

REFERENCE TITLE: schools; budget requests; bonds; elections

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

SB 1402

Introduced by
Senator Tovar

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, 15-2011, 15-2104 AND 16-204, 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~~ AN OPERATING BUDGET REQUEST that the school

1 district's budget must be adjusted in the final two years of the ~~override~~
2 OPERATING BUDGET REQUEST pursuant to section 15-481, subsections P and Q, if
3 the voters do not approve another ~~override~~ OPERATING 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 OPERATING BUDGET REQUEST authorization of the former high school district and
17 the former common school district or districts shall continue until
18 expiration based on the revenue control limit of the school district or
19 districts that had ~~override~~ OPERATING BUDGET REQUEST authorization prior to
20 unification. The unified school district may request new ~~override~~ OPERATING
21 BUDGET REQUEST authorization for the budget year as provided in section
22 15-481 based on the combined revenue control limit of the new district after
23 unification. If the unified school district's request for ~~override~~ OPERATING
24 BUDGET REQUEST authorization is approved, it will replace any existing
25 ~~override~~ OPERATING BUDGET REQUEST for the budget year.

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

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

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

44 (b) Multiply the quotient obtained in subdivision (a) OF THIS PARAGRAPH
45 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, OPERATING BUDGET REQUEST or ~~override~~ CAPITAL BUDGET REQUEST
34 election of the unified school district.

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

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

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

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

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

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

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

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

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

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

23 2. Multiply the amount determined in paragraph 1 of this subsection by
24 six hundred.

25 3. Multiply the amount determined in paragraph 2 of this subsection by
26 0.80.

27 4. If the amount determined in paragraph 3 of this subsection exceeds
28 the student count of the unified school district, the unified school district
29 is eligible to use subsection O of this section.

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

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

36 15-450. Formation of a new joint unified school district;
37 petition; report; election; notice; ballots; canvass
38 of votes; appointment of governing board

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

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

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

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

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

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

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

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

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

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

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

33 2. Travel times and distances.

34 3. Climatic conditions.

35 4. Local terrain.

36 5. The number of pupils.

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

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

43 If the state board after considering all such factors determines that the
44 proposed new district will not cause an undue adverse effect on the
45 operations of any existing school district, jeopardize the operation of the

1 proposed joint common school district or cause a disproportionate amount of
2 taxable wealth to be redistributed, it shall approve the petitions and return
3 them to the respective county school superintendents.

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

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

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

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

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

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

1 shall be levied by the board of supervisors of the other county or counties
2 and on receipt shall be transferred to the county of jurisdiction.

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

22 I. The division of bonded indebtedness of the original school
23 districts shall be in accordance with the provisions of section 15-457,
24 subsection B. In addition, any debt due to lease-purchase agreements shall
25 be handled in a similar manner as outlined for bonded indebtedness in section
26 15-457, subsection B.

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

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

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

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

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

41 M. If a new joint unified school district is authorized, the governing
42 board of a district that will have its boundaries reduced by creation of the
43 new joint unified district may hold an ~~override~~ OPERATING BUDGET REQUEST OR
44 CAPITAL BUDGET REQUEST election for the year beginning July 1 after the
45 election that authorized the formation of the new joint unified district.

1 The governing board of a school district that will have its boundaries
 2 reduced by creation of the new joint unified district may hold a bond
 3 election for bonds applicable to and paid solely by the school district as it
 4 will exist after the formation of the new joint unified school district.
 5 ~~Override~~ OPERATING BUDGET REQUEST ELECTIONS, CAPITAL BUDGET REQUEST elections
 6 and bond elections under this subsection shall be held on ~~the first Tuesday~~
 7 ~~following the first Monday in November as prescribed by section 16-204~~ ANY
 8 GENERAL ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED BY LAW. The electors
 9 who reside in an area ~~that~~ WHERE property will not be subject to taxation for
 10 operation or payment of the bonds of the school district calling the ~~override~~
 11 OPERATING BUDGET REQUEST ELECTION, CAPITAL BUDGET REQUEST ELECTION or bond
 12 election after creation of the new joint unified school district are not
 13 eligible to vote in such an ~~override~~ OPERATING BUDGET REQUEST ELECTION,
 14 CAPITAL BUDGET REQUEST ELECTION or bond election.

15 Sec. 5. Section 15-458, Arizona Revised Statutes, is amended to read:
 16 15-458. Formation of new district or districts by subdivision
 17 of existing district; division of assets

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

21 B. On the request of the governing board or on receipt of petitions
 22 bearing the signatures of at least ten per cent of the qualified electors in
 23 the area proposed to be a new school district or the signatures of at least
 24 fifty of the qualified electors in the area proposed to be a new school
 25 district, whichever is more, and at least ten per cent of the qualified
 26 electors in the area proposed to continue as the existing school district or
 27 at least fifty signatures of the qualified electors in the area proposed to
 28 continue as the existing school district, whichever is more, the county
 29 school superintendent shall within ten days call an election to determine if
 30 the existing school district should be divided and a new school district or
 31 districts formed, except that if the existing school district is a union high
 32 school district, the county school superintendent shall call the election
 33 only on the request of the governing boards of the union high school district
 34 and each of the common school districts comprising the union high school
 35 district or on receipt of petitions bearing the signatures of at least ten
 36 per cent of the qualified electors in each of the common school districts or
 37 at least fifty signatures of the qualified electors in each of the common
 38 school districts, whichever is more. This subsection does not require the
 39 submission of the signatures of more than fifty per cent of the qualified
 40 electors of the existing school district to the county school superintendent
 41 in order to call an election for the purposes of this section. The petition
 42 shall state the proposed boundaries of the school district or districts to be
 43 formed together with the student count, specific reasons why it is in the
 44 best interest of the current district residents to have a new district or
 45 districts formed and the amount of real property valuation within the school

1 district or districts to be formed. No new school district may be formed
2 unless the state board of education determines that the real property
3 valuation per student count is sufficient to support the school district in a
4 manner comparable to other school districts of similar size and that a
5 sufficient number of pupils will exist in each of the new districts to ensure
6 that educational programs and services will be of similar or better quality
7 after the subdivision.

8 C. The election shall be held concurrently and as provided in section
9 15-459, except that a majority of the votes cast by the qualified electors in
10 each of the areas proposed as a school district must approve the division of
11 the existing school district and the formation of the new school district.

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

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

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

40 G. If two or more common school districts are within the boundaries of
41 a union high school district, two or more unified school districts may be
42 formed by a subdivision of the existing union high school district and by
43 unification with the common school districts as provided in this section,
44 subject to the following provisions:

1 1. Formation of a unified school district pursuant to this subsection
2 shall be initiated if a majority of the governing board members of each of
3 the districts affected ~~unites~~ UNITE in a petition to the county school
4 superintendent for the establishment of a unified school district or if ten
5 per cent of the number of qualified electors who voted in whichever of the
6 last two general elections resulted in the higher number of ballots cast and
7 who reside in each of the areas proposed to be the new unified school
8 districts unite in a petition to the county school superintendent for the
9 establishment of a unified school district. The petition shall include a
10 statement of the proposed boundaries of the new unified school districts and
11 shall request that the subdivision of the union high school district and
12 formation of the unified districts be submitted to the qualified electors who
13 reside within the proposed districts. The petition shall also include a
14 detailed description of desegregation funding and expenses for the resulting
15 school district as set forth in paragraph 7 of this subsection and may
16 include the new school district name and other information as desirable. On
17 receipt of the petitions, the county school superintendent shall examine the
18 petitions within fifteen days of receipt to determine their sufficiency
19 including the adequacy of the signatures of electors. If the petitions are
20 found sufficient, the county school superintendent shall call an election to
21 be held to determine the question. The county school superintendent shall
22 prepare and the governing board shall distribute a subdivision and
23 unification plan that includes:

24 (a) The proposed boundary changes.

25 (b) The impact of the proposed boundary changes, including where
26 pupils will attend school, changes in pupil transportation services, changes
27 in availability of special education services, changes in pupil-teacher ratio
28 and operational costs.

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

33 (d) Any other information the county school superintendent deems
34 appropriate to include.

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

44 3. The election shall be held as provided in section 15-459, except
45 that the ballot shall contain the words "subdivision and unification, yes"

1 and "subdivision and unification, no", and there shall be one of the
2 following two ballot questions, whichever is applicable, stated as follows:

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

10 (b) Should (insert the name of the district) union high
11 school district be subdivided simultaneously with the
12 subdivision of (insert the name of the districts) common school
13 districts and simultaneously creating (insert the number of the
14 districts) unified school districts with the subdivided common
15 school districts as specified in the subdivision and unification
16 plan?

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

29 5. If the common school district is not subdivided, the new unified
30 school district that includes the boundaries of the previously existing
31 common school district shall assume the bonded indebtedness of that
32 previously existing common school district. If the common school district is
33 subdivided, the provisions of subsection E of this section shall apply.

34 6. If the common school district is not subdivided, existing bond
35 authorization of the common school districts automatically continues for the
36 original purpose authorized. If the common school district is subdivided,
37 the existing bond authorization of the common school district will expire
38 unless it is divided between the new unified school districts as specified in
39 the subdivision and unification plan.

40 7. If any of the school districts were authorized to budget for
41 expenses of complying with or continuing to implement activities that were
42 required or permitted by court order of desegregation or administrative
43 agreement with the United States department of education office for civil
44 rights directed towards remediating alleged or proven racial discrimination
45 pursuant to section 15-910, this authorization does not expire on the

1 effective date of the subdivision and unification but only applies to schools
2 included in the court order or administrative agreement.

3 8. If the union high school district and the common school district or
4 districts with which it is unified all have authorization for an ~~override~~
5 OPERATING BUDGET REQUEST OR A CAPITAL BUDGET REQUEST as provided in section
6 15-481 that would have continued after the subdivision and unification, the
7 ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET REQUEST authorization
8 continues for the new district and expires at the time that the earliest
9 ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET REQUEST, AS APPLICABLE,
10 would have expired.

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

17 10. The employee's years of employment in the previously existing
18 school district shall be included in determining the employee's years of
19 employment in the new school district after a subdivision and unification. An
20 employee who was entitled to continuing contract status in the previously
21 existing school district is entitled to continuing employment contract status
22 in the new school district.

