

REFERENCE TITLE: school districts; budget requests; elections

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

SB 1257

Introduced by
Senators Tovar, Dalessandro, Farley, Gallardo, Hobbs, Pancrazi: Ableser,
Begay, McGuire

AN ACT

AMENDING SECTIONS 15-249.04, 15-302 AND 15-342, ARIZONA REVISED STATUTES; AMENDING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, FIRST REGULAR SESSION, CHAPTER 10, SECTION 1 AND LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 3, SECTION 8; REPEALING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 66, SECTION 1; AMENDING SECTIONS 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, 15-2011, 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 15-249.04, Arizona Revised Statutes, is amended to
3 read:

4 15-249.04. Report; school district budget request elections

5 On or before November 30 of each year, the department of education
6 shall electronically submit to the joint legislative budget committee and the
7 governor's office of strategic planning and budgeting a report that lists the
8 amount budgeted by individual school districts for the current fiscal year
9 for each type of ~~override~~ BUDGET REQUEST ELECTION conducted pursuant to
10 section 15-481 or 15-482.

11 Sec. 2. Section 15-302, Arizona Revised Statutes, is amended to read:

12 15-302. Powers and duties

13 A. The county school superintendent shall:

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

16 2. Record all official acts.

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

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

32 5. Have such powers and perform such duties as otherwise prescribed by
33 law.

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

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

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

43 9. Maintain teacher and administrator certification records of
44 effective dates and expiration dates of teachers' and administrators'
45 certificates in compliance with guidelines prescribed in the uniform system

1 of financial records for those school districts for which the county school
2 superintendent is the fiscal agent. The county school superintendent shall
3 not draw a warrant in payment of a teacher's, substitute teacher's or
4 administrator's salary unless the teacher, substitute teacher or
5 administrator is legally certified during the fiscal year in which the term
6 for payment is demanded.

7 10. Notify a school district three years before the expiration of
8 ~~a revenue control limit override~~ AN OPERATING BUDGET REQUEST that the school
9 district's budget must be adjusted in the final two years of the ~~override~~
10 OPERATING BUDGET REQUEST pursuant to section 15-481, subsections P and Q, if
11 the voters do not approve another ~~override~~ OPERATING BUDGET REQUEST.

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

16 12. Assist schools in meeting yearly adequate progress goals as defined
17 by criteria established by the state board of education and implemented by
18 the department of education.

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

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

25 D. Each county school superintendent may establish an advisory
26 committee to the office of the county school superintendent.

27 Sec. 3. Section 15-342, Arizona Revised Statutes, is amended to read:

28 15-342. Discretionary powers

29 The governing board may:

30 1. Expel pupils for misconduct.

31 2. Exclude from grades one through eight children under six years of
32 age.

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

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

36 5. Permit a superintendent or principal or representatives of the
37 superintendent or principal to travel for a school purpose, as determined by
38 a majority vote of the board. The board may permit members and members-elect
39 of the board to travel within or without the school district for a school
40 purpose and receive reimbursement. Any expenditure for travel and
41 subsistence pursuant to this paragraph shall be as provided in title 38,
42 chapter 4, article 2. The designated post of duty referred to in section
43 38-621 shall be construed, for school district governing board members, to be
44 the member's actual place of residence, as opposed to the school district
45 office or the school district boundaries. Such expenditures shall be a

1 charge against the budgeted school district funds. The governing board of a
2 school district shall prescribe procedures and amounts for reimbursement of
3 lodging and subsistence expenses. Reimbursement amounts shall not exceed the
4 maximum amounts established pursuant to section 38-624, subsection C.

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

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

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

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

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

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

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

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

1 (d) The transaction involves the sale of improved or unimproved
2 property pursuant to a formally adopted plan and the school district uses the
3 proceeds of this sale to purchase other property that will be used for
4 similar purposes as the property that was originally sold, provided that the
5 sale proceeds of the improved or unimproved property are used within two
6 years after the date of the original sale to purchase the replacement
7 property. If the sale proceeds of the improved or unimproved property are
8 not used within two years after the date of the original sale to purchase
9 replacement property, the sale proceeds shall be used towards payment of any
10 outstanding bonded indebtedness. If any sale proceeds remain after paying
11 for outstanding bonded indebtedness, or if the district has no outstanding
12 bonded indebtedness, sale proceeds shall be used to reduce the district's
13 primary tax levy. A school district shall not use this subdivision unless
14 all of the following conditions exist:

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

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

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

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

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

4 13. Enter into intergovernmental agreements and contracts with school
5 districts or other governing bodies as provided in section 11-952.
6 Intergovernmental agreements and contracts between school districts or
7 between a school district and other governing bodies as provided in section
8 11-952 are exempt from competitive bidding under the procurement rules
9 adopted by the state board of education pursuant to section 15-213.

10 14. Include in the curricula it prescribes for high schools in the
11 school district career and technical education, vocational education and
12 technology education programs and career and technical, vocational and
13 technology program improvement services for the high schools, subject to
14 approval by the state board of education. The governing board may contract
15 for the provision of career and technical, vocational and technology
16 education as provided in section 15-789.

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

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

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

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

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

30 18. Donate surplus or outdated learning materials, educational
31 equipment and furnishings to nonprofit community organizations where the
32 governing board determines that the anticipated cost of selling the learning
33 materials, educational equipment or furnishings equals or exceeds the
34 estimated market value of the materials.

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

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

44 21. Require a period of silence to be observed at the commencement of
45 the first class of the day in the schools. If a governing board chooses to

1 require a period of silence to be observed, the teacher in charge of the room
2 in which the first class is held shall announce that a period of silence not
3 to exceed one minute in duration will be observed for meditation, and during
4 that time no activities shall take place and silence shall be maintained.

5 22. Require students to wear uniforms.

6 23. Exchange unimproved property or improved property, including school
7 sites, where the governing board determines that the improved property is
8 unnecessary for the continued operation of the school district without
9 requesting authorization by a vote of the school district electors if the
10 governing board determines that the exchange is necessary to protect the
11 health, safety or welfare of pupils or when the governing board determines
12 that the exchange is based on sound business principles for either:

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

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

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

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

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

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

1 (c) Monies specifically donated for the purpose of constructing school
2 buildings.

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

6 26. Conduct a background investigation that includes a fingerprint
7 check conducted pursuant to section 41-1750, subsection G for certificated
8 personnel and personnel who are not paid employees of the school district, as
9 a condition of employment. A school district may release the results of a
10 background check to another school district for employment purposes. The
11 school district may charge the costs of fingerprint checks to its
12 fingerprinted employee, except that the school district may not charge the
13 costs of fingerprint checks for personnel who are not paid employees of the
14 school district.

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

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

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

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

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

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

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

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

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

35 28. Assess reasonable damage deposits to pupils in grades seven through
36 twelve for the use of textbooks, musical instruments, band uniforms or other
37 equipment required for academic courses. The governing board shall adopt
38 policies on any damage deposits assessed pursuant to this paragraph at a
39 public meeting called for this purpose after providing notice to all parents
40 of pupils in grades seven through twelve in the school district. Principals
41 of individual schools within the district may waive the damage deposit
42 requirement for any textbook or other item if the payment of the damage
43 deposit would create an economic hardship for the pupil. The school district
44 shall return the full amount of the damage deposit for any textbook or other
45 item if the pupil returns the textbook or other item in reasonably good

1 condition within the time period prescribed by the governing board. For the
2 purposes of this paragraph, "in reasonably good condition" means the textbook
3 or other item is in the same or a similar condition as it was when the pupil
4 received it, plus ordinary wear and tear.

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

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

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

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

20 (a) The policy may provide reasonable exceptions to the parental
21 notification requirement.

22 (b) The policy shall set forth whether and under what circumstances a
23 parent may be present when a law enforcement officer interviews the pupil,
24 including reasonable exceptions to the circumstances under which a parent may
25 be present when a law enforcement officer interviews the pupil, and shall
26 specify a reasonable maximum time after a parent is notified that an
27 interview of a pupil by a law enforcement officer may be delayed to allow the
28 parent to be present.

