

State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

HOUSE BILL 2386

AN ACT

AMENDING SECTIONS 15-481, 15-482 AND 15-943.01, ARIZONA REVISED STATUTES;
AMENDING LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTIONS 71 AND 72;
RELATING TO SCHOOL DISTRICT ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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 by a majority of those voting either shall affirm or reject the
13 budget. In addition, the governing board shall prepare an alternate budget
14 which does not include an increase in the budget of more than the amount
15 permitted as provided in section 15-905. If the qualified electors approve
16 the proposed budget, the governing board of the school district shall follow
17 the procedures prescribed in section 15-905 for adopting a budget that
18 includes the authorized increase. If the qualified electors disapprove the
19 proposed budget, the governing board shall follow the procedures prescribed
20 in section 15-905 for adopting a budget that does not include the proposed
21 increase or the portion of the proposed increase that exceeds the amount
22 authorized by a previously approved budget increase as prescribed in
23 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
32 the budget shall not be conducted by children enrolled in the school
33 district. The report shall contain the following information:

- 34 1. The date of the election.
- 35 2. The voter's polling place and the times it is open.
- 36 3. The proposed total increase in the budget which exceeds the amount
37 permitted pursuant to section 15-905.
- 38 4. The total amount of the current year's budget, the total amount of
39 the proposed budget and the total amount of the alternate budget.
- 40 5. If the override is for a period of more than one year, a statement
41 indicating the number of years the proposed increase in the budget would be
42 in effect and the percentage of the school district's revenue control limit
43 that the district is requesting for the future years.

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

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

9 8. The dollar amount and the purpose for which the proposed increase
10 in the budget is to be expended for the first year for which the budget
11 increase was adopted.

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

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

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

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

42 (b) An owner-occupied residence whose assessed valuation is one-half
43 of the assessed valuation of the residence in subdivision (a) of this
44 paragraph.

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

3 (d) A business whose assessed valuation is the average of the assessed
4 valuation of property classified as class one, as prescribed by section
5 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

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

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

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

40 2. Ballots shall be counted pursuant to title 16, chapter 4,
41 article 10.

42 E. If the election is to exceed the revenue control limit and if the
43 proposed increase will be fully funded by a levy of taxes upon the taxable
44 property within the school district, the ballot shall contain the words
45 "budget increase, yes" and "budget increase, no", and the voter shall signify

1 his desired choice. The ballot shall also contain the amount of the proposed
2 increase of the proposed budget over the alternate budget, a statement that
3 the amount of the proposed increase will be based on a percentage of the
4 school district's revenue control limit in future years, if applicable, as
5 provided in subsection P of this section and the following statement:

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

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

26 1. The amount of the proposed increase of the proposed budget over the
27 alternate budget.

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

31 3. The 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 for which adopted and for _____
36 subsequent years and shall not be realized from monies furnished
37 by the state.

38 G. Except as provided in subsection H of this section, the maximum
39 budget increase which may be requested and authorized as provided in
40 subsection E or F of this section or the combination of subsections E and F
41 of this section is fifteen per cent of the revenue control limit as provided
42 in section 15-947, subsection A for the budget year. If a school district
43 requests an override pursuant to section 15-482 or to continue with a budget
44 override pursuant to section 15-482 for pupils in kindergarten programs and
45 grades one through three that was authorized before December 31, 2008, the

1 maximum budget increase that may be requested and authorized as provided in
 2 subsection E or F of this section or the combination of subsections E and F
 3 of this section is ten per cent of the revenue control limit as provided in
 4 section 15-947, subsection A for the budget year.

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

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

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

16 (i)

| | | | |
|----|--------------|-------------------------|-------------------------|
| 17 | Small School | Support Level Weight | Phase Down |
| 18 | Student | for Small Isolated | Reduction |
| 19 | <u>Count</u> | <u>School Districts</u> | <u>Factor</u> |
| 20 | - <u>125</u> | x 1.358 + (0.0005 x | x <u>\$</u> = <u>\$</u> |
| 21 | | (500 - Student Count)) | |
| 22 | | | Small Isolated |
| 23 | Phase Down | Phase Down | School District |
| 24 | <u>Base</u> | <u>Reduction Factor</u> | <u>Elementary Limit</u> |
| 25 | \$150,000 | - <u>\$</u> | = <u>\$</u> |

