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Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

HOUSE BILL 2782

AN ACT

AMENDING SECTION 15-482, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 8, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 1.2; AMENDING SECTION 15-901.02, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.03; AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1032; AMENDING SECTION 43-1121, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1182; MAKING APPROPRIATIONS; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-482, Arizona Revised Statutes, is amended to
3 read:

4 15-482. Special budget override provisions; special programs to
5 improve academic achievement of pupils in
6 kindergarten programs and grades one through three

7 A. An additional budget increase may be requested and authorized as
8 provided in section 15-481, subsections I and J of up to five per cent of the
9 revenue control limit as provided in subsection B of this section if the
10 following conditions are met:

11 1. The school district uses a task force of educators and other
12 persons to develop a special program designed to improve the academic
13 achievement of low achieving pupils in kindergarten programs and grades one
14 through three, with the goal that all pupils capable of doing so will learn
15 the basic skills necessary for fourth grade work by the end of the third
16 grade.

17 2. The amount of the proposed budget increase as provided in
18 subsection B of this section is for use for the special program, **SHALL ONLY**
19 **BE USED FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE** and
20 is to supplement, not supplant, programs for pupils in kindergarten programs
21 and grades one through three which were in existence prior to the budget
22 increase, unless in the fiscal year prior to the fiscal year of the proposed
23 budget increase special programs for pupils in kindergarten programs and
24 grades one through three were in existence and were funded with proceeds from
25 the sale or lease of school property, as provided in section 15-1102.

26 B. The maximum amount of the budget increase requested and authorized
27 shall not exceed the budgeted expenditures of the proposed special program
28 for each fiscal year, not to exceed a total of five per cent of the revenue
29 control limit for each fiscal year. For a unified school district, a common
30 school district not within a high school district or a common school district
31 within a high school district that offers instruction in high school subjects
32 as provided in section 15-447, five per cent of the revenue control limit
33 means five per cent of the revenue control limit attributable to the weighted
34 student count in preschool programs for children with disabilities,
35 kindergarten programs and grades one through eight as provided in section
36 15-971, subsection B.

37 C. For each fiscal year in which a budget increase of up to five per
38 cent of the revenue control limit is authorized as provided in subsection A
39 of this section, the governing board shall:

40 1. Utilize a separate annual special program budget on a form
41 prescribed by the auditor general in conjunction with the department of
42 education. The budget format shall be designed to allow a school district to
43 plan and provide in detail for expenditures to be incurred as a result of the
44 special program.

45 2. Prepare as a part of the school district annual financial report a
46 detailed report of expenditures incurred as a result of the special program,

1 in a format prescribed by the auditor general in conjunction with the
2 department of education, as provided in section 15-904.

3 D. The special program may be designed for any or all of the pupils
4 enrolled in kindergarten programs and grades one through three and may
5 involve efforts to remove barriers to academic achievement as well as efforts
6 to improve instruction or increase the amount of instruction. The special
7 program, at a minimum, shall focus on pupils who, because of innate factors,
8 are not succeeding in the school environment as identified by parents,
9 guardians or school personnel. These pupils may include, but are not limited
10 to, those who do not qualify for special education services, who have
11 measured intelligence quotients of between seventy and eighty-five or who
12 exhibit characteristics of attention deficit disorder or learning patterns
13 attributable to prenatal substance exposure.

14 E. During any fiscal year in which proceeds from the sale or lease of
15 school property are used for the maintenance and operation section of the
16 budget as provided in section 15-1102, a budget increase is in effect as
17 provided in section 15-481, subsection E or F, or a budget increase is in
18 effect as provided in this section, or any combination of these conditions
19 occurs, the total amount of the proceeds and increases which may be expended
20 is equal to fifteen per cent of the revenue control limit for that year as
21 provided in section 15-947, subsection A, provided that the following maximum
22 amount is attributable to any one of the conditions:

23 1. Fifteen per cent of the revenue control limit if using the proceeds
24 from the sale or lease of school property for the maintenance and operation
25 section of the budget as provided in section 15-1102.

26 2. Ten per cent of the revenue control limit if using a budget
27 increase as provided in section 15-481, subsection E or F, or both.

28 3. Five per cent of the revenue control limit if using a budget
29 increase as provided in this section.

30 Sec. 2. Title 15, chapter 8, Arizona Revised Statutes, is amended by
31 adding article 1.2, to read:

32 ARTICLE 1.2. PARENTAL EDUCATIONAL CHOICE GRANTS

33 15-817. Definitions

34 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

35 1. "CUSTODIAN" MEANS A RESIDENT OF THIS STATE WHO IS A PARENT OR THE
36 LEGAL GUARDIAN OF A QUALIFYING PUPIL.

37 2. "GRANT" MEANS A GRANT OF AID MADE UNDER THIS ARTICLE TO A
38 QUALIFYING PUPIL, THROUGH THE QUALIFYING PUPIL'S CUSTODIAN, TO BE USED BY AND
39 FOR THE BENEFIT OF THE PUPIL AS PROVIDED IN THIS ARTICLE.

40 3. "GRANT SCHOOL" MEANS A PRIVATE SCHOOL, WHETHER SECULAR OR
41 SECTARIAN, THAT MAINTAINS ONE OR MORE GRADE LEVELS FROM KINDERGARTEN THROUGH
42 GRADE TWELVE, THAT ELECTS AND IS ENTITLED TO PARTICIPATE IN AND REDEEM GRANTS
43 PURSUANT TO THIS ARTICLE AND THAT IS ACCREDITED BY A NATIONALLY RECOGNIZED
44 ACCREDITING ORGANIZATION THAT HAS AT LEAST TEN YEARS EXPERIENCE ACCREDITING
45 KINDERGARTEN THROUGH GRADE TWELVE PROGRAMS.

1 INCLUSION IN THE PROGRAM FOR THE FOLLOWING SCHOOL YEAR AND SHALL AGREE TO
2 PROCESS PUPIL APPLICATIONS WITHIN FORTY-FIVE DAYS AFTER RECEIVING AN
3 APPLICATION BUT NOT LATER THAN AUGUST 1 OF EACH YEAR.

4 B. A PRIVATE SCHOOL THAT PARTICIPATES IN THE GRANT PROGRAM AND THAT IS
5 ENTITLED TO REDEEM A GRANT FOR A QUALIFYING PUPIL WHO ENROLLS IN THAT GRANT
6 SCHOOL IS NOT REQUIRED TO ACCEPT THE GRANT AS FULL PAYMENT FOR THE
7 EDUCATIONAL AND RELATED SERVICES THAT THE SCHOOL PROVIDES TO THAT QUALIFYING
8 PUPIL AND MAY CHARGE THE QUALIFYING PUPIL AN ADDITIONAL AMOUNT REPRESENTING
9 THE BALANCE OF THE TUITION AND FEES THAT REMAINS PAYABLE AFTER CREDITING THE
10 QUALIFYING PUPIL WITH THE AMOUNT OF THE GRANT RECEIVED BY THE QUALIFYING
11 PUPIL UNDER THIS ARTICLE. A PRIVATE SCHOOL THAT REDEEMS GRANTS UNDER THIS
12 ARTICLE SHALL USE THE GRANT PROCEEDS SOLELY TO PROVIDE EDUCATIONAL GOODS,
13 SERVICES AND FACILITIES FOR ITS QUALIFYING PUPILS AND IS NOT ENTITLED TO
14 RECEIVE, FOR REDEEMING A GRANT, ANY AMOUNT IN EXCESS OF THE TUITION AND FEES
15 CUSTOMARILY CHARGED BY THE SCHOOL TO COVER THE COST OF PROVIDING THOSE
16 EDUCATIONAL GOODS, SERVICES AND FACILITIES.

