

COMMITTEE ON EDUCATION

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2122

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-481, Arizona Revised Statutes, is amended to
3 read:

4 15-481. Override election; budget increases; notice; ballot;
5 effect

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

24 B. The county school superintendent shall prepare an informational
25 report on the proposed increase in the budget and a sample ballot and, at
26 least forty days prior to the election, shall transmit the report and the
27 sample ballot to the governing board of the school district. The governing
28 board, upon receipt of the report and the ballot, shall mail or distribute
29 the report and the ballot to the households in which qualified electors
30 reside within the school district at least thirty-five days prior to the
31 election. Any distribution of material concerning the proposed increase in

1 the budget shall not be conducted by children enrolled in the school
2 district. The report shall contain the following information:

3 1. The date of the election.

4 2. The voter's polling place and the times it is open.

5 3. The proposed total increase in the budget which exceeds the amount
6 permitted pursuant to section 15-905.

7 4. The total amount of the current year's budget, the total amount of
8 the proposed budget and the total amount of the alternate budget.

9 5. If the override is for a period of more than one year, a statement
10 indicating the number of years the proposed increase in the budget would be
11 in effect and the percentage of the school district's revenue control limit
12 that the district is requesting for the future years.

13 6. The proposed total amount of revenues which will fund the increase
14 in the budget and the amount which will be obtained from a levy of taxes upon
15 the taxable property within the school district for the first year for which
16 the budget increase was adopted.

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

21 8. The dollar amount and the purpose for which the proposed increase
22 in the budget is to be expended for the first year for which the budget
23 increase was adopted.

24 9. At least two arguments, if submitted, but no more than ten
25 arguments for and two arguments, if submitted, but no more than ten arguments
26 against the proposed increase in the budget. The arguments shall be in a
27 form prescribed by the county school superintendent, and each argument shall
28 not exceed two hundred words. Arguments for the proposed increase in the
29 budget shall be provided in writing and signed by the governing board. If
30 submitted, additional arguments in favor of the proposed increase in the
31 budget shall be provided in writing and signed by those in favor. Arguments
32 against the proposed increase in the budget shall be provided in writing and
33 signed by those in opposition. The names of those persons other than the
34 governing board or superintendent submitting written arguments shall not be
35 included in the report without their specific permission, but shall be made
36 available only upon request to the county school superintendent. The county
37 school superintendent shall review all factual statements contained in the

1 written arguments and correct any inaccurate statements of fact. The
2 superintendent shall not review and correct any portion of the written
3 arguments which are identified as statements of the author's opinion. The
4 county school superintendent shall make the written arguments available to
5 the public as provided in title 39, chapter 1, article 2. A deadline for
6 submitting arguments to be included in the informational report shall be set
7 by the county school superintendent.

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

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

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

17 (b) An owner-occupied residence whose assessed valuation is one-half
18 of the assessed valuation of the residence in subdivision (a) of this
19 paragraph.

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

22 (d) A business whose assessed valuation is the average of the assessed
23 valuation of property classified as class one, as prescribed by section
24 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

36 C. For the purpose of this section, the school district may use its
37 staff, equipment, materials, buildings or other resources only to distribute

1 the informational report at the school district office or at public hearings
2 and to produce such information as required in subsection B of this section,
3 provided that nothing in this subsection shall preclude school districts from
4 holding or participating in any public hearings at which testimony is given
5 by at least one person for the proposed increase and one person against the
6 proposed increase. Any written information provided by the district
7 pertaining to the override election shall include financial information
8 showing the estimated first year tax rate for the proposed budget override
9 amount.

