



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

FACT SHEET FOR H.B. 2835

theme park districts; extension

Purpose

Extends, to December 31, 2031, the authority of a theme park district board to issue bonds. Expands the definition of *theme park* to include sports venues and increases the maximum theme park district bond principal amount to \$2 billion, from \$1 billion. Modifies the administrative powers and responsibilities of a theme park district board.

Background

Current statute allows the governing bodies of a county with a population between 125,000 persons and 150,000 persons and a city with a population of more than 1,000,000 persons or a city with a population between 3,000 persons and 5,000 persons that is located entirely in the county, to establish a theme park district. The city or cities and the county must establish the geographical boundaries of the district, which include only sites of the theme parks. Any additional sites may be added after the initial establishment ([A.R.S. § 48-6202](#)).

The district is governed by a board consisting of members appointed to four-year terms by the governing bodies establishing the district, the President of the Senate and the Speaker of the House of Representatives. The board must: 1) provide for the acquisition, construction, use and maintenance of the properties and interests owned or controlled by the district; and 2) enter into contracts and other agreements in the interest of the district, including construction contracts and agreements with users of theme parks ([A.R.S. §§ 48-6203](#) and [48-6204](#)).

A theme park district must levy a transaction privilege tax (TPT) on business activity in the district that is subject to TPT. The tax rate must be levied at a rate of nine percent of the gross proceeds of sales or gross income derived from the business ([A.R.S. § 48-6253](#)).

Current statute allows a theme park district board to issue negotiable revenue bonds and prohibits bonds issued by a theme park district from exceeding an outstanding principal amount of \$1 billion, except for refunding bonds and other bonds issued to refund outstanding bonds of the district. The authority of a theme park district board to issue bonds expires if a theme park district board fails to issue any bonds by December 31, 2020.

A theme park district board must authorize any bonds by resolution, which must contain prescribed information, including: 1) revenue sources that are pledged and dedicated to secure the bonds; 2) the rate or rates of interest; and 3) the date or dates of the bonds and maturity, which must be within 30 years after the date of issuance. The bonds may be sold by competitive public sale, through an on-line bidding process or at negotiated sale for public or private offering at the price and on the terms prescribed in the resolution ([A.R.S. §§ 48-6272](#) and [48-6273](#)).

The district must own all buildings and other improvements it constructs, subject only to liens and other security interests of record. The district may construct its facilities on real property owned by the district or leased from a site host, which is a city, county or Indian tribe, nation, community or band. Property acquired or constructed by the district, activities in maintaining and caring for the property and monies derived from operating the property are exempt from state and local income and property taxation ([A.R.S. § 48-6202](#)).

Current statute applies the procurement requirements for public works projects to a theme park district and allows a district to use alternative systems and procedures, including design-build construction and qualifications-based selection of contractors either by direct selection or by public competition, to expedite the design and construction of any of the district's facilities or structures ([A.R.S. § 48-6231](#)).

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

Provisions

Theme Park District Bonds

1. Extends the authority of a theme park district board to issue bonds to December 31, 2031, rather than December 31, 2020.
2. Increases, from \$1 billion to \$2 billion, the maximum theme park district bond principal amount except for refunding bonds and other bonds issued to refund outstanding bonds of the district.
3. Requires all monies earned as interest or otherwise derived from the investment of monies in the bond proceeds account to be used to pay all bonds, interest and other bond related charges, rather than being credited to the district's general fund.
4. Requires monies in the debt service account to be applied to bond debt as it accrues.

Theme Park District Authority

5. Includes sports venues in the definition of *theme park* and specifies that a theme park includes any buildings and improvements used for overnight lodging or accommodation of theme park patrons and other guests.
6. Removes the maximum county population threshold of 150,000 persons for a county that may establish a theme park district with participation from one or more cities.
7. Removes the maximum city population threshold of 5,000 persons for a city with a population of more than 3,000 persons, that may establish a theme park district with the county.

Theme Park District Taxation

8. Caps the TPT levied by a theme park district at up to a maximum rate of nine percent, rather than a set rate of nine percent.

9. Prohibits a theme park district board from approving a tax rate of less than nine percent if:
 - a) the total amount of bonds sold for the theme park is less than \$300 million;
 - b) the theme park is less than 20 acres; and
 - c) the theme park contains less than one million square feet of buildings or other improvements.
10. Exempts a property leased by a theme park district from state and local income and property taxation.
11. Excludes, from the state and local property tax exemption, a hotel building located in a theme park district that is less than 20 acres and contains less than one million square feet of building or other improvements.
12. Requires, at the conclusion of a hotel building lease, the hotel building to be returned to the lessee and subjects the hotel building and other improvements to state and local property taxation as possessory improvements on government property, if the hotel building is subject to a ground lease with a tax exempt entity.
13. Allows a theme park district board to use its discretion in approving differing percentage TPT rates that may vary by type of tangible personal property sold or by revenue source.

Theme Park District Construction and Maintenance

14. Requires a theme park district board to:
 - a) provide for the renovation, redevelopment and lease of the properties and interests owned or controlled by the district; and
 - b) enter into leases in the interest of the district.
15. Allows a theme park district to construct facilities on real property leased by the district.
16. Allows any construction on or for the theme park to include the renovation or redevelopment of existing buildings or improvements and specifies that theme park facilities are not limited to new buildings and improvements.
17. Reverts, to the lessee under the lease with the theme park district, any real property, buildings or other improvements conveyed or leased to the district.
18. Exempts a theme park district from statutory procurement requirements for public works projects.
19. Allows a theme park district to use any system or procedure that the district deems appropriate to expedite the design and construction of its facilities and structures.
20. Requires a theme park district to approve all architects, designers, engineers and contractors selected by the developer.

Miscellaneous

21. Removes an Indian tribe, nation, community or band from the definition of a *site host* and removes the conditions that must have been met if a site host was an Indian tribe, nation, community or band.

FACT SHEET

H.B. 2835

Page 4

22. Extends the conditional delayed repeal of theme park district statutes from January 1, 2021, to January 1, 2032, if a theme park district board fails to issue bonds by that date.

23. Makes technical and conforming changes.

24. Becomes effective on the general effective date.

House Action

APPROP	2/17/21	DP	12-0-0-1
3 rd Read	2/24/21		57-2-1

Prepared by Senate Research

March 22, 2021

MG/gS