

REFERENCE TITLE: **property tax relief and protection**

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SB 1475

Introduced by
Senators Verschoor, Burns, Gould, Huppenthal; Representative Pearce

AN ACT

AMENDING SECTIONS 15-393, 15-481, 15-482, 15-901 AND 15-910, ARIZONA REVISED STATUTES; REPEALING SECTION 15-946, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-947, 15-951, 15-971 AND 15-974, ARIZONA REVISED STATUTES; REPEALING SECTION 15-994, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-995, 35-452, 35-454, 35-455, 35-458, 35-471, 35-473.01, 35-474, 37-521 AND 41-1276, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-17001, 42-17003, 42-17004, 42-17005, 42-17051, 42-17052, 42-17054, 42-17055 AND 42-17151, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 1, ARTICLE 10, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-267; AMENDING SECTION 48-807, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-808; AMENDING SECTIONS 48-1104 AND 48-3620, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 21, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-3620.03; AMENDING SECTIONS 48-3903, 48-4023, 48-4023.01 AND 48-5805, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX LEVIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-393, Arizona Revised Statutes, is amended to
3 read:

4 15-393. Joint technological education district governing board;
5 report; definition

6 A. The management and control of the joint district are vested in the
7 joint technological education district governing board, including the content
8 and quality of the courses offered by the district, the quality of teachers
9 who provide instruction on behalf of the district, the salaries of teachers
10 who provide instruction on behalf of the district and the reimbursement of
11 other entities for the facilities used by the district. Unless the governing
12 boards of the school districts participating in the formation of the joint
13 district vote to implement an alternative election system as provided in
14 subsection B of this section, the joint board shall consist of five members
15 elected from five single member districts formed within the joint district.
16 The single member district election system shall be submitted as part of the
17 plan for the joint district pursuant to section 15-392 and shall be
18 established in the plan as follows:

19 1. The governing boards of the school districts participating in the
20 formation of the joint district shall define the boundaries of the single
21 member districts so that the single member districts are as nearly equal in
22 population as is practicable, except that if the joint district lies in part
23 in each of two or more counties, at least one single member district may be
24 entirely within each of the counties comprising the joint district if this
25 district design is consistent with the obligation to equalize the population
26 among single member districts.

27 2. The boundaries of each single member district shall follow election
28 precinct boundary lines, as far as practicable, in order to avoid further
29 segmentation of the precincts.

30 3. A person who is a registered voter of this state and who is a
31 resident of the single member district is eligible for election to the office
32 of joint board member from the single member district. The terms of office
33 of the members of the joint board shall be as prescribed in section 15-427,
34 subsection B. An employee of a joint technological education district or the
35 spouse of an employee shall not hold membership on a governing board of a
36 joint technological education district by which the employee is employed. A
37 member of one school district governing board or joint technological
38 education district governing board is ineligible to be a candidate for
39 nomination or election to or serve simultaneously as a member of any other
40 governing board, except that a member of a governing board may be a candidate
41 for nomination or election for any other governing board if the member is
42 serving in the last year of a term of office. A member of a governing board
43 shall resign the member's seat on the governing board before becoming a
44 candidate for nomination or election to the governing board of any other

1 school district or joint technological education district, unless the member
2 of the governing board is serving in the last year of a term of office.

3 4. Nominating petitions shall be signed by the number of qualified
4 electors of the single member district as provided in section 16-322.

5 B. The governing boards of the school districts participating in the
6 formation of the joint district may vote to implement any other alternative
7 election system for the election of joint district board members. If an
8 alternative election system is selected, it shall be submitted as part of the
9 plan for the joint district pursuant to section 15-392, and the
10 implementation of the system shall be as approved by the United States
11 justice department.

12 C. The joint technological education district shall be subject to the
13 following provisions of this title:

- 14 1. Chapter 1, articles 1 through 6.
- 15 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 16 3. Articles 2, 3 and 5 of this chapter.
- 17 4. Section 15-361.
- 18 5. Chapter 4, articles 1, 2 and 5.
- 19 6. Chapter 5, articles 1, 2 and 3.
- 20 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
21 and 15-730.
- 22 8. Chapter 7, article 5.
- 23 9. Chapter 8, articles 1, 3 and 4.
- 24 10. Sections 15-828 and 15-829.
- 25 11. Chapter 9, article 1, article 6, except for section 15-995, and
26 article 7.
- 27 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 28 13. Sections 15-1101 and 15-1104.
- 29 14. Chapter 10, articles 2, 3, 4 and 8.

30 D. Notwithstanding subsection C of this section, the following apply
31 to a joint technological education district:

32 1. A joint district may issue bonds for the purposes specified in
33 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
34 aggregate, including the existing indebtedness, not exceeding one per cent of
35 the taxable property used for secondary tax purposes, as determined pursuant
36 to title 42, chapter 15, article 1, within the joint technological education
37 district as ascertained by the last property tax assessment previous to
38 issuing the bonds.

39 2. The number of governing board members for a joint district shall be
40 as prescribed in subsection A of this section.

41 3. If a career and technical education and vocational education course
42 or program provided pursuant to this article is provided in a facility owned
43 or operated by a school district in which a pupil is enrolled, including
44 satellite courses, the sum of the daily attendance, as provided in section
45 15-901, subsection A, paragraph 6, for that pupil in both the school district

1 and joint technological education district shall not exceed 1.25 and the sum
2 of the fractional student enrollment, as provided in section 15-901,
3 subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the
4 courses taken in the school district and the facility, including satellite
5 courses. The school district and the joint district shall determine the
6 apportionment of the daily attendance and fractional student enrollment for
7 that pupil between the school district and the joint district.

8 4. The student count for the first year of operation of a joint
9 technological education district as provided in this article shall be
10 determined as follows:

11 (a) Determine the estimated student count for joint district classes
12 that will operate in the first year of operation. This estimate shall be
13 based on actual registration of pupils as of March 30 scheduled to attend
14 classes that will be operated by the joint district. The student count for
15 the district of residence of the pupils registered at the joint district
16 shall be adjusted. The adjustment shall cause the district of residence to
17 reduce the student count for the pupil to reflect the courses to be taken at
18 the joint district. The district of residence shall review and approve the
19 adjustment of its own student count as provided in this subdivision before
20 the pupils from the school district can be added to the student count of the
21 joint district.

22 (b) The student count for the new joint district shall be the student
23 count as determined in subdivision (a) of this paragraph.

24 (c) After the first one hundred days or two hundred days in session,
25 as applicable, for the first year of operation, the joint district shall
26 revise the student count to the actual student count for students attending
27 classes in the joint district. A joint district shall revise its student
28 count, the base support level as provided in section 15-943.02, the revenue
29 control limit as provided in section 15-944.01, the capital outlay revenue
30 limit and the soft capital allocation as provided in section 15-962.01 prior
31 to May 15. A joint district that overestimated its student count shall
32 revise its budget prior to May 15. A joint district that underestimated its
33 student count may revise its budget prior to May 15.

34 (d) After the first one hundred days or two hundred days in session,
35 as applicable, for the first year of operation, the district of residence
36 shall adjust its student count by reducing it to reflect the courses actually
37 taken at the joint district. The district of residence shall revise its
38 student count, the base support level as provided in section 15-943, the
39 revenue control limit as provided in section 15-944, the capital outlay
40 revenue limit as provided in section 15-961 and the soft capital allocation
41 as provided in section 15-962 prior to May 15. A district that
42 underestimated the student count for students attending the joint district
43 shall revise its budget prior to May 15. A district that overestimated the
44 student count for students attending the joint district may revise its budget
45 prior to May 15.

1 (e) A joint district for the first year of operation shall not be
2 eligible for adjustment pursuant to section 15-948.

3 (f) The procedures for implementing this paragraph shall be as
4 prescribed in the uniform system of financial records.

5 (g) If the district of residence utilizes section 15-942 to determine
6 its student count, the district shall reduce its student count as provided in
7 this paragraph by subtracting the appropriate count from the student count
8 determined as provided in section 15-942.

9 For the purposes of this paragraph, "district of residence" means the
10 district that included the pupil in its average daily membership for the year
11 before the first year of operation of the joint district and that would have
12 included the pupil in its student count for the purposes of computing its
13 base support level for the fiscal year of the first year of operation of the
14 joint district if the pupil had not enrolled in the joint district.

15 5. A student includes any person enrolled in the joint district
16 without regard to the person's age or high school graduation status, except
17 that:

18 (a) A student in a kindergarten program or in grades one through eight
19 who enrolls in courses offered by the joint technological education district
20 shall not be included in the joint district's average daily attendance or
21 average daily membership.

22 (b) A student in a kindergarten program or in grades one through eight
23 who is enrolled in vocational education courses shall not be funded in whole
24 or in part with monies provided by a joint technological education district.

25 (c) A student who is over twenty-two years of age shall not be
26 included in the student count of the joint district for the purposes of
27 chapter 9, articles 3, 4 and 5 of this title.

28 (d) A student in grade nine who enrolls in a career exploration course
29 shall not be included in the joint district's average daily attendance or
30 average daily membership.

31 6. A joint district may operate for more than one hundred seventy-five
32 days per year, with expanded hours of service.

33 7. A joint district may use the excess utility costs provisions of
34 section 15-910 in the same manner as a school district for fiscal years
35 1999-2000 and 2000-2001, except that the base year shall be the first full
36 fiscal year of operations.

37 8. A joint district may use the carryforward provisions of section
38 15-943.01 retroactively to July 1, 1993.

39 9. A school district that is part of a joint district shall use any
40 monies received pursuant to this article to supplement and not supplant base
41 year career and technical education and vocational education courses, and
42 directly related equipment and facilities, except that a school district that
43 is part of a joint technological education district and that has used monies
44 received pursuant to this article to supplant career and technological
45 education and vocational education courses that were offered before the first

1 year that the school district participated in the joint district or the first
2 year that the school district used monies received pursuant to this article
3 or that used the monies for purposes other than for career and technological
4 education and vocational education courses shall:

5 (a) Use at least thirty-three per cent of the monies received pursuant
6 to this article in fiscal year 2005-2006 to supplement and not supplant base
7 year career and technical education and vocational education courses.

8 (b) Use at least sixty-six per cent of the monies received pursuant to
9 this article in fiscal year 2006-2007 to supplement and not supplant base
10 year career and technical education and vocational education courses.

11 (c) Use one hundred per cent of the monies received pursuant to this
12 article in fiscal year 2007-2008 and each fiscal year thereafter to
13 supplement and not supplant base year career and technical education and
14 vocational education courses.

15 10. A joint technological education district shall use any monies
16 received pursuant to this article to enhance and not supplant career and
17 technical education and vocational education courses and directly related
18 equipment and facilities.

19 11. A joint technological education district or a school district that
20 is part of a joint district shall only include pupils in grades nine through
21 twelve in the calculation of average daily membership or average daily
22 attendance if the pupils are enrolled in courses that are approved jointly by
23 the governing board of the joint technological education district and each
24 participating school district for satellite courses taught within the
25 participating school district, or approved solely by the joint technological
26 education district for centrally located courses. Average daily membership
27 and average daily attendance from courses that are not part of an approved
28 program for career and technical education shall not be included in average
29 daily membership and average daily attendance of a joint technological
30 education district. A student in grade nine who enrolls in a career
31 exploration course shall not be included in the joint district's average
32 daily attendance or average daily membership.

33 E. The joint board shall appoint a superintendent as the executive
34 officer of the joint district.

35 F. Taxes may be levied for the support of the joint district as
36 prescribed in chapter 9, article 6 of this title, except that a joint
37 technological education district shall not levy a property tax pursuant to
38 law that exceeds five cents per one hundred dollars assessed valuation except
39 for bond monies pursuant to subsection D, paragraph 1 of this section.
40 ~~Except for the taxes levied pursuant to section 15-994, such~~ THE taxes shall
41 be obtained from a levy ~~of taxes~~ on the VALUATION OF taxable property used
42 for secondary tax purposes.

43 G. The schools in the joint district are available to all persons who
44 reside in the joint district subject to the rules for admission prescribed by
45 the joint board.

1 H. The joint board may collect tuition for adult students and the
2 attendance of pupils who are residents of school districts that are not
3 participating in the joint district pursuant to arrangements made between the
4 governing board of the district and the joint board.

5 I. The joint board may accept gifts, grants, federal monies, tuition
6 and other allocations of monies to erect, repair and equip buildings and for
7 the cost of operation of the schools of the joint district.

8 J. One member of the joint board shall be selected chairman. The
9 chairman shall be selected annually on a rotation basis from among the
10 participating school districts. The chairman of the joint board shall be a
11 voting member.

12 K. A joint board and a community college district may enter into
13 agreements for the provision of administrative, operational and educational
14 services and facilities.

15 L. Any agreement between the governing board of a joint technological
16 education district and another joint technological education district, a
17 school district, a charter school or a community college district shall be in
18 the form of an intergovernmental agreement or other written contract. The
19 auditor general shall modify the uniform system of financial records and
20 budget forms in accordance with this subsection. The intergovernmental
21 agreement or other written contract shall completely and accurately specify
22 each of the following:

23 1. The financial provisions of the intergovernmental agreement or
24 other written contract and the format for the billing of all services.

25 2. The accountability provisions of the intergovernmental agreement or
26 other written contract.

27 3. The responsibilities of each joint technological education
28 district, each school district, each charter school and each community
29 college district that is a party to the intergovernmental agreement or other
30 written contract.

31 4. The type of instruction that will be provided under the
32 intergovernmental agreement or other written contract.

33 5. The quality of the instruction that will be provided under the
34 intergovernmental agreement or other written contract.

35 6. The transportation services that will be provided under the
36 intergovernmental agreement or other written contract and the manner in which
37 transportation costs will be paid.

38 7. The amount that the joint technological education district will
39 contribute to a course and the amount of support required by the school
40 district or the community college.

41 8. That the services provided by the joint technological education
42 district, the school district, the charter school or the community college
43 district be proportionally calculated in the cost of delivering the service.

1 9. That the payment for services shall not exceed the cost of the
2 services provided.

3 10. That any initial intergovernmental agreement or other written
4 contract and any addendums between the governing board of a joint
5 technological education district and another joint technological education
6 district, a school district, a charter school or a community college district
7 be submitted by the joint technological education district to the joint
8 legislative budget committee for review.

9 M. On or before December 31 of each year, each joint technological
10 education district shall submit a detailed report to the career and technical
11 education division of the department of education. The career and technical
12 education division of the department of education shall collect, summarize
13 and analyze the data submitted by the joint districts, shall submit an annual
14 report that summarizes the data submitted by the joint districts to the
15 governor, the speaker of the house of representatives, the president of the
16 senate and the state board of education and shall submit a copy of this
17 report to the secretary of state and the director of the Arizona state
18 library, archives and public records. The data submitted by each joint
19 technological education district shall include the following:

20 1. The average daily membership of the joint district.

21 2. The course listings and course descriptions of courses offered by
22 the joint district.

23 3. The costs associated with each course offered by the joint
24 district.

25 4. The completion rate for each course offered by the joint district.

26 5. The graduation rate of students enrolled in the joint district.

27 6. A detailed description of the career opportunities available to
28 students after completion of the program offered by the joint district.

29 7. A detailed description of the career placement of students who have
30 completed the program offered by the joint district.

31 8. Any other data deemed necessary by the department of education to
32 carry out its duties under this subsection.

33 N. If the career and technical education division of the department of
34 education determines that a course does not meet the criteria for approval as
35 a joint technical education course, the governing board of the joint
36 technological education district may appeal this decision to the state board
37 of education acting as the state board of vocational education.

38 O. Notwithstanding any other law, the average daily membership of a
39 pupil who is enrolled in a course that meets for at least one hundred fifty
40 minutes per class period at a centralized campus owned and operated by a
41 joint technological education district shall be 0.75.

42 P. For the purposes of this section, "base year" means the complete
43 school year in which voters of a school district elected to join a joint
44 technological education district.

1 Sec. 2. Section 15-481, Arizona Revised Statutes, is amended to read:
 2 15-481. Override election; budget increases; notice; ballot;
 3 effect

4 A. If a proposed budget of a school district exceeds the aggregate
 5 budget limit for the budget year, at least ninety days before the proposed
 6 election the governing board shall order an override election to be held on
 7 the first Tuesday following the first Monday in November as prescribed by
 8 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
 9 presenting the proposed budget to the qualified electors of the school
 10 district who ~~shall~~ by a majority of those voting **SHALL** either affirm or
 11 reject the budget. In addition, the governing board shall prepare an
 12 alternate budget which does not include an increase in the budget of more
 13 than the amount permitted as provided in section 15-905. If the qualified
 14 electors approve the proposed budget, the governing board of the school
 15 district shall follow the procedures prescribed in section 15-905 for
 16 adopting a budget that includes the authorized increase. If the qualified
 17 electors disapprove the proposed budget, the governing board shall follow the
 18 procedures prescribed in section 15-905 for adopting a budget that does not
 19 include the proposed increase or the portion of the proposed increase that
 20 exceeds the amount authorized by a previously approved budget increase as
 21 prescribed in subsection P of this section.

22 B. The county school superintendent shall prepare an informational
 23 report on the proposed increase in the budget and a sample ballot and, at
 24 least forty days prior to the election, shall transmit the report and the
 25 sample ballot to the governing board of the school district. The governing
 26 board, upon receipt of the report and the ballot, shall mail or distribute
 27 the report and the ballot to the households in which qualified electors
 28 reside within the school district at least thirty-five days prior to the
 29 election. Any distribution of material concerning the proposed increase in
 30 the budget shall not be conducted by children enrolled in the school
 31 district. The report shall contain the following information:

- 32 1. The date of the election.
- 33 2. The voter's polling place and the times it is open.
- 34 3. The proposed total increase in the budget which exceeds the amount
 35 permitted pursuant to section 15-905.
- 36 4. The total amount of the current year's budget, the total amount of
 37 the proposed budget and the total amount of the alternate budget.
- 38 5. If the override is for a period of more than one year, a statement
 39 indicating the number of years the proposed increase in the budget would be
 40 in effect and the percentage of the school district's revenue control limit
 41 that the district is requesting for the future years.
- 42 6. The proposed total amount of revenues which will fund the increase
 43 in the budget and the amount which will be obtained from a levy of taxes upon
 44 the taxable property within the school district for the first year for which
 45 the budget increase was adopted.

1 7. The proposed amount of revenues which will fund the increase in the
2 budget and which will be obtained from other than a levy of taxes upon the
3 taxable property within the school district for the first year for which the
4 budget increase was adopted.

5 8. The dollar amount and the purpose for which the proposed increase
6 in the budget is to be expended for the first year for which the budget
7 increase was adopted.

8 9. At least two arguments, if submitted, but no more than ten
9 arguments for and two arguments, if submitted, but no more than ten arguments
10 against the proposed increase in the budget. The arguments shall be in a
11 form prescribed by the county school superintendent, and each argument shall
12 not exceed two hundred words. Arguments for the proposed increase in the
13 budget shall be provided in writing and signed by the governing board. If
14 submitted, additional arguments in favor of the proposed increase in the
15 budget shall be provided in writing and signed by those in favor. Arguments
16 against the proposed increase in the budget shall be provided in writing and
17 signed by those in opposition. The names of those persons other than the
18 governing board or superintendent submitting written arguments shall not be
19 included in the report without their specific permission, but shall be made
20 available only upon request to the county school superintendent. The county
21 school superintendent shall review all factual statements contained in the
22 written arguments and correct any inaccurate statements of fact. The
23 superintendent shall not review and correct any portion of the written
24 arguments which are identified as statements of the author's opinion. The
25 county school superintendent shall make the written arguments available to
26 the public as provided in title 39, chapter 1, article 2. A deadline for
27 submitting arguments to be included in the informational report shall be set
28 by the county school superintendent.

29 10. A statement that the alternate budget shall be adopted by the
30 governing board if the proposed budget is not adopted by the qualified
31 electors of the school district.

32 11. The full cash value, the assessed valuation, the first year tax
33 rate for the proposed override and the estimated amount of the secondary
34 property taxes if the proposed budget is adopted for each of the following:

35 (a) An owner-occupied residence whose assessed valuation is the
36 average assessed valuation of property classified as class three, as
37 prescribed by section 42-12003 for the current year in the school district.

38 (b) An owner-occupied residence whose assessed valuation is one-half
39 of the assessed valuation of the residence in subdivision (a) of this
40 paragraph.

41 (c) An owner-occupied residence whose assessed valuation is twice the
42 assessed valuation of the residence in subdivision (a) of this paragraph.

43 (d) A business whose assessed valuation is the average of the assessed
44 valuation of property classified as class one, as prescribed by section
45 42-12001, paragraphs 12 and 13 for the current year in the school district.

1 12. If the election is conducted pursuant to subsection L or M of this
2 section, the following information:

3 (a) An executive summary of the school district's most recent capital
4 improvement plan submitted to the school facilities board.

5 (b) A complete list of each proposed capital improvement that will be
6 funded with the budget increase and a description of the proposed cost of
7 each improvement, including a separate aggregation of capital improvements
8 for administrative purposes as defined by the school facilities board.

9 (c) The tax rate associated with each of the proposed capital
10 improvements and the estimated cost of each capital improvement for the owner
11 of a single family home that is valued at eighty thousand dollars.

12 C. For the purpose of this section, the school district may use its
13 staff, equipment, materials, buildings or other resources only to distribute
14 the informational report at the school district office or at public hearings
15 and to produce such information as required in subsection B of this section,
16 provided that nothing in this subsection shall preclude school districts from
17 holding or participating in any public hearings at which testimony is given
18 by at least one person for the proposed increase and one person against the
19 proposed increase. Any written information provided by the district
20 pertaining to the override election shall include financial information
21 showing the estimated first year tax rate for the proposed budget override
22 amount.