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

27 12. Notwithstanding paragraphs 10 and 11 of this subsection and
28 pursuant to section 15-544, nothing in this section shall be construed to
29 restrict the ability of the governing board to implement a reduction in force
30 or to scale back salaries of certified teachers, administrators or
31 noncertificated employees for reasons of economy or to improve the efficient
32 conduct of schools within the district following a subdivision and
33 unification.

34 Sec. 6. Section 15-459, Arizona Revised Statutes, is amended to read:

35 15-459. Consolidation of districts; petition; election; notice;
36 report; ballots; canvass of votes; governing board

37 A. On the request of the governing boards of two or more school
38 districts in the same county or in adjacent counties or on receipt of
39 petitions bearing the signatures of ten per cent or more of the number of
40 qualified electors who voted in whichever of the last two general elections
41 resulted in the higher number of ballots cast and who reside in each of two
42 or more school districts in the same county or in adjacent counties to
43 consolidate the school districts or parts of the districts, the county school
44 superintendent of each of the counties affected, within ten days, shall call
45 an election to determine the question on consolidation.

1 B. Consolidations allowed pursuant to subsection A of this section
2 include:
3 1. To change the boundaries of a school district to include any part
4 of an adjacent school district.
5 2. If all the common school districts within the boundaries of an
6 existing union high school district desire to consolidate into one common
7 school district.
8 3. If two or more adjacent school districts of like character, either
9 common, high or unified school districts, desire to consolidate into one
10 common, high or unified school district.
11 4. If a common school district that is not a part of a union high
12 school district desires to consolidate with an adjacent unified school
13 district.
14 5. If two or more common school districts desire to consolidate into
15 one school district and unify the consolidated district with a union high
16 school district to form one unified school district.
17 C. Notice of the election to determine consolidation of school
18 districts shall be posted in not less than three public places in each of the
19 school districts proposed to be consolidated at least twenty-five days before
20 the election.
21 D. The county school superintendent shall prepare and the governing
22 board shall distribute a report on the proposed boundary changes in a manner
23 similar to that prescribed in section 15-481, subsection B. The report shall
24 contain the following information:
25 1. The date of the election.
26 2. The polling places and times they are open.
27 3. The full cash value, the assessed valuation and the estimated
28 amount of the primary property taxes and the estimated amount of the
29 secondary property taxes under the proposed boundary changes for each of the
30 following:
31 (a) An owner occupied residence whose assessed valuation is the
32 average assessed valuation of property classified as class three, as
33 prescribed by section 42-12003 for the current year in the school district.
34 (b) An owner occupied residence whose assessed valuation is one-half
35 of the assessed valuation of the residence in subdivision (a) of this
36 paragraph.
37 (c) An owner occupied residence whose assessed valuation is twice the
38 assessed valuation of the residence in subdivision (a) of this paragraph.
39 (d) A business whose assessed valuation is the average of the assessed
40 valuation of property classified as class one, as prescribed by section
41 42-12001, paragraphs 12 and 13 for the current year in the school district.
42 4. A consolidation plan to include:
43 (a) The proposed boundary changes.
44 (b) The impact of the proposed boundary changes, including where
45 pupils will attend school, changes in pupil transportation services, changes

1 in availability of special education services, changes in pupil-teacher ratio
 2 and operational costs.

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

7 (d) Any other information the county school superintendent deems
 8 appropriate to include.

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

23 F. The county school superintendent shall hold the election during the
 24 fiscal year preceding the fiscal year consolidation is proposed to be
 25 effective on a date prescribed by section 16-204. The election shall be held
 26 in the manner and electors shall possess qualifications as prescribed for the
 27 election of governing board members. The results of the election shall be
 28 reported to the county school superintendent.

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

38 H. If a school district provides only financing for pupils who are
 39 instructed by another school district in the same county or in an adjacent
 40 county, the school district or any part of the school district may be
 41 consolidated with the school district providing the instructional program as
 42 follows:

43 1. The governing board of the financing school district approves the
 44 consolidation or ten per cent of the qualified electors residing in the
 45 school district, or that part of the school district proposed for

1 consolidation, petitions the county school superintendent to call an election
2 to approve the proposed consolidation.

3 2. The governing board of the school district providing instruction
4 approves the consolidation.

5 3. At an election called by the county school superintendent of each
6 of the counties affected, a majority of the persons voting in the school
7 district, or that part of the school district providing financing, approves
8 the proposed consolidation and a majority of the persons voting in the
9 district providing instruction approves the proposed consolidation.

10 I. Elections held as provided in subsection H of this section shall be
11 conducted in the same manner as elections prescribed in subsections C through
12 G of this section and shall be held concurrently as prescribed in section
13 15-458.

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

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

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

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

41 1. The base salary and benefits of each employee for the first year of
42 operation of the new school district shall not be lower than the employee's
43 base salary and benefits for the prior year in the previously existing school
44 district.

1 2. The employee's years of employment in the previously existing
2 school district shall be included in determining the employee's years of
3 employment in the new school district. An employee who was entitled to
4 continuing employment contract status in the previously existing school
5 district is entitled to continuing employment contract status in the new
6 school district.

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

13 N. If all of the districts to be consolidated have authorization for
14 an ~~override~~ OPERATING BUDGET REQUEST OR A CAPITAL BUDGET REQUEST as provided
15 in section 15-481 that would have continued after the consolidation, the
16 ~~override~~ BUDGET REQUEST authorization continues for the new district and
17 expires at the time that the earliest ~~override~~ BUDGET REQUEST would have
18 expired.

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

36 P. Notwithstanding section 15-457, consolidation of school districts
37 does not consolidate or pool the liability of the former school districts
38 into the resulting school district. Outstanding indebtedness incurred by a
39 school district before consolidation shall be repaid without interruption
40 according to existing debt schedules as determined by the county board of
41 supervisors. If a school district consolidates after July 1, 2004, the new
42 school district may pay tuition to the district of attendance when a pupil is
43 precluded by distance or lack of transportation from attending school in the
44 district of a pupil's residence.

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

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

16 S. If the formation of a new consolidated and unified school district
 17 is authorized, the terms of the governing board members of the common and
 18 union high school districts do not expire on the effective date of the
 19 unification. The governing board members of the previously existing school
 20 districts shall serve as provided in section 15-430, except that the power of
 21 the governing board members of the previously existing school districts
 22 acting as the governing board of the unified school district is limited to
 23 the maintenance and operation of the previously existing school districts and
 24 compliance with the consolidation and unification plan.

25 Sec. 7. Section 15-481, Arizona Revised Statutes, is amended to read:
 26 15-481. Budget request election; budget increases; notice;
 27 ballot; effect

28 A. If a proposed budget of a school district exceeds the aggregate
 29 budget limit for the budget year, at least ninety days before the proposed
 30 election the governing board shall order an ~~override~~ election to be held on
 31 ~~the first Tuesday following the first Monday in November as prescribed by~~
 32 ~~section 16-204, subsection B, paragraph 1, subdivision (d)~~ ANY GENERAL
 33 ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED BY LAW for the purpose of
 34 presenting the proposed budget to the qualified electors of the school
 35 district who by a majority of those voting either shall affirm or reject the
 36 budget. At the same time as the order of the election, the governing board
 37 shall publicly declare the deadline for submitting arguments, as set by the
 38 county school superintendent pursuant to subsection B, paragraph 9 of this
 39 section, to be submitted in the informational report and shall immediately
 40 post the deadline in a prominent location on the district's website. In
 41 addition, the governing board shall prepare an alternate budget which does
 42 not include an increase in the budget of more than the amount permitted as
 43 provided in section 15-905. If the qualified electors approve the proposed
 44 budget, the governing board of the school district shall follow the
 45 procedures prescribed in section 15-905 for adopting a budget that includes

1 the authorized increase. If the qualified electors disapprove the proposed
2 budget, the governing board shall follow the procedures prescribed in section
3 15-905 for adopting a budget that does not include the proposed increase or
4 the portion of the proposed increase that exceeds the amount authorized by a
5 previously approved budget increase as prescribed in subsection P of this
6 section.

7 B. The county school superintendent shall prepare an informational
8 report on the proposed increase in the budget and a sample ballot and, at
9 least forty days prior to the election, shall transmit the report and the
10 sample ballot to the governing board of the school district. The governing
11 board, upon receipt of the report and the ballot, shall mail or distribute
12 the report and the ballot to the households in which qualified electors
13 reside within the school district at least thirty-five days prior to the
14 election. Any distribution of material concerning the proposed increase in
15 the budget shall not be conducted by children enrolled in the school
16 district. The report shall contain the following information:

17 1. The date of the election.

18 2. The voter's polling place and the times it is open.

19 3. The proposed total increase in the budget which exceeds the amount
20 permitted pursuant to section 15-905.

21 4. The total amount of the current year's budget, the total amount of
22 the proposed budget and the total amount of the alternate budget.

23 5. If the ~~override~~ OPERATING BUDGET REQUEST is for a period of more
24 than one year, a statement indicating the number of years the proposed
25 increase in the budget would be in effect and the percentage of the school
26 district's revenue control limit that the district is requesting for the
27 future years.

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

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

36 8. The dollar amount and the purpose for which the proposed increase
37 in the budget is to be expended for the first year for which the budget
38 increase was adopted.

39 9. At least two arguments, if submitted, but no more than ten
40 arguments for and two arguments, if submitted, but no more than ten arguments
41 against the proposed increase in the budget. The arguments shall be in a
42 form prescribed by the county school superintendent, and each argument shall
43 not exceed two hundred words. Arguments for the proposed increase in the
44 budget shall be provided in writing and signed by the governing board. If
45 submitted, additional arguments in favor of the proposed increase in the

1 budget shall be provided in writing and signed by those in favor. Arguments
2 against the proposed increase in the budget shall be provided in writing and
3 signed by those in opposition. The names of persons and entities submitting
4 written arguments shall be included in the report. The county school
5 superintendent shall review all factual statements contained in the written
6 arguments and correct any inaccurate statements of fact. The superintendent
7 shall not review and correct any portion of the written arguments which are
8 identified as statements of the author's opinion. The county school
9 superintendent shall make the written arguments available to the public as
10 provided in title 39, chapter 1, article 2. A deadline for submitting
11 arguments to be included in the informational report shall be set by the
12 county school superintendent.

