

REFERENCE TITLE: school districts; bonds; purposes.

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2120

Introduced by
Representative Boone

AN ACT

AMENDING SECTIONS 15-491 AND 15-1021, ARIZONA REVISED STATUTES; RELATING TO
SCHOOL DISTRICT BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-491, Arizona Revised Statutes, is amended to
3 read:
4 15-491. Elections on school property; exceptions
5 A. The governing board of a school district may, and upon petition of
6 fifteen per cent of the school electors as shown by the poll list at the last
7 preceding annual school election shall, call an election for the following
8 purposes:
9 1. To locate or change the location of school buildings.
10 2. To purchase or sell school sites or buildings or sell school sites
11 pursuant to section 15-342 or to build school buildings, but the
12 authorization by vote of the school district shall not necessarily specify
13 the site to be purchased.
14 3. To decide whether the bonds of the school district shall be issued
15 and sold for the purpose of raising money for purchasing or leasing school
16 lots, for building or renovating school buildings, **FOR SUPPLYING SCHOOL**
17 **BUILDINGS WITH FURNITURE, EQUIPMENT AND TECHNOLOGY**, for improving school
18 grounds, for purchasing pupil transportation vehicles or for liquidating any
19 indebtedness already incurred for such purposes. **BOND PROCEEDS SHALL NOT BE**
20 **EXPENDED FOR FURNITURE, EQUIPMENT OR TECHNOLOGY WHOSE USEFUL LIFE IS LESS**
21 **THAN THE AVERAGE DURATION OF THE BONDS ISSUED.** ~~Except as provided in section~~
22 ~~15-1021, subsection H, the proceeds of class B bonds or impact aid revenue~~
23 ~~bonds shall not be used for soft capital purposes except for pupil~~
24 ~~transportation vehicles.~~ A school district shall not issue class B bonds
25 until the school district has obligated in contract the entire proceeds of
26 any class A bonds issued by the school district. The total amount of class A
27 and class B bonds issued by a school district shall not exceed the debt
28 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
29 Arizona.
30 4. To lease for five or more years, as lessor or as lessee, school
31 buildings or grounds. Approval by a majority of the school district electors
32 voting authorizes the governing board to negotiate for and enter into a
33 lease. The ballot shall list the school buildings or grounds for which a
34 lease is sought. If the governing board does not enter into a lease of five
35 or more years of the school buildings or grounds listed on the ballot within
36 five years of the date of the election and the board continues to seek such a
37 lease, the governing board shall call a special election to reauthorize the
38 board to negotiate for and to enter into a lease of five or more years.
39 B. No petition shall be required for the holding of the first election
40 to be held in a joint common school district for any of the purposes
41 specified in subsection A of this section. The notice of election required
42 by section 15-492 shall be published in each of the counties ~~which~~ **THAT**
43 comprise the joint common school district. The certification of election
44 results required by section 15-493 shall be made to the board of supervisors
45 of the jurisdictional county.

1 C. When the election is called to determine whether or not bonds of
2 the school district shall be issued and sold for the purposes enumerated in
3 the call for the election, the question shall be submitted to the vote of the
4 qualified electors of the school district as defined in section 15-401 and
5 subject to section 15-402.

6 D. The governing board shall order the election to be held in the
7 manner prescribed in title 35, chapter 3, article 3. If a petition for an
8 election has been filed with the governing board as provided in subsection A
9 of this section, the board shall act upon the petition within sixty days by
10 ordering the election to be held as provided in this subsection. If a school
11 district bond election is scheduled for the same date a school district will
12 hold an override election, the governing body shall deliver a copy of the
13 notice of election and ballot to the county school superintendent who shall
14 include the notice of election and ballot with the information report and
15 ballot prepared for the override election. Mailing of the information
16 required for both the override and bond elections shall constitute compliance
17 with the notice provisions of this section.

18 E. The elections to be held pursuant to this section shall only be
19 held on dates prescribed by section 16-204, except that elections held
20 pursuant to this section to decide whether class B bonds shall be issued, or
21 any other obligation incurred that will require the assessment of secondary
22 property taxes, shall only be held on the first Tuesday after the first
23 Monday of November.

24 F. Subsection A, paragraph 2 of this section does not apply to the
25 sale of school property if the market value of the school property is less
26 than fifty thousand dollars.

27 G. Bond counsel fees, financial advisory fees, printing costs and
28 paying agent and registrar fees for bonds issued pursuant to an election
29 under this section shall be paid from either the amount authorized by the
30 qualified electors of the school district or current operating funds. Bond
31 election expenses shall be paid from current operating funds only.

32 H. For any election conducted to decide whether class B bonds will be
33 issued pursuant to this section:

34 1. Except as provided in paragraph 2 of this subsection, the ballot
35 shall include the following statement:

36 The capital improvements that are proposed to be funded
37 through this bond issuance are to exceed the state standards and
38 are in addition to monies provided by the state.