10 D. If any amount of the proposed increase will be funded by a levy of
11 taxes in the district, the election prescribed in subsection A of this
12 section shall be held on the first Tuesday following the first Monday in
13 November as prescribed by section 16-204, subsection B, paragraph 1,
14 subdivision (d). If the proposed increase will be fully funded by revenues
15 from other than a levy of taxes, the elections prescribed in subsection A of
16 this section shall be held on any date prescribed by section 16-204. The
17 elections shall be conducted as nearly as practicable in the manner
18 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
19 section 15-426, relating to special elections, except that:

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

22 2. Ballots shall be counted pursuant to title 16, chapter 4,
23 article 10.

24 E. If the election is to exceed the revenue control limit and if the
25 proposed increase will be fully funded by a levy of taxes upon the taxable
26 property within the school district, the ballot shall contain the words
27 "budget increase, yes" and "budget increase, no", and the voter shall signify
28 his desired choice. The ballot shall also contain the amount of the proposed
29 increase of the proposed budget over the alternate budget, a statement that
30 the amount of the proposed increase will be based on a percentage of the
31 school district's revenue control limit in future years, if applicable, as
32 provided in subsection P of this section and the following statement:

33 Any budget increase authorized by this election shall be
34 entirely funded by a levy of taxes upon the taxable property
35 within this school district for the year for which adopted and
36 for ____ subsequent years, shall not be realized from monies
37 furnished by the state and shall not be subject to the limitation

1 on taxes specified in article IX, section 18, Constitution of
2 Arizona. Based on an estimate of assessed valuation used for
3 secondary property tax purposes, to fund the proposed increase in
4 the school district's budget would require an estimated tax rate
5 of _____ dollar per one hundred dollars of assessed
6 valuation used for secondary property tax purposes and is in
7 addition to the school district's tax rate which will be levied
8 to fund the school district's revenue control limit allowed by
9 law.

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

16 1. The amount of the proposed increase of the proposed budget over the
17 alternate budget.

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

21 3. The following statement:

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

28 G. Except as provided in subsection H of this section, the maximum
29 budget increase which may be requested and authorized as provided in
30 subsection E or F of this section or the combination of subsections E and F
31 of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as
32 provided in section 15-947, subsection A for the budget year. PROCEEDS FROM
33 THIS BUDGET INCREASE MAY BE USED FOR PROGRAMS DESIGNED TO IMPROVE THE
34 ACADEMIC ACHIEVEMENT OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE
35 THROUGH THREE, INCLUDING PROGRAMS TO REMOVE BARRIERS TO IMPROVE ACADEMIC
36 ACHIEVEMENT, PROGRAMS TO IMPROVE INSTRUCTION AND PROGRAMS THAT INCREASE THE
37 AMOUNT OF INSTRUCTION. IF A SCHOOL DISTRICT REQUESTS AN OVERRIDE PURSUANT TO

1 SECTION 15-482 OR TO CONTINUE WITH A BUDGET OVERRIDE PURSUANT TO SECTION
 2 15-482 FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH THREE THAT
 3 WAS AUTHORIZED BEFORE DECEMBER 31, 2008, THE MAXIMUM BUDGET INCREASE THAT MAY
 4 BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION E OR F OF THIS SECTION
 5 OR THE COMBINATION OF SUBSECTIONS E AND F OF THIS SECTION IS TEN PER CENT OF
 6 THE REVENUE CONTROL LIMIT AS PROVIDED IN SECTION 15-947, SUBSECTION A FOR THE
 7 BUDGET YEAR.

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

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

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

19 (i)

	Small School Support Level Weight		Phase Down
Student	Student		for Small Isolated
Reduction			
<u>Count</u>	<u>Count Limit</u>		<u>School Districts</u> <u>Base Level</u>
	<u>Factor</u>		
_____	- _____	125	x1.358 + (0.0005 x x \$ _____
= \$ _____			
	(500 - Student Count))		

			Small Isolated
Phase Down	Phase Down		School District
<u>Base</u>	<u>Reduction Factor</u>		<u>Elementary Limit</u>
\$150,000	- \$ _____		= \$ _____

32 (ii)