13 10. A statement that the alternate budget shall be adopted by the
14 governing board if the proposed budget is not adopted by the qualified
15 electors of the school district.

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

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

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

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

28 (d) A business whose assessed valuation is the average of the assessed
29 valuation of property classified as class one, as prescribed by section
30 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

42 C. For the purpose of this section, the school district may use its
43 staff, equipment, materials, buildings or other resources only to distribute
44 the informational report at the school district office or at public hearings
45 and to produce such information as required in subsection B of this section,

1 provided that nothing in this subsection shall preclude school districts from
 2 holding or participating in any public hearings at which testimony is given
 3 by at least one person for the proposed increase and one person against the
 4 proposed increase. Any written information provided by the district
 5 pertaining to the ~~override~~ BUDGET REQUEST election shall include financial
 6 information showing the estimated first year tax rate for the proposed budget
 7 ~~override~~ REQUEST amount.

8 D. If any amount of the proposed increase will be funded by a levy of
 9 taxes in the district, the election prescribed in subsection A of this
 10 section shall be held on ~~the first Tuesday following the first Monday in~~
 11 ~~November as prescribed by section 16-204, subsection B, paragraph 1,~~
 12 ~~subdivision (d)~~ ANY GENERAL ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED BY
 13 LAW. If the proposed increase will be fully funded by revenues from other
 14 than a levy of taxes, the elections prescribed in subsection A of this
 15 section shall be held on ~~any date prescribed by section 16-204~~ ANY GENERAL
 16 ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED BY LAW. The elections shall
 17 be conducted as nearly as practicable in the manner prescribed in article 1
 18 of this chapter, sections 15-422 through 15-424 and section 15-426, relating
 19 to special elections, except that:

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

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

24 E. If the election is to exceed the revenue control limit and if the
 25 proposed increase will be fully funded by a levy of taxes upon the taxable
 26 property within the school district, the ballot shall contain the words
 27 "budget ~~increase~~ REQUEST, yes" and "budget ~~increase~~ REQUEST, no", and the
 28 voter shall signify his desired choice. The ballot shall also contain the
 29 amount of the proposed increase of the proposed budget over the alternate
 30 budget, a statement that the amount of the proposed increase will be based on
 31 a percentage of the school district's revenue control limit in future years,
 32 if applicable, as provided in subsection P of this section and the following
 33 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 for 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 revenue
2 control limit allowed by law.

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

9 1. The amount of the proposed increase of the proposed budget over the
10 alternate budget.

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

14 3. The following statement:

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

21 G. Except as provided in subsection H of this section, the maximum
22 budget increase which may be requested and authorized as provided in
23 subsection E or F of this section or the combination of subsections E and F
24 of this section is fifteen per cent of the revenue control limit as provided
25 in section 15-947, subsection A for the budget year. If a school district
26 requests an ~~override~~ OPERATING BUDGET REQUEST pursuant to section 15-482 or
27 to continue with a ~~an~~ AN OPERATING budget ~~override~~ REQUEST pursuant to section
28 15-482 for pupils in kindergarten programs and grades one through three that
29 was authorized before December 31, 2008, the maximum budget increase that may
30 be requested and authorized as provided in subsection E or F of this section
31 or the combination of subsections E and F of this section is ten per cent of
32 the revenue control limit as provided in section 15-947, subsection A for the
33 budget year.

34 H. Special OPERATING budget ~~override~~ REQUEST provisions for school
35 districts with a student count of less than one hundred fifty-four in
36 kindergarten programs and grades one through eight or with a student count of
37 less than one hundred seventy-six in grades nine through twelve are as
38 follows:

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

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

1 (i)

2	Small School	Support Level Weight	Phase Down
3	Student	for Small Isolated	Reduction
4	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
5	- <u>125</u>	x 1.358 + (0.0005 x	x \$ <u> </u> = \$ <u> </u>
6		(500 - Student Count))	
7			Small Isolated
8	Phase Down	Phase Down	School District
9	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
10	\$150,000 -	\$ <u> </u>	= \$ <u> </u>

11 (ii)

12	Small School	Support Level Weight	Phase Down
13	Student	for Small	Reduction
14	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
15	- <u>125</u>	x 1.278 + (0.0003 x	x \$ <u> </u> = \$ <u> </u>
16		(500 - Student Count))	
17			Small
18	Phase Down	Phase Down	School District
19	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
20	\$150,000 -	\$ <u> </u>	= \$ <u> </u>

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

25 (i)

26	Small School	Support Level Weight	Phase Down
27	Student	for Small Isolated	Reduction
28	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
29	- <u>100</u>	x 1.468 + (0.0005 x	x \$ <u> </u> = \$ <u> </u>
30		(500 - Student Count))	
31			Small Isolated
32	Phase Down	Phase Down	District
33	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
34	\$350,000 -	\$ <u> </u>	= \$ <u> </u>

35 (ii)

36	Small School	Support Level Weight	Phase Down
37	Student	for Small	Reduction
38	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
39	- <u>100</u>	x 1.398 + (0.0004 x	x \$ <u> </u> = \$ <u> </u>
40		(500 - Student Count))	
41			Small
42	Phase Down	Phase Down	School District
43	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
44	\$350,000 -	\$ <u> </u>	= \$ <u> </u>

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

4 (d) If only subdivision (a) or (b) of this paragraph applies to a
 5 unified school district, the district's limit for the purposes of this
 6 paragraph is the sum of the limit computed as provided in subdivision (a) or
 7 (b) of this paragraph plus ten per cent of the revenue control limit
 8 attributable to those grade levels that do not meet the eligibility
 9 requirements of this subsection. If a school district budgets monies outside
 10 the revenue control limit pursuant to section 15-949, subsection E, the
 11 district's limit for the purposes of this paragraph is only the ten per cent
 12 of the revenue control limit attributable to those grade levels that are not
 13 included under section 15-949, subsection E. For the purposes of this
 14 subdivision, the revenue control limit is separated into elementary and
 15 secondary components based on the weighted student count as provided in
 16 section 15-971, subsection B, paragraph 2, subdivision (a).

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

23 3. Notwithstanding subsection P of this section, the maximum period of
 24 an ~~override~~ OPERATING BUDGET REQUEST authorized pursuant to this subsection
 25 is five years.

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

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

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

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

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

18 Any budget ~~increase~~ REQUEST authorized by this election
19 shall be entirely funded by this school district with revenues
20 from other than a levy of taxes on the taxable property within
21 the school district for the year for which adopted and for _____
22 subsequent years and shall not be realized from monies furnished
23 by the state.

24 K. The maximum budget increase that may be requested and authorized as
25 provided in subsection I or J of this section, or a combination of both of
26 these subsections, is five per cent of the revenue control limit as provided
27 in section 15-947, subsection A for the budget year. For a common school
28 district not within a high school district or a common school district within
29 a high school district that offers instruction in high school subjects as
30 provided in section 15-447, five per cent of the revenue control limit means
31 five per cent of the revenue control limit attributable to the weighted
32 student count in preschool programs for children with disabilities,
33 kindergarten programs and grades one through eight as provided in section
34 15-971, subsection B. For a unified school district, five per cent of the
35 revenue control limit means five per cent of the revenue control limit
36 attributable to the weighted student count in preschool programs for children
37 with disabilities, kindergarten programs and grades one through twelve. For
38 a union high school district, five per cent of the revenue control limit
39 means five per cent of the revenue control limit attributable to the weighted
40 student count in grades nine through twelve.

41 L. If the election is to exceed the capital outlay revenue limit and
42 if the proposed increase will be fully funded by a levy of taxes upon the
43 taxable property within the school district, the ballot shall contain the
44 words "budget ~~increase~~ REQUEST, yes" and "budget ~~increase~~ REQUEST, no", and
45 the voter shall signify the voter's desired choice. An election held

1 pursuant to this subsection shall be held on ~~the first Tuesday after the~~
2 ~~first Monday of November~~ ANY GENERAL ELECTION DATE OR SPECIAL ELECTION DATE
3 ALLOWED BY LAW. The ballot shall also contain the amount of the proposed
4 increase of the proposed budget over the alternate budget and the following
5 statement:

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

20 M. If the election is to exceed the capital outlay revenue limit and
21 if the proposed increase will be fully funded by revenues from other than a
22 levy of taxes upon the taxable property within the school district, the
23 ballot shall contain the words "budget ~~increase~~ REQUEST, yes" and "budget
24 ~~increase~~ REQUEST, no", and the voter shall signify the voter's desired
25 choice. An election held pursuant to this subsection shall be held on ~~the~~
26 ~~first Tuesday after the first Monday of November~~ ANY GENERAL ELECTION DATE OR
27 SPECIAL ELECTION DATE ALLOWED BY LAW. The ballot shall also contain the
28 amount of the proposed increase of the proposed budget over the alternate
29 budget and the following statement:

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

36 N. If the election is to exceed a combination of the revenue control
37 limit as provided in subsection E or F of this section, the revenue control
38 limit as provided in subsection I or J of this section or the capital outlay
39 revenue limit as provided in subsection L or M of this section, the ballot
40 shall be prepared so that the voters may vote on each proposed increase
41 separately and shall contain statements required in the same manner as if
42 each proposed increase were submitted separately.

43 O. If the election provides for a levy of taxes on the taxable
44 property within the school district, at least thirty days prior to the
45 election, the department of revenue shall provide the school district

1 governing board and the county school superintendent with the current
2 secondary assessed valuation of the school district. The governing board and
3 the county school superintendent shall use the current secondary assessed
4 valuation of the school district to translate the amount of the proposed
5 dollar increase in the budget of the school district over that allowed by law
6 into a tax rate figure.