29 33. Enter into voluntary partnerships with any party to finance with
30 funds other than school district funds and cooperatively design school
31 facilities that comply with the adequacy standards prescribed in section
32 15-2011 and the square footage per pupil requirements pursuant to section
33 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and
34 location of any such school facility shall be submitted to the school
35 facilities board for approval pursuant to section 15-2041, subsection 0. If
36 the school facilities board approves the design plans and location of any
37 such school facility, the party in partnership with the school district may
38 cause to be constructed and the district may begin operating the school
39 facility before monies are distributed from the school facilities board
40 pursuant to section 15-2041. Monies distributed from the new school
41 facilities fund to a school district in a partnership with another party to
42 finance and design the school facility shall be paid to the school district
43 pursuant to section 15-2041. The school district shall reimburse the party
44 in partnership with the school district from the monies paid to the school
45 district pursuant to section 15-2041, in accordance with the voluntary

1 partnership agreement. Before the school facilities board distributes any
2 monies pursuant to this subsection, the school district shall demonstrate to
3 the school facilities board that the facilities to be funded pursuant to
4 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed
5 in section 15-2011. If the cost to construct the school facility exceeds the
6 amount that the school district receives from the new school facilities fund,
7 the partnership agreement between the school district and the other party
8 shall specify that, except as otherwise provided by the other party, any such
9 excess costs shall be the responsibility of the school district. The school
10 district governing board shall adopt a resolution in a public meeting that an
11 analysis has been conducted on the prospective effects of the decision to
12 operate a new school with existing monies from the school district's
13 maintenance and operations budget and how this decision may affect other
14 schools in the school district. If a school district acquires land by
15 donation at an appropriate school site approved by the school facilities
16 board and a school facility is financed and built on the land pursuant to
17 this paragraph, the school facilities board shall distribute an amount equal
18 to twenty per cent of the fair market value of the land that can be used for
19 academic purposes. The school district shall place the monies in the
20 unrestricted capital outlay fund and increase the unrestricted capital budget
21 limit by the amount of the monies placed in the fund. Monies distributed
22 under this paragraph shall be distributed from the new school facilities fund
23 pursuant to section 15-2041. If a school district acquires land by donation
24 at an appropriate school site approved by the school facilities board and a
25 school facility is financed and built on the land pursuant to this paragraph,
26 the school district shall not receive monies from the school facilities board
27 for the donation of real property pursuant to section 15-2041, subsection F.
28 It is unlawful for:

29 (a) A county, city or town to require as a condition of any land use
30 approval that a landowner or landowners that entered into a partnership
31 pursuant to this paragraph provide any contribution, donation or gift, other
32 than a site donation, to a school district. This subdivision only applies to
33 the property in the voluntary partnership agreement pursuant to this
34 paragraph.

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

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

43 (d) A school district to enter into an agreement pursuant to this
44 paragraph with any party other than a master planned community party. Any
45 land area consisting of at least three hundred twenty acres that is the

1 subject of a development agreement with a county, city or town entered into
 2 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master
 3 planned community. For the purposes of this subdivision, "master planned
 4 community" means a land area consisting of at least three hundred twenty
 5 acres, which may be noncontiguous, that is the subject of a zoning ordinance
 6 approved by the governing body of the county, city or town in which the land
 7 is located that establishes the use of the land area as a planned area
 8 development or district, planned community development or district, planned
 9 unit development or district or other land use category or district that is
 10 recognized in the local ordinance of such county, city or town and that
 11 specifies the use of such land is for a master planned development.

12 34. Enter into an intergovernmental agreement with a presiding judge of
 13 the juvenile court to implement a law related education program as defined in
 14 section 15-154. The presiding judge of the juvenile court may assign
 15 juvenile probation officers to participate in a law related education program
 16 in any school district in the county. The cost of juvenile probation
 17 officers who participate in the program implemented pursuant to this
 18 paragraph shall be funded by the school district.

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

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

27 Sec. 4. Section 15-448, Arizona Revised Statutes, as amended by Laws
 28 2013, first regular session, chapter 10, section 1 and Laws 2013, first
 29 special session, chapter 3, section 8, is amended to read:

30 15-448. Formation of unified school district; board membership;
 31 budget

32 A. One or more common school districts and a high school district with
 33 coterminous or overlapping boundaries may establish a unified school district
 34 pursuant to this section. Unification of a common school district and a high
 35 school district is not authorized by this section if any of the high school
 36 facilities owned by the new unified school district would not be located
 37 within its boundaries.

38 B. Formation of a unified school district shall be by resolutions
 39 approved by the governing boards of the unifying school districts and
 40 certification of approval by such governing boards to the county school
 41 superintendent of the county or counties in which such individual school
 42 districts are located. A common school district and high school district
 43 that unify pursuant to this section shall not exclude from the same
 44 unification a common school district that has overlapping boundaries with the
 45 high school district and that wishes to unify. Except as provided in

1 subsection D of this section, the formation of a unified school district
 2 shall become effective on July 1 of the next fiscal year following the
 3 certification of the county school superintendent. An election shall not be
 4 required to form a unified school district pursuant to this section. At
 5 least ninety days before the governing boards vote on the resolutions
 6 prescribed in this subsection, the governing boards shall mail a pamphlet to
 7 each household with one or more qualified electors that shall list the full
 8 cash value, the assessed valuation and the estimated amount of the primary
 9 property taxes and the estimated amount of the secondary property taxes under
 10 the proposed unification for each of the following:

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

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

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

18 4. A business whose assessed valuation is the average of the assessed
 19 valuation of property classified as class one, as prescribed by section
 20 42-12001, paragraphs 12 and 13 for the current year in the school district.

21 C. The boundaries of the unified school district shall be the
 22 boundaries of the former common school district or districts that unify. The
 23 boundaries of the common school district or districts that are not unifying
 24 remain unchanged. The county school superintendent, immediately on receipt
 25 of the approved resolutions prescribed by subsection B of this section, shall
 26 file with the board of supervisors, the county assessor and the
 27 superintendent of public instruction a transcript of the boundaries of the
 28 unified school district. The boundaries shown in the transcript shall become
 29 the legal boundaries of the school districts on July 1 of the next fiscal
 30 year.

31 D. On formation of the unified school district, the governing board
 32 consists of the members of the former school district governing boards and
 33 the members shall hold office until January 1 following the first general
 34 election after formation of the district. For the purpose of all actions
 35 that are necessary for the operation of the unified district for the next
 36 year, the unified school district governing board is constituted and may
 37 conduct meetings after the adoption of the unification resolutions prescribed
 38 by subsection B of this section.

39 E. Beginning on January 1 following the first general election after
 40 formation of the unified school district, the governing board shall have five
 41 members. At the first general election after the formation of the district,
 42 members shall be elected in the following manner:

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

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

4 F. The new unified school district may appoint a resident of the
5 remaining common school district to serve as a nonvoting member of the
6 governing board to represent the interests of the high school pupils who
7 reside in the remaining common school district and who attend school in the
8 unified school district.

9 G. For the first year of operation, the unified school district
10 governing board shall prepare a consolidated budget based on the student
11 counts from the school districts comprising the unified school district,
12 except that for purposes of determining budget amounts and equalization
13 assistance, the student count for the former high school district shall not
14 include the prior year average daily membership attributable to high school
15 pupils from a common school district that was part of the former high school
16 district but is not part of the unified school district. The unified school
17 district shall charge the remaining common school district tuition for these
18 pupils as provided in subsection J of this section. The unified school
19 district may budget for unification assistance pursuant to section 15-912.01.

20 H. The governing board of the unified school district shall prepare
21 policies, curricula and budgets for the district. These policies shall
22 require that:

23 1. The base compensation of each certificated teacher for the first
24 year of operation of the new unified school district shall not be lower than
25 the certificated teacher's base compensation for the prior year in the
26 previously existing school districts.

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

30 I. On formation of a unified school district, any existing ~~override~~
31 ~~OPERATING BUDGET REQUEST~~ authorization of the former high school district and
32 the former common school district or districts shall continue until
33 expiration based on the revenue control limit of the school district or
34 districts that had ~~override~~ ~~OPERATING BUDGET REQUEST~~ authorization prior to
35 unification. The unified school district may request new ~~override~~ ~~OPERATING~~
36 ~~BUDGET REQUEST~~ authorization for the budget year as provided in section
37 15-481 based on the combined revenue control limit of the new district after
38 unification. If the unified school district's request for ~~override~~ ~~OPERATING~~
39 ~~BUDGET REQUEST~~ authorization is approved, it will replace any existing
40 ~~override~~ ~~OPERATING BUDGET REQUEST~~ for the budget year.

