

REFERENCE TITLE: tax liens; municipal purchaser; redevelopment

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

# HB 2501

Introduced by  
Representative Nelson

AN ACT

AMENDING SECTIONS 36-1474, 42-18114 AND 42-18121, ARIZONA REVISED STATUTES;  
AMENDING TITLE 42, CHAPTER 18, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING  
SECTION 42-18001.01; RELATING TO TAX LIEN SALES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-1474, Arizona Revised Statutes, is amended to  
3 read:

4 36-1474. Powers of municipalities

5 A. Every municipality shall have all the powers necessary or  
6 convenient to carry out and effectuate the purposes and provisions of this  
7 article, including the following powers in addition to others granted by this  
8 article:

9 1. To prepare or cause to be prepared redevelopment plans and to  
10 undertake and carry out redevelopment projects within its area of operation.

11 2. To arrange or contract for the furnishing or repair, by any person  
12 or agency, public or private, of services, privileges, works, streets, roads,  
13 public utilities or other facilities for or in connection with a  
14 redevelopment project, and anything to the contrary contained in this article  
15 or any other provision of law notwithstanding, to agree to any conditions  
16 that it deems reasonable and appropriate attached to federal financial  
17 assistance and imposed pursuant to federal law relating to the determination  
18 of prevailing salaries or wages or compliance with labor standards, in the  
19 undertaking or carrying out of a redevelopment project, and to include in any  
20 contract let in connection with a redevelopment project, provisions to  
21 fulfill the conditions as it deems reasonable and appropriate.

22 3. Within its area of operation:

23 (a) To purchase, lease, obtain options upon, ~~OR~~ OR acquire by gift,  
24 grant, bequest, devise, eminent domain or otherwise, any real or personal  
25 property or any interest in the property, together with any improvements on  
26 the property, necessary or incidental to a redevelopment project.

27 (b) TO EXERCISE ITS RIGHT TO PURCHASE TAX LIENS PURSUANT TO TITLE 42,  
28 CHAPTER 18 ON REAL PROPERTY LOCATED IN A REDEVELOPMENT PROJECT AREA PURSUANT  
29 TO THIS CHAPTER.

30 ~~(b)~~ (c) To hold, improve, clear or prepare for redevelopment any such  
31 property.

32 ~~(e)~~ (d) To sell, lease, exchange, transfer, assign, subdivide, retain  
33 for its own use, mortgage, pledge, hypothecate or otherwise encumber or  
34 dispose of any real or personal property or any interest in the property in a  
35 redevelopment project.

36 ~~(d)~~ (e) To enter into contracts with redevelopers of property  
37 containing covenants, restrictions and conditions regarding the use of the  
38 property for residential, commercial, industrial, recreational or other  
39 purposes or for public purposes in accordance with a redevelopment plan and  
40 the other covenants, restrictions and conditions as the municipality deems  
41 necessary to prevent a recurrence of conditions that qualify an area as a  
42 slum or blighted area or to effectuate the purposes of this article. A  
43 municipality may not exercise the power of eminent domain unless the  
44 municipality makes a separate determination by a two-thirds vote of the local  
45 governing body that the property is critical to the project and the existing

1 use of the property is not compatible with the proposed use and cannot be  
2 incorporated into or excluded from the proposed redevelopment project.

3 ~~(e)~~ (f) To make any of the covenants, restrictions or conditions of  
4 the foregoing contracts covenants running with the land and to provide  
5 appropriate remedies for any breach of these covenants or conditions,  
6 including the right in the municipality to terminate these contracts and any  
7 interest in the property created pursuant thereto.

8 ~~(f)~~ (g) To borrow money and issue bonds and provide security for  
9 loans or bonds.

10 ~~(g)~~ (h) To insure or provide for the insurance of any real or  
11 personal property or operations of the municipality in a redevelopment  
12 project of the municipality against any risks or hazards, including the power  
13 to pay premiums on the insurance.

14 ~~(h)~~ (i) To enter into any contracts necessary to effectuate the  
15 purposes of this article.

16 No statutory provision with respect to the acquisition, clearance or  
17 disposition of property by public bodies shall restrict a municipality in  
18 these functions with respect to a redevelopment project, unless the  
19 legislature specifically so states.

20 4. To invest any redevelopment project funds held in reserves or  
21 sinking funds or any redevelopment project funds not required for immediate  
22 disbursement, in property or securities in which savings banks may legally  
23 invest funds subject to their control and to redeem the bonds which have been  
24 issued pursuant to section 36-1481 at the redemption price established  
25 therein or to purchase the bonds at less than redemption price, all bonds so  
26 redeemed or purchased to be cancelled.

27 5. To borrow money and to apply for and accept advances, loans,  
28 grants, contributions and any other form of financial assistance from the  
29 federal government, the state, county or other public body or from any  
30 sources, public or private, for the purposes of this article, to give such  
31 security as may be required and to enter into and carry out contracts in  
32 connection therewith. Notwithstanding any other law, a municipality may  
33 include in any contract for financial assistance with the federal government  
34 for a redevelopment project conditions imposed pursuant to federal law the  
35 municipality deems reasonable and appropriate and which are not inconsistent  
36 with the purposes of this article.

37 6. Within its area of operation, to make or have made all surveys,  
38 appraisals, studies and plans, including the preparation of a general plan  
39 for the development of the municipality, necessary to carry out the purposes  
40 of this article and to contract or cooperate with any and all persons or  
41 agencies, public or private, to make and to carry out the surveys,  
42 appraisals, studies and plans.