	Small School Support Level Weight		Phase Down
Student	Student		for Small
Reduction			
<u>Count</u>	<u>Count Limit</u>		<u>School Districts</u> <u>Base Level</u>
	<u>Factor</u>		

1 _____ - 125 _____ x 1.278 + (0.0003 x x \$ _____
 2 = \$ _____

3 (500 - Student Count))

4 Small

5 Phase Down Phase Down School District
 6 Base Reduction Factor Elementary Limit
 7 \$150,000 - \$ _____ = \$ _____

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

12 (i)

13 Small School Support Level Weight Phase Down
 14 Student Student for Small Isolated
 15 Reduction
 16 Count Count Limit School Districts Base Level
 17 Factor

18 _____ - 100 _____ x 1.468 + (0.0005 x x
 19 \$ _____ = \$ _____

20 (500 - Student Count))

21 Small Isolated

22 Phase Down Phase Down District
 23 Base Reduction Factor Secondary Limit
 24 \$350,000 - \$ _____ = \$ _____

25 (ii)

26 Small School Support Level Weight Phase Down
 27 Student Student for Small
 28 Reduction
 29 Count Count Limit School Districts Base Level
 30 Factor

31 _____ - 100 _____ x 1.398 + (0.0004 x x \$ _____
 32 = \$ _____

33 (500 - Student Count))

34 Small

35 Phase Down Phase Down School District
 36 Base Reduction Factor Secondary Limit
 37 \$350,000 - \$ _____ = \$ _____

1 (c) If both subdivisions (a) and (b) of this paragraph apply to a
2 unified school district, its limit for the purposes of this paragraph is the
3 combination of its elementary limit and its secondary limit.

4 (d) If only subdivision (a) or (b) of this paragraph applies to a
5 unified school district, the district's limit for the purposes of this
6 paragraph is the sum of the limit computed as provided in subdivision (a) or
7 (b) of this paragraph plus ten per cent of the revenue control limit
8 attributable to those grade levels that do not meet the eligibility
9 requirements of this subsection. If a school district budgets monies outside
10 the revenue control limit pursuant to section 15-949, subsection E, the
11 district's limit for the purposes of this paragraph is only the ten per cent
12 of the revenue control limit attributable to those grade levels that are not
13 included under section 15-949, subsection E. For the purposes of this
14 subdivision, the revenue control limit is separated into elementary and
15 secondary components based on the weighted student count as provided in
16 section 15-971, subsection B, paragraph 2, subdivision (a).

17 2. If a school district utilizes ~~the provisions of~~ this subsection to
18 request an override of more than one year, the ballot shall include an
19 estimate of the amount of the proposed increase in the future years in place
20 of the statement that the amount of the proposed increase will be based on a
21 percentage of the school district's revenue control limit in future years, as
22 prescribed in subsections E and F of this section.

23 3. Notwithstanding subsection P of this section, the maximum period of
24 an override authorized pursuant to this subsection is five years.

25 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
26 overrides authorized pursuant to this subsection.

27 I. If the election is to exceed the revenue control limit as provided
28 in section 15-482 and if the proposed increase will be fully funded by a levy
29 of taxes on the taxable property within the school district, the ballot shall
30 contain the words "budget increase, yes" and "budget increase, no", and the
31 voter shall signify the voter's desired choice. The ballot shall also
32 contain the amount of the proposed increase of the budget over the alternate
33 budget, a statement that the amount of the proposed increase will be based on
34 a percentage of the school district's revenue control limit in future years,
35 if applicable, as provided in subsection Q of this section, and the following
36 statement:

37 Any budget increase authorized by this election shall be

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

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

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

31 K. The maximum budget increase that may be requested and authorized as
32 provided in subsection I or J of this section, or a combination of both of
33 these subsections, is five per cent of the revenue control limit as provided
34 in section 15-947, subsection A for the budget year. For a unified school
35 district, a common school district not within a high school district or a
36 common school district within a high school district that offers instruction
37 in high school subjects as provided in section 15-447, five per cent of the

1 revenue control limit means five per cent of the revenue control limit
2 attributable to the weighted student count in preschool programs for children
3 with disabilities, kindergarten programs and grades one through eight as
4 provided in section 15-971, subsection B. FOR A UNION HIGH SCHOOL DISTRICT,
5 FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE
6 CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN GRADES NINE
7 THROUGH TWELVE.