23 D. If any amount of the proposed increase will be funded by a levy of
24 taxes in the district, the election prescribed in subsection A of this
25 section shall be held on the first Tuesday following the first Monday in
26 November as prescribed by section 16-204, subsection B, paragraph 1,
27 subdivision (d). If the proposed increase will be fully funded by revenues
28 from other than a levy of taxes, the elections prescribed in subsection A of
29 this section shall be held on any date prescribed by section 16-204. The
30 elections shall be conducted as nearly as practicable in the manner
31 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
32 section 15-426, relating to special elections, except that:

33 1. The notices required pursuant to section 15-403 shall be posted not
34 less than twenty-five days before the election.

35 2. Ballots shall be counted pursuant to title 16, chapter 4,
36 article 10.

37 E. If the election is to exceed the revenue control limit and if the
38 proposed increase will be fully funded by a levy of taxes upon the taxable
39 property within the school district, the ballot shall contain the words
40 "budget increase, yes" and "budget increase, no", and the voter shall signify
41 his desired choice. The ballot shall also contain the amount of the proposed
42 increase of the proposed budget over the alternate budget, a statement that
43 the amount of the proposed increase will be based on a percentage of the
44 school district's revenue control limit in future years, if applicable, as
45 provided in subsection P of this section and the following statement:

1 Any budget increase authorized by this election shall be
2 entirely funded by a levy of taxes upon the taxable property
3 within this school district for the year for which adopted and
4 for ____ subsequent years, shall not be realized from monies
5 furnished by the state and shall not be subject to the
6 limitation on taxes specified in article IX, section 18,
7 Constitution of Arizona. Based on an estimate of assessed
8 valuation used for secondary property tax purposes, to fund the
9 proposed increase in the school district's budget would require
10 an estimated tax rate of _____ dollar per one hundred
11 dollars of assessed valuation used for secondary property tax
12 purposes and is in addition to the school district's tax rate
13 which will be levied to fund the school district's revenue
14 control limit allowed by law.

15 F. If the election is to exceed the revenue control limit and if the
16 proposed increase will be fully funded by revenues from other than a levy of
17 taxes upon the taxable property within the school district, the ballot shall
18 contain the words "budget increase, yes" and "budget increase, no", and the
19 voter shall signify the voter's desired choice. The ballot shall also
20 contain:

21 1. The amount of the proposed increase of the proposed budget over the
22 alternate budget.

23 2. A statement that the amount of the proposed increase will be based
24 on a percentage of the school district's revenue control limit in future
25 years, if applicable, as provided in subsection P of this section.

26 3. The following statement:

27 Any budget increase authorized by this election shall be
28 entirely funded by this school district with revenues from other
29 than a levy of taxes on the taxable property within the school
30 district for the year for which adopted and for _____
31 subsequent years and shall not be realized from monies furnished
32 by the state.

33 G. Except as provided in subsection H of this section, the maximum
34 budget increase which may be requested and authorized as provided in
35 subsection E or F of this section or the combination of subsections E and F
36 of this section is ten per cent of the revenue control limit as provided in
37 section 15-947, subsection A for the budget year.

38 H. Special budget override provisions for school districts with a
39 student count of less than one hundred fifty-four in kindergarten programs
40 and grades one through eight or with a student count of less than one hundred
41 seventy-six in grades nine through twelve are as follows:

1 1. The maximum budget increase that may be requested and authorized as
 2 provided in subsections E and F of this section is the greater of the amount
 3 prescribed in subsection G of this section or a limit computed as follows:

4 (a) For common or unified districts with a student count of less than
 5 one hundred fifty-four in kindergarten programs and grades one through eight,
 6 the limit computed as prescribed in item (i) or (ii) of this subdivision,
 7 whichever is appropriate:

8 (i)

9	Small School	Support Level Weight		Phase Down
10	Student	Student	for Small Isolated	Reduction
11	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
12	_____ - <u>125</u>	x	1.358 + (0.0005 x	x \$ _____ = \$ _____
13			(500 - Student Count))	
14				Small Isolated
15	Phase Down	Phase Down		School District
16	<u>Base</u>	<u>Reduction Factor</u>		<u>Elementary Limit</u>
17	\$150,000 -	\$ _____	=	\$ _____

18 (ii)

19	Small School	Support Level Weight		Phase Down
20	Student	Student	for Small	Reduction
21	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
22	_____ - <u>125</u>	x	1.278 + (0.0003 x	x \$ _____ = \$ _____
23			(500 - Student Count))	
24				Small
25	Phase Down	Phase Down		School District
26	<u>Base</u>	<u>Reduction Factor</u>		<u>Elementary Limit</u>
27	\$150,000 -	\$ _____	=	\$ _____

28 (b) For unified or union high school districts with a student count of
 29 less than one hundred seventy-six in grades nine through twelve, the limit
 30 computed as prescribed in item (i) or (ii) of this subdivision, whichever is
 31 appropriate:

32 (i)

33	Small School	Support Level Weight		Phase Down
34	Student	Student	for Small Isolated	Reduction
35	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
36	_____ - <u>100</u>	x	1.468 + (0.0005 x	x \$ _____ = \$ _____
37			(500 - Student Count))	
38				Small Isolated
39	Phase Down	Phase Down		District
40	<u>Base</u>	<u>Reduction Factor</u>		<u>Secondary Limit</u>
41	\$350,000 -	\$ _____	=	\$ _____

1 (ii)

2 Small School Support Level Weight Phase Down

3 Student Student for Small Reduction

4 Count Count Limit School Districts Base Level Factor

5 _____ - 100 x 1.398 + (0.0004 x _____ = _____

6 (500 - Student Count))

7 Small

8 Phase Down Phase Down School District

9 Base Reduction Factor Secondary Limit

10 \$350,000 - _____ = _____

11 (c) If both subdivisions (a) and (b) of this paragraph apply to a

12 unified school district, its limit for the purposes of this paragraph is the

13 combination of its elementary limit and its secondary limit.

14 (d) If only subdivision (a) or (b) of this paragraph applies to a

15 unified school district, the district's limit for the purposes of this

16 paragraph is the sum of the limit computed as provided in subdivision (a) or

17 (b) of this paragraph plus ten per cent of the revenue control limit

18 attributable to those grade levels that do not meet the eligibility

19 requirements of this subsection. If a school district budgets monies outside

20 the revenue control limit pursuant to section 15-949, subsection E, the

21 district's limit for the purposes of this paragraph is only the ten per cent

22 of the revenue control limit attributable to those grade levels that are not

23 included under section 15-949, subsection E. For the purposes of this

24 subdivision, the revenue control limit is separated into elementary and

25 secondary components based on the weighted student count as provided in

26 section 15-971, subsection B, paragraph 2, subdivision (a).

27 2. If a school district ~~utilizes the provisions of~~ **USES** this

28 subsection to request an override of more than one year, the ballot shall

29 include an estimate of the amount of the proposed increase in the future

30 years in place of the statement that the amount of the proposed increase will

31 be based on a percentage of the school district's revenue control limit in

32 future years, as prescribed in subsections E and F of this section.

33 3. Notwithstanding subsection P of this section, the maximum period of

34 an override authorized pursuant to this subsection is five years.

35 4. Subsection P, paragraphs 1 and 2 of this section do not apply to

36 overrides authorized pursuant to this subsection.

37 I. If the election is to exceed the revenue control limit as provided

38 in section 15-482 and if the proposed increase will be fully funded by a levy

39 of taxes on the taxable property within the school district, the ballot shall

40 contain the words "budget increase, yes" and "budget increase, no", and the

41 voter shall signify the voter's desired choice. The ballot shall also

42 contain the amount of the proposed increase of the budget over the alternate

43 budget, a statement that the amount of the proposed increase will be based on

44 a percentage of the school district's revenue control limit in future years,

1 if applicable, as provided in subsection Q of this section, and the following
2 statement:

3 Any budget increase authorized by this election shall be
4 entirely funded by a levy of taxes on the taxable property
5 within this school district for the year for which adopted and
6 for _____ subsequent years, shall not be realized from monies
7 furnished by the state and shall not be subject to the
8 limitation on taxes specified in article IX, section 18,
9 Constitution of Arizona. Based on an estimate of assessed
10 valuation used for secondary property tax purposes, to fund the
11 proposed increase in the school district's budget which will be
12 funded by a levy of taxes upon the taxable property within this
13 school district would require an estimated tax rate of
14 _____ dollar per one hundred dollars of assessed valuation
15 used for secondary property tax purposes and is in addition to
16 the school district's tax rate that will be levied to fund the
17 school district's revenue control limit allowed by law.

18 J. If the election is to exceed the revenue control limit as provided
19 in section 15-482 and if the proposed increase will be fully funded by
20 revenues other than a levy of taxes on the taxable property within the school
21 district, the ballot shall contain the words "budget increase, yes" and
22 "budget increase, no", and the voter shall signify the voter's desired
23 choice. The ballot shall also contain the amount of the proposed increase of
24 the proposed budget over the alternate budget, a statement that the amount of
25 the proposed increase will be based on a percentage of the school district's
26 revenue control limit in future years, if applicable, as provided in
27 subsection Q of this section and the following statement:

28 Any budget increase authorized by this election shall be
29 entirely funded by this school district with revenues from other
30 than a levy of taxes on the taxable property within the school
31 district for the year for which adopted and for _____ subsequent
32 years and shall not be realized from monies furnished by the
33 state.

34 K. The maximum budget increase that may be requested and authorized as
35 provided in subsection I or J of this section, or a combination of both of
36 these subsections, is five per cent of the revenue control limit as provided
37 in section 15-947, subsection A for the budget year. For a unified school
38 district, a common school district not within a high school district or a
39 common school district within a high school district that offers instruction
40 in high school subjects as provided in section 15-447, five per cent of the
41 revenue control limit means five per cent of the revenue control limit
42 attributable to the weighted student count in preschool programs for children
43 with disabilities, kindergarten programs and grades one through eight as
44 provided in section 15-971, subsection B.

1 L. If the election is to exceed the capital outlay revenue limit and
2 if the proposed increase will be fully funded by a levy of taxes upon the
3 taxable property within the school district, the ballot shall contain the
4 words "budget increase, yes" and "budget increase, no", and the voter shall
5 signify the voter's desired choice. An election held pursuant to this
6 subsection shall be held on the first Tuesday after the first Monday of
7 November. The ballot shall also contain the amount of the proposed increase
8 of the proposed budget over the alternate budget and the following statement:

9 Any budget increase authorized by this election shall be
10 entirely funded by a levy of taxes upon the taxable property
11 within this school district for the year in which adopted and
12 for _____ subsequent years, shall not be realized from monies
13 furnished by the state and shall not be subject to the
14 limitation on taxes specified in article IX, section 18,
15 Constitution of Arizona. Based on an estimate of assessed
16 valuation used for secondary property tax purposes, to fund the
17 proposed increase in the school district's budget would require
18 an estimated tax rate of _____ dollar per one hundred
19 dollars of assessed valuation used for secondary property tax
20 purposes and is in addition to the school district's tax rate
21 which will be levied to fund the school district's capital
22 outlay revenue limit allowed by law.

23 M. If the election is to exceed the capital outlay revenue limit and
24 if the proposed increase will be fully funded by revenues from other than a
25 levy of taxes upon the taxable property within the school district, the
26 ballot shall contain the words "budget increase, yes" and "budget increase,
27 no", and the voter shall signify the voter's desired choice. An election
28 held pursuant to this subsection shall be held on the first Tuesday after the
29 first Monday of November. The ballot shall also contain the amount of the
30 proposed increase of the proposed budget over the alternate budget and the
31 following statement:

32 Any budget increase authorized by this election shall be
33 entirely funded by this school district with revenues from other
34 than a levy of taxes on the taxable property within the school
35 district for the year in which adopted and for _____ subsequent
36 years and shall not be realized from monies furnished by the
37 state.

38 N. If the election is to exceed a combination of the revenue control
39 limit as provided in subsection E or F of this section, the revenue control
40 limit as provided in subsection I or J of this section or the capital outlay
41 revenue limit as provided in subsection L or M of this section, the ballot
42 shall be prepared so that the voters may vote on each proposed increase
43 separately and shall contain statements required in the same manner as if
44 each proposed increase were submitted separately.

1 0. If the election provides for a levy of taxes on the taxable
2 property within the school district, at least thirty days prior to the
3 election, the department of revenue shall provide the school district
4 governing board and the county school superintendent with an estimate of the
5 school district's assessed valuation used for secondary property tax purposes
6 for the ensuing fiscal year. The governing board and the county school
7 superintendent shall use this estimate to translate the amount of the
8 proposed dollar increase in the budget of the school district over that
9 allowed by law into a tax rate figure.

10 P. If the voters in a school district vote to adopt a budget in excess
11 of the revenue control limit as provided in subsection E or F of this
12 section, any additional increase shall be included in the aggregate budget
13 limit for each of the years authorized. Any additional increase shall be
14 excluded from the determination of equalization assistance. The school
15 district governing board ~~may~~, however, **MAY** levy on the assessed valuation
16 used for secondary property tax purposes of the property in the school
17 district the additional increase if adopted under subsection E of this
18 section for the period of one year, two years or five through seven years as
19 authorized. If an additional increase is approved as provided in subsection
20 F of this section, the school district governing board may only use revenues
21 derived from the school district's prior year's maintenance and operation
22 fund ending cash balance to fund the additional increase. If a budget
23 increase was previously authorized and will be in effect for the budget year
24 or budget year and subsequent years, as provided in subsection E or F of this
25 section, the governing board may request a new budget increase as provided in
26 the same subsection under which the prior budget increase was adopted, which
27 shall not exceed the maximum amount permitted under subsection G of this
28 section. If the voters in the school district authorize the new budget
29 increase amount, the existing budget increase no longer is in effect. If the
30 voters in the school district do not authorize the budget increase amount,
31 the existing budget increase remains in effect for the time period for which
32 it was authorized. The maximum additional increase authorized as provided in
33 subsection E or F of this section and the additional increase which is
34 included in the aggregate budget limit is based on a percentage of a school
35 district's revenue control limit in future years, if the budget increase is
36 authorized for more than one year. If the additional increase:

37 1. Is for two years, the proposed increase in the second year is equal
38 to the initial proposed percentage increase.

39 2. Is for five years or more, the proposed increase is equal to the
40 initial proposed percentage increase in the following years of the proposed
41 increase, except that in the next to last year it is two-thirds of the
42 initial proposed percentage increase and it is one-third of the initial
43 proposed percentage increase in the last year of the proposed increase.

1 Q. If the voters in a school district vote to adopt a budget in excess
2 of the revenue control limit as provided in subsection I or J of this
3 section, any additional increase shall be included in the aggregate budget
4 limit for each of the years authorized. Any additional increase shall be
5 excluded from the determination of equalization assistance. The school
6 district governing board, however, may levy on the assessed valuation used
7 for secondary property tax purposes of the property in the school district
8 the additional increase if adopted under subsection I of this section for the
9 period of one year, two years or five through seven years as authorized. If
10 an additional increase is approved as provided in subsection J of this
11 section, the increase may only be budgeted and expended if sufficient monies
12 are available in the maintenance and operation fund of the school district.
13 If a budget increase was previously authorized and will be in effect for the
14 budget year or budget year and subsequent years, as provided in subsection I
15 or J of this section, the governing board may request a new budget increase
16 as provided in the same subsection under which the prior budget increase was
17 adopted that does not exceed the maximum amount permitted under subsection K
18 of this section. If the voters in the school district authorize the new
19 budget increase amount, the existing budget increase no longer is in effect.
20 If the voters in the school district do not authorize the budget increase
21 amount, the existing budget increase remains in effect for the time period
22 for which it was authorized. The maximum additional increase authorized as
23 provided in subsection I or J of this section and the additional increase
24 that is included in the aggregate budget limit is based on a percentage of a
25 school district's revenue control limit in future years, if the budget
26 increase is authorized for more than one year. If the additional increase:

27 1. Is for two years, the proposed increase in the second year is equal
28 to the initial proposed percentage increase.

29 2. Is for five years or more, the proposed increase is equal to the
30 initial proposed percentage increase in the following years of the proposed
31 increase, except that in the next to last year it is two-thirds of the
32 initial proposed percentage increase and it is one-third of the initial
33 proposed percentage increase in the last year of the proposed increase.

34 R. If the voters in a school district vote to adopt a budget in excess
35 of the capital outlay revenue limit as provided in subsection L of this
36 section, any additional increase shall be included in the aggregate budget
37 limit for each of the years authorized. The additional increase shall be
38 excluded from the determination of equalization assistance. The school
39 district governing board ~~may~~, however, ~~MAY~~ levy on the assessed valuation
40 used for secondary property tax purposes of the property in the school
41 district the additional increase for the period authorized but not to exceed
42 ten years. For overrides approved by a vote of the qualified electors of the
43 school district at an election held from and after October 31, 1998, the
44 period of the additional increase prescribed in this subsection shall not
45 exceed seven years for any capital override election.

1 S. If the voters in a school district vote to adopt a budget in excess
 2 of the capital outlay revenue limit as provided in subsection M of this
 3 section, any additional increase shall be included in the aggregate budget
 4 limit for each of the years authorized. The additional increase shall be
 5 excluded from the determination of equalization assistance. The school
 6 district governing board may only use revenues derived from the school
 7 district's prior year's maintenance and operation fund ending cash balance
 8 and capital outlay fund ending cash balance to fund the additional increase
 9 for the period authorized but not to exceed ten years. For overrides
 10 approved by a vote of the qualified electors of the school district at an
 11 election held from and after October 31, 1998, the period of the additional
 12 increase prescribed in this subsection shall not exceed seven years for any
 13 capital override election.

14 T. In addition to subsections P and S of this section, from the
 15 maintenance and operation fund and capital outlay fund ending cash balances,
 16 the school district governing board shall first use any available revenues to
 17 reduce its primary tax rate to zero and shall use any remaining revenues to
 18 fund the additional increase authorized as provided in subsections F and M of
 19 this section.

20 U. If the voters in a school district disapprove the proposed budget,
 21 the alternate budget which, except for any budget increase authorized by a
 22 prior election, does not include an increase in the budget in excess of the
 23 amount provided in section 15-905 shall be adopted by the governing board as
 24 provided in section 15-905.

25 V. The governing board may request that any override election be
 26 cancelled if any change in chapter 9 of this title changes the amount of the
 27 aggregate budget limit as provided in section 15-905. The request to cancel
 28 the override election shall be made to the county school superintendent at
 29 least ten days prior to the date of the scheduled override election.

30 W. For any election conducted pursuant to subsection L or M of this
 31 section:

32 1. The ballot shall include the following statement in addition to any
 33 other statement required by this section:

34 The capital improvements that are proposed to be funded
 35 through this override election are to exceed the state standards
 36 and are in addition to monies provided by the state.

37 _____ school district is proposing to increase its
 38 budget by \$_____ to fund capital improvements over and
 39 above those funded by the state. Under the students first
 40 capital funding system, _____ school district is entitled to
 41 state monies for building renewal, new construction and
 42 renovation of school buildings in accordance with state law.

43 2. The ballot shall contain the words "budget increase, yes" and
 44 "budget increase, no", and the voter shall signify the voter's desired
 45 choice.

1 3. At least eighty-five days before the election, the school district
2 shall submit proposed ballot language to the director of the Arizona
3 legislative council. The director of the Arizona legislative council shall
4 review the proposed ballot language to determine whether the proposed ballot
5 language complies with this section. If the director of the Arizona
6 legislative council determines that the proposed ballot language does not
7 comply with this section, the director, within ten calendar days of the
8 receipt of the proposed ballot language, shall notify the school district of
9 the director's objections and the school district shall resubmit revised
10 ballot language to the director for approval.

11 X. If the voters approve the budget increase pursuant to subsection L
12 or M of this section, the school district shall not use the override proceeds
13 for any purposes other than the proposed capital improvements listed in the
14 publicity pamphlet, except that up to ten per cent of the override proceeds
15 may be used for general capital expenses, including cost overruns of proposed
16 capital improvements.

17 Y. Each school district that currently increases its budget pursuant
18 to subsection L or M of this section is required to hold a public meeting
19 each year between September 1 and October 31 at which an update of the
20 progress of capital improvements financed through the override is discussed
21 and at which the public is permitted an opportunity to comment. At a
22 minimum, the update shall include a comparison of the current status and the
23 original projections on the construction of capital improvements, the costs
24 of capital improvements and the costs of capital improvements in progress or
25 completed since the prior meeting and the future capital plans of the school
26 district. The school district shall include in the public meeting a
27 discussion of the school district's use of state capital aid and
28 voter-approved bonding in funding capital improvements, if any.

29 Z. If a budget in excess of the capital outlay revenue limit was
30 previously adopted by the voters in a school district and will be in effect
31 for the budget year or budget year and subsequent years, as provided in
32 subsection L or M of this section, the governing board may request an
33 additional budget in excess of the capital outlay revenue limit. If the
34 voters in a school district authorize the additional budget in excess of the
35 capital outlay revenue limit, the existing capital outlay revenue limit
36 budget increase remains in effect.

37 AA. NOTWITHSTANDING ANY OTHER LAW, THE AMOUNT OF ANY TAXES LEVIED FOR
38 THE DURATION OF ANY BUDGET OVERRIDE AUTHORIZED PURSUANT TO THIS SECTION SHALL
39 NOT EXCEED THE AMOUNT LEVIED IN THE FIRST YEAR OF THE OVERRIDE UNLESS A
40 MAJORITY OF THE QUALIFIED ELECTORS IN THE SCHOOL DISTRICTS SUBSEQUENTLY
41 APPROVE AN INCREASE IN THE AMOUNT THAT MAY BE LEVIED FOR THAT BUDGET
42 OVERRIDE.

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

2 15-482. Special budget override provisions: special programs to
3 improve academic achievement of pupils in
4 kindergarten programs and grades one through three

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

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

15 2. The amount of the proposed budget increase as provided in
16 subsection B of this section is for use for the special program and is to
17 supplement, not supplant, programs for pupils in kindergarten programs and
18 grades one through three which were in existence prior to the budget
19 increase, unless in the fiscal year prior to the fiscal year of the proposed
20 budget increase special programs for pupils in kindergarten programs and
21 grades one through three were in existence and were funded with proceeds from
22 the sale or lease of school property, as provided in section 15-1102.

