

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HOUSE BILL 2760

AN ACT

AMENDING SECTIONS 15-481 AND 35-454, ARIZONA REVISED STATUTES; RELATING TO BOND 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. **AT THE SAME TIME AS THE ORDER OF THE ELECTION, THE GOVERNING BOARD**
14 **SHALL PUBLICLY DECLARE THE DEADLINE FOR SUBMITTING ARGUMENTS, AS SET BY THE**
15 **COUNTY SCHOOL SUPERINTENDENT PURSUANT TO SUBSECTION B, PARAGRAPH 9 OF THIS**
16 **SECTION, TO BE SUBMITTED IN THE INFORMATIONAL REPORT AND SHALL IMMEDIATELY**
17 **POST THE DEADLINE IN A PROMINENT LOCATION ON THE DISTRICT'S WEBSITE.** In
18 addition, the governing board shall prepare an alternate budget which does
19 not include an increase in the budget of more than the amount permitted as
20 provided in section 15-905. If the qualified electors approve the proposed
21 budget, the governing board of the school district shall follow the
22 procedures prescribed in section 15-905 for adopting a budget that includes
23 the authorized increase. If the qualified electors disapprove the proposed
24 budget, the governing board shall follow the procedures prescribed in section
25 15-905 for adopting a budget that does not include the proposed increase or
26 the portion of the proposed increase that exceeds the amount authorized by a
27 previously approved budget increase as prescribed in subsection P of this
28 section.

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

- 39 1. The date of the election.
- 40 2. The voter's polling place and the times it is open.
- 41 3. The proposed total increase in the budget which exceeds the amount
42 permitted pursuant to section 15-905.
- 43 4. The total amount of the current year's budget, the total amount of
44 the proposed budget and the total amount of the alternate budget.

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

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

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

13 8. The dollar amount and the purpose for which the proposed increase
14 in the budget is to be expended for the first year for which the budget
15 increase was adopted.

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

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

40 11. The ~~CURRENT~~ full cash value, ~~AND~~ the assessed valuation ~~PROVIDED~~
41 ~~BY THE DEPARTMENT OF REVENUE~~, the first year tax rate for the proposed
42 override and the estimated amount of the secondary property taxes if the
43 proposed budget is adopted for each of the following:

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

4 (b) An owner-occupied residence whose assessed valuation is one-half
5 of the assessed valuation of the residence in subdivision (a) of this
6 paragraph.

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

9 (d) A business whose assessed valuation is the average of the assessed
10 valuation of property classified as class one, as prescribed by section
11 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

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

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

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

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

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

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

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

32 1. The amount of the proposed increase of the proposed budget over the
33 alternate budget.

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

37 3. The following statement:

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

44 G. Except as provided in subsection H of this section, the maximum
45 budget increase which may be requested and authorized as provided in

1 subsection E or F of this section or the combination of subsections E and F
 2 of this section is fifteen per cent of the revenue control limit as provided
 3 in section 15-947, subsection A for the budget year. If a school district
 4 requests an override pursuant to section 15-482 or to continue with a budget
 5 override pursuant to section 15-482 for pupils in kindergarten programs and
 6 grades one through three that was authorized before December 31, 2008, the
 7 maximum budget increase that may be requested and authorized as provided in
 8 subsection E or F of this section or the combination of subsections E and F
 9 of this section is ten per cent of the revenue control limit as provided in
 10 section 15-947, subsection A for the budget year.