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

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

30 M. If the election is to exceed the capital outlay revenue limit and
31 if the proposed increase will be fully funded by revenues from other than a
32 levy of taxes upon the taxable property within the school district, the
33 ballot shall contain the words "budget increase, yes" and "budget increase,
34 no", and the voter shall signify the voter's desired choice. An election
35 held pursuant to this subsection shall be held on the first Tuesday after the
36 first Monday of November. The ballot shall also contain the amount of the

1 proposed increase of the proposed budget over the alternate budget and the
2 following statement:

3 Any budget increase authorized by this election shall be
4 entirely funded by this school district with revenues from other
5 than a levy of taxes on the taxable property within the school
6 district for the year in which adopted and for _____ subsequent
7 years and shall not be realized from monies furnished by the
8 state.

9 N. If the election is to exceed a combination of the revenue control
10 limit as provided in subsection E or F of this section, the revenue control
11 limit as provided in subsection I or J of this section or the capital outlay
12 revenue limit as provided in subsection L or M of this section, the ballot
13 shall be prepared so that the voters may vote on each proposed increase
14 separately and shall contain statements required in the same manner as if
15 each proposed increase were submitted separately.

16 O. If the election provides for a levy of taxes on the taxable
17 property within the school district, at least thirty days prior to the
18 election, the department of revenue shall provide the school district
19 governing board and the county school superintendent with an estimate of the
20 school district's assessed valuation used for secondary property tax purposes
21 for the ensuing fiscal year. The governing board and the county school
22 superintendent shall use this estimate to translate the amount of the
23 proposed dollar increase in the budget of the school district over that
24 allowed by law into a tax rate figure.

25 P. If the voters in a school district vote to adopt a budget in excess
26 of the revenue control limit as provided in subsection E or F of this
27 section, any additional increase shall be included in the aggregate budget
28 limit for each of the years authorized. Any additional increase shall be
29 excluded from the determination of equalization assistance. The school
30 district governing board ~~may,~~ however, MAY levy on the assessed valuation
31 used for secondary property tax purposes of the property in the school
32 district the additional increase if adopted under subsection E of this
33 section for the period of one year, two years or five through seven years as
34 authorized. If an additional increase is approved as provided in subsection
35 F of this section, the school district governing board may only use revenues
36 derived from the school district's prior year's maintenance and operation
37 fund ending cash balance to fund the additional increase. If a budget

1 increase was previously authorized and will be in effect for the budget year
2 or budget year and subsequent years, as provided in subsection E or F of this
3 section, the governing board may request a new budget increase as provided in
4 the same subsection under which the prior budget increase was adopted, which
5 shall not exceed the maximum amount permitted under subsection G of this
6 section. If the voters in the school district authorize the new budget
7 increase amount, the existing budget increase no longer is in effect. If the
8 voters in the school district do not authorize the budget increase amount,
9 the existing budget increase remains in effect for the time period for which
10 it was authorized. The maximum additional increase authorized as provided in
11 subsection E or F of this section and the additional increase which is
12 included in the aggregate budget limit is based on a percentage of a school
13 district's revenue control limit in future years, if the budget increase is
14 authorized for more than one year. If the additional increase:

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

17 2. Is for five years or more, the proposed increase is equal to the
18 initial proposed percentage increase in the following years of the proposed
19 increase, except that in the next to last year it is two-thirds of the
20 initial proposed percentage increase and it is one-third of the initial
21 proposed percentage increase in the last year of the proposed increase.

