted or updated pursuant to subsection D of this
9 section shall be used to provide the same category of necessary public
10 services or facility expansions for which the development fee was assessed
11 and for the benefit of the same service area, as defined in the
12 infrastructure improvements plan, in which the development fee was
13 assessed. Interest earned on monies in the separate fund shall be
14 credited to the fund.

15 10. The schedule for payment of fees shall be provided by the
16 municipality. Based on the cost identified in the infrastructure
17 improvements plan, the municipality shall provide a credit toward the
18 payment of a development fee for the required or agreed to dedication of
19 public sites, improvements and other necessary public services or facility
20 expansions included in the infrastructure improvements plan and for which
21 a development fee is assessed, to the extent the public sites,
22 improvements and necessary public services or facility expansions are
23 provided by the developer. The developer of residential dwelling units
24 ~~shall be required to pay development fees when construction permits for~~
25 ~~the dwelling units are issued, or at a later time if specified in a~~
26 ~~development agreement pursuant to section 9-500.05. If a development~~
27 ~~agreement provides for fees to be paid at a time later than the issuance~~
28 ~~of construction permits, the deferred fees shall be paid no later than~~
29 ~~fifteen days after the issuance of a certificate of occupancy. The~~
30 ~~development agreement shall provide for the value of any deferred fees to~~
31 ~~be supported by appropriate security, including a surety bond, letter of~~
32 ~~credit or cash bond~~ MAY ELECT TO PAY DEVELOPMENT FEES AT THE TIME THE
33 CONSTRUCTION PERMIT FOR THE RESIDENTIAL DWELLING UNITS IS ISSUED OR MAY
34 ELECT TO DEFER PAYMENT OF THE DEVELOPMENT FEES TO NOT MORE THAN FIFTEEN
35 DAYS AFTER THE CERTIFICATE OF OCCUPANCY IS ISSUED. IF THE DEVELOPER
36 ELECTS TO DEFER PAYMENT OF THE DEVELOPMENT FEES FOR NOT MORE THAN FIFTEEN
37 DAYS AFTER THE CERTIFICATE OF OCCUPANCY IS ISSUED, THE MUNICIPALITY SHALL
38 ALLOW THE DEFERRED PAYMENT OF THE DEVELOPMENT FEES IF THE DEVELOPER
39 PROVIDES SECURITY IN AN AMOUNT EQUAL TO THE DEFERRED DEVELOPMENT FEES.
40 THE SECURITY PROVIDED BY THE DEVELOPER MAY BE IN THE FORM OF A SURETY
41 BOND, LETTER OF CREDIT OR CASH BOND. A MUNICIPALITY MAY NOT REQUIRE A
42 DEVELOPMENT AGREEMENT PURSUANT TO SECTION 9-500.05 AS A CONDITION OF
43 ALLOWING DEFERRED PAYMENT OF DEVELOPMENT FEES. A MUNICIPALITY MAY NOT
44 REQUIRE A DEVELOPER TO PAY DEVELOPMENT FEES EARLIER THAN THE TIME ELECTED
45 BY THE DEVELOPER PURSUANT TO THIS PARAGRAPH.

1 11. If a municipality requires as a condition of development
2 approval the construction or improvement of, contributions to or
3 dedication of any facilities that were not included in a previously
4 adopted infrastructure improvements plan, the municipality shall cause the
5 infrastructure improvements plan to be amended to include the facilities
6 and shall provide a credit toward the payment of a development fee for the
7 construction, improvement, contribution or dedication of the facilities to
8 the extent that the facilities will substitute for or otherwise reduce the
9 need for other similar facilities in the infrastructure improvements plan
10 for which development fees were assessed. IF A MUNICIPALITY REQUIRES AS A
11 CONDITION OF DEVELOPMENT APPROVAL THE SET ASIDE OF ACTIVE OR PASSIVE OPEN
12 SPACE, THE MUNICIPALITY SHALL ISSUE A CREDIT TOWARD ANY DEVELOPMENT FEES
13 IDENTIFIED IN THE INFRASTRUCTURE IMPROVEMENTS PLAN TO FUND ANY PARK
14 FACILITIES OR FACILITY EXPANSION. ON REQUEST OF THE INDIVIDUAL OR ENTITY
15 SEEKING DEVELOPMENT APPROVAL, INSTEAD OF ISSUING A CREDIT TOWARD THE
16 PAYMENT OF DEVELOPMENT FEES, THE MUNICIPALITY SHALL PROVIDE FOR
17 REIMBURSEMENT FROM THE DEVELOPMENT FEES PAID FROM ALL DEVELOPMENT THAT
18 WILL USE THOSE FACILITIES OR FACILITY EXPANSIONS OF THE ACTUAL COSTS OF
19 THE CONSTRUCTION OR IMPROVEMENT OF, CONTRIBUTIONS TO OR DEDICATION OF THE
20 PUBLIC FACILITIES REQUIRED AS A CONDITION OF DEVELOPMENT APPROVAL.

21 12. The municipality shall forecast the contribution to be made in
22 the future in cash or by taxes, fees, assessments or other sources of
23 revenue derived from the property owner towards the capital costs of the
24 necessary public service covered by the development fee and shall include
25 these contributions in determining the extent of the burden imposed by the
26 development. ~~Beginning August 1, 2014,~~ For purposes of calculating the
27 required offset to development fees pursuant to this subsection, if a
28 municipality imposes a construction contracting or similar excise tax
29 rate[;] [in excess of the percentage amount of the transaction privilege
30 tax rate imposed on the majority of other transaction privilege tax
31 classifications, the entire excess portion of the construction contracting
32 or similar excise tax] ~~[THE FULL AMOUNT]~~ shall be treated as a
33 contribution to the capital costs of necessary public services provided to
34 development for which development fees are assessed, unless the excess
35 portion was already taken into account for such purpose pursuant to this
36 subsection.

37 13. If development fees are assessed by a municipality, the fees
38 shall be assessed against commercial, residential and industrial
39 development. ~~, except that~~ The municipality may distinguish between
40 different categories of residential, commercial and industrial development
41 in assessing the costs to the municipality of providing necessary public
42 services to new development and in determining the amount of the
43 development fee applicable to the category of development, EXCEPT THAT THE
44 MUNICIPALITY MAY NOT DISTINGUISH BETWEEN RESIDENTIAL DEVELOPMENTS ON THE
45 BASIS OF THE SIZE OF THE RESIDENTIAL DWELLING UNIT OR NUMBER OF BEDROOMS.
46 If a municipality agrees to waive any of the development fees assessed on
47 a development, the municipality shall reimburse the appropriate

1 development fee accounts for the amount that was waived. The municipality
2 shall provide notice of any such waiver to the advisory committee
3 established pursuant to subsection ~~G~~ H of this section within thirty
4 days.

5 14. In determining and assessing a development fee applying to land
6 in a community facilities district established under title 48, chapter 4,
7 article 6, the municipality shall take into account all public
8 infrastructure provided by the district and capital costs paid by the
9 district for necessary public services and shall not assess a portion of
10 the development fee based on the infrastructure or costs.

11 15. THE ADOPTION OF AN INCREASE IN A CURRENT DEVELOPMENT FEE
12 PURSUANT TO SUBSECTION D OF THIS SECTION IS SUBJECT TO THE FOLLOWING:

13 (a) AN INCREASE OF LESS THAN TWENTY-FIVE PERCENT OF THE CURRENT
14 DEVELOPMENT FEE SHALL BE IMPLEMENTED IN TWO EQUAL ANNUAL INSTALLMENTS
15 BEGINNING ON THE DATE ON WHICH THE INCREASED DEVELOPMENT FEE IS ADOPTED.

16 (b) AN INCREASE OF MORE THAN TWENTY-FIVE PERCENT BUT LESS THAN
17 FIFTY PERCENT OF THE CURRENT DEVELOPMENT FEE SHALL BE IMPLEMENTED IN FOUR
18 EQUAL ANNUAL INSTALLMENTS BEGINNING ON THE DATE ON WHICH THE INCREASED
19 DEVELOPMENT FEE IS ADOPTED.

20 (c) AN INCREASE IN A DEVELOPMENT FEE MAY NOT EXCEED FIFTY PERCENT
21 OF THE CURRENT DEVELOPMENT FEE.

22 (d) A DEVELOPMENT FEE MAY NOT BE INCREASED MORE THAN ONCE EVERY
23 FOUR YEARS AND MAY NOT BE INCREASED RETROACTIVELY IN A CURRENT FISCAL OR
24 CALENDAR YEAR OR TO A PREVIOUS FISCAL OR CALENDAR YEAR.

25 16. A MUNICIPALITY MAY INCREASE A DEVELOPMENT FEE RATE BEYOND THE
26 LIMITS OF PARAGRAPH 15 OF THIS SUBSECTION IF ALL OF THE FOLLOWING APPLY:

27 (a) AN ORDINANCE TO INCREASE THE DEVELOPMENT FEE IS APPROVED BY A
28 UNANIMOUS VOTE OF THE GOVERNING BODY OF THE MUNICIPALITY.

29 (b) THE MUNICIPALITY PROVIDES A REPORT THAT HAS BEEN COMPLETED IN
30 THE TWELVE MONTHS BEFORE THE ORDINANCE THAT APPROVES THE INCREASE IN
31 DEVELOPMENT FEES.

