

REFERENCE TITLE: schools; overrides; ballot language

State of Arizona  
Senate  
Fifty-first Legislature  
First Regular Session  
2013

## **SB 1339**

Introduced by  
Senators Bradley, Lopez

AN ACT

AMENDING SECTIONS 15-302, 15-342, 15-448, 15-450, 15-458, 15-459, 15-481, 15-482, 15-491, 15-503, 15-511, 15-903, 15-905.01, 15-947, 15-949, 15-996, 15-1102, 15-1461.01, 15-2011 AND 15-2104, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-302, Arizona Revised Statutes, is amended to  
3 read:

4 15-302. Powers and duties

5 A. The county school superintendent shall:

6 1. Distribute all laws, reports, circulars, instructions and forms  
7 that he may receive for the use of school officers.

8 2. Record all official acts.

9 3. Appoint governing board members of school districts to fill all  
10 vacancies, but the term of the appointment shall be until the next regular  
11 election for governing board members, at which time a successor shall be  
12 elected to serve the unexpired portion of the term. Within thirty days after  
13 notification of a vacancy, the school district governing board may submit up  
14 to three names to the county school superintendent for consideration of an  
15 appointment to fill the vacancy. The county school superintendent is not  
16 required to appoint a governing board member from the list of names submitted  
17 by the governing board. The county school superintendent, if he deems it in  
18 the best interest of the community, may call a special election to fill the  
19 vacancies. If an election is called, the newly elected member shall serve  
20 for the remainder of the unexpired portion of the term.

21 4. Make reports, when directed by the superintendent of public  
22 instruction, showing matters relating to schools in his county as may be  
23 required on the forms furnished by the superintendent of public instruction.

24 5. Have such powers and perform such duties as otherwise prescribed by  
25 law.

26 6. On or before October 1 of each year, make a report to the  
27 superintendent of public instruction showing the amount of monies received  
28 from state school funds, special school district taxes and other sources, the  
29 total expenditures for school purposes and the balance on hand to the credit  
30 of each school district at the close of the school year.

31 7. Contract with the board of supervisors for the board of supervisors  
32 to conduct all regular school district elections.

33 8. Be responsible, in cooperation with the governing boards and the  
34 board of supervisors, for all special school district elections.

35 9. Maintain teacher and administrator certification records of  
36 effective dates and expiration dates of teachers' and administrators'  
37 certificates in compliance with guidelines prescribed in the uniform system  
38 of financial records for those school districts for which the county school  
39 superintendent is the fiscal agent. The county school superintendent shall  
40 not draw a warrant in payment of a teacher's, substitute teacher's or  
41 administrator's salary unless the teacher, substitute teacher or  
42 administrator is legally certified during the fiscal year in which the term  
43 for payment is demanded.

44 10. Notify a school district three years before the expiration of  
45 a revenue control limit ~~override~~ BUDGET REQUEST that the school district's

1 budget must be adjusted in the final two years of the ~~override~~ BUDGET REQUEST  
2 pursuant to section 15-481, subsections P and Q, if the voters do not approve  
3 another ~~override~~ BUDGET REQUEST.

4 11. In collaboration with the department of education and other state  
5 agencies, provide assistance to school districts and charter schools on the  
6 use of student data, staff development, curriculum alignment and technology  
7 to improve student performance.

8 12. Assist schools in meeting yearly adequate progress goals as defined  
9 by criteria established by the state board of education and implemented by  
10 the department of education.

11 B. At the request of school districts and charter schools, the county  
12 school superintendent may provide discretionary programs in addition to the  
13 programs prescribed in subsection A of this section.

14 C. The county school superintendent may provide the services  
15 prescribed in subsections A and B of this section in the county or jointly  
16 with two or more counties pursuant to title 11, chapter 7, article 3.

17 D. Each county school superintendent may establish an advisory  
18 committee to the office of the county school superintendent.

19 Sec. 2. Section 15-342, Arizona Revised Statutes, is amended to read:

20 15-342. Discretionary powers

21 The governing board may:

22 1. Expel pupils for misconduct.

23 2. Exclude from grades one through eight children under six years of  
24 age.

25 3. Make such separation of groups of pupils as it deems advisable.

26 4. Maintain such special schools during vacation as deemed necessary  
27 for the benefit of the pupils of the school district.

28 5. Permit a superintendent or principal or representatives of the  
29 superintendent or principal to travel for a school purpose, as determined by  
30 a majority vote of the board. The board may permit members and members-elect  
31 of the board to travel within or without the school district for a school  
32 purpose and receive reimbursement. Any expenditure for travel and  
33 subsistence pursuant to this paragraph shall be as provided in title 38,  
34 chapter 4, article 2. The designated post of duty referred to in section  
35 38-621 shall be construed, for school district governing board members, to be  
36 the member's actual place of residence, as opposed to the school district  
37 office or the school district boundaries. Such expenditures shall be a  
38 charge against the budgeted school district funds. The governing board of a  
39 school district shall prescribe procedures and amounts for reimbursement of  
40 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
41 maximum amounts established pursuant to section 38-624, subsection C.

42 6. Construct or provide in rural districts housing facilities for  
43 teachers and other school employees that the board determines are necessary  
44 for the operation of the school.

1           7. Sell or lease to the state, a county, a city, another school  
2 district or a tribal government agency any school property required for a  
3 public purpose, provided the sale or lease of the property will not affect  
4 the normal operations of a school within the school district.

5           8. Annually budget and expend funds for membership in an association  
6 of school districts within this state.

7           9. Enter into leases or lease-purchase agreements for school buildings  
8 or grounds, or both, as lessor or as lessee, for periods of less than five  
9 years subject to voter approval for construction of school buildings as  
10 prescribed in section 15-341, subsection A, paragraph 7.

11           10. Subject to chapter 16 of this title, sell school sites or enter  
12 into leases or lease-purchase agreements for school buildings and grounds, as  
13 lessor or as lessee, for a period of five years or more, but not to exceed  
14 ninety-nine years, if authorized by a vote of the school district electors in  
15 an election called by the governing board as provided in section 15-491,  
16 except that authorization by the school district electors in an election is  
17 not required if one of the following requirements is met:

18           (a) The market value of the school property is less than fifty  
19 thousand dollars or the property is procured through a renewable energy  
20 development agreement, an energy performance contract, which among other  
21 items includes a renewable energy power service agreement, or a simplified  
22 energy performance contract pursuant to section 15-213.01.

23           (b) The buildings and sites are completely funded with monies  
24 distributed by the school facilities board.

25           (c) The transaction involves the sale of improved or unimproved  
26 property pursuant to an agreement with the school facilities board in which  
27 the school district agrees to sell the improved or unimproved property and  
28 transfer the proceeds of the sale to the school facilities board in exchange  
29 for monies from the school facilities board for the acquisition of a more  
30 suitable school site. For a sale of property acquired by a school district  
31 prior to July 9, 1998, a school district shall transfer to the school  
32 facilities board that portion of the proceeds that equals the cost of the  
33 acquisition of a more suitable school site. If there are any remaining  
34 proceeds after the transfer of monies to the school facilities board, a  
35 school district shall only use those remaining proceeds for future land  
36 purchases approved by the school facilities board, or for capital  
37 improvements not funded by the school facilities board for any existing or  
38 future facility.

39           (d) The transaction involves the sale of improved or unimproved  
40 property pursuant to a formally adopted plan and the school district uses the  
41 proceeds of this sale to purchase other property that will be used for  
42 similar purposes as the property that was originally sold, provided that the  
43 sale proceeds of the improved or unimproved property are used within two  
44 years after the date of the original sale to purchase the replacement  
45 property. If the sale proceeds of the improved or unimproved property are

1 not used within two years after the date of the original sale to purchase  
2 replacement property, the sale proceeds shall be used towards payment of any  
3 outstanding bonded indebtedness. If any sale proceeds remain after paying  
4 for outstanding bonded indebtedness, or if the district has no outstanding  
5 bonded indebtedness, sale proceeds shall be used to reduce the district's  
6 primary tax levy. A school district shall not use this subdivision unless  
7 all of the following conditions exist:

8 (i) The school district is the sole owner of the improved or  
9 unimproved property that the school district intends to sell.

10 (ii) The school district did not purchase the improved or unimproved  
11 property that the school district intends to sell with monies that were  
12 distributed pursuant to chapter 16 of this title.

13 (iii) The transaction does not violate section 15-341, subsection G.

14 11. Review the decision of a teacher to promote a pupil to a grade or  
15 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
16 course in high school. The pupil has the burden of proof to overturn the  
17 decision of a teacher to promote, retain, pass or fail the pupil. In order  
18 to sustain the burden of proof, the pupil shall demonstrate to the governing  
19 board that the pupil has mastered the academic standards adopted by the state  
20 board of education pursuant to sections 15-701 and 15-701.01. If the  
21 governing board overturns the decision of a teacher pursuant to this  
22 paragraph, the governing board shall adopt a written finding that the pupil  
23 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
24 article 3.1, the governing board shall review the decision of a teacher to  
25 promote a pupil to a grade or retain a pupil in a grade in a common school or  
26 to pass or fail a pupil in a course in high school in executive session  
27 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
28 disagrees that the review should be conducted in executive session and then  
29 the review shall be conducted in an open meeting. If the review is conducted  
30 in executive session, the board shall notify the teacher of the date, time  
31 and place of the review and shall allow the teacher to be present at the  
32 review. If the teacher is not present at the review, the board shall consult  
33 with the teacher before making its decision. Any request, including the  
34 written request as provided in section 15-341, the written evidence presented  
35 at the review and the written record of the review, including the decision of  
36 the governing board to accept or reject the teacher's decision, shall be  
37 retained by the governing board as part of its permanent records.

38 12. Provide transportation or site transportation loading and unloading  
39 areas for any child or children if deemed for the best interest of the  
40 district, whether within or without the district, county or state.

41 13. Enter into intergovernmental agreements and contracts with school  
42 districts or other governing bodies as provided in section 11-952.  
43 Intergovernmental agreements and contracts between school districts or  
44 between a school district and other governing bodies as provided in section

1 11-952 are exempt from competitive bidding under the procurement rules  
2 adopted by the state board of education pursuant to section 15-213.

3 14. Include in the curricula it prescribes for high schools in the  
4 school district career and technical education, vocational education and  
5 technology education programs and career and technical, vocational and  
6 technology program improvement services for the high schools, subject to  
7 approval by the state board of education. The governing board may contract  
8 for the provision of career and technical, vocational and technology  
9 education as provided in section 15-789.

10 15. Suspend a teacher or administrator from the teacher's or  
11 administrator's duties without pay for a period of time of not to exceed ten  
12 school days, if the board determines that suspension is warranted pursuant to  
13 section 15-341, subsection A, paragraphs 21 and 22.

14 16. Dedicate school property within an incorporated city or town to  
15 such city or town or within a county to that county for use as a public  
16 right-of-way if both of the following apply:

17 (a) Pursuant to an ordinance adopted by such city, town or county,  
18 there will be conferred upon the school district privileges and benefits that  
19 may include benefits related to zoning.

20 (b) The dedication will not affect the normal operation of any school  
21 within the district.

22 17. Enter into option agreements for the purchase of school sites.

23 18. Donate surplus or outdated learning materials, educational  
24 equipment and furnishings to nonprofit community organizations where the  
25 governing board determines that the anticipated cost of selling the learning  
26 materials, educational equipment or furnishings equals or exceeds the  
27 estimated market value of the materials.

28 19. Prescribe policies for the assessment of reasonable fees for  
29 students to use district-provided parking facilities. The fees are to be  
30 applied by the district solely against costs incurred in operating or  
31 securing the parking facilities. Any policy adopted by the governing board  
32 pursuant to this paragraph shall include a fee waiver provision in  
33 appropriate cases of need or economic hardship.

34 20. Establish alternative educational programs that are consistent with  
35 the laws of this state to educate pupils, including pupils who have been  
36 reassigned pursuant to section 15-841, subsection E or F.

37 21. Require a period of silence to be observed at the commencement of  
38 the first class of the day in the schools. If a governing board chooses to  
39 require a period of silence to be observed, the teacher in charge of the room  
40 in which the first class is held shall announce that a period of silence not  
41 to exceed one minute in duration will be observed for meditation, and during  
42 that time no activities shall take place and silence shall be maintained.

43 22. Require students to wear uniforms.

44 23. Exchange unimproved property or improved property, including school  
45 sites, where the governing board determines that the improved property is

1 unnecessary for the continued operation of the school district without  
2 requesting authorization by a vote of the school district electors if the  
3 governing board determines that the exchange is necessary to protect the  
4 health, safety or welfare of pupils or when the governing board determines  
5 that the exchange is based on sound business principles for either:

6 (a) Unimproved or improved property of equal or greater value.

7 (b) Unimproved property that the owner contracts to improve if the  
8 value of the property ultimately received by the school district is of equal  
9 or greater value.

10 24. For common and high school pupils, assess reasonable fees for  
11 optional extracurricular activities and programs conducted when the common or  
12 high school is not in session, except that no fees shall be charged for  
13 pupils' access to or use of computers or related materials. For high school  
14 pupils, the governing board may assess reasonable fees for fine arts and  
15 vocational education courses and for optional services, equipment and  
16 materials offered to the pupils beyond those required to successfully  
17 complete the basic requirements of any other course, except that no fees  
18 shall be charged for pupils' access to or use of computers or related  
19 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
20 public meeting after notice has been given to all parents of pupils enrolled  
21 at schools in the district and shall not exceed the actual costs of the  
22 activities, programs, services, equipment or materials. The governing board  
23 shall authorize principals to waive the assessment of all or part of a fee  
24 assessed pursuant to this paragraph if it creates an economic hardship for a  
25 pupil. For the purposes of this paragraph, "extracurricular activity" means  
26 any optional, noncredit, educational or recreational activity that  
27 supplements the education program of the school, whether offered before,  
28 during or after regular school hours.

29 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and 9,  
30 construct school buildings and purchase or lease school sites, without a vote  
31 of the school district electors, if the buildings and sites are totally  
32 funded from one or more of the following:

33 (a) Monies in the unrestricted capital outlay fund, except that the  
34 estimated cost shall not exceed two hundred fifty thousand dollars for a  
35 district that utilizes section 15-949.

36 (b) Monies distributed from the school facilities board established by  
37 section 15-2001.

38 (c) Monies specifically donated for the purpose of constructing school  
39 buildings.

40 This paragraph shall not be construed to eliminate the requirement for an  
41 election to raise revenues for a capital outlay ~~override~~ BUDGET REQUEST  
42 pursuant to section 15-481 or a bond election pursuant to section 15-491.

43 26. Conduct a background investigation that includes a fingerprint  
44 check conducted pursuant to section 41-1750, subsection G for certificated  
45 personnel and personnel who are not paid employees of the school district, as

1 a condition of employment. A school district may release the results of a  
2 background check to another school district for employment purposes. The  
3 school district may charge the costs of fingerprint checks to its  
4 fingerprinted employee, except that the school district may not charge the  
5 costs of fingerprint checks for personnel who are not paid employees of the  
6 school district.

7 27. Unless otherwise prohibited by law, sell advertising as follows:

8 (a) Advertisements shall be age appropriate and not contain promotion  
9 of any substance that is illegal for minors such as alcohol, tobacco and  
10 drugs or gambling. Advertisements shall comply with the state sex education  
11 policy of abstinence.

12 (b) Advertising approved by the governing board for the exterior of  
13 school buses may appear only on the sides of the bus in the following areas:

14 (i) The signs shall be below the seat level rub rail and not extend  
15 above the bottom of the side windows.

16 (ii) The signs shall be at least three inches from any required  
17 lettering, lamp, wheel well or reflector behind the service door or stop  
18 signal arm.

19 (iii) The signs shall not extend from the body of the bus so as to  
20 allow a handhold or present a danger to pedestrians.

21 (iv) The signs shall not interfere with the operation of any door or  
22 window.

23 (v) The signs shall not be placed on any emergency doors.

24 (c) The school district shall establish an advertisement fund that is  
25 composed of revenues from the sale of advertising. The monies in an  
26 advertisement fund are not subject to reversion.

27 28. Assess reasonable damage deposits to pupils in grades seven through  
28 twelve for the use of textbooks, musical instruments, band uniforms or other  
29 equipment required for academic courses. The governing board shall adopt  
30 policies on any damage deposits assessed pursuant to this paragraph at a  
31 public meeting called for this purpose after providing notice to all parents  
32 of pupils in grades seven through twelve in the school district. Principals  
33 of individual schools within the district may waive the damage deposit  
34 requirement for any textbook or other item if the payment of the damage  
35 deposit would create an economic hardship for the pupil. The school district  
36 shall return the full amount of the damage deposit for any textbook or other  
37 item if the pupil returns the textbook or other item in reasonably good  
38 condition within the time period prescribed by the governing board. For the  
39 purposes of this paragraph, "in reasonably good condition" means the textbook  
40 or other item is in the same or a similar condition as it was when the pupil  
41 received it, plus ordinary wear and tear.

42 29. Notwithstanding section 15-1105, expend surplus monies in the civic  
43 center school fund for maintenance and operations or unrestricted capital  
44 outlay, if sufficient monies are available in the fund after meeting the  
45 needs of programs established pursuant to section 15-1105.

1           30. Notwithstanding section 15-1143, expend surplus monies in the  
2 community school program fund for maintenance and operations or unrestricted  
3 capital outlay, if sufficient monies are available in the fund after meeting  
4 the needs of programs established pursuant to section 15-1142.

5           31. Adopt guidelines for standardization of the format of the school  
6 report cards required by section 15-746 for schools within the district.

7           32. Adopt policies that require parental notification when a law  
8 enforcement officer interviews a pupil on school grounds. Policies adopted  
9 pursuant to this paragraph shall not impede a peace officer from the  
10 performance of the peace officer's duties. If the school district governing  
11 board adopts a policy that requires parental notification:

12           (a) The policy may provide reasonable exceptions to the parental  
13 notification requirement.

