

REFERENCE TITLE: schools; unification; consolidation; initial meetings

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

HB 2427

Introduced by
Representatives Goodale: Borrelli, Carter

AN ACT

AMENDING SECTION 15-448, 15-459 AND 42-17257, ARIZONA REVISED STATUTES;
RELATING TO SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-448, Arizona Revised Statutes, is amended to
3 read:

4 15-448. Formation of unified school district; board membership;
5 budget

6 A. One or more common school districts and a high school district with
7 coterminous or overlapping boundaries may establish a unified school district
8 pursuant to this section. Unification of a common school district and a high
9 school district is not authorized by this section if any of the high school
10 facilities owned by the new unified school district would not be located
11 within its boundaries.

12 B. Formation of a unified school district shall be by resolutions
13 approved by the governing boards of the unifying school districts and
14 certification of approval by such governing boards to the county school
15 superintendent of the county or counties in which such individual school
16 districts are located. A common school district and high school district
17 that unify pursuant to this section shall not exclude from the same
18 unification a common school district that has overlapping boundaries with the
19 high school district and that wishes to unify. **EXCEPT AS PROVIDED IN**
20 **SUBSECTION D OF THIS SECTION**, the formation of a unified school district
21 shall become effective on July 1 of the next fiscal year following the
22 certification of the county school superintendent. An election shall not be
23 required to form a unified school district pursuant to this section. At
24 least ninety days before the governing boards vote on the resolutions
25 prescribed in this subsection, the governing boards shall mail a pamphlet to
26 each household with one or more qualified electors that shall list the full
27 cash value, the assessed valuation and the estimated amount of the primary
28 property taxes and the estimated amount of the secondary property taxes under
29 the proposed unification for each of the following:

30 1. An owner occupied residence whose assessed valuation is the average
31 assessed valuation of property classified as class three, as prescribed by
32 section 42-12003 for the current year in the school district.

33 2. An owner occupied residence whose assessed valuation is one-half of
34 the assessed valuation of the residence in paragraph 1 of this subsection.

35 3. An owner occupied residence whose assessed valuation is twice the
36 assessed valuation of the residence in paragraph 1 of this subsection.

37 4. A business whose assessed valuation is the average of the assessed
38 valuation of property classified as class one, as prescribed by section
39 42-12001, paragraphs 12 and 13 for the current year in the school district.

40 C. The boundaries of the unified school district shall be the
41 boundaries of the former common school district or districts that unify. The
42 boundaries of the common school district or districts that are not unifying
43 remain unchanged. The county school superintendent, immediately ~~upon~~ **ON**
44 receipt of the approved resolutions prescribed by subsection B of this
45 section, shall file with the board of supervisors, the county assessor and

1 the superintendent of public instruction a transcript of the boundaries of
2 the unified school district. The boundaries shown in the transcript shall
3 become the legal boundaries of the school districts on July 1 of the next
4 fiscal year.

5 D. On formation of the unified school district, the governing board
6 consists of the members of the former school district governing boards and
7 the members shall hold office until January 1 following the first general
8 election after formation of the district. **FOR THE PURPOSE OF ALL ACTIONS
9 THAT ARE NECESSARY FOR THE OPERATION OF THE UNIFIED DISTRICT FOR THE NEXT
10 YEAR, THE UNIFIED SCHOOL DISTRICT GOVERNING BOARD IS CONSTITUTED AND MAY
11 CONDUCT MEETINGS AFTER THE ADOPTION OF THE UNIFICATION RESOLUTIONS PRESCRIBED
12 BY SUBSECTION B OF THIS SECTION.**

13 E. Beginning on January 1 following the first general election after
14 formation of the unified school district, the governing board shall have five
15 members. At the first general election after the formation of the district,
16 members shall be elected in the following manner:

17 1. The three candidates receiving the highest, the second highest and
18 the third highest number of votes shall be elected to four year terms.

19 2. The two candidates receiving the fourth and fifth highest number of
20 votes shall be elected to two year terms. Thereafter all offices shall have
21 four year terms.