32 (c) THE REPORT PROVIDED PURSUANT TO SUBDIVISION (b) OF THIS
33 PARAGRAPH DEMONSTRATES EXTRAORDINARY CIRCUMSTANCES THAT REQUIRE AN
34 INCREASE IN DEVELOPMENT FEES OF MORE THAN THE AMOUNTS PRESCRIBED IN
35 PARAGRAPH 15 OF THIS SUBSECTION.

36 C. A municipality shall give at least thirty days' advance notice
37 of intention to assess a development fee and shall release to the public
38 and post on its website or the website of an association of cities and
39 towns if a municipality does not have a website a written report of the
40 land use assumptions and infrastructure improvements plan adopted pursuant
41 to subsection D of this section. The municipality shall conduct a public
42 hearing on the proposed development fee at any time after the expiration
43 of the thirty day notice of intention to assess a development fee and at
44 least thirty days before the scheduled date of adoption of the fee by the
45 governing body. Within sixty days after the date of the public hearing on
46 the proposed development fee, a municipality shall approve or disapprove
47 the imposition of the development fee. A municipality shall not adopt an

1 ordinance, order or resolution approving a development fee as an emergency
2 measure. A development fee assessed pursuant to this section shall not be
3 effective until seventy-five days after its formal adoption by the
4 governing body of the municipality. Nothing in this subsection shall
5 affect any development fee adopted before July 24, 1982.

6 D. Before the adoption or amendment of a development fee, the
7 governing body of the municipality shall adopt or update the land use
8 assumptions and infrastructure improvements plan for the designated
9 service area. The municipality shall conduct a public hearing on the land
10 use assumptions and infrastructure improvements plan at least thirty days
11 before the adoption or update of the plan. The municipality shall release
12 the plan to the public, post the plan on its website or the website of an
13 association of cities and towns if the municipality does not have a
14 website, including in the posting its land use assumptions, the time
15 period of the projections, a description of the necessary public services
16 included in the infrastructure improvements plan and a map of the service
17 area to which the land use assumptions apply, make available to the public
18 the documents used to prepare the assumptions and plan and provide public
19 notice at least sixty days before the public hearing, subject to the
20 following:

21 1. The land use assumptions and infrastructure improvements plan
22 shall be approved or disapproved within sixty days after the public
23 hearing on the land use assumptions and infrastructure improvements plan
24 and at least thirty days before the public hearing on the report required
25 by subsection C of this section. A municipality shall not adopt an
26 ordinance, order or resolution approving the land use assumptions or
27 infrastructure improvements plan as an emergency measure.

28 2. An infrastructure improvements plan shall be developed by
29 qualified professionals using generally accepted engineering and planning
30 practices pursuant to subsection E of this section.

31 3. A municipality shall update the land use assumptions and
32 infrastructure improvements plan at least every five years. The initial
33 five year period begins on the day the infrastructure improvements plan is
34 adopted. The municipality shall review and evaluate its current land use
35 assumptions and shall cause an update of the infrastructure improvements
36 plan to be prepared pursuant to this section.

37 4. Within sixty days after completion of the updated land use
38 assumptions and infrastructure improvements plan, the municipality shall
39 schedule and provide notice of a public hearing to discuss and review the
40 update and shall determine whether to amend the assumptions and plan.

41 5. A municipality shall hold a public hearing to discuss the
42 proposed amendments to the land use assumptions, the infrastructure
43 improvements plan or the development fee. The land use assumptions and
44 the infrastructure improvements plan, including the amount of any proposed
45 changes to the development fee per service unit, shall be made available
46 to the public on or before the date of the first publication of the notice
47 of the hearing on the amendments.

1 6. The notice and hearing procedures prescribed in paragraph 1 of
2 this subsection apply to a hearing on the amendment of land use
3 assumptions, an infrastructure improvements plan or a development fee.
4 Within sixty days after the date of the public hearing on the amendments,
5 a municipality shall approve or disapprove the amendments to the land use
6 assumptions, infrastructure improvements plan or development fee. A
7 municipality shall not adopt an ordinance, order or resolution approving
8 the amended land use assumptions, infrastructure improvements plan or
9 development fee as an emergency measure.

10 7. The advisory committee established under subsection ~~G~~ H of this
11 section shall file its written comments on any proposed or updated land
12 use assumptions, infrastructure improvements plan and development fees
13 before the fifth business day before the date of the public hearing on the
14 proposed or updated assumptions, plan and fees.

15 8. If, at the time an update as prescribed in paragraph 3 of this
16 subsection is required, the municipality determines that no changes to the
17 land use assumptions, infrastructure improvements plan or development fees
18 are needed, the municipality may as an alternative to the updating
19 requirements of this subsection publish notice of its determination on its
20 website and include the following:

21 (a) A statement that the municipality has determined that no change
22 to the land use assumptions, infrastructure improvements plan or
23 development fee is necessary.

24 (b) A description and map of the service area in which an update
25 has been determined to be unnecessary.

26 (c) A statement that by a specified date, which shall be at least
27 sixty days after the date of publication of the first notice, a person may
28 make a written request to the municipality requesting that the land use
29 assumptions, infrastructure improvements plan or development fee be
30 updated.

31 (d) A statement identifying the person or entity to whom the
32 written request for an update should be sent.

33 9. If, by the date specified pursuant to paragraph 8 of this
34 subsection, a person requests in writing that the land use assumptions,
35 infrastructure improvements plan or development fee be updated, the
36 municipality shall cause, accept or reject an update of the assumptions
37 and plan to be prepared pursuant to this subsection.

38 10. Notwithstanding the notice and hearing requirements for
39 adoption of an infrastructure improvements plan, a municipality may amend
40 an infrastructure improvements plan adopted pursuant to this section
41 without a public hearing if the amendment addresses only elements of
42 necessary public services in the existing infrastructure improvements plan
43 and the changes to the plan will not, individually or cumulatively with
44 other amendments adopted pursuant to this subsection, increase the level
45 of service in the service area or cause a development fee increase of
46 greater than five ~~per cent~~ PERCENT when a new or modified development fee
47 is assessed pursuant to this section. The municipality shall provide

1 notice of any such amendment at least thirty days before adoption, shall
2 post the amendment on its website or on the website of an association of
3 cities and towns if the municipality does not have a website and shall
4 provide notice to the advisory committee established pursuant to
5 subsection ~~G~~ H of this section that the amendment complies with this
6 subsection.

7 E. For each necessary public service that is the subject of a
8 development fee, the infrastructure improvements plan shall include:

9 1. A description of the existing necessary public services in the
10 service area and the costs to upgrade, update, improve, expand, correct or
11 replace those necessary public services to meet existing needs and usage
12 and stricter safety, efficiency, environmental or regulatory standards,
13 which shall be prepared by qualified professionals licensed in this state,
14 as applicable.

15 2. An analysis of the total capacity, the level of current usage
16 and commitments for usage of capacity of the existing necessary public
17 services, which shall be prepared by qualified professionals licensed in
18 this state, as applicable.

19 3. A description of all or the parts of the necessary public
20 services or facility expansions and their costs necessitated by and
21 attributable to development in the service area based on the approved land
22 use assumptions, including a forecast of the costs of infrastructure,
23 improvements, real property, financing, engineering and architectural
24 services, which shall be prepared by qualified professionals licensed in
25 this state, as applicable.

26 4. A table establishing the specific level or quantity of use,
27 consumption, generation or discharge of a service unit for each category
28 of necessary public services or facility expansions and an equivalency or
29 conversion table establishing the ratio of a service unit to various types
30 of land uses, including residential, commercial and industrial.

31 5. The total number of projected service units necessitated by and
32 attributable to new development in the service area based on the approved
33 land use assumptions and calculated pursuant to generally accepted
34 engineering and planning criteria.

35 6. The projected demand for necessary public services or facility
36 expansions required by new service units for a period not to exceed ten
37 years.

38 7. A forecast of revenues generated by new service units other than
39 development fees, which shall include estimated state-shared revenue,
40 highway ~~users~~ ~~USER~~ revenue, federal revenue, ad valorem property taxes,
41 construction contracting or similar excise taxes and the capital recovery
42 portion of utility fees attributable to development based on the approved
43 land use assumptions, and a plan to include these contributions in
44 determining the extent of the burden imposed by the development as
45 required in subsection B, paragraph 12 of this section.

1 F. A municipality's development fee ordinance shall provide that a
2 new development fee or an increased portion of a modified development fee
3 ~~shall not be assessed against a development for twenty-four months after~~
4 ~~the date that the municipality issues the final approval for a commercial,~~
5 ~~industrial or multifamily development or the date that the first building~~
6 ~~permit is issued for a residential development pursuant to an approved~~
7 ~~site plan or subdivision plat, provided that no subsequent changes are~~
8 ~~made to the approved site plan or subdivision plat that would increase the~~
9 ~~number of service units. EITHER:~~

10 1. A RESIDENTIAL DEVELOPMENT FOR WHICH THE MUNICIPALITY HAS
11 APPROVED A FINAL SUBDIVISION PLAT FOR THE DURATION OF THE BUILD-OUT OF THE
12 SUBDIVISION IF NO SUBSEQUENT CHANGES ARE MADE TO THE APPROVED FINAL
13 SUBDIVISION PLAT THAT WOULD INCREASE THE NUMBER OF SERVICE UNITS. IF THE
14 NUMBER OF SERVICE UNITS INCREASES, THE NEW DEVELOPMENT FEE OR INCREASED
15 PORTION OF THE MODIFIED DEVELOPMENT FEE SHALL BE LIMITED TO THE AMOUNT
16 THAT IS ATTRIBUTED TO THE ADDITIONAL SERVICE UNITS.