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

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

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

22 (i)

23	Student	Small School	Support Level Weight		Phase Down
24	<u>Count</u>	<u>Student</u>	for Small Isolated		Reduction
25		<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
26		- 125	x 1.358 + (0.0005 x	x \$	= \$
27			(500 - Student Count))		
28				Small Isolated	
29		Phase Down	Phase Down	Small Isolated	
30		<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>	<u>Elementary Limit</u>
31		\$150,000	- \$	= \$	

32 (ii)

33	Student	Small School	Support Level Weight		Phase Down
34	<u>Count</u>	<u>Student</u>	for Small		Reduction
35		<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
36		- 125	x 1.278 + (0.0003 x	x \$	= \$
37			(500 - Student Count))		
38				Small	
39		Phase Down	Phase Down	Small	
40		<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>	<u>Elementary Limit</u>
41		\$150,000	- \$	= \$	

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

1 (i)

$$\begin{array}{r}
 2 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 3 \quad \text{Student} \quad \text{Student} \quad \text{for Small Isolated} \quad \text{Reduction} \\
 4 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 5 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.468 + (0.0005 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 6 \quad \hspace{10em} (500 - \text{Student Count})) \\
 7 \quad \hspace{10em} \text{Small Isolated} \\
 8 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{District} \\
 9 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 10 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

11 (ii)

$$\begin{array}{r}
 12 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 13 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 14 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 15 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.398 + (0.0004 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 16 \quad \hspace{10em} (500 - \text{Student Count})) \\
 17 \quad \hspace{10em} \text{Small} \\
 18 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 19 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 20 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

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

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

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

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

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

3 I. If the election is to exceed the revenue control limit as provided
4 in section 15-482 and if the proposed increase will be fully funded by a levy
5 of taxes on the taxable property within the school district, the ballot shall
6 contain the words "budget increase, yes" and "budget increase, no", and the
7 voter shall signify the voter's desired choice. The ballot shall also
8 contain the amount of the proposed increase of the budget over the alternate
9 budget, a statement that the amount of the proposed increase will be based on
10 a percentage of the school district's revenue control limit in future years,
11 if applicable, as provided in subsection Q of this section, and the following
12 statement:

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

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

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

1 K. The maximum budget increase that may be requested and authorized as
2 provided in subsection I or J of this section, or a combination of both of
3 these subsections, is five per cent of the revenue control limit as provided
4 in section 15-947, subsection A for the budget year. For a common school
5 district not within a high school district or a common school district within
6 a high school district that offers instruction in high school subjects as
7 provided in section 15-447, five per cent of the revenue control limit means
8 five per cent of the revenue control limit attributable to the weighted
9 student count in preschool programs for children with disabilities,
10 kindergarten programs and grades one through eight as provided in section
11 15-971, subsection B. For a unified school district, five per cent of the
12 revenue control limit means five per cent of the revenue control limit
13 attributable to the weighted student count in preschool programs for children
14 with disabilities, kindergarten programs and grades one through twelve. For
15 a union high school district, five per cent of the revenue control limit
16 means five per cent of the revenue control limit attributable to the weighted
17 student count in grades nine through twelve.

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

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

40 M. If the election is to exceed the capital outlay revenue limit and
41 if the proposed increase will be fully funded by revenues from other than a
42 levy of taxes upon the taxable property within the school district, the
43 ballot shall contain the words "budget increase, yes" and "budget increase,
44 no", and the voter shall signify the voter's desired choice. An election
45 held pursuant to this subsection shall be held on the first Tuesday after the

1 first Monday of November. The ballot shall also contain the amount of the
2 proposed increase of the proposed budget over the alternate budget and the
3 following statement:

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

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

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

28 P. If the voters in a school district vote to adopt a budget in excess
29 of the revenue control limit as provided in subsection E or F of this
30 section, any additional increase shall be included in the aggregate budget
31 limit for each of the years authorized. Any additional increase shall be
32 excluded from the determination of equalization assistance. The school
33 district governing board, however, may levy on the assessed valuation used
34 for secondary property tax purposes of the property in the school district
35 the additional increase if adopted under subsection E of this section for the
36 period of one year, two years or five through seven years as authorized. If
37 an additional increase is approved as provided in subsection F of this
38 section, the school district governing board may only use revenues derived
39 from the school district's prior year's maintenance and operation fund ending
40 cash balance to fund the additional increase. If a budget increase was
41 previously authorized and will be in effect for the budget year or budget
42 year and subsequent years, as provided in subsection E or F of this section,
43 the governing board may request a new budget increase as provided in the same
44 subsection under which the prior budget increase was adopted, which shall not
45 exceed the maximum amount permitted under subsection G of this section. If