41 J. The unified school district shall admit high school pupils who
42 reside in a common school district that was located within the boundaries of
43 the former high school district. Tuition shall be paid to the unified school
44 district by the common school district in which such pupils reside. Such

1 tuition amount shall be calculated in accordance with section 15-824, subject
2 to the following modifications:

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

8 (a) Divide the total ~~secondary~~ NET assessed valuation of the common
9 school district in which the group of pupils resides by the total ~~secondary~~
10 NET assessed valuation of the former high school district. For the purposes
11 of this subdivision, "~~secondary~~ NET assessed valuation" means ~~secondary~~ NET
12 assessed valuation for the tax year prior to the year when the unified school
13 district governing board is constituted pursuant to subsection D of this
14 section and includes the values used to determine voluntary contributions
15 collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1,
16 article 8.

17 (b) Multiply the quotient obtained in subdivision (a) of this paragraph
18 by the unified school district's annual debt service expenditure.

19 2. The debt service portion of such tuition payments calculated
20 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
21 service of the outstanding bonded indebtedness of the former high school
22 district. When such indebtedness is fully extinguished, the debt service
23 portion of a pupil's tuition shall be determined in accordance with paragraph
24 3 of this subsection.

25 3. If the former high school district had no outstanding bonded
26 indebtedness at the time of unification, the tuition calculation shall
27 include the actual school district expenditures for the portion of any debt
28 service of the unified school district that pertains to any construction or
29 renovation of high school facilities divided by the school district's student
30 count for the high school portion of the school district.

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

34 5. Notwithstanding section 15-951, subsection F, the revenue control
35 limit of the common school district shall include the full amount of the debt
36 service portion of the tuition calculated pursuant to this subsection.

37 K. All assets and liabilities of the unifying school districts shall
38 be transferred and assumed by the new unified school district. Any existing
39 bonded indebtedness of a common school district or a high school district
40 unifying pursuant to this section shall be assumed by the new unified school
41 district and shall be regarded as an indebtedness of the new unified school
42 district for the purpose of determining the debt incurring authority of the
43 district. Taxes for the payment of such bonded indebtedness shall be levied
44 on all taxable property in the new unified school district, but nothing in
45 this subsection shall be construed to relieve from liability to taxation for

1 the payment of all taxable property of the former high school district if
2 necessary to prevent a default in the payment of any bonded indebtedness of
3 the former high school district. The residents of a common school district
4 that does not unify shall not vote in bond or ~~override~~ OPERATING BUDGET
5 REQUEST elections of the unified school district and shall not be assessed
6 taxes as a result of a bond, OPERATING BUDGET REQUEST or ~~override~~ CAPITAL
7 BUDGET REQUEST election of the unified school district.

8 L. If the remaining common school district had authorization for an
9 ~~override~~ OPERATING BUDGET REQUEST OR A CAPITAL BUDGET REQUEST as provided in
10 section 15-481 or 15-482, the ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL
11 BUDGET REQUEST authorization continues for the remaining common school
12 district or districts in the same manner as before the formation of the
13 unified school district.

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

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

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

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

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

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

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

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

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

39 2. Multiply the amount determined in paragraph 1 of this subsection by
40 six hundred.

41 3. Multiply the amount determined in paragraph 2 of this subsection by
42 0.80.

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

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

6 Sec. 5. Repeal

7 Section 15-448, Arizona Revised Statutes, as amended by Laws 2013,
8 chapter 66, section 1, is repealed.

9 Sec. 6. Section 15-450, Arizona Revised Statutes, is amended to read:

10 15-450. Formation of a new joint unified school district;
11 petition; report; election; notice; ballots; canvass
12 of votes; appointment of governing board

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

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

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

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

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

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

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

29 B. If it is desired that a new joint unified school district be formed
30 pursuant to the provisions of this section, ten per cent or more of the
31 qualified electors residing within the boundaries of the proposed joint
32 unified school district shall file petitions with the county school
33 superintendents of the counties in which the territory of the proposed
34 district is situated. The petitions shall describe the territory to be
35 included in the proposed joint unified school district and shall request that
36 the formation of the proposed district be submitted to the qualified electors
37 who reside within the proposed district.

38 C. Each county school superintendent with whom petitions for the
39 formation of a joint unified school district are filed shall examine the
40 petitions within fifteen days of the date of receipt to determine their
41 sufficiency, including the adequacy of the signatures from the portion of the
42 proposed district within his county. If the petitions are found sufficient,
43 the county school superintendent shall transmit the petitions to the state
44 board of education.

1 D. The state board of education shall promptly schedule a review of
2 the issue of the formation of the proposed joint unified school district
3 after receiving the petitions from the county school superintendents pursuant
4 to subsection C of this section. The board shall approve or reject the
5 formation of the proposed joint unified school district within sixty days of
6 the date of receipt of the petitions. The board shall consider:

- 7 1. Operational costs of the existing and proposed districts.
- 8 2. Travel times and distances.
- 9 3. Climatic conditions.
- 10 4. Local terrain.
- 11 5. The number of pupils.
- 12 6. The fairness and appropriateness of any redistribution of taxable
13 wealth from an existing school district to a proposed joint unified school
14 district.

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

18 If the state board after considering all such factors determines that the
19 proposed new district will not cause an undue adverse effect on the
20 operations of any existing school district, jeopardize the operation of the
21 proposed joint common school district or cause a disproportionate amount of
22 taxable wealth to be redistributed, it shall approve the petitions and return
23 them to the respective county school superintendents.

24 E. On approval from the state board of education, the county school
25 superintendent of each county whose territory or a portion of whose territory
26 will be included in the proposed joint unified school district shall submit
27 the question of the formation of the proposed joint unified school district
28 to the voters at a general election or at a special election to be held for
29 that purpose. If no general election is scheduled to be held within sixty
30 days after the date the county school superintendent receives the approved
31 petitions from the state board of education, he shall promptly call a special
32 election to be held within sixty days after receipt of the approved
33 petitions. Notice of the election shall be given by the county school
34 superintendent to the boards of supervisors. At least ten days before the
35 election, the county school superintendent shall cause notice of the proposed
36 election to be posted in not less than three public places in the proposed
37 district and to be published at least once in a newspaper of general
38 circulation in the proposed district. The notice shall state the following:

- 39 1. The question to be voted on and the boundaries of the proposed
40 joint unified school district with sufficient definiteness to make them
41 readily ascertainable.
- 42 2. A description of voter qualifications, including requirements that
43 the voters shall be residents of the proposed district.
- 44 3. The location of voting places within the proposed district, at
45 least one of which shall be in each county.

1 F. Within ten days after the election, the county school
2 superintendent and the chairman of the board of supervisors of each county
3 shall canvass the vote. If a majority of the votes cast in each county of
4 persons who reside within the proposed district ~~favours~~ FAVOR formation of the
5 proposed joint unified school district, the boards of supervisors shall
6 jointly declare the election and the joint unified school district shall
7 become operative from and after June 30 next following the election.

8 G. If the joint unified school district includes territory located in
9 two or more counties, the county of jurisdiction is the county in which the
10 largest number of qualified electors of the joint unified school district
11 resides, except that if all of the existing school buildings are located in
12 one county, that county is the county of jurisdiction. The county school
13 superintendent of the jurisdictional county shall perform all duties for and
14 with respect to the joint unified school district required to be performed by
15 county school superintendents. The board of supervisors of the
16 jurisdictional county shall perform all duties for and with respect to the
17 joint unified school district required to be performed by boards of
18 supervisors, except that school district taxes to be levied on property in
19 the portion of the joint unified school district lying in another county
20 shall be levied by the board of supervisors of the other county or counties
21 and on receipt shall be transferred to the county of jurisdiction.

22 H. If a new joint unified school district is authorized, the governing
23 boards of the existing school districts shall prepare a projected list of
24 assets for the existing districts prior to the end of the fiscal year in
25 which the election is held. The governing boards of the original school
26 districts and the new joint unified school district shall prepare a final
27 statement of assets for the formerly existing school districts as of the end
28 of the fiscal year in which the election was held and shall have the
29 statement of cash and bonded indebtedness certified by the county treasurers
30 by August 30 of the year in which the new school district becomes operative.
31 The governing boards of the original school districts and the new joint
32 unified school district shall set aside sufficient assets or provide other
33 means to satisfy the liabilities of the former existing districts except for
34 bonded indebtedness and approve the final division of all assets by September
35 15 of the year in which the new school district becomes operative. If one or
36 more of the governing boards fail to provide for satisfying the liabilities
37 and fail to approve the division of assets by September 15, the county
38 attorney or attorneys shall determine the means to satisfy the liabilities
39 and final division of assets by October 1 of the fiscal year in which the new
40 school district becomes operative.