17 2. A COMMERCIAL, INDUSTRIAL OR MULTIFAMILY DEVELOPMENT FOR
18 TWENTY-FOUR MONTHS AFTER THE EFFECTIVE DATE OF THE DEVELOPMENT FEE
19 ORDINANCE THAT IMPOSES A NEW OR INCREASED DEVELOPMENT FEE IF NO SUBSEQUENT
20 CHANGES ARE MADE TO THE APPROVED SITE PLAN THAT INCREASES THE NUMBER OF
21 SERVICE UNITS. If the number of service units increases, the new or
22 increased portion of a modified development fee shall be limited to the
23 amount attributable to the additional service units. ~~The twenty-four~~
24 ~~month period shall not be extended by a renewal or amendment of the site~~
25 ~~plan or the final subdivision plat that was the subject of the final~~
26 ~~approval.~~

27 G. The municipality shall issue, on request, a written statement of
28 the development fee schedule applicable to the development. If, after the
29 date of the municipality's final approval of a development, the
30 municipality reduces the development fee assessed on development, the
31 reduced fee shall apply to the development.

32 ~~G.~~ H. A municipality shall do one of the following:

33 1. Before the adoption of proposed or updated land use assumptions,
34 infrastructure improvements plan and development fees as prescribed in
35 subsection D of this section, the municipality shall appoint an
36 infrastructure improvements advisory committee, subject to the following
37 requirements:

38 (a) The advisory committee shall be composed of at least five
39 members who are appointed by the governing body of the municipality. At
40 least fifty ~~per cent~~ PERCENT of the members of the advisory committee must
41 be representatives of the real estate, development or building industries,
42 of which at least one member of the committee must be from the home
43 building industry. Members shall not be employees or officials of the
44 municipality.

1 (b) The advisory committee shall serve in an advisory capacity and
2 shall:

3 (i) Advise the municipality in adopting land use assumptions and in
4 determining whether the assumptions are in conformance with the general
5 plan of the municipality.

6 (ii) Review the infrastructure improvements plan and file written
7 comments.

8 (iii) Monitor and evaluate implementation of the infrastructure
9 improvements plan.

10 (iv) Every year file reports with respect to the progress of the
11 infrastructure improvements plan and the collection and expenditures of
12 development fees and report to the municipality any perceived inequities
13 in implementing the plan or imposing the development fee.

14 (v) Advise the municipality of the need to update or revise the
15 land use assumptions, infrastructure improvements plan and development
16 fee.

17 (c) The municipality shall make available to the advisory committee
18 any professional reports with respect to developing and implementing the
19 infrastructure improvements plan.

20 (d) The municipality shall adopt procedural rules for the advisory
21 committee to follow in carrying out the committee's duties.

22 2. In lieu of creating an advisory committee pursuant to paragraph
23 1 of this subsection, provide for a biennial certified audit of the
24 municipality's land use assumptions, infrastructure improvements plan and
25 development fees. An audit pursuant to this paragraph shall be conducted
26 by one or more qualified professionals who are not employees or officials
27 of the municipality and who did not prepare the infrastructure
28 improvements plan. The audit shall review the progress of the
29 infrastructure improvements plan, including the collection and
30 expenditures of development fees for each project in the plan, and
31 evaluate any inequities in implementing the plan or imposing the
32 development fee. The municipality shall post the findings of the audit on
33 the municipality's website or the website of an association of cities and
34 towns if the municipality does not have a website and shall conduct a
35 public hearing on the audit within sixty days of the release of the audit
36 to the public.

37 ~~1.~~ I. On written request, an owner of real property for which a
38 development fee has been paid after July 31, 2014 is entitled to a refund
39 of a development fee or any part of a development fee if:

40 1. Pursuant to subsection B, paragraph 6 of this section, existing
41 facilities are available and service is not provided.

42 2. The municipality has, after collecting the fee to construct a
43 facility when service is not available, failed to complete construction
44 within the time period identified in the infrastructure improvements plan,
45 but in no event later than the time period specified in paragraph 3 of
46 this subsection.

1 3. For a development fee other than a development fee for water or
2 wastewater facilities, any part of the development fee is not spent as
3 authorized by this section within ten years after the fee has been paid
4 or, for a development fee for water or wastewater facilities, any part of
5 the development fee is not spent as authorized by this section within
6 fifteen years after the fee has been paid.

7 ~~I.~~ J. If the development fee was collected for the construction of
8 all or a portion of a specific item of infrastructure, and on completion
9 of the infrastructure the municipality determines that the actual cost of
10 construction was less than the forecasted cost of construction on which
11 the development fee was based ~~and the difference between the actual and~~
12 ~~estimated cost is greater than ten per cent~~, the current owner may receive
13 a refund of the portion of the development fee equal to the difference
14 between the development fee paid and the development fee that would have
15 been due if the development fee had been calculated at the actual
16 construction cost.

17 ~~J.~~ K. A refund shall include any interest earned by the
18 municipality from the date of collection to the date of refund on the
19 amount of the refunded fee. All refunds shall be made to the record owner
20 of the property at the time the refund is paid. If the development fee is
21 paid by a governmental entity, the refund shall be paid to the
22 governmental entity.

23 ~~K.~~ L. A development fee that was adopted before January 1, 2012
24 may continue to be assessed only to the extent that it will be used to
25 provide a necessary public service for which development fees can be
26 assessed pursuant to this section and shall be replaced by a development
27 fee imposed under this section on or before August 1, 2014. Any
28 municipality having a development fee that has not been replaced under
29 this section on or before August 1, 2014 shall not collect development
30 fees until the development fee has been replaced with a fee that complies
31 with this section. Any development fee monies collected before January 1,
32 2012 remaining in a development fee account:

33 1. Shall be used towards the same category of necessary public
34 services as authorized by this section.

35 2. If development fees were collected for a purpose not authorized
36 by this section, shall be used for the purpose for which they were
37 collected on or before January 1, 2020, and after which, if not spent,
38 shall be distributed equally among the categories of necessary public
39 services authorized by this section.

40 ~~L.~~ M. A moratorium shall not be placed on development for the sole
41 purpose of awaiting completion of all or any part of the process necessary
42 to develop, adopt or update development fees.

43 ~~M.~~ N. In any judicial action interpreting this section, all powers
44 conferred on municipal governments in this section shall be narrowly
45 construed to ensure that development fees are not used to impose on new
46 residents a burden all taxpayers of a municipality should bear equally.

1 ~~H.~~ 0. Each municipality that assesses development fees shall
2 submit an annual report accounting for the collection and use of the fees
3 for each service area. The annual report shall include the following:

4 1. The amount assessed by the municipality for each type of
5 development fee.

6 2. The balance of each fund maintained for each type of development
7 fee assessed as of the beginning and end of the fiscal year.

8 3. The amount of interest or other earnings on the monies in each
9 fund as of the end of the fiscal year.

10 4. The amount of development fee monies used to repay:

11 (a) Bonds issued by the municipality to pay the cost of a capital
12 improvement project that is the subject of a development fee assessment,
13 including the amount needed to repay the debt service obligations on each
14 facility for which development fees have been identified as the source of
15 funding and the time frames in which the debt service will be repaid.

16 (b) Monies advanced by the municipality from funds other than the
17 funds established for development fees in order to pay the cost of a
18 capital improvement project that is the subject of a development fee
19 assessment, the total amount advanced by the municipality for each
20 facility, the source of the monies advanced and the terms under which the
21 monies will be repaid to the municipality.

22 5. The amount of development fee monies spent on each capital
23 improvement project that is the subject of a development fee assessment
24 and the physical location of each capital improvement project.

25 6. The amount of development fee monies spent for each purpose
26 other than a capital improvement project that is the subject of a
27 development fee assessment.

28 ~~H.~~ P. Within ninety days following the end of each fiscal year,
29 each municipality shall submit a copy of the annual report to the city
30 clerk and post the report on the municipality's website or the website of
31 an association of cities and towns if the municipality does not have a
32 website. Copies shall be made available to the public on request. The
33 annual report may contain financial information that has not been audited.

34 ~~P.~~ Q. A municipality that fails to file the report and post the
35 report on the municipality's website or the website of an association of
36 cities and towns if the municipality does not have a website as required
37 by this section shall not collect development fees until the report is
38 filed and posted.

39 ~~H.~~ R. Any action to collect a development fee shall be commenced
40 within two years after the obligation to pay the fee accrues.

41 ~~R.~~ S. A municipality may continue to assess a development fee
42 adopted before January 1, 2012 for any facility that was financed before
43 June 1, 2011 if:

44 1. Development fees were pledged to repay debt service obligations
45 related to the construction of the facility.

46 2. After August 1, 2014, any development fees collected under this
47 subsection are used solely for the payment of principal and interest on

1 the portion of the bonds, notes or other debt service obligations issued
2 before June 1, 2011 to finance construction of the facility.

3 ~~S.~~ T. Through August 1, 2014, a development fee adopted before
4 January 1, 2012 may be used to finance construction of a facility and may
5 be pledged to repay debt service obligations if:

6 1. The facility that is being financed is a facility that is
7 described under subsection ~~T~~ V, paragraph 7, subdivisions (a) through ~~(g)~~
8 (e) of this section.