26 (ii)

| | | | |
|----|--------------|-------------------------|-------------------------|
| 27 | Small School | Support Level Weight | Phase Down |
| 28 | Student | for Small | Reduction |
| 29 | <u>Count</u> | <u>School Districts</u> | <u>Factor</u> |
| 30 | - <u>125</u> | x 1.278 + (0.0003 x | x <u>\$</u> = <u>\$</u> |
| 31 | | (500 - Student Count)) | |
| 32 | | | Small |
| 33 | Phase Down | Phase Down | School District |
| 34 | <u>Base</u> | <u>Reduction Factor</u> | <u>Elementary Limit</u> |
| 35 | \$150,000 | - <u>\$</u> | = <u>\$</u> |

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

40 (i)

| | | | |
|----|--------------|-------------------------|-------------------------|
| 41 | Small School | Support Level Weight | Phase Down |
| 42 | Student | for Small Isolated | Reduction |
| 43 | <u>Count</u> | <u>School Districts</u> | <u>Factor</u> |
| 44 | - <u>100</u> | x 1.468 + (0.0005 x | x <u>\$</u> = <u>\$</u> |
| 45 | | (500 - Student Count)) | |

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|------|---|---|--|---|--|
| | <u>Phase Down</u> <u>Base</u> | - | <u>Phase Down</u> <u>Reduction Factor</u> | = | <u>Small Isolated</u> <u>District</u> <u>Secondary Limit</u> |
| | \$350,000 | | \$ _____ | | \$ _____ |
| (ii) | | | | | |
| | <u>Small School</u> <u>Student</u> <u>Count</u> | - | <u>Support Level Weight</u> <u>for Small</u> <u>School Districts</u> | x | <u>Phase Down</u> <u>Reduction</u> <u>Factor</u> |
| | _____ | | 1.398 + (0.0004 x | | \$ _____ = \$ _____ |
| | - 100 | x | (500 - Student Count)) | | |
| | <u>Phase Down</u> <u>Base</u> | - | <u>Phase Down</u> <u>Reduction Factor</u> | = | <u>Small</u> <u>School District</u> <u>Secondary Limit</u> |
| | \$350,000 | | \$ _____ | | \$ _____ |

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

18 (d) If only subdivision (a) or (b) of this paragraph applies to a
19 unified school district, the district's limit for the purposes of this
20 paragraph is the sum of the limit computed as provided in subdivision (a) or
21 (b) of this paragraph plus ten per cent of the revenue control limit
22 attributable to those grade levels that do not meet the eligibility
23 requirements of this subsection. If a school district budgets monies outside
24 the revenue control limit pursuant to section 15-949, subsection E, the
25 district's limit for the purposes of this paragraph is only the ten per cent
26 of the revenue control limit attributable to those grade levels that are not
27 included under section 15-949, subsection E. For the purposes of this
28 subdivision, the revenue control limit is separated into elementary and
29 secondary components based on the weighted student count as provided in
30 section 15-971, subsection B, paragraph 2, subdivision (a).

31 2. If a school district utilizes this subsection to request an
32 override of more than one year, the ballot shall include an estimate of the
33 amount of the proposed increase in the future years in place of the statement
34 that the amount of the proposed increase will be based on a percentage of the
35 school district's revenue control limit in future years, as prescribed in
36 subsections E and F of this section.

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

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

41 I. If the election is to exceed the revenue control limit as provided
42 in section 15-482 and if the proposed increase will be fully funded by a levy
43 of taxes on the taxable property within the school district, the ballot shall
44 contain the words "budget increase, yes" and "budget increase, no", and the
45 voter shall signify the voter's desired choice. The ballot shall also

1 contain the amount of the proposed increase of the budget over the alternate
2 budget, a statement that the amount of the proposed increase will be based on
3 a percentage of the school district's revenue control limit in future years,
4 if applicable, as provided in subsection Q of this section, and the following
5 statement:

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

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

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

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

1 kindergarten programs and grades one through eight as provided in section
2 15-971, subsection B. For a unified school district, five per cent of the
3 revenue control limit means five per cent of the revenue control limit
4 attributable to the weighted student count in preschool programs for children
5 with disabilities, kindergarten programs and grades one through twelve. For
6 a union high school district, five per cent of the revenue control limit
7 means five per cent of the revenue control limit attributable to the weighted
8 student count in grades nine through twelve.