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

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

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

17 Q. If the voters in a school district vote to adopt a budget in excess
18 of the revenue control limit as provided in subsection I or J 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 I 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 J of this
27 section, the increase may only be budgeted and expended if sufficient monies
28 are available in the maintenance and operation fund of the school district.
29 If a budget increase was previously authorized and will be in effect for the
30 budget year or budget year and subsequent years, as provided in subsection I
31 or J of this section, the governing board may request a new budget increase
32 as provided in the same subsection under which the prior budget increase was
33 adopted that does not exceed the maximum amount permitted under subsection K
34 of this section. If the voters in the school district authorize the new
35 budget increase amount, the existing budget increase no longer is in effect.
36 If the voters in the school district do not authorize the budget increase
37 amount, the existing budget increase remains in effect for the time period
38 for which it was authorized. The maximum additional increase authorized as
39 provided in subsection I or J of this section and the additional increase
40 that is included in the aggregate budget limit is based on a percentage of a
41 school district's revenue control limit in future years, if the budget
42 increase is authorized for more than one year. If the additional increase:

43 1. Is for two years, the proposed increase in the second year is equal
44 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 R. 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 L 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, 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 for the period authorized but not to exceed ten
14 years. For overrides approved by a vote of the qualified electors of the
15 school district at an election held from and after October 31, 1998, the
16 period of the additional increase prescribed in this subsection shall not
17 exceed seven years for any capital override election.

18 S. 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 M 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 only use revenues derived from the school
24 district's prior year's maintenance and operation fund ending cash balance
25 and capital outlay fund ending cash balance to fund the additional increase
26 for the period authorized but not to exceed ten years. For overrides
27 approved by a vote of the qualified electors of the school district at an
28 election held from and after October 31, 1998, the period of the additional
29 increase prescribed in this subsection shall not exceed seven years for any
30 capital override election.

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

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

42 V. The governing board may request that any override election be
43 cancelled if any change in chapter 9 of this title changes the amount of the
44 aggregate budget limit as provided in section 15-905. The request to cancel

1 the override election shall be made to the county school superintendent at
2 least eighty days prior to the date of the scheduled override election.

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

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

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

10 _____ school district is proposing to increase its
11 budget by \$_____ to fund capital improvements over and
12 above those funded by the state. Under the students first
13 capital funding system, _____ school district is entitled to
14 state monies for building renewal, new construction and
15 renovation of school buildings in accordance with state law.

16 2. The ballot shall contain the words "budget increase, yes" and
17 "budget increase, no", and the voter shall signify the voter's desired
18 choice.

19 3. At least eighty-five days before the election, the school district
20 shall submit proposed ballot language to the director of the Arizona
21 legislative council. The director of the Arizona legislative council shall
22 review the proposed ballot language to determine whether the proposed ballot
23 language complies with this section. If the director of the Arizona
24 legislative council determines that the proposed ballot language does not
25 comply with this section, the director, within ten calendar days of the
26 receipt of the proposed ballot language, shall notify the school district of
27 the director's objections and the school district shall resubmit revised
28 ballot language to the director for approval.

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

35 Y. Each school district that currently increases its budget pursuant
36 to this section is required to hold a public meeting each year between
37 September 1 and October 31 at which an update of the programs or capital
38 improvements financed through the override is discussed and at which the
39 public is permitted an opportunity to comment and:

40 1. If the increase is pursuant to subsection L or M of this section,
41 at a minimum, the update shall include the progress of capital improvements
42 financed through the override, a comparison of the current status and the
43 original projections on the construction of capital improvements, the costs
44 of capital improvements and the costs of capital improvements in progress or
45 completed since the prior meeting and the future capital plans of the school

1 district. The school district shall include in the public meeting a
2 discussion of the school district's use of state capital aid and
3 voter-approved bonding in funding capital improvements, if any.