9 2. The facility was included in an infrastructure improvements plan
10 adopted before June 1, 2011.

11 3. The development fees are used for the payment of principal and
12 interest on the portion of the bonds, notes or other debt service
13 obligations issued to finance construction of the necessary public
14 services or facility expansions identified in the infrastructure
15 ~~improvement~~ IMPROVEMENTS plan.

16 U. NOTWITHSTANDING ANY OTHER LAW, A MUNICIPALITY MAY NOT ASSESS A
17 DEVELOPMENT FEE ON THE DEVELOPMENT OF AN ACCESSORY DWELLING UNIT. FOR THE
18 PURPOSES OF THIS SUBSECTION, "ACCESSORY DWELLING UNIT" HAS THE SAME
19 MEANING PRESCRIBED IN SECTION 9-461.18.

20 ~~T.~~ V. For the purposes of this section:

21 1. "Dedication" means the actual conveyance date or the date an
22 improvement, facility or real or personal property is placed into service,
23 whichever occurs first.

24 2. "Development" means:

25 (a) The subdivision of land.

26 (b) The construction, reconstruction, conversion, structural
27 alteration, relocation or enlargement of any structure that adds or
28 increases the number of service units.

29 (c) Any use or extension of the use of land that increases the
30 number of service units.

31 3. "Facility expansion" means the expansion of the capacity of an
32 existing facility that serves the same function as an otherwise new
33 necessary public service in order that the existing facility may serve new
34 development. Facility expansion does not include the repair, maintenance,
35 modernization or expansion of an existing facility to better serve
36 existing development.

37 4. "Final approval" means:

38 (a) For a nonresidential or multifamily development, the approval
39 of a site plan or, if no site plan is submitted for the development, the
40 approval of a final subdivision plat.

41 (b) For a single family residential development, the approval of a
42 final subdivision plat.

43 5. "Infrastructure improvements plan" means a written plan that
44 identifies each necessary public service or facility expansion that is
45 proposed to be the subject of a development fee and otherwise complies
46 with the requirements of this section, and may be the municipality's
47 capital improvements plan.

1 6. "Land use assumptions" means projections of changes in land
2 uses, densities, intensities and population for a specified service area
3 over a period of at least ten years and pursuant to the general plan of
4 the municipality.

5 7. "Necessary public service" means any of the following facilities
6 that have a life expectancy of three or more years and that are owned and
7 operated by or on behalf of the municipality:

8 (a) Water facilities, including the supply, transportation,
9 treatment, purification and distribution of water, and any appurtenances
10 for those facilities.

11 (b) Wastewater facilities, including collection, interception,
12 transportation, treatment and disposal of wastewater, and any
13 appurtenances for those facilities.

14 (c) ~~Storm water~~ STORMWATER, drainage and flood control facilities,
15 including any appurtenances for those facilities.

16 [(d) Library facilities of up to ten thousand square feet that
17 provide a direct benefit to development, not including equipment, vehicles
18 or appurtenances.]

19 [(e)] ~~[(d)]~~ Street facilities located in the service area,
20 including arterial or collector streets or roads that have been designated
21 on an officially adopted plan of the municipality, traffic signals and
22 rights-of-way and improvements thereon.

23 [(f)] ~~[(e)]~~ Fire and police facilities, including all
24 appurtenances, equipment and vehicles. Fire and police facilities do not
25 include a facility or portion of a facility that is used to replace
26 services that were once provided elsewhere in the municipality, vehicles
27 and equipment used to provide administrative services, helicopters or
28 airplanes or a facility that is used for training firefighters or officers
29 from more than one station or substation.

30 [(g) Neighborhood parks and recreational facilities on real
31 property up to thirty acres in area, or parks and recreational facilities
32 larger than thirty acres if the facilities provide a direct benefit to the
33 development. Park and recreational facilities do not include vehicles,
34 equipment or that portion of any facility that is used for amusement
35 parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural
36 facilities, bandstand and orchestra facilities, bathhouses, boathouses,
37 clubhouses, community centers greater than three thousand square feet in
38 floor area, environmental education centers, equestrian facilities, golf
39 course facilities, greenhouses, lakes, museums, theme parks, water
40 reclamation or riparian areas, wetlands, zoo facilities or similar
41 recreational facilities, but may include swimming pools.]

42 [(h)] ~~[(f)]~~ Any facility that was financed and that meets all of
43 the requirements prescribed in subsection ~~R~~ S of this section.

44 8. "Qualified professional" means a professional engineer,
45 surveyor, financial analyst or planner providing services within the scope
46 of the person's license, education or experience.


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1      9. "Service area":
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2 (a) Means any specified area within the boundaries of a
3 municipality in which development will be served by necessary public
4 services or facility expansions and within which a substantial nexus
5 exists between the necessary public services or facility expansions and
6 the development being served as prescribed in the infrastructure
7 improvements plan.

(b) INCLUDES THE SERVICE TERRITORY OF WATER OR WASTEWATER FACILITIES, WHETHER INSIDE OR OUTSIDE OF THE BOUNDARIES OF THE MUNICIPALITY, IF THE MUNICIPALITY PROVIDES WATER AND WASTEWATER SERVICES.

1 10. "Service unit" means a standardized measure of consumption,
2 use, generation or discharge attributable to an individual unit of
3 development calculated pursuant to generally accepted engineering or
4 planning standards for a particular category of necessary public services
5 or facility expansions.

6 Sec. 2. Section 9-511.01, Arizona Revised Statutes, is amended to
7 read:

8 9-511.01. Water and wastewater business; rates; procedures;
9 responsibility for payments

A. A municipality engaging in a domestic water or wastewater business shall not increase any water or wastewater rate or rate component, fee or service charge without complying with the following:

1. Prepare a written report or supply data supporting the increased rate or rate component, fee or service charge. The report or supporting data shall include cash flow projections that indicate all anticipated revenues from residential and nonresidential customers and the overall expenses for providing water or wastewater service. A copy of the report and cash flow projections shall be made available to the public by filing a copy in the office of the clerk of the municipality governing board and posting the report and cash flow projections on the municipality's website or the website of an association of cities and towns if the municipality does not have a website at least thirty days before the public hearing described in paragraph 2 of this subsection.

2. Adopt a notice of intention by motion at a regular council meeting to increase water or wastewater rates or rate components, fees or service charges and set a date for a public hearing on the proposed increase that shall be held at least sixty days after adoption of the notice of intention. A copy of the notice of intention showing the date, time and place of the hearing shall be published one time in a newspaper of general circulation within the boundaries of the municipality not less than twenty days before the public hearing date.

3. ANY WATER OR WASTEWATER RATE, RATE COMPONENT, FEE OR SERVICE CHARGE ASSESSED TO FUND NEW INFRASTRUCTURE OR CAPITAL IMPROVEMENTS SHALL COMPLY WITH THE REQUIREMENTS PRESCRIBED IN SECTION 9-463.05.

B. After holding the public hearing, the governing body may adopt, by ordinance or resolution, the proposed rate or rate component, fee or service charge increase or any lesser increase.

1 C. Notwithstanding section 19-142, subsection B, the increased rate
2 or rate component, fee or service charge shall become effective thirty
3 days after adoption of the ordinance or resolution.

4 D. Any proposed water or wastewater rate or rate component, fee or
5 service charge adjustment or increase shall be just and reasonable.

6 E. Rates and charges demanded or received by municipalities for
7 water and wastewater service shall be just and reasonable. Every unjust
8 or unreasonable rate or charge demanded or received by a municipality is
9 prohibited and unlawful.

10 F. A municipality may not assess or collect a fee on new water or
11 wastewater service connections at the time of the establishment of service
12 to those connections for the purpose of recovering the municipality's
13 costs of acquiring, whether by purchase or by eminent domain, the utility
14 plant, facilities, system or other property of a public service
15 corporation or another municipality engaged in the business of providing
16 water or wastewater service. This subsection does not apply to water or
17 wastewater fees adopted before January 1, 2016 or to water or wastewater
18 fees included in a notice of intent to adopt or increase water or
19 wastewater rates and fees adopted before January 1, 2016.

20 G. For residential property of four or fewer units, a municipality
21 shall not require payment of unpaid water and wastewater service rates and
22 charges by anyone other than the person who the municipality has
23 contracted with to provide the service, who physically resides or resided
24 at the property and who receives or received the service. A property
25 owner, an immediate family member of the person who does not reside at the
26 property or any other entity, at its sole discretion, may contract for
27 water and wastewater service with a municipality and shall provide
28 payment.

29 H. For residential property of four or fewer units, a municipality
30 shall not refuse service within the municipality's service area for the
31 unpaid water and wastewater rates and charges to anyone other than the
32 person who physically resided and received the service at the property. A
33 property owner, at the owner's sole discretion, may contract for water and
34 wastewater service with a municipality and shall provide payment for that
35 service.