14           (b) The policy shall set forth whether and under what circumstances a  
15 parent may be present when a law enforcement officer interviews the pupil,  
16 including reasonable exceptions to the circumstances under which a parent may  
17 be present when a law enforcement officer interviews the pupil, and shall  
18 specify a reasonable maximum time after a parent is notified that an  
19 interview of a pupil by a law enforcement officer may be delayed to allow the  
20 parent to be present.

21           33. Enter into voluntary partnerships with any party to finance with  
22 funds other than school district funds and cooperatively design school  
23 facilities that comply with the adequacy standards prescribed in section  
24 15-2011 and the square footage per pupil requirements pursuant to section  
25 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
26 location of any such school facility shall be submitted to the school  
27 facilities board for approval pursuant to section 15-2041, subsection 0. If  
28 the school facilities board approves the design plans and location of any  
29 such school facility, the party in partnership with the school district may  
30 cause to be constructed and the district may begin operating the school  
31 facility before monies are distributed from the school facilities board  
32 pursuant to section 15-2041. Monies distributed from the new school  
33 facilities fund to a school district in a partnership with another party to  
34 finance and design the school facility shall be paid to the school district  
35 pursuant to section 15-2041. The school district shall reimburse the party  
36 in partnership with the school district from the monies paid to the school  
37 district pursuant to section 15-2041, in accordance with the voluntary  
38 partnership agreement. Before the school facilities board distributes any  
39 monies pursuant to this subsection, the school district shall demonstrate to  
40 the school facilities board that the facilities to be funded pursuant to  
41 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
42 in section 15-2011. If the cost to construct the school facility exceeds the  
43 amount that the school district receives from the new school facilities fund,  
44 the partnership agreement between the school district and the other party  
45 shall specify that, except as otherwise provided by the other party, any such

1 excess costs shall be the responsibility of the school district. The school  
2 district governing board shall adopt a resolution in a public meeting that an  
3 analysis has been conducted on the prospective effects of the decision to  
4 operate a new school with existing monies from the school district's  
5 maintenance and operations budget and how this decision may affect other  
6 schools in the school district. If a school district acquires land by  
7 donation at an appropriate school site approved by the school facilities  
8 board and a school facility is financed and built on the land pursuant to  
9 this paragraph, the school facilities board shall distribute an amount equal  
10 to twenty per cent of the fair market value of the land that can be used for  
11 academic purposes. The school district shall place the monies in the  
12 unrestricted capital outlay fund and increase the unrestricted capital budget  
13 limit by the amount of the monies placed in the fund. Monies distributed  
14 under this paragraph shall be distributed from the new school facilities fund  
15 pursuant to section 15-2041. If a school district acquires land by donation  
16 at an appropriate school site approved by the school facilities board and a  
17 school facility is financed and built on the land pursuant to this paragraph,  
18 the school district shall not receive monies from the school facilities board  
19 for the donation of real property pursuant to section 15-2041, subsection F.  
20 It is unlawful for:

21 (a) A county, city or town to require as a condition of any land use  
22 approval that a landowner or landowners that entered into a partnership  
23 pursuant to this paragraph provide any contribution, donation or gift, other  
24 than a site donation, to a school district. This subdivision only applies to  
25 the property in the voluntary partnership agreement pursuant to this  
26 paragraph.

27 (b) A county, city or town to require as a condition of any land use  
28 approval that the landowner or landowners located within the geographic  
29 boundaries of the school subject to the voluntary partnership pursuant to  
30 this paragraph provide any donation or gift to the school district except as  
31 provided in the voluntary partnership agreement pursuant to this paragraph.

32 (c) A community facilities district established pursuant to title 48,  
33 chapter 4, article 6 to be used for reimbursement of financing the  
34 construction of a school pursuant to this paragraph.

35 (d) A school district to enter into an agreement pursuant to this  
36 paragraph with any party other than a master planned community party. Any  
37 land area consisting of at least three hundred twenty acres that is the  
38 subject of a development agreement with a county, city or town entered into  
39 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
40 planned community. For the purposes of this subdivision, "master planned  
41 community" means a land area consisting of at least three hundred twenty  
42 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
43 approved by the governing body of the county, city or town in which the land  
44 is located that establishes the use of the land area as a planned area  
45 development or district, planned community development or district, planned

1 unit development or district or other land use category or district that is  
2 recognized in the local ordinance of such county, city or town and that  
3 specifies the use of such land is for a master planned development.

4 34. Enter into an intergovernmental agreement with a presiding judge of  
5 the juvenile court to implement a law related education program as defined in  
6 section 15-154. The presiding judge of the juvenile court may assign  
7 juvenile probation officers to participate in a law related education program  
8 in any school district in the county. The cost of juvenile probation  
9 officers who participate in the program implemented pursuant to this  
10 paragraph shall be funded by the school district.

11 35. Offer to sell outdated learning materials, educational equipment or  
12 furnishings at a posted price commensurate with the value of the items to  
13 pupils who are currently enrolled in that school district before those  
14 materials are offered for public sale.

15 36. If the school district is a small school district as defined in  
16 section 15-901, and if permitted by federal law, opt out of federal grant  
17 opportunities if the governing board determines that the federal requirements  
18 impose unduly burdensome reporting requirements.

19 Sec. 3. Section 15-448, Arizona Revised Statutes, is amended to read:  
20 15-448. Formation of unified school district; board membership;  
21 budget

22 A. One or more common school districts and a high school district with  
23 coterminous or overlapping boundaries may establish a unified school district  
24 pursuant to this section. Unification of a common school district and a high  
25 school district is not authorized by this section if any of the high school  
26 facilities owned by the new unified school district would not be located  
27 within its boundaries.

28 B. Formation of a unified school district shall be by resolutions  
29 approved by the governing boards of the unifying school districts and  
30 certification of approval by such governing boards to the county school  
31 superintendent of the county or counties in which such individual school  
32 districts are located. A common school district and high school district  
33 that unify pursuant to this section shall not exclude from the same  
34 unification a common school district that has overlapping boundaries with the  
35 high school district and that wishes to unify. The formation of a unified  
36 school district shall become effective on July 1 of the next fiscal year  
37 following the certification of the county school superintendent. An election  
38 shall not be required to form a unified school district pursuant to this  
39 section. At least ninety days before the governing boards vote on the  
40 resolutions prescribed in this subsection, the governing boards shall mail a  
41 pamphlet to each household with one or more qualified electors that shall  
42 list the full cash value, the assessed valuation and the estimated amount of  
43 the primary property taxes and the estimated amount of the secondary property  
44 taxes under the proposed unification for each of the following:

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

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

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

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

11           C. The boundaries of the unified school district shall be the  
12 boundaries of the former common school district or districts that unify. The  
13 boundaries of the common school district or districts that are not unifying  
14 remain unchanged. The county school superintendent, immediately upon receipt  
15 of the approved resolutions prescribed by subsection B of this section, shall  
16 file with the board of supervisors, the county assessor and the  
17 superintendent of public instruction a transcript of the boundaries of the  
18 unified school district. The boundaries shown in the transcript shall become  
19 the legal boundaries of the school districts on July 1 of the next fiscal  
20 year.

21           D. On formation of the unified school district, the governing board  
22 consists of the members of the former school district governing boards and  
23 the members shall hold office until January 1 following the first general  
24 election after formation of the district.

25           E. Beginning on January 1 following the first general election after  
26 formation of the unified school district, the governing board shall have five  
27 members. At the first general election after the formation of the district,  
28 members shall be elected in the following manner:

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

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

34           F. The new unified school district may appoint a resident of the  
35 remaining common school district to serve as a nonvoting member of the  
36 governing board to represent the interests of the high school pupils who  
37 reside in the remaining common school district and who attend school in the  
38 unified school district.

39           G. For the first year of operation, the unified school district  
40 governing board shall prepare a consolidated budget based on the student  
41 counts from the school districts comprising the unified school district,  
42 except that for purposes of determining budget amounts and equalization  
43 assistance, the student count for the former high school district shall not  
44 include the prior year average daily membership attributable to high school  
45 pupils from a common school district that was part of the former high school

1 district but is not part of the unified school district. The unified school  
2 district shall charge the remaining common school district tuition for these  
3 pupils as provided in subsection J of this section. The unified school  
4 district may budget for unification assistance pursuant to section 15-912.01.

5 H. The governing board of the unified school district shall prepare  
6 policies, curricula and budgets for the district. These policies shall  
7 require that:

8 1. The base compensation of each certificated teacher for the first  
9 year of operation of the new unified school district shall not be lower than  
10 the certificated teacher's base compensation for the prior year in the  
11 previously existing school districts.

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

15 I. Upon formation of a unified school district, any existing ~~override~~  
16 BUDGET REQUEST authorization of the former high school district and the  
17 former common school district or districts shall continue until expiration  
18 based on the revenue control limit of the school district or districts that  
19 had ~~override~~ BUDGET REQUEST authorization prior to unification. The unified  
20 school district may request new ~~override~~ BUDGET REQUEST authorization for the  
21 budget year as provided in section 15-481 based on the combined revenue  
22 control limit of the new district after unification. If the unified school  
23 district's request for ~~override~~ BUDGET REQUEST authorization is approved, it  
24 will replace any existing ~~override~~ BUDGET REQUEST for the budget year.

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

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

36 (a) Divide the total secondary assessed valuation of the common school  
37 district in which the group of pupils resides by the total secondary assessed  
38 valuation of the former high school district. For the purposes of this  
39 subdivision, "secondary assessed valuation" means secondary assessed  
40 valuation for the tax year prior to the year when the unification occurs and  
41 includes the values used to determine voluntary contributions collected  
42 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

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

1           2. The debt service portion of such tuition payments calculated  
2 pursuant to paragraph 1 of this subsection shall be used exclusively for debt  
3 service of the outstanding bonded indebtedness of the former high school  
4 district. When such indebtedness is fully extinguished, the debt service  
5 portion of a pupil's tuition shall be determined in accordance with paragraph  
6 3 of this subsection.

7           3. If the former high school district had no outstanding bonded  
8 indebtedness at the time of unification, the tuition calculation shall  
9 include the actual school district expenditures for the portion of any debt  
10 service of the unified school district that pertains to any construction or  
11 renovation of high school facilities divided by the school district's student  
12 count for the high school portion of the school district.

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

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

19           K. All assets and liabilities of the unifying school districts shall  
20 be transferred and assumed by the new unified school district. Any existing  
21 bonded indebtedness of a common school district or a high school district  
22 unifying pursuant to this section shall be assumed by the new unified school  
23 district and shall be regarded as an indebtedness of the new unified school  
24 district for the purpose of determining the debt incurring authority of the  
25 district. Taxes for the payment of such bonded indebtedness shall be levied  
26 on all taxable property in the new unified school district, but nothing in  
27 this subsection shall be construed to relieve from liability to taxation for  
28 the payment of all taxable property of the former high school district if  
29 necessary to prevent a default in the payment of any bonded indebtedness of  
30 the former high school district. The residents of a common school district  
31 that does not unify shall not vote in bond or ~~override~~ BUDGET REQUEST  
32 elections of the unified school district and shall not be assessed taxes as a  
33 result of a bond or ~~override~~ BUDGET REQUEST election of the unified school  
34 district.

35           L. If the remaining common school district had authorization for ~~an~~  
36 ~~override-operating~~ A BUDGET REQUEST as provided in section 15-481 or 15-482,  
37 the ~~override~~ BUDGET REQUEST authorization continues for the remaining common  
38 school district or districts in the same manner as before the formation of  
39 the unified school district.

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

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

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

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

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

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

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

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

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

20           2. Multiply the amount determined in paragraph 1 of this subsection by  
21 six hundred.

22           3. Multiply the amount determined in paragraph 2 of this subsection by  
23 0.80.

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

27          Q. Subsections 0 and P of this section shall remain in effect until  
28 the aggregate student count of the common school districts before unification  
29 exceeds the aggregate number of students of the common school districts  
30 before unification authorized to utilize section 15-943, paragraph 1,  
31 subdivision (a).

32          Sec. 4. Section 15-450, Arizona Revised Statutes, is amended to read:

33          15-450. Formation of a new joint unified school district;  
34                   petition; report; election; notice; ballots; canvass  
35                   of votes; appointment of governing board

36          A. Notwithstanding any other statute, a new joint unified school  
37 district may be formed if the formation is approved by the state board of  
38 education and if the following requirements are met:

39           1. The boundaries of the proposed new joint unified school district  
40 include an incorporated city that is divided by two counties.

41           2. The proposed new joint unified school district includes territory  
42 within the boundaries of two or more existing school districts.

43           3. The proposed new joint unified school district would have a student  
44 count of not less than six hundred.

1           4. A high school is not located within the boundaries of the proposed  
2 new joint unified school district.

3           5. The assessed valuation of the proposed school district is at least  
4 two million dollars.

5           6. The governing boards of the districts affected have been given  
6 notice of the proposed change and an opportunity to be heard pursuant to  
7 section 15-442, subsection B.

8           B. If it is desired that a new joint unified school district be formed  
9 pursuant to the provisions of this section, ten per cent or more of the  
10 qualified electors residing within the boundaries of the proposed joint  
11 unified school district shall file petitions with the county school  
12 superintendents of the counties in which the territory of the proposed  
13 district is situated. The petitions shall describe the territory to be  
14 included in the proposed joint unified school district and shall request that  
15 the formation of the proposed district be submitted to the qualified electors  
16 who reside within the proposed district.

17           C. Each county school superintendent with whom petitions for the  
18 formation of a joint unified school district are filed shall examine the  
19 petitions within fifteen days of the date of receipt to determine their  
20 sufficiency, including the adequacy of the signatures from the portion of the  
21 proposed district within his county. If the petitions are found sufficient,  
22 the county school superintendent shall transmit the petitions to the state  
23 board of education.

24           D. The state board of education shall promptly schedule a review of  
25 the issue of the formation of the proposed joint unified school district  
26 after receiving the petitions from the county school superintendents pursuant  
27 to subsection C of this section. The board shall approve or reject the  
28 formation of the proposed joint unified school district within sixty days of  
29 the date of receipt of the petitions. The board shall consider:

30           1. Operational costs of the existing and proposed districts.

31           2. Travel times and distances.

32           3. Climatic conditions.

33           4. Local terrain.

34           5. The number of pupils.

35           6. The fairness and appropriateness of any redistribution of taxable  
36 wealth from an existing school district to a proposed joint unified school  
37 district.

38           7. Whether the assessed valuation of the proposed joint unified school  
39 district is sufficient to support the district in a manner comparable to  
40 other districts of similar size.

41 If the state board after considering all such factors determines that the  
42 proposed new district will not cause an undue adverse effect on the  
43 operations of any existing school district, jeopardize the operation of the  
44 proposed joint common school district or cause a disproportionate amount of

1 taxable wealth to be redistributed, it shall approve the petitions and return  
 2 them to the respective county school superintendents.

3 E. On approval from the state board of education, the county school  
 4 superintendent of each county whose territory or a portion of whose territory  
 5 will be included in the proposed joint unified school district shall submit  
 6 the question of the formation of the proposed joint unified school district  
 7 to the voters at a general election or at a special election to be held for  
 8 that purpose. If no general election is scheduled to be held within sixty  
 9 days after the date the county school superintendent receives the approved  
 10 petitions from the state board of education, he shall promptly call a special  
 11 election to be held within sixty days after receipt of the approved  
 12 petitions. Notice of the election shall be given by the county school  
 13 superintendent to the boards of supervisors. At least ten days before the  
 14 election, the county school superintendent shall cause notice of the proposed  
 15 election to be posted in not less than three public places in the proposed  
 16 district and to be published at least once in a newspaper of general  
 17 circulation in the proposed district. The notice shall state the following:

18 1. The question to be voted on and the boundaries of the proposed  
 19 joint unified school district with sufficient definiteness to make them  
 20 readily ascertainable.

21 2. A description of voter qualifications, including requirements that  
 22 the voters shall be residents of the proposed district.

23 3. The location of voting places within the proposed district, at  
 24 least one of which shall be in each county.

25 F. Within ten days after the election, the county school  
 26 superintendent and the chairman of the board of supervisors of each county  
 27 shall canvass the vote. If a majority of the votes cast in each county of  
 28 persons who reside within the proposed district ~~favours~~ FAVOR formation of the  
 29 proposed joint unified school district, the boards of supervisors shall  
 30 jointly declare the election and the joint unified school district shall  
 31 become operative from and after June 30 next following the election.

32 G. If the joint unified school district includes territory located in  
 33 two or more counties, the county of jurisdiction is the county in which the  
 34 largest number of qualified electors of the joint unified school district  
 35 resides, except that if all of the existing school buildings are located in  
 36 one county, that county is the county of jurisdiction. The county school  
 37 superintendent of the jurisdictional county shall perform all duties for and  
 38 with respect to the joint unified school district required to be performed by  
 39 county school superintendents. The board of supervisors of the  
 40 jurisdictional county shall perform all duties for and with respect to the  
 41 joint unified school district required to be performed by boards of  
 42 supervisors, except that school district taxes to be levied on property in  
 43 the portion of the joint unified school district lying in another county  
 44 shall be levied by the board of supervisors of the other county or counties  
 45 and on receipt shall be transferred to the county of jurisdiction.

1 H. If a new joint unified school district is authorized, the governing  
2 boards of the existing school districts shall prepare a projected list of  
3 assets for the existing districts prior to the end of the fiscal year in  
4 which the election is held. The governing boards of the original school  
5 districts and the new joint unified school district shall prepare a final  
6 statement of assets for the formerly existing school districts as of the end  
7 of the fiscal year in which the election was held and shall have the  
8 statement of cash and bonded indebtedness certified by the county treasurers  
9 by August 30 of the year in which the new school district becomes operative.  
10 The governing boards of the original school districts and the new joint  
11 unified school district shall set aside sufficient assets or provide other  
12 means to satisfy the liabilities of the former existing districts except for  
13 bonded indebtedness and approve the final division of all assets by September  
14 15 of the year in which the new school district becomes operative. If one or  
15 more of the governing boards fail to provide for satisfying the liabilities  
16 and fail to approve the division of assets by September 15, the county  
17 attorney or attorneys shall determine the means to satisfy the liabilities  
18 and final division of assets by October 1 of the fiscal year in which the new  
19 school district becomes operative.