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

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

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

41 Q. If the voters in a school district vote to adopt a budget in excess
42 of the revenue control limit as provided in subsection I or J of this
43 section, any additional increase shall be included in the aggregate budget
44 limit for each of the years authorized. Any additional increase shall be
45 excluded from the determination of equalization assistance. The school

1 district governing board, however, may levy on the assessed valuation used
2 for secondary property tax purposes of the property in the school district
3 the additional increase if adopted under subsection I of this section for the
4 period of one year, two years or five through ~~seven~~ TEN years as authorized.
5 If an additional increase is approved as provided in subsection J of this
6 section, the increase may only be budgeted and expended if sufficient monies
7 are available in the maintenance and operation fund of the school district.
8 If a budget increase was previously authorized and will be in effect for the
9 budget year or budget year and subsequent years, as provided in subsection I
10 or J of this section, the governing board may request a new budget increase
11 as provided in the same subsection under which the prior budget increase was
12 adopted that does not exceed the maximum amount permitted under subsection K
13 of this section. If the voters in the school district authorize the new
14 budget increase amount, the existing budget increase no longer is in effect.
15 If the voters in the school district do not authorize the budget increase
16 amount, the existing budget increase remains in effect for the time period
17 for which it was authorized. The maximum additional increase authorized as
18 provided in subsection I or J of this section and the additional increase
19 that is included in the aggregate budget limit is based on a percentage of a
20 school district's revenue control limit in future years, if the budget
21 increase is authorized for more than one year. If the additional increase:

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

24 2. Is for five years or more, the proposed increase is equal to the
25 initial proposed percentage increase in the following years of the proposed
26 increase, except that in the next to last year it is two-thirds of the
27 initial proposed percentage increase and it is one-third of the initial
28 proposed percentage increase in the last year of the proposed increase.

29 R. If the voters in a school district vote to adopt a budget in excess
30 of the capital outlay revenue limit as provided in subsection L of this
31 section, any additional increase shall be included in the aggregate budget
32 limit for each of the years authorized. The additional increase shall be
33 excluded from the determination of equalization assistance. The school
34 district governing board, however, may levy on the assessed valuation used
35 for secondary property tax purposes of the property in the school district
36 the additional increase for the period authorized but not to exceed ten
37 years. For ~~overrides~~ CAPITAL BUDGET REQUESTS approved by a vote of the
38 qualified electors of the school district at an election held from and after
39 October 31, 1998, the period of the additional increase prescribed in this
40 subsection shall not exceed ~~seven~~ TEN years for any capital ~~override~~ BUDGET
41 REQUEST election.

42 S. If the voters in a school district vote to adopt a budget in excess
43 of the capital outlay revenue limit as provided in subsection M of this
44 section, any additional increase shall be included in the aggregate budget
45 limit for each of the years authorized. The additional increase shall be

1 excluded from the determination of equalization assistance. The school
2 district governing board may only use revenues derived from the school
3 district's prior year's maintenance and operation fund ending cash balance
4 and capital outlay fund ending cash balance to fund the additional increase
5 for the period authorized but not to exceed ten years. For ~~overrides~~ CAPITAL
6 BUDGET REQUESTS approved by a vote of the qualified electors of the school
7 district at an election held from and after October 31, 1998, the period of
8 the additional increase prescribed in this subsection shall not exceed ~~seven~~
9 TEN years for any capital ~~override~~ BUDGET REQUEST election.

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

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

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

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

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

31 The capital improvements that are proposed to be funded
32 through this ~~override~~ CAPITAL BUDGET REQUEST election are to
33 exceed the state standards and are in addition to monies
34 provided by the state.

35 _____ school district is proposing to increase its
36 budget by \$_____ to fund capital improvements over and
37 above those funded by the state. Under the students first
38 capital funding system, _____ school district is entitled to
39 state monies for building renewal, new construction and
40 renovation of school buildings in accordance with state law.

41 2. The ballot shall contain the words "budget ~~increase~~ REQUEST, yes"
42 and "budget ~~increase~~ REQUEST, no", and the voter shall signify the voter's
43 desired choice.

44 3. At least eighty-five days before the election, the school district
45 shall submit proposed ballot language to the director of the Arizona

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

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

15 Y. Each school district that currently increases its budget pursuant
16 to this section is required to hold a public meeting each year between
17 September 1 and October 31 at which an update of the programs or capital
18 improvements financed through the ~~override~~ BUDGET REQUEST is discussed and at
19 which the public is permitted an opportunity to comment and:

20 1. If the increase is pursuant to subsection L or M of this section,
21 at a minimum, the update shall include the progress of capital improvements
22 financed through the ~~override~~ CAPITAL BUDGET REQUEST, a comparison of the
23 current status and the original projections on the construction of capital
24 improvements, the costs of capital improvements and the costs of capital
25 improvements in progress or completed since the prior meeting and the future
26 capital plans of the school district. The school district shall include in
27 the public meeting a discussion of the school district's use of state capital
28 aid and voter-approved bonding in funding capital improvements, if any.

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

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

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

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

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

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

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

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

8 Sec. 8. Section 15-482, Arizona Revised Statutes, is amended to read:

9 15-482. Special five per cent operating budget requests for
10 programs of pupils in kindergarten programs and
11 grades one through twelve

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

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

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

25 D. During any fiscal year in which proceeds from the sale or lease of
26 school property are used for the maintenance and operation section of the
27 budget as provided in section 15-1102, ~~a~~ AN OPERATING budget ~~increase~~
28 REQUEST is in effect as provided in section 15-481, subsection E or F, or ~~a~~
29 AN OPERATING budget ~~increase~~ REQUEST is in effect as provided in this
30 section, or any combination of these conditions occurs, the total amount of
31 the proceeds and increases which may be expended is equal to fifteen per cent
32 of the revenue control limit for that year as provided in section 15-947,
33 subsection A, provided that the following maximum amount is attributable to
34 any one of the conditions:

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

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

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

42 Sec. 9. Section 15-491, Arizona Revised Statutes, is amended to read:

43 15-491. Elections on school property; exceptions

44 A. The governing board of a school district may, and on petition of
45 fifteen per cent of the school electors as shown by the poll list at the last

1 preceding annual school election shall, call an election for the following
2 purposes:

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

4 2. To purchase or sell school sites or buildings or sell school sites
5 pursuant to section 15-342 or to build school buildings, but the
6 authorization by vote of the school district shall not necessarily specify
7 the site to be purchased.

8 3. To decide whether the bonds of the school district shall be issued
9 and sold for the purpose of raising money for purchasing or leasing school
10 lots, for building or renovating school buildings, for supplying school
11 buildings with furniture, equipment and technology, for improving school
12 grounds, for purchasing pupil transportation vehicles or for liquidating any
13 indebtedness already incurred for such purposes. Bonds issued for furniture,
14 equipment and technology, other than fixtures, shall mature no later than the
15 July 1 that follows the fifth year after the bonds were issued. A school
16 district shall not issue class B bonds until the school district has
17 obligated in contract the entire proceeds of any class A bonds issued by the
18 school district. The total amount of class A and class B bonds issued by a
19 school district shall not exceed the debt limitations prescribed in article
20 IX, sections 8 and 8.1, Constitution of Arizona.

21 4. To lease for five or more years, as lessor or as lessee, school
22 buildings or grounds. Approval by a majority of the school district electors
23 voting authorizes the governing board to negotiate for and enter into a
24 lease. The ballot shall list the school buildings or grounds for which a
25 lease is sought. If the governing board does not enter into a lease of five
26 or more years of the school buildings or grounds listed on the ballot within
27 five years of the date of the election and the board continues to seek such a
28 lease, the governing board shall call a special election to reauthorize the
29 board to negotiate for and to enter into a lease of five or more years.

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

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

36 B. No petition shall be required for the holding of the first election
37 to be held in a joint common school district for any of the purposes
38 specified in subsection A of this section. The notice of election required
39 by section 15-492 shall be published in each of the counties that comprise
40 the joint common school district. The certification of election results
41 required by section 15-493 shall be made to the board of supervisors of the
42 jurisdictional county.

43 C. When the election is called to determine whether or not bonds of
44 the school district shall be issued and sold for the purposes enumerated in
45 the call for the election, the question shall be submitted to the vote of the

1 qualified electors of the school district as defined in section 15-401 and
2 subject to section 15-402.

3 D. The governing board shall order the election to be held in the
4 manner prescribed in title 35, chapter 3, article 3. If a petition for an
5 election has been filed with the governing board as provided in subsection A
6 of this section, the board shall act on the petition within sixty days by
7 ordering the election to be held as provided in this subsection. If a school
8 district bond election is scheduled for the same date a school district will
9 hold an ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET REQUEST election,
10 the governing body shall deliver a copy of the notice of election and ballot
11 to the county school superintendent who shall include the notice of election
12 and ballot with the information report and ballot prepared for the ~~override~~
13 BUDGET REQUEST election. Mailing of the information required for both the
14 ~~override~~ BUDGET REQUEST and bond elections shall constitute compliance with
15 the notice provisions of this section.

16 E. The elections to be held pursuant to this section shall ~~only~~ be
17 held on ~~dates prescribed by section 16-204, except that elections held~~
18 ~~pursuant to this section to decide whether class B bonds shall be issued, or~~
19 ~~any other obligation incurred that will require the assessment of secondary~~
20 ~~property taxes, shall only be held on the first Tuesday after the first~~
21 ~~Monday of November~~ ANY GENERAL ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED
22 BY LAW.

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

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

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

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

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

38 _____ school district is proposing to issue class B
39 general obligation bonds totaling \$_____ to fund capital
40 improvements over and above those funded by the state. Under
41 the students first capital funding system, _____ school
42 district is entitled to state monies for building renewal, new
43 construction and renovation of school buildings in accordance
44 with state law.

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

3 _____, a joint technical education district, is
4 proposing to issue class B general obligation bonds totaling
5 \$_____ to fund capital improvements at a campus owned or
6 operated and maintained by the joint technical education
7 district.

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

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

13 5. At least eighty-five days before the election, the school district
14 shall submit proposed ballot language to the director of the Arizona
15 legislative council. The director of the Arizona legislative council shall
16 review the proposed ballot language to determine whether the proposed ballot
17 language complies with this section. If the director of the Arizona
18 legislative council determines that the proposed ballot language does not
19 comply with this section, the director, within ten calendar days of the
20 receipt of the proposed ballot language, shall notify the school district of
21 the director's objections and the school district shall resubmit revised
22 ballot language to the director for approval.

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

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

30 (b) A complete list of each proposed capital improvement that will be
31 funded with the proceeds of the bonds and a description of the proposed cost
32 of each improvement, including a separate aggregation of capital improvements
33 for administrative purposes as defined by the school facilities board.

34 (c) The tax rate associated with each of the proposed capital
35 improvements and the estimated cost of each capital improvement for the owner
36 of a single family home that is valued at one hundred thousand dollars.