41 I. The division of bonded indebtedness of the original school
42 districts shall be in accordance with the provisions of section 15-457,
43 subsection B. In addition, any debt due to lease-purchase agreements shall
44 be handled in a similar manner as outlined for bonded indebtedness in section
45 15-457, subsection B.

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

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

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

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

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

15 M. If a new joint unified school district is authorized, the governing
16 board of a district that will have its boundaries reduced by creation of the
17 new joint unified district may hold an ~~override~~ OPERATING BUDGET REQUEST OR
18 CAPITAL BUDGET REQUEST election for the year beginning July 1 after the
19 election that authorized the formation of the new joint unified district.
20 The governing board of a school district that will have its boundaries
21 reduced by creation of the new joint unified district may hold a bond
22 election for bonds applicable to and paid solely by the school district as it
23 will exist after the formation of the new joint unified school district.
24 ~~Override~~ OPERATING BUDGET REQUEST ELECTIONS, CAPITAL BUDGET REQUEST elections
25 and bond elections under this subsection shall be held on ~~the first Tuesday~~
26 ~~following the first Monday in November as prescribed by section 16-204~~ ANY
27 GENERAL ELECTION DATE OR SPECIAL ELECTION DATE ALLOWED BY LAW. The electors
28 who reside in an area ~~that~~ WHERE property will not be subject to taxation for
29 operation or payment of the bonds of the school district calling the ~~override~~
30 OPERATING BUDGET REQUEST ELECTION, CAPITAL BUDGET REQUEST ELECTION or bond
31 election after creation of the new joint unified school district are not
32 eligible to vote in such an ~~override~~ OPERATING BUDGET REQUEST ELECTION,
33 CAPITAL BUDGET REQUEST ELECTION or bond election.

34 Sec. 7. Section 15-458, Arizona Revised Statutes, is amended to read:

35 15-458. Formation of new district or districts by subdivision
36 of existing district; division of assets

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

40 B. On the request of the governing board or on receipt of petitions
41 bearing the signatures of at least ten per cent of the qualified electors in
42 the area proposed to be a new school district or the signatures of at least
43 fifty of the qualified electors in the area proposed to be a new school
44 district, whichever is more, and at least ten per cent of the qualified
45 electors in the area proposed to continue as the existing school district or

1 at least fifty signatures of the qualified electors in the area proposed to
2 continue as the existing school district, whichever is more, the county
3 school superintendent shall within ten days call an election to determine if
4 the existing school district should be divided and a new school district or
5 districts formed, except that if the existing school district is a union high
6 school district, the county school superintendent shall call the election
7 only on the request of the governing boards of the union high school district
8 and each of the common school districts comprising the union high school
9 district or on receipt of petitions bearing the signatures of at least ten
10 per cent of the qualified electors in each of the common school districts or
11 at least fifty signatures of the qualified electors in each of the common
12 school districts, whichever is more. This subsection does not require the
13 submission of the signatures of more than fifty per cent of the qualified
14 electors of the existing school district to the county school superintendent
15 in order to call an election for the purposes of this section. The petition
16 shall state the proposed boundaries of the school district or districts to be
17 formed together with the student count, specific reasons why it is in the
18 best interest of the current district residents to have a new district or
19 districts formed and the amount of real property valuation within the school
20 district or districts to be formed. No new school district may be formed
21 unless the state board of education determines that the real property
22 valuation per student count is sufficient to support the school district in a
23 manner comparable to other school districts of similar size and that a
24 sufficient number of pupils will exist in each of the new districts to ensure
25 that educational programs and services will be of similar or better quality
26 after the subdivision.

27 C. The election shall be held concurrently and as provided in section
28 15-459, except that a majority of the votes cast by the qualified electors in
29 each of the areas proposed as a school district must approve the division of
30 the existing school district and the formation of the new school district.

31 D. The governing board of the existing school district shall prepare a
32 projected list of assets for the existing district prior to the end of the
33 fiscal year in which the election is held. The governing boards of the
34 original and new school district or districts shall prepare a final statement
35 of assets for the formerly existing school district as of the end of the
36 fiscal year in which the election was held and shall have the statement of
37 cash and bonded indebtedness certified by the county treasurer by August 30
38 of the year in which the new school district or districts become operative.
39 The governing boards of the original school district and the new school
40 district or districts shall set aside sufficient assets or provide other
41 means to satisfy the liabilities of the former existing district except for
42 bonded indebtedness and approve the final division of all assets by September
43 15 of the year in which the new school district or districts become
44 operative. If one or more of the governing boards fail to provide for
45 satisfying the liabilities and fail to approve the division of assets by

1 September 15, the county attorney shall determine the means to satisfy the
2 liabilities and final division of assets by October 1 of the fiscal year in
3 which the new school district or districts become operative.

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

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

14 G. If two or more common school districts are within the boundaries of
15 a union high school district, two or more unified school districts may be
16 formed by a subdivision of the existing union high school district and by
17 unification with the common school districts as provided in this section,
18 subject to the following provisions:

19 1. Formation of a unified school district pursuant to this subsection
20 shall be initiated if a majority of the governing board members of each of
21 the districts affected ~~unites~~ UNITE in a petition to the county school
22 superintendent for the establishment of a unified school district or if ten
23 per cent of the number of qualified electors who voted in whichever of the
24 last two general elections resulted in the higher number of ballots cast and
25 who reside in each of the areas proposed to be the new unified school
26 districts unite in a petition to the county school superintendent for the
27 establishment of a unified school district. The petition shall include a
28 statement of the proposed boundaries of the new unified school districts and
29 shall request that the subdivision of the union high school district and
30 formation of the unified districts be submitted to the qualified electors who
31 reside within the proposed districts. The petition shall also include a
32 detailed description of desegregation funding and expenses for the resulting
33 school district as set forth in paragraph 7 of this subsection and may
34 include the new school district name and other information as desirable. On
35 receipt of the petitions, the county school superintendent shall examine the
36 petitions within fifteen days of receipt to determine their sufficiency
37 including the adequacy of the signatures of electors. If the petitions are
38 found sufficient, the county school superintendent shall call an election to
39 be held to determine the question. The county school superintendent shall
40 prepare and the governing board shall distribute a subdivision and
41 unification plan that includes:

42 (a) The proposed boundary changes.

43 (b) The impact of the proposed boundary changes, including where
44 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 paragraph 7 of this subsection applies to one or more of the
4 existing school districts, a detailed description of desegregation funding
5 and expenses for the resulting school districts as set forth in paragraph 7
6 of this subsection.

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

9 2. If the governing boards or the petitioners wish the new districts
10 to receive unification assistance as provided in section 15-912.01, they
11 shall notify the department of education and the joint legislative budget
12 committee by August 1 of the fiscal year before the new districts would begin
13 operation and provide the department and the joint legislative budget
14 committee with information required to project the costs of unification
15 assistance to the new districts for the first year of operation. The
16 department shall include sufficient monies to cover these unification costs
17 in its budget request for state aid for the following fiscal year.

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

22 (a) Should (insert the name of the district) union high
23 school district be subdivided with boundaries identical to the
24 boundaries of (insert the name of the districts) common school
25 districts and simultaneously creating (insert the number of the
26 districts) unified school districts with the respective common
27 school districts as specified in the subdivision and unification
28 plan?

29 (b) Should (insert the name of the district) union high
30 school district be subdivided simultaneously with the
31 subdivision of (insert the name of the districts) common school
32 districts and simultaneously creating (insert the number of the
33 districts) unified school districts with the subdivided common
34 school districts as specified in the subdivision and unification
35 plan?

36 4. If the formation of the new unified school districts is authorized,
37 the terms of the governing board members of the common and union high school
38 districts do not expire on the effective date of unification but continue
39 until January 1 following the next general election, during which time the
40 members of the governing boards of the previously existing school districts
41 shall serve as the governing board of the new school district in which they
42 reside. At the next general election held after the formation and
43 thereafter, members shall be elected as prescribed in section 15-448,
44 subsection E. The governing boards of the new unified school districts shall
45 prepare policies, curricula and budgets for the new unified school districts.

