



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature  
First Regular Session

## **HB 2835: theme park districts; extension**

**Sponsor: Representative Cobb, LD 5**

**Committee on Appropriations**

### **Overview**

Eliminates caps on population for a city or county to be able to establish a theme park district (district). Expands the definition of theme parks to include sports venues and lodging or accommodation. Removes Indian tribes, nations, communities and bands from eligibility to serve as *site hosts* for theme park districts. Increases the maximum theme park district bond principal amount to \$2,000,000,000. Revises the administrative powers and responsibilities of district Boards of Directors (board). Extends the authority of the board to issue bonds to January 1, 2032.

### **History**

Current law allows for the establishment of a theme park district by a governing body of a city with a population of more than 1,000,000 persons, a county with a population of more than 125,000 but less than 150,000 persons and a city with a population of more than 3,000 persons but less than 5,000 persons that is located entirely within that county ([A.R.S. § 48-6202](#)). *Theme park* is defined as any combination of recreational, entertainment, amusement and cultural venues and parking facilities with a central access designed and built around a particular time, place, story or subject, including consistent presentation of architecture, costuming, merchandise, food, games, rides, and attractions ([A.R.S. § 48-6201](#)).

The district is governed by a board consisting of members appointed to four-year terms by the governing bodies establishing the district, the Speaker of the House and the President of the Senate. District property, activities to maintain and care for the property and monies derived from operating the property are exempt from state and local income taxation and property tax. The board is required to authorize the issuance of bonds, up to \$1,000,000,000 in principal, in order to provide enough money for theme park purposes and meet other financial obligations ([A.R.S. § 48-6272](#)). Bond debt is serviced by a required 9% transaction privilege tax against gross sales or gross income derived from the business ([A.R.S. § 48-6253](#)).

The district is required to own buildings and other improvements it constructs, subject only to liens and other security interests of record ([A.R.S. § 48-6231](#)). The district is permitted to locate any of its facilities on real property leased from a *site host*, defined as a city, county, Indian tribe, nation, community or band ([A.R.S. § 48-6201](#)).

### **Provisions**

1. Removes Indian tribes, nations, communities and bands from the definition of *site host*. (Sec. 1)
2. Modifies the definition of *theme park* to include the following:
  - a) Sports venues; and
  - b) Any buildings and improvements used for overnight lodging or accommodation of theme park patrons and other guests. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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3. Strikes maximum population requirements of cities and county governing bodies that can establish a district to allow a county with a population of more than 125,000 persons and a city with a population of more than 3,000 persons located entirely in that county to establish a District. (Sec. 2)
4. States that property leased by the district is exempt from state and local income and property taxation. (Sec. 2)
5. Stipulates a hotel building located in a district that is less than twenty acres and contains less than 1,000,000 square feet of building or other improvements is not exempt from state and local property taxation. (Sec. 2)
6. Requires a hotel building, at the conclusion of the lease, to be returned to the lessee under the lease with the district and, if subject to a ground lease with a tax-exempt entity, the hotel building and other improvements are subject to state and local property taxation as possessory improvements on government property. (Sec. 2)
7. Permits the board to lease real and personal property and interests in property. (Sec. 3)
8. Directs the board to provide for the *renovation, redevelopment* and *lease* of the properties and interests owned or controlled by the district, in addition to other already established duties. (Sec. 3)
9. Adds entering leases in the interest of the district or to carry out and accomplish statutory requirements to the administrative powers and duties of the board. (Sec. 3)
10. Expands district ownership requirements to include *lease* of buildings and other improvements it constructs. (Sec. 4)
11. Requires the district to own or lease buildings or other improvements it renovates or redevelops. (Sec. 4)
12. Allows the district to construct its facilities on property leased by the district. (Sec. 4).
13. States any real property, buildings or other improvements conveyed or leased to the district will be reconveyed by the district to the lessee under the lease with district on full repayment of the TPT bonds. (Sec. 4)
14. Allows any construction on or for the theme park to include the renovation or redevelopment of existing buildings or improvements. (Sec. 4)
15. Specifies theme park facilities are not limited to new buildings or improvements. (Sec. 4)
16. Permits the district to use alternative systems and procedures, including design-build construction and qualifications-based selection of contractors *or any other system or procedure that the district deems appropriate* to expedite design and construction of its owned or leased facilities or structures. (Sec. 4)
17. Mandates the district to approve all architects, designers, engineers and contractors that are selected by the developer. (Sec. 4)
18. Stipulates that a district can negotiate lease agreements and contracts with parties that will occupy and use the district facilities. (Sec. 5)
19. Requires the district to levy TPT on business activity in the district at *up to a maximum rate* of 9% of the gross proceeds of sales or gross income derived from the business, instead of at a rate of 9%. (Sec. 7)

20. Permits the board to use its discretion in approving differing percentage rates for the tax imposed that may vary by type of tangible personal property sold or by revenue source. (Sec. 7)
21. Prohibits the board from approving a TPT rate that is less than 9% for a theme park if all of the following apply:
  - a) The total amount of bonds sold for the theme park is less than \$300,000,000;
  - b) The theme park is less than 20 acres; and
  - c) The theme park contains less than 1,000,000 square feet of buildings or other improvements. (Sec. 7)
22. States revenue bonds must not exceed an outstanding principal amount of \$2,000,000,000, rather than \$1,000,000,000. (Sec. 8)
23. Extends the authority of the board to issue bonds from January 1, 2021 to January 1, 2032. (Sec. 8)
24. States if a balance remains in the debt service account after payment of all bonds, interest and other charges related to bonds, the board must credit the balance to the *developer*, rather than the district's general fund. (Sec. 9)
25. States that all monies earned as interest or otherwise derived from the investment of monies in the bond proceeds account must be used to pay all bonds, interest and other charges related to bonds. (Sec. 10)
26. Mandates all monies earned as interest or otherwise derived from the investment of the monies in the debt service account to be credited to the district's general fund *and applied to bond debt as it accrues*. (Sec. 11)
27. Extends the delayed conditional repeal of statutes establishing theme park districts to January 1, 2032 if the board fails to issue bonds by that date. (Sec. 12)
28. Makes technical changes. (Secs. 2, 3, 4, 5, 8)
29. Makes conforming changes. (Secs. 2, 3, 4, 6, 7, 11)