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

39 1. The ballot shall include the following statement:

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

43 _____ school district is proposing to issue impact
44 aid revenue bonds totaling \$_____ to fund capital
45 improvements over and above those funded by the state. Under

1 the students first capital funding system, _____ school
2 district is entitled to state monies for building renewal, new
3 construction and renovation of school buildings in accordance
4 with state law.

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

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

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

22 (a) The date of the election.

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

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

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

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

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

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

40 J. If the voters approve the issuance of school district class B bonds
41 or impact aid revenue bonds, the school district shall not use the bond
42 proceeds for any purposes other than the proposed capital improvements listed
43 in the publicity pamphlet, except that up to ten per cent of the bond
44 proceeds may be used for general capital expenses, including cost overruns of

1 proposed capital improvements. The proposed capital improvements may be
2 changed by a subsequent election as provided by this section.

3 K. Each school district that issues bonds under this section is
4 required to hold a public meeting each year between September 1 and October
5 31, until the bond proceeds are spent, at which an update of the progress of
6 capital improvements financed through bonding is discussed and at which the
7 public is permitted an opportunity to comment. At a minimum, the update
8 shall include a comparison of the current status and the original projections
9 on the construction of capital improvements, the costs of capital
10 improvements and the costs of capital improvements in progress or completed
11 since the prior meeting and the future capital bonding plans of the school
12 district. The school district shall include in the public meeting a
13 discussion of the school district's use of state capital aid and
14 voter-approved capital ~~overrides~~ BUDGET REQUESTS in funding capital
15 improvements, if any.

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

19 1. The election may be held ~~only on the first Tuesday after the first~~
20 ~~Monday in November~~ ANY GENERAL ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED
21 BY LAW.

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

26 (a) The date of the election.

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

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

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

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

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

41 3. The ballot shall contain the words "change capital improvements,
42 yes" and "change capital improvements, no", and the voter shall signify the
43 voter's desired choice.

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

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

4 1. The election may be held ~~only on the first Tuesday after the first~~
5 ~~Monday in November~~ ANY GENERAL ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED
6 BY LAW.

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

11 (a) The date of the election.

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

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

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

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

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

20 15-503. Superintendents, principals, head teachers and school
21 psychologists; term of employment; evaluation;
22 contract delivery; nonretention notice

23 A. The governing board may:

24 1. Employ a superintendent or principal, or both. If the governing
25 board employs a superintendent, the governing board shall determine the
26 qualifications for the superintendent by action taken at a public meeting.
27 The governing board shall require a superintendent to have a valid
28 fingerprint clearance card that is issued pursuant to title 41, chapter 12,
29 article 3.1.

30 2. Appoint a head teacher.

31 3. Jointly with another governing board employ a superintendent or a
32 principal, or both. If the governing board jointly employs a superintendent,
33 the governing boards shall jointly determine the qualifications for the
34 superintendent by action taken at a public meeting. The governing boards
35 shall require a superintendent to have a valid fingerprint clearance card
36 that is issued pursuant to title 41, chapter 12, article 3.1.

37 B. The term of employment of superintendents may be for any period not
38 exceeding three years, except that if the superintendent's contract with the
39 school district is for multiple years pursuant to this subsection the school
40 district shall not offer to extend or renegotiate the contract until May of
41 the year preceding the final year of the contract. The term of employment of
42 principals may be for any period not exceeding three years pursuant to
43 section 15-341, subsection A, paragraph 42, except that if the principal's
44 contract with the school district is for multiple years the school district
45 shall not offer to extend or negotiate the contract until May of the year

1 preceding the final year of the contract. The school district governing
2 board or the governing body of the charter school shall communicate the
3 superintendent's or principal's duties with respect to the classroom site
4 fund established by section 15-977.

5 C. The governing board shall establish systems for the evaluation of
6 the performance of principals that meet the requirements prescribed in
7 section 15-203, subsection A, paragraph 38 and other school administrators
8 and certificated school psychologists in the school district. In the
9 development and adoption of these performance evaluation systems, the
10 governing board shall avail itself of the advice of its administrators and
11 certificated school psychologists. Each evaluation shall include
12 recommendations as to areas of improvement in the performance of the
13 certificated school psychologist if the performance of the certificated
14 school psychologist warrants improvement. After transmittal of an
15 assessment, a board designee shall confer with the certificated school
16 psychologist to make specific recommendations as to areas of improvement in
17 the certificated school psychologist's performance. The board designee shall
18 provide assistance and opportunities for the certificated school psychologist
19 to improve his performance and shall follow up with the certificated school
20 psychologist after a reasonable period of time for the purpose of
21 ascertaining that the certificated school psychologist is demonstrating
22 adequate performance. The evaluation process for certificated school
23 psychologists shall include appeal procedures for certificated school
24 psychologists who disagree with the evaluation of their performance, if the
25 evaluation is for use as criteria for establishing compensation or dismissal.

26 D. On or before May 15 each year, the governing board shall offer a
27 contract for the next school year to each certified administrator and
28 certificated school psychologist who is in the last year of his contract
29 unless, on or before April 15, the governing board, a member of the board
30 acting on behalf of the board or the superintendent of the school district
31 gives notice to the administrator or certificated school psychologist of the
32 board's intention not to offer a new contract. If the governing board has
33 called for an ~~override~~ OPERATING BUDGET REQUEST election for the third
34 Tuesday in May as provided in section 15-481, the governing board shall offer
35 a contract for the next school year to each certified administrator or
36 certificated school psychologist who is in the last year of his contract on
37 or before June 15 unless, no later than five days after the ~~override~~
38 OPERATING BUDGET REQUEST election excluding Saturday, Sunday and legal
39 holidays, the governing board, a member of the board acting on behalf of the
40 board or the superintendent of the school district gives notice to the
41 administrator or the certificated school psychologist of the board's
42 intention not to offer a new contract. The administrator's or the
43 certificated school psychologist's acceptance of the contract shall be
44 indicated within thirty days from the date of the written contract or the
45 offer is revoked. The administrator or certificated school psychologist

1 accepts the contract by signing the contract and returning it to the
2 governing board or by making a written instrument that accepts the terms of
3 the contract and delivering the written instrument to the governing board.

4 E. Notice of the board's intention not to reemploy the administrator
5 or certificated school psychologist shall be made by delivering the notice
6 personally to the administrator or the certificated school psychologist or by
7 sending the notice by certified mail, postmarked on or before the applicable
8 deadline prescribed in subsection D of this section, and directed to the
9 administrator or the certificated school psychologist at his place of
10 residence as recorded in the school district records.

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

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

17 15-511. Use of school district or charter school resources or
18 employees to influence elections; prohibition; civil
19 penalty; definition

20 A. A person acting on behalf of a school district or a person who aids
21 another person acting on behalf of a school district shall not use school
22 district or charter school personnel, equipment, materials, buildings or
23 other resources for the purpose of influencing the outcomes of elections.
24 Notwithstanding this section, a school district may distribute informational
25 reports on a proposed budget ~~override~~ BUDGET REQUEST election as provided in
26 section 15-481, subsections B and C or informational reports on a proposed
27 bond election as provided in section 15-491, subsection D. Nothing in this
28 section precludes a school district from reporting on official actions of the
29 governing board.

30 B. An employee of a school district or charter school who is acting as
31 an agent of or working in an official capacity for the school district or
32 charter school may not give pupils written materials to influence the outcome
33 of an election or to advocate support for or opposition to pending or
34 proposed legislation.

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

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

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

44 F. The attorney general shall publish and distribute to school
45 districts and charter schools a detailed guideline regarding activities

1 prohibited under this section. The attorney general may distribute these
2 guidelines through a website or electronically.

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

7 H. For each violation of this section, the court may impose a civil
8 penalty not to exceed five hundred dollars plus any amount of misused funds
9 subtracted from the school district budget against a person who knowingly
10 violates or a person who knowingly aids another person in violating this
11 section. The person determined to be out of compliance with this section
12 shall be responsible for the payment of all penalties and misused funds.
13 School district funds or insurance payments shall not be used to pay these
14 penalties or misused funds. All misused funds collected pursuant to this
15 section shall be returned to the school district or charter school whose
16 funds were misused.

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

20 J. All penalties collected by the court for a suit initiated in
21 superior court by the attorney general shall be paid to the office of the
22 attorney general for the use and reimbursement of costs of prosecution
23 pursuant to this section. All penalties collected by the court for a suit
24 initiated in superior court by a county attorney shall be paid to the county
25 treasurer of the county in which the court is held for the use and
26 reimbursement of costs of prosecution pursuant to this section.

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

29 Sec. 12. Section 15-903, Arizona Revised Statutes, is amended to read:
30 15-903. Budget format; prohibited expenditures

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

34 B. The budget format shall be designed to allow all school districts
35 to plan and provide in detail for the use of available funds. The budget
36 format shall contain distinct sections for, but need not be limited to,
37 maintenance and operation, debt service, special projects, capital outlay,
38 adjacent ways and classroom site fund. The maintenance and operation section
39 shall include, but need not be limited to, separate subsections for regular
40 education programs, special education programs and operational expenditures
41 for pupil transportation. Each subsection shall clearly distinguish
42 classroom instruction expenditures. The special education program subsection
43 shall include, but is not limited to, programs for each disability
44 classification as defined in section 15-761 and programs for gifted,
45 vocational and ~~technological~~ TECHNICAL education, remedial education and

1 bilingual students. The total expenditures for each of these programs shall
2 be included on the budget form. The pupil transportation subsection shall
3 include all operational expenditures relating to the transportation of
4 pupils, including all operational expenditures within a contract if the
5 school district contracts for pupil transportation.

6 C. The capital outlay section of the budget shall include separate
7 subsections for unrestricted capital outlay and soft capital allocation. The
8 soft capital allocation subsection shall include budgeted expenditures as
9 prescribed in section 15-962. The unrestricted capital outlay subsection
10 shall include budgeted expenditures for acquisitions by purchase,
11 lease-purchase or lease of capital items as defined in the uniform system of
12 financial records. These sections and subsections shall include:

13 1. Land, buildings and improvements to land and buildings, including
14 labor and related employee benefits costs and material costs if work is
15 performed by school district employees.

16 2. Furniture, furnishings, athletic equipment and other equipment,
17 including computer software.

18 3. Pupil and nonpupil transportation vehicles and equipment, including
19 all capital expenditures within a contract if the school district contracts
20 for pupil transportation.