22 F. The new unified school district may appoint a resident of the
23 remaining common school district to serve as a nonvoting member of the
24 governing board to represent the interests of the high school pupils who
25 reside in the remaining common school district and who attend school in the
26 unified school district.

27 G. For the first year of operation, the unified school district
28 governing board shall prepare a consolidated budget based on the student
29 counts from the school districts comprising the unified school district,
30 except that for purposes of determining budget amounts and equalization
31 assistance, the student count for the former high school district shall not
32 include the prior year average daily membership attributable to high school
33 pupils from a common school district that was part of the former high school
34 district but is not part of the unified school district. The unified school
35 district shall charge the remaining common school district tuition for these
36 pupils as provided in subsection J of this section. The unified school
37 district may budget for unification assistance pursuant to section 15-912.01.

38 H. The governing board of the unified school district shall prepare
39 policies, curricula and budgets for the district. These policies shall
40 require that:

41 1. The base compensation of each certificated teacher for the first
42 year of operation of the new unified school district shall not be lower than
43 the certificated teacher's base compensation for the prior year in the
44 previously existing school districts.

1 2. The certificated teacher's years of employment in the previously
2 existing school districts shall be included in determining the teacher's
3 certificated years of employment in the new unified school district.

4 I. ~~Upon~~ **ON** formation of a unified school district, any existing
5 override authorization of the former high school district and the former
6 common school district or districts shall continue until expiration based on
7 the revenue control limit of the school district or districts that had
8 override authorization prior to unification. The unified school district may
9 request new override authorization for the budget year as provided in section
10 15-481 based on the combined revenue control limit of the new district after
11 unification. If the unified school district's request for override
12 authorization is approved, it will replace any existing override for the
13 budget year.

14 J. The unified school district shall admit high school pupils who
15 reside in a common school district that was located within the boundaries of
16 the former high school district. Tuition shall be paid to the unified school
17 district by the common school district in which such pupils reside. Such
18 tuition amount shall be calculated in accordance with section 15-824, subject
19 to the following modifications:

20 1. If the former high school district had outstanding bonded
21 indebtedness at the time of unification, the combined tuition for the group
22 of high school pupils who reside in each common school district shall include
23 a debt service amount for the former high school district's outstanding
24 bonded indebtedness that is determined as follows:

25 (a) Divide the total secondary assessed valuation of the common school
26 district in which the group of pupils resides by the total secondary assessed
27 valuation of the former high school district. For the purposes of this
28 subdivision, "secondary assessed valuation" means secondary assessed
29 valuation for the tax year prior to the year when the ~~unification occurs~~
30 **UNIFIED SCHOOL DISTRICT GOVERNING BOARD IS CONSTITUTED PURSUANT TO SUBSECTION**
31 **D OF THIS SECTION** and includes the values used to determine voluntary
32 contributions collected pursuant to title 9, chapter 4, article 3 and title
33 48, chapter 1, article 8.

34 (b) Multiply the quotient obtained in subdivision (a) **OF THIS PARAGRAPH**
35 by the unified school district's annual debt service expenditure.

36 2. The debt service portion of such tuition payments calculated
37 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
38 service of the outstanding bonded indebtedness of the former high school
39 district. When such indebtedness is fully extinguished, the debt service
40 portion of a pupil's tuition shall be determined in accordance with paragraph
41 3 of this subsection.

42 3. If the former high school district had no outstanding bonded
43 indebtedness at the time of unification, the tuition calculation shall
44 include the actual school district expenditures for the portion of any debt
45 service of the unified school district that pertains to any construction or

1 renovation of high school facilities divided by the school district's student
2 count for the high school portion of the school district.

3 4. The unified school district shall not include in the tuition
4 calculation any debt service that pertains to any construction or renovation
5 of school facilities for preschool through grade eight.

6 5. Notwithstanding section 15-951, subsection G, the revenue control
7 limit of the common school district shall include the full amount of the debt
8 service portion of the tuition calculated pursuant to this subsection.