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

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

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

40 Any budget increase authorized by this election shall be
41 entirely funded by this school district with revenues from other
42 than a levy of taxes on the taxable property within the school
43 district for the year in which adopted and for _____ subsequent
44 years and shall not be realized from monies furnished by the
45 state.

1 N. If the election is to exceed a combination of the revenue control
2 limit as provided in subsection E or F of this section, the revenue control
3 limit as provided in subsection I or J of this section or the capital outlay
4 revenue limit as provided in subsection L or M of this section, the ballot
5 shall be prepared so that the voters may vote on each proposed increase
6 separately and shall contain statements required in the same manner as if
7 each proposed increase were submitted separately.

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

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

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

1 2. Is for five years or more, the proposed increase is equal to the
2 initial proposed percentage increase in the following years of the proposed
3 increase, except that in the next to last year it is two-thirds of the
4 initial proposed percentage increase and it is one-third of the initial
5 proposed percentage increase in the last year of the proposed increase.

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

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

34 2. Is for five years or more, the proposed increase is equal to the
35 initial proposed percentage increase in the following years of the proposed
36 increase, except that in the next to last year it is two-thirds of the
37 initial proposed percentage increase and it is one-third of the initial
38 proposed percentage increase in the last year of the proposed increase.

39 R. If the voters in a school district vote to adopt a budget in excess
40 of the capital outlay revenue limit as provided in subsection L of this
41 section, any additional increase shall be included in the aggregate budget
42 limit for each of the years authorized. The additional increase shall be
43 excluded from the determination of equalization assistance. The school
44 district governing board, however, may levy on the assessed valuation used
45 for secondary property tax purposes of the property in the school district

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

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

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

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

30 V. The governing board may request that any override election be
31 cancelled if any change in chapter 9 of this title changes the amount of the
32 aggregate budget limit as provided in section 15-905. The request to cancel
33 the override election shall be made to the county school superintendent at
34 least ~~ten~~ EIGHTY days prior to the date of the scheduled override election.

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

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

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

42 _____ school district is proposing to increase its
43 budget by \$_____ to fund capital improvements over and
44 above those funded by the state. Under the students first
45 capital funding system, _____ school district is entitled to

1 state monies for building renewal, new construction and
2 renovation of school buildings in accordance with state law.

3 2. The ballot shall contain the words "budget increase, yes" and
4 "budget increase, no", and the voter shall signify the voter's desired
5 choice.

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

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

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

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

42 AA. Notwithstanding any other law, the maximum budget increase that
43 may be authorized pursuant to subsection L or M of this section is ten per
44 cent of the school district's revenue control limit.

1 BB. If the election is to continue to exceed the revenue control limit
2 and if the proposed override will be fully funded by a continuation of a levy
3 of taxes on the taxable property in the school district, the ballot shall
4 contain the words "budget override continuation, yes" and "budget override
5 continuation, no", and the voter shall signify the voter's desired choice.
6 The ballot shall also contain the amount of the proposed continuation of the
7 budget increase of the proposed budget over the alternate budget, a statement
8 that the amount of the proposed increase will be based on a percentage of the
9 school district's revenue control limit in future years, if applicable, as
10 provided in subsection P of this section and the following statement:

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

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

37 Any budget increase continuation authorized by this election
38 shall be entirely funded by a levy of taxes on the taxable
39 property in this school district for the year for which adopted
40 and for ____ subsequent years, shall not be realized from monies
41 furnished by the state and shall not be subject to the
42 limitation on taxes specified in article IX, section 18,
43 Constitution of Arizona. Based on an estimate of assessed
44 valuation used for secondary property tax purposes, to fund the
45 proposed continuation of the increase in the school district's

1 budget would require an estimated continuation of a tax rate of
2 _____ dollar per one hundred dollars of assessed
3 valuation used for secondary property tax purposes and is in
4 addition to the school district's tax rate that will be levied
5 to fund the school district's revenue control limit allowed by
6 law.

7 Sec. 2. Section 15-482, Arizona Revised Statutes, is amended to read:

8 15-482. Special five per cent override for programs of pupils
9 in kindergarten programs and grades one through
10 twelve

11 A. An additional budget increase may be requested and authorized as
12 provided in section 15-481, subsections I and J of up to five per cent of the
13 revenue control limit as provided in subsection B of this section.

14 B. The maximum amount of the budget increase requested and authorized
15 shall not exceed the budgeted expenditures of the proposed special program
16 for each fiscal year, not to exceed a total of five per cent of the revenue
17 control limit for each fiscal year.