21 4. Textbooks and related printed subject matter materials adopted by
22 the governing board.

23 5. Instructional aids.

24 6. Library books.

25 7. Payment of principal and interest on bonds.

26 8. School district administration emergency needs that are directly
27 related to pupils.

28 D. The budget format shall contain distinct subsections for the
29 following:

30 1. Special programs to improve academic achievement of pupils in
31 kindergarten programs and grades one through three as provided in section
32 15-482.

33 2. School plant funds.

34 3. Capital outlay budget increases as provided in section 15-481.

35 4. Property taxation, including the following:

36 (a) The primary tax rates for the school district for the current year
37 and the budget year.

38 (b) The secondary tax rates for maintenance and operation, K-3 and
39 capital ~~overrides~~ BUDGET REQUESTS for the school district for the current
40 year and the budget year.

41 (c) The secondary tax rates for class A bonds for the school district
42 for the current year and the budget year.

43 (d) The secondary tax rates for class B bonds for the school district
44 for the current year and the budget year.

1 the previous truth in taxation base limit becomes the school district's new
2 truth in taxation base limit.

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

8 B. For any fiscal year in which a school district governing board
9 budgets an amount that is higher than the truth in taxation base limit
10 calculated pursuant to subsection A of this section, any fiscal year in which
11 a school district levies any amount for adjacent ways pursuant to section
12 15-995 or any fiscal year in which the school district levies any amount for
13 liabilities in excess of the school district budget pursuant to section
14 15-907:

15 1. The school district shall publish a notice that meets the following
16 requirements:

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

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

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

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

28 Truth in Taxation Hearing
29 Notice of Tax Increase

30 In compliance with section 15-905.01, Arizona Revised
31 Statutes, _____ school district is notifying its property
32 taxpayers of _____ school district's intention to raise its
33 primary property taxes over the current level to pay for
34 increased expenditures in those areas where the governing board
35 has the authority to increase property taxes for the fiscal year
36 beginning July 1, _____. The _____ school district is
37 proposing an increase in its primary property tax levy of
38 \$_____ (amount of levy increase to pay for truth in taxation
39 base increase, the amount of the total levy for the adjacent
40 ways fund and amounts for liabilities in excess of the school
41 district budget pursuant to section 15-907).

42 The amount proposed above will cause _____ school
43 district's primary property taxes on a \$100,000 home to increase
44 from \$_____ (the amount used to pay for the current year's
45 truth in taxation base limit [the amount divided by the current

1 net assessed value available February 10 pursuant to section
2 42-17052] applied to \$100,000) to \$_____ (the amount used
3 to pay for the budget year's proposed truth in taxation base
4 limit and adjacent ways levy, including adjacent ways and
5 liabilities in excess of the school district budget [the amount
6 divided by the current net assessed value available February 10
7 pursuant to section 42-17052] applied to \$100,000).

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

13 All interested citizens are invited to attend the public
14 hearing on the proposed tax increase scheduled to be held
15 _____ (date and time) at _____ (location).

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

20 3. In addition to publishing the truth in taxation notice under
21 paragraph 1 of this subsection or mailing the notice under paragraph 2 of
22 this subsection, the governing board shall issue a press release containing
23 the truth in taxation notice to all newspapers of general circulation in the
24 school district.

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

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

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

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

37 C. The department of education shall maintain a listing of each school
38 district's truth in taxation base limit and shall verify the accuracy of the
39 school district's computations. A school district governing board shall
40 notify the department of education of any change in the district's truth in
41 taxation base limit.

42 D. The department of education shall develop a budget form for school
43 districts to show the primary tax rate associated for each of the expenditure
44 categories mentioned in subsection A, paragraph 1 of this section and for
45 expenditures for adjacent ways pursuant to section 15-995 or any other

1 expenditure in excess of the school district budget pursuant to section
2 15-907. A school district shall make this information available to the
3 general public at truth in taxation hearings and shall submit the information
4 to the department of education.

5 Sec. 14. Section 15-947, Arizona Revised Statutes, is amended to read:
6 15-947. Revenue control limit; district support level; general
7 budget limit; unrestricted total capital budget
8 limit; soft capital allocation limit

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

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

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

17 1. The maintenance and operations portion of the revenue control limit
18 for the budget year.

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

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

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

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

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

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

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

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

37 (vii) State assistance for excess tuition as provided in section
38 15-825.01.

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

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

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

44 (c) Expenditures for excess utility costs as provided in section
45 15-910.

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

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

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

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

9 (h) Amounts budgeted for a jointly owned and operated career and
10 technical education and vocational education center as provided in section
11 15-910.01.

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

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

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

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

21 2. Any other budget item that is budgeted in the capital outlay
22 section of the budget and that is specifically exempt from the capital outlay
23 revenue limit.

24 3. The unrestricted capital portion of the amounts contained in
25 subsection C of this section.

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

28 5. The net interest earned in the unrestricted capital outlay fund the
29 previous fiscal year.

30 6. The budgeted amount as approved and determined pursuant to section
31 15-962, subsection F.

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

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

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

37 3. The net interest earned in the soft capital allocation fund the
38 previous fiscal year.

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

40 15-949. Small school districts; exemption from general budget
41 limit; budget revision

42 A. The governing board of a common school district with a student
43 count in kindergarten programs and grades one through eight of one hundred
44 twenty-five or less, the governing board of a high school district with a
45 student count of one hundred or less or the governing board of a unified

1 school district or the county school superintendent for an accommodation
2 school with a student count of one hundred twenty-five or less in
3 kindergarten programs and grades one through eight or with a student count of
4 one hundred or less in grades nine through twelve shall compute a revenue
5 control limit and a general budget limit, but the governing board or the
6 county school superintendent may:

7 1. Adopt a budget in excess of the general budget limit without the
8 necessity of an election under section 15-481, provided that for a unified
9 school district or for an accommodation school the excess amount of
10 expenditures shall be attributable to the student count in kindergarten
11 programs and grades one through eight or to the student count in grades nine
12 through twelve as provided in this subsection.

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

16 (a) If a governing board:

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

20 (ii) The county school superintendent shall recommend the action to be
21 taken on the petition and forward the recommendation and the petition to the
22 board of supervisors.

23 (iii) The board of supervisors shall hold a hearing on the petition
24 within twenty days after receipt of the petition and shall determine whether
25 to allow the petition, allow the petition after revision or deny the
26 petition.

27 (b) If a county school superintendent, the county school
28 superintendent shall send the revised budget to the board of supervisors, and
29 the board of supervisors shall hold a hearing on the recommendation within
30 twenty days after receipt of the recommendation and shall determine whether
31 to allow the revised budget, allow the revised budget after further revision
32 or deny the revision.

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

37 C. School districts that in any year after fiscal year 1984-1985 but
38 before fiscal year 1999-2000 have operated under the provisions of the small
39 school adjustment as provided for in subsection A of this section and that
40 have subsequently exceeded the student count limits expressed in subsection A
41 of this section may continue in successive years to adopt a budget greater
42 than the general budget limit without the necessity of an election under
43 section 15-481, except that the amount greater than the general budget limit
44 shall not exceed fifty thousand dollars. The amount that is adopted without

1 the use of an election under section 15-481 and that is greater than the
2 general budget limit is specifically exempt from the revenue control limit.

3 D. Notwithstanding subsection C of this section, school districts that
4 exceeded the student count limits prescribed in subsection A of this section
5 may adopt, in the first year that these limits are exceeded, a budget that
6 exceeds the general budget limit without an election conducted pursuant to
7 section 15-481 or pursuant to subsection E of this section, except that the
8 amount that exceeds the general budget limit shall not exceed the amount
9 authorized pursuant to subsection C of this section plus the limit prescribed
10 in subsection E of this section. The amount that is adopted without an
11 election and that exceeds the general budget limit is exempt from the revenue
12 control limit.

13 E. School districts that in any year after fiscal year 1998-1999 have
14 operated under the provisions of the small school adjustment as provided in
15 subsection A of this section and that have subsequently exceeded the student
16 count limits prescribed in subsection A of this section may continue in
17 successive years to adopt a budget greater than the general budget limit
18 subject to an election, except that the amount that is greater than the
19 general budget limit shall not exceed the amount that is prescribed in this
20 subsection. The amount that is adopted pursuant to this subsection is
21 specifically exempt from the revenue control limit and shall be funded by a
22 levy on secondary property taxes in the school district. The maximum amount
23 that may be adopted pursuant to this subsection is computed as follows:

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

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

33 (a) Subtract one hundred twenty-five from the elementary student
34 count.

35 (b) Multiply the difference in subdivision (a) of this paragraph by
36 0.45 per cent.

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

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

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

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

1 (b) Multiply the difference in subdivision (a) of this paragraph by
2 0.65 per cent.

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

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

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

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

12 1. "Elementary" means kindergarten programs and grades one through
13 eight.

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

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

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

25 I. If the proposed OPERATING budget ~~override~~ REQUEST will be fully
26 funded by a levy of taxes on the taxable property within the school district,
27 the ballot shall contain the words "budget ~~override~~ REQUEST, yes" and "budget
28 ~~override~~ REQUEST, no", and the voter shall signify the voter's desired
29 choice. The ballot shall also contain the amount of the proposed OPERATING
30 budget ~~override~~ REQUEST compared to the amount the school district budgeted
31 in the preceding year and the amount the school district would be allowed to
32 budget for if the measure is not approved by the voters. The statement shall
33 also include the estimated amount of the ~~override~~ OPERATING BUDGET REQUEST
34 for each year the ~~override~~ OPERATING BUDGET REQUEST is sought. The ballot
35 shall also include the following statement:

36 The OPERATING budget ~~override~~ REQUEST authorized by this
37 election allows the _____ school district to levy
38 property taxes in excess of the property tax levy allowed by law
39 to fund the school district's revenue control limit. The
40 property tax levy for the year for which adopted and for ____
41 subsequent years will be annually adjusted based on a formula
42 that authorizes the _____ school district to exceed
43 the revenue control limit by up to thirty-five per cent for
44 kindergarten programs and grades one through eight or up to
45 sixty-five per cent for grades nine through twelve. The levy

1 shall not be realized from monies furnished by the state and
2 shall not be subject to the limitation on taxes specified in
3 article IX, section 18, Constitution of Arizona. Based on an
4 estimate of assessed valuation used for secondary property tax
5 purposes, the proposed ~~override~~ OPERATING BUDGET REQUEST in the
6 _____ school district's budget over that allowed by
7 the revenue control limit would result in an estimated increase
8 in the school district's tax rate of _____ dollars
9 per one hundred dollars of assessed valuation for the secondary
10 property tax purposes.