9 K. All assets and liabilities of the unifying school districts shall
10 be transferred and assumed by the new unified school district. Any existing
11 bonded indebtedness of a common school district or a high school district
12 unifying pursuant to this section shall be assumed by the new unified school
13 district and shall be regarded as an indebtedness of the new unified school
14 district for the purpose of determining the debt incurring authority of the
15 district. Taxes for the payment of such bonded indebtedness shall be levied
16 on all taxable property in the new unified school district, but nothing in
17 this subsection shall be construed to relieve from liability to taxation for
18 the payment of all taxable property of the former high school district if
19 necessary to prevent a default in the payment of any bonded indebtedness of
20 the former high school district. The residents of a common school district
21 that does not unify shall not vote in bond or override elections of the
22 unified school district and shall not be assessed taxes as a result of a bond
23 or override election of the unified school district.

24 L. If the remaining common school district had authorization for an
25 override as provided in section 15-481 or 15-482, the override authorization
26 continues for the remaining common school district or districts in the same
27 manner as before the formation of the unified school district.

28 M. The bonding authorization and bonding limitations continue for the
29 remaining common school district or districts in the same manner as before
30 the formation of the unified school district.

31 N. Nothing in this section shall be construed to relieve a school
32 district formed pursuant to section 15-457 or 15-458 of its liability for any
33 outstanding bonded indebtedness.

34 O. For school districts that become unified after July 1, 2004 and
35 where all of the common schools were eligible for the small school district
36 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
37 computing their base support level and base revenue control limit before
38 unification, the unified school district may continue to use the small school
39 district weight as follows:

40 1. Annually determine the common school student count and the weighted
41 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
42 each common school district before unification.

43 2. Calculate the sum of the common school districts' student counts
44 and weighted student counts determined in paragraph 1 of this subsection.

1 3. Divide the sum of the weighted student counts by the sum of the
2 student counts determined in paragraph 2 of this subsection.

3 4. The amount determined in paragraph 3 of this subsection shall be
4 the weight for the common schools in the unified school district.

5 P. A unified school district may calculate its revenue control limit
6 and district support level by using subsection 0 of this section as follows:

7 1. Determine the number of individual school districts that existed
8 before unification into a single school district.

9 2. Multiply the amount determined in paragraph 1 of this subsection by
10 six hundred.

11 3. Multiply the amount determined in paragraph 2 of this subsection by
12 0.80.

13 4. If the amount determined in paragraph 3 of this subsection exceeds
14 the student count of the unified school district, the unified school district
15 is eligible to use subsection 0 of this section.

16 Q. Subsections 0 and P of this section shall remain in effect until
17 the aggregate student count of the common school districts before unification
18 exceeds the aggregate number of students of the common school districts
19 before unification authorized to utilize section 15-943, paragraph 1,
20 subdivision (a).

21 Sec. 2. Section 15-459, Arizona Revised Statutes, is amended to read:

22 15-459. Consolidation of districts; petition; election; notice;
23 report; ballots; canvass of votes; governing board

24 A. On the request of the governing boards of two or more school
25 districts in the same county or in adjacent counties or on receipt of
26 petitions bearing the signatures of ten per cent or more of the number of
27 qualified electors who voted in whichever of the last two general elections
28 resulted in the higher number of ballots cast and who reside in each of two
29 or more school districts in the same county or in adjacent counties to
30 consolidate the school districts or parts of the districts, the county school
31 superintendent of each of the counties affected, within ten days, shall call
32 an election to determine the question on consolidation.

33 B. Consolidations allowed pursuant to subsection A of this section
34 include:

35 1. To change the boundaries of a school district to include any part
36 of an adjacent school district.

37 2. If all the common school districts within the boundaries of an
38 existing union high school district desire to consolidate into one common
39 school district.

40 3. If two or more adjacent school districts of like character, either
41 common, high or unified school districts, desire to consolidate into one
42 common, high or unified school district.

43 4. If a common school district that is not a part of a union high
44 school district desires to consolidate with an adjacent unified school
45 district.