17 C. EACH GRANT SCHOOL SHALL BY AUGUST 1 OF EACH YEAR, SUBMIT A LIST OF
18 QUALIFYING PUPILS AND THE CONTACT INFORMATION OF EACH CUSTODIAN OF A
19 QUALIFYING PUPIL ACCEPTED INTO THE SCHOOL FOR THAT SCHOOL YEAR TO THE
20 DEPARTMENT.

21 15-817.05. Annual list of grant schools; applications for grant
22 and admission

23 A. ON OR BEFORE DECEMBER 31, 2005 AND EACH DECEMBER 31 THEREAFTER, THE
24 DEPARTMENT SHALL ISSUE A PRESS RELEASE AND SHALL PUBLISH ON ITS WEB SITE A
25 LIST OF ALL GRANT SCHOOLS IN THE STATE THAT WILL REDEEM GRANTS UNDER THIS
26 ARTICLE FOR THE SCHOOL YEAR THAT BEGINS IN THAT CALENDAR YEAR. EACH SCHOOL
27 ON THE LIST SHALL BE IDENTIFIED BY AT LEAST CONTACT INFORMATION AND BY THE
28 GRADE LEVEL OR LEVELS FOR WHICH THE SCHOOL WILL REDEEM GRANTS FOR THAT SCHOOL
29 YEAR.

30 B. A CUSTODIAN WHO WISHES TO ENROLL A QUALIFYING PUPIL IN A GRANT
31 SCHOOL SHALL COMPLETE AND SUBMIT AN APPLICATION FOR A GRANT THROUGH THE
32 DEPARTMENT BEGINNING JANUARY 1 OF THE CALENDAR YEAR FOR THE NEXT SCHOOL YEAR.
33 THE FORM OF APPLICATION FOR A GRANT SHALL BE DEVELOPED BY THE DEPARTMENT AND
34 SHALL BE PUBLISHED ON ITS WEB SITE IN A FORMAT THAT MAY BE DOWNLOADED BY
35 PUPILS OR CUSTODIANS OF PUPILS WHO REQUEST THE FORM. THE GRANT FORM SHALL
36 PROVIDE FOR IDENTIFICATION OF A QUALIFYING PUPIL BY AT LEAST THE PUPIL'S
37 NAME, DATE OF BIRTH, ADDRESS, SCHOOL DISTRICT OF RESIDENCE, SCHOOL AND GRADE
38 OF CURRENT ENROLLMENT AND GRADE OF SCHOOL IN WHICH THE GRANT APPLIED FOR IS
39 TO BE EFFECTIVE.

40 C. THE DEPARTMENT SHALL:

41 1. ENSURE THE ELIGIBILITY OF THE PUPIL FOR A GRANT. IF THE DEPARTMENT
42 DETERMINES THE PUPIL IS NOT ELIGIBLE FOR A GRANT PURSUANT TO THIS ARTICLE,
43 THE DEPARTMENT SHALL NOT ISSUE A GRANT TO THE CUSTODIAN OR THE PUPIL.

44 2. ISSUE GRANTS ON A FIRST COME, FIRST SERVED BASIS. IF THE
45 DEPARTMENT OF EDUCATION DETERMINES THAT THERE ARE MORE QUALIFYING PUPILS THAN

1 GRANTS AVAILABLE, THE DEPARTMENT OF EDUCATION SHALL ESTABLISH A WAITING LIST
2 OF QUALIFYING PUPILS.

3 3. ISSUE A TOTAL OF ONE THOUSAND FIVE HUNDRED GRANTS FOR EACH GRADE
4 LEVEL INCLUDED IN THE PARENTAL EDUCATIONAL CHOICE GRANT PROGRAM. PUPILS WHO
5 RECEIVED A GRANT IN THE PREVIOUS SCHOOL YEAR SHALL CONTINUE TO BE PROVIDED A
6 GRANT IF THEY MEET THE REQUIREMENTS PURSUANT TO SECTION 15-817.03,
7 SUBSECTION B.

8 D. A CUSTODIAN WHO WISHES TO ENROLL A QUALIFYING PUPIL IN A GRANT
9 SCHOOL FOR ANY SCHOOL YEAR ON A GRANT THAT IS TO BE ISSUED UNDER THIS ARTICLE
10 SHALL COMPLETE AND SUBMIT, NOT LATER THAN JUNE 15 OF THE CALENDAR YEAR IN
11 WHICH THE SCHOOL YEAR THAT THE GRANT IS TO BE EFFECTIVE BEGINS, AN
12 APPLICATION TO THE GRANT SCHOOL ON A FORM PROVIDED BY THE SCHOOL.

13 E. NOTWITHSTANDING ANY OTHER LAW, THE DEPARTMENT SHALL REDUCE THE
14 AVERAGE DAILY MEMBERSHIP OF THE PUBLIC SCHOOL FOR EACH QUALIFYING PUPIL WHO
15 RECEIVES A GRANT PURSUANT TO THIS ARTICLE IF THE PUPIL WAS COUNTED BY THE
16 SCHOOL DISTRICT FOR FUNDING PURPOSES.

17 15-817.06. Grant value

18 A. A GRANT ISSUED UNDER THIS ARTICLE FOR THE BENEFIT OF A QUALIFYING
19 PUPIL IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH TWELVE SHALL HAVE A
20 VALUE EQUAL TO THREE THOUSAND FIVE HUNDRED DOLLARS OR THE TOTAL AMOUNT OF
21 TUITION AND FEES CHARGED BY THE SCHOOL, WHICHEVER IS LESS.

22 B. GRANTS SHALL BE DISTRIBUTED BY THE DEPARTMENT FROM MONIES RECEIVED
23 FOR THIS PURPOSE.

24 15-817.07. Distribution of grant monies; transfer from grant
25 school

26 A. THE MONIES TO PAY A GRANT THAT IS ISSUED FOR THE BENEFIT OF A
27 QUALIFYING PUPIL AND THAT IS TO BE EFFECTIVE DURING THE SCHOOL YEAR WITH
28 RESPECT TO WHICH THOSE MONIES ARE PAID SHALL BE DISTRIBUTED BY THE DEPARTMENT
29 IMMEDIATELY ON RECEIPT OF PROOF OF THE PUPIL'S ENROLLMENT IN THE GRANT SCHOOL
30 DURING A SCHOOL YEAR AND IN THE FORM OF A GRANT TO THE CUSTODIAN. THE
31 CUSTODIAN SHALL RESTRICTIVELY ENDORSE THE GRANT FOR THE USE OF THE GRANT
32 SCHOOL AND SURRENDER THE GRANT TO THE GRANT SCHOOL. THE GRANT SCHOOL SHALL
33 IMMEDIATELY CREDIT THE ACCOUNT OF THE CUSTODIAN OF THE QUALIFYING PUPIL AND
34 APPLY THE GRANT FOR THE BENEFIT OF THE QUALIFYING PUPIL IN PAYMENT OF THE
35 TUITION AND FEES DUE FROM, OR THE COSTS OF PROVIDING EDUCATIONAL AND RELATED
36 SERVICES TO, THAT PUPIL.