1 The policies prepared by the governing boards shall include the provisions of
2 section 15-459, subsection M.

3 5. If the common school district is not subdivided, the new unified
4 school district that includes the boundaries of the previously existing
5 common school district shall assume the bonded indebtedness of that
6 previously existing common school district. If the common school district is
7 subdivided, the provisions of subsection E of this section shall apply.

8 6. If the common school district is not subdivided, existing bond
9 authorization of the common school districts automatically continues for the
10 original purpose authorized. If the common school district is subdivided,
11 the existing bond authorization of the common school district will expire
12 unless it is divided between the new unified school districts as specified in
13 the subdivision and unification plan.

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

22 8. If the union high school district and the common school district or
23 districts with which it is unified all have authorization for an ~~override~~
24 OPERATING BUDGET REQUEST OR A CAPITAL BUDGET REQUEST as provided in section
25 15-481 that would have continued after the subdivision and unification, the
26 ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET REQUEST authorization
27 continues for the new district and expires at the time that the earliest
28 ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET REQUEST, AS APPLICABLE,
29 would have expired.

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

36 10. The employee's years of employment in the previously existing
37 school district shall be included in determining the employee's years of
38 employment in the new school district after a subdivision and unification. An
39 employee who was entitled to continuing contract status in the previously
40 existing school district is entitled to continuing employment contract status
41 in the new school district.

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

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

8 Sec. 8. Section 15-459, Arizona Revised Statutes, is amended to read:

9 15-459. Consolidation of districts; petition; election; notice;
10 report; ballots; canvass of votes; governing board

11 A. On the request of the governing boards of two or more school
12 districts in the same county or in adjacent counties or on receipt of
13 petitions bearing the signatures of ten per cent or more of the number of
14 qualified electors who voted in whichever of the last two general elections
15 resulted in the higher number of ballots cast and who reside in each of two
16 or more school districts in the same county or in adjacent counties to
17 consolidate the school districts or parts of the districts, the county school
18 superintendent of each of the counties affected, within ten days, shall call
19 an election to determine the question on consolidation.

20 B. Consolidations allowed pursuant to subsection A of this section
21 include:

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

24 2. If all the common school districts within the boundaries of an
25 existing union high school district desire to consolidate into one common
26 school district.

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

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

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

36 C. Notice of the election to determine consolidation of school
37 districts shall be posted in not less than three public places in each of the
38 school districts proposed to be consolidated at least twenty-five days before
39 the election.

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

44 1. The date of the election.

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

1 3. The full cash value, the assessed valuation and the estimated
2 amount of the primary property taxes and the estimated amount of the
3 secondary property taxes under the proposed boundary changes for each of the
4 following:

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

8 (b) An owner occupied residence whose assessed valuation is one-half
9 of the assessed valuation of the residence in subdivision (a) of this
10 paragraph.

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

13 (d) A business whose assessed valuation is the average of the assessed
14 valuation of property classified as class one, as prescribed by section
15 42-12001, paragraphs 12 and 13 for the current year in the school district.

16 4. A consolidation plan to include:

17 (a) The proposed boundary changes.

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

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

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

28 E. Ballots shall be prepared by the county school superintendent,
29 shall be delivered to the inspector at least forty-eight hours before the
30 opening of the polls as prescribed in section 16-509 and shall contain the
31 information prescribed in subsection D, paragraph 3 of this section and the
32 following statement: "Consolidation includes the assumption of liability by
33 the resulting school district for all indebtedness of existing school
34 districts or those parts of school districts proposed for consolidation. Do
35 you support consolidation under the specified provisions of the consolidation
36 plan? Yes () No ()." If the election is to simultaneously consolidate
37 and unify two or more common school districts, the ballot shall contain: "Do
38 you support the consolidation of the (insert names of common school
39 districts) and the subsequent unification of the consolidated districts with
40 the (insert name of union high school district) to form one unified school
41 district under the consolidation and unification plan? Yes () No ()."

42 F. The county school superintendent shall hold the election during the
43 fiscal year preceding the fiscal year consolidation is proposed to be
44 effective on a date prescribed by section 16-204. The election shall be held
45 in the manner and electors shall possess qualifications as prescribed for the

1 election of governing board members. The results of the election shall be
2 reported to the county school superintendent.

3 G. The county school superintendent and the chairman of the board of
4 supervisors, on the seventh day after the election, shall canvass the vote.
5 If a majority of the votes cast in each district approved the consolidation,
6 the districts are consolidated and become one district from and after June 30
7 next following the election. If parts of two or more school districts are
8 proposed to be consolidated, a majority of the voters in the part of a school
9 district or districts not affected by the proposed consolidation and a
10 majority of the voters in the part of the school district or districts
11 proposed for consolidation must approve the consolidation.

12 H. If a school district provides only financing for pupils who are
13 instructed by another school district in the same county or in an adjacent
14 county, the school district or any part of the school district may be
15 consolidated with the school district providing the instructional program as
16 follows:

17 1. The governing board of the financing school district approves the
18 consolidation or ten per cent of the qualified electors residing in the
19 school district, or that part of the school district proposed for
20 consolidation, petitions the county school superintendent to call an election
21 to approve the proposed consolidation.

22 2. The governing board of the school district providing instruction
23 approves the consolidation.

24 3. At an election called by the county school superintendent of each
25 of the counties affected, a majority of the persons voting in the school
26 district, or that part of the school district providing financing, approve
27 the proposed consolidation and a majority of the persons voting in the
28 district providing instruction approve the proposed consolidation.

29 I. Elections held as provided in subsection H of this section shall be
30 conducted in the same manner as elections prescribed in subsections C through
31 G of this section and shall be held concurrently as prescribed in section
32 15-458.

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

1 transferred to the county of jurisdiction. All school buildings located
2 within the consolidated school district, together with all equipment and
3 furnishings, become the property of the consolidated school district. Any
4 assumed indebtedness is an indebtedness of the consolidated school district
5 for the purpose of determining the debt incurring authority of the
6 consolidated school district.

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

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

13 M. The governing board is constituted, may conduct meetings and shall
14 prepare policies, curricula and budgets for the new school district after the
15 canvass pursuant to subsection G of this section demonstrates that a majority
16 of the votes cast in each school district approved the consolidation. These
17 policies shall require that:

18 1. The base salary and benefits of each employee for the first year of
19 operation of the new school district shall not be lower than the employee's
20 base salary and benefits for the prior year in the previously existing school
21 district.

22 2. The employee's years of employment in the previously existing
23 school district shall be included in determining the employee's years of
24 employment in the new school district. An employee who was entitled to
25 continuing employment contract status in the previously existing school
26 district is entitled to continuing employment contract status in the new
27 school district.

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

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

40 O. If one or more, but not all, of the districts to be consolidated
41 have authorization for an ~~override~~ OPERATING BUDGET REQUEST OR A CAPITAL
42 BUDGET REQUEST as provided in section 15-481 that would have continued after
43 the consolidation, the ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET
44 REQUEST authorization shall only apply to the schools included under the
45 terms of the prior ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET

1 REQUEST authorization. Consolidation of school districts does not
2 consolidate or pool the liability to be taxed for the ~~override~~ OPERATING
3 BUDGET REQUEST OR CAPITAL BUDGET REQUEST, and only property that was located
4 within the boundaries of the district that approved the ~~override~~ OPERATING
5 BUDGET REQUEST OR CAPITAL BUDGET REQUEST prior to consolidation is to pay
6 taxes to support the ~~override~~ OPERATING BUDGET REQUEST OR CAPITAL BUDGET
7 REQUEST. This subsection also applies if all of the districts to be
8 consolidated have authorization for ~~overrides~~ OPERATING BUDGET REQUESTS OR
9 CAPITAL BUDGET REQUESTS, but the authorizations are pursuant to different
10 subsections of section 15-481 or the ~~override~~ OPERATING BUDGET REQUEST
11 amounts are not the same percentage of the revenue control limit.

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

21 Q. If one or more of the previously existing school districts were
22 authorized to budget for expenses of complying with or continuing to
23 implement activities that were required or permitted by court order of
24 desegregation or administrative agreement with the United States department
25 of education office for civil rights directed toward remediating alleged or
26 proven racial discrimination pursuant to section 15-910, this authorization
27 does not expire on the effective date of consolidation but only applies to
28 schools included in the court order or administrative agreement.

29 R. If one or more of the previously existing school districts were
30 participating in a career ladder program pursuant to chapter 9, article 1.1
31 of this title before consolidation, notwithstanding any other law the state
32 board shall expedite the processing of and may approve an updated application
33 for program reapproval that incorporates the geographic boundaries of the
34 resulting school district and the inclusion of the additional staff in the
35 career ladder program.