1 5. If two or more common school districts desire to consolidate into
2 one school district and unify the consolidated district with a union high
3 school district to form one unified school district.

4 C. Notice of the election to determine consolidation of school
5 districts shall be posted in not less than three public places in each of the
6 school districts proposed to be consolidated at least twenty-five days before
7 the election.

8 D. The county school superintendent shall prepare and the governing
9 board shall distribute a report on the proposed boundary changes in a manner
10 similar to that prescribed in section 15-481, subsection B. The report shall
11 contain the following information:

12 1. The date of the election.

13 2. The polling places and times they are open.

14 3. The full cash value, the assessed valuation and the estimated
15 amount of the primary property taxes and the estimated amount of the
16 secondary property taxes under the proposed boundary changes for each of the
17 following:

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

21 (b) An owner occupied residence whose assessed valuation is one-half
22 of the assessed valuation of the residence in subdivision (a) of this
23 paragraph.

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

26 (d) A business whose assessed valuation is the average of the assessed
27 valuation of property classified as class one, as prescribed by section
28 42-12001, paragraphs 12 and 13 for the current year in the school district.

29 4. A consolidation plan to include:

30 (a) The proposed boundary changes.

31 (b) The impact of the proposed boundary changes, including where
32 pupils will attend school, changes in pupil transportation services, changes
33 in availability of special education services, changes in pupil-teacher ratio
34 and operational costs.

35 (c) If subsection P of this section applies to one or more of the
36 existing school districts, a detailed description of desegregation funding
37 and expenses for the resulting school district as set forth in subsection P
38 of this section.

39 (d) Any other information the county school superintendent deems
40 appropriate to include.

41 E. Ballots shall be prepared by the county school superintendent,
42 shall be delivered to the inspector at least forty-eight hours before the
43 opening of the polls as prescribed in section 16-509 and shall contain the
44 information prescribed in subsection D, paragraph 3 of this section and the
45 following statement: "Consolidation includes the assumption of liability by

1 the resulting school district for all indebtedness of existing school
2 districts or those parts of school districts proposed for consolidation. Do
3 you support consolidation under the specified provisions of the consolidation
4 plan? Yes () No ()." If the election is to simultaneously consolidate
5 and unify two or more common school districts, the ballot shall contain: "Do
6 you support the consolidation of the (insert names of common school
7 districts) and the subsequent unification of the consolidated districts with
8 the (insert name of union high school district) to form one unified school
9 district under the consolidation and unification plan? Yes () No ()."

10 F. The county school superintendent shall hold the election during the
11 fiscal year preceding the fiscal year consolidation is proposed to be
12 effective on a date prescribed by section 16-204. The election shall be held
13 in the manner and electors shall possess qualifications as prescribed for the
14 election of governing board members. The results of the election shall be
15 reported to the county school superintendent.

16 G. The county school superintendent and the chairman of the board of
17 supervisors, on the seventh day after the election, shall canvass the vote.
18 If a majority of the votes cast in each district ~~favours~~ APPROVED THE
19 consolidation, the districts are consolidated and become one district from
20 and after June 30 next following the election. If parts of two or more
21 school districts are proposed to be consolidated, a majority of the voters in
22 the part of a school district or districts not affected by the proposed
23 consolidation and a majority of the voters in the part of the school district
24 or districts proposed for consolidation must approve the consolidation.

25 H. If a school district provides only financing for pupils who are
26 instructed by another school district in the same county or in an adjacent
27 county, the school district or any part of the school district may be
28 consolidated with the school district providing the instructional program as
29 follows:

30 1. The governing board of the financing school district approves the
31 consolidation or ten per cent of the qualified electors residing in the
32 school district, or that part of the school district proposed for
33 consolidation, petitions the county school superintendent to call an election
34 to approve the proposed consolidation.

35 2. The governing board of the school district providing instruction
36 approves the consolidation.

