

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

CHAPTER 129
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.

45 5. If the override is for a period of more than one year, a statement
46 indicating the number of years the proposed increase in the budget would be

1 in effect and the percentage of the school district's revenue control limit
2 that the district is requesting for the future years.

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

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

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

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

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

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

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

1 (b) An owner-occupied residence whose assessed valuation is one-half
2 of the assessed valuation of the residence in subdivision (a) of this
3 paragraph.

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

6 (d) A business whose assessed valuation is the average of the assessed
7 valuation of property classified as class one, as prescribed by section
8 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

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

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

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

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

45 E. If the election is to exceed the revenue control limit and if the
46 proposed increase will be fully funded by a levy of taxes upon the taxable

1 property within the school district, the ballot shall contain the words
2 "budget increase, yes" and "budget increase, no", and the voter shall signify
3 his desired choice. The ballot shall also contain the amount of the proposed
4 increase of the proposed budget over the alternate budget, a statement that
5 the amount of the proposed increase will be based on a percentage of the
6 school district's revenue control limit in future years, if applicable, as
7 provided in subsection P of this section and the following statement:

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

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

28 1. The amount of the proposed increase of the proposed budget over the
29 alternate budget.

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

33 3. The following statement:

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

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

1 grades one through three that was authorized before December 31, 2008, the
 2 maximum budget increase that may be requested and authorized as provided in
 3 subsection E or F of this section or the combination of subsections E and F
 4 of this section is ten per cent of the revenue control limit as provided in
 5 section 15-947, subsection A for the budget year.

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

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

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

17 (i)

| | | | | |
|----|--------------|-------------------------|-------------------------|---------------|
| 18 | Small School | Support Level Weight | | Phase Down |
| 19 | Student | for Small Isolated | | Reduction |
| 20 | <u>Count</u> | <u>School Districts</u> | <u>Base Level</u> | <u>Factor</u> |
| 21 | - <u>125</u> | x 1.358 + (0.0005 x | x \$ | = \$ |
| 22 | | (500 - Student Count)) | | |
| 23 | | | Small Isolated | |
| 24 | Phase Down | Phase Down | School District | |
| 25 | <u>Base</u> | <u>Reduction Factor</u> | <u>Elementary Limit</u> | |
| 26 | \$150,000 | - \$ | = \$ | |

27 (ii)

| | | | | |
|----|--------------|-------------------------|-------------------------|---------------|
| 28 | Small School | Support Level Weight | | Phase Down |
| 29 | Student | for Small | | Reduction |
| 30 | <u>Count</u> | <u>School Districts</u> | <u>Base Level</u> | <u>Factor</u> |
| 31 | - <u>125</u> | x 1.278 + (0.0003 x | x \$ | = \$ |
| 32 | | (500 - Student Count)) | | |
| 33 | | | Small | |
| 34 | Phase Down | Phase Down | School District | |
| 35 | <u>Base</u> | <u>Reduction Factor</u> | <u>Elementary Limit</u> | |
| 36 | \$150,000 | - \$ | = \$ | |

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

41 (i)

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

$$\begin{array}{r}
 1 \qquad \qquad \qquad (500 - \text{Student Count}) \\
 2 \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Small Isolated} \\
 3 \qquad \text{Phase Down} \qquad \text{Phase Down} \qquad \text{District} \\
 4 \qquad \underline{\text{Base}} \qquad \underline{\text{Reduction Factor}} \qquad \underline{\text{Secondary Limit}} \\
 5 \qquad \$350,000 \quad - \quad \$ \underline{\hspace{2cm}} \qquad = \quad \$ \underline{\hspace{2cm}} \\
 6 \qquad (ii) \\
 7 \qquad \text{Small School} \qquad \text{Support Level Weight} \qquad \qquad \text{Phase Down} \\
 8 \text{ Student} \qquad \text{Student} \qquad \text{for Small} \qquad \qquad \text{Reduction} \\
 9 \underline{\text{Count}} \qquad \underline{\text{Count Limit}} \qquad \underline{\text{School Districts}} \qquad \underline{\text{Base Level}} \qquad \underline{\text{Factor}} \\
 10 \underline{\hspace{2cm}} - \underline{100} \times 1.398 + (0.0004 \times \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \\
 11 \qquad \qquad \qquad (500 - \text{Student Count}) \\
 12 \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{Small} \\
 13 \qquad \text{Phase Down} \qquad \text{Phase Down} \qquad \text{School District} \\
 14 \qquad \underline{\text{Base}} \qquad \underline{\text{Reduction Factor}} \qquad \underline{\text{Secondary Limit}} \\
 15 \qquad \$350,000 \quad - \quad \$ \underline{\hspace{2cm}} \qquad = \quad \$ \underline{\hspace{2cm}}
 \end{array}$$