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

21 ~~1. Utilize a separate annual special program budget on a form~~
22 ~~prescribed by the auditor general in conjunction with the department of~~
23 ~~education. The budget format shall be designed to allow a school district to~~
24 ~~plan and provide in detail for expenditures to be incurred as a result of the~~
25 ~~special program.~~

26 ~~2. Prepare as a part of the school district annual financial report a~~
27 ~~detailed report of expenditures incurred as a result of the special program,~~
28 ~~in a format prescribed by the auditor general in conjunction with the~~
29 ~~department of education, as provided in section 15-904.~~

30 ~~D.~~ C. The special program may be designed for **CHILDREN WITH**
31 **DISABILITIES IN PRESCHOOL PROGRAMS AND** any or all of the pupils enrolled in
32 kindergarten programs and grades one through twelve and may involve efforts
33 to remove barriers to academic achievement as well as efforts to improve
34 instruction or increase the amount of instruction.

35 ~~E.~~ D. During any fiscal year in which proceeds from the sale or lease
36 of school property are used for the maintenance and operation section of the
37 budget as provided in section 15-1102, a budget increase is in effect as
38 provided in section 15-481, subsection E or F, or a budget increase is in
39 effect as provided in this section, or any combination of these conditions
40 occurs, the total amount of the proceeds and increases which may be expended
41 is equal to fifteen per cent of the revenue control limit for that year as
42 provided in section 15-947, subsection A, provided that the following maximum
43 amount is attributable to any one of the conditions:

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

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

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

8 Sec. 3. Section 15-943.01, Arizona Revised Statutes, is amended to
9 read:

10 15-943.01. Maintenance and operation budget balance; definition

11 A. The governing board of a school district may budget any budget
12 balance in the maintenance and operation section of the budget, as provided
13 in section 15-903, from the current fiscal year for use in the maintenance
14 and operation section of the budget in the budget year. The amount which may
15 be budgeted as the budget balance carryforward in any one fiscal year shall
16 not exceed four per cent of the school district's revenue control limit, as
17 provided in section 15-947, subsection A, for the current year and shall not
18 include any budget balance attributable to any reduction in the district's
19 general budget limit, including reductions for items which are exempt from
20 the revenue control limit and for which expenditures are limited to a
21 designated purpose such as excess insurance costs or excess utility costs or
22 for the bond issues portion of the cost of tuition. ~~A school district may~~
23 ~~include in the budget balance carryforward in any fiscal year up to fifty per~~
24 ~~cent of the unspent proceeds of an override election conducted pursuant to~~
25 ~~section 15-482.~~ The amount budgeted as the budget balance carryforward is
26 specifically exempt from the revenue control limit.

27 B. If the actual amount of the allowable budget balance carryforward
28 is less than the amount budgeted for the budget balance carryforward, the
29 governing board shall adjust the general budget limit and expenditures before
30 May 15 based on the actual allowable budget balance carryforward. If the
31 actual amount of the allowable budget balance carryforward is more than the
32 amount budgeted for the budget balance carryforward, the governing board may
33 adjust its budget before May 15 based on the actual amount of the allowable
34 fund balance carryforward. Not later than May 18, the budget as revised
35 shall be submitted electronically to the superintendent of public
36 instruction.

37 C. If the governing board is eligible to budget for a budget balance
38 carryforward as provided in subsection A of this section, the governing board
39 may transfer an amount from the district's ending cash balance of the
40 maintenance and operations fund to the school opening fund. The maximum
41 amount that may be transferred is the lesser of the district's ending cash
42 balance in the maintenance and operations fund or the amount the district is
43 eligible to budget as a budget balance carryforward. The school opening fund
44 is a cash controlled fund as provided in section 15-905, subsection N, and
45 may only be expended for the additional maintenance and operations expenses

1 incurred in the first year of operation of a new school within the school
2 district. The monies in the school opening fund are not subject to
3 reversion, except that at the end of five years of no activity in the fund,
4 any remaining monies shall be reverted to the maintenance and operations
5 fund. Any monies so reverted may be considered additional budget balance for
6 that fiscal year.

7 D. If a governing board transfers monies as provided in subsection C
8 of this section, the amount so transferred in a fiscal year shall be
9 subtracted from the amount the district would otherwise be eligible to budget
10 for that fiscal year as provided in subsection A of this section. The
11 difference, if any, is the maximum amount that may be budgeted for that
12 fiscal year as a budget balance carryforward.