39 _____ school district is proposing to issue class B
40 general obligation bonds totaling \$_____ to fund capital
41 improvements over and above those funded by the state. Under
42 the students first capital funding system, _____ school
43 district is entitled to state monies for building renewal, new
44 construction and renovation of school buildings in accordance
45 with state law.

1 2. For a school district that is a joint technological education
2 district, the ballot shall include the following statement:

3 _____, a joint technological education district, is
4 proposing to issue class B general obligation bonds totaling
5 \$_____ to fund capital improvements at a campus owned or
6 operated and maintained by the joint technological education
7 district.

8 3. The ballot shall contain the words "bond approval, yes" and "bond
9 approval, no", and the voter shall signify the voter's desired choice.

10 4. The ballot shall also contain the phrase "the issuance of these
11 bonds will result in an annual levy of property taxes sufficient to pay the
12 debt on the bonds".

13 5. At least eighty-five days before the election, the school district
14 shall submit proposed ballot language to the director of the Arizona
15 legislative council. The director of the Arizona legislative council shall
16 review the proposed ballot language to determine whether the proposed ballot
17 language complies with this section. If the director of the Arizona
18 legislative council determines that the proposed ballot language does not
19 comply with this section, the director, within ten calendar days of the
20 receipt of the proposed ballot language, shall notify the school district of
21 the director's objections and the school district shall resubmit revised
22 ballot language to the director for approval.

23 6. No later than thirty-five days before a class B bond election
24 conducted pursuant to this section, the school district shall mail a
25 publicity pamphlet to each household that contains a qualified elector in the
26 school district. The publicity pamphlet shall contain, at a minimum, the
27 following information:

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

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

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

37 I. For any election conducted to decide whether impact aid revenue
38 bonds shall be issued pursuant to this section:

39 1. The ballot shall include the following statement:

40 The capital improvements that are proposed to be funded
41 through this bond issuance are to exceed the state standards and
42 are in addition to monies provided by the state.

1 _____ school district is proposing to issue impact
2 aid revenue bonds totaling \$_____ to fund capital
3 improvements over and above those funded by the state. Under
4 the students first capital funding system, _____ school
5 district is entitled to state monies for building renewal, new
6 construction and renovation of school buildings in accordance
7 with state law.

8 2. The ballot shall contain the words "bond approval, yes" and "bond
9 approval, no", and the voter shall signify the voter's desired choice.

10 3. At least eighty-five days before the election, the school district
11 shall submit proposed ballot language to the director of the legislative
12 council. The director of the legislative council shall review the proposed
13 ballot language to determine whether the proposed ballot language complies
14 with this section. If the director of the legislative council determines
15 that the proposed ballot language does not comply with this section, the
16 director, within ten calendar days of the receipt of the proposed ballot
17 language, shall notify the school district of the director's objections and
18 the school district shall resubmit revised ballot language to the director
19 for approval.

20 4. No later than thirty-five days before an impact aid revenue bond
21 election conducted pursuant to this section, the school district shall mail a
22 publicity pamphlet to each household that contains a qualified elector in the
23 school district. The publicity pamphlet shall contain, at a minimum, the
24 following information:

25 (a) The date of the election.

26 (b) The voter's polling place and the times it is open.

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

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

33 (e) A statement that impact aid revenue bonds will be fully funded by
34 aid that the school district receives from the federal government and do not
35 require a levy of taxes in the district.

36 (f) A statement that, if the bonds are approved, the first priority
37 for the impact aid will be to pay the debt service for the bonds and that
38 other uses of the monies are prohibited until the debt service obligation is
39 met.

40 (g) A statement that, if the impact aid revenue bonds are approved,
41 the school district shall not issue or sell class B bonds while the district
42 has existing indebtedness from impact aid revenue bonds, except for bonds
43 issued to refund any bonds issued by the board.

1 J. If the voters approve the issuance of school district class B bonds
2 or impact aid revenue bonds, the school district shall not use the bond
3 proceeds for any purposes other than the proposed capital improvements listed
4 in the publicity pamphlet, except that up to ten per cent of the bond
5 proceeds may be used for general capital expenses, including cost overruns of
6 proposed capital improvements.

7 K. Each school district that issues bonds under this section is
8 required to hold a public meeting each year between September 1 and October
9 31, until the bond proceeds are spent, at which an update of the progress of
10 capital improvements financed through bonding is discussed and at which the
11 public is permitted an opportunity to comment. At a minimum, the update
12 shall include a comparison of the current status and the original projections
13 on the construction of capital improvements, the costs of capital
14 improvements and the costs of capital improvements in progress or completed
15 since the prior meeting and the future capital bonding plans of the school
16 district. The school district shall include in the public meeting a
17 discussion of the school district's use of state capital aid and
18 voter-approved capital overrides in funding capital improvements, if any.

19 Sec. 2. Section 15-1021, Arizona Revised Statutes, is amended to read:

20 15-1021. Limitation on bonded indebtedness; limitation on
21 authorization and issuance of bonds

22 A. Until December 31, 1999, a school district may issue class A bonds
23 for the purposes specified in this section and chapter 4, article 5 of this
24 title to an amount in the aggregate, including the existing indebtedness, not
25 exceeding fifteen per cent of the taxable property used for secondary
26 property tax purposes, as determined pursuant to title 42, chapter 15,
27 article 1, within a school district as ascertained by the last property tax
28 assessment previous to issuing the bonds.