37 B. THE DEPARTMENT SHALL MAKE MONTHLY PAYMENTS TO A GRANT SCHOOL BASED
38 ON THE NUMBER OF QUALIFYING PUPILS LISTED PURSUANT TO SECTION 15-817.04,
39 SUBSECTION C.

40 C. IF A PUPIL TRANSFERS OUT OF A GRANT SCHOOL, THE PUPIL'S GUARDIAN
41 SHALL IMMEDIATELY NOTIFY THE DEPARTMENT AND THE DEPARTMENT SHALL SUSPEND
42 PAYMENTS PURSUANT TO SUBSECTION B, OF THIS SECTION.

43 D. IF A PUPIL TRANSFERS OUT OF A GRANT SCHOOL TO ANOTHER GRANT SCHOOL,
44 THE PUPIL'S GUARDIAN SHALL IMMEDIATELY NOTIFY THE DEPARTMENT AND THE
45 DEPARTMENT SHALL BEGIN MAKING PAYMENTS TO THE QUALIFIED GRANT SCHOOL WHERE
46 THE PUPIL IS NOW ENROLLED.

1 E. IF A CUSTODIAN OF A PUPIL FAILS TO NOTIFY THE DEPARTMENT PURSUANT
2 TO SUBSECTION C OR D OF THIS SECTION WITHIN THIRTY DAYS OF THE PUPIL'S
3 TRANSFER, THE CUSTODIAN SHALL BE RESPONSIBLE TO REIMBURSE THE DEPARTMENT FOR
4 ANY AMOUNTS PAID TO THE GRANT SCHOOL FOR THE TRANSFERRED PUPIL.

5 15-817.08. Parental educational choice grant fund

6 A. THE PARENTAL EDUCATIONAL CHOICE GRANT FUND IS ESTABLISHED. THE
7 DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND SHALL BE USED FOR
8 PARENTAL EDUCATIONAL CHOICE GRANTS PURSUANT TO THIS ARTICLE. MONIES IN THE
9 FUND SHALL BE DERIVED FROM LEGISLATIVE APPROPRIATIONS AND TRANSFERS PURSUANT
10 TO SECTION 43-1182.

11 B. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190
12 RELATING TO LAPSING OF APPROPRIATIONS.

13 C. THE DEPARTMENT MAY USE UP TO ONE PER CENT OF THE ANNUAL LEGISLATIVE
14 APPROPRIATION FOR PAYMENT OF THE COSTS AND EXPENSES THAT ARE INCURRED BY THE
15 DEPARTMENT IN PERFORMING THE DUTIES AND RESPONSIBILITIES UNDER THIS ARTICLE.

16 15-817.09. Violations; classification

17 A PERSON WHO DOES ANY OF THE FOLLOWING IS GUILTY OF A CLASS 6 FELONY:

18 1. USES OR ATTEMPTS TO USE A GRANT OR CERTIFICATE OF GRANT FOR ANY
19 PURPOSE OTHER THAN THOSE PERMITTED BY THIS ARTICLE.

20 2. WITH INTENT TO DEFRAUD, KNOWINGLY FORGES, ALTERS OR MISREPRESENTS
21 INFORMATION ON A GRANT OR CERTIFICATE OF GRANT OR ON ANY DOCUMENTS SUBMITTED
22 IN APPLICATION FOR A GRANT.

23 3. ISSUES OR DELIVERS ANY GRANT, CERTIFICATE OF GRANT OR OTHER GRANT
24 RELATED DOCUMENT KNOWING IT HAS BEEN FORGED, ALTERED OR BASED ON
25 MISREPRESENTATION.

26 4. POSSESSES, WITH INTENT TO ISSUE OR DELIVER, ANY GRANT, CERTIFICATE
27 OF GRANT OR OTHER GRANT RELATED DOCUMENT KNOWING IT HAS BEEN FORGED, ALTERED
28 OR BASED ON MISREPRESENTATION.

29 15-817.10. Limitation on regulation of private schools

30 A. IN ANY LEGAL PROCEEDING CHALLENGING THE APPLICATION OF THIS ARTICLE
31 TO A PRIVATE SCHOOL, THIS STATE BEARS THE BURDEN OF ESTABLISHING THAT THE LAW
32 IS NECESSARY AND DOES NOT IMPOSE ANY UNDUE BURDEN ON PRIVATE SCHOOLS.

33 B. A PRIVATE SCHOOL SHALL NOT BE REQUIRED TO ALTER ITS CREED,
34 PRACTICES OR CURRICULUM IN ORDER TO REDEEM GRANTS ISSUED PURSUANT TO THIS
35 ARTICLE OR IN ORDER TO PARTICIPATE AS A GRANT SCHOOL.

36 Sec. 3. Section 15-901.02, Arizona Revised Statutes, is amended to
37 read:

38 15-901.02. Full-day kindergarten instruction; study committee;
39 full-day kindergarten fund

40 A. A school or charter school that is provided and accepts monies
41 pursuant to this section for full-day kindergarten shall offer full-day
42 kindergarten instruction to all pupils who meet the enrollment requirements
43 for kindergarten programs. EACH SCHOOL THAT OFFERS FULL-DAY KINDERGARTEN
44 SHALL OFFER HALF-DAY KINDERGARTEN INSTRUCTION THAT PROVIDES ACADEMICALLY
45 MEANINGFUL INSTRUCTION IN EACH OF THE ACADEMIC STANDARDS ADOPTED FOR
46 KINDERGARTEN BY THE STATE BOARD OF EDUCATION. Parents of pupils who meet the

1 enrollment requirements for voluntary kindergarten programs in a school or
2 charter school that is required to provide full-day kindergarten instruction
3 shall choose either half-day kindergarten instruction or full-day
4 kindergarten instruction.