36 S. If the formation of a new consolidated and unified school district
37 is authorized, the terms of the governing board members of the common and
38 union high school districts do not expire on the effective date of the
39 unification. The governing board members of the previously existing school
40 districts shall serve as provided in section 15-430, except that the power of
41 the governing board members of the previously existing school districts
42 acting as the governing board of the unified school district is limited to
43 the maintenance and operation of the previously existing school districts and
44 compliance with the consolidation and unification plan.

1 Sec. 9. Section 15-481, Arizona Revised Statutes, is amended to read:
2 15-481. Budget request elections; budget increases; notice;
3 ballot; effect

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

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

- 38 1. The date of the election.
- 39 2. The voter's polling place and the times it is open.
- 40 3. The proposed total increase in the budget that exceeds the amount
41 permitted pursuant to section 15-905.
- 42 4. The total amount of the current year's budget, the total amount of
43 the proposed budget and the total amount of the alternate budget.
- 44 5. If the ~~override~~ OPERATING BUDGET REQUEST is for a period of more
45 than one year, a statement indicating the number of years the proposed

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

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

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

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

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

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

37 11. The current limited property value and the net assessed valuation
38 provided by the department of revenue, the first year tax rate for the
39 proposed ~~override~~ BUDGET REQUEST and the estimated amount of the secondary
40 property taxes if the proposed budget is adopted for each of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 1. The amount of the proposed increase of the proposed budget over the
34 alternate budget.

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

38 3. The following statement:

39 Any budget **increase REQUEST** authorized by this election
40 shall be entirely funded by this school district with revenues
41 from other than a levy of taxes on the taxable property within
42 the school district for the year for which adopted and for
43 _____ subsequent years and shall not be realized from monies
44 furnished by the state.

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

14 H. Special **OPERATING** budget **override REQUEST** provisions for school
 15 districts with a student count of less than one hundred fifty-four in
 16 kindergarten programs and grades one through eight or with a student count of
 17 less than one hundred seventy-six in grades nine through twelve are as
 18 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	for Small Isolated	Reduction
8	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
9	- <u>100</u>	x 1.468 + (0.0005 x	x \$ <u> </u> = \$ <u> </u>
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	- \$ <u> </u>	= \$ <u> </u>

15 (ii)

16	Small School	Support Level Weight	Phase Down
17	Student	for Small	Reduction
18	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
19	- <u>100</u>	x 1.398 + (0.0004 x	x \$ <u> </u> = \$ <u> </u>
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	- \$ <u> </u>	= \$ <u> </u>

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~~ OPERATING BUDGET of more than one year, the ballot shall include an
 43 estimate of the amount of the proposed increase in the future years in place
 44 of the statement that the amount of the proposed increase will be based on a

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

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

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

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

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

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

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

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

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

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

1 rate which will be levied to fund the school district's district
2 additional assistance allowed by law.

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

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

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

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

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

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

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

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

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

1 additional increase authorized as provided in subsection I or J of this
2 section and the additional increase that is included in the aggregate budget
3 limit is based on a percentage of a school district's revenue control limit
4 in future years, if the budget increase is authorized for more than one year.
5 If the additional increase:

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

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

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

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

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

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

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

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

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

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

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

26 2. The ballot shall contain the words "budget ~~increase~~ REQUEST, yes"
27 and "budget ~~increase~~ REQUEST, no", and the voter shall signify the voter's
28 desired choice.

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

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

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

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

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

21 Z. If a budget in excess of district additional assistance was
22 previously adopted by the voters in a school district and will be in effect
23 for the budget year or budget year and subsequent years, as provided in
24 subsection L or M of this section, the governing board may request an
25 additional budget in excess of district additional assistance. If the voters
26 in a school district authorize the additional budget in excess of district
27 additional assistance, the existing district additional assistance budget
28 increase remains in effect.

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

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

43 Any budget ~~increase~~ REQUEST continuation authorized by
44 this election shall be entirely funded by a levy of taxes on the
45 taxable property in this school district for the year for which

1 adopted and for ____ subsequent years, shall not be realized
 2 from monies furnished by the state and shall not be subject to
 3 the limitation on taxes specified in article IX, section 18,
 4 Constitution of Arizona. Based on the current net assessed
 5 valuation used for secondary property tax purposes, to fund the
 6 proposed continuation of the increase in the school district's
 7 budget would require an estimated continuation of a tax rate of
 8 _____ dollar per one hundred dollars of assessed
 9 valuation used for secondary property tax purposes and is in
 10 addition to the school district's tax rate that will be levied
 11 to fund the school district's revenue control limit allowed by
 12 law.

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

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

39 Sec. 10. Section 15-482, Arizona Revised Statutes, is amended to read:
 40 15-482. Special five per cent operating budget requests for
 41 programs of pupils in kindergarten programs and
 42 grades one through twelve

43 A. An additional OPERATING budget ~~increase~~ REQUEST may be requested
 44 and authorized as provided in section 15-481, subsections I and J of up to

1 five per cent of the revenue control limit as provided in subsection B of
2 this section.

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

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

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

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

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

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

29 Sec. 11. Section 15-491, Arizona Revised Statutes, is amended to read:
30 15-491. Elections on school property; exceptions

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

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

36 2. To purchase or sell school sites or buildings or sell school sites
37 pursuant to section 15-342 or to build school buildings, but the
38 authorization by vote of the school district shall not necessarily specify
39 the site to be purchased.

40 3. To decide whether the bonds of the school district shall be issued
41 and sold for the purpose of raising money for purchasing or leasing school
42 lots, for building or renovating school buildings, for supplying school
43 buildings with furniture, equipment and technology, for improving school
44 grounds, for purchasing pupil transportation vehicles or for liquidating any
45 indebtedness already incurred for such purposes. Bonds issued for furniture,

1 equipment and technology, other than fixtures, shall mature no later than the
 2 July 1 that follows the fifth year after the bonds were issued. A school
 3 district shall not issue class B bonds until the school district has
 4 obligated in contract the entire proceeds of any class A bonds issued by the
 5 school district. The total amount of class A and class B bonds issued by a
 6 school district shall not exceed the debt limitations prescribed in article
 7 IX, sections 8 and 8.1, Constitution of Arizona.

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

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

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

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

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

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

1 ~~override~~ BUDGET REQUEST and bond elections shall constitute compliance with
2 the notice provisions of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 1. The ballot shall include the following statement:

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

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

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

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

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

6 (a) The date of the election.

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

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

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

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

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

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

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

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

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

4 1. The election may be held ~~only on the first Tuesday after the first~~
5 ~~Monday in November~~ 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) A complete list of each proposed capital improvement that is in
15 addition to the initial capital improvements presented in the publicity
16 pamphlet when the bonds were approved and the proposed cost of each
17 improvement, including a separate aggregation of capital improvements for
18 administrative purposes as defined by the school facilities board.

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

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

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

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

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

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

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

41 (a) The date of the election.

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

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

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

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

4 Sec. 12. Section 15-503, Arizona Revised Statutes, is amended to read:

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

8 A. The governing board may:

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

15 2. Appoint a head teacher.

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

22 B. The term of employment of superintendents may be for any period not
23 exceeding three years, except that if the superintendent's contract with the
24 school district is for multiple years pursuant to this subsection the school
25 district shall not offer to extend or renegotiate the contract until no
26 earlier than fifteen months before the expiration of the contract. The term
27 of employment of principals may be for any period not exceeding three years
28 pursuant to section 15-341, subsection A, paragraph 42, except that if the
29 principal's contract with the school district is for multiple years the
30 school district shall not offer to extend or negotiate the contract until May
31 of the year preceding the final year of the contract. The school district
32 governing board or the governing body of the charter school shall communicate
33 the superintendent's or principal's duties with respect to the classroom site
34 fund established by section 15-977.

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

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

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

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

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

1 Sec. 13. Section 15-511, Arizona Revised Statutes, is amended to read:

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

5 A. A person acting on behalf of a school district or a person who aids
6 another person acting on behalf of a school district shall not spend or use
7 school district or charter school resources, including the use or expenditure
8 of monies, accounts, credit, facilities, vehicles, postage,
9 telecommunications, computer hardware and software, web pages, personnel,
10 equipment, materials, buildings or any other thing of value of the school
11 district or charter school, for the purpose of influencing the outcomes of
12 elections. Notwithstanding this section, a school district may distribute
13 informational reports on a proposed budget ~~override~~ REQUEST election as
14 provided in section 15-481, subsections B and C or informational reports on a
15 proposed bond election as provided in section 15-491, subsection D if those
16 informational reports present factual information in a neutral manner, except
17 for those arguments presented as prescribed in section 15-481, subsection B,
18 paragraph 9. Nothing in this section precludes a school district from
19 reporting on official actions of the governing board.