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

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

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

42 2. Prepare as a part of the school district annual financial report a
43 detailed report of expenditures incurred as a result of the special program,
44 in a format prescribed by the auditor general in conjunction with the
45 department of education, as provided in section 15-904.

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

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

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

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

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

28 F. NOTWITHSTANDING ANY OTHER LAW, THE AMOUNT OF ANY TAXES LEVIED FOR
29 THE DURATION OF ANY BUDGET OVERRIDE AUTHORIZED PURSUANT TO THIS SECTION SHALL
30 NOT EXCEED THE AMOUNT LEVIED IN THE FIRST YEAR OF THE OVERRIDE UNLESS A
31 MAJORITY OF THE QUALIFIED ELECTORS IN THE SCHOOL DISTRICTS SUBSEQUENTLY
32 APPROVE AN INCREASE IN THE AMOUNT THAT MAY BE LEVIED FOR THAT BUDGET
33 OVERRIDE.

34 Sec. 4. Section 15-901, Arizona Revised Statutes, is amended to read:
35 15-901. Definitions

36 A. In this title, unless the context otherwise requires:

37 1. "Average daily attendance" or "ADA" means actual average daily
38 attendance through the first one hundred days or two hundred days in session,
39 as applicable.

40 2. "Average daily membership" means the total enrollment of fractional
41 students and full-time students, minus withdrawals, of each school day
42 through the first one hundred days or two hundred days in session, as
43 applicable, for the current year. Withdrawals include students formally
44 withdrawn from schools and students absent for ten consecutive school days,
45 except for excused absences as identified by the department of education.

1 For computation purposes, the effective date of withdrawal shall be
2 retroactive to the last day of actual attendance of the student.

3 (a) "Fractional student" means:

4 (i) For common schools, until fiscal year 2001-2002, a preschool child
5 who is enrolled in a program for preschool children with disabilities of at
6 least three hundred sixty minutes each week or a kindergarten student at
7 least five years of age prior to January 1 of the school year and enrolled in
8 a school kindergarten program that meets at least three hundred forty-six
9 instructional hours during the minimum number of days required in a school
10 year as provided in section 15-341. In fiscal year 2001-2002, the
11 kindergarten program shall meet at least three hundred forty-eight hours. In
12 fiscal year 2002-2003, the kindergarten program shall meet at least three
13 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
14 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
15 the kindergarten program shall meet at least three hundred fifty-four hours.
16 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
17 program shall meet at least three hundred fifty-six hours. Lunch periods and
18 recess periods may not be included as part of the instructional hours unless
19 the child's individualized education program requires instruction during
20 those periods and the specific reasons for such instruction are fully
21 documented. In computing the average daily membership, preschool children
22 with disabilities and kindergarten students shall be counted as one-half of a
23 full-time student. For common schools, a part-time student is a student
24 enrolled for less than the total time for a full-time student as defined in
25 this section. A part-time common school student shall be counted as
26 one-fourth, one-half or three-fourths of a full-time student if the student
27 is enrolled in an instructional program that is at least one-fourth, one-half
28 or three-fourths of the time a full-time student is enrolled as defined in
29 subdivision (b) of this paragraph.

30 (ii) For high schools, a part-time student who is enrolled in less
31 than four subjects that count toward graduation as defined by the state board
32 of education in a recognized high school and who is taught in less than
33 twenty instructional hours per week prorated for any week with fewer than
34 five school days. A part-time high school student shall be counted as
35 one-fourth, one-half or three-fourths of a full-time student if the student
36 is enrolled in an instructional program that is at least one-fourth, one-half
37 or three-fourths of a full-time instructional program as defined in
38 subdivision (c) of this paragraph.

39 (b) "Full-time student" means:

40 (i) For common schools, a student who is at least six years of age
41 prior to January 1 of a school year, who has not graduated from the highest
42 grade taught in the school district and who is regularly enrolled in a course
43 of study required by the state board of education. Until fiscal year
44 2001-2002, first, second and third grade students, ungraded students at least
45 six, but under nine, years of age by September 1 or ungraded group B children

1 with disabilities who are at least five, but under six, years of age by
2 September 1 must be enrolled in an instructional program that meets for a
3 total of at least six hundred ninety-two hours during the minimum number of
4 days required in a school year as provided in section 15-341. In fiscal year
5 2001-2002, the program shall meet at least six hundred ninety-six hours. In
6 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
7 In fiscal year 2003-2004, the program shall meet at least seven hundred four
8 hours. In fiscal year 2004-2005, the program shall meet at least seven
9 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
10 thereafter, the program shall meet at least seven hundred twelve hours.
11 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
12 ungraded students at least nine, but under twelve, years of age by September
13 1 must be enrolled in an instructional program that meets for a total of at
14 least eight hundred sixty-five hours during the minimum number of school days
15 required in a school year as provided in section 15-341. In fiscal year
16 2001-2002, the program shall meet at least eight hundred seventy hours. In
17 fiscal year 2002-2003, the program shall meet at least eight hundred
18 seventy-five hours. In fiscal year 2003-2004, the program shall meet at least
19 eight hundred eighty hours. In fiscal year 2004-2005, the program shall meet
20 at least eight hundred eighty-five hours. In fiscal year 2005-2006 and each
21 fiscal year thereafter, the program shall meet at least eight hundred ninety
22 hours. Until fiscal year 2001-2002, seventh and eighth grade students or
23 ungraded students at least twelve, but under fourteen, years of age by
24 September 1 must be enrolled in an instructional program that meets for a
25 total of at least one thousand thirty-eight hours during the minimum number
26 of days required in a school year as provided in section 15-341. In fiscal
27 year 2001-2002, the program shall meet at least one thousand forty-four
28 hours. In fiscal year 2002-2003, the program shall meet at least one
29 thousand fifty hours. In fiscal year 2003-2004, the program shall meet at
30 least one thousand fifty-six hours. In fiscal year 2004-2005, the program
31 shall meet at least one thousand sixty-two hours. In fiscal year 2005-2006
32 and each fiscal year thereafter, the program shall meet at least one thousand
33 sixty-eight hours. Lunch periods and recess periods may not be included as
34 part of the instructional hours unless the student is a child with a
35 disability and the child's individualized education program requires
36 instruction during those periods and the specific reasons for such
37 instruction are fully documented.

38 (ii) For high schools, except as provided in section 15-105, a student
39 not graduated from the highest grade taught in the school district, or an
40 ungraded student at least fourteen years of age by September 1, and enrolled
41 in at least a full-time instructional program of subjects that count toward
42 graduation as defined by the state board of education in a recognized high
43 school. A full-time student shall not be counted more than once for
44 computation of average daily membership.

1 (iii) For homebound or hospitalized, a student receiving at least four
2 hours of instruction per week.

3 (c) "Full-time instructional program" means:

4 (i) Through fiscal year 2000-2001, at least four subjects, each of
5 which, if taught each school day for the minimum number of days required in a
6 school year, would meet a minimum of one hundred twenty hours a year, or the
7 equivalent, or one or more subjects taught in amounts of time totaling at
8 least twenty hours per week prorated for any week with fewer than five school
9 days.

10 (ii) For fiscal year 2001-2002, an instructional program that meets at
11 least a total of seven hundred four hours during the minimum number of days
12 required and includes at least four subjects each of which, if taught each
13 school day for the minimum number of days required in a school year, would
14 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
15 one or more subjects taught in amounts of time totaling at least twenty hours
16 per week prorated for any week with fewer than five school days.

17 (iii) For fiscal year 2002-2003, an instructional program that meets
18 at least a total of seven hundred eight hours during the minimum number of
19 days required and includes at least four subjects each of which, if taught
20 each school day for the minimum number of days required in a school year,
21 would meet a minimum of one hundred twenty-two hours a year, or the
22 equivalent, or one or more subjects taught in amounts of time totaling at
23 least twenty hours per week prorated for any week with fewer than five school
24 days.

25 (iv) For fiscal year 2003-2004, an instructional program that meets at
26 least a total of seven hundred twelve hours during the minimum number of days
27 required and includes at least four subjects each of which, if taught each
28 school day for the minimum number of days required in a school year, would
29 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
30 or one or more subjects taught in amounts of time totaling at least twenty
31 hours per week prorated for any week with fewer than five school days.

32 (v) For fiscal year 2004-2005, an instructional program that meets at
33 least a total of seven hundred sixteen hours during the minimum number of
34 days required and includes at least four subjects each of which, if taught
35 each school day for the minimum number of days required in a school year,
36 would meet a minimum of one hundred twenty-three hours a year, or the
37 equivalent, or one or more subjects taught in amounts of time totaling at
38 least twenty hours per week prorated for any week with fewer than five school
39 days.

40 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
41 instructional program that meets at least a total of seven hundred twenty
42 hours during the minimum number of days required and includes at least four
43 subjects each of which, if taught each school day for the minimum number of
44 days required in a school year, would meet a minimum of one hundred
45 twenty-three hours a year, or the equivalent, or one or more subjects taught

1 in amounts of time totaling at least twenty hours per week prorated for any
2 week with fewer than five school days.

3 3. "Budget year" means the fiscal year for which the school district
4 is budgeting and which immediately follows the current year.

5 4. "Common school district" means a political subdivision of this
6 state offering instruction to students in programs for preschool children
7 with disabilities and kindergarten programs and grades one through eight.

8 5. "Current year" means the fiscal year in which a school district is
9 operating.

10 6. "Daily attendance" means:

11 (a) For common schools, days in which a pupil:

12 (i) Of a kindergarten program or ungraded, but not group B children
13 with disabilities, and at least five, but under six, years of age by
14 September 1 attends at least three-quarters of the instructional time
15 scheduled for the day. If the total instruction time scheduled for the year
16 is at least three hundred forty-six hours but is less than six hundred
17 ninety-two hours such attendance shall be counted as one-half day of
18 attendance. If the instructional time scheduled for the year is at least six
19 hundred ninety-two hours, "daily attendance" means days in which a pupil
20 attends at least one-half of the instructional time scheduled for the
21 day. Such attendance shall be counted as one-half day of attendance.

22 (ii) Of the first, second or third grades, ungraded and at least six,
23 but under nine, years of age by September 1 or ungraded group B children with
24 disabilities and at least five, but under six, years of age by September 1
25 attends more than three-quarters of the instructional time scheduled for the
26 day.

27 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
28 nine, but under twelve, years of age by September 1 attends more than
29 three-quarters of the instructional time scheduled for the day, except as
30 provided in section 15-797.

31 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
32 but under fourteen, years of age by September 1 attends more than
33 three-quarters of the instructional time scheduled for the day, except as
34 provided in section 15-797.

35 (b) For common schools, the attendance of a pupil at three-quarters or
36 less of the instructional time scheduled for the day shall be counted as
37 follows, except as provided in section 15-797 and except that attendance for
38 a fractional student shall not exceed the pupil's fractional membership:

39 (i) If attendance for all pupils in the school is based on quarter
40 days, the attendance of a pupil shall be counted as one-fourth of a day's
41 attendance for each one-fourth of full-time instructional time attended.

42 (ii) If attendance for all pupils in the school is based on half days,
43 the attendance of at least three-quarters of the instructional time scheduled
44 for the day shall be counted as a full day's attendance and attendance at a

1 minimum of one-half but less than three-quarters of the instructional time
2 scheduled for the day equals one-half day of attendance.

3 (c) For common schools, the attendance of a preschool child with
4 disabilities shall be counted as one-fourth day's attendance for each
5 thirty-six minutes of attendance not including lunch periods and recess
6 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
7 subsection for children with disabilities up to a maximum of three hundred
8 sixty minutes each week.

9 (d) For high schools or ungraded schools in which the pupil is at
10 least fourteen years of age by September 1, the attendance of a pupil shall
11 not be counted as a full day unless the pupil is actually and physically in
12 attendance and enrolled in and carrying four subjects, each of which, if
13 taught each school day for the minimum number of days required in a school
14 year, would meet a minimum of one hundred twenty hours a year, or the
15 equivalent, that count toward graduation in a recognized high school except
16 as provided in section 15-797 and subdivision (e) of this paragraph.
17 Attendance of a pupil carrying less than the load prescribed shall be
18 prorated.

19 (e) For high schools or ungraded schools in which the pupil is at
20 least fourteen years of age by September 1, the attendance of a pupil may be
21 counted as one-fourth of a day's attendance for each sixty minutes of
22 instructional time in a subject that counts toward graduation, except that
23 attendance for a pupil shall not exceed the pupil's full or fractional
24 membership.

25 (f) For homebound or hospitalized, a full day of attendance may be
26 counted for each day during a week in which the student receives at least
27 four hours of instruction.

28 (g) For school districts which maintain school for an approved
29 year-round school year operation, attendance shall be based on a computation,
30 as prescribed by the superintendent of public instruction, of the one hundred
31 eighty days' equivalency or two hundred days' equivalency, as applicable, of
32 instructional time as approved by the superintendent of public instruction
33 during which each pupil is enrolled.

34 7. "Daily route mileage" means the sum of:

35 (a) The total number of miles driven daily by all buses of a school
36 district while transporting eligible students from their residence to the
37 school of attendance and from the school of attendance to their residence on
38 scheduled routes approved by the superintendent of public instruction.

39 (b) The total number of miles driven daily on routes approved by the
40 superintendent of public instruction for which a private party, a political
41 subdivision or a common or a contract carrier is reimbursed for bringing an
42 eligible student from the place of his residence to a school transportation
43 pickup point or to the school of attendance and from the school
44 transportation scheduled return point or from the school of attendance to his
45 residence. Daily route mileage includes the total number of miles necessary

1 to drive to transport eligible students from and to their residence as
2 provided in this paragraph.

3 8. "District support level" means the ~~base support level plus the~~
4 ~~transportation support level~~ EQUALIZATION BASE AMOUNT AS DETERMINED BY
5 SECTION 15-971, SUBSECTION A.

6 9. "Eligible students" means:

7 (a) Students who are transported by or for a school district and who
8 qualify as full-time students or fractional students, except students for
9 whom transportation is paid by another school district or a county school
10 superintendent, and:

11 (i) For common school students, whose place of actual residence within
12 the school district is more than one mile from the school facility of
13 attendance or students who are admitted pursuant to section 15-816.01 and who
14 meet the economic eligibility requirements established under the national
15 school lunch and child nutrition acts (42 United States Code sections 1751
16 through 1785) for free or reduced price lunches and whose actual place of
17 residence outside the school district boundaries is more than one mile from
18 the school facility of attendance.

19 (ii) For high school students, whose place of actual residence within
20 the school district is more than one and one-half miles from the school
21 facility of attendance or students who are admitted pursuant to section
22 15-816.01 and who meet the economic eligibility requirements established
23 under the national school lunch and child nutrition acts (42 United States
24 Code sections 1751 through 1785) for free or reduced price lunches and whose
25 actual place of residence outside the school district boundaries is more than
26 one and one-half miles from the school facility of attendance.

27 (b) Kindergarten students, for purposes of computing the number of
28 eligible students under subdivision (a), item (i) of this paragraph, shall be
29 counted as full-time students, notwithstanding any other provision of law.

30 (c) Children with disabilities, as defined by section 15-761, who are
31 transported by or for the school district or who are admitted pursuant to
32 chapter 8, article 1.1 of this title and who qualify as full-time students or
33 fractional students regardless of location or residence within the school
34 district or children with disabilities whose transportation is required by
35 the pupil's individualized education program.

36 (d) Students whose residence is outside the school district and who
37 are transported within the school district on the same basis as students who
38 reside in the school district.

39 10. "Enrolled" or "enrollment" means when a pupil is currently
40 registered in the school district.

41 11. "GDP price deflator" means the average of the four implicit price
42 deflators for the gross domestic product reported by the United States
43 department of commerce for the four quarters of the calendar year.

44 12. "High school district" means a political subdivision of this state
45 offering instruction to students for grades nine through twelve or that

1 portion of the budget of a common school district which is allocated to
2 teaching high school subjects with permission of the state board of
3 education.

4 13. "Revenue control limit" means the base revenue control limit ~~plus~~
5 ~~the transportation revenue control limit.~~

6 14. "Student count" means average daily membership as prescribed in
7 this subsection for the fiscal year prior to the current year, except that
8 for the purpose of budget preparation student count means average daily
9 membership as prescribed in this subsection for the current year.

10 15. "Submit electronically" means submitted in a format and in a manner
11 prescribed by the department of education.

12 16. "Total bus mileage" means the total number of miles driven by all
13 buses of a school district during the school year.

14 17. "Total students transported" means all eligible students
15 transported from their place of residence to a school transportation pickup
16 point or to the school of attendance and from the school of attendance or
17 from the school transportation scheduled return point to their place of
18 residence.

19 18. "Unified school district" means a political subdivision of the
20 state offering instruction to students in programs for preschool children
21 with disabilities and kindergarten programs and grades one through twelve.

22 B. In this title, unless the context otherwise requires:

23 1. "Base" means the revenue level per student count specified by the
24 legislature.

25 2. "Base level" means:

26 (a) For fiscal year 2006-2007, three thousand one hundred thirty-three
27 dollars fifty-three cents.

28 (b) For fiscal year 2007-2008, three thousand two hundred twenty-six
29 dollars eighty-eight cents.

30 3. "Base revenue control limit" means the base revenue control limit
31 computed as provided in section 15-944.

32 4. "Base support level" means the base support level as provided in
33 section 15-943.

34 5. "Certified teacher" means a person who is certified as a teacher
35 pursuant to the rules adopted by the state board of education, who renders
36 direct and personal services to school children in the form of instruction
37 related to the school district's educational course of study and who is paid
38 from the maintenance and operation section of the budget.

39 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
40 emotional disabilities, mild mental retardation, a specific learning
41 disability, a speech/language impairment and other health impairments.

42 7. "ED-P" means programs for children with emotional disabilities who
43 are enrolled in private special education programs as prescribed in section
44 15-765, subsection D, paragraph 1 or in an intensive school district program
45 as provided in section 15-765, subsection D, paragraph 2.

1 8. "ELL" means English learners who do not speak English or whose
2 native language is not English, who are not currently able to perform
3 ordinary classroom work in English and who are enrolled in an English
4 language education program pursuant to sections 15-751, 15-752 and 15-753.

5 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
6 means for a certified teacher the following:

7 (a) If employed full time as defined in section 15-501, 1.00.

8 (b) If employed less than full time, multiply 1.00 by the percentage
9 of a full school day, or its equivalent, or a full class load, or its
10 equivalent, for which the teacher is employed as determined by the governing
11 board.

12 10. "Group A" means educational programs for career exploration, a
13 specific learning disability, an emotional disability, mild mental
14 retardation, remedial education, a speech/language impairment, homebound,
15 bilingual, preschool moderate delay, preschool speech/language delay, other
16 health impairments and gifted pupils.

17 11. "Group B" means educational improvements for pupils in kindergarten
18 programs and grades one through three, educational programs for autism, a
19 hearing impairment, moderate mental retardation, multiple disabilities,
20 multiple disabilities with severe sensory impairment, orthopedic impairments,
21 preschool severe delay, severe mental retardation and emotional disabilities
22 for school age pupils enrolled in private special education programs or in
23 school district programs for children with severe disabilities or visual
24 impairment and English learners enrolled in a program to promote English
25 language proficiency pursuant to section 15-752.

26 12. "HI" means programs for pupils with hearing impairment.

27 13. "Homebound" or "hospitalized" means a pupil who is capable of
28 profiting from academic instruction but is unable to attend school due to
29 illness, disease, accident or other health conditions, who has been examined
30 by a competent medical doctor and who is certified by that doctor as being
31 unable to attend regular classes for a period of not less than three school
32 months or a pupil who is capable of profiting from academic instruction but
33 is unable to attend school regularly due to chronic or acute health problems,
34 who has been examined by a competent medical doctor and who is certified by
35 that doctor as being unable to attend regular classes for intermittent
36 periods of time totaling three school months during a school year. The
37 medical certification shall state the general medical condition, such as
38 illness, disease or chronic health condition, that is the reason that the
39 pupil is unable to attend school. Homebound or hospitalized includes a
40 student who is unable to attend school for a period of less than three months
41 due to a pregnancy if a competent medical doctor, after an examination,
42 certifies that the student is unable to attend regular classes due to risk to
43 the pregnancy or to the student's health.

- 1 14. "K" means kindergarten programs.
- 2 15. "K-3" means kindergarten programs and grades one through three.
- 3 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
4 multiple disabilities, autism and severe mental retardation.
- 5 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
6 with multiple disabilities, autism and severe mental retardation.
- 7 18. "MDSSI" means a program for pupils with multiple disabilities with
8 severe sensory impairment.
- 9 19. "MOMR" means programs for pupils with moderate mental retardation.
- 10 20. "OI-R" means a resource program for pupils with orthopedic
11 impairments.
- 12 21. "OI-SC" means a self-contained program for pupils with orthopedic
13 impairments.
- 14 22. "PSD" means preschool programs for children with disabilities as
15 provided in section 15-771.
- 16 23. "P-SD" means programs for children who meet the definition of
17 preschool severe delay as provided in section 15-771.
- 18 24. "Qualifying tax rate" means the qualifying tax rate specified in
19 section 15-971 applied to the assessed valuation used for primary property
20 taxes.
- 21 25. "Small isolated school district" means a school district which
22 meets all of the following:
- 23 (a) Has a student count of fewer than six hundred in kindergarten
24 programs and grades one through eight or grades nine through twelve.
- 25 (b) Contains no school which is fewer than thirty miles by the most
26 reasonable route from another school, or, if road conditions and terrain make
27 the driving slow or hazardous, fifteen miles from another school which
28 teaches one or more of the same grades and is operated by another school
29 district in this state.
- 30 (c) Is designated as a small isolated school district by the
31 superintendent of public instruction.
- 32 26. "Small school district" means a school district which meets all of
33 the following:
- 34 (a) Has a student count of fewer than six hundred in kindergarten
35 programs and grades one through eight or grades nine through twelve.
- 36 (b) Contains at least one school which is fewer than thirty miles by
37 the most reasonable route from another school which teaches one or more of
38 the same grades and is operated by another school district in this state.
- 39 (c) Is designated as a small school district by the superintendent of
40 public instruction.
- 41 ~~27. "Transportation revenue control limit" means the transportation~~
42 ~~revenue control limit computed as prescribed in section 15-946.~~
- 43 ~~28.~~ 27. "Transportation support level" means the support level for
44 pupil transportation operating expenses as provided in section 15-945.