5 B. The legislature shall develop a plan, including capital monies,
6 ~~considering recommendations of the joint legislative study committee on~~
7 ~~full day kindergarten established in subsection D of this section,~~ to provide
8 statewide full-day kindergarten instruction by fiscal year 2009-2010.
9 ~~Schools and charter schools that are provided full day kindergarten funding~~
10 ~~pursuant to this subsection and subsection C of this section shall~~
11 ~~continuously be provided full-day kindergarten funding throughout the~~
12 ~~statewide implementation of the full-day kindergarten plan adopted by the~~
13 ~~legislature.~~

14 C. FUNDING FOR FULL-DAY KINDERGARTEN SHALL BE SUBJECT TO ANNUAL
15 APPROPRIATION. EACH ANNUAL APPROPRIATION SHALL SPECIFY THE ELIGIBILITY
16 REQUIREMENTS BASED ON THE PERCENTAGE OF PUPILS WHO MEET THE ELIGIBILITY
17 REQUIREMENTS PRESCRIBED IN THIS SUBSECTION. ~~Funding for full-day~~
18 ~~kindergarten shall be provided for fiscal year 2004-2005 to schools or~~
19 ~~charter schools with a student count in which at least ninety per cent of the~~
20 ~~pupils meet the economic eligibility requirements established under the~~
21 ~~national school lunch and child nutrition acts (42 United States Code~~
22 ~~sections 1751 through 1785).~~ THE AUDITOR GENERAL SHALL RANDOMLY SELECT AT
23 LEAST FIVE BUT NO MORE THAN TEN SCHOOLS THAT RECEIVE FULL-DAY KINDERGARTEN
24 MONIES PURSUANT TO THIS SECTION FOR ELIGIBILITY VERIFICATION FOR THE NATIONAL
25 SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751
26 THROUGH 1785). THE SAMPLE SHALL INCLUDE BOTH RURAL AND URBAN SCHOOLS. THE
27 SCHOOL SHALL COOPERATE WITH THE AUDITOR GENERAL IN OBTAINING ALL NECESSARY
28 DOCUMENTATION IN ACCORDANCE WITH ALL APPLICABLE FEDERAL GUIDELINES. The
29 school district or charter school shall receive monies for full-day
30 kindergarten pursuant to this section for each pupil who attends kindergarten
31 instruction.

32 ~~D. The joint legislative study committee on full day kindergarten is~~
33 ~~established and shall consist of three members of the house of~~
34 ~~representatives appointed by the speaker of the house of representatives, no~~
35 ~~more than two shall be from the same political party, three members of the~~
36 ~~senate appointed by the president of the senate, no more than two shall be~~
37 ~~from the same political party and three members appointed by the governor who~~
38 ~~represent school districts or charter schools that offer kindergarten~~
39 ~~programs. The joint legislative study committee shall forward preliminary~~
40 ~~recommendations by December 1, 2004 to the speaker of the house of~~
41 ~~representatives, the president of the senate and the governor for full-day~~
42 ~~kindergarten implementation. The joint legislative study committee shall~~
43 ~~consider funding for each year of implementation, capital accommodations and~~
44 ~~program implementation issues such as professional development and diagnostic~~
45 ~~assessment.~~

1 ~~E.~~ D. The full-day kindergarten fund is established consisting of
2 monies appropriated to the department of education for this purpose. The
3 department of education shall administer the fund. If there are insufficient
4 monies available in the fund to provide full funding pursuant to this
5 section, the department of education shall prorate the amount per pupil
6 distributed to each school district and charter school that is eligible to
7 receive monies from the fund. The amount budgeted by the school district or
8 charter school pursuant to this section shall not be included in the
9 allowable budget balance carryforward calculated pursuant to section
10 15-943.01. The full-day kindergarten fund terminates on July 1, 2009, and
11 any unencumbered monies remaining in the fund on that date shall be
12 transferred to the state general fund.

13 ~~F.~~ E. Monies in the full-day kindergarten fund are continuously
14 appropriated and are exempt from the provisions of section 35-190 relating to
15 lapsing of appropriations, and the allocation to each charter school and
16 school district for a fiscal year shall equal the per pupil amount
17 established in this section for the fiscal year multiplied by the weighted
18 student count for the school district or charter school for the fiscal year
19 pursuant to section 15-943, paragraph 2, subdivision (a). For the purposes
20 of this subsection, the weighted student count for a school district that
21 serves as the district of attendance for nonresident pupils shall be
22 increased to include nonresident pupils who attend school in the school
23 district.

24 ~~G.~~ F. Monies distributed from the full-day kindergarten fund shall be
25 spent only for full-day kindergarten instruction.

26 ~~H.~~ G. School districts and charter schools that receive monies from
27 the full-day kindergarten fund shall submit a report to the superintendent of
28 public instruction on a per school basis that provides an accounting of the
29 expenditures of monies distributed from the fund during the school year, a
30 description of any professional development required under this section,
31 class size and any district class size policies, data collected from state or
32 district assessments of kindergarten pupils in both full-day and half-day
33 programs, the number of pupils, the number of pupils not served and the
34 reasons those pupils were not served and other information determined by the
35 department of education and the office of the auditor general. The
36 department of education in conjunction with the auditor general shall
37 prescribe the format and due date of the report required under this
38 subsection.

39 ~~I.~~ H. School districts and charter schools that receive monies from
40 the full-day kindergarten fund shall receive these monies monthly in an
41 amount not to exceed one-twelfth of the monies estimated pursuant to
42 subsection C of this section, except that if there are insufficient monies in
43 the fund that month to make payments, the distribution for that month shall
44 be prorated for each school district or charter school. The department of
45 education may make an additional payment in the current month for any prior
46 month or months in which school districts or charter schools received a

1 prorated payment if there are sufficient monies in the fund that month for
2 the additional payments. The state is not required to make payments to a
3 school district or charter school full-day kindergarten fund if the monies in
4 the state full-day kindergarten fund are insufficient to meet the estimated
5 allocations to school districts and charter schools pursuant to subsection C
6 of this section.

7 ~~I.~~ I. The Arizona state schools for the deaf and the blind shall
8 receive monies from the full-day kindergarten fund in the same manner as
9 school districts and charter schools. The Arizona state schools for the deaf
10 and the blind are subject to this section in the same manner as school
11 districts and charter schools.

12 ~~K.~~ J. Each school district and charter school shall establish a local
13 level full-day kindergarten fund to receive allocations from the state level
14 full-day kindergarten fund. The local level full-day kindergarten fund shall
15 be a budgetary controlled account. Interest charges for any registered
16 warrants for the local level full-day kindergarten fund shall be a charge
17 against the local level full-day kindergarten fund. Interest earned on
18 monies in the local level full-day kindergarten fund shall be added to the
19 local level full-day kindergarten fund. This state shall not be required to
20 make payments to a school district or charter school local level full-day
21 kindergarten fund that are in addition to monies appropriated to the state
22 level full-day kindergarten fund.

23 ~~L.~~ K. If the state board of education, the department of education,
24 the auditor general or the attorney general determines that a school district
25 is substantially and deliberately not in compliance with this title, and if
26 the school district has failed to correct the deficiency within ninety days
27 after receiving notice from the department of education, the state board of
28 education may direct the superintendent of public instruction, pursuant to
29 state board of education rules, to withhold the monies the school district
30 would otherwise be entitled to receive from the full-day kindergarten fund
31 from the date of the determination of noncompliance until the department of
32 education determines that the school district is in compliance with this
33 title.