29 B. From and after December 31, 1998, a school district may issue class
30 B bonds for the purposes specified in this section and chapter 4, article 5
31 of this title to an amount in the aggregate, including the existing class B
32 indebtedness, not exceeding five per cent of the taxable property used for
33 secondary property tax purposes, as determined pursuant to title 42, chapter
34 15, article 1, within a school district as ascertained by the last assessment
35 of state and county taxes previous to issuing the bonds, or one thousand five
36 hundred dollars per student count as determined pursuant to section 15-902,
37 whichever amount is greater. A school district shall not issue class B bonds
38 until the proceeds of any class A bonds issued by the school district have
39 been obligated in contract. The total amount of class A and class B bonds
40 issued by a school district shall not exceed the debt limitations prescribed
41 in article IX, section 8, Constitution of Arizona.

42 C. Until December 31, 1999, a unified school district, as defined
43 under article IX, section 8.1, Constitution of Arizona, may issue class A
44 bonds for the purposes specified in this section and chapter 4, article 5 of
45 this title to an amount in the aggregate, including the existing

1 indebtedness, not exceeding thirty per cent of the taxable property used for
2 secondary property tax purposes, as determined pursuant to title 42, chapter
3 15, article 1, within a unified school district as ascertained by the last
4 property tax assessment previous to issuing the bonds.

5 D. From and after December 31, 1998, a unified school district, as
6 defined under article IX, section 8.1, Constitution of Arizona, may issue
7 class B bonds for the purposes specified in this section and chapter 4,
8 article 5 of this title to an amount in the aggregate, including the existing
9 class B indebtedness, not exceeding ten per cent of the taxable property used
10 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
11 article 1, within a school district as ascertained by the last assessment of
12 state and county taxes previous to issuing the bonds, or one thousand five
13 hundred dollars per student count as determined pursuant to section 15-902,
14 whichever amount is greater. A unified school district shall not issue class
15 B bonds until the proceeds of any class A bonds issued by the unified school
16 district have been obligated in contract. The total amount of class A and
17 class B bonds issued by a unified school district shall not exceed the debt
18 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

19 E. No bonds authorized to be issued by an election held after July 1,
20 1980 may be issued more than six years after the date of the election, except
21 that class A bonds shall not be issued after December 31, 1999.

22 F. ~~Class A~~ Bond proceeds shall not be expended for items whose useful
23 life is less than the average life of the bonds issued, except that bond
24 proceeds shall not be expended for items whose useful life is less than five
25 years.

26 ~~G. Except as provided in subsection H of this section, class B bond
27 proceeds shall not be expended for soft capital items, computer hardware, or
28 other items whose useful life is less than the average useful life of the
29 bonds issued, except that bond proceeds shall not be expended for items whose
30 useful life is less than five years. For the purposes of this subsection,
31 "computer hardware" means an electronic device with an integrated circuit
32 that performs logic, arithmetic or memory functions by the manipulations of
33 electronic or magnetic impulses and includes all input, output, processing,
34 storage, software or communication facilities that are connected or related
35 to such a device in a system or network.~~

36 ~~H. G. Class B bond proceeds for a facility at a campus owned or
37 operated and maintained by a joint technological education district may be
38 expended for soft capital items, computer hardware, furniture or other
39 equipment, except that no bonds may be issued for these purposes for a
40 duration of more than five years. The total amount of bonds that a joint
41 technological education district may issue pursuant to this subsection shall
42 not exceed thirty per cent of the cost of the school facility, including
43 monies received for the school facility pursuant to this section. A joint
44 technological education district shall not spend class B bond proceeds to
45 construct or renovate a facility located on the campus of a school in a~~

1 school district that participates in the joint district unless the facility
2 is only used to provide career and technical education and is available to
3 all pupils who live within the joint technological education district. If
4 the facility is not owned by the joint technological education district, an
5 intergovernmental agreement or a written contract shall be executed for ten
6 years or the duration of the bonded indebtedness, whichever is greater. The
7 intergovernmental agreement or written contract shall include provisions:

8 1. That preserve the usage of the facility renovated or constructed,
9 or both, only for career and technology programs operated by the joint
10 technology education district.

11 2. That include the process to be used by the participating district
12 to compensate the joint technology education district in the event that the
13 facility is no longer used only for career and technology education programs
14 offered by the joint technological education district during the life of the
15 bond.

16 ~~I. Notwithstanding subsections F and G of this section, bond proceeds~~
17 ~~may be expended for purchasing pupil transportation vehicles.~~

18 ~~J.~~ H. A school district shall not authorize, issue or sell bonds
19 pursuant to this section if the school district has any existing indebtedness
20 from impact aid revenue bonds pursuant to chapter 16, article 8 of this
21 title, except for bonds issued to refund any bonds issued by the governing
22 board.