20 I. The division of bonded indebtedness of the original school  
21 districts shall be in accordance with the provisions of section 15-457,  
22 subsection B. In addition, any debt due to lease-purchase agreements shall  
23 be handled in a similar manner as outlined for bonded indebtedness in section  
24 15-457, subsection B.

25 J. Sections 15-457, 15-975 and 15-997 apply to joint unified school  
26 districts formed under this section.

27 K. A joint unified school district shall not be formed if any of the  
28 resulting school districts would have a student count for the current year of  
29 less than six hundred.

30 L. The governing board of the joint unified school district shall  
31 prepare policies, curricula and budgets for the new school district. These  
32 policies shall require that:

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

36 2. The teacher's years of employment in the previously existing school  
37 district shall be included in determining the teacher's years of employment  
38 in the new joint unified school district.

39 M. If a new joint unified school district is authorized, the governing  
40 board of a district that will have its boundaries reduced by creation of the  
41 new joint unified district may hold ~~an override~~ A BUDGET REQUEST election for  
42 the year beginning July 1 after the election that authorized the formation of  
43 the new joint unified district. The governing board of a school district  
44 that will have its boundaries reduced by creation of the new joint unified  
45 district may hold a bond election for bonds applicable to and paid solely by

1 the school district as it will exist after the formation of the new joint  
 2 unified school district. ~~Override~~ BUDGET REQUEST elections and bond  
 3 elections under this subsection shall be held on the first Tuesday following  
 4 the first Monday in November as prescribed by section 16-204. The electors  
 5 who reside in an area ~~that~~ WHERE property will not be subject to taxation for  
 6 operation or payment of the bonds of the school district calling the ~~override~~  
 7 BUDGET REQUEST or bond election after creation of the new joint unified  
 8 school district are not eligible to vote in such ~~an override~~ A BUDGET REQUEST  
 9 or bond election.

10 Sec. 5. Section 15-458, Arizona Revised Statutes, is amended to read:

11 15-458. Formation of new district or districts by subdivision  
 12 of existing district; division of assets

13 A. In a school district containing a student count of more than six  
 14 hundred, a new school district or districts may be formed by a subdivision of  
 15 the existing school district.

16 B. On the request of the governing board or on receipt of petitions  
 17 bearing the signatures of at least ten per cent of the qualified electors in  
 18 the area proposed to be a new school district or the signatures of at least  
 19 fifty of the qualified electors in the area proposed to be a new school  
 20 district, whichever is more, and at least ten per cent of the qualified  
 21 electors in the area proposed to continue as the existing school district or  
 22 at least fifty signatures of the qualified electors in the area proposed to  
 23 continue as the existing school district, whichever is more, the county  
 24 school superintendent shall within ten days call an election to determine if  
 25 the existing school district should be divided and a new school district or  
 26 districts formed, except that if the existing school district is a union high  
 27 school district, the county school superintendent shall call the election  
 28 only on the request of the governing boards of the union high school district  
 29 and each of the common school districts comprising the union high school  
 30 district or on receipt of petitions bearing the signatures of at least ten  
 31 per cent of the qualified electors in each of the common school districts or  
 32 at least fifty signatures of the qualified electors in each of the common  
 33 school districts, whichever is more. This subsection does not require the  
 34 submission of the signatures of more than fifty per cent of the qualified  
 35 electors of the existing school district to the county school superintendent  
 36 in order to call an election for the purposes of this section. The petition  
 37 shall state the proposed boundaries of the school district or districts to be  
 38 formed together with the student count, specific reasons why it is in the  
 39 best interest of the current district residents to have a new district or  
 40 districts formed and the amount of real property valuation within the school  
 41 district or districts to be formed. No new school district may be formed  
 42 unless the state board of education determines that the real property  
 43 valuation per student count is sufficient to support the school district in a  
 44 manner comparable to other school districts of similar size and that a  
 45 sufficient number of pupils will exist in each of the new districts to ensure

1 that educational programs and services will be of similar or better quality  
2 after the subdivision.

3 C. The election shall be held concurrently and as provided in section  
4 15-459, except that a majority of the votes cast by the qualified electors in  
5 each of the areas proposed as a school district must approve the division of  
6 the existing school district and the formation of the new school district.

7 D. The governing board of the existing school district shall prepare a  
8 projected list of assets for the existing district prior to the end of the  
9 fiscal year in which the election is held. The governing boards of the  
10 original and new school district or districts shall prepare a final statement  
11 of assets for the formerly existing school district as of the end of the  
12 fiscal year in which the election was held and shall have the statement of  
13 cash and bonded indebtedness certified by the county treasurer by August 30  
14 of the year in which the new school district or districts become operative.  
15 The governing boards of the original school district and the new school  
16 district or districts shall set aside sufficient assets or provide other  
17 means to satisfy the liabilities of the former existing district except for  
18 bonded indebtedness and approve the final division of all assets by September  
19 15 of the year in which the new school district or districts become  
20 operative. If one or more of the governing boards fail to provide for  
21 satisfying the liabilities and fail to approve the division of assets by  
22 September 15, the county attorney shall determine the means to satisfy the  
23 liabilities and final division of assets by October 1 of the fiscal year in  
24 which the new school district or districts become operative.

25 E. The division of the bonded indebtedness of the original school  
26 district shall be in accordance with the provisions of section 15-457,  
27 subsection B.

28 F. An original or new school district formed by a subdivision of an  
29 existing school district or districts after June 30, 1992 is not eligible to  
30 determine its budget using the provisions of section 15-949 or the support  
31 level weights prescribed in section 15-943, paragraph 1. These districts are  
32 also not eligible to participate in a small district service program as  
33 prescribed in section 15-365 or to apply to the state board of education for  
34 a capital levy adjustment as prescribed in section 15-963.

35 G. If two or more common school districts are within the boundaries of  
36 a union high school district, two or more unified school districts may be  
37 formed by a subdivision of the existing union high school district and by  
38 unification with the common school districts as provided in this section,  
39 subject to the following provisions:

40 1. Formation of a unified school district pursuant to this subsection  
41 shall be initiated if a majority of the governing board members of each of  
42 the districts affected ~~unites~~ UNITE in a petition to the county school  
43 superintendent for the establishment of a unified school district or if ten  
44 per cent of the number of qualified electors who voted in whichever of the  
45 last two general elections resulted in the higher number of ballots cast and

1 who reside in each of the areas proposed to be the new unified school  
2 districts unite in a petition to the county school superintendent for the  
3 establishment of a unified school district. The petition shall include a  
4 statement of the proposed boundaries of the new unified school districts and  
5 shall request that the subdivision of the union high school district and  
6 formation of the unified districts be submitted to the qualified electors who  
7 reside within the proposed districts. The petition shall also include a  
8 detailed description of desegregation funding and expenses for the resulting  
9 school district as set forth in paragraph 7 of this subsection and may  
10 include the new school district name and other information as desirable. On  
11 receipt of the petitions, the county school superintendent shall examine the  
12 petitions within fifteen days of receipt to determine their sufficiency  
13 including the adequacy of the signatures of electors. If the petitions are  
14 found sufficient, the county school superintendent shall call an election to  
15 be held to determine the question. The county school superintendent shall  
16 prepare and the governing board shall distribute a subdivision and  
17 unification plan that includes:

18 (a) The proposed boundary changes.

19 (b) The impact of the proposed boundary changes, including where  
20 pupils will attend school, changes in pupil transportation services, changes  
21 in availability of special education services, changes in pupil-teacher ratio  
22 and operational costs.

23 (c) If paragraph 7 of this subsection applies to one or more of the  
24 existing school districts, a detailed description of desegregation funding  
25 and expenses for the resulting school districts as set forth in paragraph 7  
26 of this subsection.

27 (d) Any other information the county school superintendent deems  
28 appropriate to include.

29 2. If the governing boards or the petitioners wish the new districts  
30 to receive unification assistance as provided in section 15-912.01, they  
31 shall notify the department of education and the joint legislative budget  
32 committee by August 1 of the fiscal year before the new districts would begin  
33 operation and provide the department and the joint legislative budget  
34 committee with information required to project the costs of unification  
35 assistance to the new districts for the first year of operation. The  
36 department shall include sufficient monies to cover these unification costs  
37 in its budget request for state aid for the following fiscal year.

38 3. The election shall be held as provided in section 15-459, except  
39 that the ballot shall contain the words "subdivision and unification, yes"  
40 and "subdivision and unification, no", and there shall be one of the  
41 following two ballot questions, whichever is applicable, stated as follows:

42 (a) Should (insert the name of the district) union high  
43 school district be subdivided with boundaries identical to the  
44 boundaries of (insert the name of the districts) common school  
45 districts and simultaneously creating (insert the number of the

1 districts) unified school districts with the respective common  
2 school districts as specified in the subdivision and unification  
3 plan?

4 (b) Should (insert the name of the district) union high  
5 school district be subdivided simultaneously with the  
6 subdivision of (insert the name of the districts) common school  
7 districts and simultaneously creating (insert the number of the  
8 districts) unified school districts with the subdivided common  
9 school districts as specified in the subdivision and unification  
10 plan?

11 4. If the formation of the new unified school districts is authorized,  
12 the terms of the governing board members of the common and union high school  
13 districts do not expire on the effective date of unification but continue  
14 until January 1 following the next general election, during which time the  
15 members of the governing boards of the previously existing school districts  
16 shall serve as the governing board of the new school district in which they  
17 reside. At the next general election held after the formation and  
18 thereafter, members shall be elected as prescribed in section 15-448,  
19 subsection E. The governing boards of the new unified school districts shall  
20 prepare policies, curricula and budgets for the new unified school  
21 districts. The policies prepared by the governing boards shall include the  
22 provisions of section 15-459, subsection M.

23 5. If the common school district is not subdivided, the new unified  
24 school district that includes the boundaries of the previously existing  
25 common school district shall assume the bonded indebtedness of that  
26 previously existing common school district. If the common school district is  
27 subdivided, the provisions of subsection E of this section shall apply.

28 6. If the common school district is not subdivided, existing bond  
29 authorization of the common school districts automatically continues for the  
30 original purpose authorized. If the common school district is subdivided,  
31 the existing bond authorization of the common school district will expire  
32 unless it is divided between the new unified school districts as specified in  
33 the subdivision and unification plan.

34 7. If any of the school districts were authorized to budget for  
35 expenses of complying with or continuing to implement activities that were  
36 required or permitted by court order of desegregation or administrative  
37 agreement with the United States department of education office for civil  
38 rights directed towards remediating alleged or proven racial discrimination  
39 pursuant to section 15-910, this authorization does not expire on the  
40 effective date of the subdivision and unification but only applies to schools  
41 included in the court order or administrative agreement.

42 8. If the union high school district and the common school district or  
43 districts with which it is unified all have authorization for ~~an override A~~  
44 **BUDGET REQUEST** as provided in section 15-481 that would have continued after  
45 the subdivision and unification, the ~~override~~ **BUDGET REQUEST** authorization

1 continues for the new district and expires at the time that the earliest  
2 ~~override~~ BUDGET REQUEST would have expired.

3 9. If one or more of the previously existing school districts were  
4 participating in a career ladder program pursuant to chapter 9, article 1.1  
5 of this title before subdivision and unification, notwithstanding any other  
6 law the state board shall expedite the processing of and may approve an  
7 updated application for program reapproval for the new school district that  
8 includes the existing school district that was participating in the program.

9 10. The employee's years of employment in the previously existing  
10 school district shall be included in determining the employee's years of  
11 employment in the new school district after a subdivision and unification. An  
12 employee who was entitled to continuing contract status in the previously  
13 existing school district is entitled to continuing employment contract status  
14 in the new school district.

15 11. The base salary and benefits of each employee for the first year of  
16 operation of the new school district after a subdivision and unification  
17 shall not be lower than the employee's base salary and benefits for the prior  
18 year in the previously existing school district.

19 12. Notwithstanding paragraphs 10 and 11 of this subsection and  
20 pursuant to section 15-544, nothing in this section shall be construed to  
21 restrict the ability of the governing board to implement a reduction in force  
22 or to scale back salaries of certified teachers, administrators or  
23 noncertificated employees for reasons of economy or to improve the efficient  
24 conduct of schools within the district following a subdivision and  
25 unification.

26 Sec. 6. Section 15-459, Arizona Revised Statutes, is amended to read:  
27 15-459. Consolidation of districts; petition; election; notice;  
28 report; ballots; canvass of votes; governing board

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

38 B. Consolidations allowed pursuant to subsection A of this section  
39 include:

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

42 2. If all the common school districts within the boundaries of an  
43 existing union high school district desire to consolidate into one common  
44 school district.

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

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

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

10          C. Notice of the election to determine consolidation of school  
11 districts shall be posted in not less than three public places in each of the  
12 school districts proposed to be consolidated at least twenty-five days before  
13 the election.

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

18           1. The date of the election.

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

20           3. The full cash value, the assessed valuation and the estimated  
21 amount of the primary property taxes and the estimated amount of the  
22 secondary property taxes under the proposed boundary changes for each of the  
23 following:

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

27           (b) An owner occupied residence whose assessed valuation is one-half  
28 of the assessed valuation of the residence in subdivision (a) of this  
29 paragraph.

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

32           (d) A business whose assessed valuation is the average of the assessed  
33 valuation of property classified as class one, as prescribed by section  
34 42-12001, paragraphs 12 and 13 for the current year in the school district.

35           4. A consolidation plan to include:

36           (a) The proposed boundary changes.

37           (b) The impact of the proposed boundary changes, including where  
38 pupils will attend school, changes in pupil transportation services, changes  
39 in availability of special education services, changes in pupil-teacher ratio  
40 and operational costs.

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

1 (d) Any other information the county school superintendent deems  
2 appropriate to include.

3 E. Ballots shall be prepared by the county school superintendent,  
4 shall be delivered to the inspector at least forty-eight hours before the  
5 opening of the polls as prescribed in section 16-509 and shall contain the  
6 information prescribed in subsection D, paragraph 3 of this section and the  
7 following statement: "Consolidation includes the assumption of liability by  
8 the resulting school district for all indebtedness of existing school  
9 districts or those parts of school districts proposed for consolidation. Do  
10 you support consolidation under the specified provisions of the consolidation  
11 plan? Yes ( ) No ( )." If the election is to simultaneously consolidate  
12 and unify two or more common school districts, the ballot shall contain: "Do  
13 you support the consolidation of the (insert names of common school  
14 districts) and the subsequent unification of the consolidated districts with  
15 the (insert name of union high school district) to form one unified school  
16 district under the consolidation and unification plan? Yes ( ) No ( )."

17 F. The county school superintendent shall hold the election during the  
18 fiscal year preceding the fiscal year consolidation is proposed to be  
19 effective on a date prescribed by section 16-204. The election shall be held  
20 in the manner and electors shall possess qualifications as prescribed for the  
21 election of governing board members. The results of the election shall be  
22 reported to the county school superintendent.

23 G. The county school superintendent and the chairman of the board of  
24 supervisors, on the seventh day after the election, shall canvass the  
25 vote. If a majority of the votes cast in each district favors consolidation,  
26 the districts are consolidated and become one district from and after June 30  
27 next following the election. If parts of two or more school districts are  
28 proposed to be consolidated, a majority of the voters in the part of a school  
29 district or districts not affected by the proposed consolidation and a  
30 majority of the voters in the part of the school district or districts  
31 proposed for consolidation must approve the consolidation.

32 H. If a school district provides only financing for pupils who are  
33 instructed by another school district in the same county or in an adjacent  
34 county, the school district or any part of the school district may be  
35 consolidated with the school district providing the instructional program as  
36 follows:

37 1. The governing board of the financing school district approves the  
38 consolidation or ten per cent of the qualified electors residing in the  
39 school district, or that part of the school district proposed for  
40 consolidation, petitions the county school superintendent to call an election  
41 to approve the proposed consolidation.

42 2. The governing board of the school district providing instruction  
43 approves the consolidation.

44 3. At an election called by the county school superintendent of each  
45 of the counties affected, a majority of the persons voting in the school

1 district, or that part of the school district providing financing, approves  
2 the proposed consolidation and a majority of the persons voting in the  
3 district providing instruction approves the proposed consolidation.

4 I. Elections held as provided in subsection H of this section shall be  
5 conducted in the same manner as elections prescribed in subsections C through  
6 G of this section and shall be held concurrently as prescribed in section  
7 15-458.

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

27 K. Sections 15-457, 15-975 and 15-997 apply to school districts which  
28 are consolidated as provided in subsection H of this section.

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

33 M. The governing board shall prepare policies, curricula and budgets  
34 for the new school district. These policies shall require that:

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

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

1           3. Notwithstanding paragraphs 1 and 2 of this subsection and pursuant  
2 to section 15-544, nothing in this section shall be construed to restrict the  
3 ability of the governing board to implement a reduction in force or to scale  
4 back salaries of certified teachers, administrators or noncertificated  
5 employees for reasons of economy or to improve the efficient conduct of  
6 schools within the district following a school district consolidation.

7           N. If all of the districts to be consolidated have authorization for  
8 ~~an override~~ A BUDGET REQUEST as provided in section 15-481 that would have  
9 continued after the consolidation, the ~~override~~ BUDGET REQUEST authorization  
10 continues for the new district and expires at the time that the earliest  
11 ~~override~~ BUDGET REQUEST would have expired.