34 ~~M.~~ L. If the sponsor of the charter school determines at a public
35 meeting that the charter school is not in compliance with federal law, with
36 the laws of this state or with its charter, the sponsor of a charter school
37 shall notify the department of education to withhold the monies that the
38 charter school would otherwise be entitled to receive from the full-day
39 kindergarten fund. The sponsor shall provide written notice to the charter
40 school at least seventy-two hours before the meeting and shall allow the
41 charter school to respond to the allegations of noncompliance at the meeting
42 before the sponsor makes a final determination to notify the department of
43 education of noncompliance. When the sponsor determines that the charter
44 school is in compliance, the department of education shall restore the amount
45 of monies that the charter school is entitled to receive from the full-day
46 kindergarten fund.

1 ~~N.~~ M. Schools are not required to offer full-day kindergarten
2 instruction to qualifying students if there is insufficient classroom space.
3 Schools shall not accept monies from the full-day kindergarten fund if space
4 limitations result in class sizes that exceed the average class size of the
5 district or charter school.

6 ~~O.~~ N. All schools that accept monies from the full-day kindergarten
7 fund shall provide professional development that is directly related to the
8 delivery of kindergarten standards in a full-day program. Any school that
9 has not yet undergone professional development for implementation of the
10 delivery of a research-based reading curriculum as prescribed in section
11 15-704 may not receive money from the full-day kindergarten fund until this
12 training has been received by the kindergarten instructors on staff.

13 ~~P.~~ O. For any school district that funds voluntary full-day
14 kindergarten instruction with monies from a desegregation levy or a special
15 budget override pursuant to section 15-482 and that qualifies for monies from
16 the full-day kindergarten fund and if the desegregation monies or special
17 budget override monies are used ~~solely~~ to provide full-day kindergarten
18 instruction, the governing board shall hold a public meeting to determine the
19 reallocation of those monies to other programs or whether those monies shall
20 be used to reduce the school district's primary or secondary property tax
21 levy, or both.

22 P. THE DEPARTMENT OF EDUCATION SHALL CONDUCT A COMPREHENSIVE REVIEW OF
23 THE EXISTING RESEARCH ON FULL-DAY KINDERGARTEN INSTRUCTION, INCLUDING
24 ACADEMIC LITERATURE, ACADEMIC STUDIES AND RESEARCH AND REVIEWS CONDUCTED BY
25 PUBLIC AND PRIVATE INSTITUTIONS ON FULL-DAY KINDERGARTEN INSTRUCTION. THE
26 DEPARTMENT SHALL CONSIDER RESEARCH THAT PROVIDES SUPPORT FOR FULL-DAY
27 KINDERGARTEN AND RESEARCH THAT DOES NOT PROVIDE SUPPORT FOR FULL-DAY
28 KINDERGARTEN. THE REVIEW CONDUCTED BY THE DEPARTMENT OF EDUCATION SHALL
29 EMPHASIZE LONGITUDINAL STUDIES THAT ASSESS THE LONG-TERM ACADEMIC IMPACT OF
30 FULL-DAY KINDERGARTEN INSTRUCTION. THE DEPARTMENT SHALL SUBMIT A REPORT THAT
31 SUMMARIZES THE DEPARTMENT'S FINDINGS AND CONCLUSIONS TO THE GOVERNOR, THE
32 PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE
33 JOINT LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE DECEMBER 1, 2005. THE
34 DEPARTMENT SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND
35 THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

36 Q. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, THE LEGISLATURE SHALL
37 NOT CONSIDER THE APPROPRIATION OF ANY ADDITIONAL STATE MONIES FOR FULL-DAY
38 KINDERGARTEN INSTRUCTION AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS
39 SECTION UNTIL AFTER THE JOINT LEGISLATIVE BUDGET COMMITTEE HAS REVIEWED THE
40 STUDY PRESCRIBED IN SUBSECTION P OF THIS SECTION.

41 R. STATE MONIES FOR FULL-DAY KINDERGARTEN INSTRUCTION SHALL NOT BE
42 PROVIDED FOR ANY PUPIL WHO IS NOT AT LEAST FIVE YEARS OF AGE BEFORE SEPTEMBER
43 1 OF THE SCHOOL YEAR IN WHICH THE PUPIL IS ENROLLED.

1 Sec. 4. Title 15, chapter 9, article 1, Arizona Revised Statutes, is
2 amended by adding section 15-901.03, to read:

3 15-901.03. Fund transfers; review

4 NOTWITHSTANDING SECTION 35-173, SUBSECTION C, ANY TRANSFER TO OR FROM
5 THE AMOUNT APPROPRIATED FOR BASIC STATE AID ENTITLEMENT, ADDITIONAL STATE AID
6 TO SCHOOLS, CERTIFICATES OF EDUCATIONAL CONVENIENCE OR THE SPECIAL EDUCATION
7 FUND LINE ITEMS SHALL REQUIRE REVIEW BY THE JOINT LEGISLATIVE BUDGET
8 COMMITTEE.

9 Sec. 5. Section 43-222, Arizona Revised Statutes, is amended to read:

10 43-222. Income tax credit review schedule

11 Each year the joint legislative income tax credit review committee
12 shall review the following income tax credits:

13 1. In 2004, sections 43-1081.01, 43-1083, 43-1084 and 43-1170.01.

14 2. In 2005, sections 43-1087, 43-1088 and 43-1175.

15 3. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02,
16 43-1090, 43-1176 and 43-1181.

17 4. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165,
18 43-1166, 43-1167 and 43-1169.

19 5. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and
20 43-1178.

21 6. In 2009, sections 43-1076 and 43-1162.

22 7. IN 2010, SECTION 43-1182.

23 Sec. 6. Title 43, chapter 10, article 3, Arizona Revised Statutes, is
24 amended by adding section 43-1032, to read:

25 43-1032. Parental educational choice grants not taxable income

26 PARENTAL EDUCATIONAL CHOICE GRANTS AWARDED PURSUANT TO TITLE 15,
27 CHAPTER 8, ARTICLE 1.2 SHALL NOT BE CONSIDERED TAXABLE INCOME OF THE
28 CUSTODIAN OF THE CHILD OR THE CHILD WHO RECEIVES THE PARENTAL EDUCATIONAL
29 CHOICE GRANT.

30 Sec. 7. Section 43-1121, Arizona Revised Statutes, is amended to read:

31 43-1121. Additions to Arizona gross income: corporations

32 In computing Arizona taxable income for a corporation, the following
33 amounts shall be added to Arizona gross income:

34 1. The amounts computed pursuant to section 43-1021, paragraphs 3
35 through 9, 12, 26 and 27.

36 2. The amount of dividend income received from corporations and
37 allowed as a deduction pursuant to sections 243, 244 and 245 of the internal
38 revenue code.

39 3. Taxes which are based on income paid to states, local governments
40 or foreign governments and which were deducted in computing federal taxable
41 income.

42 4. Expenses and interest relating to tax-exempt income on indebtedness
43 incurred or continued to purchase or carry obligations the interest on which
44 is wholly exempt from the tax imposed by this title. Financial institutions,
45 as defined in section 6-101, shall be governed by section 43-961,
46 paragraph 2.