1 ~~29.~~ 28. "VI" means programs for pupils with visual impairments.
2 ~~30.~~ 29. "Voc. Ed." means career and technical education and vocational
3 education programs, as defined in section 15-781.

4 Sec. 5. Section 15-910, Arizona Revised Statutes, is amended to read:
5 15-910. School district budgets; excess utility costs;
6 desegregation costs; tuition costs for bond issues;
7 costs for registering warrants; report

8 A. The governing board may budget for the district's excess utility
9 costs which are specifically exempt from the district's revenue control
10 limit. If approved by the qualified electors voting at a statewide general
11 election, the exemption from the revenue control limit under this subsection
12 expires at the end of the 2008-2009 budget year. The uniform system of
13 financial records shall specify expenditure items allowable as excess utility
14 costs, which are limited to direct operational costs of heating, cooling,
15 water and electricity, telephone communications and sanitation fees. The
16 department of education and the auditor general shall include in the
17 maintenance and operation section of the budget format, as provided in
18 section 15-903, a separate line for utility expenditures and a special excess
19 utility cost category. The special excess utility cost category shall
20 contain budgeted expenditures for excess utility costs, determined as
21 follows:

22 1. Determine the lesser of the total budgeted or total actual utility
23 expenditures for fiscal year 1984-1985.

24 2. Multiply the amount in paragraph 1 of this subsection by the total
25 percentage increase or decrease in the revenue control limit and the capital
26 outlay revenue limit for the budget year over the revenue control limit and
27 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
28 available from a career ladder program or a teacher compensation program
29 provided for in section 15-952.

30 3. The sum of the amounts in paragraphs 1 and 2 of this subsection is
31 the amount budgeted in the utility expenditure line.

32 4. Additional expenditures for utilities are budgeted in the excess
33 utility cost category.

34 B. The governing board shall apply the same percentage increase or
35 decrease allowed in the revenue control limit and the capital outlay revenue
36 limit as provided in section 15-905, subsection E or section 15-948 to the
37 utility expenditure line of the budget.

38 C. The governing board may expend from the excess utility cost
39 category only after it has expended for utility purposes the full amount
40 budgeted in the utility expenditure line of the budget.

41 D. The governing board, after notice is given and a public meeting is
42 held as provided in section 15-905, subsection D, may revise at any time
43 before May 15 the amount budgeted in the excess utility cost category for the
44 current year. Not later than May 18, the budget as revised shall be
45 submitted electronically to the superintendent of public instruction.

1 E. If the revised excess utility cost category results in an
2 expenditure of monies in excess of school district revenues for the current
3 year, the county school superintendent shall include within the revenue
4 estimate for the budget year monies necessary to meet the liabilities
5 incurred by the school district in the current year in excess of revenues
6 received for the current year.

7 F. If a school district receives a refund of utility expenditures or a
8 rebate on energy saving devices or services, the refund or rebate shall be
9 applied against utility expenditures for the current year as a reduction of
10 the expenditures, except that the reduction of expenditures shall not exceed
11 the amount of actual utility expenditures.

12 G. The governing board may budget for expenses of complying with or
13 continuing to implement activities which were required or permitted by a
14 court order of desegregation or administrative agreement with the United
15 States department of education office for civil rights directed toward
16 remediating alleged or proven racial discrimination which are specifically
17 exempt in whole or in part from the revenue control limit and the capital
18 outlay revenue limit. This exemption applies only to expenses incurred for
19 activities ~~which are begun~~ THAT BEGIN before the termination of the court
20 order or administrative agreement. If a district is levying a primary
21 property tax on February 23, 2006 and using those monies to administer an
22 English language learner program to remedy alleged or proven discrimination
23 under title VI of the civil rights act of 1964 (42 United States Code section
24 2000d), the district may spend those monies to remedy a violation of the
25 equal education act of 1974 (20 United States Code section 1703(f)). Nothing
26 in this subsection allows a school district to levy a primary property tax
27 for violations of the equal education act of 1974 (20 United States Code
28 section 1703(f)) in the absence of an alleged or proven discrimination under
29 title VI of the civil rights act of 1964 (42 United States Code section
30 2000d). THE EXEMPTION PRESCRIBED IN THIS SUBSECTION APPLIES ONLY TO SCHOOL
31 DISTRICTS THAT ON JUNE 30, 2008 ARE SUBJECT TO A COURT ORDER OF DESEGREGATION
32 OR AN ADMINISTRATIVE AGREEMENT WITH THE UNITED STATES DEPARTMENT OF EDUCATION
33 OFFICE FOR CIVIL RIGHTS DIRECTED TOWARD REMEDIATING ALLEGED OR PROVEN RACIAL
34 DISCRIMINATION. MONIES EXPENDED FOR DESEGREGATION PURPOSES SHALL BE SUBJECT
35 TO THE FOLLOWING RESTRICTIONS:

36 1. THE MAXIMUM AMOUNT THAT A SCHOOL DISTRICT MAY BUDGET IN ANY FISCAL
37 YEAR FOR DESEGREGATION EXPENSES THAT ARE SPECIFICALLY EXEMPT IN WHOLE OR IN
38 PART FROM THE REVENUE CONTROL LIMIT SHALL NOT EXCEED THE AMOUNT THAT THE
39 SCHOOL DISTRICT BUDGETED FOR DESEGREGATION PURPOSES IN FISCAL YEAR 2007-2008.

40 2. IF A SCHOOL DISTRICT BUDGETS AN AMOUNT IN ANY FISCAL YEAR FOR
41 DESEGREGATION PURPOSES THAT EXCEEDS THE AMOUNT THAT THE SCHOOL DISTRICT
42 BUDGETED FOR DESEGREGATION PURPOSES IN FISCAL YEAR 2007-2008, THE SCHOOL
43 DISTRICT SHALL APPLY TO THE ARIZONA DEPARTMENT OF EDUCATION FOR DESEGREGATION
44 ASSISTANCE FROM MONIES APPROPRIATED FOR THIS PURPOSE IN THE AMOUNT BUDGETED

1 FOR DESEGREGATION EXPENSES THAT EXCEEDS THE AMOUNT THAT THE SCHOOL DISTRICT
2 BUDGETED FOR DESEGREGATION PURPOSES IN FISCAL YEAR 2007-2008.

3 3. IF A SCHOOL DISTRICT AFTER JUNE 30, 2008 BECOMES SUBJECT TO A COURT
4 ORDER OF DESEGREGATION OR AN ADMINISTRATIVE AGREEMENT WITH THE UNITED STATES
5 DEPARTMENT OF EDUCATION OFFICE FOR CIVIL RIGHTS DIRECTED TOWARD REMEDIATING
6 ALLEGED OR PROVEN RACIAL DISCRIMINATION, THE SCHOOL DISTRICT IS NOT ELIGIBLE
7 TO BUDGET FOR DESEGREGATION EXPENSES THAT ARE EXEMPT IN WHOLE OR IN PART FROM
8 THE REVENUE CONTROL LIMIT AND THE SCHOOL DISTRICT SHALL APPLY TO THE ARIZONA
9 DEPARTMENT OF EDUCATION FOR DESEGREGATION ASSISTANCE FROM MONIES APPROPRIATED
10 FOR THIS PURPOSE.

11 4. FOR EACH FISCAL YEAR THE ARIZONA DEPARTMENT OF EDUCATION SHALL
12 REQUEST A SEPARATE LINE ITEM APPROPRIATION FOR THE ESTIMATED COST OF
13 DESEGREGATION EXPENSES FOR SCHOOL DISTRICTS PURSUANT TO PARAGRAPHS 2 AND 3 OF
14 THIS SUBSECTION IN THE BUDGET ESTIMATE SUBMITTED PURSUANT TO SECTION 35-113.
15 THE ARIZONA DEPARTMENT OF EDUCATION SHALL DEVELOP A FORM FOR SCHOOL DISTRICTS
16 TO APPLY FOR DESEGREGATION ASSISTANCE.

17 H. If a governing board IS ELIGIBLE FOR AND chooses to budget monies
18 outside of the revenue control limit as provided in subsection G of this
19 section, the governing board may do one of the following:

20 1. Use monies from the maintenance and operation fund equal to any
21 excess desegregation or compliance expenses beyond the revenue control limit
22 before June 30 of the current year.

23 2. Notify the county school superintendent to include the cost of the
24 excess expenses in the county school superintendent's estimate of the
25 additional amount needed for the school district from the primary property
26 tax as provided in section 15-991.

27 3. Employ the provisions of both paragraphs 1 and 2 of this
28 subsection, provided that the total amount transferred and included in the
29 amount needed from property taxes does not exceed the total amount budgeted
30 as prescribed in subsection J, paragraph 1 of this section.

31 I. Through fiscal year 2003-2004, the maximum amount which a governing
32 board may budget outside of the capital outlay revenue limit as provided in
33 subsection G of this section is twelve per cent of the maintenance and
34 operation desegregation budget as provided in subsection J of this section or
35 the amount that it budgeted pursuant to this subsection for fiscal year
36 2001-2002, whichever is less. If a governing board chooses to budget monies
37 outside of the capital outlay revenue limit as provided in subsection G of
38 this section, the governing board may notify the county school superintendent
39 to include the cost of the excess expenses in the county school
40 superintendent's estimate of the additional amount needed for the school
41 district from the primary property tax as provided in section 15-991.

42 J. A governing board using subsections G, H and I of this section:

43 1. Shall prepare and employ a separate maintenance and operation
44 desegregation budget and capital outlay desegregation budget on a form
45 prescribed by the superintendent of public instruction in conjunction with

1 the auditor general. The budget format shall be designed to allow a school
 2 district to plan and provide in detail for expenditures to be incurred solely
 3 as a result of compliance with or continuing to implement activities which
 4 were required or permitted by a court order of desegregation or
 5 administrative agreement with the United States department of education
 6 office for civil rights directed toward remediating alleged or proven racial
 7 discrimination.

8 2. Shall prepare as a part of the annual financial report a detailed
 9 report of expenditures incurred solely as a result of compliance with or
 10 continuing to implement activities which were required or permitted by a
 11 court order of desegregation or administrative agreement with the United
 12 States department of education office for civil rights directed toward
 13 remediating alleged or proven racial discrimination, in a format prescribed
 14 by the auditor general in conjunction with the ARIZONA department of
 15 education as provided by section 15-904.

16 3. On or before July 15, 2006 and each year thereafter, shall collect
 17 and report data regarding activities related to a court order of
 18 desegregation or an administrative agreement with the United States
 19 department of education office for civil rights directed toward remediating
 20 alleged or proven racial discrimination in a format prescribed by the ARIZONA
 21 department of education. The department shall compile and submit copies of
 22 the reports to the governor, the president of the senate, the speaker of the
 23 house of representatives and the chairpersons of the education committees of
 24 the senate and the house of representatives. A school district that becomes
 25 subject to a new court order of desegregation or a party to an administrative
 26 agreement with the United States department of education office for civil
 27 rights directed toward remediating alleged or proven racial discrimination
 28 shall submit these reports on or before July 15 or within ninety days of the
 29 date of the court order or administrative agreement, whichever occurs
 30 first. The ARIZONA department of education, in consultation with the auditor
 31 general, shall develop reporting requirements to ensure that school districts
 32 submit at least the following information and documentation to the ARIZONA
 33 department of education beginning in fiscal year 2006-2007:

34 (a) A district-wide budget summary and a budget summary on a school by
 35 school basis for each school in the school district that lists the sources
 36 and uses of monies that are designated for desegregation purposes.

37 (b) A detailed list of desegregation activities on a district-wide
 38 basis and on a school by school basis for each school in the school district.

39 (c) The date that the school district was determined to be out of
 40 compliance with title VI of the civil rights act of 1964 (42 United States
 41 Code section 2000d) and the basis for that determination.

42 (d) The initial date that the school district began to levy property
 43 taxes to provide funding for desegregation expenses and any dates that these
 44 property tax levies were increased.

1 (e) If applicable, a current and accurate description of all magnet
2 type programs that are in operation pursuant to the court order during the
3 current school year on a district-wide basis and on a school by school
4 basis. This information shall contain the eligibility and attendance
5 criteria of each magnet type program, the capacity of each magnet type
6 program, the ethnic composition goals of each magnet type program, the actual
7 attending ethnic composition of each magnet type program and the specific
8 activities offered in each magnet type program.

9 (f) The number of pupils who participate in desegregation activities
10 on a district-wide basis and on a school by school basis for each school in
11 the school district.

12 (g) A detailed summary of the academic achievement of pupils on a
13 district-wide basis and on a school by school basis for each school in the
14 school district.

15 (h) The number of employees, including teachers and administrative
16 personnel, on a district-wide basis and on a school by school basis for each
17 school in the school district that ~~are~~ IS necessary to conduct desegregation
18 activities.

19 (i) The number of employees, including teachers and administrative
20 personnel, on a district-wide basis and on a school by school basis for each
21 school in the school district and the number of employees at school district
22 administrative offices that are funded in whole or in part with desegregation
23 monies received pursuant to this section.

24 (j) The amount of monies that ~~are~~ IS not derived through a primary or
25 secondary property tax levy and that ~~are~~ IS budgeted and spent on
26 desegregation activities on a district-wide basis and on a school by school
27 basis for each school in the school district.

28 (k) Verification that the desegregation funding will supplement and
29 not supplant funding for other academic and extracurricular activities.

30 (l) Verification that the desegregation funding is educationally
31 justifiable.

32 (m) Any documentation that supports the proposition that the requested
33 desegregation funding is intended to result in equal education opportunities
34 for all pupils in the school district.

35 (n) Verification that the desegregation funding will be used to
36 promote systemic and organizational changes within the school district.

37 (o) Verification that the desegregation funding will be used in
38 accordance with the academic standards adopted by the state board of
39 education pursuant to sections 15-701 and 15-701.01.

40 (p) Verification that the desegregation funding will be used to
41 accomplish specific actions to remediate proven discrimination pursuant to
42 title VI of the civil rights act of 1964 (42 United States Code section
43 2000d) as specified in the court order or administrative agreement.

44 (q) An evaluation by the school district of the effectiveness of the
45 school district's desegregation measures.

1 (r) An estimate of when the school district will be in compliance with
2 the court order or administrative agreement and a detailed account of the
3 steps that the school district will take to achieve compliance.

4 (s) Any other information that the department of education deems
5 necessary to carry out the purposes of this paragraph.

6 K. If a school district governing board budgets for expenses of
7 complying with a court order of desegregation or an administrative agreement
8 with the United States department of education office for civil rights
9 directed toward remediating alleged or proven racial discrimination, the
10 governing board shall ensure that the desegregation expenses will:

11 1. Be educationally justifiable.

12 2. Result in equal education opportunities for all pupils in the
13 school district.

14 3. Be used to promote systemic and organizational changes within the
15 school district.

16 4. Be used in accordance with the academic standards adopted by the
17 state board of education pursuant to sections 15-701 and 15-701.01.

18 5. Be used to accomplish specific actions to remediate proven
19 discrimination pursuant to title VI of the civil rights act of 1964 (42
20 United States Code section 2000d) as specified in the court order or
21 administrative agreement.

22 6. Be used in accordance with a plan submitted to the [ARIZONA](#)
23 department of education that includes an estimate of the amount of monies
24 that will be required to bring the school district into compliance with the
25 court order or administrative agreement and an estimate of when the school
26 district will be in compliance with the court order or administrative
27 agreement.

28 L. The governing board may budget for the bond issues portion of the
29 cost of tuition charged the district as provided in section 15-824 for the
30 pupils attending school in another school district, except that if the
31 district is a common school district not within a high school district, the
32 district may only include that part of tuition which is excluded from the
33 revenue control limit and district support level as provided in section
34 15-951. The bond issues portion of the cost of tuition charged is
35 specifically exempt from the revenue control limit of the school district of
36 residence, and the primary property tax rate set to fund this amount shall
37 not be included in the computation of additional state aid for education as
38 provided in section 15-972, except as provided in section 15-972, subsection
39 E. The department of education and the auditor general shall include in the
40 maintenance and operation section of the budget format, as provided in
41 section 15-903, a separate category for the bond issues portion of the cost
42 of tuition.

43 M. The governing board may budget for interest expenses it incurred
44 for registering warrants drawn against a fund of the school district or net
45 interest expense on tax anticipation notes as prescribed in section

1 35-465.05, subsection C for the fiscal year preceding the current year if the
2 county treasurer pooled all school district monies for investment as provided
3 in section 15-996 for the fiscal year preceding the current year and, in
4 those school districts that receive state aid, the school districts applied
5 for an apportionment of state aid before the date set for the apportionment
6 as provided in section 15-973 for the fiscal year preceding the current year.
7 The governing board may budget an amount for interest expenses for
8 registering warrants or issuing tax anticipation notes equal to or less than
9 the amount of the warrant interest expense or net interest expense on tax
10 anticipation notes as prescribed in section 35-465.05, subsection C for the
11 fiscal year preceding the current year as provided in this subsection which
12 is specifically exempt from the revenue control limit. For the purposes of
13 this subsection, "state aid" means state aid as determined in sections 15-971
14 and 15-972.

15 Sec. 6. Repeal

16 Section 15-946, Arizona Revised Statutes, is repealed.

17 Sec. 7. Section 15-947, Arizona Revised Statutes, is amended to read:

18 15-947. Revenue control limit; district support level; general
19 budget limit; unrestricted total capital budget
20 limit; soft capital allocation limit

21 A. The revenue control limit for a school district is equal to ~~the sum~~
22 ~~of~~ the base revenue control limit determined in section 15-944 ~~and the~~
23 ~~transportation revenue control limit determined in section 15-946.~~

24 B. The district support level for a school district is equal to the
25 sum of the base support level determined in section 15-943 and the
26 transportation support level determined in section 15-945.

27 C. The general budget limit for each school district, for each fiscal
28 year, is the sum of the following:

29 1. The maintenance and operations portion of the revenue control limit
30 for the budget year.

31 2. The maintenance and operation portion of the following amounts:

32 (a) Amounts that are fully funded by revenues other than a levy of
33 taxes upon the taxable property within the school district, as listed below:

34 (i) Amounts budgeted as the budget balance carryforward as provided in
35 section 15-943.01.

36 (ii) Tuition revenues for attendance of nonresident pupils.

37 (iii) State assistance as provided in section 15-976.

38 (iv) Special education revenues as provided in section 15-825,
39 subsection D and section 15-1204.

40 (v) P.L. 81-874 assistance determined for children with disabilities,
41 children with specific learning disabilities and children residing on Indian
42 lands as provided in section 15-905, subsections K and O.

43 (vi) P.L. 81-874 administrative costs as provided in section 15-905,
44 subsection P.

- 1 (vii) State assistance for excess tuition as provided in section
2 15-825.01.
- 3 (viii) Amounts received from the state board of education pursuant to
4 section 15-973.01.
- 5 (b) Amounts approved pursuant to an override election as provided in
6 section 15-481 for the applicable fiscal year.
- 7 (c) Expenditures for excess utility costs as provided in section
8 15-910.
- 9 (d) Amounts authorized by the county school superintendent pursuant to
10 section 15-974, subsection C.
- 11 (e) Expenditures for complying with a court order of desegregation as
12 provided in section 15-910.
- 13 (f) Expenditures for the bond issues portion of the cost of tuition as
14 provided in section 15-910.
- 15 (g) Interest on registered warrants or tax anticipation notes as
16 provided in section 15-910.
- 17 (h) Amounts budgeted for a jointly owned and operated career and
18 technical education and vocational education center as provided in section
19 15-910.01.
- 20 ~~(i) Amount of energy reduction adjustment pursuant to section~~
21 ~~15-910.02.~~
- 22 3. The maintenance and operations portion of the capital outlay
23 revenue limit for the budget year.
- 24 4. Any other budget item that is budgeted in the maintenance and
25 operation section of the budget and that is specifically exempt from the
26 revenue control limit or the capital outlay revenue limit.
- 27 D. The unrestricted capital budget limit, for each school district for
28 each fiscal year, is the sum of the following:
- 29 1. The federal impact adjustment as determined in section 15-964 for
30 the budget year.
- 31 2. Any other budget item that is budgeted in the capital outlay
32 section of the budget and that is specifically exempt from the capital outlay
33 revenue limit.
- 34 3. The capital portion of the amounts contained in subsection
35 C, paragraph 2 of this section.
- 36 4. The unexpended budget balance in the unrestricted capital outlay
37 fund from the previous fiscal year.
- 38 5. The net interest earned in the unrestricted capital outlay fund the
39 previous fiscal year.
- 40 E. The soft capital allocation limit for each school district for each
41 fiscal year is the sum of the following:
- 42 1. The soft capital allocation for the budget year.
- 43 2. The unexpended budget balance in the soft capital allocation fund
44 from the previous fiscal year.

1 3. The net interest earned in the soft capital allocation fund the
2 previous fiscal year.

3 Sec. 8. Section 15-951, Arizona Revised Statutes, is amended to read:

4 15-951. Revenue control limit, capital outlay revenue limit,
5 soft capital allocation, district support level and
6 student count for a common school district not within
7 a high school district

8 A. Notwithstanding section 15-947, the revenue control limit for a
9 common school district not within a high school district is the sum of the
10 following:

11 1. The base revenue control limit computed as prescribed in section
12 15-944 but excluding pupils admitted to another school district as provided
13 in section 15-824, subsection A, paragraph 2.

14 2. The tuition payable for high school pupils who attend school in
15 another school district as provided in section 15-824, subsection A,
16 paragraph 2, including any transportation charge, except as provided in
17 subsection H of this section.