20 B. This section does not prohibit the use of school district or
21 charter school resources, including facilities and equipment, for
22 government-sponsored forums or debates if the government sponsor remains
23 impartial and the events are purely informational and provide an equal
24 opportunity to all viewpoints. The rental and use of a public facility by a
25 private person or entity that may lawfully attempt to influence the outcome
26 of an election is permitted if it does not occur at the same time and place
27 as a government-sponsored forum or debate.

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

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

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

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

42 G. The attorney general shall publish and distribute to school
43 districts and charter schools a detailed guideline regarding activities
44 prohibited under this section. The attorney general may distribute these
45 guidelines through a website or electronically.

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

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

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

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

25 L. For the purposes of this section:

26 1. "Government-sponsored forum or debate" means any event, or part of
27 an event or meeting, in which the government is an official sponsor, which is
28 open to the public or to invited members of the public, and whose purpose is
29 to inform the public about an issue or proposition that is before the voters.

30 2. "Influencing the outcomes of elections" means supporting or
31 opposing a candidate for nomination or election to public office or the
32 recall of a public officer or supporting or opposing a ballot measure,
33 question or proposition, including any bond, budget or ~~override~~ BUDGET
34 REQUEST election and supporting or opposing the circulation of a petition for
35 the recall of a public officer or a petition for a ballot measure, question
36 or proposition in any manner that is not impartial or neutral.

37 3. "Misused funds" means school district monies or resources used
38 unlawfully pursuant to this section.

39 Sec. 14. Section 15-903, Arizona Revised Statutes, is amended to read:

40 15-903. Budget format; prohibited expenditures

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

44 B. The budget format shall be designed to allow all school districts
45 to plan and provide in detail for the use of available funds. The budget

1 format shall contain distinct sections for, but need not be limited to,
2 maintenance and operation, debt service, special projects, capital outlay,
3 adjacent ways and classroom site fund. The maintenance and operation section
4 shall include, but need not be limited to, separate subsections for regular
5 education programs, special education programs and operational expenditures
6 for pupil transportation. Each subsection shall clearly distinguish
7 classroom instruction expenditures. The special education program subsection
8 shall include, but is not limited to, programs for each disability
9 classification as defined in section 15-761 and programs for gifted,
10 vocational and technical education, remedial education and bilingual
11 students. The total expenditures for each of these programs shall be
12 included on the budget form. The pupil transportation subsection shall
13 include all operational expenditures relating to the transportation of
14 pupils, including all operational expenditures within a contract if the
15 school district contracts for pupil transportation.

16 C. The capital outlay section of the budget shall include a subsection
17 for unrestricted capital outlay. The unrestricted capital outlay subsection
18 shall include budgeted expenditures for acquisitions by purchase,
19 lease-purchase or lease of capital items as defined in the uniform system of
20 financial records and shall include:

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

24 2. Furniture, furnishings, athletic equipment and other equipment,
25 including computer software.

26 3. Pupil and nonpupil transportation vehicles and equipment, including
27 all capital expenditures within a contract if the school district contracts
28 for pupil transportation.

29 4. Textbooks and related printed subject matter materials adopted by
30 the governing board.

31 5. Instructional aids.

32 6. Library books.

33 7. Payment of principal and interest on bonds.

34 8. School district administration emergency needs that are directly
35 related to pupils.

36 D. The budget format shall contain distinct subsections for the
37 following:

38 1. Special programs to improve academic achievement of pupils in
39 kindergarten programs and grades one through three as provided in section
40 15-482.

41 2. School plant funds.

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

43 4. Property taxation, including the following:

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

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

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

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

8 5. A description of any corrections or adjustments made to the budget
9 pursuant to section 15-915.

10 E. The budget format shall also contain:

11 1. A statement identifying proposed pupil-teacher ratios and
12 pupil-staff ratios relating to the provision of special education services
13 for the budget year.

14 2. A statement identifying the number of full-time equivalent
15 certified employees.

16 F. The special projects section shall include budgeted expenditures
17 for state special projects, including special adult projects, career
18 education, deficiencies correction fund projects and new school facilities
19 fund projects, such federal special projects as ESEA title programs,
20 vocational education and title IV Indian education, and other special
21 projects.

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

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

29 Sec. 15. Section 15-905.01, Arizona Revised Statutes, is amended to
30 read:

31 15-905.01. Truth in taxation; calculation; notice and hearing;
32 vote on tax increase

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

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

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

38 (b) Dropout prevention programs.

39 (c) Career and technical education and vocational education center
40 operations pursuant to section 15-910.01.

41 (d) Small school adjustments pursuant to section 15-949.

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

44 3. For any year after fiscal year 1999-2000, a school district whose
45 aggregate budgeted expenditures for the expenditures prescribed in paragraph

1 1 of this subsection exceed the truth in taxation base limit shall publish a
2 truth in taxation hearing notice that meets the requirements of subsection B
3 of this section. If the amount exceeding the previous truth in taxation base
4 limit is approved by the school district governing board following the
5 hearing prescribed in subsection B of this section, the excess amount plus
6 the previous truth in taxation base limit becomes the school district's new
7 truth in taxation base limit.

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

13 B. For any fiscal year in which a school district governing board
14 budgets an amount that is higher than the truth in taxation base limit
15 calculated pursuant to subsection A of this section, any fiscal year in which
16 a school district levies any amount for adjacent ways pursuant to section
17 15-995 or any fiscal year in which the school district levies any amount for
18 liabilities in excess of the school district budget pursuant to section
19 15-907:

20 1. The school district shall publish a notice that meets the following
21 requirements:

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

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

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

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

33 Truth in Taxation Hearing

34 Notice of Tax Increase

35 In compliance with section 15-905.01, Arizona Revised
36 Statutes, _____ school district is notifying its property
37 taxpayers of _____ school district's intention to raise its
38 primary property taxes over the current level to pay for
39 increased expenditures in those areas where the governing board
40 has the authority to increase property taxes for the fiscal year
41 beginning July 1, _____. The _____ school district is
42 proposing an increase in its primary property tax levy of
43 \$_____ (amount of levy increase to pay for truth in taxation
44 base increase, the amount of the total levy for the adjacent

1 ways fund and amounts for liabilities in excess of the school
2 district budget pursuant to section 15-907).

3 The amount proposed above will cause _____ school
4 district's primary property taxes on a \$100,000 home to increase
5 from \$_____ (the amount used to pay for the current year's
6 truth in taxation base limit [the amount divided by the current
7 net assessed value available February 10 pursuant to section
8 42-17052] applied to \$100,000) to \$_____ (the amount used
9 to pay for the budget year's proposed truth in taxation base
10 limit and adjacent ways levy, including adjacent ways and
11 liabilities in excess of the school district budget [the amount
12 divided by the current net assessed value available February 10
13 pursuant to section 42-17052] applied to \$100,000).

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

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

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

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

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

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

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

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

43 C. The department of education shall maintain a listing of each school
44 district's truth in taxation base limit and shall verify the accuracy of the
45 school district's computations. A school district governing board shall

1 notify the department of education of any change in the district's truth in
2 taxation base limit.

3 D. The department of education shall develop a budget form for school
4 districts to show the primary tax rate associated for each of the expenditure
5 categories mentioned in subsection A, paragraph 1 of this section and for
6 expenditures for adjacent ways pursuant to section 15-995 or any other
7 expenditure in excess of the school district budget pursuant to section
8 15-907. A school district shall make this information available to the
9 general public at truth in taxation hearings and shall submit the information
10 to the department of education.

11 Sec. 16. Section 15-947, Arizona Revised Statutes, is amended to read:

12 15-947. Revenue control limit; district support level; general
13 budget limit; unrestricted total capital budget
14 limit; district additional assistance limit

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

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

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

23 1. The maintenance and operations portion of the revenue control limit
24 for the budget year.

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

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

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

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

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

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

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

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

43 (vii) State assistance for excess tuition as provided in section
44 15-825.01.

45 (viii) Transportation revenues for attendance of nonresident pupils.

