REFERENCE TITLE: school districts; notices; electronic publication

State of Arizona
House of Representatives
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HB 2369

Introduced by
Representatives Crandall, Lujan, Tobin: Adams, Anderson, Crump, Garcia M, Konopnicki

AN ACT

AMENDING SECTION 15-904 AND 15-905.01, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-904, Arizona Revised Statutes, is amended to read:

15-904. School district annual financial report; publication; summary

A. The governing board of each school district shall publish an annual financial report on a school by school basis for the prior fiscal year by November 15. The auditor general in conjunction with the department of education shall prescribe the format of the financial report to be used by school districts. The financial report shall contain budgeted and actual expenditures for the preceding fiscal year and shall be prepared and distributed by October 15 by the school district with a copy to the county school superintendent. A copy of the annual financial report shall be submitted electronically by the school district to the superintendent of public instruction by October 15. The annual financial report shall be approved by the county school superintendent in an electronic procedure as prescribed by the department of education. School districts that are subject to section 15-914.01 are not required to send a copy to the county school superintendent.

B. In addition to the information required in subsection A of this section, the annual financial report shall contain detailed information on the school district budgeted and actual expenditures from the bond building fund, the soft capital allocation fund, the deficiencies correction fund, the building renewal fund and the new school facilities fund, including but not limited to information on classified salaries, employee benefits, interest and fiscal charges, capital lease agreements, land and improvements, buildings and improvements, furniture and equipment, technology and vehicles and transportation equipment for pupils. The information shall specify whether the expenditures are for school district renovation or for new construction, the cost per square foot, and land acquisition costs, as appropriate. Beginning with fiscal year 2006-2007, school districts shall report by individual schools annual expenditures for maintenance and operations, unrestricted capital outlay, soft capital, deficiencies correction and building renewal.

C. Except as provided in subsection D of this section, the governing board shall publish, by November 15, the annual financial report for the school district EITHER in a newspaper of general circulation within the school district, BY ELECTRONIC TRANSMISSION OF THE INFORMATION TO THE DEPARTMENT OF EDUCATION FOR POSTING ON THE DEPARTMENT'S WEBSITE or in the official newspaper of the county as defined in section 11-255 or the governing board may mail the annual financial report for the school district to each household in the school district. If the governing board chooses to publish the report in a newspaper, the size of the newspaper print shall be at least eight-point type. The cost of publication or mailing shall be a charge against the school district. The publisher's affidavit of publication

shall be filed by the governing board of the school district with the superintendent of public instruction within thirty days after publication.

D. The governing board may publish or mail a summary of the annual financial report in the same manner as provided in subsection C of this section. The auditor general in conjunction with the department of education shall prescribe the form of the summary of the annual financial report for use by the governing boards.

E. The superintendent of public instruction shall compile the financial reports of the school districts on a school by school basis, including school by school expenditure data for federal and state projects, and shall report to the governor and the legislature on or before January 15 of each year as provided in section 15-255.

Sec. 2. Section 15-905.01, Arizona Revised Statutes, is amended to read:

15-905.01. Truth in taxation; calculation; notice and hearing; vote on tax increase

A. Each school district shall determine its truth in taxation base limit for expenditures as follows:

1. Determine the amounts budgeted in fiscal year 1999-2000 for expenditures in the following categories:

(a) Desegregation pursuant to section 15-910.

(b) Dropout prevention programs.

(c) Excess utilities pursuant to section 15-910.

(d) Career and technical education and vocational education center operations pursuant to section 15-910.01.

(e) Small school adjustments pursuant to section 15-949.

2. The sum of the expenditures in paragraph 1 of this subsection for fiscal year 1999-2000 shall become the truth in taxation base limit.

3. For any year after fiscal year 1999-2000, a school district whose aggregate budgeted expenditures for the expenditures prescribed in paragraph 1 of this subsection exceed the truth in taxation base limit shall publish a truth in taxation hearing notice that meets the requirements of subsection B of this section. If the amount exceeding the previous truth in taxation base limit is approved by the school district governing board following the hearing prescribed in subsection B of this section, the excess amount plus the previous truth in taxation base limit becomes the school district's new truth in taxation base limit.

4. If a school district no longer qualifies for one or more of the expenditures prescribed in paragraph 1 of this subsection, the amount budgeted for the most recent fiscal year in which the school district was eligible for that expenditure shall be deducted from the school district's truth in taxation base limit.