36 ~~<<Sec. 3. Section 11-1102, Arizona Revised Statutes, is amended to~~
37 ~~read:~~

38 ~~11-1102. County development fees; imposition by counties;~~
39 ~~infrastructure improvements plan; advisory~~
40 ~~committee; annual report; limitation on actions;~~
41 ~~definitions~~

42 ~~A. A county may assess development fees to offset costs to the~~
43 ~~county associated with providing necessary public services to a~~
44 ~~development, including the costs of infrastructure, improvements, real~~
45 ~~property, engineering and architectural services, financing and~~
46 ~~professional services required for the preparation or revision of~~

1 ~~a development fee FEES pursuant to this section, including the relevant~~
2 ~~portion of the infrastructure improvements plan.~~

3 ~~B. Development fees assessed under this section are subject to the~~
4 ~~following requirements:~~

5 ~~1. Development fees shall result in a beneficial use to the~~
6 ~~development.~~

7 ~~2. The county shall calculate the development fee FEES based on the~~
8 ~~infrastructure improvements plan adopted pursuant to this section.~~

9 ~~3. The development fees may not exceed a proportionate share of the~~
10 ~~cost of necessary public services, based on service units, needed to~~
11 ~~provide necessary public services to the development.~~

12 ~~4. Costs for necessary public services made necessary by new~~
13 ~~development shall be based on the same level of service provided to~~
14 ~~existing development in the service area at the time the infrastructure~~
15 ~~improvements plan is adopted.~~

16 ~~5. Development fees may not be used for any of the following:~~

17 ~~(a) Funding a level of service that is higher than the current~~
18 ~~level of service provided to existing development at the time the~~
19 ~~infrastructure improvements plan is adopted.~~

20 ~~(b) Construction, acquisition or expansion of public facilities or~~
21 ~~assets other than necessary public services or facility expansions~~
22 ~~identified in the infrastructure improvements plan.~~

23 ~~(c) Repair, operation or maintenance of existing or new necessary~~
24 ~~public services or facility expansions.~~

25 ~~(d) Upgrading, updating, expanding, correcting or replacing~~
26 ~~existing necessary public services to serve existing development in order~~
27 ~~to meet stricter safety, efficiency, environmental or regulatory~~
28 ~~standards.~~

29 ~~(e) Upgrading, updating, expanding, correcting or replacing~~
30 ~~existing necessary public services to provide a higher level of service to~~
31 ~~existing development.~~

32 ~~(f) Administrative, maintenance or operating costs of the county.~~

33 ~~6. Any development for which development fees have been paid is~~
34 ~~entitled to the use and benefit of the services for which the development~~
35 ~~fees were imposed and is entitled to receive immediate service from any~~
36 ~~existing facility with available capacity to serve the new service units~~
37 ~~if the available capacity has not been reserved or pledged in connection~~
38 ~~with the construction or financing of the facility.~~

39 ~~7. Development fees may be collected if any of the following~~
40 ~~occurs:~~

41 ~~(a) The collection is made to pay for a necessary public service or~~
42 ~~facility expansion that is identified in the infrastructure improvements~~
43 ~~plan and the county plans to complete construction and have the service~~
44 ~~available within the time period established in the infrastructure~~
45 ~~improvements plan, but not longer than the time period provided in~~
46 ~~subsection J, paragraph 3 of this section.~~

1 ~~(b) The county reserves capacity in the infrastructure improvements~~
2 ~~plan adopted pursuant to this section or otherwise agrees to reserve~~
3 ~~capacity to serve future development.~~

4 ~~(c) The county requires or agrees to allow the owner of a~~
5 ~~development to construct or finance the necessary public service or~~
6 ~~facility expansion and any of the following applies:~~

7 ~~(i) The costs incurred or monies advanced are credited against or~~
8 ~~reimbursed from the development fees otherwise due from a development.~~
9 ~~The amount of credits issued shall equal the costs identified by the~~
10 ~~county in the infrastructure improvements plan associated with the~~
11 ~~construction of the necessary public services or facility expansions. The~~
12 ~~county shall allow the owner to assign the credits from the development~~
13 ~~fees otherwise due from a development and any excess credits to other~~
14 ~~developments for the same category of necessary public services in the~~
15 ~~same service area.~~

16 ~~(ii) The county reimburses the owner for those costs from the~~
17 ~~development fees paid from all developments that will use those necessary~~
18 ~~public services or facility expansions. The county shall allow the owner~~
19 ~~to assign the reimbursement rights to other developments for the same~~
20 ~~category of necessary public services in the same service area.~~

21 ~~8. Projected interest charges and other finance costs may be~~
22 ~~included in determining the amount of development fees only if the monies~~
23 ~~are used for the payment of principal and interest on the portion of the~~
24 ~~bonds, notes or other obligations issued to finance construction of~~
25 ~~necessary public services or facility expansions identified in the~~
26 ~~infrastructure improvements plan.~~

27 ~~9. Monies received from development fees shall be placed in a~~
28 ~~separate fund and accounted for separately and may only be used for the~~
29 ~~purposes authorized by this section. Monies received from development~~
30 ~~fees identified in an infrastructure improvements plan adopted or updated~~
31 ~~pursuant to subsection E of this section shall be used to provide the same~~
32 ~~category of necessary public services or facilities expansions for which~~
33 ~~the development fee was assessed and for the benefit of the same service~~
34 ~~area as defined in the infrastructure improvements plan in which the~~
35 ~~development fees were assessed. Interest earned on monies in the separate~~
36 ~~fund shall be credited to the fund.~~

37 ~~10. The county shall prescribe the schedule for paying the~~
38 ~~development fees. Based on the costs identified in the infrastructure~~
39 ~~improvements plan, the county shall provide a credit toward the payment of~~
40 ~~the development fees for the required or agreed to dedication of public~~
41 ~~sites, improvements and other necessary public services or facility~~
42 ~~expansions included in the infrastructure improvements plan and for which~~
43 ~~development fees are assessed, to the extent the public sites,~~
44 ~~improvements and necessary public services or facility expansions are~~
45 ~~provided by the developer. On request of the developer, instead of~~
46 ~~providing a credit toward the payment of development fees, the county~~
47 ~~shall provide for reimbursement from the development fees paid from all~~

1 ~~development that will use those public sites, improvements or necessary~~
2 ~~public services or facility expansions of the actual costs of the required~~
3 ~~or agreed to dedication of public sites, improvements or other necessary~~
4 ~~public services or facility expansions included in the infrastructure~~
5 ~~improvements plan and for which development fees are assessed, to the~~
6 ~~extent the public sites, improvements and necessary public services or~~
7 ~~facility expansions are provided by the developer. The developer of~~
8 ~~residential dwelling units shall be required to pay the fees when~~
9 ~~construction permits for the dwelling units are issued, or at a later time~~
10 ~~if specified in the development agreement pursuant to section 11-1101. If~~
11 ~~a development agreement provides for development fees to be paid at a time~~
12 ~~later than the issuance of construction permits, the deferred development~~
13 ~~fees shall be paid not later than fifteen days after the issuance of a~~
14 ~~certificate of occupancy. The development agreement shall provide for the~~
15 ~~value of any deferred development fees to be supported by an appropriate~~
16 ~~security, including a surety bond, letter of credit or cash bond FIFTEEN~~
17 ~~DAYS AFTER THE CERTIFICATE OF OCCUPANCY IS ISSUED.~~

18 ~~11. If a county requires as a condition of development approval the~~
19 ~~construction or improvement of, contributions to or dedication of any~~
20 ~~facilities that were not included in a previously adopted infrastructure~~
21 ~~improvements plan, the county shall cause the infrastructure improvements~~
22 ~~plan to be amended to include the facilities and shall provide a credit~~
23 ~~toward the payment of development fees for the construction, improvement,~~
24 ~~contribution or dedication of the facilities to the extent that the~~
25 ~~facilities will substitute for or otherwise reduce the need for other~~
26 ~~similar facilities in the infrastructure improvements plan for which~~
27 ~~development fees were assessed. If a county requires as a condition of~~
28 ~~development approval the set aside of active or passive open space, the~~
29 ~~county shall issue a credit toward any development fees identified in the~~
30 ~~infrastructure improvements plan to fund any park facilities or facility~~
31 ~~expansion. On request of the individual or entity seeking development~~
32 ~~approval, instead of issuing a credit toward the payment of development~~
33 ~~fees, the county shall provide for reimbursement from the development fees~~
34 ~~paid from all development that will use those facilities or facility~~
35 ~~expansions of the actual costs of the construction or improvement of,~~
36 ~~contributions to or dedication of the public facilities required as a~~
37 ~~condition of development approval.~~

38 ~~12. The county shall forecast the contribution to be made in the~~
39 ~~future in cash, taxes, fees, assessments and all other sources of revenue~~
40 ~~derived from the property owner towards the capital costs of the necessary~~
41 ~~public service covered by the development fees.~~

42 ~~13. If development fees are assessed against residential~~
43 ~~development, the county shall also assess development fees against~~
44 ~~commercial and industrial development. The county may distinguish between~~
45 ~~different categories of residential, commercial and industrial development~~
46 ~~in assessing the costs to the county of providing necessary public~~
47 ~~services to new development and in determining the amount of the~~

~~1 development fees applicable to the category, except that the county may
2 not distinguish residential developments on the basis of the size of the
3 dwelling unit or number of bedrooms. If a county agrees to waive any of
4 the development fees assessed on a development, the county shall reimburse
5 the appropriate development fees accounts for the amount that was
6 waived. The county shall provide notice of any such waiver to the
7 advisory committee established pursuant to subsection I of this section.~~