1 5. Commissions, rentals and other amounts paid or accrued to a
2 domestic international sales corporation controlled by the payor corporation
3 if the domestic international sales corporation is not required to report its
4 taxable income to this state because its income is not derived from or
5 attributable to sources within this state. If the domestic international
6 sales corporation is subject to article 4 of this chapter, the department
7 shall prescribe by rule the method of determining the portion of the
8 commissions, rentals and other amounts which are paid or accrued to the
9 controlled domestic international sales corporation and which shall be
10 deducted by the payor. "Control" for purposes of this paragraph means direct
11 or indirect ownership or control of fifty per cent or more of the voting
12 stock of the domestic international sales corporation by the payor
13 corporation.

14 6. Federal income tax refunds received during the taxable year to the
15 extent they were deducted in arriving at Arizona taxable income in a previous
16 year.

17 7. The amount of net operating loss taken pursuant to section 172 of
18 the internal revenue code.

19 8. The amount of exploration expenses determined pursuant to section
20 617 of the internal revenue code to the extent that they exceed seventy-five
21 thousand dollars and to the extent that the election is made to defer those
22 expenses not in excess of seventy-five thousand dollars.

23 9. Amortization of costs incurred to install pollution control devices
24 and deducted pursuant to the internal revenue code or the amount of deduction
25 for depreciation taken pursuant to the internal revenue code on pollution
26 control devices for which an election is made pursuant to section 43-1129.

27 10. The amount of depreciation or amortization of costs of child care
28 facilities deducted pursuant to section 167 or 188 of the internal revenue
29 code for which an election is made to amortize pursuant to section 43-1130.

30 11. Arizona state income tax refunds received, to the extent the amount
31 of the refunds is not already included in Arizona gross income, if a tax
32 benefit was derived by deduction of this amount in a prior year.

33 12. The amount paid as taxes on property in this state by a qualified
34 defense contractor with respect to which a credit is claimed under section
35 43-1166.

36 13. The loss of an insurance company that is exempt under section
37 43-1201 to the extent that it is included in computing Arizona gross income
38 on a consolidated return pursuant to section 43-947.

39 14. The amount by which the depreciation or amortization computed under
40 the internal revenue code with respect to property for which a credit was
41 taken under section 43-1169 exceeds the amount of depreciation or
42 amortization computed pursuant to the internal revenue code on the Arizona
43 adjusted basis of the property.

44 15. The amount by which the adjusted basis computed under the internal
45 revenue code with respect to property for which a credit was claimed under
46 section 43-1169 and which is sold or otherwise disposed of during the taxable

1 year exceeds the adjusted basis of the property computed under section
2 43-1169.

3 16. The amount by which the depreciation or amortization computed under
4 the internal revenue code with respect to property for which a credit was
5 taken under either section 43-1170 or 43-1170.01 exceeds the amount of
6 depreciation or amortization computed pursuant to the internal revenue code
7 on the Arizona adjusted basis of the property.

8 17. The amount by which the adjusted basis computed under the internal
9 revenue code with respect to property for which a credit was claimed under
10 either section 43-1170 or 43-1170.01 and which is sold or otherwise disposed
11 of during the taxable year exceeds the adjusted basis of the property
12 computed under section 43-1170 or 43-1170.01, as applicable.

13 18. The deduction referred to in section 1341(a)(4) of the internal
14 revenue code for restoration of a substantial amount held under a claim of
15 right.

16 19. The amount by which a capital loss carryover allowable pursuant to
17 section 1341(b)(5) of the internal revenue code exceeds the capital loss
18 carryover allowable pursuant to section 43-1130.01, subsection F.

19 20. Any amount deducted in computing Arizona taxable income as expenses
20 for installing solar stub outs or electric vehicle recharge outlets in this
21 state with respect to which a credit is claimed pursuant to section 43-1176.

22 21. Any wage expenses deducted pursuant to the internal revenue code
23 for which a credit is claimed under section 43-1175 and representing net
24 increases in qualified employment positions for employment of temporary
25 assistance for needy families recipients.

26 22. Any amount of expenses that were deducted pursuant to the internal
27 revenue code and for which a credit is claimed under section 43-1178.

28 23. Any amount deducted for conveying ownership or development rights
29 of property to an agricultural preservation district under section 48-5702
30 for which a credit is claimed under section 43-1180.

31 24. The amount of any deduction that is claimed in computing Arizona
32 gross income and that represents a donation of a school site for which a
33 credit is claimed under section 43-1181.

34 25. ANY AMOUNT DEDUCTED PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE
35 CODE REPRESENTING CONTRIBUTIONS TO A SCHOOL TUITION ORGANIZATION FOR WHICH A
36 CREDIT IS CLAIMED UNDER SECTION 43-1182.

37 Sec. 8. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
38 amended by adding section 43-1182, to read:

39 43-1182. Credit for contributions to school tuition
40 organization; definitions

41 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005, A
42 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR THE AMOUNT OF
43 VOLUNTARY CASH CONTRIBUTIONS MADE BY THE TAXPAYER DURING THE TAXABLE YEAR TO
44 A SCHOOL TUITION ORGANIZATION.