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

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

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

42           R. If one or more of the previously existing school districts ~~was~~ WERE  
43 participating in a career ladder program pursuant to chapter 9, article 1.1  
44 of this title before consolidation, notwithstanding any other law the state  
45 board shall expedite the processing of and may approve an updated application

1 for program reapproval that incorporates the geographic boundaries of the  
2 resulting school district and the inclusion of the additional staff in the  
3 career ladder program.

4 S. If the formation of a new consolidated and unified school district  
5 is authorized, the terms of the governing board members of the common and  
6 union high school districts do not expire on the effective date of the  
7 unification. The governing board members of the previously existing school  
8 districts shall serve as provided in section 15-430, except that the power of  
9 the governing board members of the previously existing school districts  
10 acting as the governing board of the unified school district is limited to  
11 the maintenance and operation of the previously existing school districts and  
12 compliance with the consolidation and unification plan.

13 Sec. 7. Section 15-481, Arizona Revised Statutes, is amended to read:

14 15-481. Budget request election; budget increases; notice;  
15 ballot; effect

16 A. If a proposed budget of a school district exceeds the aggregate  
17 budget limit for the budget year, at least ninety days before the proposed  
18 election the governing board shall order an ~~override~~ election to be held on  
19 the first Tuesday following the first Monday in November as prescribed by  
20 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of  
21 presenting the proposed budget to the qualified electors of the school  
22 district who by a majority of those voting either shall affirm or reject the  
23 budget. At the same time as the order of the election, the governing board  
24 shall publicly declare the deadline for submitting arguments, as set by the  
25 county school superintendent pursuant to subsection B, paragraph 9 of this  
26 section, to be submitted in the informational report and shall immediately  
27 post the deadline in a prominent location on the district's website. In  
28 addition, the governing board shall prepare an alternate budget which does  
29 not include an increase in the budget of more than the amount permitted as  
30 provided in section 15-905. If the qualified electors approve the proposed  
31 budget, the governing board of the school district shall follow the  
32 procedures prescribed in section 15-905 for adopting a budget that includes  
33 the authorized increase. If the qualified electors disapprove the proposed  
34 budget, the governing board shall follow the procedures prescribed in section  
35 15-905 for adopting a budget that does not include the proposed increase or  
36 the portion of the proposed increase that exceeds the amount authorized by a  
37 previously approved budget increase as prescribed in subsection P of this  
38 section.

39 B. The county school superintendent shall prepare an informational  
40 report on the proposed increase in the budget and a sample ballot and, at  
41 least forty days prior to the election, shall transmit the report and the  
42 sample ballot to the governing board of the school district. The governing  
43 board, upon receipt of the report and the ballot, shall mail or distribute  
44 the report and the ballot to the households in which qualified electors  
45 reside within the school district at least thirty-five days prior to the

1 election. Any distribution of material concerning the proposed increase in  
2 the budget shall not be conducted by children enrolled in the school  
3 district. The report shall contain the following information:

- 4 1. The date of the election.
- 5 2. The voter's polling place and the times it is open.
- 6 3. The proposed total increase in the budget which exceeds the amount  
7 permitted pursuant to section 15-905.
- 8 4. The total amount of the current year's budget, the total amount of  
9 the proposed budget and the total amount of the alternate budget.
- 10 5. If the ~~override~~ BUDGET REQUEST is for a period of more than one  
11 year, a statement indicating the number of years the proposed increase in the  
12 budget would be in effect and the percentage of the school district's revenue  
13 control limit that the district is requesting for the future years.
- 14 6. The proposed total amount of revenues which will fund the increase  
15 in the budget and the amount which will be obtained from a levy of taxes upon  
16 the taxable property within the school district for the first year for which  
17 the budget increase was adopted.
- 18 7. The proposed amount of revenues which will fund the increase in the  
19 budget and which will be obtained from other than a levy of taxes upon the  
20 taxable property within the school district for the first year for which the  
21 budget increase was adopted.
- 22 8. The dollar amount and the purpose for which the proposed increase  
23 in the budget is to be expended for the first year for which the budget  
24 increase was adopted.
- 25 9. At least two arguments, if submitted, but no more than ten  
26 arguments for and two arguments, if submitted, but no more than ten arguments  
27 against the proposed increase in the budget. The arguments shall be in a  
28 form prescribed by the county school superintendent, and each argument shall  
29 not exceed two hundred words. Arguments for the proposed increase in the  
30 budget shall be provided in writing and signed by the governing board. If  
31 submitted, additional arguments in favor of the proposed increase in the  
32 budget shall be provided in writing and signed by those in favor. Arguments  
33 against the proposed increase in the budget shall be provided in writing and  
34 signed by those in opposition. The names of persons and entities submitting  
35 written arguments shall be included in the report. The county school  
36 superintendent shall review all factual statements contained in the written  
37 arguments and correct any inaccurate statements of fact. The superintendent  
38 shall not review and correct any portion of the written arguments which are  
39 identified as statements of the author's opinion. The county school  
40 superintendent shall make the written arguments available to the public as  
41 provided in title 39, chapter 1, article 2. A deadline for submitting  
42 arguments to be included in the informational report shall be set by the  
43 county school superintendent.

1           10. A statement that the alternate budget shall be adopted by the  
2 governing board if the proposed budget is not adopted by the qualified  
3 electors of the school district.

4           11. The current full cash value and the assessed valuation provided by  
5 the department of revenue, the first year tax rate for the proposed ~~override~~  
6 BUDGET REQUEST and the estimated amount of the secondary property taxes if  
7 the proposed budget is adopted for each of the following:

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

11           (b) An owner-occupied residence whose assessed valuation is one-half  
12 of the assessed valuation of the residence in subdivision (a) of this  
13 paragraph.

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

16           (d) A business whose assessed valuation is the average of the assessed  
17 valuation of property classified as class one, as prescribed by section  
18 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

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

41           D. If any amount of the proposed increase will be funded by a levy of  
42 taxes in the district, the election prescribed in subsection A of this  
43 section shall be held on the first Tuesday following the first Monday in  
44 November as prescribed by section 16-204, subsection B, paragraph 1,  
45 subdivision (d). If the proposed increase will be fully funded by revenues

1 from other than a levy of taxes, the elections prescribed in subsection A of  
2 this section shall be held on any date prescribed by section 16-204. The  
3 elections shall be conducted as nearly as practicable in the manner  
4 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and  
5 section 15-426, relating to special elections, except that:

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

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

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

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

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

39 1. The amount of the proposed increase of the proposed budget over the  
40 alternate budget.

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

44 3. The following statement:

1 Any budget ~~increase~~ REQUEST authorized by this election  
 2 shall be entirely funded by this school district with revenues  
 3 from other than a levy of taxes on the taxable property within  
 4 the school district for the year for which adopted and for  
 5 \_\_\_\_\_ subsequent years and shall not be realized from monies  
 6 furnished by the state.

7 G. Except as provided in subsection H of this section, the maximum  
 8 budget increase which may be requested and authorized as provided in  
 9 subsection E or F of this section or the combination of subsections E and F  
 10 of this section is fifteen per cent of the revenue control limit as provided  
 11 in section 15-947, subsection A for the budget year. If a school district  
 12 requests ~~an override~~ A BUDGET REQUEST pursuant to section 15-482 or to  
 13 continue with a budget ~~override~~ REQUEST pursuant to section 15-482 for pupils  
 14 in kindergarten programs and grades one through three that was authorized  
 15 before December 31, 2008, the maximum budget increase that may be requested  
 16 and authorized as provided in subsection E or F of this section or the  
 17 combination of subsections E and F of this section is ten per cent of the  
 18 revenue control limit as provided in section 15-947, subsection A for the  
 19 budget year.

20 H. Special budget ~~override~~ REQUEST provisions for school districts  
 21 with a student count of less than one hundred fifty-four in kindergarten  
 22 programs and grades one through eight or with a student count of less than  
 23 one hundred seventy-six in grades nine through twelve are as follows:

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

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

31 (i)

32 

	Small School		Support Level Weight		Phase Down
Student	Student	for Small Isolated	School Districts	Base Level	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>	<u>Factor</u>
_____	- 125	x 1.358 + (0.0005 x	x \$ _____	= \$ _____	
		(500 - Student Count))			

37 

	Phase Down		Phase Down		Small Isolated
	<u>Base</u>	- \$ _____	<u>Reduction Factor</u>	= \$ _____	School District
	\$150,000				Elementary Limit

41 (ii)

42 

	Small School		Support Level Weight		Phase Down
Student	Student	for Small	School Districts	Base Level	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>	<u>Factor</u>
_____	- 125	x 1.278 + (0.0003 x	x \$ _____	= \$ _____	

1 (500 - Student Count))  
 2  
 3 Phase Down Phase Down Small  
 4 Base Reduction Factor School District  
 5 \$150,000 - \$ \_\_\_\_\_ = \$ \_\_\_\_\_  
 6 (b) For unified or union high school districts with a student count of  
 7 less than one hundred seventy-six in grades nine through twelve, the limit  
 8 computed as prescribed in item (i) or (ii) of this subdivision, whichever is  
 9 appropriate:

10 (i)  
 11 Student Small School Support Level Weight Phase Down  
 12 Count Count Limit School Districts Base Level Reduction  
 13 \_\_\_\_\_ - 100 x 1.468 + (0.0005 x \_\_\_\_\_ x \$ \_\_\_\_\_ = \$ \_\_\_\_\_  
 14 (500 - Student Count))  
 15

16 Small Isolated  
 17 Phase Down Phase Down District  
 18 Base Reduction Factor Secondary Limit  
 19 \$350,000 - \$ \_\_\_\_\_ = \$ \_\_\_\_\_

20 (ii)  
 21 Student Small School Support Level Weight Phase Down  
 22 Count Count Limit School Districts Base Level Reduction  
 23 \_\_\_\_\_ - 100 x 1.398 + (0.0004 x \_\_\_\_\_ x \$ \_\_\_\_\_ = \$ \_\_\_\_\_  
 24 (500 - Student Count))  
 25

26 Small  
 27 Phase Down Phase Down School District  
 28 Base Reduction Factor Secondary Limit  
 29 \$350,000 - \$ \_\_\_\_\_ = \$ \_\_\_\_\_

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

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

1           2. If a school district utilizes this subsection to request ~~an~~  
2 ~~override~~ A BUDGET REQUEST of more than one year, the ballot shall include an  
3 estimate of the amount of the proposed increase in the future years in place  
4 of the statement that the amount of the proposed increase will be based on a  
5 percentage of the school district's revenue control limit in future years, as  
6 prescribed in subsections E and F of this section.

7           3. Notwithstanding subsection P of this section, the maximum period of  
8 ~~an override~~ A BUDGET REQUEST authorized pursuant to this subsection is five  
9 years.

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

12          I. If the election is to exceed the revenue control limit as provided  
13 in section 15-482 and if the proposed increase will be fully funded by a levy  
14 of taxes on the taxable property within the school district, the ballot shall  
15 contain the words "~~budget increase, yes~~" and "~~budget increase, no~~", and the  
16 voter shall signify the voter's desired choice. The ballot shall also  
17 contain the amount of the proposed increase of the budget over the alternate  
18 budget, a statement that the amount of the proposed increase will be based on  
19 a percentage of the school district's revenue control limit in future years,  
20 if applicable, as provided in subsection Q of this section, and the following  
21 statement:

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

37          J. If the election is to exceed the revenue control limit as provided  
38 in section 15-482 and if the proposed increase will be fully funded by  
39 revenues other than a levy of taxes on the taxable property within the school  
40 district, the ballot shall contain the words "~~budget increase, yes~~" and  
41 "~~budget increase, no~~", and the voter shall signify the voter's desired  
42 choice. The ballot shall also contain the amount of the proposed increase of  
43 the proposed budget over the alternate budget, a statement that the amount of  
44 the proposed increase will be based on a percentage of the school district's

1 revenue control limit in future years, if applicable, as provided in  
 2 subsection Q of this section and the following statement:

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

9 K. The maximum budget increase that may be requested and authorized as  
 10 provided in subsection I or J of this section, or a combination of both of  
 11 these subsections, is five per cent of the revenue control limit as provided  
 12 in section 15-947, subsection A for the budget year. For a common school  
 13 district not within a high school district or a common school district within  
 14 a high school district that offers instruction in high school subjects as  
 15 provided in section 15-447, five per cent of the revenue control limit means  
 16 five per cent of the revenue control limit attributable to the weighted  
 17 student count in preschool programs for children with disabilities,  
 18 kindergarten programs and grades one through eight as provided in section  
 19 15-971, subsection B. For a unified school district, five per cent of the  
 20 revenue control limit means five per cent of the revenue control limit  
 21 attributable to the weighted student count in preschool programs for children  
 22 with disabilities, kindergarten programs and grades one through twelve. For  
 23 a union high school district, five per cent of the revenue control limit  
 24 means five per cent of the revenue control limit attributable to the weighted  
 25 student count in grades nine through twelve.

26 L. If the election is to exceed the capital outlay revenue limit and  
 27 if the proposed increase will be fully funded by a levy of taxes upon the  
 28 taxable property within the school district, the ballot shall contain the  
 29 words "~~budget increase, yes~~" and "~~budget increase, no~~", and the voter shall  
 30 signify the voter's desired choice. An election held pursuant to this  
 31 subsection shall be held on the first Tuesday after the first Monday of  
 32 November. The ballot shall also contain the amount of the proposed increase  
 33 of the proposed budget over the alternate budget and the following statement:

34 Any budget ~~increase~~ REQUEST authorized by this election  
 35 shall be entirely funded by a levy of taxes upon the taxable  
 36 property within this school district for the year in which  
 37 adopted and for \_\_\_\_\_ subsequent years, shall not be realized  
 38 from monies furnished by the state and shall not be subject to  
 39 the limitation on taxes specified in article IX, section 18,  
 40 Constitution of Arizona. Based on the current assessed  
 41 valuation used for secondary property tax purposes, to fund the  
 42 proposed increase in the school district's budget would require  
 43 an estimated tax rate of \_\_\_\_\_ dollar per one hundred  
 44 dollars of assessed valuation used for secondary property tax  
 45 purposes and is in addition to the school district's tax rate

1 which will be levied to fund the school district's capital  
2 outlay revenue limit allowed by law.

3 M. If the election is to exceed the capital outlay revenue limit and  
4 if the proposed increase will be fully funded by revenues from other than a  
5 levy of taxes upon the taxable property within the school district, the  
6 ballot shall contain the words "~~budget-increase, yes~~" and "~~budget-increase,~~  
7 no", and the voter shall signify the voter's desired choice. An election  
8 held pursuant to this subsection shall be held on the first Tuesday after the  
9 first Monday of November. The ballot shall also contain the amount of the  
10 proposed increase of the proposed budget over the alternate budget and the  
11 following statement:

12 Any budget ~~increase~~ REQUEST authorized by this election  
13 shall be entirely funded by this school district with revenues  
14 from other than a levy of taxes on the taxable property within  
15 the school district for the year in which adopted and for \_\_\_\_\_  
16 subsequent years and shall not be realized from monies furnished  
17 by the state.

18 N. If the election is to exceed a combination of the revenue control  
19 limit as provided in subsection E or F of this section, the revenue control  
20 limit as provided in subsection I or J of this section or the capital outlay  
21 revenue limit as provided in subsection L or M of this section, the ballot  
22 shall be prepared so that the voters may vote on each proposed increase  
23 separately and shall contain statements required in the same manner as if  
24 each proposed increase were submitted separately.

25 O. If the election provides for a levy of taxes on the taxable  
26 property within the school district, at least thirty days prior to the  
27 election, the department of revenue shall provide the school district  
28 governing board and the county school superintendent with the current  
29 secondary assessed valuation of the school district. The governing board and  
30 the county school superintendent shall use the current secondary assessed  
31 valuation of the school district to translate the amount of the proposed  
32 dollar increase in the budget of the school district over that allowed by law  
33 into a tax rate figure.

34 P. If the voters in a school district vote to adopt a budget in excess  
35 of the revenue control limit as provided in subsection E or F of this  
36 section, any additional increase shall be included in the aggregate budget  
37 limit for each of the years authorized. Any additional increase shall be  
38 excluded from the determination of equalization assistance. The school  
39 district governing board, however, may levy on the assessed valuation used  
40 for secondary property tax purposes of the property in the school district  
41 the additional increase if adopted under subsection E of this section for the  
42 period of one year, two years or five through seven years as authorized. If  
43 an additional increase is approved as provided in subsection F of this  
44 section, the school district governing board may only use revenues derived  
45 from the school district's prior year's maintenance and operation fund ending

1 cash balance to fund the additional increase. If a budget increase was  
2 previously authorized and will be in effect for the budget year or budget  
3 year and subsequent years, as provided in subsection E or F of this section,  
4 the governing board may request a new budget increase as provided in the same  
5 subsection under which the prior budget increase was adopted, which shall not  
6 exceed the maximum amount permitted under subsection G of this section. If  
7 the voters in the school district authorize the new budget increase amount,  
8 the existing budget increase no longer is in effect. If the voters in the  
9 school district do not authorize the budget increase amount, the existing  
10 budget increase remains in effect for the time period for which it was  
11 authorized. The maximum additional increase authorized as provided in  
12 subsection E or F of this section and the additional increase which is  
13 included in the aggregate budget limit is based on a percentage of a school  
14 district's revenue control limit in future years, if the budget increase is  
15 authorized for more than one year. If the additional increase:

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

18 2. Is for five years or more, the proposed increase is equal to the  
19 initial proposed percentage increase in the following years of the proposed  
20 increase, except that in the next to last year it is two-thirds of the  
21 initial proposed percentage increase and it is one-third of the initial  
22 proposed percentage increase in the last year of the proposed increase.