43 7. To prepare plans and provide reasonable assistance for the  
44 relocation of families displaced from a redevelopment project area to the

1 extent essential for acquiring possession of and clearing the area or parts  
2 of the area to permit the carrying out of the redevelopment project.

3 8. To appropriate funds and make expenditures necessary to carry out  
4 the purposes of this article and to make expenditures from funds obtained  
5 from the federal government without regard to any other laws pertaining to  
6 the making and approval of appropriations and expenditures.

7 9. To exercise all or any part or combination of powers granted by  
8 this section.

9 B. A municipality must notify each owner of real property located  
10 within the boundaries of a proposed redevelopment project area of the time,  
11 date and location of a public meeting concerning the proposed adoption of the  
12 redevelopment plan if the municipality intends to acquire that owner's  
13 property or any interest in that property. The municipality must provide  
14 this notice by first class mail to the address stated on the most recent  
15 records of the county assessor.

16 C. The designation of an area as a slum or blighted area terminates  
17 ten years after this designation unless substantial action has been taken to  
18 remove the slum or blighted conditions. The termination does not affect  
19 existing projects as described in section 35-701, paragraph 8, subdivision  
20 (a), item (xiv) that are within that designated area.

21 Sec. 2. Title 42, chapter 18, article 1, Arizona Revised Statutes, is  
22 amended by adding section 42-18001.01, to read:

23 42-18001.01. Definition of person

24 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES, "PERSON"  
25 INCLUDES AN INCORPORATED CITY, CHARTER CITY OR TOWN.

26 Sec. 3. Section 42-18114, Arizona Revised Statutes, is amended to  
27 read:

28 42-18114. Successful purchaser

29 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, a real property  
30 tax lien shall be sold pursuant to this article to the person who pays the  
31 whole amount of delinquent taxes, interest, penalties and charges due on the  
32 property, and who in addition offers to accept the lowest rate of interest on  
33 the amount so paid to redeem the property from the sale, which may not exceed  
34 the rate prescribed by, and computed pursuant to, section 42-18053.

35 B. IF THE REAL PROPERTY SUBJECT TO THE TAX LIEN IS LOCATED IN A  
36 REDEVELOPMENT PROJECT AREA PURSUANT TO TITLE 36, CHAPTER 12, ARTICLE 3, THE  
37 MUNICIPALITY IN WHICH THE AREA IS LOCATED HAS THE RIGHT TO PURCHASE THE TAX  
38 LIEN BY MATCHING THE BID CONTAINING THE LOWEST RATE OF INTEREST PURSUANT TO  
39 SUBSECTION A OF THIS SECTION AND PAYING THE WHOLE AMOUNT OF DELINQUENT TAXES,  
40 INTEREST, PENALTIES AND CHARGES DUE ON THE PROPERTY. THIS RIGHT IS SUPERIOR  
41 TO THE RIGHT OF ANY OTHER PERSON BIDDING ON THE TAX LIEN. THE MUNICIPALITY  
42 MAY EXERCISE THIS RIGHT BY FILING WITH THE COUNTY TREASURER AN AFFIDAVIT OF  
43 INTENT TO EXERCISE THE RIGHT. THE AFFIDAVIT OF INTENT MUST INCLUDE THE  
44 INFORMATION REQUIRED BY SECTION 42-18106, SUBSECTION B IDENTIFYING THE TAX  
45 LIEN AND DECLARE THE MUNICIPALITY'S INTENTION TO EXERCISE ITS PURCHASE RIGHT.

1 AT LEAST TEN DAYS BEFORE THE DATE OF THE TAX LIEN SALE, THE MUNICIPALITY MUST  
2 POST A CORRECT COPY OF THE AFFIDAVIT AT ITS LOCATION FOR OFFICIAL MUNICIPAL  
3 POSTINGS AND PUBLISH A CORRECT COPY OF THE AFFIDAVIT IN A NEWSPAPER OF  
4 GENERAL CIRCULATION IN THE COUNTY.

5 Sec. 4. Section 42-18121, Arizona Revised Statutes, is amended to  
6 read:

7 42-18121. Payment of subsequent taxes by certificate holder;  
8 fee

9 A. EXCEPT AS PROVIDED BY SUBSECTION B OF THIS SECTION, on or after  
10 June 1, if a person who holds a certificate of purchase desires to pay  
11 subsequent taxes, accrued interest and related fees due on the property, the  
12 person shall exhibit the certificate or receipt of registered certificate to  
13 the county treasurer. The treasurer shall enter the amount of the payment on  
14 the certificate and on the record of tax lien sales.

15 B. IF A MUNICIPALITY HOLDS A CERTIFICATE OF PURCHASE OF PROPERTY IN A  
16 REDEVELOPMENT PROJECT AREA PURSUANT TO SECTION 42-18114, SUBSECTION B, ON OR  
17 AFTER JUNE 1 THE MUNICIPALITY MUST PAY ALL SUBSEQUENT TAXES ON THE PROPERTY  
18 UNTIL THE TAX LIEN IS REDEEMED OR THE RIGHT OF REDEMPTION IS FORECLOSED. THE  
19 AMOUNT OF ALL SUBSEQUENT TAXES, ACCRUED INTEREST AND RELATED FEES PAID ON THE  
20 PROPERTY SHALL BE ADDED TO THE AMOUNT OF THE TAX LIEN HELD BY THE  
21 MUNICIPALITY.

22 ~~B.~~ C. The county treasurer shall collect a fee of five dollars from  
23 the holder of the certificate for making the entries.