~~8 14. In determining and assessing development fees applying to land
9 in a community facilities district established under title 48, chapter 4,
10 article 6, the county shall take into account all public infrastructure
11 provided by the district and capital costs paid by the district for
12 necessary public services and shall not assess a portion of the
13 development fees based on the infrastructure or costs.~~

~~14 15. The county shall not assess or collect development fees from a
15 school district or charter school, other than fees assessed or collected
16 for streets and water and wastewater utility functions.~~

~~17 16. THE ADOPTION OF AN INCREASE IN A CURRENT DEVELOPMENT FEE
18 PURSUANT TO SUBSECTION E OF THIS SECTION IS SUBJECT TO THE FOLLOWING:~~

~~19 (a) AN INCREASE OF LESS THAN TWENTY-FIVE PERCENT OF THE CURRENT
20 DEVELOPMENT FEE SHALL BE IMPLEMENTED IN TWO EQUAL ANNUAL INSTALLMENTS
21 BEGINNING ON THE DATE ON WHICH THE INCREASED DEVELOPMENT FEE IS ADOPTED.~~

~~22 (b) AN INCREASE OF MORE THAN TWENTY-FIVE PERCENT BUT LESS THAN
23 FIFTY PERCENT OF THE CURRENT DEVELOPMENT FEE SHALL BE IMPLEMENTED IN FOUR
24 EQUAL ANNUAL INSTALLMENTS BEGINNING ON THE DATE ON WHICH THE INCREASED
25 DEVELOPMENT FEE IS ADOPTED.~~

~~26 (c) AN INCREASE IN A DEVELOPMENT FEE MAY NOT EXCEED FIFTY PERCENT
27 OF THE CURRENT DEVELOPMENT FEE.~~

~~28 (d) A DEVELOPMENT FEE MAY NOT BE INCREASED MORE THAN ONCE EVERY
29 FOUR YEARS AND MAY NOT BE INCREASED RETROACTIVELY IN A CURRENT FISCAL OR
30 CALENDAR YEAR OR TO A PREVIOUS FISCAL OR CALENDAR YEAR.~~

~~31 C. Before assessing development fees, the county shall:~~

~~32 1. Give at least thirty days' advance notice of intention to assess
33 new or increased development fees.~~

~~34 2. Release to the public and post on the county's website a written
35 report of the land use assumptions and infrastructure improvements plan
36 adopted pursuant to subsection E of this section.~~

~~37 3. Conduct a public hearing on the proposed development fees at any
38 time after the expiration of the thirty-day notice of intention to assess
39 development fees and at least thirty days before the scheduled date of
40 adoption of the development fees. Within sixty days after the date of the
41 public hearing on the proposed development fees, the county shall approve
42 or disapprove the imposition of the development fees. A county may not
43 adopt an ordinance, order or resolution approving development fees as an
44 emergency measure.~~

~~45 D. Development fees assessed pursuant to this section are not
46 effective for at least ninety days after formal adoption by the board of
47 supervisors.~~

1 ~~E. Before the adoption or amendment of development fees or~~
2 ~~amendment of the boundaries of a service area, the board of supervisors~~
3 ~~shall adopt or update the land use assumptions and infrastructure~~
4 ~~improvements plan for the designated service area. The county shall~~
5 ~~conduct a public hearing on the land use assumptions and infrastructure~~
6 ~~improvements plan at least thirty days before the adoption or update of~~
7 ~~the infrastructure improvements plan. The county shall release the~~
8 ~~infrastructure improvements plan to the public, post the infrastructure~~
9 ~~improvements plan on the county's website, including in the posting the~~
10 ~~land use assumptions, the time period of the projections, a description of~~
11 ~~the necessary public services included in the infrastructure improvements~~
12 ~~plan and a map of the service area to which the land use assumptions~~
13 ~~apply, make available to the public the documents used to prepare the land~~
14 ~~use assumptions and infrastructure improvements plan and provide public~~
15 ~~notice at least sixty days before the public hearing, subject to the~~
16 ~~following:~~

17 ~~1. The land use assumptions and infrastructure improvements plan~~
18 ~~shall be approved or disapproved within sixty days after the public~~
19 ~~hearing on the land use assumptions and infrastructure improvements plan~~
20 ~~and at least thirty days before the public hearing on the report required~~
21 ~~by subsection C of this section. A county may not adopt an ordinance,~~
22 ~~order or resolution approving the land use assumptions or infrastructure~~
23 ~~improvements plan as an emergency measure.~~

24 ~~2. An infrastructure improvements plan shall be developed by~~
25 ~~qualified professionals using generally accepted engineering and planning~~
26 ~~practices pursuant to subsection F of this section.~~

27 ~~3. A county shall update the land use assumptions and~~
28 ~~infrastructure improvements plan at least every five years. The initial~~
29 ~~five-year period begins on the day the infrastructure improvements plan is~~
30 ~~adopted. The county shall review and evaluate the current land use~~
31 ~~assumptions and shall cause an update of the infrastructure improvements~~
32 ~~plan to be prepared pursuant to this section.~~

33 ~~4. Within sixty days after completion of the updated land use~~
34 ~~assumptions and infrastructure improvements plan, the county shall~~
35 ~~schedule and provide notice of a public hearing to discuss and review the~~
36 ~~update and shall determine whether to amend the land use assumptions and~~
37 ~~infrastructure improvements plan.~~

38 ~~5. A county shall hold a public hearing to discuss the proposed~~
39 ~~amendments to the land use assumptions, the infrastructure improvements~~
40 ~~plan or the development fees. The land use assumptions and the~~
41 ~~infrastructure improvements plan, including the amount of any proposed~~
42 ~~changes to the development fees per service unit, shall be made available~~
43 ~~to the public on or before the date of the first publication of the notice~~
44 ~~of the hearing on the amendments.~~

1 ~~6. The hearing procedures prescribed in paragraph 1 of this~~
2 ~~subsection apply to a hearing on the amendment of land use assumptions, an~~
3 ~~infrastructure improvements plan or development fees. Within sixty days~~
4 ~~after the date of the public hearing on the amendments, a county shall~~
5 ~~approve or disapprove the amendments to the land use assumptions,~~
6 ~~infrastructure improvements plan or development fees. A county may not~~
7 ~~adopt an ordinance, order or resolution approving the amended land use~~
8 ~~assumptions, infrastructure improvements plan or development fees as an~~
9 ~~emergency measure.~~

10 ~~7. The advisory committee established under subsection I of this~~
11 ~~section shall file its written comments on any proposed or updated land~~
12 ~~use assumptions, infrastructure improvements plan and development fees~~
13 ~~before the fifth business day before the date of the public hearing on the~~
14 ~~proposed or updated land use assumptions, infrastructure improvements plan~~
15 ~~and development fees.~~

16 ~~8. If, at the time an update as prescribed in paragraph 3 of this~~
17 ~~subsection is required, the county determines that no changes to the land~~
18 ~~use assumptions, infrastructure improvements plan or development fees are~~
19 ~~needed, the county, as an alternative to the updating requirements of this~~
20 ~~subsection, may publish notice of the determination on the county's~~
21 ~~website that includes the following:~~

22 ~~(a) A statement that the county has determined that no change to~~
23 ~~the land use assumptions, infrastructure improvements plan or development~~
24 ~~fees is necessary.~~

25 ~~(b) A description and map of the service area in which an update~~
26 ~~has been determined to be unnecessary.~~

27 ~~(c) A statement that by a specified date, which shall be at least~~
28 ~~sixty days after the date of publication of the first notice, a person may~~
29 ~~request to the county in writing that the county update the land use~~
30 ~~assumptions, infrastructure improvements plan or development fees.~~

31 ~~(d) A statement identifying the person or entity to whom the~~
32 ~~written request for an update should be sent.~~

33 ~~9. If, by the date specified pursuant to paragraph 8 of this~~
34 ~~subsection, a person requests in writing that the county update the land~~
35 ~~use assumptions, infrastructure improvements plan or development fees, the~~
36 ~~county shall cause, accept or reject an update of the land use~~
37 ~~assumptions, infrastructure improvements plan or development fees to be~~
38 ~~prepared pursuant to this section.~~

39 ~~10. Notwithstanding the notice and hearing requirements for~~
40 ~~adoption of an infrastructure improvements plan, the county may amend an~~
41 ~~infrastructure improvements plan without a public hearing if the amendment~~
42 ~~addresses only elements of necessary public services in the existing~~
43 ~~infrastructure improvements plan and the changes to the plan will not,~~
44 ~~individually or cumulatively with other amendments adopted pursuant to~~
45 ~~this subsection, increase the level of service in the service area or~~
46 ~~cause an increase in development fees that is greater than five percent~~
47 ~~when new or modified development fees are assessed pursuant to this~~

1 ~~section. The county shall provide notice of the amendment at least thirty~~
2 ~~days before adoption, shall post the amendment on the county's website and~~
3 ~~shall provide notice to the advisory committee established pursuant to~~
4 ~~subsection I of this section that the amendment complies with this~~
5 ~~subsection.~~

6 ~~f. For each necessary public service that is the subject of~~
7 ~~development fees, the infrastructure improvements plan shall include:~~

8 ~~1. A description of the existing necessary public services in the~~
9 ~~service area and the costs to upgrade, update, improve, expand, correct or~~
10 ~~replace those necessary public services to meet existing needs and usage~~
11 ~~and stricter safety, efficiency, environmental or regulatory standards.~~
12 ~~The description shall be prepared by qualified professionals who are~~
13 ~~licensed in this state, as applicable.~~