18 ~~3. The transportation revenue control limit for all pupils who reside~~
19 ~~in the district except those high school pupils transported by another~~
20 ~~district.~~

21 B. Notwithstanding subsection A of this section, for the purposes of
22 sections 15-481, 15-482 and 15-1102, the revenue control limit for a common
23 school district not within a high school district is ~~the sum of the~~
24 ~~following:~~

25 ~~1.~~ the base revenue control limit for pupils computed as prescribed in
26 section 15-944 but excluding pupils admitted to another school district as
27 provided in section 15-824, subsection A, paragraph 2.

28 ~~2. The transportation revenue control limit for all pupils who reside~~
29 ~~in the district except those high school pupils transported by another~~
30 ~~district.~~

31 C. Notwithstanding section 15-961, the capital outlay revenue limit
32 for a common school district not within a high school district is the capital
33 outlay revenue limit computed as prescribed in section 15-961 but excluding
34 pupils who are admitted to another school district as provided in section
35 15-824, subsection A, paragraph 2.

36 D. Notwithstanding section 15-962, the soft capital allocation for a
37 common school district not within a high school district is the soft capital
38 allocation computed as prescribed in section 15-962 but excluding pupils who
39 are both admitted to another school district as provided in section 15-824,
40 subsection A, paragraph 2 and not transported by the common school district.

41 E. Notwithstanding section 15-947, the district support level for a
42 common school district not within a high school district is the sum of the
43 following:

1 1. The base support level computed as prescribed in section 15-943 but
2 excluding pupils who are admitted to another school district as provided in
3 section 15-824, subsection A, paragraph 2.

4 2. The tuition payable for high school pupils who are admitted to
5 another school district as provided in section 15-824, subsection A,
6 paragraph 2, including any transportation charge, except as provided in
7 subsection H of this section.

8 3. The transportation support level for all pupils who reside in the
9 school district except those high school pupils transported by another school
10 district.

11 F. For the purpose of determining eligibility to adjust the student
12 count as provided in section 15-942, the student count for a common school
13 district not within a high school district is the student count for pupils in
14 the school district less the student count for pupils enrolled in another
15 school district as provided in section 15-824, subsection A, paragraph 2.

16 G. For the purpose of determining eligibility to increase the revenue
17 control limit and district support level or recompute the revenue control
18 limit as provided in section 15-948, the student count for a common school
19 district not within a high school district is the student count for pupils in
20 kindergarten programs and grades one through twelve, including pupils
21 enrolled in another school district as provided in section 15-824, subsection
22 A, paragraph 2.

23 H. The tuition amount in subsections A and E of this section shall not
24 include amounts per student count for bond issues as prescribed by section
25 15-824, subsection G, paragraph 1, subdivision (c) in excess of the
26 following:

27 1. One hundred fifty dollars if the pupil's school district of
28 residence pays tuition for seven hundred fifty or fewer pupils to other
29 school districts.

30 2. Two hundred dollars if the pupil's school district of residence
31 pays tuition for one thousand or fewer, but more than seven hundred fifty
32 pupils to other school districts.

33 3. The actual cost per student count if the pupil's school district of
34 residence pays tuition for more than one thousand pupils to other school
35 districts.

36 Sec. 9. Section 15-971, Arizona Revised Statutes, is amended to read:

37 15-971. Determination of equalization assistance payments for
38 school districts

39 A. Equalization assistance for education is computed by determining
40 the total of the following:

41 1. The lesser of a school district's revenue control limit or district
42 support level as determined in section 15-947 or 15-951.

43 2. The capital outlay revenue limit of a school district as determined
44 in section 15-951 or 15-961.

1 3. The soft capital allocation of a school district as determined in
2 section 15-951 or 15-962.

3 B. From the total of the amounts determined in subsection A of this
4 section subtract:

5 1. The amount that would be produced by levying the applicable
6 qualifying tax rate determined pursuant to section 41-1276 for a high school
7 district or a common school district within a high school district which does
8 not offer instruction in high school subjects as provided in section 15-447.

9 2. The amount that would be produced by levying the applicable
10 qualifying tax rate determined pursuant to section 41-1276 for a unified
11 school district, a common school district not within a high school district
12 or a common school district within a high school district which offers
13 instruction in high school subjects as provided in section 15-447. The
14 qualifying tax rate shall be applied in the following manner:

15 (a) For the purposes of the amount determined in subsection A,
16 paragraph 1 of this section:

17 (i) Determine separately the percentage that the weighted student
18 count in preschool programs for children with disabilities, kindergarten
19 programs and grades one through eight and the weighted student count in
20 grades nine through twelve is to the weighted student count determined in
21 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

22 (ii) Apply the percentages determined in item (i) to the amount
23 determined in subsection A, paragraph 1 of this section.

24 (b) For the purposes of the amounts determined in subsection A,
25 paragraphs 2 and 3 of this section, determine separately the amount of the
26 capital outlay revenue limit and the amount of the soft capital allocation
27 attributable to the student count in preschool programs for children with
28 disabilities, kindergarten programs and grades one through eight and grades
29 nine through twelve.

30 (c) From the amounts determined in subdivisions (a) and (b), subtract
31 the levy which would be produced by the current qualifying tax rate for a
32 high school district or a common school district within a high school
33 district that does not offer instruction in high school subjects as provided
34 in section 15-447. If the qualifying tax rate generates a levy which is in
35 excess of the total determined in subsection A of this section, the school
36 district shall not be eligible for equalization assistance. ~~IN~~ FOR THE
37 PURPOSES OF this subsection, "assessed valuation" includes the values used to
38 determine voluntary contributions collected pursuant to title 9, chapter 4,
39 article 3 and title 48, chapter 1, article 8.

40 3. The amount that would be produced by levying a qualifying tax rate
41 in a joint vocational and technological education district, which shall be
42 five cents per one hundred dollars assessed valuation unless the legislature
43 sets a lower rate by law.

1 4. The amount of government property lease excise tax monies that ~~were~~
2 **WAS** distributed to the district pursuant to section 42-6205 during the
3 preceding fiscal year.

4 ~~C. County aid for equalization assistance for education shall be~~
5 ~~computed as follows:~~

6 ~~1. Determine the total equalization assistance for all school~~
7 ~~districts in the county as provided in subsections A and B of this section.~~

8 ~~2. Determine the total amount of state equalization assistance~~
9 ~~collected for all school districts in the county as provided in section~~
10 ~~15-994.~~

11 ~~3. Divide the amount determined in paragraph 2 of this subsection by~~
12 ~~the amount determined in paragraph 1 of this subsection.~~

13 ~~4. Multiply the amount determined in subsections A and B of this~~
14 ~~section by the quotient determined in paragraph 3 of this subsection for each~~
15 ~~school district.~~

16 ~~5. The amount determined in paragraph 4 of this subsection shall be~~
17 ~~the county aid for equalization assistance for education for a school~~
18 ~~district.~~

19 ~~D. State aid for equalization assistance for education for a school~~
20 ~~district shall be computed as follows:~~

21 ~~1. Determine the equalization assistance for education for a school~~
22 ~~district as provided in subsections A and B of this section.~~

23 ~~2. For each county, determine the levy that would be produced by the~~
24 ~~state equalization assistance property tax rate prescribed in section 15-994,~~
25 ~~subsection A.~~

26 ~~3. Prorate the amount determined in paragraph 2 of this subsection to~~
27 ~~each school district in the county as prescribed by subsection C of this~~
28 ~~section.~~

29 ~~4. Subtract the amount determined in paragraph 3 of this subsection~~
30 ~~from the amount determined in paragraph 1 of this subsection.~~

31 ~~E.~~ C. Equalization assistance for education shall be paid from
32 appropriations for that purpose to the school districts as provided in
33 section 15-973.

34 ~~F.~~ D. A school district shall report expenditures on approved career
35 and technical education and vocational education programs in the annual
36 financial report according to uniform guidelines prescribed by the uniform
37 system of financial records and in order to facilitate compliance with
38 sections 15-255 and 15-904.

39 ~~G.~~ E. The additional weight for state aid purposes given to special
40 education as provided in section 15-943 shall be given to school districts
41 only if special education programs comply with ~~the provisions of~~ chapter 7,
42 article 4 of this title and the conditions and standards prescribed by the
43 superintendent of public instruction pursuant to rules of the state board of
44 education for pupil identification and placement pursuant to sections 15-766
45 and 15-767.

1 ~~H.~~ F. In addition to general fund appropriations, all amounts
2 received pursuant to section 37-521, subsection B, paragraph 3 and section
3 42-5029, subsection E, paragraph 5 and from any other source for the purposes
4 of this section are appropriated for state aid to schools as provided in this
5 section.

6 ~~I.~~ G. The total amount of state monies that may be spent in any
7 fiscal year for state equalization assistance shall not exceed the amount
8 appropriated or authorized by section 35-173 for that purpose. This section
9 shall not be construed to impose a duty on an officer, agent or employee of
10 this state to discharge a responsibility or to create any right in a person
11 or group if the discharge or right would require an expenditure of state
12 monies in excess of the expenditure authorized by legislative appropriation
13 for that specific purpose.

14 Sec. 10. Section 15-974, Arizona Revised Statutes, is amended to read:

15 15-974. Equalization assistance for education for accommodation
16 schools; definition

17 A. Equalization assistance for education for accommodation schools
18 shall be computed as follows:

19 1. Determine the total of the lesser of an accommodation school's
20 revenue control limit or district support level as determined in section
21 15-947, an accommodation school's capital outlay revenue limit as determined
22 in section 15-961 and an accommodation school's soft capital allocation as
23 determined in section 15-962.

24 2. From the amount determined in paragraph 1 ~~of this subsection~~
25 subtract the monies received from P.L. 81-874 for the prior fiscal year if
26 the amount to be received in the current fiscal year is equal to or greater
27 than the amount received in the prior fiscal year. If the amount to be
28 received during the current fiscal year is less than the amount received in
29 the prior fiscal year, the subtraction shall be determined as follows:

30 (a) Subtract the amount to be received in the current fiscal year,
31 adjusting the final payment to reflect actual receipts during the fiscal
32 year.

33 (b) If additional P.L. 81-874 monies are received after the
34 computation of the last payment of state aid but before the end of the fiscal
35 year, the amount received late shall be subtracted from the equalization
36 assistance for the following fiscal year, except that the total amount
37 reduced pursuant to subdivision (a) ~~of this paragraph~~ and this subdivision
38 shall not exceed the amount of P.L. 81-874 monies received in the prior year.

39 3. Equalization assistance for an accommodation school shall be the
40 amount determined in paragraph 2 ~~of this subsection~~.

41 B. Equalization assistance for education for accommodation schools
42 shall be paid from appropriations for that purpose to the school districts as
43 provided in section 15-973.

1 C. When an accommodation school has a positive total cash balance at
 2 the end of a fiscal year in its maintenance and operation fund, the county
 3 school superintendent of the county in which the accommodation school is
 4 located may authorize an addition to the accommodation school's revenue
 5 control limit as provided in section 15-947, subsection A for the following
 6 fiscal year. The county school superintendent may not authorize an addition
 7 that exceeds the lesser of the ending cash balance less the amount budgeted
 8 for the budget balance carryforward as provided in section 15-943.01 or ten
 9 per cent of the revenue control limit of the accommodation school. If an
 10 accommodation school has a cash balance in excess of the amount needed to
 11 fund the budget balance carryforward, the addition authorized pursuant to
 12 this subsection and the items listed in section 15-947, subsection C,
 13 paragraph 2, subdivisions (c) and (f) for the following fiscal year, the
 14 remaining cash balance shall be used to reduce the amount of state aid for
 15 equalization assistance for education for the accommodation school as
 16 provided in section 15-971, ~~subsection D~~ for the following year.

17 D. ~~The provisions of~~ Subsection C of this section shall not apply to
 18 an accommodation school with a student count of one hundred twenty-five or
 19 less in kindergarten programs and grades one through eight or to an
 20 accommodation school which offers instruction in grades nine, ten, eleven or
 21 twelve and which has a student count of one hundred or less in grades nine
 22 through twelve.

23 E. For the ~~purpose~~ **PURPOSES** of this section, "monies received from
 24 P.L. 81-874" means total P.L. 81-874 monies less P.L. 81-874 monies for
 25 children with disabilities, children with specific learning disabilities and
 26 children residing on Indian lands which are in addition to the basic
 27 assistance as provided in 20 United States Code section 238, subsection (d),
 28 paragraph 2, clauses (C) and (D).

29 Sec. 11. Repeal

30 Section ~~15-994~~, Arizona Revised Statutes, is repealed.

31 Sec. 12. Section 15-995, Arizona Revised Statutes, is amended to read:
 32 ~~15-995.~~ Adjacent ways

33 A. The governing board of a school district may contract for
 34 constructing, maintaining or otherwise improving any public way adjacent to
 35 any parcel of land owned by the school district or leased for school purposes
 36 by the school district, or an intersection of any public way adjoining a
 37 quarter block in which the parcel of land is situated, and for the
 38 construction of sidewalks, sewers, utility lines, roadways and other related
 39 improvements in or along such streets and intersections, and to pay for such
 40 improvements by the levy of a special assessment upon the taxable property in
 41 the school district. **MONIES TO PAY FOR IMPROVEMENTS PURSUANT TO THIS SECTION**
 42 **SHALL BE APPROVED BY THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT PURSUANT**
 43 **TO AN ELECTION TO EXCEED THE CAPITAL OUTLAY REVENUE LIMIT AS PROVIDED IN**
 44 **SECTION 15-481.** A school district shall not use any portion of the monies
 45 generated ~~from the special assessment~~ **PURSUANT AS THE RESULT OF AN OVERRIDE**

1 ELECTION CONDUCTED PURSUANT TO SECTION 15-481 for any construction,
2 maintenance or other improvements to the school district's property except
3 improvements necessary to assure the safe ingress to and egress from public
4 school property directly adjacent to the public way for buses and fire
5 equipment. ~~The assessment shall be made a part of the itemized statement~~
6 ~~regularly filed with the county school superintendent and showing the amount~~
7 ~~of monies needed for the expenses of schools within the school district for~~
8 ~~the ensuing year.~~

9 B. If any property owned by a school district or leased by a school
10 district for school purposes from any city or county, the state or the United
11 States is included within the assessment district to be assessed to pay the
12 costs and expenses of any public improvements initiated by a city, ~~as~~ IN
13 ORDER to make the assessments thereon payable by the city in which the
14 improvement is initiated, the governing board may contract with the
15 municipality or its improvement district to reimburse it for the amount ~~of~~
16 ~~the assessment against the property~~ APPROVED BY THE QUALIFIED ELECTORS OF THE
17 SCHOOL DISTRICT PURSUANT TO AN ELECTION TO EXCEED THE CAPITAL OUTLAY REVENUE
18 LIMIT AS PROVIDED IN SECTION 15-481 and to pay the amount so contracted for
19 by the levy of a special assessment as provided by subsection A of this
20 section.

21 C. The governing board of the school district shall follow the truth
22 in taxation notice and hearing requirements prescribed in section 15-905.01,
23 subsection B.

24 ~~D. The portion of the primary tax rate to fund adjacent ways as~~
25 ~~provided in this section shall not be included in the computation of~~
26 ~~additional state aid for education as prescribed in section 15-972.~~

27 Sec. 13. Section 35-452, Arizona Revised Statutes, is amended to read:
28 35-452. Election to authorize indebtedness; costs

29 A. The governing body or board of a political subdivision enumerated
30 in section 35-451 may, and upon petition signed by fifteen per cent of the
31 qualified electors shall, order an election by such electors to determine
32 whether such indebtedness shall be authorized. The election shall be held on
33 the first Tuesday following the first Monday in November as prescribed by
34 section 16-204, subsection B, paragraph 1, subdivision (d).

35 B. THE AGGREGATE BONDED INDEBTEDNESS REQUESTED BY A POLITICAL
36 SUBDIVISION PURSUANT TO SUBSECTION A OF THIS SECTION, TOGETHER WITH THE
37 AGGREGATE OUTSTANDING BONDED INDEBTEDNESS OF THE POLITICAL SUBDIVISION, SHALL
38 NOT EXCEED THE MAXIMUM DEBT LIMITATION AUTHORITY ESTABLISHED PURSUANT TO
39 ARTICLE IX, SECTION 8, CONSTITUTION OF ARIZONA, OR SECTION 15-1021.

40 ~~B-~~ C. If a majority of the qualified electors voting at the election
41 ~~votes~~ VOTE in favor of creating an indebtedness, such political subdivision
42 may become so indebted.

1 ~~C.~~ D. Bond counsel fees, financial advisory fees, printing costs and
2 paying agent and registrar fees shall be paid from either the amount
3 authorized by the qualified electors of the political subdivision or current
4 operating funds.

5 ~~D.~~ E. Bond election expenses shall be paid from current operating
6 funds only.

7 Sec. 14. Section 35-454, Arizona Revised Statutes, is amended to read:

8 ~~35-454.~~ Informational pamphlet for election; review; election;
9 return; canvass of vote; certificate of election

10 A. The governing body or board of the political subdivision shall:

11 1. Not less than thirty-five days before the bond election, mail a
12 copy of an informational pamphlet to every household within the political
13 subdivision that contains a registered voter. The pamphlet shall contain
14 information on the:

15 (a) Amount of the bond authorization.

16 (b) Maximum interest rate of the bonds.

17 (c) ~~Estimated~~ Debt retirement schedule for the current amount of bonds
18 outstanding, showing both principal and interest payments, the current
19 secondary assessed valuation as reported by the department of revenue or the
20 county assessor and the current adopted and estimated tax rates. ~~IN~~ FOR THE
21 PURPOSES OF this paragraph, "secondary assessed valuation" may include the
22 values used to determine voluntary contributions collected pursuant to title
23 9, chapter 4, article 3 and title 48, chapter 1, article 8.

24 (d) PROPOSED REDEMPTION SCHEDULE AND ESTIMATED ANNUAL INTEREST
25 PAYMENT.

26 ~~(d)~~ (e) Estimated debt retirement schedule for the proposed bond
27 authorization, showing both the estimated principal and interest payments and
28 the estimated average annual tax rate for the proposed bond authorization.
29 In preparing this information and the information prescribed by subdivision
30 (c), the projected total annual increase in secondary assessed valuation for
31 any future year shall not exceed:

32 (i) For the first five years of the estimated debt retirement
33 schedule, the average of the annual percentage growth for the previous ten
34 years in the secondary assessed valuation of the political subdivision.

35 (ii) For the remaining years of the estimated debt retirement
36 schedule, twenty per cent of the average of the annual percentage growth for
37 the previous ten years in the secondary assessed valuation of the political
38 subdivision.

39 ~~(e)~~ (f) Source of repayment.

40 ~~(f)~~ (g) Estimated issuance costs.

41 ~~(g)~~ (h) Estimated tax impact of debt service for the bonds on an
42 owner-occupied residence classified as class three pursuant to section
43 42-12003 and on commercial property classified as class one pursuant to
44 section 42-12001, paragraph 12, assuming the assessed valuation of the
45 property ~~remains constant~~ INCREASES ANNUALLY AT THE SAME RATE AS THE

1 PROJECTED TOTAL ANNUAL INCREASE IN SECONDARY ASSESSED VALUATION AS DETERMINED
2 PURSUANT TO SUBDIVISION (e) over the term of the bonds using the same average
3 annual tax rate as under subdivision ~~(d)~~ (e), as follows:

4 The tax impact over the term of the bonds on an
5 owner-occupied residence valued by the county assessor at
6 \$250,000 is estimated to be \$___ per year for __ years, or \$___
7 total cost.

8 The tax impact over the term of the bonds on commercial
9 property valued by the county assessor at \$2,500,000 is
10 estimated to be \$___ per year for __ years, or \$_____ total
11 cost.

12 ~~(h)~~ (i) In bold-faced type, estimated total cost of the proposed bond
13 authorization, including principal and interest.

14 ~~(i)~~ (j) Current outstanding general obligation debt and
15 constitutional debt limitation.

16 ~~(j)~~ (k) Purpose for which the bonds are to be issued.

17 ~~(k)~~ (l) Polling location for the addressee.

18 ~~(l)~~ (m) Hours during the day when the polls will be open.

19 ~~(m)~~ (n) Arguments for and against the authorization of one or more of
20 the bond propositions.

21 2. Submit a copy of the informational pamphlet to the department of
22 revenue within thirty days after the bond election. The department of
23 revenue shall maintain copies of the pamphlets.

24 B. The failure of any one or more electors to receive the
25 informational pamphlet shall not be grounds to invalidate the election. The
26 election shall conform with the general election laws of the state. The
27 return of the election held in a county shall be made to the board of
28 supervisors and, in any other case, to the governing body or board of the
29 municipal corporation or district within twelve days after the election.

30 C. For any proposed general obligation bond authorization where the
31 principal and interest will be paid by a levy of property taxes, the ballot
32 shall contain the phrase "the issuance of these bonds will result in an
33 annual levy of property taxes sufficient to pay the debt on the bonds". Any
34 written information provided by the political subdivision pertaining to the
35 bond election shall include financial information showing the estimated
36 average tax rate for the proposed bond authorization.

37 D. If the governing body intends to use revenues other than property
38 taxes to pay the debt on proposed general obligation bonds, the ballot shall
39 contain the phrase "the issuance of these bonds will result in an annual levy
40 of property taxes sufficient to pay the debt on the bonds, unless the
41 governing body provides for payment from other sources".

1 E. The board of supervisors, governing body or governing board shall
2 hold a special meeting within twenty days after the election to canvass the
3 votes cast and certify the result. The certificate of the result shall be
4 prima facie evidence of full performance of all conditions and requirements
5 precedent to holding the election.

6 F. The governing board or body shall file and record in the office of
7 the county recorder a certificate disclosing the purpose of the election, the
8 total number of votes cast and the total number of votes for and against
9 creating the indebtedness, and stating whether or not the indebtedness is
10 ordered. Upon filing and recording the certificate, the governing board or
11 body shall carry out the purpose of the election.

12 G. Variations between the estimates required by subsection A OF THIS
13 SECTION and the actual debt retirement schedules, issuance costs, annual and
14 total costs and tax rates shall not invalidate either the election or the
15 bonds.

