

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

SENATE BILL 1182

AN ACT

AMENDING SECTIONS 15-481 AND 35-454, 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 15-481, Arizona Revised Statutes, is amended to
3 read:

4 15-481. Override election; budget increases; notice; ballot;
5 effect

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

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

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

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

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

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

13 8. The dollar amount and the purpose for which the proposed increase
14 in the budget is to be expended for the first year for which the budget
15 increase was adopted. **THE PURPOSE STATEMENT SHALL ONLY PRESENT FACTUAL**
16 **INFORMATION IN A NEUTRAL MANNER. ADVOCACY FOR THE EXPENDITURES IS STRICTLY**
17 **LIMITED TO THE ARGUMENTS SUBMITTED PURSUANT TO PARAGRAPH 9 OF THIS**
18 **SUBSECTION.**

19 9. At least two arguments, if submitted, but no more than ten
20 arguments for and two arguments, if submitted, but no more than ten arguments
21 against the proposed increase in the budget. The arguments shall be in a
22 form prescribed by the county school superintendent, and each argument shall
23 not exceed two hundred words. Arguments for the proposed increase in the
24 budget shall be provided in writing and signed by the governing board. If
25 submitted, additional arguments in favor of the proposed increase in the
26 budget shall be provided in writing and signed by those in favor. Arguments
27 against the proposed increase in the budget shall be provided in writing and
28 signed by those in opposition. The names of persons and entities submitting
29 written arguments shall be included in the report. The county school
30 superintendent shall review all factual statements contained in the written
31 arguments and correct any inaccurate statements of fact. The superintendent
32 shall not review and correct any portion of the written arguments that are
33 identified as statements of the author's opinion. The county school
34 superintendent shall make the written arguments available to the public as
35 provided in title 39, chapter 1, article 2. A deadline for submitting
36 arguments to be included in the informational report shall be set by the
37 county school superintendent.

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

41 11. The current limited property value and the net assessed valuation
42 provided by the department of revenue, the first year tax rate for the
43 proposed override and the estimated amount of the secondary property taxes if
44 the proposed budget is adopted for each of the following:

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

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

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

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

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

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

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

20 (c) The tax rate associated with each of the proposed capital
21 improvements and the estimated cost of each capital improvement for ~~the owner~~
22 ~~of a single family home that is valued at eighty thousand dollars~~ AN
23 OWNER-OCCUPIED RESIDENCE WITH AN AVERAGE ASSESSED VALUATION OF PROPERTY
24 CLASSIFIED AS CLASS THREE AS PRESCRIBED BY SECTION 42-12003 IN THE SCHOOL
25 DISTRICT FOR THE CURRENT YEAR.

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

37 D. If any amount of the proposed increase will be funded by a levy of
38 taxes in the district, the election prescribed in subsection A of this
39 section shall be held on the first Tuesday following the first Monday in
40 November as prescribed by section 16-204, subsection B, paragraph 1,
41 subdivision (d). If the proposed increase will be fully funded by revenues
42 from other than a levy of taxes, the elections prescribed in subsection A of
43 this section shall be held on any date prescribed by section 16-204. The
44 elections shall be conducted as nearly as practicable in the manner

1 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
2 section 15-426, relating to special elections, except that:

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

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

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

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

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

36 1. The amount of the proposed increase of the proposed budget over the
37 alternate budget.

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

41 3. The following statement:

42 Any budget increase authorized by this election shall be
43 entirely funded by this school district with revenues from other
44 than a levy of taxes on the taxable property within the school
45 district for the year for which adopted and for _____

1 subsequent years and shall not be realized from monies furnished
 2 by the state.

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

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

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

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

26 (i)

27	Small School	Support Level Weight		Phase Down
28	Student	for Small Isolated		Reduction
29	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
30	- <u>125</u>	x 1.358 + (0.0005 x	x \$ _____	= \$ _____
31		(500 - Student Count))		
32			Small Isolated	
33	Phase Down	Phase Down	School District	
34	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
35	\$150,000	- \$ _____	=	\$ _____

36 (ii)

37	Small School	Support Level Weight		Phase Down
38	Student	for Small		Reduction
39	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
40	- <u>125</u>	x 1.278 + (0.0003 x	x \$ _____	= \$ _____
41		(500 - Student Count))		
42			Small	
43	Phase Down	Phase Down	School District	
44	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
45	\$150,000	- \$ _____	=	\$ _____

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

5 (i)

6		Small School	Support Level Weight		Phase Down
7	Student	Student	for Small Isolated		Reduction
8	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
9	_____	- 100	x 1.468 + (0.0005 x	x \$ _____	= \$ _____
10			(500 - Student Count))		
11				Small Isolated	
12		Phase Down	Phase Down	District	
13		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
14		\$350,000	- \$ _____	= \$ _____	

15 (ii)

16		Small School	Support Level Weight		Phase Down
17	Student	Student	for Small		Reduction
18	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
19	_____	- 100	x 1.398 + (0.0004 x	x \$ _____	= \$ _____
20			(500 - Student Count))		
21				Small	
22		Phase Down	Phase Down	School District	
23		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
24		\$350,000	- \$ _____	= \$ _____	

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

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

41 2. If a school district utilizes this subsection to request an
 42 override of more than one year, the ballot shall include an estimate of the
 43 amount of the proposed increase in the future years in place of the statement
 44 that the amount of the proposed increase will be based on a percentage of the

1 school district's revenue control limit in future years, as prescribed in
2 subsections E and F of this section.