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

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

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

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

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

42 I. If the election is to exceed the revenue control limit as provided
 43 in section 15-482 and if the proposed increase will be fully funded by a levy
 44 of taxes on the taxable property within the school district, the ballot shall
 45 contain the words "budget increase, yes" and "budget increase, no", and the
 46 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~~ THE CURRENT
13 assessed valuation used for secondary property tax purposes, to
14 fund the proposed increase in the school district's budget which
15 will be funded by a levy of taxes upon the taxable property
16 within this school district would require an estimated tax rate
17 of _____ dollar per one hundred dollars of assessed
18 valuation used for secondary property tax purposes and is in
19 addition to the school district's tax rate that will be levied
20 to fund the school district's revenue control limit allowed by
21 law.

22 J. If the election is to exceed the revenue control limit as provided
23 in section 15-482 and if the proposed increase will be fully funded by
24 revenues other than a levy of taxes on the taxable property within the school
25 district, the ballot shall contain the words "budget increase, yes" and
26 "budget increase, no", and the voter shall signify the voter's desired
27 choice. The ballot shall also contain the amount of the proposed increase of
28 the proposed budget over the alternate budget, a statement that the amount of
29 the proposed increase will be based on a percentage of the school district's
30 revenue control limit in future years, if applicable, as provided in
31 subsection Q of this section and 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 ____ subsequent
36 years and shall not be realized from monies furnished by the
37 state.

38 K. The maximum budget increase that may be requested and authorized as
39 provided in subsection I or J of this section, or a combination of both of
40 these subsections, is five per cent of the revenue control limit as provided
41 in section 15-947, subsection A for the budget year. For a common school
42 district not within a high school district or a common school district within
43 a high school district that offers instruction in high school subjects as
44 provided in section 15-447, five per cent of the revenue control limit means
45 five per cent of the revenue control limit attributable to the weighted
46 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~~ THE CURRENT
24 assessed valuation used for secondary property tax purposes, to
25 fund the proposed increase in the school district's budget would
26 require an estimated tax rate of _____ dollar per one
27 hundred dollars of assessed valuation used for secondary
28 property tax purposes and is in addition to the school
29 district's tax rate which will be levied to fund the school
30 district's capital 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 CURRENT SECONDARY ASSESSED VALUATION OF THE
14 SCHOOL DISTRICT. The governing board and the county school superintendent
15 shall use ~~this estimate~~ THE CURRENT SECONDARY ASSESSED VALUATION OF THE
16 SCHOOL DISTRICT to translate the amount of the proposed dollar increase in
17 the budget of the school district over that allowed by law into a tax rate
18 figure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 _____ school district is proposing to increase its
44 budget by \$_____ to fund capital improvements over and
45 above those funded by the state. Under the students first
46 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 this section is required to hold a public meeting each year between
24 September 1 and October 31 at which an update of the programs or capital
25 improvements financed through the override is discussed and at which the
26 public is permitted an opportunity to comment and:

27 1. If the increase is pursuant to subsection L or M of this section,
28 at a minimum, the update shall include the progress of capital improvements
29 financed through the override, a comparison of the current status and the
30 original projections on the construction of capital improvements, the costs
31 of capital improvements and the costs of capital improvements in progress or
32 completed since the prior meeting and the future capital plans of the school
33 district. The school district shall include in the public meeting a
34 discussion of the school district's use of state capital aid and
35 voter-approved bonding in funding capital improvements, if any.