37 3. At an election called by the county school superintendent of each
38 of the counties affected, a majority of the persons voting in the school
39 district, or that part of the school district providing financing, ~~approves~~
40 APPROVE the proposed consolidation and a majority of the persons voting in
41 the district providing instruction ~~approves~~ APPROVE the proposed
42 consolidation.

43 I. Elections held as provided in subsection H of this section shall be
44 conducted in the same manner as elections prescribed in subsections C through

1 G of this section and shall be held concurrently as prescribed in section
2 15-458.

3 J. If the consolidated district includes territory located in two or
4 more counties, the county of jurisdiction is the county in which the largest
5 number of qualified electors of the consolidated school district resides,
6 except that if all of the existing school buildings are in one county, that
7 county is the county of jurisdiction. The county school superintendent of
8 the jurisdictional county shall perform all duties for and with respect to
9 the consolidated school district as required to be performed by county school
10 superintendents. The board of supervisors of the jurisdictional county shall
11 perform all duties for and with respect to the consolidated school district
12 as required to be performed by boards of supervisors, except that school
13 district taxes to be levied on property in the portion of the consolidated
14 school district lying in another county shall be levied by the board of
15 supervisors of the other county or counties and on receipt shall be
16 transferred to the county of jurisdiction. All school buildings located
17 within the consolidated school district, together with all equipment and
18 furnishings, become the property of the consolidated school district. Any
19 assumed indebtedness is an indebtedness of the consolidated school district
20 for the purpose of determining the debt incurring authority of the
21 consolidated school district.

22 K. Sections 15-457, 15-975 and 15-997 apply to school districts ~~which~~
23 **THAT** are consolidated as provided in subsection H of this section.

24 L. Consolidation pursuant to this section is not allowed if the
25 resulting school district would have a student count for the current year of
26 more than ten per cent of the total student count of all school districts in
27 this state.

28 M. The governing board **IS CONSTITUTED, MAY CONDUCT MEETINGS AND** shall
29 prepare policies, curricula and budgets for the new school district **AFTER THE**
30 **CANVASS PURSUANT TO SUBSECTION G OF THIS SECTION DEMONSTRATES THAT A MAJORITY**
31 **OF THE VOTES CAST IN EACH SCHOOL DISTRICT APPROVED THE CONSOLIDATION.** These
32 policies shall require that:

33 1. The base salary and benefits of each employee for the first year of
34 operation of the new school district shall not be lower than the employee's
35 base salary and benefits for the prior year in the previously existing school
36 district.

37 2. The employee's years of employment in the previously existing
38 school district shall be included in determining the employee's years of
39 employment in the new school district. An employee who was entitled to
40 continuing employment contract status in the previously existing school
41 district is entitled to continuing employment contract status in the new
42 school district.

43 3. Notwithstanding paragraphs 1 and 2 of this subsection and pursuant
44 to section 15-544, nothing in this section shall be construed to restrict the
45 ability of the governing board to implement a reduction in force or to scale

1 back salaries of certified teachers, administrators or noncertificated
2 employees for reasons of economy or to improve the efficient conduct of
3 schools within the district following a school district consolidation.

4 N. If all of the districts to be consolidated have authorization for
5 an override as provided in section 15-481 that would have continued after the
6 consolidation, the override authorization continues for the new district and
7 expires at the time that the earliest override would have expired.

8 O. If one or more, but not all, of the districts to be consolidated
9 have authorization for an override as provided in section 15-481 that would
10 have continued after the consolidation, the override authorization shall only
11 apply to the schools included under the terms of the prior override
12 authorization. Consolidation of school districts does not consolidate or
13 pool the liability to be taxed for the override, and only property that was
14 located within the boundaries of the district that approved the override
15 prior to consolidation is to pay taxes to support the override. This
16 subsection also applies if all of the districts to be consolidated have
17 authorization for overrides, but the authorizations are pursuant to different
18 subsections of section 15-481 or the override amounts are not the same
19 percentage of the revenue control limit.