B. For any fiscal year in which a school district governing board budgets an amount that is higher than the truth in taxation base limit calculated pursuant to subsection A of this section, any fiscal year in which

a school district levies any amount for adjacent ways pursuant to section 15-995 or any fiscal year in which the school district levies any amount for liabilities in excess of the school district budget pursuant to section 15-907:

1. The school district shall publish a notice that meets the following requirements:

(a) The notice shall be published once in a newspaper of general circulation in the school district OR BY ELECTRONIC TRANSMISSION OF THE INFORMATION TO THE DEPARTMENT OF EDUCATION FOR POSTING ON THE DEPARTMENT'S WEBSITE. The publication shall be at least ten but not more than twenty days before the date of the hearing.

(b) IF THE GOVERNING BOARD CHOOSES TO PUBLISH THE REPORT IN A NEWSPAPER, the notice shall be published in a location other than the classified or legal advertising section of the newspaper in which it is published.

(c) IF THE GOVERNING BOARD CHOOSES TO PUBLISH THE REPORT IN A NEWSPAPER, the notice shall be at least one-fourth page in size and shall be surrounded by a solid black border at least one-eighth inch in width.

(d) The notice shall be in the following form, excluding the parenthetical explanations, and with the "truth in taxation hearing - notice of tax increase" ~~headline~~ HEADING in at least eighteen point type:

Truth in Taxation Hearing

Notice of Tax Increase

In compliance with section 15-905.01, Arizona Revised Statutes, _____ school district is notifying its property taxpayers of _____ school district's intention to raise its primary property taxes over the current level to pay for increased expenditures in those areas where the governing board has the authority to increase property taxes for the fiscal year beginning July 1, ____. The _____ school district is proposing an increase in its primary property tax levy of $_____ (amount of levy increase to pay for truth in taxation base increase, the amount of the total levy for the adjacent ways fund and amounts for liabilities in excess of the school district budget pursuant to section 15-907).

The amount proposed above will cause _____ school district's primary property taxes on a $100,000 home to increase from $_____ (the amount used to pay for the current year's truth in taxation base limit [the amount divided by the current net assessed value available February 10 pursuant to section 42-17052] applied to $100,000) to $_____ (the amount used to pay for the budget year's proposed truth in taxation base limit and adjacent ways levy, including adjacent ways and liabilities in excess of the school district budget [the amount

divided by the current net assessed value available February 10 pursuant to section 42-17052] applied to $100,000).

These amounts proposed are above the qualifying tax levies as prescribed by state law, if applicable. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

All interested citizens are invited to attend the public hearing on the proposed tax increase scheduled to be held _____ (date and time) at _____ (location).

2. In lieu of publishing the truth in taxation notice, the governing board may mail the truth in taxation notice prescribed by paragraph 1, subdivision (d) of this subsection to all registered voters in the district at least ten but not more than twenty days before the date of the hearing.

3. In addition to publishing the truth in taxation notice under paragraph 1 of this subsection or mailing the notice under paragraph 2 of this subsection, the governing board shall issue a press release containing the truth in taxation notice to all newspapers of general circulation in the school district.

4. The governing board shall consider a motion to levy the increased property taxes by roll call vote.

5. Within three days after the hearing, the governing board shall mail a copy of the truth in taxation notice, a statement of its publication or mailing and the result of the governing board's vote under paragraph 4 of this subsection to the property tax oversight commission established by section 42-17002.

6. The governing board shall hold the truth in taxation hearing on or before the adoption of the school district budget under section 15-905.

7. Expenditures for adjacent ways and liabilities in excess of the school district budget do not become part of the school district's truth in taxation base limit.

C. The department of education shall maintain a listing of each school district's truth in taxation base limit and shall verify the accuracy of the school district's computations. A school district governing board shall notify the department of education of any change in the district's truth in taxation base limit.

D. The department of education shall develop a budget form for school districts to show the primary tax rate associated for each of the expenditure categories mentioned in subsection A, paragraph 1 of this section and for expenditures for adjacent ways pursuant to section 15-995 or any other expenditure in excess of the school district budget pursuant to section 15-907. A school district shall make this information available to the general public at truth in taxation hearings and shall submit the information to the department of education.