14 ~~2. An analysis of the total capacity, the level of current usage~~
15 ~~and commitments for usage of capacity of the existing necessary public~~
16 ~~services. The analysis shall be prepared by qualified professionals who~~
17 ~~are licensed in this state, as applicable.~~

18 ~~3. A description of all or the parts of the necessary public~~
19 ~~services or facility expansions and their costs necessitated by and~~
20 ~~attributable to new development in the service area based on the approved~~
21 ~~land use assumptions, including a forecast of the cost of infrastructure,~~
22 ~~improvements, real property, financing, engineering and architectural~~
23 ~~services. The description shall be prepared by qualified professionals~~
24 ~~who are licensed in this state, as applicable.~~

25 ~~4. A table that establishes the specific level or quantity of use,~~
26 ~~consumption, generation or discharge of a service unit for each category~~
27 ~~of necessary public services or facility expansions and an equivalency or~~
28 ~~conversion table that establishes the ratio of a service unit to various~~
29 ~~types of land uses, including residential, commercial and industrial.~~

30 ~~5. A description of all the costs necessitated by ongoing~~
31 ~~maintenance and operations of the necessary public services once~~
32 ~~construction is completed and a description of the source of revenue to be~~
33 ~~used to fund the maintenance and operations.~~

34 ~~6. The total number of projected service units necessitated by and~~
35 ~~attributable to new development in the service area based on the approved~~
36 ~~land use assumptions and calculated pursuant to generally accepted~~
37 ~~engineering and planning criteria.~~

38 ~~7. The projected demand for necessary public services or facility~~
39 ~~expansions required by new service units for a period of not more than ten~~
40 ~~years.~~

41 ~~8. A forecast of revenues generated by new service units other than~~
42 ~~development fees, including estimated state shared revenue, highway user~~
43 ~~revenue, federal revenue, ad valorem property taxes, construction~~
44 ~~contracting or similar excise taxes and the capital recovery portion of~~
45 ~~utility fees attributable to development based on the approved land use~~
46 ~~assumptions, and a plan to include these contributions in determining the~~

1 ~~extent of the burden imposed by the development as required in subsection~~
2 ~~B, paragraph 12 of this section.~~

3 ~~G. A county's infrastructure improvements plan may identify~~
4 ~~necessary public services or facility expansions that the county plans to~~
5 ~~construct beyond the time period provided for in subsection J, paragraph 3~~
6 ~~of this section but may not include the costs of those necessary public~~
7 ~~services or facility expansions in the calculation of development fees.~~

8 ~~H. A county's development fees ordinance shall provide:~~

9 ~~1. That new development fees or an increased portion of modified~~
10 ~~development fees may not be assessed against a development for twenty-four~~
11 ~~months after the date that the county issues the final approval for a~~
12 ~~commercial, industrial or multifamily development or the date that the~~
13 ~~first building permit FINAL SUBDIVISION PLAT APPROVAL is issued for a~~
14 ~~residential development pursuant to an approved site plan or subdivision~~
15 ~~plat, only if subsequent changes are not made to the approved site plan or~~
16 ~~subdivision plat that would increase the number of service units. If the~~
17 ~~number of service units increases, the new or increased portion of~~
18 ~~modified development fees shall be limited to the amount attributable to~~
19 ~~the additional service units. The period is not extended by a renewal or~~
20 ~~amendment of the site plan or the final subdivision plat that was the~~
21 ~~subject of the final approval. The county shall issue, on request, a~~
22 ~~written statement of the development fees schedule applicable to the~~
23 ~~development. If, after the date of the county's final approval of a~~
24 ~~development, the county reduces the development fees assessed on~~
25 ~~development, the reduced fees shall apply to the development.~~

26 ~~2. A process for a development to request an alternative~~
27 ~~development fee calculation or change in category of development that~~
28 ~~appears on an adopted development fee schedule based on a projection that~~
29 ~~the actual burdens and costs associated with the county's provision of~~
30 ~~necessary public services or facility expansions to the development that~~
31 ~~are to be paid by development fees will differ substantially from those~~
32 ~~costs projected by the county or will be substantially less than the~~
33 ~~amount projected to be paid by development fees. The county manager or~~
34 ~~the county manager's designee shall review the request and make a~~
35 ~~determination as to the development fee to be assessed. The assessed~~
36 ~~development fee shall have a substantial nexus to the actual burdens and~~
37 ~~costs associated with providing the necessary public services or facility~~
38 ~~expansions to that development that are to be funded by development fees.~~
39 ~~The determination of the county manager is appealable to the board of~~
40 ~~supervisors.~~

41 ~~I. A county shall do one of the following:~~

42 ~~1. Before the adoption of the proposed or updated land use~~
43 ~~assumptions, infrastructure improvements plan and development fees as~~
44 ~~prescribed in subsection E of this section, appoint an infrastructure~~
45 ~~improvements advisory committee, subject to the following requirements:~~

46 ~~(a) The advisory committee shall be composed of at least five~~
47 ~~members who are appointed by the board of supervisors. At least fifty~~

~~1 percent of the members of the advisory committee must be representatives
2 of the real estate, development or building industries, of which at least
3 one member of the committee must be from the home building industry.
4 Members may not be employees or officials of the county.~~

~~5 (b) The advisory committee shall serve in an advisory capacity and
6 shall:~~

~~7 (i) Advise the county in adopting land use assumptions and in
8 determining whether the assumptions are in conformance with the general
9 plan of the county.~~

~~10 (ii) Review the infrastructure improvements plan and file written
11 comments.~~

~~12 (iii) Monitor and evaluate implementation of the infrastructure
13 improvements plan.~~

~~14 (iv) Every year file reports with respect to the progress of the
15 infrastructure improvements plan and the collection and expenditures of
16 development fees and report to the county any perceived inequities in
17 implementing the infrastructure improvements plan or assessing the
18 development fees.~~

~~19 (v) Advise the county of the need to update or revise the land use
20 assumptions, infrastructure improvements plan and development fees.~~

~~21 (c) The county shall make available to the advisory committee any
22 professional reports with respect to developing and implementing the
23 infrastructure improvements plan.~~

~~24 (d) The county shall adopt procedural rules for the advisory
25 committee to follow in carrying out the advisory committee's duties.~~

~~26 2. Provide for a biennial certified audit of the county's land use
27 assumptions, infrastructure improvements plan and development fees. An
28 audit pursuant to this paragraph shall be conducted by one or more
29 qualified professionals who are not employees or officials of the county
30 and who did not prepare the infrastructure improvements plan. The audit
31 shall review the progress of the infrastructure improvements plan,
32 including the collection and expenditures of development fees for each
33 project in the infrastructure improvements plan, and evaluate any
34 inequities in implementing the infrastructure improvements plan or
35 imposing the development fees. The county shall post the findings of the
36 audit on the county's website and shall conduct a public hearing on the
37 audit within sixty days after the release of the audit to the public.~~

~~38 j. On written request, an owner of real property for which
39 development fees have been paid after December 31, 2020 is entitled to a
40 refund of the development fees or any part of the development fees if:~~

~~41 1. Pursuant to subsection B, paragraph 6 of this section, existing
42 facilities are available and service is not provided.~~

~~43 2. The county, after collecting the fees to construct a facility
44 when service is not available, has failed to complete construction within
45 the time period identified in the infrastructure improvements plan, but in
46 no event later than the time period specified in paragraph 3 of this
47 subsection.~~

~~3. For development fees other than development fees for water or wastewater facilities, any part of the development fees is not spent as authorized by this section within ten years after the fees have been paid or, for development fees for water or wastewater facilities, any part of the development fees is not spent as authorized by this section within fifteen years after the development fees have been paid.~~

~~K. If the development fees were collected for the construction of all or a portion of a specific item of infrastructure, and on completion of the infrastructure the county determines that the actual cost of construction was less than the forecasted cost of construction on which the development fees were based and the difference between the actual and estimated cost is greater than ten percent, the current owner may receive a refund of the portion of the development fees equal to the difference between the development fees paid and the development fees that would have been due if the development fees had been calculated at the actual construction cost.~~

~~L. A refund shall include any interest earned by the county from the date of collection to the date of refund on the amount of the refunded fees. All refunds shall be paid to the owner of record of the property at the time the refund is paid. If the development fees are paid by a governmental entity, the refund shall be paid to the governmental entity.~~

~~M. Development fees that were adopted before January 1, 2017 may continue to be assessed only to the extent that the development fees will be used to provide a necessary public service for which development fees can be assessed pursuant to this section and shall be replaced by development fees imposed under this section on or before January 1, 2021. Any county having development fees that have not been replaced under this section on or before January 1, 2021 may not collect development fees until the development fees have been replaced with fees that comply with this section. Development fees adopted or amended by a county after January 1, 2017 shall comply with this section. Any development fees monies collected before January 1, 2017 remaining in a development fees account:~~

~~1. Shall be used towards TOWARD the same category of necessary public services as authorized by this section.~~

~~2. And THAT WERE collected for a purpose not authorized by this section shall be used for the purpose for which the development fees were collected on or before January 1, 2024, and after which, if not spent, shall be distributed equally among the categories of necessary public services authorized by this section.~~

~~N. A moratorium may not be placed on development for the sole purpose of awaiting completion of all or any part of the process necessary to develop, adopt or update development fees.~~