23 Q. If the voters in a school district vote to adopt a budget in excess  
24 of the revenue control limit as provided in subsection I or J of this  
25 section, any additional increase shall be included in the aggregate budget  
26 limit for each of the years authorized. Any additional increase shall be  
27 excluded from the determination of equalization assistance. The school  
28 district governing board, however, may levy on the assessed valuation used  
29 for secondary property tax purposes of the property in the school district  
30 the additional increase if adopted under subsection I of this section for the  
31 period of one year, two years or five through seven years as authorized. If  
32 an additional increase is approved as provided in subsection J of this  
33 section, the increase may only be budgeted and expended if sufficient monies  
34 are available in the maintenance and operation fund of the school district.  
35 If a budget increase was previously authorized and will be in effect for the  
36 budget year or budget year and subsequent years, as provided in subsection I  
37 or J of this section, the governing board may request a new budget increase  
38 as provided in the same subsection under which the prior budget increase was  
39 adopted that does not exceed the maximum amount permitted under subsection K  
40 of this section. If the voters in the school district authorize the new  
41 budget increase amount, the existing budget increase no longer is in effect.  
42 If the voters in the school district do not authorize the budget increase  
43 amount, the existing budget increase remains in effect for the time period  
44 for which it was authorized. The maximum additional increase authorized as  
45 provided in subsection I or J of this section and the additional increase

1 that is included in the aggregate budget limit is based on a percentage of a  
2 school district's revenue control limit in future years, if the budget  
3 increase is authorized for more than one year. If the additional increase:

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

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

11 R. If the voters in a school district vote to adopt a budget in excess  
12 of the capital outlay revenue limit as provided in subsection L of this  
13 section, any additional increase shall be included in the aggregate budget  
14 limit for each of the years authorized. The additional increase shall be  
15 excluded from the determination of equalization assistance. The school  
16 district governing board, however, may levy on the assessed valuation used  
17 for secondary property tax purposes of the property in the school district  
18 the additional increase for the period authorized but not to exceed ten  
19 years. For ~~overrides~~ BUDGET REQUESTS approved by a vote of the qualified  
20 electors of the school district at an election held from and after October  
21 31, 1998, the period of the additional increase prescribed in this subsection  
22 shall not exceed seven years for any capital ~~override~~ BUDGET REQUEST  
23 election.

24 S. If the voters in a school district vote to adopt a budget in excess  
25 of the capital outlay revenue limit as provided in subsection M of this  
26 section, any additional increase shall be included in the aggregate budget  
27 limit for each of the years authorized. The additional increase shall be  
28 excluded from the determination of equalization assistance. The school  
29 district governing board may only use revenues derived from the school  
30 district's prior year's maintenance and operation fund ending cash balance  
31 and capital outlay fund ending cash balance to fund the additional increase  
32 for the period authorized but not to exceed ten years. For ~~overrides~~ BUDGET  
33 REQUESTS approved by a vote of the qualified electors of the school district  
34 at an election held from and after October 31, 1998, the period of the  
35 additional increase prescribed in this subsection shall not exceed seven  
36 years for any capital ~~override~~ BUDGET REQUEST election.

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

43 U. If the voters in a school district disapprove the proposed budget,  
44 the alternate budget which, except for any budget increase authorized by a  
45 prior election, does not include an increase in the budget in excess of the

1 amount provided in section 15-905 shall be adopted by the governing board as  
2 provided in section 15-905.

3 V. The governing board may request that any ~~override~~ election  
4 SCHEDULED PURSUANT TO THIS SECTION be cancelled if any change in chapter 9 of  
5 this title changes the amount of the aggregate budget limit as provided in  
6 section 15-905. The request to cancel the ~~override~~ election shall be made to  
7 the county school superintendent at least eighty days prior to the date of  
8 the scheduled ~~override~~ election.

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

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

13 The capital improvements that are proposed to be funded  
14 through this ~~override~~ BUDGET REQUEST election are to exceed the  
15 state standards and are in addition to monies provided by the  
16 state.

17 \_\_\_\_\_ school district is proposing to increase its  
18 budget by \$\_\_\_\_\_ to fund capital improvements over and  
19 above those funded by the state. Under the students first  
20 capital funding system, \_\_\_\_\_ school district is entitled to  
21 state monies for building renewal, new construction and  
22 renovation of school buildings in accordance with state law.

23 2. The ballot shall contain the words "~~budget increase, yes~~" and  
24 "~~budget increase, no~~", and the voter shall signify the voter's desired  
25 choice.

26 3. At least eighty-five days before the election, the school district  
27 shall submit proposed ballot language to the director of the Arizona  
28 legislative council. The director of the Arizona legislative council shall  
29 review the proposed ballot language to determine whether the proposed ballot  
30 language complies with this section. If the director of the Arizona  
31 legislative council determines that the proposed ballot language does not  
32 comply with this section, the director, within ten calendar days of the  
33 receipt of the proposed ballot language, shall notify the school district of  
34 the director's objections and the school district shall resubmit revised  
35 ballot language to the director for approval.

36 X. If the voters approve the budget increase pursuant to subsection L  
37 or M of this section, the school district shall not use the ~~override~~ BUDGET  
38 REQUEST proceeds for any purposes other than the proposed capital  
39 improvements listed in the publicity pamphlet, except that up to ten per cent  
40 of the ~~override~~ BUDGET REQUEST proceeds may be used for general capital  
41 expenses, including cost overruns of proposed capital improvements.

42 Y. Each school district that currently increases its budget pursuant  
43 to this section is required to hold a public meeting each year between  
44 September 1 and October 31 at which an update of the programs or capital

1 improvements financed through the ~~override~~ BUDGET REQUEST is discussed and at  
 2 which the public is permitted an opportunity to comment and:

3 1. If the increase is pursuant to subsection L or M of this section,  
 4 at a minimum, the update shall include the progress of capital improvements  
 5 financed through the ~~override~~ BUDGET REQUEST, a comparison of the current  
 6 status and the original projections on the construction of capital  
 7 improvements, the costs of capital improvements and the costs of capital  
 8 improvements in progress or completed since the prior meeting and the future  
 9 capital plans of the school district. The school district shall include in  
 10 the public meeting a discussion of the school district's use of state capital  
 11 aid and voter-approved bonding in funding capital improvements, if any.

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

17 Z. If a budget in excess of the capital outlay revenue limit was  
 18 previously adopted by the voters in a school district and will be in effect  
 19 for the budget year or budget year and subsequent years, as provided in  
 20 subsection L or M of this section, the governing board may request an  
 21 additional budget in excess of the capital outlay revenue limit. If the  
 22 voters in a school district authorize the additional budget in excess of the  
 23 capital outlay revenue limit, the existing capital outlay revenue limit  
 24 budget increase remains in effect.

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

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

39 Any budget ~~increase~~ REQUEST continuation authorized by  
 40 this election shall be entirely funded by a levy of taxes on the  
 41 taxable property in this school district for the year for which  
 42 adopted and for \_\_\_\_ subsequent years, shall not be realized  
 43 from monies furnished by the state and shall not be subject to  
 44 the limitation on taxes specified in article IX, section 18,  
 45 Constitution of Arizona. Based on the current assessed

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

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

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

35 Sec. 8. Section 15-482, Arizona Revised Statutes, is amended to read:  
 36 15-482. Special five per cent budget requests for programs of  
 37 pupils in kindergarten programs and grades one  
 38 through twelve

39 A. An additional budget ~~increase~~ REQUEST may be requested and  
 40 authorized as provided in section 15-481, subsections I and J of up to five  
 41 per cent of the revenue control limit as provided in subsection B of this  
 42 section.

43 B. The maximum amount of the budget increase requested and authorized  
 44 shall not exceed the budgeted expenditures of the proposed special program

1 for each fiscal year, not to exceed a total of five per cent of the revenue  
2 control limit for each fiscal year.

3 C. The special program may be designed for children with disabilities  
4 in preschool programs and any or all of the pupils enrolled in kindergarten  
5 programs and grades one through twelve and may involve efforts to remove  
6 barriers to academic achievement as well as efforts to improve instruction or  
7 increase the amount of instruction.

8 D. During any fiscal year in which proceeds from the sale or lease of  
9 school property are used for the maintenance and operation section of the  
10 budget as provided in section 15-1102, a budget ~~increase~~ REQUEST is in  
11 effect as provided in section 15-481, subsection E or F, or a budget  
12 ~~increase~~ REQUEST is in effect as provided in this section, or any combination  
13 of these conditions occurs, the total amount of the proceeds and increases  
14 which may be expended is equal to fifteen per cent of the revenue control  
15 limit for that year as provided in section 15-947, subsection A, provided  
16 that the following maximum amount is attributable to any one of the  
17 conditions:

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

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

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

25 Sec. 9. Section 15-491, Arizona Revised Statutes, is amended to read:  
26 15-491. Elections on school property: exceptions

27 A. The governing board of a school district may, and on petition of  
28 fifteen per cent of the school electors as shown by the poll list at the last  
29 preceding annual school election shall, call an election for the following  
30 purposes:

31 1. To locate or change the location of school buildings.

32 2. To purchase or sell school sites or buildings or sell school sites  
33 pursuant to section 15-342 or to build school buildings, but the  
34 authorization by vote of the school district shall not necessarily specify  
35 the site to be purchased.

36 3. To decide whether the bonds of the school district shall be issued  
37 and sold for the purpose of raising money for purchasing or leasing school  
38 lots, for building or renovating school buildings, for supplying school  
39 buildings with furniture, equipment and technology, for improving school  
40 grounds, for purchasing pupil transportation vehicles or for liquidating any  
41 indebtedness already incurred for such purposes. Bonds issued for furniture,  
42 equipment and technology, other than fixtures, shall mature no later than the  
43 July 1 that follows the fifth year after the bonds were issued. A school  
44 district shall not issue class B bonds until the school district has  
45 obligated in contract the entire proceeds of any class A bonds issued by the

1 school district. The total amount of class A and class B bonds issued by a  
 2 school district shall not exceed the debt limitations prescribed in article  
 3 IX, sections 8 and 8.1, Constitution of Arizona.

4 4. To lease for five or more years, as lessor or as lessee, school  
 5 buildings or grounds. Approval by a majority of the school district electors  
 6 voting authorizes the governing board to negotiate for and enter into a  
 7 lease. The ballot shall list the school buildings or grounds for which a  
 8 lease is sought. If the governing board does not enter into a lease of five  
 9 or more years of the school buildings or grounds listed on the ballot within  
 10 five years of the date of the election and the board continues to seek such a  
 11 lease, the governing board shall call a special election to reauthorize the  
 12 board to negotiate for and to enter into a lease of five or more years.

13 5. To change the list of capital projects or the purposes authorized  
 14 by prior voter approval to issue bonds.

15 6. To extend from six to ten years the time period to issue class B  
 16 bonds authorized in 2009 or earlier. Elections pursuant to this paragraph  
 17 may not be held later than the sixth November after the election approving  
 18 the issuance of the bonds.

19 B. No petition shall be required for the holding of the first election  
 20 to be held in a joint common school district for any of the purposes  
 21 specified in subsection A of this section. The notice of election required  
 22 by section 15-492 shall be published in each of the counties that comprise  
 23 the joint common school district. The certification of election results  
 24 required by section 15-493 shall be made to the board of supervisors of the  
 25 jurisdictional county.

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

31 D. The governing board shall order the election to be held in the  
 32 manner prescribed in title 35, chapter 3, article 3. If a petition for an  
 33 election has been filed with the governing board as provided in subsection A  
 34 of this section, the board shall act on the petition within sixty days by  
 35 ordering the election to be held as provided in this subsection. If a school  
 36 district bond election is scheduled for the same date a school district will  
 37 hold ~~an override~~ A BUDGET REQUEST election, the governing body shall deliver  
 38 a copy of the notice of election and ballot to the county school  
 39 superintendent who shall include the notice of election and ballot with the  
 40 information report and ballot prepared for the ~~override~~ BUDGET REQUEST  
 41 election. Mailing of the information required for both the ~~override~~ BUDGET  
 42 REQUEST and bond elections shall constitute compliance with the notice  
 43 provisions of this section.

1 E. The elections to be held pursuant to this section shall only be  
2 held on dates prescribed by section 16-204, except that elections held  
3 pursuant to this section to decide whether class B bonds shall be issued, or  
4 any other obligation incurred that will require the assessment of secondary  
5 property taxes, shall only be held on the first Tuesday after the first  
6 Monday of November.

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

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

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

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

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

22 \_\_\_\_\_ school district is proposing to issue class B  
23 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
24 improvements over and above those funded by the state. Under  
25 the students first capital funding system, \_\_\_\_\_ school  
26 district is entitled to state monies for building renewal, new  
27 construction and renovation of school buildings in accordance  
28 with state law.

29 2. For a school district that is a joint technical education district,  
30 the ballot shall include the following statement:

31 \_\_\_\_\_, a joint technical education district, is  
32 proposing to issue class B general obligation bonds totaling  
33 \$\_\_\_\_\_ to fund capital improvements at a campus owned or  
34 operated and maintained by the joint technical education  
35 district.

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

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

41 5. At least eighty-five days before the election, the school district  
42 shall submit proposed ballot language to the director of the Arizona  
43 legislative council. The director of the Arizona legislative council shall  
44 review the proposed ballot language to determine whether the proposed ballot  
45 language complies with this section. If the director of the Arizona

1 legislative council determines that the proposed ballot language does not  
2 comply with this section, the director, within ten calendar days of the  
3 receipt of the proposed ballot language, shall notify the school district of  
4 the director's objections and the school district shall resubmit revised  
5 ballot language to the director for approval.

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

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

13 (b) A complete list of each proposed capital improvement that will be  
14 funded with the proceeds of the bonds and a description of the proposed cost  
15 of 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 one hundred thousand dollars.

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

22 1. The ballot shall include the following statement:

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

26 \_\_\_\_\_ school district is proposing to issue impact  
27 aid revenue bonds totaling \$\_\_\_\_\_ to fund capital  
28 improvements over and above those funded by the state. Under  
29 the students first capital funding system, \_\_\_\_\_ school  
30 district is entitled to state monies for building renewal, new  
31 construction and renovation of school buildings in accordance  
32 with state law.

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

35 3. At least eighty-five days before the election, the school district  
36 shall submit proposed ballot language to the director of the legislative  
37 council. The director of the legislative council shall review the proposed  
38 ballot language to determine whether the proposed ballot language complies  
39 with this section. If the director of the legislative council determines  
40 that the proposed ballot language does not comply with this section, the  
41 director, within ten calendar days of the receipt of the proposed ballot  
42 language, shall notify the school district of the director's objections and  
43 the school district shall resubmit revised ballot language to the director  
44 for approval.

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

6           (a) The date of the election.

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

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

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

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

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

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

24          J. If the voters approve the issuance of school district class B bonds  
25 or impact aid revenue bonds, the school district shall not use the bond  
26 proceeds for any purposes other than the proposed capital improvements listed  
27 in the publicity pamphlet, except that up to ten per cent of the bond  
28 proceeds may be used for general capital expenses, including cost overruns of  
29 proposed capital improvements. The proposed capital improvements may be  
30 changed by a subsequent election as provided by this section.

31          K. Each school district that issues bonds under this section is  
32 required to hold a public meeting each year between September 1 and October  
33 31, until the bond proceeds are spent, at which an update of the progress of  
34 capital improvements financed through bonding is discussed and at which the  
35 public is permitted an opportunity to comment. At a minimum, the update  
36 shall include a comparison of the current status and the original projections  
37 on the construction of capital improvements, the costs of capital  
38 improvements and the costs of capital improvements in progress or completed  
39 since the prior meeting and the future capital bonding plans of the school  
40 district. The school district shall include in the public meeting a  
41 discussion of the school district's use of state capital aid and  
42 voter-approved capital ~~overrides~~ BUDGET REQUESTS in funding capital  
43 improvements, if any.

1 L. If an election is held to change the purpose or list of capital  
2 projects authorized by prior voter approval to issue bonds pursuant to  
3 subsection A, paragraph 5 of this section, the following requirements apply:

4 1. The election may be held only on the first Tuesday after the first  
5 Monday in November.

6 2. No later than thirty-five days before the election, the school  
7 district shall mail a publicity pamphlet to each household in the school  
8 district that contains a qualified elector. The publicity pamphlet shall  
9 contain, at a minimum, the following information:

10 (a) The date of the election.

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

12 (c) A statement as to why the election was called.

13 (d) A complete list of each proposed capital improvement that is in  
14 addition to the initial capital improvements presented in the publicity  
15 pamphlet when the bonds were approved and the proposed cost of each  
16 improvement, including a separate aggregation of capital improvements for  
17 administrative purposes as defined by the school facilities board.

18 (e) A complete list of each capital improvement that was presented in  
19 the publicity pamphlet when the bonds were initially approved and that is  
20 proposed to be eliminated or to have its cost reduced, and the proposed cost  
21 of each improvement, including a separate aggregation of capital improvements  
22 for administrative purposes as defined by the school facilities board.

23 (f) Arguments for and against the proposed change, if submitted, as  
24 provided by section 15-481, subsection B, paragraph 9.

25 3. The ballot shall contain the words "change capital improvements,  
26 yes" and "change capital improvements, no", and the voter shall signify the  
27 voter's desired choice.

28 4. If the election is to add a purpose that was not on the initial  
29 ballot, the ballot shall list the purpose that is proposed to be added.

30 M. If an election is held to extend the time to issue bonds pursuant  
31 to subsection A, paragraph 6 of this section, the following requirements  
32 apply:

33 1. The election may be held only on the first Tuesday after the first  
34 Monday in November.

35 2. No later than thirty-five days before the election, the school  
36 district shall mail a publicity pamphlet to each household in the school  
37 district that contains a qualified elector. The publicity pamphlet shall  
38 contain, at a minimum, the following information:

39 (a) The date of the election.

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

41 (c) A statement as to why the election was called.

42 (d) Arguments for and against the proposed change, if submitted, as  
43 provided in section 15-481, subsection B, paragraph 9.

1           3. The ballot shall contain the words "extend time to issue bonds,  
2 yes" and "extend time to issue bonds, no", and the voter shall signify the  
3 voter's desired choice.