22 Q. If the voters in a school district vote to adopt a budget in excess
23 of the revenue control limit as provided in subsection I or J of this
24 section, any additional increase shall be included in the aggregate budget
25 limit for each of the years authorized. Any additional increase shall be
26 excluded from the determination of equalization assistance. The school
27 district governing board, however, may levy on the assessed valuation used
28 for secondary property tax purposes of the property in the school district
29 the additional increase if adopted under subsection I of this section for the
30 period of one year, two years or five through seven years as authorized. If
31 an additional increase is approved as provided in subsection J of this
32 section, the increase may only be budgeted and expended if sufficient monies
33 are available in the maintenance and operation fund of the school district.
34 If a budget increase was previously authorized and will be in effect for the
35 budget year or budget year and subsequent years, as provided in subsection I
36 or J of this section, the governing board may request a new budget increase
37 as provided in the same subsection under which the prior budget increase was

1 adopted that does not exceed the maximum amount permitted under subsection K
2 of this section. If the voters in the school district authorize the new
3 budget increase amount, the existing budget increase no longer is in effect.
4 If the voters in the school district do not authorize the budget increase
5 amount, the existing budget increase remains in effect for the time period
6 for which it was authorized. The maximum additional increase authorized as
7 provided in subsection I or J of this section and the additional increase
8 that is included in the aggregate budget limit is based on a percentage of a
9 school district's revenue control limit in future years, if the budget
10 increase is authorized for more than one year. If the additional increase:

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

13 2. Is for five years or more, the proposed increase is equal to the
14 initial proposed percentage increase in the following years of the proposed
15 increase, except that in the next to last year it is two-thirds of the
16 initial proposed percentage increase and it is one-third of the initial
17 proposed percentage increase in the last year of the proposed increase.

18 R. If the voters in a school district vote to adopt a budget in excess
19 of the capital outlay revenue limit as provided in subsection L of this
20 section, any additional increase shall be included in the aggregate budget
21 limit for each of the years authorized. The additional increase shall be
22 excluded from the determination of equalization assistance. The school
23 district governing board ~~may~~, however, **MAY** levy on the assessed valuation
24 used for secondary property tax purposes of the property in the school
25 district the additional increase for the period authorized but not to exceed
26 ten years. For overrides approved by a vote of the qualified electors of the
27 school district at an election held from and after October 31, 1998, the
28 period of the additional increase prescribed in this subsection shall not
29 exceed seven years for any capital override election.

30 S. If the voters in a school district vote to adopt a budget in excess
31 of the capital outlay revenue limit as provided in subsection M of this
32 section, any additional increase shall be included in the aggregate budget
33 limit for each of the years authorized. The additional increase shall be
34 excluded from the determination of equalization assistance. The school
35 district governing board may only use revenues derived from the school
36 district's prior year's maintenance and operation fund ending cash balance
37 and capital outlay fund ending cash balance to fund the additional increase

1 for the period authorized but not to exceed ten years. For overrides
2 approved by a vote of the qualified electors of the school district at an
3 election held from and after October 31, 1998, the period of the additional
4 increase prescribed in this subsection shall not exceed seven years for any
5 capital override election.

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

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

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

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

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

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

29 _____ school district is proposing to increase its
30 budget by \$_____ to fund capital improvements over and above
31 those funded by the state. Under the students first capital
32 funding system, _____ school district is entitled to state
33 monies for building renewal, new construction and renovation of
34 school buildings in accordance with state law.

35 2. The ballot shall contain the words "budget increase, yes" and
36 "budget increase, no", and the voter shall signify the voter's desired
37 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 Sec. 2. Section 15-482, Arizona Revised Statutes, is amended to read:

1 15-482. Special five per cent override for programs of pupils
2 in kindergarten programs and grades one through
3 twelve

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

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

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

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

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

36 1. Utilize a separate annual special program budget on a form
37 prescribed by the auditor general in conjunction with the department of

1 education. The budget format shall be designed to allow a school district to
2 plan and provide in detail for expenditures to be incurred as a result of the
3 special program.