~~O. In any judicial action interpreting this section all powers conferred on a county by this section shall be narrowly construed to ensure that development fees are not used to impose on new residents a burden all taxpayers of a county should bear equally.~~

~~P. Each county that assesses development fees shall submit an annual report accounting for the collection and use of the fees for each service area. The annual report shall include the following:~~

- ~~1. The amount assessed by the county for each type of development fee.~~
- ~~2. The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year.~~
- ~~3. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year.~~
- ~~4. The amount of development fee monies used to repay:~~
 - ~~(a) Bonds issued by the county to pay the cost of a necessary public service that is the subject of a development fees assessment, including the amount needed to repay the debt service obligations on each facility for which development fees have been identified as the source of funding and the time frames in which the debt service will be repaid.~~
 - ~~(b) Monies advanced by the county from funds other than the funds established for development fees in order to pay the cost of a necessary public service that is the subject of a development fees assessment, the total amount advanced by the county for each facility, the source of the monies advanced and the terms under which the monies will be repaid to the county.~~
- ~~5. The amount of development fees monies spent on each necessary public service or facility expansion that is the subject of a development fees assessment and the physical location of each capital improvement project.~~
- ~~6. The amount of development fees monies spent for each purpose other than a necessary public service or facility expansion that is the subject of a development fees assessment.~~

~~Q. Within ninety days following the end of each fiscal year, each county shall submit a copy of the annual report to the clerk of the board of supervisors and post the annual report on the county's website. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.~~

~~R. A county that fails to file the report and post the annual report on the county's website as required by this section shall not collect development fees until the report is filed and posted.~~

~~S. Any action to collect development fees shall be commenced within two years after the obligation to pay the development fees accrues.~~

~~T. A county may continue to assess development fees adopted before January 1, 2017 for any facility that was financed before June 1, 2016 if:~~

- ~~1. Development fees were pledged to repay debt service obligations related to the construction of the facility.~~
- ~~2. After January 1, 2018, any development fees collected under this subsection are used solely for the payment of principal and interest on the portion of the bonds, notes or other debt service obligations issued before June 1, 2016 to finance construction of the facility.~~

1 ~~U. Through January 1, 2018, development fees adopted before January~~
2 ~~1, 2017 may be used to finance construction of a facility and may be~~
3 ~~pledged to repay debt service obligations if:~~

4 ~~1. The facility that is being financed is a facility that is~~
5 ~~described under subsection V W, paragraph 7, subdivision (a), (b),~~
6 ~~(c), OR (d) or (e) of this section.~~

7 ~~2. The facility was included in an infrastructure improvements plan~~
8 ~~adopted before June 1, 2016.~~

9 ~~3. The development fees are used for the payment of principal and~~
10 ~~interest on the portion of the bonds, notes or other debt service~~
11 ~~obligations issued to finance construction of the necessary public~~
12 ~~services or facility expansions identified in the infrastructure~~
13 ~~improvements plan.~~

14 ~~V. NOTWITHSTANDING ANY OTHER LAW, A COUNTY MAY NOT ASSESS A~~
15 ~~DEVELOPMENT FEE ON THE DEVELOPMENT OF AN ACCESSORY DWELLING UNIT. FOR THE~~
16 ~~PURPOSES OF THIS SUBSECTION, "ACCESSORY DWELLING UNIT" HAS THE SAME~~
17 ~~MEANING PRESCRIBED IN SECTION 11-810.01.~~

18 ~~V. W. For the purposes of this section:~~

19 ~~1. "Dedication" means the actual conveyance date or the date an~~
20 ~~improvement, facility or real or personal property is placed into service,~~
21 ~~whichever occurs first.~~

22 ~~2. "Development" means:~~

23 ~~(a) The subdivision of land.~~

24 ~~(b) The construction, reconstruction, conversion, structural~~
25 ~~alteration, relocation or enlargement of any structure that adds or~~
26 ~~increases the number of service units.~~

27 ~~(c) Any use or extension of the use of land that increases the~~
28 ~~number of service units.~~

29 ~~3. "Facility expansion" means the expansion of the capacity of an~~
30 ~~existing facility that serves the same function as an otherwise new~~
31 ~~necessary public service in order that the existing facility may serve new~~
32 ~~development. Facility expansion does not include the repair, maintenance,~~
33 ~~modernization or expansion of an existing facility to better serve~~
34 ~~existing development.~~

35 ~~4. "Final approval" means, for nonresidential or multifamily~~
36 ~~development, the approval of a site plan or, if no site plan is submitted~~
37 ~~for the development, the approval of a final subdivision plat.~~

38 ~~5. "Infrastructure improvements plan" means a written plan that~~
39 ~~identifies each necessary public service or facility expansion that is~~
40 ~~proposed to be the subject of development fees and otherwise complies with~~
41 ~~the requirements of this section and may be the county's capital~~
42 ~~improvements plan.~~

43 ~~6. "Land use assumptions" means projections of changes in land~~
44 ~~uses, densities, intensities and population for a specified service area~~
45 ~~over a period of at least ten years and pursuant to the general plan of~~
46 ~~the county.~~

1 ~~7. "Necessary public service" means any of the following facilities~~
2 ~~that have a life expectancy of three or more years and that are owned and~~
3 ~~operated by or on behalf of the county:~~

4 ~~(a) Water facilities, including the supply, transportation,~~
5 ~~treatment, purification and distribution of water, and any appurtenances~~
6 ~~for those facilities.~~

7 ~~(b) Wastewater facilities, including collection, interception,~~
8 ~~transportation, treatment and disposal of wastewater, and any~~
9 ~~appurtenances for those facilities.~~

10 ~~(c) Street facilities located in the service area, including~~
11 ~~arterial or collector streets or roads that have been designated on an~~
12 ~~officially adopted plan of the county, traffic signals and rights-of-way~~
13 ~~and improvements thereon. Improvements to rights-of-way do not include~~
14 ~~streetcars, railways or other forms of transportation and their~~
15 ~~corresponding tracks.~~

16 ~~(d) Public safety facilities, including all appurtenances,~~
17 ~~equipment and vehicles. Public safety facilities do not include a~~
18 ~~facility or portion of a facility that is used to replace services that~~
19 ~~were once provided elsewhere in the county, vehicles and equipment used to~~
20 ~~provide administrative services, helicopters or airplanes, paramilitary~~
21 ~~vehicles, court and judicial facilities, facilities that are used for~~
22 ~~training firefighters or officers from more than one station or substation~~
23 ~~or jail, correctional or detention facilities.~~

24 ~~(e) Neighborhood parks and recreational facilities on real property~~
25 ~~up to thirty acres in area, or parks and recreational facilities larger~~
26 ~~than thirty acres if the facilities provide a direct benefit to the~~
27 ~~development. Parks and recreational facilities do not include vehicles,~~
28 ~~equipment of that portion of any facility that is used for amusement~~
29 ~~parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural~~
30 ~~facilities, bandstand and orchestra facilities, bathhouses, boathouses,~~
31 ~~clubhouses, community centers greater than three thousand square feet in~~
32 ~~floor area, environmental education centers, equestrian facilities,~~
33 ~~trails, golf course facilities, greenhouses, lakes, museums, theme parks,~~
34 ~~water reclamation or riparian areas, wetlands, zoo facilities or similar~~
35 ~~recreational facilities, but may include swimming pools and equipment or~~
36 ~~improvements constituting accessory or incidental amenities to a park or~~
37 ~~recreational facility allowed under this section.~~

38 ~~(f) (e) Any facility that was financed and that meets all of the~~
39 ~~requirements prescribed in subsection T of this section.~~

40 ~~8. "Qualified professional" means a professional engineer,~~
41 ~~surveyor, financial analyst or planner providing services within the scope~~
42 ~~of the person's license, education or experience.~~

43 ~~9. "Service area" means any specified area within the boundaries of~~
44 ~~a county in which development will be served by necessary public services~~
45 ~~or facility expansions and within which a substantial nexus exists between~~
46 ~~the necessary public services or facility expansions and the development~~
47 ~~being served as prescribed in the infrastructure improvements plan.~~

1 ~~10. "Service unit" means a standardized measure of consumption,~~
2 ~~use, generation or discharge attributable to an individual unit of~~
3 ~~development calculated using data specific to the service area in which~~
4 ~~the facility will be located and pursuant to generally accepted~~
5 ~~engineering or planning standards for a particular category of necessary~~
6 ~~public services or facility expansions.>>~~

7 Enroll and engross to conform
8 Amend title to conform

TERESA MARTINEZ

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ARIZONA HOUSE OF REPRESENTATIVES
Fifty-seventh Legislature - Second Regular Session

ROLL CALL VOTE

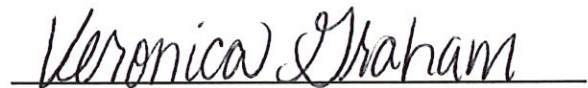
COMMITTEE ON Rural Economic Development BILL NO. HB 2946

DATE February 19, 2026 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Blackman		✓			
Bliss				✓	
Hernandez C		✓			
Peshlakai				✓	
Volk		✓			
Lopez, Vice-Chairman			✓		
Martinez, Chairman		✓			
		4	1	2	Ø

APPROVED:


TERESA MARTINEZ, Chairman
CHRIS LOPEZ, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 8