45 B. THE AMOUNT OF THE CREDIT IS:

1 1. IF THE TOTAL AMOUNT OF THE TAXPAYER'S CONTRIBUTIONS FOR THE TAXABLE
2 YEAR UNDER SUBSECTION A OF THIS SECTION IS LESS THAN TEN THOUSAND DOLLARS,
3 THE AMOUNT OF THE CONTRIBUTION.
4 2. IF THE TOTAL AMOUNT OF THE TAXPAYER'S CONTRIBUTIONS FOR THE TAXABLE
5 YEAR UNDER SUBSECTION A OF THIS SECTION IS TEN THOUSAND DOLLARS OR MORE, AN
6 AMOUNT THAT IS PREAPPROVED BY THE DEPARTMENT. FOR THE PURPOSES OF THIS
7 PARAGRAPH ONLY, THE DEPARTMENT:
8 (a) SHALL NOT ALLOW TAX CREDITS FOR CONTRIBUTIONS MADE IN ANY CALENDAR
9 YEAR THAT EXCEED:
10 (i) TEN MILLION DOLLARS FOR 2006.
11 (ii) FIFTEEN MILLION DOLLARS FOR 2007.
12 (iii) TWENTY MILLION DOLLARS FOR 2008.
13 (iv) TWENTY-FIVE MILLION DOLLARS FOR 2009.
14 (v) THIRTY MILLION DOLLARS FOR 2010.
15 (vi) THIRTY-FIVE MILLION DOLLARS FOR 2011.
16 (vii) FORTY MILLION DOLLARS FOR 2012.
17 (viii) FORTY-FIVE MILLION DOLLARS FOR 2013.
18 (ix) FIFTY MILLION DOLLARS FOR 2014.
19 (x) FROM AND AFTER DECEMBER 31, 2014, FIFTY-FIVE MILLION DOLLARS.
20 (b) SHALL PREAPPROVE TAX CREDITS SUBJECT TO SUBSECTION C OF THIS
21 SECTION.
22 (c) SHALL ALLOW THE TAX CREDITS ON A FIRST COME, FIRST SERVED BASIS.
23 C. ONLY FOR THE PURPOSES OF SUBSECTION B, PARAGRAPH 2, SUBDIVISION (b)
24 OF THIS SECTION, BEFORE MAKING A CONTRIBUTION TO A STUDENT TUITION
25 ORGANIZATION, THE TAXPAYER SHALL NOTIFY THE STUDENT TUITION ORGANIZATION OF
26 THE TOTAL AMOUNT OF CONTRIBUTIONS THAT THE TAXPAYER INTENDS TO MAKE TO THE
27 STUDENT TUITION ORGANIZATION. BEFORE ACCEPTING THE CONTRIBUTION, THE STUDENT
28 TUITION ORGANIZATION SHALL REQUEST PREAPPROVAL FROM THE DEPARTMENT FOR THE
29 TAXPAYER'S INTENDED CONTRIBUTION AMOUNT. THE DEPARTMENT SHALL PREAPPROVE OR
30 DENY THE REQUESTED AMOUNT WITHIN TWENTY DAYS AFTER RECEIVING THE REQUEST FROM
31 THE STUDENT TUITION ORGANIZATION. IF THE DEPARTMENT PREAPPROVES THE REQUEST,
32 THE STUDENT TUITION ORGANIZATION SHALL IMMEDIATELY NOTIFY THE TAXPAYER THAT
33 THE REQUESTED AMOUNT WAS PREAPPROVED BY THE DEPARTMENT. IN ORDER TO RECEIVE
34 A TAX CREDIT UNDER THIS SUBSECTION, THE TAXPAYER SHALL MAKE THE CONTRIBUTION
35 TO THE STUDENT TUITION ORGANIZATION WITHIN TEN DAYS AFTER RECEIVING NOTICE
36 FROM THE STUDENT TUITION ORGANIZATION THAT THE REQUESTED AMOUNT WAS
37 PREAPPROVED. IF THE STUDENT TUITION ORGANIZATION DOES NOT RECEIVE THE
38 PREAPPROVED CONTRIBUTION FROM THE TAXPAYER WITHIN THE REQUIRED TEN DAYS, THE
39 STUDENT TUITION ORGANIZATION SHALL IMMEDIATELY NOTIFY THE DEPARTMENT AND THE
40 DEPARTMENT SHALL NO LONGER INCLUDE THIS PREAPPROVED CONTRIBUTION AMOUNT WHEN
41 CALCULATING THE LIMITS PRESCRIBED IN SUBSECTION B, PARAGRAPH 2 OF THIS
42 SECTION.
43 D. IF THE ALLOWABLE TAX CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER
44 THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
45 TITLE, THE TAXPAYER MAY CARRY THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE

1 TAXES UNDER THIS TITLE FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE
2 YEARS' INCOME TAX LIABILITY.

3 E. THE CREDIT ALLOWED BY THIS SECTION IS IN LIEU OF ANY DEDUCTION
4 PURSUANT TO SECTION 170 OF THE INTERNAL REVENUE CODE AND TAKEN FOR STATE TAX
5 PURPOSES.

6 F. THE TAX CREDIT IS NOT ALLOWED IF THE TAXPAYER DESIGNATES THE
7 TAXPAYER'S CONTRIBUTION TO THE SCHOOL TUITION ORGANIZATION FOR THE DIRECT
8 BENEFIT OF ANY SPECIFIC STUDENT.

9 G. A SCHOOL TUITION ORGANIZATION THAT RECEIVES CONTRIBUTIONS UNDER
10 THIS SECTION SHALL USE AT LEAST SEVENTY PER CENT OF THOSE CONTRIBUTIONS TO
11 PROVIDE EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS ONLY TO CHILDREN WHOSE
12 FAMILY INCOME DOES NOT EXCEED ONE HUNDRED EIGHTY-FIVE PER CENT OF THE INCOME
13 LIMIT REQUIRED TO QUALIFY A CHILD FOR REDUCED PRICE LUNCHESES UNDER THE
14 NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE
15 SECTIONS 1751 THROUGH 1785) AND WHO EITHER:

16 1. ATTENDED A GOVERNMENTAL PRIMARY OR SECONDARY SCHOOL AS A FULL-TIME
17 STUDENT AS DEFINED IN SECTION 15-901 FOR AT LEAST THE FIRST ONE HUNDRED DAYS
18 OF THE PRIOR FISCAL YEAR AND TRANSFERRED FROM A GOVERNMENTAL PRIMARY OR
19 SECONDARY SCHOOL TO A QUALIFIED SCHOOL.

20 2. ENROLL IN A QUALIFIED SCHOOL IN A KINDERGARTEN PROGRAM.

21 3. RECEIVED AN EDUCATIONAL SCHOLARSHIP OR TUITION GRANT UNDER
22 PARAGRAPH 1 OR 2 OF THIS SUBSECTION IF THE CHILDREN CONTINUE TO ATTEND A
23 QUALIFIED SCHOOL IN A SUBSEQUENT YEAR.

24 H. IN 2006, A SCHOOL TUITION ORGANIZATION SHALL NOT ISSUE AN
25 EDUCATIONAL SCHOLARSHIP OR A TUITION GRANT IN AN AMOUNT THAT EXCEEDS FOUR
26 THOUSAND TWO HUNDRED DOLLARS FOR STUDENTS IN A KINDERGARTEN PROGRAM OR GRADES
27 ONE THROUGH EIGHT OR FIVE THOUSAND FIVE HUNDRED DOLLARS FOR STUDENTS IN
28 GRADES NINE THROUGH TWELVE. IN EACH YEAR AFTER 2006, THE LIMITATION AMOUNT
29 FOR A SCHOLARSHIP OR A GRANT UNDER THIS SUBSECTION SHALL BE INCREASED BY ONE
30 HUNDRED DOLLARS.

31 I. A CHILD IS STILL ELIGIBLE TO RECEIVE AN EDUCATIONAL SCHOLARSHIP OR
32 TUITION GRANT UNDER SUBSECTION G OF THIS SECTION IF THE CHILD MEETS THE
33 CRITERIA TO RECEIVE A REDUCED PRICE LUNCH BUT DOES NOT ACTUALLY CLAIM THAT
34 BENEFIT.

35 J. THE SCHOOL TUITION ORGANIZATION SHALL REQUIRE THAT THE CHILDREN USE
36 THE EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS ON A FULL-TIME BASIS. IF A
37 CHILD LEAVES THE QUALIFIED SCHOOL BEFORE COMPLETING AN ENTIRE SCHOOL YEAR,
38 THE QUALIFIED SCHOOL SHALL REFUND A PRORATED AMOUNT OF THE EDUCATIONAL
39 SCHOLARSHIP OR TUITION GRANT TO THE STUDENT TUITION ORGANIZATION THAT ISSUED
40 THE EDUCATIONAL SCHOLARSHIP OR TUITION GRANT TO THE CHILD. ANY REFUNDS
41 RECEIVED BY THE SCHOOL TUITION ORGANIZATION UNDER THIS SUBSECTION SHALL BE
42 ALLOCATED FOR EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS TO QUALIFIED
43 CHILDREN IN THE FOLLOWING YEAR.