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

41 Z. If a budget in excess of the capital outlay revenue limit was
42 previously adopted by the voters in a school district and will be in effect
43 for the budget year or budget year and subsequent years, as provided in
44 subsection L or M of this section, the governing board may request an
45 additional budget in excess of the capital outlay revenue limit. If the
46 voters in a school district authorize the additional budget in excess of the

1 capital outlay revenue limit, the existing capital outlay revenue limit
2 budget increase remains in effect.

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

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

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

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

42 Any budget increase continuation authorized by this
43 election shall be entirely funded by a levy of taxes on the
44 taxable property in this school district for the year for which
45 adopted and for ____ subsequent years, shall not be realized
46 from monies furnished by the state and shall not be subject to

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

11 Sec. 2. Section 35-454, Arizona Revised Statutes, is amended to read:
12 35-454. Informational pamphlet for election; review; election;
13 return; canvass of vote; certificate of election

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

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

19 (a) Amount of the bond authorization.

20 (b) Maximum interest rate of the bonds.

21 (c) Estimated debt retirement schedule for the current amount of bonds
22 outstanding, showing both principal and interest payments, the current
23 secondary assessed valuation as reported by the department of revenue ~~or the~~
24 ~~county assessor~~ and the current adopted and estimated tax rates. For the
25 purposes of this paragraph, "secondary assessed valuation" may include the
26 values used to determine voluntary contributions collected pursuant to title
27 9, chapter 4, article 3 and title 48, chapter 1, article 8.

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

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

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

41 (e) Source of repayment.

42 (f) Estimated issuance costs.

43 (g) Estimated tax impact of debt service for the bonds on an
44 owner-occupied residence classified as class three pursuant to section
45 42-12003, on commercial property classified as class one pursuant to section
46 42-12001, paragraph 12 and on agricultural or other vacant property

1 classified as class two pursuant to section 42-12002, assuming the assessed
2 valuation of the property increases annually at fifty per cent of the
3 projected total annual increase in secondary assessed valuation as determined
4 pursuant to subdivision (d) over the term of the bonds using the same average
5 annual tax rate as under subdivision (d), as follows:

6 The tax impact over the term of the bonds on an
7 owner-occupied residence valued by the county assessor at
8 \$250,000 is estimated to be \$___ per year for __ years, or \$___
9 total cost.

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

14 The tax impact over the term of the bonds on agricultural
15 or other vacant property valued by the county assessor at
16 \$100,000 is estimated to be \$___ per year for __ years, or
17 \$_____ total cost.

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

20 (i) Current outstanding general obligation debt and constitutional
21 debt limitation.

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

26 (k) Polling location for the addressee.

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

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

30 2. SET A DEADLINE TO SUBMIT ARGUMENTS FOR AND AGAINST THE
31 AUTHORIZATION OF ONE OR MORE OF THE BOND PROPOSITIONS AT A PUBLIC MEETING AND
32 PUBLISH THE DEADLINE IN A NEWSPAPER OF GENERAL CIRCULATION IN THE
33 JURISDICTION OF THE POLITICAL SUBDIVISION.

34 ~~2-~~ 3. Submit a copy of the informational pamphlet to the department
35 of revenue within thirty days after the bond election. The department of
36 revenue shall maintain copies of the pamphlets.

37 B. The failure of any one or more electors to receive the
38 informational pamphlet shall not be grounds to invalidate the election. The
39 election shall conform with the general election laws of the state. The
40 return of the election held in a county shall be made to the board of
41 supervisors and, in any other case, to the governing body or board of the
42 municipal corporation or district within twelve days after the election.

43 C. For any proposed general obligation bond authorization where the
44 principal and interest will be paid by a levy of property taxes, the ballot
45 shall contain the phrase "the issuance of these bonds will result in a
46 property tax increase sufficient to pay the annual debt service on bonds".

1 Any written information provided by the political subdivision pertaining to
2 the bond election shall include financial information showing the estimated
3 average tax rate for the proposed bond authorization.

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

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

14 F. The governing board or body shall file and record in the office of
15 the county recorder a certificate disclosing the purpose of the election, the
16 total number of votes cast and the total number of votes for and against
17 creating the indebtedness, and stating whether or not the indebtedness is
18 ordered. Upon filing and recording the certificate, the governing board or
19 body shall carry out the purpose of the election.

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

APPROVED BY THE GOVERNOR MARCH 29, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 29, 2012.