4           Sec. 10. Section 15-503, Arizona Revised Statutes, is amended to read:

5           15-503. Superintendents, principals, head teachers and school  
6           psychologists; term of employment; evaluation;  
7           contract delivery; nonretention notice

8           A. The governing board may:

9           1. Employ a superintendent or principal, or both. If the governing  
10 board employs a superintendent, the governing board shall determine the  
11 qualifications for the superintendent by action taken at a public meeting.  
12 The governing board shall require a superintendent to have a valid  
13 fingerprint clearance card that is issued pursuant to title 41, chapter 12,  
14 article 3.1.

15           2. Appoint a head teacher.

16           3. Jointly with another governing board employ a superintendent or a  
17 principal, or both. If the governing board jointly employs a superintendent,  
18 the governing boards shall jointly determine the qualifications for the  
19 superintendent by action taken at a public meeting. The governing boards  
20 shall require a superintendent to have a valid fingerprint clearance card  
21 that is issued pursuant to title 41, chapter 12, article 3.1.

22           B. The term of employment of superintendents may be for any period not  
23 exceeding three years, except that if the superintendent's contract with the  
24 school district is for multiple years pursuant to this subsection the school  
25 district shall not offer to extend or renegotiate the contract until May of  
26 the year preceding the final year of the contract. The term of employment of  
27 principals may be for any period not exceeding three years pursuant to  
28 section 15-341, subsection A, paragraph 42, except that if the principal's  
29 contract with the school district is for multiple years the school district  
30 shall not offer to extend or negotiate the contract until May of the year  
31 preceding the final year of the contract. The school district governing  
32 board or the governing body of the charter school shall communicate the  
33 superintendent's or principal's duties with respect to the classroom site  
34 fund established by section 15-977.

35           C. The governing board shall establish systems for the evaluation of  
36 the performance of principals that meet the requirements prescribed in  
37 section 15-203, subsection A, paragraph 38 and other school administrators  
38 and certificated school psychologists in the school district. In the  
39 development and adoption of these performance evaluation systems, the  
40 governing board shall avail itself of the advice of its administrators and  
41 certificated school psychologists. Each evaluation shall include  
42 recommendations as to areas of improvement in the performance of the  
43 certificated school psychologist if the performance of the certificated  
44 school psychologist warrants improvement. After transmittal of an  
45 assessment, a board designee shall confer with the certificated school

1 psychologist to make specific recommendations as to areas of improvement in  
2 the certificated school psychologist's performance. The board designee shall  
3 provide assistance and opportunities for the certificated school psychologist  
4 to improve his performance and shall follow up with the certificated school  
5 psychologist after a reasonable period of time for the purpose of  
6 ascertaining that the certificated school psychologist is demonstrating  
7 adequate performance. The evaluation process for certificated school  
8 psychologists shall include appeal procedures for certificated school  
9 psychologists who disagree with the evaluation of their performance, if the  
10 evaluation is for use as criteria for establishing compensation or dismissal.

11 D. On or before May 15 each year, the governing board shall offer a  
12 contract for the next school year to each certified administrator and  
13 certificated school psychologist who is in the last year of his contract  
14 unless, on or before April 15, the governing board, a member of the board  
15 acting on behalf of the board or the superintendent of the school district  
16 gives notice to the administrator or certificated school psychologist of the  
17 board's intention not to offer a new contract. If the governing board has  
18 called for ~~an override~~ A BUDGET REQUEST election for the third Tuesday in May  
19 as provided in section 15-481, the governing board shall offer a contract for  
20 the next school year to each certified administrator or certificated school  
21 psychologist who is in the last year of his contract on or before June 15  
22 unless, no later than five days after the ~~override~~ BUDGET REQUEST election  
23 excluding Saturday, Sunday and legal holidays, the governing board, a member  
24 of the board acting on behalf of the board or the superintendent of the  
25 school district gives notice to the administrator or the certificated school  
26 psychologist of the board's intention not to offer a new contract. The  
27 administrator's or the certificated school psychologist's acceptance of the  
28 contract shall be indicated within thirty days from the date of the written  
29 contract or the offer is revoked. The administrator or certificated school  
30 psychologist accepts the contract by signing the contract and returning it to  
31 the governing board or by making a written instrument that accepts the terms  
32 of the contract and delivering the written instrument to the governing board.

33 E. Notice of the board's intention not to reemploy the administrator  
34 or certificated school psychologist shall be made by delivering the notice  
35 personally to the administrator or the certificated school psychologist or by  
36 sending the notice by certified mail, postmarked on or before the applicable  
37 deadline prescribed in subsection D of this section, and directed to the  
38 administrator or the certificated school psychologist at his place of  
39 residence as recorded in the school district records.

40 F. The school district governing board shall make available the  
41 evaluation and performance classification pursuant to section 15-203,  
42 subsection A, paragraph 38 of each principal in the school district to school  
43 districts and charter schools that are inquiring about the performance of the  
44 principal for hiring purposes.

1 Sec. 11. Section 15-511, Arizona Revised Statutes, is amended to read:

2 15-511. Use of school district or charter school resources or  
3 employees to influence elections; prohibition; civil  
4 penalty; definition

5 A. A person acting on behalf of a school district or a person who aids  
6 another person acting on behalf of a school district shall not use school  
7 district or charter school personnel, equipment, materials, buildings or  
8 other resources for the purpose of influencing the outcomes of elections.  
9 Notwithstanding this section, a school district may distribute informational  
10 reports on a proposed budget ~~override~~ BUDGET REQUEST election as provided in  
11 section 15-481, subsections B and C or informational reports on a proposed  
12 bond election as provided in section 15-491, subsection D. Nothing in this  
13 section precludes a school district from reporting on official actions of the  
14 governing board.

15 B. An employee of a school district or charter school who is acting as  
16 an agent of or working in an official capacity for the school district or  
17 charter school may not give pupils written materials to influence the outcome  
18 of an election or to advocate support for or opposition to pending or  
19 proposed legislation.

20 C. Employees of a school district or charter school may not use the  
21 authority of their positions to influence the vote or political activities of  
22 any subordinate employee.

23 D. Notwithstanding section 15-342, paragraph 8, a school district  
24 shall not spend monies for membership in an association that attempts to  
25 influence the outcome of an election.

26 E. Nothing contained in this section shall be construed as denying the  
27 civil and political liberties of any person as guaranteed by the United  
28 States and Arizona Constitutions.

29 F. The attorney general shall publish and distribute to school  
30 districts and charter schools a detailed guideline regarding activities  
31 prohibited under this section. The attorney general may distribute these  
32 guidelines through a website or electronically.

33 G. The attorney general or the county attorney for the county in which  
34 an alleged violation of this section occurred may initiate a suit in the  
35 superior court in the county in which the school district or charter school  
36 is located for the purpose of complying with this section.

37 H. For each violation of this section, the court may impose a civil  
38 penalty not to exceed five hundred dollars plus any amount of misused funds  
39 subtracted from the school district budget against a person who knowingly  
40 violates or a person who knowingly aids another person in violating this  
41 section. The person determined to be out of compliance with this section  
42 shall be responsible for the payment of all penalties and misused funds.  
43 School district funds or insurance payments shall not be used to pay these  
44 penalties or misused funds. All misused funds collected pursuant to this

1 section shall be returned to the school district or charter school whose  
2 funds were misused.

3 I. An attorney acting on behalf of a public school may request a legal  
4 opinion of the county attorney or attorney general as to whether a proposed  
5 use of school district resources would violate this section.

6 J. All penalties collected by the court for a suit initiated in  
7 superior court by the attorney general shall be paid to the office of the  
8 attorney general for the use and reimbursement of costs of prosecution  
9 pursuant to this section. All penalties collected by the court for a suit  
10 initiated in superior court by a county attorney shall be paid to the county  
11 treasurer of the county in which the court is held for the use and  
12 reimbursement of costs of prosecution pursuant to this section.

13 K. For the purposes of this section, "misused funds" means school  
14 district monies or resources used pursuant to subsection A of this section.

15 Sec. 12. Section 15-903, Arizona Revised Statutes, is amended to read:  
16 15-903. Budget format; prohibited expenditures

17 A. The superintendent of public instruction in conjunction with the  
18 auditor general shall prepare and prescribe a budget format to be utilized by  
19 all school districts.

20 B. The budget format shall be designed to allow all school districts  
21 to plan and provide in detail for the use of available funds. The budget  
22 format shall contain distinct sections for, but need not be limited to,  
23 maintenance and operation, debt service, special projects, capital outlay,  
24 adjacent ways and classroom site fund. The maintenance and operation section  
25 shall include, but need not be limited to, separate subsections for regular  
26 education programs, special education programs and operational expenditures  
27 for pupil transportation. Each subsection shall clearly distinguish  
28 classroom instruction expenditures. The special education program subsection  
29 shall include, but is not limited to, programs for each disability  
30 classification as defined in section 15-761 and programs for gifted,  
31 vocational and ~~technological~~ TECHNICAL education, remedial education and  
32 bilingual students. The total expenditures for each of these programs shall  
33 be included on the budget form. The pupil transportation subsection shall  
34 include all operational expenditures relating to the transportation of  
35 pupils, including all operational expenditures within a contract if the  
36 school district contracts for pupil transportation.

37 C. The capital outlay section of the budget shall include separate  
38 subsections for unrestricted capital outlay and soft capital allocation. The  
39 soft capital allocation subsection shall include budgeted expenditures as  
40 prescribed in section 15-962. The unrestricted capital outlay subsection  
41 shall include budgeted expenditures for acquisitions by purchase,  
42 lease-purchase or lease of capital items as defined in the uniform system of  
43 financial records. These sections and subsections shall include:

- 1           1. Land, buildings and improvements to land and buildings, including  
2 labor and related employee benefits costs and material costs if work is  
3 performed by school district employees.
- 4           2. Furniture, furnishings, athletic equipment and other equipment,  
5 including computer software.
- 6           3. Pupil and nonpupil transportation vehicles and equipment, including  
7 all capital expenditures within a contract if the school district contracts  
8 for pupil transportation.
- 9           4. Textbooks and related printed subject matter materials adopted by  
10 the governing board.
- 11          5. Instructional aids.
- 12          6. Library books.
- 13          7. Payment of principal and interest on bonds.
- 14          8. School district administration emergency needs that are directly  
15 related to pupils.
- 16          D. The budget format shall contain distinct subsections for the  
17 following:
  - 18           1. Special programs to improve academic achievement of pupils in  
19 kindergarten programs and grades one through three as provided in section  
20 15-482.
  - 21           2. School plant funds.
  - 22           3. Capital outlay budget increases as provided in section 15-481.
  - 23           4. Property taxation, including the following:
    - 24           (a) The primary tax rates for the school district for the current year  
25 and the budget year.
    - 26           (b) The secondary tax rates for maintenance and operation, K-3 and  
27 capital ~~overrides~~ BUDGET REQUESTS for the school district for the current  
28 year and the budget year.
    - 29           (c) The secondary tax rates for class A bonds for the school district  
30 for the current year and the budget year.
    - 31           (d) The secondary tax rates for class B bonds for the school district  
32 for the current year and the budget year.
  - 33           5. A description of any corrections or adjustments made to the budget  
34 pursuant to section 15-915.
- 35          E. The budget format shall also contain:
  - 36           1. A statement identifying proposed pupil-teacher ratios and  
37 pupil-staff ratios relating to the provision of special education services  
38 for the budget year.
  - 39           2. A statement identifying the number of full-time equivalent  
40 certified employees.
- 41          F. The special projects section shall include budgeted expenditures  
42 for state special projects, including special adult projects, career  
43 education, deficiencies correction fund projects, building renewal fund  
44 projects and new school facilities fund projects, such federal special

1 projects as ESEA title programs, vocational education and title IV Indian  
2 education, and other special projects.

3 G. A school district shall not make expenditures for campaign  
4 literature associated with school district or charter school officials. If  
5 the superintendent of public instruction determines that a school district  
6 has violated this subsection, the superintendent of public instruction may  
7 withhold any portion of the school district's apportionment of state aid.

8 H. The budget format shall include an electronic format that shall be  
9 submitted for each proposed, adopted and revised budget.

10 Sec. 13. Section 15-905.01, Arizona Revised Statutes, is amended to  
11 read:

12 15-905.01. Truth in taxation; calculation; notice and hearing;  
13 vote on tax increase

14 A. Each school district shall determine its truth in taxation base  
15 limit for expenditures as follows:

16 1. Determine the amounts budgeted in fiscal year 1999-2000 for  
17 expenditures in the following categories:

18 (a) Desegregation pursuant to section 15-910.

19 (b) Dropout prevention programs.

20 (c) Excess utilities pursuant to section 15-910.

21 (d) Career and technical education and vocational education center  
22 operations pursuant to section 15-910.01.

23 (e) Small school adjustments pursuant to section 15-949.

24 2. The sum of the expenditures in paragraph 1 of this subsection for  
25 fiscal year 1999-2000 shall become the truth in taxation base limit.

26 3. For any year after fiscal year 1999-2000, a school district whose  
27 aggregate budgeted expenditures for the expenditures prescribed in paragraph  
28 1 of this subsection exceed the truth in taxation base limit shall publish a  
29 truth in taxation hearing notice that meets the requirements of subsection B  
30 of this section. If the amount exceeding the previous truth in taxation base  
31 limit is approved by the school district governing board following the  
32 hearing prescribed in subsection B of this section, the excess amount plus  
33 the previous truth in taxation base limit becomes the school district's new  
34 truth in taxation base limit.

35 4. If a school district no longer qualifies for one or more of the  
36 expenditures prescribed in paragraph 1 of this subsection, the amount  
37 budgeted for the most recent fiscal year in which the school district was  
38 eligible for that expenditure shall be deducted from the school district's  
39 truth in taxation base limit.

40 B. For any fiscal year in which a school district governing board  
41 budgets an amount that is higher than the truth in taxation base limit  
42 calculated pursuant to subsection A of this section, any fiscal year in which  
43 a school district levies any amount for adjacent ways pursuant to section  
44 15-995 or any fiscal year in which the school district levies any amount for

1 liabilities in excess of the school district budget pursuant to section  
2 15-907:

3 1. The school district shall publish a notice that meets the following  
4 requirements:

5 (a) The notice shall be published once in a newspaper of general  
6 circulation in the school district. The publication shall be at least ten  
7 but not more than twenty days before the date of the hearing.

8 (b) The notice shall be published in a location other than the  
9 classified or legal advertising section of the newspaper in which it is  
10 published.

11 (c) The notice shall be at least one-fourth page in size and shall be  
12 surrounded by a solid black border at least one-eighth inch in width.

13 (d) The notice shall be in the following form, excluding the  
14 parenthetical explanations, and with the "truth in taxation hearing - notice  
15 of tax increase" headline in at least eighteen-point type:

16 Truth in Taxation Hearing  
17 Notice of Tax Increase

18 In compliance with section 15-905.01, Arizona Revised  
19 Statutes, \_\_\_\_\_ school district is notifying its property  
20 taxpayers of \_\_\_\_\_ school district's intention to raise its  
21 primary property taxes over the current level to pay for  
22 increased expenditures in those areas where the governing board  
23 has the authority to increase property taxes for the fiscal year  
24 beginning July 1, \_\_\_\_\_. The \_\_\_\_\_ school district is  
25 proposing an increase in its primary property tax levy of  
26 \$\_\_\_\_\_ (amount of levy increase to pay for truth in taxation  
27 base increase, the amount of the total levy for the adjacent  
28 ways fund and amounts for liabilities in excess of the school  
29 district budget pursuant to section 15-907).

30 The amount proposed above will cause \_\_\_\_\_ school  
31 district's primary property taxes on a \$100,000 home to increase  
32 from \$\_\_\_\_\_ (the amount used to pay for the current year's  
33 truth in taxation base limit [the amount divided by the current  
34 net assessed value available February 10 pursuant to section  
35 42-17052] applied to \$100,000) to \$\_\_\_\_\_ (the amount used  
36 to pay for the budget year's proposed truth in taxation base  
37 limit and adjacent ways levy, including adjacent ways and  
38 liabilities in excess of the school district budget [the amount  
39 divided by the current net assessed value available February 10  
40 pursuant to section 42-17052] applied to \$100,000).

41 These amounts proposed are above the qualifying tax levies  
42 as prescribed by state law, if applicable. The increase is also  
43 exclusive of any changes that may occur from property tax levies  
44 for voter approved bonded indebtedness or budget ~~and tax~~  
45 ~~overrides~~ REQUESTS.

1 All interested citizens are invited to attend the public  
2 hearing on the proposed tax increase scheduled to be held  
3 \_\_\_\_\_ (date and time) at \_\_\_\_\_ (location).

4 2. In lieu of publishing the truth in taxation notice, the governing  
5 board may mail the truth in taxation notice prescribed by paragraph 1,  
6 subdivision (d) of this subsection to all registered voters in the district  
7 at least ten but not more than twenty days before the date of the hearing.

8 3. In addition to publishing the truth in taxation notice under  
9 paragraph 1 of this subsection or mailing the notice under paragraph 2 of  
10 this subsection, the governing board shall issue a press release containing  
11 the truth in taxation notice to all newspapers of general circulation in the  
12 school district.

13 4. The governing board shall consider a motion to levy the increased  
14 property taxes by roll call vote.

15 5. Within three days after the hearing, the governing board shall mail  
16 a copy of the truth in taxation notice, a statement of its publication or  
17 mailing and the result of the governing board's vote under paragraph 4 of  
18 this subsection to the property tax oversight commission established by  
19 section 42-17002.

20 6. The governing board shall hold the truth in taxation hearing on or  
21 before the adoption of the school district budget under section 15-905.

22 7. Expenditures for adjacent ways and liabilities in excess of the  
23 school district budget do not become part of the school district's truth in  
24 taxation base limit.

25 C. The department of education shall maintain a listing of each school  
26 district's truth in taxation base limit and shall verify the accuracy of the  
27 school district's computations. A school district governing board shall  
28 notify the department of education of any change in the district's truth in  
29 taxation base limit.