44 K. CHILDREN WHO RECEIVE EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS
45 UNDER THIS SECTION SHALL BE ALLOWED TO ATTEND ANY QUALIFIED SCHOOL OF THEIR
46 PARENTS' CHOICE.

1 L. A SCHOOL TUITION ORGANIZATION THAT RECEIVES A VOLUNTARY CASH
2 CONTRIBUTION PURSUANT TO SUBSECTION A OF THIS SECTION SHALL REPORT TO THE
3 DEPARTMENT, IN A FORM PRESCRIBED BY THE DEPARTMENT, BY JUNE 30 OF EACH YEAR
4 THE FOLLOWING INFORMATION:
5 1. THE NAME, ADDRESS AND CONTACT NAME OF THE SCHOOL TUITION
6 ORGANIZATION.
7 2. THE TOTAL NUMBER OF CONTRIBUTIONS RECEIVED DURING THE PREVIOUS
8 CALENDAR YEAR.
9 3. THE TOTAL DOLLAR AMOUNT OF CONTRIBUTIONS RECEIVED DURING THE
10 PREVIOUS CALENDAR YEAR.
11 4. THE TOTAL NUMBER OF CHILDREN AWARDED EDUCATIONAL SCHOLARSHIPS OR
12 TUITION GRANTS DURING THE PREVIOUS CALENDAR YEAR.
13 5. THE TOTAL DOLLAR AMOUNT OF EDUCATIONAL SCHOLARSHIPS AND TUITION
14 GRANTS AWARDED DURING THE PREVIOUS CALENDAR YEAR.
15 6. FOR EACH SCHOOL TO WHICH EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS
16 WERE AWARDED:
17 (a) THE NAME AND ADDRESS OF THE SCHOOL.
18 (b) THE NUMBER OF EDUCATIONAL SCHOLARSHIPS AND TUITION GRANTS AWARDED
19 DURING THE PREVIOUS CALENDAR YEAR.
20 (c) THE TOTAL DOLLAR AMOUNT OF EDUCATIONAL SCHOLARSHIPS AND TUITION
21 GRANTS AWARDED DURING THE PREVIOUS CALENDAR YEAR.
22 7. VERIFICATION THAT AN INDEPENDENT REVIEW OF FINANCIAL STATEMENTS
23 ACCORDING TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES WAS COMPLETED BY A
24 CERTIFIED PUBLIC ACCOUNTANT FOR THE PREVIOUS CALENDAR YEAR.
25 M. THE DEPARTMENT SHALL ADOPT RULES NECESSARY FOR THE ADMINISTRATION
26 OF THIS SECTION.
27 N. EACH SCHOOL TUITION ORGANIZATION, BY FEBRUARY 28, 2007 AND EACH
28 FEBRUARY 28 THEREAFTER, SHALL ANNUALLY TRANSFER TWENTY PER CENT OF MONIES
29 COLLECTED PURSUANT TO THIS SECTION FROM THE PREVIOUS TAX YEAR TO THE PARENTAL
30 EDUCATIONAL CHOICE GRANT FUND ESTABLISHED PURSUANT TO SECTION 15-817.09.
31 O. FOR THE PURPOSES OF THIS SECTION:
32 1. "QUALIFIED SCHOOL" MEANS A NONGOVERNMENTAL PRIMARY SCHOOL OR
33 SECONDARY SCHOOL THAT IS LOCATED IN THIS STATE, THAT DOES NOT DISCRIMINATE ON
34 THE BASIS OF RACE, COLOR, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN AND
35 THAT SATISFIES THE REQUIREMENTS PRESCRIBED BY LAW FOR PRIVATE SCHOOLS IN THIS
36 STATE ON JANUARY 1, 2005.
37 2. "SCHOOL TUITION ORGANIZATION" MEANS A CHARITABLE ORGANIZATION IN
38 THIS STATE THAT BOTH:

1 (a) IS EXEMPT FROM FEDERAL TAXATION UNDER SECTION 501(C)(3) OF THE
2 INTERNAL REVENUE CODE AND THAT ALLOCATES NINETY PER CENT OF ITS ANNUAL
3 REVENUE FOR EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS TO CHILDREN TO ALLOW
4 THEM TO ATTEND ANY QUALIFIED SCHOOL OF THEIR PARENTS' CHOICE.

5 (b) PROVIDES EDUCATIONAL SCHOLARSHIPS OR TUITION GRANTS TO STUDENTS
6 WITHOUT LIMITING AVAILABILITY TO ONLY STUDENTS OF ONE SCHOOL.

7 Sec. 9. Purpose

8 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
9 enacts section 43-1182, Arizona Revised Statutes, as added by this act, to
10 encourage businesses to direct a portion of their taxes by contributing to
11 student tuition organizations in order to improve education by raising
12 tuition scholarships for children in this state.

13 Sec. 10. Appropriation; parental educational choice grant fund

14 A. The sum of \$5,500,000 is appropriated from the state general fund
15 in fiscal year 2006-2007 to the parental educational choice grant fund for
16 distribution by the department of education to custodians of qualifying
17 pupils to attend grant schools that offer kindergarten programs under the
18 parental educational choice grant program.

19 B. The appropriation made in subsection A of this section is exempt
20 from the provisions of section 35-190, Arizona Revised Statutes, relating to
21 lapsing of appropriations.

22 Sec. 11. Appropriation; purpose; exemption

23 A. The sum of \$38,050,000 is appropriated from the state general fund
24 in fiscal year 2005-2006 to the department of education for distribution to
25 schools and charter schools that qualify to receive state monies for full-day
26 kindergarten instruction as prescribed in section 15-901.02, Arizona Revised
27 Statutes, as amended by this act. Funding for full-day kindergarten shall be
28 provided for fiscal year 2005-2006 to schools or charter schools with a
29 student count in which at least eighty per cent of the pupils meet the
30 economic eligibility requirements established under the national school lunch
31 and child nutrition acts (42 United States Code sections 1751 through 1785.)

32 B. Of the monies appropriated pursuant to subsection A of this act,
33 the department of education may use up to \$150,000 for two additional
34 full-time equivalent positions within the department to carry out the
35 purposes of this act.

36 C. The appropriation made in subsection A of this section is exempt
37 from the provisions of section 35-190, Arizona Revised Statutes, relating to
38 lapsing of appropriations.

39 Sec. 12. Conforming legislation

40 The legislative council staff shall prepare proposed legislation
41 conforming the Arizona Revised Statutes to the provisions of this act for
42 consideration in the forty-seventh legislature, second regular session.

1 Sec. 13. Severability

2 If a provision of this act or its application to any person or
3 circumstance is held invalid, the invalidity does not affect other provisions
4 or applications of the act that can be given effect without the invalid
5 provision or application, and to this end the provisions of this act are
6 severable.