13 E. For the purposes of this section, "budget balance" means the
14 difference between actual and budgeted expenditures.

15 Sec. 4. Laws 2009, third special session, chapter 12, section 71, is
16 amended to read:

17 Sec. 71. Saving clause

18 This act does not ~~affect CANCEL~~ any special budget overrides pursuant
19 to section 15-482, Arizona Revised Statutes, ~~as amended by this act,~~ that
20 were approved by a majority of the qualified electors of a school district
21 voting in the election before ~~the effective date of this act~~ NOVEMBER 24,
22 2009. NOTWITHSTANDING SECTION 15-482, ARIZONA REVISED STATUTES, AS AMENDED
23 BY THIS ACT, SPECIAL BUDGET OVERRIDES THAT WERE APPROVED IN AN ELECTION
24 CONDUCTED BEFORE NOVEMBER 24, 2009 SHALL BE LIMITED TO FIVE PER CENT OF THE
25 REVENUE CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN PRESCHOOL
26 PROGRAMS FOR CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE
27 THROUGH EIGHT AS PROVIDED IN SECTION 15-971, SUBSECTION B, ARIZONA REVISED
28 STATUTES. Special budget overrides pursuant to section 15-482, Arizona
29 Revised Statutes, ~~as amended by this act,~~ that were approved by a majority of
30 the qualified electors of a school district voting in the election before ~~the~~
31 ~~effective date of this act~~ NOVEMBER 24, 2009 shall continue ~~for the duration~~
32 ~~previously authorized by the qualified electors or until the qualified~~
33 ~~electors of the school district subsequently approve a budget increase in an~~
34 ~~amount of not more than fifteen per cent of the revenue control limit as~~
35 ~~prescribed in section 15-481, subsection G, Arizona Revised Statutes, as~~
36 ~~amended by this act, whichever occurs first.~~ UNTIL ONE OF THE FOLLOWING
37 OCCURS:

38 1. THE EXPIRATION OF THE PREVIOUSLY AUTHORIZED OVERRIDE.

39 2. THE FIRST YEAR OF A SPECIAL PROGRAM BUDGET INCREASE THAT WAS
40 SUBSEQUENTLY APPROVED BY THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS
41 PROVIDED IN SECTION 15-482, ARIZONA REVISED STATUTES.

42 3. THE FIRST YEAR OF A BUDGET INCREASE THAT WAS SUBSEQUENTLY APPROVED
43 BY THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS PROVIDED IN SECTION
44 15-481, SUBSECTION E OR F, ARIZONA REVISED STATUTES, OR BY LAWS 2009, THIRD
45 SPECIAL SESSION, CHAPTER 12, SECTION 72, AS AMENDED BY THIS ACT, SUCH THAT

1 THE PREVIOUSLY AUTHORIZED OVERRIDES AND NEW OVERRIDES WOULD EXCEED FIFTEEN
2 PER CENT OF THE REVENUE CONTROL LIMIT.

3 Sec. 5. Laws 2009, third special session, chapter 12, section 72, is
4 amended to read:

5 Sec. 72. Override election procedures for fiscal year 2009-2010

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

7 1. A school district may conduct an election on the second Tuesday in
8 March 2010 to submit a proposed budget increase to the qualified electors in
9 an amount of not more than fifteen per cent of the revenue control limit as
10 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
11 amended by ~~this act~~ LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTION 11.
12 Override elections conducted in subsequent fiscal years shall be as
13 prescribed by statute. An increase of not more than fifteen per cent that is
14 subsequently approved by a majority of the qualified electors of the school
15 district voting in the election shall replace any previously authorized
16 increases approved by the qualified electors voting in the election pursuant
17 to section 15-481, subsection E or F, Arizona Revised Statutes, ~~as amended by~~
18 ~~this act~~, and section 15-482, Arizona Revised Statutes, ~~as amended by this~~
19 ~~act~~ ONLY TO THE EXTENT NECESSARY FOR THE COMBINED PREVIOUSLY AUTHORIZED
20 OVERRIDE AND NEW BUDGET OVERRIDE TO NOT EXCEED FIFTEEN PER CENT OF THE
21 REVENUE CONTROL LIMIT.