16 Sec. 15. Section 35-455, Arizona Revised Statutes, is amended to read:

17 35-455. Issuance and sale of bonds; call for election

18 A. When the political subdivision designated in this article desires
19 to issue bonds or other evidences of indebtedness, the governing body or
20 board ~~thereof may~~, with the assent of a majority of the qualified electors
21 therein voting at the election held as provided by section 35-454, MAY issue
22 and sell bonds in the amount authorized at the election.

23 B. The call for the election shall set forth the aggregate amount of
24 the bonds, the maximum rate of interest to be paid thereon, the MINIMUM AND
25 maximum number of years bonds of any issue or series may run from their date,
26 and the purposes for which the money derived from the sale of the bonds will
27 be expended, THE CURRENT OUTSTANDING GENERAL OBLIGATION DEBT AND THE
28 CONSTITUTIONAL DEBT LIMITATION OF THE POLITICAL SUBDIVISION.

29 C. Bonds of any issue or series of bonds voted under this section may
30 run for any number of years not exceeding the longest period permitted by the
31 voted proposition.

32 D. The governing body or board may expend the monies received from the
33 sale of the bonds only for the purposes stated in the ballot and for the
34 necessary costs and expenses of the issuance and sale of the bonds. If an
35 unexpended balance remains after satisfying the purposes of the bonds, the
36 balance shall be used to retire the bonded indebtedness.

37 Sec. 16. Section 35-458, Arizona Revised Statutes, is amended to read:

38 35-458. Levy of tax for payment of interest and bonds

39 A. After the bonds are issued, the governing body or board shall enter
40 upon its minutes a record of the bonds sold, AND their numbers and dates,
41 and shall annually levy and cause to be collected a tax, at the same time and
42 in the same manner as other taxes are levied and collected upon all taxable
43 property in such political subdivision, WHICH SHALL NOT EXCEED AN AMOUNT
44 sufficient to pay the ANNUAL interest on the bonds when due, and shall
45 likewise annually levy a tax sufficient to redeem the bonds when they mature.

1 THE ANNUAL LEVY FOR BOTH THE PRINCIPAL AND INTEREST PAYMENT, INCLUDING A
2 REASONABLE TAX DELINQUENCY FACTOR DETERMINED BY THE COUNTY TREASURER, SHALL
3 NOT EXCEED THE AMOUNT NECESSARY TO MAKE THE ANNUAL PAYMENT.

4 B. Monies derived from the levy of the tax when collected shall
5 constitute a fund for payment of interest and the bonds. The fund shall be
6 kept separately and shall be known as the "interest fund" and "redemption
7 fund."

8 Sec. 17. Section 35-471, Arizona Revised Statutes, is amended to read:
9 35-471. Refunding bonds; resolution authorizing issuance;
10 definition

11 A. The board of supervisors, on behalf of the county, the governing
12 body of a city or town or similar municipal corporation and a school district
13 governing board may issue refunding bonds to refund the bonded indebtedness
14 of such county, school district, city or town or other similar municipal
15 corporation ~~when it is expedient to do so~~ IF THE REFUNDING RESULTS IN A LOWER
16 INTEREST RATE AND THE REDEMPTION SCHEDULE APPROVED BY VOTERS REMAINS
17 CONSTANT.

18 B. The board of supervisors or other governing body desiring to issue
19 refunding bonds shall adopt and include in its minutes a resolution stating:

20 1. The facts and determination of the necessity or advisability of
21 refunding such bonded indebtedness, including an estimate of the present
22 value of the debt service savings, net of all costs associated with the
23 refunding bonds, that will occur.

24 2. The amount of bonds to be issued, the date of such bonds and the
25 denominations.

26 3. The rate of interest ~~and the maturity date~~ BEFORE REFUNDING THE
27 BONDS AND THE RATE OF INTEREST AFTER REFUNDING THE BONDS.

28 4. The place of payment, within or without the state, of the principal
29 and interest.

30 C. The amount of net premium associated with a refunding bond issue
31 may not exceed the total of the following:

32 1. The difference between the amount required to fund the escrow
33 account and the par amount of the refunded bonds.

34 2. The costs of the issuance of the refunding bonds that may be paid
35 from premium, up to two per cent of the par value of the refunded bonds.

36 D. Any net premium not used to pay the costs of the bond issue or to
37 fund the escrow account shall be deposited in a debt service fund and used to
38 pay interest on the bonds.

39 E. For THE purposes of this section, "net premium" means the
40 difference between the par amount of the bond issue and the bond issue price
41 determined pursuant to United States treasury regulations.

1 issued pursuant to this section, then outstanding, the installments of the
2 principal thereof becoming due and payable in the ensuing year, and the
3 annual portion of such sinking fund as may be set up for retirement thereof,
4 shall be levied, assessed and collected as other taxes of the political
5 subdivision and the proceeds therefrom kept in a special fund and used only
6 for the purposes for which collected.

7 D. Proceedings pursuant to this section shall be had by the board or
8 boards which would be authorized to issue and sell the bonds to be refunded
9 if such bonds were then to be issued and sold. The refunding bonds to be
10 issued pursuant hereto may be of serial, including semiannual, or term
11 maturities payable at any time on or before the maximum maturity date
12 otherwise authorized by this article, and the provisions relating to
13 execution, validity, records, place of payment and payment, cancellation and
14 destruction upon maturity of the bonds to be refunded shall apply to such
15 refunding bonds.

16 E. Refunding bonds to be issued pursuant to this section may be
17 combined with bonds otherwise authorized, provided that they are of equal
18 priority.

19 F. The powers conferred by this section are in addition to, and not in
20 substitution of, and the limitations imposed by this section shall not affect
21 the powers conferred by, any other law.

22 G. The amount of net premium associated with a refunding bond issue
23 may not exceed the total of the following:

24 1. The difference between the amount required to fund the escrow
25 account and the par amount of the refunded bonds.

26 2. The costs of the issuance of the refunding bonds that may be paid
27 from premium, up to two per cent of the par value of the refunded bonds.

28 H. Any net premium not used to pay the costs of the bond issue or to
29 fund the escrow account shall be deposited in a debt service fund and used to
30 pay interest on the bonds.

31 I. For THE purposes of this section, "net premium" means the
32 difference between the par amount of the bond issue and the bond issue price
33 determined pursuant to United States treasury regulations.

34 Sec. 19. Section 35-474, Arizona Revised Statutes, is amended to read:

35 35-474. Levy of tax for payment of bonds

36 The board of supervisors, on behalf of the county or a school district
37 therein, or the governing body or board of a municipal corporation, which has
38 issued refunding bonds ~~shall~~, during each year in which the bonds are
39 outstanding, **SHALL** levy a tax on all property in the political subdivision
40 for which the bonds are issued, ~~— THAT DOES NOT EXCEED AN AMOUNT~~ sufficient to
41 pay the **ANNUAL** interest on all bonds then outstanding and the annual
42 installment of the principal thereof becoming due and payable in the next
43 ensuing year. **THE ANNUAL LEVY FOR BOTH THE PRINCIPAL AND INTEREST PAYMENT,**
44 **INCLUDING A REASONABLE TAX DELINQUENCY FACTOR DETERMINED BY THE COUNTY**
45 **TREASURER, SHALL NOT EXCEED THE AMOUNT NECESSARY TO MEET THE ANNUAL PAYMENT.**

1 Such taxes shall be levied, assessed and collected at the same time and in
2 the same manner as other taxes are levied, assessed and collected. The
3 proceeds of the taxes shall be kept in a special fund and shall be used only
4 for the purpose for which collected.

5 Sec. 20. Section 37-521, Arizona Revised Statutes, is amended to read:
6 37-521. Permanent state school fund; composition; use

7 A. The permanent state school fund shall consist of:

8 1. The proceeds of all lands granted to the state by the United States
9 for the support of common schools.

10 2. All property which accrues to the state by escheat or forfeiture.

11 3. All property donated for the benefit of the common schools, unless
12 the terms of the donation otherwise provide.

13 4. All unclaimed shares and dividends of any corporation incorporated
14 under the laws of this state.

15 5. The proceeds of sale of timber, mineral, gravel or other natural
16 products or property from school lands and state lands other than those
17 granted for specific purposes.

18 6. The residue of the lands granted for payment of the bonds and
19 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,
20 after the purpose of the grant has been satisfied, and the five per cent of
21 the proceeds of sales of public lands lying within this state sold by the
22 United States subsequent to admission of this state into the union, as
23 granted by the enabling act.

24 B. The fund shall be and remain a perpetual fund, and distributions
25 from the fund pursuant to article X, section 7, Constitution of Arizona, plus
26 monies derived from the rental of the lands and property, interest and
27 accrued rent for that year credited pursuant to section 37-295 and interest
28 paid on installment sales, shall be used as follows:

29 1. If there are outstanding state school facilities revenue bonds
30 pursuant to title 15, chapter 16, article 6, outstanding qualified zone
31 academy bonds pursuant to title 15, chapter 16, article 7 or outstanding
32 state school trust revenue bonds issued to correct existing deficiencies
33 ~~prescribed by section 15-2021~~, the state treasurer and the state land
34 department shall annually transfer to the state school facilities revenue
35 bond debt service fund established in section 15-2054, the state school
36 improvement revenue bond debt service fund established in section 15-2084 and
37 the state school trust revenue bond debt service fund the amount that is
38 necessary to pay that fiscal year's debt service on outstanding state school
39 facilities revenue bonds, qualified zone academy bonds and state school trust
40 revenue bonds, before transferring amounts for any other uses.

41 2. If there are no outstanding state school facilities revenue bonds
42 pursuant to title 15, chapter 16, article 6 or if the amount of monies
43 available under this subsection exceeds the amount required under paragraph 1
44 of this subsection, the monies are subject to legislative appropriation to
45 the new school facilities fund established by section 15-2041.

1 4. Adjust the qualifying tax rates ~~and the state equalization~~
2 ~~assistance property tax rate~~ for the current fiscal year by the percentage
3 determined in paragraph 3 of this subsection in order to offset the change in
4 net assessed value.

5 D. Except as provided in subsections E and G of this section, the
6 qualifying tax rate for a high school district or a common school district
7 within a high school district that does not offer instruction in high school
8 subjects, ~~AND~~ the qualifying tax rate for a unified school district, a
9 common school district not within a high school district or a common school
10 district within a high school district that offers instruction in high school
11 subjects ~~and the state equalization assistance property tax rate~~ for the
12 following fiscal year shall be the rate determined by the joint legislative
13 budget committee pursuant to subsection C of this section. The committee
14 shall transmit the rates to the superintendent of public instruction and the
15 county boards of supervisors by March 15 each year.

16 E. If the legislature proposes ~~either~~ qualifying tax rates ~~or a state~~
17 ~~equalization assistance property tax rate~~ that ~~exceeds~~ EXCEED the truth in
18 taxation rate:

19 1. The house of representatives ways and means committee and the
20 senate finance committee or their successor committees shall hold a joint
21 hearing on or before February 28 and publish a notice of a truth in taxation
22 hearing that meets the following requirements:

23 (a) The notice shall be published twice in a newspaper of general
24 circulation in this state that is published at the state capital. The first
25 publication shall be at least fourteen but not more than twenty days before
26 the date of the hearing. The second publication shall be at least seven but
27 not more than ten days before the date of the hearing.

28 (b) The notice shall be published in a location other than the
29 classified or legal advertising section of the newspaper.

30 (c) The notice shall be at least one-fourth page in size and shall be
31 surrounded by a solid black border at least one-eighth inch in width.

32 (d) The notice shall be in the following form, with the "truth in
33 taxation hearing - notice of tax increase" headline in at least eighteen
34 point type:

35 Truth in Taxation Hearing
36 Notice of Tax Increase

37 In compliance with section 41-1276, Arizona Revised
38 Statutes, the state legislature is notifying property taxpayers
39 in Arizona of the legislature's intention to raise the property
40 tax levy over last year's level.

41 The proposed tax increase will cause the taxes on a
42 \$100,000 home to increase by \$_____.

43 All interested citizens are invited to attend a public
44 hearing on the tax increase that is scheduled to be held
45 _____ (date and time) at _____ (location).

1 (e) For purposes of computing the tax increase on a one hundred
2 thousand dollar home as required by the notice, the joint meeting of the
3 house of representatives ways and means committee and the senate finance
4 committee or their successor committees shall consider the difference between
5 the truth in taxation rate and the proposed increased rate.

6 2. The joint meeting of the house of representatives ways and means
7 committee and the senate finance committee or their successor committees
8 shall consider any motion to recommend the proposed tax rates to the full
9 legislature by roll call vote.

10 F. In addition to publishing the truth in taxation notice under
11 subsection E, paragraph 1 of this section, the joint meeting of the house of
12 representatives ways and means committee and the senate finance committee or
13 their successor committees shall issue a press release containing the truth
14 in taxation notice.

15 G. Notwithstanding any other law, the legislature shall not adopt a
16 state budget that provides for ~~either~~ qualifying tax rates pursuant to
17 section 15-971 ~~or a state equalization assistance property tax rate pursuant~~
18 ~~to section 15-994~~ that exceeds EXCEED the truth in taxation rates computed
19 pursuant to subsection A of this section unless the rates are adopted by a
20 concurrent resolution approved by an affirmative roll call vote of two-thirds
21 of the members of each house of the legislature before the legislature enacts
22 the general appropriations bill. If the resolution is not approved by
23 two-thirds of the members of each house of the legislature, the rates for the
24 following fiscal year shall be the truth in taxation rates determined
25 pursuant to subsection C of this section and shall be transmitted to the
26 superintendent of public instruction and the county boards of supervisors.

27 H. Notwithstanding subsection C of this section and if approved by the
28 qualified electors voting at a statewide general election, the legislature
29 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high
30 school district or \$4.253 for a unified school district. The legislature
31 shall not set a county equalization assistance for education rate that
32 exceeds \$0.5123.

33 I. Pursuant to subsection C of this section, the qualifying tax rate
34 in tax year 2007 for a high school district or a common school district
35 within a high school district that does not offer instruction in high school
36 subjects as provided in section 15-447 is \$1.6020 and for a unified school
37 district, a common school district not within a high school district or a
38 common school district within a high school district that offers instruction
39 in high school subjects as provided in section 15-447 is \$3.2040. ~~The state~~
40 ~~equalization assistance property tax rate in tax years 2006, 2007 and 2008 is~~
41 ~~zero. The state equalization assistance property tax rate in tax year 2009~~
42 ~~shall be computed by annually adjusting the tax year 2005 rate of \$0.4358 as~~
43 ~~provided by this section through tax year 2009.~~

1 Sec. 22. Section 42-17001, Arizona Revised Statutes, is amended to
2 read:

3 42-17001. Definitions

4 In this chapter, unless the context otherwise requires:

5 1. "Commission" means the property tax oversight commission
6 established by section 42-17002.

7 2. "Political subdivision" means a county, charter county, city,
8 charter city, town or community college district.

9 3. "SPECIAL TAXING DISTRICT" MEANS:

10 (a) A FIRE DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 5.

11 (b) A COUNTY TELEVISION IMPROVEMENT DISTRICT ESTABLISHED PURSUANT TO
12 TITLE 48, CHAPTER 7.

13 (c) A COUNTY FLOOD CONTROL DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
14 CHAPTER 21, ARTICLE 1.

15 (d) A COUNTY FREE LIBRARY DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
16 CHAPTER 24.

17 (e) A COUNTY JAIL DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
18 CHAPTER 25.

19 (f) A SPECIAL HEALTH CARE DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
20 CHAPTER 31.

21 (g) A PUBLIC HEALTH SERVICES DISTRICT ESTABLISHED PURSUANT TO TITLE
22 48, CHAPTER 33.

23 Sec. 23. Section 42-17003, Arizona Revised Statutes, is amended to
24 read:

25 42-17003. Duties

26 A. The commission shall:

27 1. Establish procedures for deriving the information required by
28 sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

29 2. Review the primary property tax levy of each political subdivision
30 to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and
31 article 2 of this chapter.

32 3. REVIEW THE SECONDARY PROPERTY TAX LEVY OF EACH SPECIAL TAXING
33 DISTRICT TO DETERMINE VIOLATIONS OF SECTIONS 48-807, 48-1104, 48-3620,
34 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805.

35 ~~3-~~ 4. Review the reports made by the department concerning valuation
36 accuracy.

37 ~~4-~~ 5. Hold hearings to determine the adequacy of compliance with
38 articles 2 and 3 of this chapter.

39 ~~5-~~ 6. Upon the request of a county, city, town or community college
40 district, hold hearings as prescribed in section 42-17004 regarding the
41 calculation of the maximum allowable primary property tax levy limits
42 prescribed in section 42-17051, subsection A.

43 B. If the commission determines that a political subdivision has
44 violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this
45 chapter, OR THAT A SPECIAL TAXING DISTRICT HAS VIOLATED SECTION 48-807,

1 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, then on
2 or before September 15 the commission shall notify the political subdivision
3 OR DISTRICT, and the county board of supervisors, in writing, of:

4 1. The nature of the violation.

5 2. The necessary adjustment to:

6 (a) The primary property tax levy and tax rate to comply with section
7 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

8 (b) THE SECONDARY PROPERTY TAX LEVY AND TAX RATE TO COMPLY WITH
9 SECTION 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR
10 48-5805.

11 Sec. 24. Section 42-17004, Arizona Revised Statutes, is amended to
12 read:

13 42-17004. Hearing and appeals of commission findings

14 A. If the commission notifies a political subdivision of a violation
15 of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, OR
16 NOTIFIES A SPECIAL TAXING DISTRICT OF A VIOLATION OF SECTION 48-807, 48-1104,
17 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, and the political
18 subdivision OR DISTRICT disputes the commission's findings, then on or before
19 October 1 the political subdivision OR DISTRICT may request a hearing before
20 the commission to attempt to resolve the dispute.

21 B. A governing ~~board~~ BODY of a county, city, town, ~~or~~ community
22 college district OR SPECIAL TAXING DISTRICT may request a hearing before the
23 commission regarding the calculation of the maximum allowable primary OR
24 SECONDARY property tax levy limits prescribed in section 42-17051, 48-807,
25 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805. The
26 commission may resolve any disputes.

27 C. The commission shall conduct the hearing as prescribed in title 41,
28 chapter 6, article 10.

29 D. If the dispute is resolved at the hearing, the commission shall
30 immediately notify the county board of supervisors of the proper primary OR
31 SECONDARY tax levy and tax rate.

32 E. If a political subdivision OR SPECIAL TAXING DISTRICT continues to
33 dispute the commission's findings after the hearing under this section, the
34 political subdivision OR DISTRICT may:

35 1. Appeal the matter to tax court within thirty days after the
36 commission renders the decision.

37 2. Levy primary OR SECONDARY property taxes in the amount that the
38 political subdivision OR DISTRICT considers to be proper, pending the outcome
39 of the appeal.

40 Sec. 25. Section 42-17005, Arizona Revised Statutes, is amended to
41 read:

42 42-17005. Adjustments to levy

43 A. If a governing body of a political subdivision OR A SPECIAL TAXING
44 DISTRICT receives written notice of a violation of its allowable levy limit
45 or truth in taxation limit under section 42-17003, and has not appealed the

1 commission's decision pursuant to section 42-17004, the governing body shall
 2 correct its ~~primary~~ property tax levy and tax rate to properly reflect the
 3 allowable levy for the current year. The county board of supervisors shall
 4 make the necessary adjustments to the political subdivision's ~~OR DISTRICT'S~~
 5 ~~primary~~ property tax levy and tax rate to ensure that the corrected
 6 information is contained in the assessment and tax roll that is transmitted
 7 to the county treasurer pursuant to section 42-18003. If the governing body
 8 receives the notice after it is too late to correct the levy in the current
 9 year, the difference between the amount actually levied and the allowable
 10 ~~primary~~ property tax levy shall be set aside in a special fund and used to
 11 reduce the ~~primary~~ property taxes levied in the following year.

12 B. If, after a hearing under section 42-17004, the commission
 13 determines that errors were made in the calculation of the maximum allowable
 14 primary property tax levy limit pursuant to section 42-17051, subsection A,
 15 ~~OR SECONDARY PROPERTY TAX LEVY LIMIT PURSUANT TO SECTION 48-807, 48-1104,~~
 16 ~~48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805,~~ the commission
 17 shall have five days to notify the governing ~~board-of-a~~ BODY OF THE county,
 18 city, town, ~~or~~ community college district ~~OR SPECIAL TAXING DISTRICT~~ of the
 19 corrected levy limit. The commission shall also notify the county board of
 20 supervisors within five days. The corrected maximum allowable primary
 21 property tax levy shall be used in section 42-17051, subsection A, paragraph
 22 1 in determining the following year's levy limit. ~~THE CORRECTED MAXIMUM~~
 23 ~~ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL BE USED IN SECTION 48-807,~~
 24 ~~48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805 IN~~
 25 ~~DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.~~

26 C. If, after a hearing under section 42-17004, it is impossible for
 27 the board of supervisors to correct a property tax levy in the current year,
 28 the political subdivision ~~OR SPECIAL TAXING DISTRICT~~ shall hold the
 29 difference between the amount the political subdivision ~~OR DISTRICT~~ actually
 30 levied and the allowable ~~primary~~ property tax levy prescribed by the
 31 commission in a separate fund to be used to reduce the ~~primary~~ property taxes
 32 levied by the political subdivision ~~OR DISTRICT~~ in the following year.

33 D. If the commission discovers that it has made an error in computing
 34 the levy limit after September 15, it shall notify the political
 35 subdivision's ~~OR SPECIAL TAXING DISTRICT'S~~ governing body about the error.
 36 The error shall be corrected as prescribed in subsection A of this section.
 37 If the error results in the maximum allowable ~~primary~~ property tax levy being
 38 raised: ~~—~~

39 1. The corrected maximum allowable primary property tax levy shall be
 40 used in section 42-17051, subsection A, paragraph 1 in determining the
 41 following year's levy limit.