4 2. If the increase is pursuant to subsection E, F, I or J of this
5 section, the update shall include at a minimum the amount expended in the
6 previous fiscal year and the amount included in the current budget for each
7 of the purposes listed in the informational report prescribed by subsection B
8 of this section.

9 Z. If a budget in excess of the capital outlay revenue limit was
10 previously adopted by the voters in a school district and will be in effect
11 for the budget year or budget year and subsequent years, as provided in
12 subsection L or M of this section, the governing board may request an
13 additional budget in excess of the capital outlay revenue limit. If the
14 voters in a school district authorize the additional budget in excess of the
15 capital outlay revenue limit, the existing capital outlay revenue limit
16 budget increase remains in effect.

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

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

30 Any budget increase continuation authorized by this
31 election shall be entirely funded by a levy of taxes on the
32 taxable property in this school district for the year for which
33 adopted and for ____ subsequent years, shall not be realized
34 from monies furnished by the state and shall not be subject to
35 the limitation on taxes specified in article IX, section 18,
36 Constitution of Arizona. Based on ~~an estimate of~~ THE CURRENT
37 assessed valuation used for secondary property tax purposes, to
38 fund the proposed continuation of the increase in the school
39 district's budget would require an estimated continuation of a
40 tax rate of _____ dollar per one hundred dollars of
41 assessed valuation used for secondary property tax purposes and
42 is in addition to the school district's tax rate that will be
43 levied to fund the school district's revenue control limit
44 allowed by law.

1 CC. If the election is to continue to exceed the revenue control limit
2 as provided in section 15-482 and if the proposed override will be fully
3 funded by a continuation of a levy of taxes on the taxable property in the
4 school district, the ballot shall contain the words "budget override
5 continuation, yes" and "budget override continuation, no", and the voter
6 shall signify the voter's desired choice. The ballot shall also contain the
7 amount of the proposed continuation of the budget increase of the proposed
8 budget over the alternate budget, a statement that the amount of the proposed
9 increase will be based on a percentage of the school district's revenue
10 control limit in future years, if applicable, as provided in subsection P of
11 this section and the following statement:

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

27 Sec. 2. Section 35-454, Arizona Revised Statutes, is amended to read:
28 35-454. Informational pamphlet for election; review; election;
29 return; canvass of vote; certificate of election

30 A. The governing body or board of the political subdivision shall:
31 1. Not less than thirty-five days before the bond election, mail a
32 copy of an informational pamphlet to every household within the political
33 subdivision that contains a registered voter. The pamphlet shall contain
34 information on the:

35 (a) Amount of the bond authorization.

36 (b) Maximum interest rate of the bonds.

37 (c) Estimated debt retirement schedule for the current amount of bonds
38 outstanding, showing both principal and interest payments, the current
39 secondary assessed valuation as reported by the department of revenue ~~or the~~
40 ~~county assessor~~ and the current adopted and estimated tax rates. For the
41 purposes of this paragraph, "secondary assessed valuation" may include the
42 values used to determine voluntary contributions collected pursuant to title
43 9, chapter 4, article 3 and title 48, chapter 1, article 8.

44 (d) Estimated debt retirement schedule for the proposed bond
45 authorization, showing both the estimated principal and interest payments and

1 the estimated average annual tax rate for the proposed bond authorization.
2 In preparing this information and the information prescribed by subdivision
3 (c), the projected total annual increase in secondary assessed valuation for
4 any future year shall not exceed:

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

8 (ii) For the remaining years of the estimated debt retirement
9 schedule, twenty per cent of the average of the annual percentage growth for
10 the previous ten years in the secondary assessed valuation of the political
11 subdivision.

12 (e) Source of repayment.