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

22 Any budget ~~override~~ REQUEST authorized by this election
23 shall be entirely funded by this school district with revenues
24 from other than a levy of taxes on the taxable property within
25 the school district for the year for which adopted and for
26 _____ subsequent years and shall not be realized from monies
27 furnished by the state.

28 K. For the purposes of subsections H and I of this section, levy of
29 taxes on the taxable property does not include a levy of the government
30 property lease or park property lease excise taxes assessed pursuant to title
31 42, chapter 6, article 5.

32 Sec. 16. Section 15-996, Arizona Revised Statutes, is amended to read:
33 15-996. Duties of county treasurer relating to school
34 district's monies

35 The county treasurer shall:

36 1. Receive and hold all school district monies and keep a separate
37 account for each school district and for the special county school reserve
38 fund. The county treasurer may maintain separate accounts for each fund of a
39 school district or the county treasurer may maintain only two accounts for
40 each school district's monies in addition to the funds provided for in
41 sections 15-1024, 15-1025, 15-2021, 15-2031 and 15-2041. If only two
42 accounts are maintained, the first account shall consist of maintenance and
43 operation, unrestricted capital outlay, soft capital allocation and adjacent
44 ways monies and the classroom site fund prescribed in section 15-977 and the

1 second account shall consist of federal and state grant monies and all other
2 monies.

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

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

9 (a) If separate accounts are maintained for each fund, warrants may
10 only be registered on the maintenance and operation, unrestricted capital
11 outlay, soft capital allocation and adjacent ways accounts and the classroom
12 site fund prescribed in section 15-977 and only if the total cash balance of
13 all three accounts is insufficient to pay the warrants, except that, during
14 the period of time when a school district is under receivership pursuant to
15 section 15-103, a warrant may be registered on the debt service account for
16 which the cash balance in the debt service account is insufficient to cover
17 the debt service payment if there are not sufficient monies in the debt
18 service account to cover the debt.

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

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

24 (ii) The county treasurer may honor warrants for any federal or state
25 grant fund with a negative balance as long as the total balance in the second
26 account is positive. If the second account total balance is negative, the
27 warrant for a federal or state grant fund shall be charged to the maintenance
28 and operation fund. Any interest charged to the federal or state grant fund
29 as a result of a negative balance that is in excess of interest earned on the
30 fund shall be transferred to the maintenance and operation fund at the end of
31 the fiscal year or the end of the grant year. If a federal or state grant
32 fund has a negative balance at the end of the fiscal year or grant year,
33 sufficient expenditures shall be transferred to the maintenance and operation
34 fund to eliminate the negative balance.

35 4. Notify the county school superintendent by the fifteenth day of
36 each calendar month of the month end balances of each school district
37 account.

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

40 6. On each property tax bill and each property tax statement prepared,
41 separately state and identify by name each school district's primary property
42 tax rate, the secondary property tax rate that is associated with **overrides**
43 **BUDGET REQUESTS**, the secondary property tax rate that is associated with
44 class A bonds and the secondary property tax rate that is associated with

1 class B bonds. For the purposes of this paragraph, "class A bonds" and
2 "class B bonds" have the same meanings prescribed in section 15-101.

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

5 15-1102. Disposition of proceeds from sale or lease of school
6 property; school plant monies; payment of bonded
7 indebtedness; definition

8 A. The governing board, or the superintendent or chief administrative
9 officer with the approval of the governing board, may expend the proceeds
10 from the sale or lease of school property for the payment of any outstanding
11 bonded indebtedness of the school district or for the reduction of school
12 district taxes.

13 B. A common school district or high school district which has an
14 outstanding bonded indebtedness of seven per cent of the current year's
15 assessed valuation or less or a unified school district which has an
16 outstanding bonded indebtedness of fourteen per cent of the current year's
17 assessed valuation or less may expend the proceeds from the sale or lease of
18 school property for maintenance and operation or capital outlay, subject to
19 the following limitations:

20 1. During the period that proceeds from the sale or lease of school
21 property are used for capital outlay, the school district shall not call ~~an~~
22 ~~override~~ A CAPITAL BUDGET REQUEST election to exceed the capital outlay
23 revenue limit, except that during the last year of that period the school
24 district may authorize ~~an override~~ A CAPITAL BUDGET REQUEST election to
25 exceed the capital outlay revenue limit beginning with the following year.

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

37 3. In any fiscal year in which a district utilizes budget increases as
38 authorized in section 15-481, subsection E or F or section 15-482 or utilizes
39 the proceeds from the sale of school property before July 1, 1998 or the
40 lease of school property for more than one year for maintenance and operation
41 or any combination of these provisions, the total amount of these increases
42 which may be expended is equal to fifteen per cent of the revenue control
43 limit for that year as provided in section 15-947, subsection A, provided
44 that the following maximum amount is attributable to the use of any one
45 provision:

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

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

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

8 C. A common school district or high school district which has an
9 outstanding bonded indebtedness of greater than seven per cent of the current
10 year's assessed valuation or a unified school district which has an
11 outstanding bonded indebtedness of greater than fourteen per cent of the
12 current year's assessed valuation may expend the proceeds from the lease or
13 sale of school property as follows:

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

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

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

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

21 D. The governing board, or the superintendent or chief administrative
22 officer with the approval of the governing board, shall promptly deposit
23 monies received for and derived from the sale or lease of school property
24 with the county treasurer who shall establish three school plant funds, one
25 fund for monies received from the sale before July 1, 1998 or lease of school
26 property for more than one year, one fund for monies received from the sale
27 of school property from and after June 30, 1998 and one fund for monies
28 received from the lease of school property for one year or less. The county
29 treasurer shall credit the deposits to the respective school plant fund of
30 the respective school district. Monies placed to the credit of the school
31 plant funds may be expended as provided in this section. The school plant
32 funds are continuing funds not subject to reversion.

33 E. Notwithstanding subsection C of this section, the governing board,
34 or the superintendent or chief administrative officer with the approval of
35 the governing board, may expend the proceeds from the sale before July 1,
36 1998 or lease of school property for the additional maintenance and
37 operations expenses incurred as the result of operating on a year-round
38 school year operation basis pursuant to section 15-855. The amount that the
39 governing board, superintendent or chief administrative officer may expend
40 for a year-round school year operation, as provided in this subsection, is
41 limited to the actual maintenance and operations costs incurred as the result
42 of the year-round school year operation as documented in the school
43 district's budget as provided in section 15-855. A governing board,
44 superintendent or chief administrative officer that utilizes this subsection
45 is subject to all other limitations prescribed in this section regarding the

1 expenditure of proceeds from the sale before July 1, 1998 or lease of school
2 property.

3 F. Notwithstanding subsections B and D of this section, if the school
4 district electors approve the sale of school property and the use of the
5 proceeds for the purchase of school sites or the construction, improvement or
6 furnishing of school facilities, the proceeds from the sale shall be put in a
7 separate fund for use for the approved purpose as prescribed by the uniform
8 system of financial records. This fund is a continuing fund not subject to
9 reversion, except that after ten years any unexpended monies shall be put in
10 the school plant fund for use as prescribed in this section.

11 G. Proceeds from sales by condemnation or sales under threat of
12 condemnation may be deposited with the county treasurer for deposit in the
13 condemnation fund or the school plant fund of the school district. The
14 condemnation fund is a continuing fund not subject to reversion, except that
15 after ten years any unspent monies shall be placed in the school plant fund
16 to be used as prescribed in this section. The governing board, or the
17 superintendent or chief administrative officer with the approval of the
18 governing board, may apply the proceeds in the condemnation fund to:

19 1. The payment of any outstanding bonded indebtedness of the school
20 district which is payable from the levy of taxes upon property within the
21 school district.

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

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

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

32 Sec. 18. Section 15-2011, Arizona Revised Statutes, is amended to
33 read:

34 15-2011. Minimum school facility adequacy requirements;
35 definition

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

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

42 1. The buildings contain sufficient and appropriate space and
43 equipment that comply with the minimum school facility adequacy guidelines
44 established pursuant to subsection F of this section. The state shall not
45 fund facilities for elective courses that require the school district

1 facilities to exceed minimum school facility adequacy requirements. The
2 school facilities board shall determine whether a school building meets the
3 requirements of this paragraph by analyzing the total square footage that is
4 available for each pupil in conjunction with the need for specialized spaces
5 and equipment.

6 2. The buildings are in compliance with federal, state and local
7 building and fire codes and laws that are applicable to the particular
8 building. An existing school building is not required to comply with current
9 requirements for new buildings unless this compliance is specifically
10 mandated by law or by the building or fire code of the jurisdiction where the
11 building is located.

12 3. The building systems, including roofs, plumbing, telephone systems,
13 electrical systems, heating systems and cooling systems, are in working order
14 and are capable of being properly maintained.

15 4. The buildings are structurally sound.

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

19 1. For a school district that provides instruction to pupils in
20 programs for preschool children with disabilities, kindergarten programs and
21 grades one through six, eighty square feet per pupil in programs for
22 preschool children with disabilities, kindergarten programs and grades one
23 through six.

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

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

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

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

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

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

1 D. The school facilities board may modify the square footage
2 requirements prescribed in subsection C of this section or modify the amount
3 of monies awarded to cure the square footage deficiency pursuant to this
4 section for particular school districts based on extraordinary circumstances
5 for any of the following considerations:

- 6 1. The number of pupils served by the school district.
- 7 2. Geographic factors.
- 8 3. Grade configurations other than those prescribed in subsection C of
9 this section.