30 D. The department of education shall develop a budget form for school  
31 districts to show the primary tax rate associated for each of the expenditure  
32 categories mentioned in subsection A, paragraph 1 of this section and for  
33 expenditures for adjacent ways pursuant to section 15-995 or any other  
34 expenditure in excess of the school district budget pursuant to section  
35 15-907. A school district shall make this information available to the  
36 general public at truth in taxation hearings and shall submit the information  
37 to the department of education.

38 Sec. 14. Section 15-947, Arizona Revised Statutes, is amended to read:  
39 15-947. Revenue control limit; district support level; general  
40 budget limit; unrestricted total capital budget  
41 limit; soft capital allocation limit

42 A. The revenue control limit for a school district is equal to the sum  
43 of the base revenue control limit determined in section 15-944 and the  
44 transportation revenue control limit determined in section 15-946.

1           B. The district support level for a school district is equal to the  
2 sum of the base support level determined in section 15-943 and the  
3 transportation support level determined in section 15-945.

4           C. The general budget limit for each school district, for each fiscal  
5 year, is the sum of the following:

6           1. The maintenance and operations portion of the revenue control limit  
7 for the budget year.

8           2. The maintenance and operation portion of the following amounts:

9           (a) Amounts that are fully funded by revenues other than a levy of  
10 taxes upon the taxable property within the school district, as listed below:

11           (i) Amounts budgeted as the budget balance carryforward as provided in  
12 section 15-943.01.

13           (ii) Tuition revenues for attendance of nonresident pupils.

14           (iii) State assistance as provided in section 15-976.

15           (iv) Special education revenues as provided in section 15-825,  
16 subsection D and section 15-1204.

17           (v) Title VIII of the elementary and secondary education act of 1965  
18 assistance determined for children with disabilities, children with specific  
19 learning disabilities, children residing on Indian lands and children  
20 residing within the boundaries of an accommodation school that is located on  
21 a military reservation and that is classified as a heavily impacted local  
22 educational agency pursuant to 20 United States Code section 7703 as provided  
23 in section 15-905, subsections K and O.

24           (vi) Title VIII of the elementary and secondary education act of 1965  
25 administrative costs as provided in section 15-905, subsection P.

26           (vii) State assistance for excess tuition as provided in section  
27 15-825.01.

28           (viii) Amounts received from the state board of education pursuant to  
29 section 15-973.01.

30           (ix) Transportation revenues for attendance of nonresident pupils.

31           (b) Amounts approved pursuant to ~~an override~~ A BUDGET REQUEST election  
32 as provided in section 15-481 for the applicable fiscal year.

33           (c) Expenditures for excess utility costs as provided in section  
34 15-910.

35           (d) Amounts authorized by the county school superintendent pursuant to  
36 section 15-974, subsection B.

37           (e) Expenditures for complying with a court order of desegregation as  
38 provided in section 15-910.

39           (f) Expenditures for the bond issues portion of the cost of tuition as  
40 provided in section 15-910.

41           (g) Interest on registered warrants or tax anticipation notes as  
42 provided in section 15-910.

43           (h) Amounts budgeted for a jointly owned and operated career and  
44 technical education and vocational education center as provided in section  
45 15-910.01.

1           3. The maintenance and operations portion of the capital outlay  
2 revenue limit for the budget year.

3           4. Any other budget item that is budgeted in the maintenance and  
4 operation section of the budget and that is specifically exempt from the  
5 revenue control limit or the capital outlay revenue limit.

6           D. The unrestricted capital budget limit, for each school district for  
7 each fiscal year, is the sum of the following:

8           1. The federal impact adjustment as determined in section 15-964 for  
9 the budget year.

10           2. Any other budget item that is budgeted in the capital outlay  
11 section of the budget and that is specifically exempt from the capital outlay  
12 revenue limit.

13           3. The unrestricted capital portion of the amounts contained in  
14 subsection C of this section.

15           4. The unexpended budget balance in the unrestricted capital outlay  
16 fund from the previous fiscal year.

17           5. The net interest earned in the unrestricted capital outlay fund the  
18 previous fiscal year.

19           6. The budgeted amount as approved and determined pursuant to section  
20 15-962, subsection F.

21           E. The soft capital allocation limit for each school district for each  
22 fiscal year is the sum of the following:

23           1. The soft capital allocation for the budget year.

24           2. The unexpended budget balance in the soft capital allocation fund  
25 from the previous fiscal year.

26           3. The net interest earned in the soft capital allocation fund the  
27 previous fiscal year.

28           Sec. 15. Section 15-949, Arizona Revised Statutes, is amended to read:

29           15-949. Small school districts; exemption from general budget  
30                                   limit; budget revision

31           A. The governing board of a common school district with a student  
32 count in kindergarten programs and grades one through eight of one hundred  
33 twenty-five or less, the governing board of a high school district with a  
34 student count of one hundred or less or the governing board of a unified  
35 school district or the county school superintendent for an accommodation  
36 school with a student count of one hundred twenty-five or less in  
37 kindergarten programs and grades one through eight or with a student count of  
38 one hundred or less in grades nine through twelve shall compute a revenue  
39 control limit and a general budget limit, but the governing board or the  
40 county school superintendent may:

41           1. Adopt a budget in excess of the general budget limit without the  
42 necessity of an election under section 15-481, provided that for a unified  
43 school district or for an accommodation school the excess amount of  
44 expenditures shall be attributable to the student count in kindergarten

1 programs and grades one through eight or to the student count in grades nine  
2 through twelve as provided in this subsection.

3 2. Revise its budget to include the costs for additional pupils who  
4 were not anticipated when the budget was adopted, if it receives permission  
5 as follows:

6 (a) If a governing board:

7 (i) The governing board shall send a petition to the county school  
8 superintendent requesting authority to revise its budget. The petition shall  
9 include a copy of the proposed budget.

10 (ii) The county school superintendent shall recommend the action to be  
11 taken on the petition and forward the recommendation and the petition to the  
12 board of supervisors.

13 (iii) The board of supervisors shall hold a hearing on the petition  
14 within twenty days after receipt of the petition and shall determine whether  
15 to allow the petition, allow the petition after revision or deny the  
16 petition.

17 (b) If a county school superintendent, the county school  
18 superintendent shall send the revised budget to the board of supervisors, and  
19 the board of supervisors shall hold a hearing on the recommendation within  
20 twenty days after receipt of the recommendation and shall determine whether  
21 to allow the revised budget, allow the revised budget after further revision  
22 or deny the revision.

23 B. If the board of supervisors revises or denies the petition or  
24 recommendation presented pursuant to subsection A, paragraph 2, subdivision  
25 (a), item (iii) or subdivision (b) of this section the reasons for revision  
26 or denial shall be stated in writing.

27 C. School districts that in any year after fiscal year 1984-1985 but  
28 before fiscal year 1999-2000 have operated under the provisions of the small  
29 school adjustment as provided for in subsection A of this section and that  
30 have subsequently exceeded the student count limits expressed in subsection A  
31 of this section may continue in successive years to adopt a budget greater  
32 than the general budget limit without the necessity of an election under  
33 section 15-481, except that the amount greater than the general budget limit  
34 shall not exceed fifty thousand dollars. The amount that is adopted without  
35 the use of an election under section 15-481 and that is greater than the  
36 general budget limit is specifically exempt from the revenue control limit.

37 D. Notwithstanding subsection C of this section, school districts that  
38 exceeded the student count limits prescribed in subsection A of this section  
39 may adopt, in the first year that these limits are exceeded, a budget that  
40 exceeds the general budget limit without an election conducted pursuant to  
41 section 15-481 or pursuant to subsection E of this section, except that the  
42 amount that exceeds the general budget limit shall not exceed the amount  
43 authorized pursuant to subsection C of this section plus the limit prescribed  
44 in subsection E of this section. The amount that is adopted without an

1 election and that exceeds the general budget limit is exempt from the revenue  
2 control limit.

3 E. School districts that in any year after fiscal year 1998-1999 have  
4 operated under the provisions of the small school adjustment as provided in  
5 subsection A of this section and that have subsequently exceeded the student  
6 count limits prescribed in subsection A of this section may continue in  
7 successive years to adopt a budget greater than the general budget limit  
8 subject to an election, except that the amount that is greater than the  
9 general budget limit shall not exceed the amount that is prescribed in this  
10 subsection. The amount that is adopted pursuant to this subsection is  
11 specifically exempt from the revenue control limit and shall be funded by a  
12 levy on secondary property taxes in the school district. The maximum amount  
13 that may be adopted pursuant to this subsection is computed as follows:

14 1. For a unified school district, separate the revenue control limit  
15 into elementary and secondary components based on the weighted student count  
16 as provided in section 15-971, subsection B, paragraph 2, subdivision  
17 (a). Use the elementary component of the revenue control limit for the  
18 purposes of paragraph 2 of this subsection and the secondary component of the  
19 revenue control limit for the purposes of paragraph 3 of this subsection.

20 2. For a common or unified district that used the provisions of  
21 subsection A of this section based on its elementary student count, the  
22 amount is determined as follows:

23 (a) Subtract one hundred twenty-five from the elementary student  
24 count.

25 (b) Multiply the difference in subdivision (a) of this paragraph by  
26 0.45 per cent.

27 (c) Subtract the product determined in subdivision (b) of this  
28 paragraph from thirty-five per cent. If the result is zero or less than  
29 zero, the district is not eligible to use the provisions of this paragraph.

30 (d) Multiply the difference determined in subdivision (c) of this  
31 paragraph by the elementary revenue control limit.

32 3. For a high school or unified district that used the provisions of  
33 subsection A of this section based on its secondary student count, the amount  
34 is determined as follows:

35 (a) Subtract one hundred from the secondary student count.

36 (b) Multiply the difference in subdivision (a) of this paragraph by  
37 0.65 per cent.

38 (c) Subtract the product determined in subdivision (b) of this  
39 paragraph from sixty-five per cent. If the result is zero or less than zero,  
40 the district is not eligible to use the provisions of this paragraph.

41 (d) Multiply the difference determined in subdivision (c) of this  
42 paragraph by the secondary revenue control limit.

43 4. For a unified school district that used the provisions of  
44 subsection A of this section for both its elementary and secondary pupils,  
45 combine the amounts determined in paragraphs 2 and 3 of this subsection.

1 F. For the purposes of subsection E of this section:

2 1. "Elementary" means kindergarten programs and grades one through  
3 eight.

4 2. "Secondary" means grades nine through twelve.

5 G. The part of the primary tax rate set to fund the small school  
6 district adjustment as provided in subsections D and E of this section shall  
7 not be included in the computation of additional state aid for education as  
8 prescribed in section 15-972.

9 H. The election required pursuant to subsection E of this section  
10 shall conform to the procedural requirements for calling the election,  
11 preparing the informational report and preparing the ballot as prescribed in  
12 section 15-481, subsections A, B, C and D. The maximum number of years that  
13 a budget ~~override~~ REQUEST approved pursuant to subsection E of this section  
14 may be in effect is five years.

15 I. If the proposed budget ~~override~~ REQUEST will be fully funded by a  
16 levy of taxes on the taxable property within the school district, the ballot  
17 shall contain the words "budget ~~override~~ REQUEST, yes" and "budget ~~override~~  
18 REQUEST, no", and the voter shall signify the voter's desired choice. The  
19 ballot shall also contain the amount of the proposed budget ~~override~~ REQUEST  
20 compared to the amount the school district budgeted in the preceding year and  
21 the amount the school district would be allowed to budget for if the measure  
22 is not approved by the voters. The statement shall also include the  
23 estimated amount of the ~~override~~ BUDGET REQUEST for each year the ~~override~~  
24 BUDGET REQUEST is sought. The ballot shall also include the following  
25 statement:

26 The budget ~~override~~ REQUEST authorized by this election  
27 allows the \_\_\_\_\_ school district to levy property  
28 taxes in excess of the property tax levy allowed by law to fund  
29 the school district's revenue control limit. The property tax  
30 levy for the year for which adopted and for \_\_\_\_ subsequent  
31 years will be annually adjusted based on a formula that  
32 authorizes the \_\_\_\_\_ school district to exceed the  
33 revenue control limit by up to thirty-five per cent for  
34 kindergarten programs and grades one through eight or up to  
35 sixty-five per cent for grades nine through twelve. The levy  
36 shall not be realized from monies furnished by the state and  
37 shall not be subject to the limitation on taxes specified in  
38 article IX, section 18, Constitution of Arizona. Based on an  
39 estimate of assessed valuation used for secondary property tax  
40 purposes, the proposed ~~override~~ BUDGET REQUEST in the  
41 \_\_\_\_\_ school district's budget over that allowed by  
42 the revenue control limit would result in an estimated increase  
43 in the school district's tax rate of \_\_\_\_\_ dollars  
44 per one hundred dollars of assessed valuation for the secondary  
45 property tax purposes.

1 J. If the proposed budget ~~override~~ REQUEST will be fully funded by  
 2 revenues from other than a levy of taxes on the taxable property within the  
 3 school district, the ballot shall contain the words "budget ~~override~~ REQUEST,  
 4 yes" and "budget ~~override~~ REQUEST, no", and the voter shall signify the  
 5 voter's desired choice. The ballot shall also contain the amount of the  
 6 proposed budget ~~override~~ REQUEST compared to the amount the school district  
 7 budgeted in the preceding year and the amount the school district would be  
 8 allowed to budget for if the measure is not approved by the voters. The  
 9 statement shall also include the estimated amount of the ~~override~~ BUDGET  
 10 REQUEST for each year the ~~override~~ BUDGET REQUEST is sought. The ballot  
 11 shall also include the following statement:

12 Any budget ~~override~~ REQUEST authorized by this election  
 13 shall be entirely funded by this school district with revenues  
 14 from other than a levy of taxes on the taxable property within  
 15 the school district for the year for which adopted and for  
 16 \_\_\_\_\_ subsequent years and shall not be realized from monies  
 17 furnished by the state.

18 K. For the purposes of subsections H and I of this section, levy of  
 19 taxes on the taxable property does not include a levy of the government  
 20 property lease or park property lease excise taxes assessed pursuant to title  
 21 42, chapter 6, article 5.

22 Sec. 16. Section 15-996, Arizona Revised Statutes, is amended to read:  
 23 15-996. Duties of county treasurer relating to school  
 24 district's monies

25 The county treasurer shall:

26 1. Receive and hold all school district monies and keep a separate  
 27 account for each school district and for the special county school reserve  
 28 fund. The county treasurer may maintain separate accounts for each fund of a  
 29 school district or the county treasurer may maintain only two accounts for  
 30 each school district's monies in addition to the funds provided for in  
 31 sections 15-1024, 15-1025, 15-2021, 15-2031 and 15-2041. If only two  
 32 accounts are maintained, the first account shall consist of maintenance and  
 33 operation, unrestricted capital outlay, soft capital allocation and adjacent  
 34 ways monies and the classroom site fund prescribed in section 15-977 and the  
 35 second account shall consist of federal and state grant monies and all other  
 36 monies.

37 2. Pool school district monies for investment except as provided in  
 38 sections 15-1024 and 15-1025. Interest earned on the monies pooled for  
 39 investment shall be apportioned at least quarterly to the appropriate school  
 40 district based on an average monthly balance as prescribed in the uniform  
 41 system of accounting for county treasurers as provided in section 41-1279.21.

42 3. Notwithstanding section 11-605, register warrants only as follows:

43 (a) If separate accounts are maintained for each fund, warrants may  
 44 only be registered on the maintenance and operation, unrestricted capital  
 45 outlay, soft capital allocation and adjacent ways accounts and the classroom

1 site fund prescribed in section 15-977 and only if the total cash balance of  
2 all three accounts is insufficient to pay the warrants, except that, during  
3 the period of time when a school district is under receivership pursuant to  
4 section 15-103, a warrant may be registered on the debt service account for  
5 which the cash balance in the debt service account is insufficient to cover  
6 the debt service payment if there are not sufficient monies in the debt  
7 service account to cover the debt.

8 (b) If the county treasurer maintains only two accounts as provided in  
9 paragraph 1 of this section:

10 (i) The county treasurer may register warrants only on the first  
11 account and only if the balance of that account is insufficient to pay the  
12 warrants.

13 (ii) The county treasurer may honor warrants for any federal or state  
14 grant fund with a negative balance as long as the total balance in the second  
15 account is positive. If the second account total balance is negative, the  
16 warrant for a federal or state grant fund shall be charged to the maintenance  
17 and operation fund. Any interest charged to the federal or state grant fund  
18 as a result of a negative balance that is in excess of interest earned on the  
19 fund shall be transferred to the maintenance and operation fund at the end of  
20 the fiscal year or the end of the grant year. If a federal or state grant  
21 fund has a negative balance at the end of the fiscal year or grant year,  
22 sufficient expenditures shall be transferred to the maintenance and operation  
23 fund to eliminate the negative balance.

24 4. Notify the county school superintendent by the fifteenth day of  
25 each calendar month of the month end balances of each school district  
26 account.

27 5. Pay warrants issued by the county school superintendent and duly  
28 endorsed by the person entitled to receive the monies.

29 6. On each property tax bill and each property tax statement prepared,  
30 separately state and identify by name each school district's primary property  
31 tax rate, the secondary property tax rate that is associated with ~~overrides~~  
32 ~~BUDGET REQUESTS~~, the secondary property tax rate that is associated with  
33 class A bonds and the secondary property tax rate that is associated with  
34 class B bonds. For the purposes of this paragraph, "class A bonds" and  
35 "class B bonds" have the same meanings prescribed in section 15-101.

36 Sec. 17. Section 15-1102, Arizona Revised Statutes, is amended to  
37 read:

38 15-1102. Disposition of proceeds from sale or lease of school  
39 property; school plant monies; payment of bonded  
40 indebtedness; definition

41 A. The governing board, or the superintendent or chief administrative  
42 officer with the approval of the governing board, may expend the proceeds  
43 from the sale or lease of school property for the payment of any outstanding  
44 bonded indebtedness of the school district or for the reduction of school  
45 district taxes.