20 P. Notwithstanding section 15-457, consolidation of school districts
21 does not consolidate or pool the liability of the former school districts
22 into the resulting school district. Outstanding indebtedness incurred by a
23 school district before consolidation shall be repaid without interruption
24 according to existing debt schedules as determined by the county board of
25 supervisors. If a school district consolidates after July 1, 2004, the new
26 school district may pay tuition to the district of attendance when a pupil is
27 precluded by distance or lack of transportation from attending school in the
28 district of a pupil's residence.

29 Q. If one or more of the previously existing school districts ~~was~~ WERE
30 authorized to budget for expenses of complying with or continuing to
31 implement activities that were required or permitted by court order of
32 desegregation or administrative agreement with the United States department
33 of education office for civil rights directed toward remediating alleged or
34 proven racial discrimination pursuant to section 15-910, this authorization
35 does not expire on the effective date of consolidation but only applies to
36 schools included in the court order or administrative agreement.

37 R. If one or more of the previously existing school districts ~~was~~ WERE
38 participating in a career ladder program pursuant to chapter 9, article 1.1
39 of this title before consolidation, notwithstanding any other law the state
40 board shall expedite the processing of and may approve an updated application
41 for program reapproval that incorporates the geographic boundaries of the
42 resulting school district and the inclusion of the additional staff in the
43 career ladder program.

44 S. If the formation of a new consolidated and unified school district
45 is authorized, the terms of the governing board members of the common and

1 union high school districts do not expire on the effective date of the
2 unification. The governing board members of the previously existing school
3 districts shall serve as provided in section 15-430, except that the power of
4 the governing board members of the previously existing school districts
5 acting as the governing board of the unified school district is limited to
6 the maintenance and operation of the previously existing school districts and
7 compliance with the consolidation and unification plan.

8 Sec. 3. Section 42-17257, Arizona Revised Statutes, is amended to
9 read:

10 42-17257. Notice of establishment or change in city, town or
11 taxing district boundaries

12 A. On or before November 1 of the year preceding the year in which
13 assessments or taxes are to be levied, the governing body of each city, town,
14 school district, ~~AND~~ community college district and other special taxing
15 districts and assessment districts that are organized by law **OR IN THE**
16 **PROCESS OF ORGANIZING BY LAW** shall file with the department and the county
17 assessor information prescribed by the director of the department relating to
18 changes in boundaries and the boundaries of newly created taxing
19 jurisdictions.

20 B. At the request of the governing body of any taxing jurisdiction on
21 or before December 31 of the year preceding the year in which assessments or
22 taxes are to be levied, the director may extend the deadline prescribed by
23 subsection A **OF THIS SECTION** to allow the taxing jurisdiction to file the
24 required information. The director may not extend this deadline beyond
25 February 15 of the year in which assessments or taxes are to be levied.

26 C. A change in boundaries of an existing taxing jurisdiction or the
27 establishment of a new taxing jurisdiction is not effective for assessment
28 and tax levying purposes for the tax year unless notice has been given as
29 prescribed by this section. **IF THE CHANGE IN BOUNDARIES OF AN EXISTING**
30 **TAXING DISTRICT OR IF THE ESTABLISHMENT OF A NEW TAXING JURISDICTION FOR THE**
31 **FOLLOWING FISCAL YEAR IS NOT COMPLETE BY FEBRUARY 15, A PRELIMINARY FILING,**
32 **WHICH SHALL INCLUDE ALL INFORMATION PRESCRIBED BY LAW, MAY BE SUBMITTED**
33 **PURSUANT TO THIS SECTION. AFTER THE GOVERNING BOARD OF THE NEW TAXING**
34 **JURISDICTION IS AUTHORIZED TO ACT, BUT NOT LATER THAN MAY 15, THE APPROPRIATE**
35 **GOVERNING BODY OR BODIES SHALL NOTIFY THE DEPARTMENT AND THE COUNTY ASSESSOR**
36 **OF THE FORMATION EFFECTIVE FOR THE FOLLOWING FISCAL YEAR.**

37 Sec. 4. Retroactivity

38 This act applies retroactively to from and after June 30, 2012.