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

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

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

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

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

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

35 Sec. 3. Section 15-1102, Arizona Revised Statutes, is amended to read:

1 which may be expended is equal to fifteen per cent of the revenue control
2 limit for that year as provided in section 15-947, subsection A, provided
3 that the following maximum amount is attributable to the use of any one
4 provision:

5 (a) Fifteen per cent of the revenue control limit when using the
6 proceeds from the sale before July 1, 1998 or lease of school property for
7 maintenance and operation as provided in this section.

8 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
9 budget increase as provided in section 15-481, subsection E or F, or both.

10 (c) Five per cent of the revenue control limit when using a budget
11 increase as provided in section 15-482.

12 C. A common school district or high school district which has an
13 outstanding bonded indebtedness of greater than seven per cent of the current
14 year's assessed valuation or a unified school district which has an
15 outstanding bonded indebtedness of greater than fourteen per cent of the
16 current year's assessed valuation may expend the proceeds from the lease or
17 sale of school property as follows:

18 1. For maintenance and operation, the expenditure may not exceed the
19 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
20 amount of the proceeds from the lease of school property multiplied by .25.

21 2. For capital outlay, the expenditure of the proceeds:

22 (a) From the sale of school property may not exceed the amount of the
23 proceeds multiplied by .62.

24 (b) From the lease of school property is not limited.

25 D. The governing board, or the superintendent or chief administrative
26 officer with the approval of the governing board, shall promptly deposit
27 monies received for and derived from the sale or lease of school property
28 with the county treasurer who shall establish three school plant funds, one
29 fund for monies received from the sale before July 1, 1998 or lease of school
30 property for more than one year, one fund for monies received from the sale
31 of school property from and after June 30, 1998 and one fund for monies
32 received from the lease of school property for one year or less. The county
33 treasurer shall credit the deposits to the respective school plant fund of
34 the respective school district. Monies placed to the credit of the school
35 plant funds may be expended as provided in this section. The school plant
36 funds are continuing funds not subject to reversion.

1 E. Notwithstanding subsection C of this section, the governing board,
2 or the superintendent or chief administrative officer with the approval of
3 the governing board, may expend the proceeds from the sale before July 1,
4 1998 or lease of school property for the additional maintenance and
5 operations expenses incurred as the result of operating on a year-round
6 school year operation basis pursuant to section 15-855. The amount that the
7 governing board, superintendent or chief administrative officer may expend
8 for a year-round school year operation, as provided in this subsection, is
9 limited to the actual maintenance and operations costs incurred as the result
10 of the year-round school year operation as documented in the school
11 district's budget as provided in section 15-855. A governing board,
12 superintendent or chief administrative officer that utilizes ~~the provisions~~
13 of this subsection is subject to all other limitations prescribed in this
14 section regarding the expenditure of proceeds from the sale before July 1,
15 1998 or lease of school property.

16 F. Notwithstanding subsections B and D of this section, if the school
17 district electors approve the sale of school property and the use of the
18 proceeds for the purchase of school sites or the construction, improvement or
19 furnishing of school facilities, the proceeds from the sale shall be put in a
20 separate fund for use for the approved purpose as prescribed by the uniform
21 system of financial records. This fund is a continuing fund not subject to
22 reversion, except that after ten years any unexpended monies shall be put in
23 the school plant fund for use as prescribed in this section.

24 G. Proceeds from sales by condemnation or sales under threat of
25 condemnation may be deposited with the county treasurer for deposit in the
26 condemnation fund or the school plant fund of the school district. The
27 condemnation fund is a continuing fund not subject to reversion, except that
28 after ten years any unspent monies shall be placed in the school plant fund
29 to be used as prescribed in this section. The governing board, or the
30 superintendent or chief administrative officer with the approval of the
31 governing board, may apply the proceeds in the condemnation fund to:

32 1. The payment of any outstanding bonded indebtedness of the school
33 district which is payable from the levy of taxes upon property within the
34 school district.