42 2. ~~THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL~~
 43 ~~BE USED FOR THE PURPOSES OF SECTION 48-807, 48-1104, 48-3620, 48-3903,~~
 44 ~~48-4023, 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S~~
 45 ~~LEVY LIMIT.~~

1 E. If, on appeal under section 42-17004, subsection E, the ruling of
2 the court provides for a ~~primary~~ property tax levy in an amount that is less
3 than the amount levied by the political subdivision ~~OR SPECIAL TAXING~~
4 ~~DISTRICT~~, the political subdivision ~~OR DISTRICT~~ shall hold the difference
5 between the amounts in a separate fund to be used to reduce the ~~primary~~
6 property taxes levied by the political subdivision ~~OR DISTRICT~~ in the
7 following year.

8 Sec. 26. Section 42-17051, Arizona Revised Statutes, is amended to
9 read:

10 ~~42-17051.~~ Limit on county, municipal and community college
11 primary property tax levy

12 A. In addition to any other limitation that may be imposed, a county,
13 charter county, city, charter city, town or community college district shall
14 not levy primary property taxes in any year in excess of an aggregate amount
15 computed as follows:

16 1. Determine the maximum allowable primary property tax levy limit for
17 the jurisdiction for the preceding tax year.

18 2. Multiply the amount determined in paragraph 1 by 1.02.

19 3. Determine the assessed value for the current tax year of all
20 property in the political subdivision that was subject to tax in the
21 preceding tax year.

22 4. Divide the dollar amount determined in paragraph 3 by one hundred
23 and then divide the dollar amount determined in paragraph 2 by the resulting
24 quotient. The result, rounded to four decimal places, is the maximum
25 allowable tax rate for the political subdivision.

26 5. Determine the finally equalized valuation of all property, less
27 exemptions, appearing on the tax roll for the current tax year, including an
28 estimate of the personal property tax roll determined pursuant to section
29 42-17053.

30 6. Divide the dollar amount determined in paragraph 5 by one hundred
31 and then multiply the resulting quotient by the rate determined in paragraph
32 4. The resulting product is the maximum allowable primary property tax levy
33 limit for the current year for all political subdivisions.

34 7. The allowable levy of primary property taxes for the current fiscal
35 year for all political subdivisions is the maximum allowable primary property
36 tax levy limit less any amounts required to reduce the levy pursuant to
37 subsections B and C of this section.

38 B. Any monies that a political subdivision received from primary
39 property taxation in excess of the sum of the amount of taxes collectible
40 pursuant to section ~~42-15054~~ 42-15053, SUBSECTION F, PARAGRAPH 2 and the
41 allowable levy determined under subsection A of this section shall be
42 maintained in a separate fund and used to reduce the primary property tax
43 levy in the following year. Monies that are received and that are
44 attributable to the payment of delinquent taxes that were properly assessed
45 in prior years shall not be applied to reduce the levy in the following year.

1 C. If, pursuant to section 41-1279.07, the auditor general determines
2 that in any fiscal year a county has exceeded its expenditure limitation, the
3 allowable levy of primary property taxes of the county determined under
4 subsection A of this section shall be reduced in the fiscal year following
5 the auditor general's hearing by the amount of the expenditures that exceeded
6 the county's expenditure limitation.

7 D. The limitations prescribed by this section do not apply to levies
8 made pursuant to ~~section 15-994 or~~ article 5 of this chapter.

9 E. The levy limitation for a political subdivision is considered to be
10 increased each year to the maximum permissible limit under subsection A of
11 this section regardless of whether the county, city, town or district
12 actually levies taxes in any year up to the maximum permissible amount.

13 F. For purposes of determining a county's levy limit under this
14 article, remote municipal property, as defined in section 42-15251, is
15 considered to be taxable property in the county.

16 Sec. 27. Section 42-17052, Arizona Revised Statutes, is amended to
17 read:

18 42-17052. Values furnished by county assessor

19 A. On or before February 10 of the tax year, the county assessor shall
20 transmit and certify to the property tax oversight commission and to the
21 governing body of the political subdivision or district in the county the
22 values that are required to compute the levy limit prescribed by ~~section~~
23 SECTIONS 42-17051, 48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01,
24 48-5565 AND 48-5805. For the purposes of this section, these values shall
25 not be changed for the official calculation of levy limits and tax rates
26 after February 10 without the approval of the property tax oversight
27 commission. These values shall include:

28 1. The finally equalized valuation of all property, less estimated
29 exemptions, appearing on the tax roll for the current tax year to be used to
30 fix, levy and assess the political subdivision's taxes.

31 2. The value of the property on the personal property tax roll
32 determined pursuant to section 42-17053.

33 B. On or before February 10 of the tax year, the county assessor shall
34 determine the limited property value for the current tax year of each school
35 district in the county and shall transmit the values to the county school
36 superintendent to assist the superintendent in computing equalization
37 assistance for education as provided in section 15-991.

38 C. On or before February 10 of the tax year, the county assessor shall
39 transmit to the staff of the joint legislative budget committee and to the
40 governor's office of strategic planning and budgeting the values that are
41 required to compute the truth in taxation rates prescribed by section
42 41-1276.

1 Sec. 28. Section 42-17054, Arizona Revised Statutes, is amended to
2 read:

3 42-17054. Levy limit worksheet

4 A. When the county assessor transmits valuations under section
5 42-17052, the assessor shall prepare and transmit a final levy limit
6 worksheet to each city, town and community college district that imposes a
7 primary property tax, **TO EACH SPECIAL TAXING DISTRICT THAT IMPOSES A**
8 **SECONDARY PROPERTY TAX** and to the property tax oversight commission.

9 B. Each city, town, ~~and~~ community college district **AND SPECIAL TAXING**
10 **DISTRICT** shall notify the property tax oversight commission in writing within
11 ten days of its agreement or disagreement with the final levy limit
12 worksheet.

13 Sec. 29. Section 42-17055, Arizona Revised Statutes, is amended to
14 read:

15 42-17055. Public inspection of values used in computing levy
16 limitation

17 A. On or before February 15 of the tax year, the governing body of
18 each county, city, town, ~~and~~ community college district **AND SPECIAL TAXING**
19 **DISTRICT** shall make available for public inspection the values determined in
20 each numbered paragraph of section 42-17051, subsection A **AND IN SECTION**
21 **48-807, 48-1104, 48-3620, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805,**
22 **AS APPLICABLE.**

23 B. The property tax oversight commission shall not alter the values
24 that have been determined and made available for public inspection under this
25 section unless the county assessor transmits and certifies new values to the
26 governing body. The new values shall be made available for public inspection
27 on the request of any individual.

28 Sec. 30. Section 42-17151, Arizona Revised Statutes, is amended to
29 read:

30 42-17151. County, municipal, community college and school tax
31 levy

32 A. On or before the third Monday in August each year, the governing
33 body of each county, city, town, community college district and school
34 district shall:

35 1. Fix, levy and assess the amount to be raised from primary property
36 taxation and secondary property taxation. This amount, plus all other
37 sources of revenue, as estimated, and unencumbered balances from the
38 preceding fiscal year, shall equal the total of amounts proposed to be spent
39 in the budget for the current fiscal year.

40 2. Designate the amounts to be levied for each purpose appearing in
41 the adopted budget.

42 3. Fix and determine a primary property tax rate and a secondary
43 property tax rate, each rounded to four decimal places on each one hundred
44 dollars of taxable property shown by the finally equalized valuations of
45 property, less exemptions, that appear on the tax rolls for the fiscal year

1 and that when extended on those valuations will produce, in the aggregate,
2 the entire amount to be raised by direct taxation for that year.

3 B. The governing body of a county, city, town or community college
4 district shall not fix, levy or assess an amount of primary property taxes in
5 excess of the amount permitted by section 42-17051, subsection A, paragraph 7
6 or section 42-17005 as determined by the property tax oversight commission.

7 C. THE GOVERNING BOARD OF A COMMON SCHOOL DISTRICT, A HIGH SCHOOL
8 DISTRICT OR A UNIFIED SCHOOL DISTRICT SHALL NOT FIX, LEVY OR ASSESS A PRIMARY
9 PROPERTY TAX RATE HIGHER THAN THE CURRENT YEAR'S RATE IF THE DISTRICT MEETS
10 THE FOLLOWING CRITERIA, AS DETERMINED BY THE PROPERTY TAX OVERSIGHT
11 COMMISSION:

12 1. THE TOTAL PRIMARY PROPERTY TAXES LEVIED FOR ALL TAXING
13 JURISDICTIONS ON AT LEAST ONE-HALF OF THE RESIDENTIAL PROPERTY OF THE
14 DISTRICT EXCEED THE LIMITATION DESCRIBED IN SECTION 15-972, SUBSECTION E.

15 2. THE SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE EXCEEDS ONE HUNDRED
16 FIFTY PER CENT OF THE APPLICABLE QUALIFYING TAX RATE PURSUANT TO SECTION
17 41-1276.

18 D. NO LATER THAN DECEMBER 31 EACH YEAR, THE PROPERTY TAX OVERSIGHT
19 COMMISSION SHALL NOTIFY THOSE SCHOOL DISTRICTS THAT MEET THE CRITERIA
20 DESCRIBED IN SUBSECTION C OF THIS SECTION AND THE COUNTY SCHOOL
21 SUPERINTENDENTS AND BOARDS OF SUPERVISORS OF THE COUNTIES IN WHICH THE SCHOOL
22 DISTRICTS ARE LOCATED.

23 ~~C.~~ E. Within three days after the final levies are determined for a
24 county, city, town or community college district, the chief county fiscal
25 officer shall notify the property tax oversight commission of the amount of
26 the primary property tax levied.

27 Sec. 31. Title 48, chapter 1, article 10, Arizona Revised Statutes, is
28 amended by adding section 48-267, to read:

29 48-267. Election to authorize property tax levy

30 A. BEFORE A SPECIAL TAXING DISTRICT ESTABLISHED UNDER THIS TITLE MAY
31 INITIALLY LEVY OR ASSESS AN AD VALOREM PROPERTY TAX OR SUBMIT AN AMOUNT TO
32 THE BOARD OF SUPERVISORS FOR LEVY ON BEHALF OF THE DISTRICT, THE LEVY MUST BE
33 APPROVED BY THE QUALIFIED ELECTORS OF THE DISTRICT AS PROVIDED BY THIS
34 SECTION UNLESS AN ELECTION IS OTHERWISE SPECIFICALLY REQUIRED BY OTHER
35 PROVISIONS OF THIS TITLE.

36 B. UNLESS OTHERWISE PROVIDED BY OTHER PROVISIONS OF THIS TITLE, IF THE
37 GOVERNING BODY OF A SPECIAL TAXING DISTRICT PROPOSES AN INITIAL LEVY OF AD
38 VALOREM PROPERTY TAX, THE GOVERNING BODY, BY RESOLUTION, MUST ORDER AND CALL
39 A DISTRICT-WIDE ELECTION TO BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST
40 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH
41 1, SUBDIVISION (d). THE GOVERNING BODY SHALL SPECIFY ON THE BALLOT THE
42 PURPOSE OF THE TAX, THE MAXIMUM RATE OF TAX, THE NUMBER OF YEARS FOR WHICH
43 THE TAX WILL BE AUTHORIZED AND THE ESTIMATED FUTURE REVENUE NEEDS.

44 C. TO BE VALID, THE TAX AUTHORIZATION MUST BE APPROVED BY A MAJORITY
45 OF THE QUALIFIED ELECTORS VOTING ON THE ISSUE.

1 D. IF AN ELECTION IS REQUIRED FOR THE FORMATION OF THE DISTRICT, AN
2 ELECTION UNDER THIS SECTION MAY BE COMBINED WITH THE ELECTION ON FORMATION IF
3 THE ELECTION IS HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
4 NOVEMBER AS REQUIRED BY SUBSECTION B OF THIS SECTION.

5 E. IN ADDITION TO ANY OTHER REQUIREMENTS PRESCRIBED BY LAW, THE
6 GOVERNING BODY SHALL PREPARE, PRINT AND DISTRIBUTE PUBLICITY PAMPHLETS
7 CONCERNING THE TAX ISSUE PROPOSED. THE GOVERNING BODY SHALL DISTRIBUTE ONE
8 COPY OF THE PUBLICITY PAMPHLET TO EACH HOUSEHOLD CONTAINING A REGISTERED
9 VOTER IN THE DISTRICT AT LEAST TEN BUT NOT MORE THAN THIRTY DAYS BEFORE THE
10 ELECTION. THE PUBLICITY PAMPHLET SHALL CONTAIN ALL OF THE FOLLOWING:

- 11 1. THE DATE OF THE ELECTION.
- 12 2. POLLING PLACE LOCATIONS AND THE TIMES THE POLLING PLACES WILL BE
13 OPEN.
- 14 3. A TRUE COPY OF THE TITLE AND TEXT OF THE RESOLUTION PROPOSING THE
15 TAX.
- 16 4. A SUMMARY OF THE PURPOSES FOR WHICH THE TAX IS PROPOSED TO BE
17 LEVIED.
- 18 5. THE ESTIMATED REVENUE NEEDS FOR THE DESCRIBED PURPOSES.
- 19 6. AN ESTIMATE OF THE ANNUAL AMOUNT OF REVENUES TO BE RAISED FROM THE
20 PROPOSED TAX LEVY.
- 21 7. ARGUMENTS FOR AND AGAINST THE PROPOSED TAX LEVY.

22 F. IF A MAJORITY OF THE QUALIFIED ELECTORS VOTING ON THE ISSUE APPROVE
23 THE TAX, THE DISTRICT MAY LEVY THE TAX AS PROVIDED BY LAW AND ACCORDING TO
24 THE TERMS SUBMITTED TO THE ELECTORS AT THE ELECTION.

25 G. IF THE GOVERNING BODY PROPOSES TO MODIFY THE TERMS OF THE TAX LEVY
26 FROM THOSE APPROVED BY THE ELECTORS, THE GOVERNING BODY MUST SUBMIT THE
27 MODIFICATIONS TO AN ELECTION OF THE QUALIFIED ELECTORS OF THE DISTRICT IN THE
28 SAME MANNER PRESCRIBED FOR APPROVAL OF THE INITIAL LEVY OF TAX.

29 Sec. 32. Section 48-807, Arizona Revised Statutes, is amended to read:
30 48-807. County fire district assistance tax; annual budget

31 A. The board of supervisors of a county shall levy, at the time of
32 levying other property taxes, a county fire district assistance tax on the
33 taxable property in the county of not more than ten cents per one hundred
34 dollars of assessed valuation. The tax levy provided for in this subsection
35 shall be a levy of secondary property taxes and shall not be subject to title
36 42, chapter 17, article 2. The county treasurer shall pay to each fire
37 district, including a fire district formed pursuant to section 48-851, in the
38 county from the proceeds of the tax an amount equal to twenty per cent of the
39 property tax levy adopted by the district for the fiscal year in which the
40 tax will be levied, except that:

41 1. The amount of assistance from the county to a fire district shall
42 be reduced as follows:

43 (a) By the dollar amount that the fire district receives from the fire
44 district assistance tax that exceeds three hundred thousand dollars from and
45 after June 30 of each fiscal year.

1 (b) Except as provided in paragraph 2 OF THIS SUBSECTION, if the total
 2 amount to be paid to all districts in the county under this paragraph exceeds
 3 the amount to be raised by the levy of ten cents per one hundred dollars
 4 assessed valuation, then the county treasurer shall pay an amount less than
 5 twenty per cent of the property tax levy of each district. The amount to be
 6 paid by the county treasurer to each district shall be determined by
 7 multiplying the proceeds of the county fire district assistance tax against
 8 the proportion that twenty per cent of the property tax levy of each district
 9 bears to the total of twenty per cent of the property tax levies of all fire
 10 districts in the county.

11 2. For fiscal years beginning from and after July 1, 1992, the amount
 12 of assistance from the county to a fire district shall not be less than the
 13 assistance provided from and after June 30, 1991 through June 30, 1992, if,
 14 for the fiscal year in which the tax will be levied, the district levies a
 15 tax, in addition to any tax levied under section 48-806, of three dollars per
 16 one hundred dollars of assessed valuation and the assessed valuation is at
 17 least ninety per cent of the assessed valuation for the 1991 tax year. This
 18 paragraph does not apply to fire districts subject to paragraph 1,
 19 subdivision (a) OF THIS SUBSECTION.

20 B. For the purpose of subsection A of this section, the property tax
 21 levy of the fire district shall include in lieu contributions pursuant to
 22 chapter 1, article 8 of this title but shall not include property tax levies
 23 to be applied to the payment of principal and interest on bonds issued
 24 pursuant to section 48-806.

25 C. Notwithstanding subsection A of this section, if two or more fire
 26 districts merge to form a consolidated district, the last amount received by
 27 each fire district from the fire district assistance tax prior to the merger
 28 shall be combined, and if the combined amount exceeds three hundred thousand
 29 dollars, the consolidated district may continue to receive that amount from
 30 the fire district assistance tax.

31 D. If two or more fire districts merge to form a consolidated district
 32 and the total of the amounts received by each fire district from the fire
 33 district assistance tax is less than three hundred thousand dollars, the
 34 consolidated district may continue to receive monies until its receipts total
 35 three hundred thousand dollars, as prescribed in subsection A of this
 36 section.

37 E. Not more than ten days after the perfection of the organization of
 38 a fire district, and thereafter not later than August 1 of each year, the
 39 chief and the secretary-treasurer of the district, or if there is a district
 40 board, the chairman of the board, shall submit to the board of supervisors an
 41 estimate, certified by items, of the amount of money required for the
 42 equipment and maintenance of the district for the ensuing year.

43 F. The board, based on the budget submitted by the district, shall
 44 levy, in addition to any tax levied as provided in section 48-806 AND SUBJECT
 45 TO THE LIMITATION PRESCRIBED BY SUBSECTION G OF THIS SECTION, a tax not to

1 exceed three dollars twenty-five cents per one hundred dollars of assessed
2 valuation against all property situated within the district boundaries and
3 appearing on the last assessment roll. The levy shall be made and the taxes
4 collected in the manner, at the time and by the officers provided by law for
5 the collection of general county taxes.

6 G. THE AMOUNT OF THE LEVY UNDER SUBSECTION F OF THIS SECTION SHALL NOT
7 EXCEED AN AGGREGATE AMOUNT COMPUTED AS FOLLOWS:

8 1. FOR TAX YEAR 2008, THE AMOUNT OF THE LEVY IN 2007, MULTIPLIED BY
9 1.10, OR THE AMOUNT OF LEVY ALLOWED BY THE MAXIMUM TAX RATE PRESCRIBED BY
10 SUBSECTION F OF THIS SECTION, WHICHEVER IS LESS.

11 2. FOR TAX YEAR 2009 AND EACH TAX YEAR THEREAFTER:

12 (a) DETERMINE THE MAXIMUM ALLOWABLE LEVY FOR THE DISTRICT FOR THE
13 PRECEDING TAX YEAR.

14 (b) MULTIPLY THAT AMOUNT BY 1.02.

15 (c) DETERMINE THE ASSESSED VALUE FOR THE CURRENT TAX YEAR OF ALL
16 PROPERTY IN THE DISTRICT THAT WAS SUBJECT TO TAX IN THE PRECEDING TAX YEAR.

17 (d) DIVIDE THE DOLLAR AMOUNT DETERMINED IN SUBDIVISION (c) BY ONE
18 HUNDRED AND DIVIDE THE DOLLAR AMOUNT DETERMINED IN SUBDIVISION (b) BY THE
19 RESULTING QUOTIENT. THE RESULT, ROUNDED TO FOUR DECIMAL PLACES, IS THE
20 MAXIMUM ALLOWABLE TAX RATE FOR THE DISTRICT.

21 (e) DETERMINE THE FINALLY EQUALIZED VALUATION OF ALL PROPERTY, LESS
22 EXEMPTIONS, APPEARING ON THE TAX ROLL FOR THE CURRENT TAX YEAR, INCLUDING AN
23 ESTIMATE OF THE PERSONAL PROPERTY TAX ROLL DETERMINED PURSUANT TO SECTION
24 42-17053.

25 (f) DIVIDE THE DOLLAR AMOUNT DETERMINED IN SUBDIVISION (e) BY ONE
26 HUNDRED AND MULTIPLY THE RESULTING QUOTIENT BY THE RATE DETERMINED IN
27 SUBDIVISION (d). THE RESULTING PRODUCT IS THE MAXIMUM ALLOWABLE SECONDARY
28 PROPERTY TAX LEVY FOR THE DISTRICT IN THE CURRENT TAX YEAR.

29 (g) THE ALLOWABLE LEVY OF SECONDARY PROPERTY TAX FOR THE CURRENT TAX
30 YEAR FOR ALL FIRE DISTRICTS IS THE MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX
31 LEVY MINUS ANY AMOUNTS REQUIRED TO REDUCE THE LEVY PURSUANT TO SUBSECTION H
32 OF THIS SECTION.

33 H. THE DISTRICT SHALL MAINTAIN ANY PROPERTY TAX REVENUES IN EXCESS OF
34 THE SUM OF THE AMOUNT OF TAXES COLLECTIBLE PURSUANT TO SECTION 42-17054 AND
35 THE ALLOWABLE LEVY DETERMINED UNDER SUBSECTION G OF THIS SECTION IN A
36 SEPARATE FUND TO REDUCE THE PROPERTY TAX LEVY IN THE FOLLOWING YEAR. TAX
37 REVENUES THAT ARE ATTRIBUTABLE TO THE PAYMENT OF DELINQUENT TAXES THAT WERE
38 PROPERLY ASSESSED IN PRIOR YEARS SHALL NOT BE APPLIED TO REDUCE THE LEVY THE
39 FOLLOWING YEAR.

40 I. THE LEVY LIMIT UNDER THIS SECTION IS CONSIDERED TO BE INCREASED
41 EACH YEAR TO THE MAXIMUM LIMIT PERMISSIBLE UNDER SUBSECTION G OF THIS SECTION
42 REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES TAXES UP TO THE MAXIMUM
43 PERMISSIBLE AMOUNT IN THAT YEAR.