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

- 12 1. Use the most recent one hundredth day average daily membership.
- 13 2. For each school, use the lesser of either:
 - 14 (a) Total gross square footage.
 - 15 (b) Student capacity multiplied by the appropriate square footage per
16 pupil prescribed by subsection C of this section.
- 17 3. Consider the total space available in all schools in use in the
18 school district, except that the school facilities board shall allow an
19 exclusion of the square footage for certain schools and the pupils within the
20 schools' boundaries if the school district demonstrates to the board's
21 satisfaction unusual or excessive busing of pupils or unusual attendance
22 boundary changes between schools.
- 23 4. Compute the gross square footage of all buildings by measuring from
24 exterior wall to exterior wall. Square footage used solely for district
25 administration, storage of vehicles and other nonacademic purposes shall be
26 excluded from the gross square footage.
- 27 5. Include all portable and modular buildings.
- 28 6. Include in the net square footage new construction funded wholly or
29 partially by the school facilities board based on the square footage funded
30 by the school facilities board. If the new construction is to exceed the
31 square footage funded by the school facilities board, the excess square
32 footage shall not be included in the net square footage if any of the
33 following applies:
 - 34 (a) The excess square footage was constructed before July 1, 2002 or
35 funded by a class B bond, impact aid revenue bond or capital ~~outlay override~~
36 BUDGET REQUEST approved by the voters after August 1, 1998 and before June
37 30, 2002 or funded from unrestricted capital outlay expended before June 30,
38 2002.
 - 39 (b) The excess square footage of new school facilities does not exceed
40 twenty-five per cent of the minimum square footage requirements pursuant to
41 subsection C of this section.
 - 42 (c) The excess square footage of expansions to school facilities does
43 not exceed twenty-five per cent of the minimum square footage requirements
44 pursuant to subsection C of this section.

1 7. Require that excess square footage that is constructed after July
2 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection
3 meets the minimum school facility adequacy guidelines in order to be eligible
4 for building renewal monies as computed in section 15-2031.

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

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

11 F. The school facilities board shall adopt rules establishing minimum
12 school facility adequacy guidelines. The guidelines shall provide the
13 minimum quality and quantity of school buildings and facilities and equipment
14 necessary and appropriate to enable pupils to achieve the academic standards
15 pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections
16 15-701 and 15-701.01. At a minimum, the school facilities board shall
17 address all of the following in developing these guidelines:

18 1. School sites.

19 2. Classrooms.

20 3. Libraries and media centers, or both.

21 4. Cafeterias.

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

23 6. Technology.

24 7. Transportation.

25 8. Facilities for science, arts and physical education.

26 9. Other facilities and equipment that are necessary and appropriate
27 to achieve the academic standards prescribed pursuant to section 15-203,
28 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

29 10. Appropriate combinations of facilities or uses listed in this
30 section.

31 G. The board shall consider the facilities and equipment of the
32 schools with the highest academic productivity scores, as prescribed in
33 section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest
34 parent quality ratings in the establishment of the guidelines.

35 H. The school facilities board may consider appropriate combinations
36 of facilities or uses in making assessments of and curing existing
37 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in
38 certifying plans for new school facilities pursuant to section 15-2002,
39 subsection A, paragraph 5.

40 I. For the purposes of this section, "student capacity" means the
41 capacity adjusted to include any additions to or deletions of space,
42 including modular or portable buildings at the school. The school facilities
43 board shall determine the student capacity for each school in conjunction
44 with each school district, recognizing each school's allocation of space as
45 of July 1, 1998, to achieve the academic standards prescribed pursuant to

1 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
2 15-701.01.

3 Sec. 19. Section 15-2104, Arizona Revised Statutes, is amended to
4 read:

5 15-2104. Impact aid revenue bond building and debt service funds

6 A. If a school district issues impact aid revenue bonds under this
7 article, the governing board shall establish:

8 1. An impact aid revenue bond building fund consisting of the net
9 proceeds received from the sale of the bonds. The fund shall be a continuing
10 fund that is not subject to reversion.

11 2. An impact aid revenue bond debt service fund consisting of monies
12 received by the school district from impact aid revenues.

13 B. Monies in the impact aid revenue bond building fund and the impact
14 aid revenue bond debt service fund may be used only for the purposes
15 authorized by this article.

16 C. The school district shall provide the county treasurer with an
17 impact aid revenue bond debt service schedule. The county treasurer shall
18 keep an account of all school district debt service funds that shows the
19 school district to which each fund belongs. The county treasurer shall
20 credit to the impact aid revenue bond debt service fund an amount from impact
21 aid revenues equal to the principal and interest that will become due on the
22 impact aid revenue bonds during the current year. The treasurer shall
23 receive and credit any interest or income earned by the debt service fund.

24 D. Notwithstanding any other provision in this article, the annual
25 payment of principal and interest on impact aid revenue bonds each year shall
26 not exceed seventy-five per cent of the net impact aid revenues of the school
27 district for the current year. For the purposes of this subsection, "net
28 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after
29 deducting the sum of the following amounts:

30 1. The amount of any increase in the school district's general budget
31 limit pursuant to section 15-905, subsections K, O and P.

32 2. The amount necessary to fund any budget ~~override~~ REQUEST adopted
33 pursuant to section 15-481, subsection F, J or M.

34 3. The amount that would be produced by levying the applicable
35 qualifying tax rate as provided in section 15-971, subsection B, minus the
36 amount levied for primary school district taxes for the year pursuant to
37 section 15-992, except that if the result is a negative number, ~~use~~ THE
38 AMOUNT IS zero.

39 Sec. 20. Section 16-204, Arizona Revised Statutes, is amended to read:

40 16-204. Declaration of statewide concern; consolidated election
41 dates; definition

42 A. The legislature finds and determines that for the purposes of
43 increasing voter participation and for decreasing the costs to the taxpayers
44 it is a matter of statewide concern that all elections in this state be
45 conducted on a limited number of days and, therefore, the legislature finds

1 and declares that the holding of all elections on certain specific
2 consolidated days is a matter of statewide concern. This section preempts
3 all local laws, ordinances and charter provisions to the contrary.

4 B. EXCEPT AS PROVIDED IN SUBSECTION H OF THIS SECTION, for elections
5 held before 2014 and notwithstanding any other law or any charter or
6 ordinance of any county, city or town to the contrary, an election held for
7 or on behalf of a county, city or town, a school district, a community
8 college district or special districts organized pursuant to title 48,
9 chapters 5, 6, 8, 10, 13 through 16 and 33 may only be held on the following
10 dates:

11 1. Except for regular elections for candidates in a city or town with
12 a population of one hundred seventy-five thousand or more persons, all
13 elections, including recall elections and special elections to fill
14 vacancies, shall be held on:

15 (a) The second Tuesday in March.

16 (b) The third Tuesday in May.

17 (c) The tenth Tuesday before the first Tuesday after the first Monday
18 in November.

19 (d) The first Tuesday after the first Monday in November.
20 Notwithstanding any other law, an election must be held on this date for the
21 approval of an obligation or other authorization requiring or authorizing the
22 assessment of secondary property taxes by a county, city, town, school
23 district, community college district or special taxing district, except as
24 provided by title 48.

25 2. For regular elections that are only for candidates in a city or
26 town with a population of one hundred seventy-five thousand or more persons
27 and not including recall elections and special elections to fill vacancies in
28 those cities or towns, elections shall be held on:

29 (a) The tenth Tuesday before the first Tuesday after the first Monday
30 in November.

31 (b) The first Tuesday after the first Monday in November.

32 C. For elections held before 2014, for any city or town, including a
33 charter city, that holds its regularly scheduled candidate elections in
34 even-numbered years pursuant to subsection B, paragraph 2, the term of office
35 for a member of the city council or for the office of mayor begins on or
36 after the second Tuesday in January in the year following the election.

37 D. Subsections B and C of this section do not apply to an election
38 regarding a county or city charter committee or county or city charter
39 proposal that is conducted pursuant to article XIII, section 2 or 3 or
40 article XII, section 5, Constitution of Arizona.

41 E. Beginning with elections held in 2014 and later and notwithstanding
42 any other law or any charter or ordinance to the contrary, a candidate
43 election held for or on behalf of any political subdivision of this state
44 other than a special election to fill a vacancy or a recall election may only
45 be held on the following dates and only in even-numbered years:

1 1. The tenth Tuesday before the first Tuesday after the first Monday
2 in November. If the political subdivision holds a primary or first election
3 and a general or runoff election is either required or optional for that
4 political subdivision, the first election shall be held on this date, without
5 regard to whether the political subdivision designates the election a primary
6 election, a first election, a preliminary election or any other descriptive
7 term.

8 2. The first Tuesday after the first Monday in November. If the
9 political subdivision holds a general election or a runoff election, the
10 second election held shall be held on this date. If the political
11 subdivision holds only a single election and no preliminary or primary or
12 other election is ever held for the purpose of reducing the number of
13 candidates, or receiving a partisan nomination or designation or for any
14 other purpose for that political subdivision, the single election shall be
15 held on this date.

16 F. EXCEPT AS PROVIDED IN SUBSECTION H OF THIS SECTION, beginning with
17 elections held in 2014 and later that are not candidate elections, an
18 election held for or on behalf of any political subdivision of this state,
19 and including a special election to fill a vacancy or a recall election, may
20 only be held on the following dates:

21 1. The second Tuesday in March.

22 2. The third Tuesday in May.

23 3. The tenth Tuesday before the first Tuesday after the first Monday
24 in November.

25 4. The first Tuesday after the first Monday in November.
26 Notwithstanding any other law, an election must be held on this date for the
27 approval of an obligation or other authorization requiring or authorizing the
28 assessment of secondary property taxes by a county, city, town, school
29 district, community college district or special taxing district, except as
30 provided by title 48.

31 G. Notwithstanding any other law, for an election administered by a
32 county recorder or other officer in charge of elections on behalf of a city,
33 town or school district and that is an all mail ballot election for that
34 city, town or school district, the county recorder or other officer in charge
35 of elections may use a unified ballot format that combines all of the issues
36 applicable to the voters in the city, town or school district requesting the
37 all mail ballot election.

38 H. SUBSECTIONS B AND F OF THIS SECTION DO NOT APPLY TO SCHOOL DISTRICT
39 OPERATING BUDGET REQUEST ELECTIONS, SCHOOL DISTRICT CAPITAL BUDGET REQUEST
40 ELECTIONS OR SCHOOL DISTRICT BOND ELECTIONS.

41 ~~H.~~ I. For the purposes of this section, "political subdivision" means
42 any governmental entity operating under the authority of this state and
43 governed by an elected body, including a city, town, county, school
44 district, ~~OR~~ community college district or any other district organized
45 under state law but not including a special taxing district.