35 2. Construct, acquire, improve, repair or furnish school facilities or
36 sites after notice and a hearing.

1 H. Proceeds from a right-of-way settlement shall be deposited with the
2 county treasurer for deposit in the condemnation fund of the school district.
3 The governing board, or the superintendent or chief administrative officer
4 with the approval of the governing board, shall apply such proceeds in the
5 condemnation fund to construct, acquire, improve, repair or furnish school
6 facilities or sites after notice and a hearing.

7 I. For **THE** purposes of this section, "capital outlay" means
8 unrestricted capital outlay as prescribed in section 15-903, subsection C.

9 Sec. 4. Saving clause

10 This act does not affect any special budget overrides pursuant to
11 section 15-482, Arizona Revised Statutes, that were approved by the qualified
12 electors of a school district before the effective date of this act. Special
13 budget overrides pursuant to section 15-482, Arizona Revised Statutes, that
14 were approved by the qualified electors of a school district before the
15 effective date of this act shall continue for the duration previously
16 authorized by the qualified electors or until the qualified electors of the
17 school district subsequently approve a budget increase in an amount of not
18 more than fifteen per cent of the revenue control limit as prescribed in
19 section 15-481, subsection G, Arizona Revised Statutes, as amended by this
20 act, whichever occurs first.

21 Sec. 5. Override election procedures for fiscal year 2009-2010

22 Notwithstanding any other law, for fiscal year 2009-2010:

23 1. A school district may conduct an election on the second Tuesday in
24 March 2010 to submit a proposed budget increase to the qualified electors in
25 an amount of not more than fifteen per cent of the revenue control limit as
26 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
27 amended by this act. Override elections conducted in subsequent fiscal years
28 shall be as prescribed by statute. An increase of not more than fifteen per
29 cent that is subsequently approved by the qualified electors of the school
30 district shall replace any previously authorized increases approved by the
31 qualified electors pursuant to section 15-481, subsection E or F, Arizona
32 Revised Statutes, and section 15-482, Arizona Revised Statutes.

33 2. If the qualified electors in a school district approve a proposed
34 budget increase in an amount of not more than ten per cent of the revenue
35 control limit in an election conducted on the first Tuesday in November 2009,
36 the school district may subsequently conduct an election on the second
37 Tuesday in March 2010 to submit to the qualified electors a proposed budget

1 increase in an amount of not more than an additional five per cent of the
2 revenue control limit. Override elections conducted in subsequent fiscal
3 years shall be as prescribed by statute.

4 3. If the qualified electors of a common school district have
5 approved both a budget increase that is still in effect on the effective date
6 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
7 Statutes, and a budget increase that is still in effect on the effective date
8 of this act pursuant to section 15-482, Arizona Revised Statutes, the common
9 school district may call an election on the second Tuesday in March 2010 to
10 submit to the qualified electors a proposed budget increase in an amount of
11 not more than seventeen per cent of the revenue control limit. An increase
12 of not more than seventeen per cent that is subsequently approved by the
13 qualified electors of the school district shall replace any previously
14 authorized increases approved by the qualified electors pursuant to section
15 15-481, subsection E or F, Arizona Revised Statutes, and section 15-482,
16 Arizona Revised Statutes. If approved by the qualified electors, the common
17 school district may continue to budget the amount of not more than seventeen
18 per cent of the revenue control limit for the remaining number of years of
19 the override previously approved pursuant to section 15-482, Arizona Revised
20 Statutes. On the expiration of the override previously approved pursuant to
21 section 15-482, Arizona Revised Statutes, override elections conducted in
22 subsequent fiscal years shall be as prescribed by statute."

23 Amend title to conform

and, as so amended, it do pass

RICH CRANDALL
Chairman

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