1 B. A common school district or high school district which has an  
 2 outstanding bonded indebtedness of seven per cent of the current year's  
 3 assessed valuation or less or a unified school district which has an  
 4 outstanding bonded indebtedness of fourteen per cent of the current year's  
 5 assessed valuation or less may expend the proceeds from the sale or lease of  
 6 school property for maintenance and operation or capital outlay, subject to  
 7 the following limitations:

8 1. During the period that proceeds from the sale or lease of school  
 9 property are used for capital outlay, the school district shall not call ~~an~~  
 10 ~~override~~ A BUDGET REQUEST election to exceed the capital outlay revenue  
 11 limit, except that during the last year of that period the school district  
 12 may authorize ~~an override~~ A BUDGET REQUEST election to exceed the capital  
 13 outlay revenue limit beginning with the following year.

14 2. The total sum of the proceeds from the sale of school property  
 15 before July 1, 1998 or the lease of school property for more than one year  
 16 expended for maintenance and operation shall not exceed fifteen per cent of  
 17 the revenue control limit as provided in section 15-947, subsection A in any  
 18 year of which ten per cent may be used without voter approval and an  
 19 additional five per cent may be used if the additional amount is approved by  
 20 a majority of the qualified electors voting in an election called for such  
 21 purposes. The election shall be conducted and notice and ballots shall be  
 22 prepared as provided in section 15-481. Proceeds from the sale of school  
 23 property from and after June 30, 1998 shall not be expended for maintenance  
 24 and operation.

25 3. In any fiscal year in which a district utilizes budget increases as  
 26 authorized in section 15-481, subsection E or F or section 15-482 or utilizes  
 27 the proceeds from the sale of school property before July 1, 1998 or the  
 28 lease of school property for more than one year for maintenance and operation  
 29 or any combination of these provisions, the total amount of these increases  
 30 which may be expended is equal to fifteen per cent of the revenue control  
 31 limit for that year as provided in section 15-947, subsection A, provided  
 32 that the following maximum amount is attributable to the use of any one  
 33 provision:

34 (a) Fifteen per cent of the revenue control limit when using the  
 35 proceeds from the sale before July 1, 1998 or lease of school property for  
 36 maintenance and operation as provided in this section.

37 (b) Fifteen per cent of the revenue control limit when using a budget  
 38 increase as provided in section 15-481, subsection E or F, or both.

39 (c) Five per cent of the revenue control limit when using a budget  
 40 increase as provided in section 15-482.

41 C. A common school district or high school district which has an  
 42 outstanding bonded indebtedness of greater than seven per cent of the current  
 43 year's assessed valuation or a unified school district which has an  
 44 outstanding bonded indebtedness of greater than fourteen per cent of the

1 current year's assessed valuation may expend the proceeds from the lease or  
2 sale of school property as follows:

3 1. For maintenance and operation, the expenditure may not exceed the  
4 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the  
5 amount of the proceeds from the lease of school property multiplied by .25.

6 2. For capital outlay, the expenditure of the proceeds:

7 (a) From the sale of school property may not exceed the amount of the  
8 proceeds multiplied by .62.

9 (b) From the lease of school property is not limited.

10 D. The governing board, or the superintendent or chief administrative  
11 officer with the approval of the governing board, shall promptly deposit  
12 monies received for and derived from the sale or lease of school property  
13 with the county treasurer who shall establish three school plant funds, one  
14 fund for monies received from the sale before July 1, 1998 or lease of school  
15 property for more than one year, one fund for monies received from the sale  
16 of school property from and after June 30, 1998 and one fund for monies  
17 received from the lease of school property for one year or less. The county  
18 treasurer shall credit the deposits to the respective school plant fund of  
19 the respective school district. Monies placed to the credit of the school  
20 plant funds may be expended as provided in this section. The school plant  
21 funds are continuing funds not subject to reversion.

22 E. Notwithstanding subsection C of this section, the governing board,  
23 or the superintendent or chief administrative officer with the approval of  
24 the governing board, may expend the proceeds from the sale before July 1,  
25 1998 or lease of school property for the additional maintenance and  
26 operations expenses incurred as the result of operating on a year-round  
27 school year operation basis pursuant to section 15-855. The amount that the  
28 governing board, superintendent or chief administrative officer may expend  
29 for a year-round school year operation, as provided in this subsection, is  
30 limited to the actual maintenance and operations costs incurred as the result  
31 of the year-round school year operation as documented in the school  
32 district's budget as provided in section 15-855. A governing board,  
33 superintendent or chief administrative officer that utilizes this subsection  
34 is subject to all other limitations prescribed in this section regarding the  
35 expenditure of proceeds from the sale before July 1, 1998 or lease of school  
36 property.

37 F. Notwithstanding subsections B and D of this section, if the school  
38 district electors approve the sale of school property and the use of the  
39 proceeds for the purchase of school sites or the construction, improvement or  
40 furnishing of school facilities, the proceeds from the sale shall be put in a  
41 separate fund for use for the approved purpose as prescribed by the uniform  
42 system of financial records. This fund is a continuing fund not subject to  
43 reversion, except that after ten years any unexpended monies shall be put in  
44 the school plant fund for use as prescribed in this section.

1 G. Proceeds from sales by condemnation or sales under threat of  
2 condemnation may be deposited with the county treasurer for deposit in the  
3 condemnation fund or the school plant fund of the school district. The  
4 condemnation fund is a continuing fund not subject to reversion, except that  
5 after ten years any unspent monies shall be placed in the school plant fund  
6 to be used as prescribed in this section. The governing board, or the  
7 superintendent or chief administrative officer with the approval of the  
8 governing board, may apply the proceeds in the condemnation fund to:

9 1. The payment of any outstanding bonded indebtedness of the school  
10 district which is payable from the levy of taxes upon property within the  
11 school district.

12 2. Construct, acquire, improve, repair or furnish school facilities or  
13 sites after notice and a hearing.

14 H. Proceeds from a right-of-way settlement shall be deposited with the  
15 county treasurer for deposit in the condemnation fund of the school district.  
16 The governing board, or the superintendent or chief administrative officer  
17 with the approval of the governing board, shall apply such proceeds in the  
18 condemnation fund to construct, acquire, improve, repair or furnish school  
19 facilities or sites after notice and a hearing.

20 I. For the purposes of this section, "capital outlay" means  
21 unrestricted capital outlay as prescribed in section 15-903, subsection C.

22 Sec. 18. Section 15-1461.01, Arizona Revised Statutes, is amended to  
23 read:

24 15-1461.01. Truth in taxation notice and hearing; roll call  
25 vote on tax increase; definition

26 A. On or before February 10 of the tax year, the county assessor shall  
27 transmit and certify to the property tax oversight commission and to the  
28 district governing board the total net primary assessed values that are  
29 required to compute the levy limit prescribed by section 42-17051. If the  
30 proposed primary property tax levy, excluding amounts that are attributable  
31 to new construction, is greater than the amount levied in the preceding tax  
32 year by the district:

33 1. The district governing board shall publish a notice that meets the  
34 following requirements:

35 (a) The notice shall be published twice in a newspaper of general  
36 circulation in the district. The first publication shall be at least  
37 fourteen but not more than twenty days before the date of the hearing. The  
38 second publication shall be at least seven but not more than ten days before  
39 the date of the hearing.

40 (b) The notice shall be published in a location other than the  
41 classified or legal advertising section of the newspaper in which it is  
42 published.

43 (c) The notice shall be at least one-fourth page in size and shall be  
44 surrounded by a solid black border at least one-eighth inch in width.

1 (d) The notice shall be in the following form, with the "truth in  
2 taxation hearing - notice of tax increase" headline in at least eighteen  
3 point type:

4 Truth in Taxation Hearing  
5 Notice of Tax Increase

6 In compliance with section 15-1461.01, Arizona Revised  
7 Statutes, \_\_\_\_\_ community college district is notifying its  
8 property taxpayers of \_\_\_\_\_ community college district's  
9 intention to raise its primary property taxes over last year's  
10 level. The \_\_\_\_\_ community college district is proposing  
11 an increase in primary property taxes of \$\_\_\_\_\_ or \_\_\_\_%.

12 For example, the proposed tax increase will cause  
13 \_\_\_\_\_ community college district's primary property taxes  
14 on a \$100,000 home to increase from \$\_\_\_\_\_ (total taxes  
15 that would be owed without the proposed tax increase) to  
16 \$\_\_\_\_\_ (total proposed taxes including the tax increase).

17 This proposed increase is exclusive of increased primary  
18 property taxes received from new construction. The increase is  
19 also exclusive of any changes that may occur from property tax  
20 levies for voter approved bonded indebtedness or budget ~~and tax~~  
21 ~~overrides~~ REQUESTS.

22 All interested citizens are invited to attend the public  
23 hearing on the tax increase that is scheduled to be held  
24 \_\_\_\_\_ (date and time) at \_\_\_\_\_ (location).

25 2. In lieu of publishing the truth in taxation notice, the district  
26 board may mail the truth in taxation notice prescribed by paragraph 1,  
27 subdivision (d) to all registered voters in the district at least ten but not  
28 more than twenty days before the date of the hearing.

29 3. In addition to publishing the truth in taxation notice under  
30 paragraph 1 or mailing the notice under paragraph 2, the district governing  
31 board shall issue a press release containing the truth in taxation notice to  
32 all newspapers of general circulation in the district.

33 4. The district board shall consider a motion to levy the increased  
34 property taxes by roll call vote.

35 5. Within three days after the hearing, the district board shall mail  
36 a copy of the truth in taxation notice, a statement of its publication or  
37 mailing and the result of the district board's vote under paragraph 4 to the  
38 property tax oversight commission established by section 42-17002.

39 6. The district board shall hold the truth in taxation hearing on or  
40 before the adoption of the county, city or town budget under section  
41 42-17105.

42 B. If the governing board fails to comply with the requirements of  
43 this section, the governing board shall not fix, levy or assess an amount of  
44 primary property taxes that exceeds the preceding year's amount, except for  
45 amounts attributable to new construction.

1 C. For purposes of this section, "amount attributable to new  
2 construction" means the net assessed valuation of property added to the tax  
3 roll since the previous year multiplied by a property tax rate computed by  
4 dividing the district's primary property tax levy in the preceding year by  
5 the estimate of the district's total net assessed valuation for the current  
6 year, excluding the net assessed valuation attributable to new construction.

7 Sec. 19. Section 15-2011, Arizona Revised Statutes, is amended to  
8 read:

9 15-2011. Minimum school facility adequacy requirements;  
10 definition

11 A. The school facilities board, as determined and prescribed in this  
12 chapter, shall provide funding to school districts for new construction as  
13 the projected number of pupils in the district will fill the existing school  
14 facilities and require more pupil space.

15 B. School buildings in a school district are adequate if all of the  
16 following requirements are met:

17 1. The buildings contain sufficient and appropriate space and  
18 equipment that comply with the minimum school facility adequacy guidelines  
19 established pursuant to subsection F of this section. The state shall not  
20 fund facilities for elective courses that require the school district  
21 facilities to exceed minimum school facility adequacy requirements. The  
22 school facilities board shall determine whether a school building meets the  
23 requirements of this paragraph by analyzing the total square footage that is  
24 available for each pupil in conjunction with the need for specialized spaces  
25 and equipment.

26 2. The buildings are in compliance with federal, state and local  
27 building and fire codes and laws that are applicable to the particular  
28 building. An existing school building is not required to comply with current  
29 requirements for new buildings unless this compliance is specifically  
30 mandated by law or by the building or fire code of the jurisdiction where the  
31 building is located.

32 3. The building systems, including roofs, plumbing, telephone systems,  
33 electrical systems, heating systems and cooling systems, are in working order  
34 and are capable of being properly maintained.

35 4. The buildings are structurally sound.

36 C. The standards that shall be used by the school facilities board to  
37 determine whether a school building meets the minimum adequate gross square  
38 footage requirements are as follows:

39 1. For a school district that provides instruction to pupils in  
40 programs for preschool children with disabilities, kindergarten programs and  
41 grades one through six, eighty square feet per pupil in programs for  
42 preschool children with disabilities, kindergarten programs and grades one  
43 through six.

1           2. For a school district that provides instruction to up to eight  
2 hundred pupils in grades seven and eight, eighty-four square feet per pupil  
3 in grades seven and eight.

4           3. For a school district that provides instruction to more than eight  
5 hundred pupils in grades seven and eight, eighty square feet per pupil in  
6 grades seven and eight or sixty-seven thousand two hundred square feet,  
7 whichever is more.

8           4. For a school district that provides instruction to up to four  
9 hundred pupils in grades nine through twelve, one hundred twenty-five square  
10 feet per pupil in grades nine through twelve.

11          5. For a school district that provides instruction to more than four  
12 hundred and up to one thousand pupils in grades nine through twelve, one  
13 hundred twenty square feet per pupil in grades nine through twelve or fifty  
14 thousand square feet, whichever is more.

15          6. For a school district that provides instruction to more than one  
16 thousand and up to one thousand eight hundred pupils in grades nine through  
17 twelve, one hundred twelve square feet per pupil in grades nine through  
18 twelve or one hundred twenty thousand square feet, whichever is more.

19          7. For a school district that provides instruction to more than one  
20 thousand eight hundred pupils in grades nine through twelve, ninety-four  
21 square feet per pupil in grades nine through twelve or two hundred one  
22 thousand six hundred square feet, whichever is more.

23          D. The school facilities board may modify the square footage  
24 requirements prescribed in subsection C of this section or modify the amount  
25 of monies awarded to cure the square footage deficiency pursuant to this  
26 section for particular school districts based on extraordinary circumstances  
27 for any of the following considerations:

28           1. The number of pupils served by the school district.

29           2. Geographic factors.

30           3. Grade configurations other than those prescribed in subsection C of  
31 this section.

32          E. In measuring the square footage per pupil requirements of  
33 subsection C of this section, the school facilities board shall:

34           1. Use the most recent one hundredth day average daily membership.

35           2. For each school, use the lesser of either:

36           (a) Total gross square footage.

37           (b) Student capacity multiplied by the appropriate square footage per  
38 pupil prescribed by subsection C of this section.

39           3. Consider the total space available in all schools in use in the  
40 school district, except that the school facilities board shall allow an  
41 exclusion of the square footage for certain schools and the pupils within the  
42 schools' boundaries if the school district demonstrates to the board's  
43 satisfaction unusual or excessive busing of pupils or unusual attendance  
44 boundary changes between schools.

1           4. Compute the gross square footage of all buildings by measuring from  
2 exterior wall to exterior wall. Square footage used solely for district  
3 administration, storage of vehicles and other nonacademic purposes shall be  
4 excluded from the gross square footage.

5           5. Include all portable and modular buildings.

6           6. Include in the net square footage new construction funded wholly or  
7 partially by the school facilities board based on the square footage funded  
8 by the school facilities board. If the new construction is to exceed the  
9 square footage funded by the school facilities board, the excess square  
10 footage shall not be included in the net square footage if any of the  
11 following applies:

12           (a) The excess square footage was constructed before July 1, 2002 or  
13 funded by a class B bond, impact aid revenue bond or capital ~~outlay override~~  
14 **BUDGET REQUEST** approved by the voters after August 1, 1998 and before June  
15 30, 2002 or funded from unrestricted capital outlay expended before June 30,  
16 2002.

17           (b) The excess square footage of new school facilities does not exceed  
18 twenty-five per cent of the minimum square footage requirements pursuant to  
19 subsection C of this section.

20           (c) The excess square footage of expansions to school facilities does  
21 not exceed twenty-five per cent of the minimum square footage requirements  
22 pursuant to subsection C of this section.

23           7. Require that excess square footage that is constructed after July  
24 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection  
25 meets the minimum school facility adequacy guidelines in order to be eligible  
26 for building renewal monies as computed in section 15-2031.

27           8. Exclude square footage built under a developer agreement according  
28 to section 15-342, paragraph 33 until the school facilities board provides  
29 funding for the square footage under section 15-2041, subsection 0.

30           9. Include square footage that a school district has leased to another  
31 entity, including square footage leased to a charter school that is sponsored  
32 by a school district pursuant to section 15-183.

33           F. The school facilities board shall adopt rules establishing minimum  
34 school facility adequacy guidelines. The guidelines shall provide the  
35 minimum quality and quantity of school buildings and facilities and equipment  
36 necessary and appropriate to enable pupils to achieve the academic standards  
37 pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections  
38 15-701 and 15-701.01. At a minimum, the school facilities board shall  
39 address all of the following in developing these guidelines:

40           1. School sites.

41           2. Classrooms.

42           3. Libraries and media centers, or both.

43           4. Cafeterias.

44           5. Auditoriums, multipurpose rooms or other multiuse space.

45           6. Technology.



1 impact aid revenue bonds during the current year. The treasurer shall  
2 receive and credit any interest or income earned by the debt service fund.  
3 D. Notwithstanding any other provision in this article, the annual  
4 payment of principal and interest on impact aid revenue bonds each year shall  
5 not exceed seventy-five per cent of the net impact aid revenues of the school  
6 district for the current year. For the purposes of this subsection, "net  
7 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after  
8 deducting the sum of the following amounts:  
9 1. The amount of any increase in the school district's general budget  
10 limit pursuant to section 15-905, subsections K, O and P.  
11 2. The amount necessary to fund any budget ~~override~~ REQUEST adopted  
12 pursuant to section 15-481, subsection F, J or M.  
13 3. The amount that would be produced by levying the applicable  
14 qualifying tax rate as provided in section 15-971, subsection B, minus the  
15 amount levied for primary school district taxes for the year pursuant to  
16 section 15-992, except that if the result is a negative number, ~~use~~ THE  
17 AMOUNT IS zero.