22 2. If a majority of the qualified electors in a school district voting
23 in the election approve a proposed budget increase in an amount of not more
24 than ten per cent of the revenue control limit in an election conducted on
25 the first Tuesday in November 2009, the school district may subsequently
26 conduct an election on the second Tuesday in March 2010 to submit to the
27 qualified electors a proposed budget increase in an amount of not more than
28 an additional five per cent of the revenue control limit. Override elections
29 conducted in subsequent fiscal years shall be as prescribed by statute.

30 3. If a majority of the qualified electors of a common school district
31 voting in the election have approved both a budget increase that is still in
32 effect on ~~the effective date of this act~~ NOVEMBER 24, 2009 pursuant to
33 section 15-481, subsection E or F, Arizona Revised Statutes, ~~as amended by~~
34 ~~this act~~, and a budget increase that is still in effect on ~~the effective date~~
35 ~~of this act~~ NOVEMBER 24, 2009 pursuant to section 15-482, Arizona Revised
36 Statutes, ~~as amended by this act~~, the common school district may call an
37 election on the second Tuesday in March 2010 to submit to the qualified
38 electors a proposed budget increase in an amount of not more than seventeen
39 per cent of the revenue control limit. An increase of not more than
40 seventeen per cent that is subsequently approved by a majority of the
41 qualified electors of the school district voting in the election shall
42 replace any previously authorized increases approved by the qualified
43 electors pursuant to section 15-481, subsection E or F, Arizona Revised
44 Statutes, ~~as amended by this act~~, and section 15-482, Arizona Revised
45 Statutes, ~~as amended by this act~~. If approved by a majority of the qualified

1 electors voting in the election, the common school district may continue to
2 budget the amount of not more than seventeen per cent of the revenue control
3 limit for the remaining number of years of the override previously approved
4 pursuant to section 15-482, Arizona Revised Statutes, ~~as amended by this act.~~
5 On the expiration of the override previously approved pursuant to section
6 15-482, Arizona Revised Statutes, ~~as amended by this act,~~ override elections
7 conducted in subsequent fiscal years shall be as prescribed by statute.

8 ~~4. A governing board may cancel any override election previously~~
9 ~~called for November 2009 no later than August 15, 2009 in order to implement~~
10 ~~this section.~~

11 4. A SCHOOL DISTRICT MAY CONDUCT AN ELECTION ON THE SECOND TUESDAY IN
12 MARCH 2010 TO SUBMIT TO THE QUALIFIED ELECTORS A PROPOSED BUDGET INCREASE
13 PURSUANT TO THIS SECTION, IF THE SCHOOL DISTRICT ALSO CONDUCTED AN ELECTION
14 IN THE SAME FISCAL YEAR TO SUBMIT A PROPOSED BUDGET INCREASE TO THE QUALIFIED
15 ELECTORS PURSUANT TO SECTION 15-481, SUBSECTION L OR M, ARIZONA REVISED
16 STATUTES.

17 5. UNLESS SPECIFIED DIFFERENTLY IN THIS SECTION, ALL PROVISIONS OF
18 SECTIONS 15-481 AND 15-482, ARIZONA REVISED STATUTES, APPLY TO OVERRIDE
19 ELECTIONS HELD IN MARCH 2010.

20 Sec. 6. Base support level; overrides

21 Notwithstanding Laws 2010, seventh special session, chapter 8, section
22 21, adjustments to school district budget limits required by Laws 2010,
23 seventh special session, chapter 8, section 21, for fiscal year 2010-2011, if
24 any, do not apply to budget limits for fiscal year 2010-2011 only for the
25 purposes of calculating school district overrides authorized by title 15,
26 chapter 4, article 4, Arizona Revised Statutes.

27 Sec. 7. Elimination of kindergarten weight; overrides

28 Notwithstanding section 15-943, Arizona Revised Statutes, as amended by
29 Laws 2010, seventh special session, chapter 8, section 3, adjustments to
30 school district budget limits required by section 15-943, Arizona Revised
31 Statutes, as amended by Laws 2010, seventh special session, chapter 8,
32 section 3, for fiscal year 2010-2011 as a result of the elimination of the
33 kindergarten funding weight do not apply to budget limits for fiscal year
34 2010-2011 only for the purposes of calculating school district overrides
35 authorized by title 15, chapter 4, article 4, Arizona Revised Statutes.

36 Sec. 8. Emergency

37 This act is an emergency measure that is necessary to preserve the
38 public peace, health or safety and is operative immediately as provided by
39 law.