13 (f) Estimated issuance costs.

14 (g) Estimated tax impact of debt service for the bonds on an
15 owner-occupied residence classified as class three pursuant to section
16 42-12003, on commercial property classified as class one pursuant to section
17 42-12001, paragraph 12 and on agricultural or other vacant property
18 classified as class two pursuant to section 42-12002, assuming the assessed
19 valuation of the property increases annually at fifty per cent of the
20 projected total annual increase in secondary assessed valuation as determined
21 pursuant to subdivision (d) over the term of the bonds using the same average
22 annual tax rate as under subdivision (d), as follows:

23 The tax impact over the term of the bonds on an
24 owner-occupied residence valued by the county assessor at
25 \$250,000 is estimated to be \$___ per year for __ years, or \$___
26 total cost.

27 The tax impact over the term of the bonds on commercial
28 property valued by the county assessor at \$1,000,000 is
29 estimated to be \$___ per year for __ years, or \$_____ total
30 cost.

31 The tax impact over the term of the bonds on agricultural
32 or other vacant property valued by the county assessor at
33 \$100,000 is estimated to be \$___ per year for __ years, or
34 \$_____ total cost.

35 (h) In bold-faced type, estimated total cost of the proposed bond
36 authorization, including principal and interest.

37 (i) Current outstanding general obligation debt and constitutional
38 debt limitation.

39 (j) Purpose for which the bonds are to be issued and, if applicable,
40 in bold-faced type, that the amount of the proposed bond authorization
41 combined with the current outstanding debt exceeds the political
42 subdivision's constitutional debt limit.

43 (k) Polling location for the addressee.

44 (l) Hours during the day when the polls will be open.

1 (m) Arguments for and against the authorization of one or more of the
2 bond propositions.

3 2. SET A DEADLINE TO SUBMIT ARGUMENTS FOR AND AGAINST THE
4 AUTHORIZATION OF ONE OR MORE OF THE BOND PROPOSITIONS AT A PUBLIC MEETING AND
5 PUBLISH THE DEADLINE IN A NEWSPAPER OF GENERAL CIRCULATION IN THE
6 JURISDICTION OF THE POLITICAL SUBDIVISION.

7 ~~2.~~ 3. Submit a copy of the informational pamphlet to the department
8 of revenue within thirty days after the bond election. The department of
9 revenue shall maintain copies of the pamphlets.

10 B. The failure of any one or more electors to receive the
11 informational pamphlet shall not be grounds to invalidate the election. The
12 election shall conform with the general election laws of the state. The
13 return of the election held in a county shall be made to the board of
14 supervisors and, in any other case, to the governing body or board of the
15 municipal corporation or district within twelve days after the election.

16 C. For any proposed general obligation bond authorization where the
17 principal and interest will be paid by a levy of property taxes, the ballot
18 shall contain the phrase "the issuance of these bonds will result in a
19 property tax increase sufficient to pay the annual debt service on bonds".
20 Any written information provided by the political subdivision pertaining to
21 the bond election shall include financial information showing the estimated
22 average tax rate for the proposed bond authorization.

23 D. If the governing body intends to use revenues other than property
24 taxes to pay the debt on proposed general obligation bonds, the ballot shall
25 contain the phrase "the issuance of these bonds will result in a property tax
26 increase sufficient to pay the annual debt service on bonds, unless the
27 governing body provides for payment from other sources".

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

33 F. The governing board or body shall file and record in the office of
34 the county recorder a certificate disclosing the purpose of the election, the
35 total number of votes cast and the total number of votes for and against
36 creating the indebtedness, and stating whether or not the indebtedness is
37 ordered. Upon filing and recording the certificate, the governing board or
38 body shall carry out the purpose of the election.

39 G. Variations between the estimates required by subsection A of this
40 section and the actual debt retirement schedules, issuance costs, annual and
41 total costs and tax rates shall not invalidate either the election or the
42 bonds.