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

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

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

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

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

43 Any budget increase authorized by this election shall be
44 entirely funded by this school district with revenues from other
45 than a levy of taxes on the taxable property within the school

1 district for the year for which adopted and for _____ subsequent
2 years and shall not be realized from monies furnished by the
3 state.

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

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

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

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

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

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

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

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

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

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

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

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

1 in future years, if the budget increase is authorized for more than one year.
2 If the additional increase:

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

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

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

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

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

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

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

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

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

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

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

19 2. The ballot shall contain the words "budget increase, yes" and
20 "budget increase, no", and the voter shall signify the voter's desired
21 choice.

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

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

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

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

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

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

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

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

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

1 _____ dollar per one hundred dollars of assessed
2 valuation used for secondary property tax purposes and is in
3 addition to the school district's tax rate that will be levied
4 to fund the school district's revenue control limit allowed by
5 law.

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

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

32 Sec. 2. Section 35-454, Arizona Revised Statutes, is amended to read:
33 35-454. Informational pamphlet for election; review; election;
34 return; canvass of vote; certificate of election

35 A. The governing body or board of the political subdivision shall:
36 1. Not less than thirty-five days before the bond election, mail a
37 copy of an informational pamphlet to every household within the political
38 subdivision that contains a registered voter. The pamphlet shall contain
39 information on the:
40 (a) Amount of the bond authorization.
41 (b) Maximum interest rate of the bonds.
42 (c) Estimated debt retirement schedule for the current amount of bonds
43 outstanding, showing both principal and interest payments, the current net
44 assessed valuation as reported by the department of revenue and the current
45 adopted and estimated tax rates. For the purposes of this paragraph, "net

1 assessed valuation" may include the values used to determine voluntary
2 contributions collected pursuant to title 9, chapter 4, article 3 and title
3 48, chapter 1, article 8.

4 (d) Estimated debt retirement schedule for the proposed bond
5 authorization, showing both the estimated principal and interest payments and
6 the estimated average annual tax rate for the proposed bond authorization.
7 In preparing this information and the information prescribed by subdivision
8 (c), the projected total annual increase in net assessed valuation for any
9 future year shall not exceed:

10 (i) For the first five years of the estimated debt retirement
11 schedule, the average of the annual percentage growth for the previous ten
12 years in the net assessed valuation of the political subdivision.

13 (ii) For the remaining years of the estimated debt retirement
14 schedule, twenty per cent of the average of the annual percentage growth for
15 the previous ten years in the net assessed valuation of the political
16 subdivision.

17 (e) Source of repayment.

18 (f) Estimated issuance costs.

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

29 The tax impact over the term of the bonds on an
30 owner-occupied residence valued by the county assessor at
31 \$250,000 is estimated to be \$___ per year for __ years, or \$___
32 total cost.

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

37 The tax impact over the term of the bonds on agricultural
38 or other vacant property valued by the county assessor at
39 \$100,000 is estimated to be \$___ per year for __ years, or
40 \$_____ total cost.

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

43 (i) Current outstanding general obligation debt and constitutional
44 debt limitation.

1 (j) PROJECTS AND EXPENDITURES FOR WHICH THE BONDS ARE TO BE ISSUED.
2 THE PURPOSE STATEMENT SHALL ONLY PRESENT FACTUAL INFORMATION IN A NEUTRAL
3 MANNER. ADVOCACY FOR THE EXPENDITURES IS STRICTLY LIMITED TO THE ARGUMENTS
4 SUBMITTED PURSUANT TO SUBDIVISION (n) OF THIS PARAGRAPH.

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

9 ~~(k)~~ (l) Polling location for the addressee.

10 ~~(l)~~ (m) Hours during the day when the polls will be open.

11 ~~(m)~~ (n) Arguments for and against the authorization of one or more of
12 the bond propositions.

13 2. Set a deadline to submit arguments for and against the
14 authorization of one or more of the bond propositions at a public meeting and
15 publish the deadline in a newspaper of general circulation in the
16 jurisdiction of the political subdivision.

17 3. Submit a copy of the informational pamphlet to the department of
18 revenue within thirty days after the bond election. The department of
19 revenue shall maintain copies of the pamphlets.

20 B. The failure of any one or more electors to receive the
21 informational pamphlet shall not be grounds to invalidate the election. The
22 election shall conform with the general election laws of the state. The
23 return of the election held in a county shall be made to the board of
24 supervisors and, in any other case, to the governing body or board of the
25 municipal corporation or district within twelve days after the election.

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

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

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

1 F. The governing board or body shall file and record in the office of
2 the county recorder a certificate disclosing the purpose of the election, the
3 total number of votes cast and the total number of votes for and against
4 creating the indebtedness, and stating whether or not the indebtedness is
5 ordered. Upon filing and recording the certificate, the governing board or
6 body shall carry out the purpose of the election.
7 G. Variations between the estimates required by subsection A of this
8 section and the actual debt retirement schedules, issuance costs, annual and
9 total costs and tax rates shall not invalidate either the election or the
10 bonds.