44 ~~G.~~ J. The county treasurer shall keep the money received from taxes
45 levied pursuant to subsection F of this section in a separate fund known as

1 the "fire district fund" of the district for which collected. Any surplus
2 remaining in the fund at the end of the fiscal year shall be credited to the
3 fire district fund of the district for which collected for the succeeding
4 fiscal year.

5 ~~H.~~ K. When a fire district has adopted a budget and the board of
6 supervisors has levied a fire district tax as provided in subsection F of
7 this section and the district has insufficient money in its fund with the
8 county treasurer to operate the district, the elected chief and the
9 secretary-treasurer, or if there is a district board, the chairman of the
10 board, on or after August 1 of each year, may draw warrants for the purposes
11 prescribed in section 48-805 on the county treasurer, payable on November 1
12 of that year or on April 1 of the succeeding year. The aggregate amounts of
13 the warrants may not exceed ninety per cent of the taxes levied by the county
14 for the district's current fiscal year. If the treasurer cannot pay a
15 warrant for lack of funds in the fire district fund, the warrant shall be
16 endorsed, be registered, bear interest and be redeemed as provided by law for
17 county warrants, except that the warrants are payable only from the fire
18 district fund.

19 Sec. 33. Title 48, chapter 5, article 1, Arizona Revised Statutes, is
20 amended by adding section 48-808, to read:

21 48-808. Fire district secondary property tax override

22 A. THE DISTRICT BOARD OR THE ELECTED CHIEF AND SECRETARY-TREASURER MAY
23 ORDER AN ELECTION BY THE QUALIFIED ELECTORS OF THE DISTRICT TO AUTHORIZE A
24 SECONDARY PROPERTY TAX LEVY THAT EXCEEDS THE LIMITATIONS ON SECONDARY
25 PROPERTY TAXATION OTHERWISE PRESCRIBED BY SECTION 48-807, SUBSECTION G. IF
26 THE DISTRICT IS GOVERNED BY A BOARD OF DIRECTORS, THE BOARD MUST ADOPT A
27 RESOLUTION, BY MAJORITY VOTE OF THE BOARD MEMBERS, TO ORDER THE ELECTION
28 UNDER THIS SECTION. THE AUTHORIZATION OF ADDITIONAL SECONDARY PROPERTY TAXES
29 UNDER THIS SECTION IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

30 1. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST
31 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH
32 1, SUBDIVISION (d).

33 2. THE AUTHORIZATION FOR TAXES IN EXCESS OF THE LIMITATIONS OTHERWISE
34 PRESCRIBED SHALL NOT EXTEND FOR MORE THAN SEVEN YEARS.

35 3. THE RATE OF TAXATION UNDER THIS SECTION, PLUS THE RATE OF TAXATION
36 UNDER SECTION 48-807, SHALL NOT EXCEED THE MAXIMUM ALLOWABLE RATE PRESCRIBED
37 BY SECTION 48-807, SUBSECTION F.

38 B. THE CALL OF THE ELECTION MUST STATE:

39 1. THE NUMBER OF YEARS IN WHICH THE AUTHORITY TO LEVY TAXES IN EXCESS
40 OF THE LIMITATIONS OTHERWISE PRESCRIBED WILL BE IN EFFECT.

41 2. THE PURPOSE FOR REQUESTING ADDITIONAL SECONDARY PROPERTY TAX
42 REVENUE FOR THE DISTRICT.

43 3. IF THE VOTERS APPROVE THE LEVY:

44 (a) THE MAXIMUM DOLLAR AMOUNT OF ADDITIONAL SECONDARY PROPERTY TAX
45 THAT MAY BE COLLECTED IN EACH YEAR.

1 (b) THE ESTIMATED SECONDARY PROPERTY TAX RATE TO FUND THE PROPOSED
2 LEVY UNDER SUBDIVISION (a) IN THE FIRST TAX YEAR.

3 C. THE DISTRICT MAY USE REVENUES FROM AN ADDITIONAL LEVY PURSUANT TO
4 THIS SECTION ONLY FOR THE PURPOSES STATED IN THE RESOLUTION AND CALL OF THE
5 ELECTION. IF AN UNEXPECTED BALANCE OF MONIES COLLECTED PURSUANT TO THIS
6 SECTION REMAINS AFTER SATISFYING THE PURPOSE OF THE ADDITIONAL LEVY, THE
7 DISTRICT SHALL USE THE BALANCE TO REDUCE THE LEVY UNDER THIS SECTION IN THE
8 FOLLOWING YEAR. IF THE BALANCE EXCEEDS THE REQUIREMENTS FOR THE FOLLOWING
9 YEAR OR IF THE AUTHORITY TO LEVY THE ADDITIONAL TAX UNDER THIS SECTION
10 EXPIRES AND IS NOT RENEWED FOR A SUBSEQUENT TERM, THE DISTRICT SHALL USE THE
11 BALANCE TO REDUCE THE DISTRICT'S SECONDARY PROPERTY TAX LEVY PURSUANT TO
12 SECTION 48-807 IN THE FOLLOWING YEAR.

13 D. THE DISTRICT SHALL MAINTAIN AND SEPARATELY ACCOUNT FOR REVENUES
14 COLLECTED PURSUANT TO THIS SECTION IN A FUND IN THE DISTRICT TREASURY.

15 E. REVENUES COLLECTED PURSUANT TO THIS SECTION SHALL NOT BE INCLUDED
16 IN THE SECONDARY PROPERTY TAX LEVY LIMITATION PRESCRIBED BY SECTION 48-807,
17 SUBSECTION G FOR ANY SUBSEQUENT YEAR.

18 Sec. 34. Section 48-1104, Arizona Revised Statutes, is amended to
19 read:

20 48-1104. Financial statement; levy and collection of taxes;
21 limitation

22 A. On or before July 1 each year the board of directors shall prepare
23 a full and complete statement of the financial affairs of the district for
24 the preceding fiscal year and an estimate of the amount of money necessary to
25 be raised to defray district expenses during the next fiscal year. The
26 estimate shall be fully itemized and take into account any deficit or surplus
27 from the preceding fiscal year.

28 B. The board shall certify the estimate, and at the time county taxes
29 are levied the board of supervisors shall levy a tax sufficient to raise the
30 amount of the estimate **NOT TO EXCEED THE LIMITATION AS PRESCRIBED BY**
31 **SUBSECTION C OF THIS SECTION.** The taxes shall be assessed, levied and
32 collected in the same manner as county taxes.

33 C. BEGINNING IN TAX YEAR 2008, THE MAXIMUM AMOUNT OF A LEVY UNDER
34 SUBSECTION B OF THIS SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN TAX
35 YEAR 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN
36 THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY
37 IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION
38 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR
39 TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY
40 LEVIES THAT AMOUNT.

41 Sec. 35. Section 48-3620, Arizona Revised Statutes, is amended to
42 read:

43 48-3620. Annual certification and levy of taxes; limitation

44 A. ~~The district shall annually, not less than~~ **AT LEAST** fifteen days
45 before the first day of the month in which the county board of supervisors is

1 required by law to levy county taxes, **THE DISTRICT SHALL** certify to the board
2 of supervisors:

3 1. The amount of taxes to be levied in each year on the taxable real
4 property in the district as it considers necessary or appropriate to pay the
5 expenses of administering the district and maintaining and operating the
6 district's flood control system, to carry out its regulatory functions and to
7 carry out any of the objects and purposes of this article of common benefit
8 to the district. The maintenance and operation tax proceeds not used for
9 current expenses of maintenance and operation ~~may~~ either **MAY** be paid into a
10 reserve to be accumulated for such purpose or may be used for extending,
11 improving and constructing the flood control system, including acquiring
12 rights-of-way.

13 2. The amount of taxes to be levied in each year on all taxable real
14 property in each zone or in any of the zones into which the district has been
15 divided, according to the benefits derived or to be derived by the respective
16 zones, to pay the cost and expenses of carrying out any of the objects or
17 purposes of this article of special benefit to the respective zones,
18 including acquiring, constructing, maintaining, operating, extending,
19 repairing or otherwise improving any or all flood control works or
20 improvements in the respective zones and including acquiring rights-of-way.
21 No revenues derived from any of the several zones from the taxes levied under
22 this section may be expended for acquiring, constructing, maintaining,
23 operating, extending, repairing or otherwise improving any works or
24 improvements located in any other zone, except under section 48-3620.01.

25 3. The amount of secondary property taxes necessary to be levied to
26 pay the principal and interest falling due during the ensuing year on, or to
27 provide a sinking fund for, any bonds issued pursuant to section 48-3619.

28 B. The taxes collected pursuant to this section shall be paid to the
29 district treasurer and used solely for the purpose for which they were
30 levied.

31 C. The board of supervisors at the time of levying general county
32 taxes shall levy and cause to be collected in the manner prescribed by law
33 for county taxes a property tax or taxes on the taxable real property in the
34 district, zone or zones sufficient to provide the amounts set forth in
35 subsection A of this section.

36 D. If the district fails to certify to the board of supervisors any of
37 the amounts of taxes necessary to be levied as required by this section, the
38 board of supervisors shall ascertain the amount which should have been
39 certified and shall levy the tax sufficient to produce such amount.

40 **E. BEGINNING IN TAX YEAR 2008, THE MAXIMUM AMOUNT OF A LEVY UNDER**
41 **SUBSECTION A, PARAGRAPHS 1 AND 2 OF THIS SECTION SHALL NOT EXCEED THE AMOUNT**
42 **OF THE LEVY IN TAX YEAR 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE**
43 **RATE OF CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING**
44 **YEAR FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT**
45 **TO SECTION 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED**

1 EACH YEAR TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT
2 ACTUALLY LEVIES THAT AMOUNT.

3 ~~E.~~ F. If a district is located in a county having a population of
4 less than six hundred thousand persons according to the most recent United
5 States decennial census, beginning with the 1993 tax year AND IN ADDITION TO
6 THE LIMITATION PRESCRIBED BY SUBSECTION E OF THIS SECTION, the aggregate
7 taxes levied in any year under this article by the district for the purposes
8 listed in subsection A, paragraph 1 of this section shall not exceed twenty
9 per cent of the county primary property tax rate ~~exclusive of the state~~
10 ~~equalization assistance property tax rate~~ or fifty cents per one hundred
11 dollars of assessed valuation, whichever is greater. The aggregate taxes
12 levied for any year under this article on property in a zone for the purposes
13 listed in subsection A, paragraph 2 of this section in a district located in
14 a county having a population of less than six hundred thousand persons
15 according to the most recent United States decennial census, if added to the
16 aggregate taxes, if any, levied for the purposes listed in subsection A,
17 paragraph 1 of this section, shall not exceed twenty per cent of the county
18 primary property tax rate ~~exclusive of the state equalization assistance~~
19 ~~property tax rate~~ or fifty cents per one hundred dollars of assessed
20 valuation, whichever is greater. The taxes levied under this article in a
21 district located in a county having a population of less than six hundred
22 thousand persons according to the most recent United States decennial census
23 may exceed the limits prescribed by this subsection if approved by a majority
24 of the qualified electors of the district voting in a regular general
25 election held pursuant to title 16, chapter 2, article 2 or at a special
26 election held pursuant to title 16, chapter 2, article 3. The ballot for the
27 election shall specifically state the proposed rate and the fiscal year or
28 years in which the excess tax levies are proposed to be assessed.

29 Sec. 36. Title 48, chapter 21, article 1, Arizona Revised Statutes, is
30 amended by adding section 48-3620.03, to read:

31 48-3620.03. Flood control district secondary property tax
32 override

33 A. THE BOARD OF DIRECTORS MAY ORDER AN ELECTION BY THE QUALIFIED
34 ELECTORS OF THE DISTRICT TO AUTHORIZE A SECONDARY PROPERTY TAX LEVY THAT
35 EXCEEDS THE LIMITATIONS ON SECONDARY PROPERTY TAXATION OTHERWISE PRESCRIBED
36 BY SECTION 48-3620, SUBSECTION E. THE BOARD MUST ADOPT A RESOLUTION, BY
37 MAJORITY VOTE OF THE BOARD MEMBERS, TO ORDER THE ELECTION UNDER THIS SECTION.
38 THE AUTHORIZATION OF ADDITIONAL SECONDARY PROPERTY TAXES UNDER THIS SECTION
39 IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

40 1. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST
41 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH
42 1, SUBDIVISION (d).

43 2. THE AUTHORIZATION FOR TAXES IN EXCESS OF THE LIMITATIONS OTHERWISE
44 PRESCRIBED SHALL NOT EXTEND FOR MORE THAN SEVEN YEARS.

1 3. THE RATE OF TAXATION UNDER THIS SECTION, PLUS THE RATE OF TAXATION
2 UNDER SECTION 48-3620, SHALL NOT EXCEED THE MAXIMUM ALLOWABLE RATE PRESCRIBED
3 BY SECTION 48-3620, SUBSECTION F.

4 B. THE RESOLUTION AND CALL OF THE ELECTION MUST STATE:

5 1. THE NUMBER OF YEARS IN WHICH THE AUTHORITY TO LEVY TAXES IN EXCESS
6 OF THE LIMITATIONS OTHERWISE PRESCRIBED WILL BE IN EFFECT.

7 2. THE PURPOSE FOR REQUESTING ADDITIONAL SECONDARY PROPERTY TAX
8 REVENUE FOR THE DISTRICT.

9 3. IF THE VOTERS APPROVE THE LEVY:

10 (a) THE MAXIMUM DOLLAR AMOUNT OF ADDITIONAL SECONDARY PROPERTY TAX
11 THAT MAY BE COLLECTED IN EACH YEAR.

12 (b) THE ESTIMATED SECONDARY PROPERTY TAX RATE TO FUND THE PROPOSED
13 LEVY UNDER SUBDIVISION (a) IN THE FIRST TAX YEAR.

14 C. THE DISTRICT MAY USE REVENUES FROM AN ADDITIONAL LEVY PURSUANT TO
15 THIS SECTION ONLY FOR THE PURPOSES STATED IN THE RESOLUTION AND CALL OF THE
16 ELECTION. IF AN UNEXPECTED BALANCE OF MONIES COLLECTED PURSUANT TO THIS
17 SECTION REMAINS AFTER SATISFYING THE PURPOSE OF THE ADDITIONAL LEVY, THE
18 DISTRICT SHALL USE THE BALANCE TO REDUCE THE LEVY UNDER THIS SECTION IN THE
19 FOLLOWING YEAR. IF THE BALANCE EXCEEDS THE REQUIREMENTS FOR THE FOLLOWING
20 YEAR OR IF THE AUTHORITY TO LEVY THE ADDITIONAL TAX UNDER THIS SECTION
21 EXPIRES AND IS NOT RENEWED FOR A SUBSEQUENT TERM, THE BOARD SHALL USE THE
22 BALANCE TO REDUCE THE DISTRICT'S SECONDARY PROPERTY TAX LEVY PURSUANT TO
23 SECTION 48-3620 IN THE FOLLOWING YEAR.

24 D. THE DISTRICT SHALL MAINTAIN AND SEPARATELY ACCOUNT FOR REVENUES
25 COLLECTED PURSUANT TO THIS SECTION IN A FUND IN THE DISTRICT TREASURY.

26 E. REVENUES COLLECTED PURSUANT TO THIS SECTION SHALL NOT BE INCLUDED
27 IN THE SECONDARY PROPERTY TAX LEVY LIMITATION PRESCRIBED BY SECTION 48-3620,
28 SUBSECTION E FOR ANY SUBSEQUENT YEAR.

29 Sec. 37. Section 48-3903, Arizona Revised Statutes, is amended to
30 read:

31 48-3903. Tax levies; limitation

32 A. The board of directors, after a county free library is established,
33 shall annually levy in the same manner and at the same time as other county
34 secondary property taxes are levied a county free library district tax
35 sufficient to establish the district and to ~~insure~~ ENSURE the payment of
36 salaries, maintenance and upkeep and other necessary expenses of the county
37 free library district. The tax shall be levied and collected upon all
38 property in the county and upon all property within incorporated cities and
39 towns in the county.

40 B. BEGINNING IN TAX YEAR 2008, THE MAXIMUM AMOUNT OF A LEVY UNDER THIS
41 SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN TAX YEAR 2007, ADJUSTED
42 ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT
43 BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE
44 DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE
45 LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR TO THE MAXIMUM

1 PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT
2 AMOUNT.

3 Sec. 38. Section 48-4023, Arizona Revised Statutes, is amended to
4 read:

5 48-4023. Property tax levy; limitation

6 A. If a majority of the qualified electors voting at an election held
7 pursuant to section 48-4021 ~~approves~~ APPROVE a county jail district ad
8 valorem property tax, on or before the third Monday in August each year the
9 district shall certify to the county board of supervisors the amount of taxes
10 to be levied for the taxable year on the taxable property in the district
11 which, together with unexpended balances carried forward from the previous
12 fiscal year and revenues from all other sources, is necessary to pay the
13 maintenance and operation expenses of the district in carrying out the
14 objects and purposes of this chapter.

15 B. The board of supervisors shall levy a secondary property tax on the
16 taxable property in the district, at the same time and in the same manner as
17 county taxes are levied, sufficient to provide the amount certified under
18 subsection A of this section, but the tax ~~rate~~ is limited to, and shall not
19 exceed in any event, THE LESSER OF:

20 1. Twenty cents per one hundred dollars of assessed valuation, except
21 as provided in subsection ~~D~~- E of this section.

22 2. BEGINNING IN TAX YEAR 2008, THE AMOUNT OF THE LEVY IN TAX YEAR
23 2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE
24 LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN
25 WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.
26 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE
27 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES
28 THAT AMOUNT.

29 C. The tax revenues collected pursuant to this section shall be paid
30 to the district treasurer and deposited in the county jail district general
31 fund and used solely for the purposes for which they were collected.

32 ~~C~~- D. The tax shall be levied on all of the taxable property in the
33 district.

34 ~~D~~- E. Notwithstanding subsection B of this section, for tax years
35 2006, 2007 and 2008, the district may certify and the board of supervisors
36 shall levy a secondary property tax on the taxable property in the district
37 in an amount equal to the amount levied in tax year 2005.

38 Sec. 39. Section 48-4023.01, Arizona Revised Statutes, is amended to
39 read:

40 48-4023.01. Property tax levy for juvenile detention
41 facilities; limitation

42 A. If a majority of the qualified electors voting at an election held
43 pursuant to section 48-4021 ~~approves~~ APPROVE an ad valorem property tax for
44 the district that includes juvenile detention facilities or if a majority of
45 the qualified electors voting at an election held pursuant to section 48-4004

1 ~~approves~~ APPROVE the inclusion of juvenile detention facilities in a district
2 that was created by an election held pursuant to section 48-4021, the
3 district may impose an ad valorem property tax pursuant to this section. The
4 district shall certify to the county board of supervisors on or before the
5 third Monday in August of each year the amount of taxes to be levied in
6 addition to the levy in section 48-4023 for the taxable year on the taxable
7 property in the district. The amount certified together with unexpended
8 balances carried forward from the previous fiscal year and revenues from all
9 other sources shall be the amount necessary to pay the maintenance and
10 operation expenses of the district in carrying out this chapter in relation
11 to juvenile detention facilities.

12 B. The board of supervisors may levy a secondary property tax on the
13 taxable property in the district at the same time and in the same manner as
14 county taxes are levied in an amount that is sufficient to provide the amount
15 certified pursuant to subsection A of this section. The tax ~~rate~~ is limited
16 to THE LESSER OF:

17 1. Ten cents per one hundred dollars of assessed valuation, except as
18 provided in subsection ~~D~~- E of this section.

19 2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY IN TAX YEAR
20 2008, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE
21 LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN
22 WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.
23 THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE
24 MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES
25 THAT AMOUNT.

26 C. The tax revenues collected pursuant to this section shall be paid
27 to the district treasurer for deposit in the county jail district general
28 fund and shall be used solely for juvenile detention facilities.

29 ~~C~~- D. The tax shall be levied on all of the taxable property in the
30 district.

31 ~~D~~- E. Notwithstanding subsection B of this section, for tax years
32 2006, 2007 and 2008, the district may certify and the board of supervisors
33 shall levy a secondary property tax on the taxable property in the district
34 in an amount equal to the amount levied in tax year 2005.

35 Sec. 40. Section 48-5805, Arizona Revised Statutes, is amended to
36 read:

37 48-5805. Transaction privilege tax; property tax; limitation

38 A. The board of directors of the district by resolution may levy, and
39 if levied, the department of revenue shall collect, a transaction privilege
40 tax pursuant to this section to be used and spent for the purposes described
41 in section 48-5804. The board shall set the rate of the tax at not more than
42 two per cent of the tax rate that applies to each business in the district
43 that is subject to taxation under title 42, chapter 5, article 1. The board
44 shall levy the tax on each person engaging in the district in a business
45 taxed under title 42, chapter 5, article 1.

1 B. Each month the state treasurer shall remit to the district
2 treasurer the net revenues collected under subsection A of this section
3 during the second preceding month. The district treasurer shall deposit the
4 monies in the public health services district's accounts and shall account
5 for all expenditures.

6 C. In lieu of a transaction privilege tax pursuant to subsection A of
7 this section, the board by resolution may levy in the same manner and at the
8 same time as other county secondary property taxes are levied a public health
9 services district tax. The tax shall not exceed **THE LESSER OF:**

10 1. Twenty-five cents per one hundred dollars of assessed valuation and
11 shall be levied on all property in the county and on all property within
12 incorporated cities and towns in the county.

13 2. **BEGINNING IN TAX YEAR 2008, THE AMOUNT OF THE LEVY IN TAX YEAR**
14 **2007, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE**
15 **LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN**
16 **WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051.**
17 **THE LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE**
18 **MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES**
19 **THAT AMOUNT.**

20 D. The district shall deposit all monies collected pursuant to this
21 subsection in a separate account and shall account for all expenditures.

22 Sec. 41. Short title

23 This act shall be known as "The Property Taxpayers' Protection Act of
24 2008".

25 Sec. 42. Retroactivity

26 Section 15-910, Arizona Revised Statutes, as amended by this act,
27 applies retroactively to from and after June 30, 2008.