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

3 (c) Amounts authorized by the county school superintendent pursuant to
4 section 15-974, subsection B.

5 (d) Expenditures for complying with a court order of desegregation as
6 provided in section 15-910.

7 (e) Expenditures for the bond issues portion of the cost of tuition as
8 provided in section 15-910.

9 (f) Interest on registered warrants or tax anticipation notes as
10 provided in section 15-910.

11 (g) Amounts budgeted for a jointly owned and operated career and
12 technical education and vocational education center as provided in section
13 15-910.01.

14 3. The maintenance and operations portion of district additional
15 assistance for the budget year.

16 4. Any other budget item that is budgeted in the maintenance and
17 operation section of the budget and that is specifically exempt from the
18 revenue control limit or district additional assistance.

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

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

23 2. Any other budget item that is budgeted in the capital outlay
24 section of the budget and that is specifically exempt from district
25 additional assistance.

26 3. The unrestricted capital portion of the amounts contained in
27 subsection C of this section.

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

30 5. The net interest earned in the unrestricted capital outlay fund the
31 previous fiscal year.

32 Sec. 17. Section 15-949, Arizona Revised Statutes, is amended to read:

33 15-949. Small school districts; exemption from general budget
34 limit; budget revision

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

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

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

10 (a) If a governing board:

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

14 (ii) The county school superintendent shall recommend the action to be
15 taken on the petition and forward the recommendation and the petition to the
16 board of supervisors.

17 (iii) The board of supervisors shall hold a hearing on the petition
18 within twenty days after receipt of the petition and shall determine whether
19 to allow the petition, allow the petition after revision or deny the
20 petition.

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

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

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

41 D. Notwithstanding subsection C of this section, school districts that
42 exceeded the student count limits prescribed in subsection A of this section
43 may adopt, in the first year that these limits are exceeded, a budget that
44 exceeds the general budget limit without an election conducted pursuant to
45 section 15-481 or pursuant to subsection E of this section, except that the

1 amount that exceeds the general budget limit shall not exceed the amount
 2 authorized pursuant to subsection C of this section plus the limit prescribed
 3 in subsection E of this section. The amount that is adopted without an
 4 election and that exceeds the general budget limit is exempt from the revenue
 5 control limit.

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

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

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

26 (a) Subtract one hundred twenty-five from the elementary student
 27 count.

28 (b) Multiply the difference in subdivision (a) of this paragraph by
 29 0.45 per cent.

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

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

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

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

39 (b) Multiply the difference in subdivision (a) of this paragraph by
 40 0.65 per cent.

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

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

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

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

5 1. "Elementary" means kindergarten programs and grades one through
6 eight.

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

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

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

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

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

1 in the school district's tax rate of _____ dollars
2 per one hundred dollars of assessed valuation for the secondary
3 property tax purposes.

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

15 Any budget ~~override~~ 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 K. For the purposes of subsections H and I of this section, levy of
22 taxes on the taxable property does not include a levy of the government
23 property lease or park property lease excise taxes assessed pursuant to title
24 42, chapter 6, article 5.

25 Sec. 18. Section 15-996, Arizona Revised Statutes, is amended to read:
26 15-996. Duties of county treasurer relating to school
27 district's monies

28 The county treasurer shall:

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

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

1 the number of pupils in the district fills the existing school facilities and
2 requires more pupil space.

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

5 1. The buildings contain sufficient and appropriate space and
6 equipment that comply with the minimum school facility adequacy guidelines
7 established pursuant to subsection F of this section. The state shall not
8 fund facilities for elective courses that require the school district
9 facilities to exceed minimum school facility adequacy requirements. The
10 school facilities board shall determine whether a school building meets the
11 requirements of this paragraph by analyzing the total square footage that is
12 available for each pupil in conjunction with the need for specialized spaces
13 and equipment.

14 2. The buildings are in compliance with federal, state and local
15 building and fire codes and laws that are applicable to the particular
16 building. An existing school building is not required to comply with current
17 requirements for new buildings unless this compliance is specifically
18 mandated by law or by the building or fire code of the jurisdiction where the
19 building is located.

20 3. The building systems, including roofs, plumbing, telephone systems,
21 electrical systems, heating systems and cooling systems, are in working order
22 and are capable of being properly maintained.

23 4. The buildings are structurally sound.

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

27 1. For a school district that provides instruction to pupils in
28 programs for preschool children with disabilities, kindergarten programs and
29 grades one through six, eighty square feet per pupil in programs for
30 preschool children with disabilities, kindergarten programs and grades one
31 through six.

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

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

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

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

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

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

9 D. The school facilities board may modify the square footage
10 requirements prescribed in subsection C of this section or modify the amount
11 of monies awarded to cure the square footage deficiency pursuant to this
12 section for particular school districts based on extraordinary circumstances
13 for any of the following considerations:

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

15 2. Geographic factors.

16 3. Grade configurations other than those prescribed in subsection C of
17 this section.

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

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

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

22 (a) Total gross square footage.

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

25 3. Consider the total space available in all schools in use in the
26 school district, except that the school facilities board shall allow an
27 exclusion of the square footage for certain schools and the pupils within the
28 schools' boundaries if the school district demonstrates to the board's
29 satisfaction unusual or excessive busing of pupils or unusual attendance
30 boundary changes between schools.

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

35 5. Include all portable and modular buildings.

36 6. Include in the net square footage new construction funded wholly or
37 partially by the school facilities board based on the square footage funded
38 by the school facilities board. If the new construction is to exceed the
39 square footage funded by the school facilities board, the excess square
40 footage shall not be included in the net square footage if any of the
41 following applies:

42 (a) The excess square footage was constructed before July 1, 2002 or
43 funded by a class B bond, impact aid revenue bond or capital ~~outlay override~~
44 **BUDGET REQUEST** approved by the voters after August 1, 1998 and before June

1 30, 2002 or funded from unrestricted capital outlay expended before June 30,
2 2002.

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

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

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

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

15 F. The school facilities board shall adopt rules establishing minimum
16 school facility adequacy guidelines. The guidelines shall provide the
17 minimum quality and quantity of school buildings and facilities and equipment
18 necessary and appropriate to enable pupils to achieve the academic standards
19 pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections
20 15-701 and 15-701.01. At a minimum, the school facilities board shall
21 address all of the following in developing these guidelines:

- 22 1. School sites.
- 23 2. Classrooms.
- 24 3. Libraries and media centers, or both.
- 25 4. Cafeterias.
- 26 5. Auditoriums, multipurpose rooms or other multiuse space.
- 27 6. Technology.
- 28 7. Transportation.
- 29 8. Facilities for science, arts and physical education.
- 30 9. Other facilities and equipment that are necessary and appropriate
31 to achieve the academic standards prescribed pursuant to section 15-203,
32 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
- 33 10. Appropriate combinations of facilities or uses listed in this
34 section.

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

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

1 I. For the purposes of this section, "student capacity" means the
2 capacity adjusted to include any additions to or deletions of space,
3 including modular or portable buildings at the school. The school facilities
4 board shall determine the student capacity for each school in conjunction
5 with each school district, recognizing each school's allocation of space as
6 of July 1, 1998, to achieve the academic standards prescribed pursuant to
7 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
8 15-701.01.

9 Sec. 20. Section 15-2104, Arizona Revised Statutes, is amended to
10 read:

11 15-2104. Impact aid revenue bond building and debt service
12 funds

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

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

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

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

23 C. The school district shall provide the county treasurer with an
24 impact aid revenue bond debt service schedule. The county treasurer shall
25 keep an account of all school district debt service funds that shows the
26 school district to which each fund belongs. The county treasurer shall
27 credit to the impact aid revenue bond debt service fund an amount from impact
28 aid revenues equal to the principal and interest that will become due on the
29 impact aid revenue bonds during the current year. The treasurer shall
30 receive and credit any interest or income earned by the debt service fund.

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

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

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

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

1 proposal that is conducted pursuant to article XIII, section 2 or 3 or
2 article XII, section 5, Constitution of Arizona.

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

8 1. The tenth Tuesday before the first Tuesday after the first Monday
9 in November. If the political subdivision holds a primary or first election
10 and a general or runoff election is either required or optional for that
11 political subdivision, the first election shall be held on this date, without
12 regard to whether the political subdivision designates the election a primary
13 election, a first election, a preliminary election or any other descriptive
14 term.

15 2. The first Tuesday after the first Monday in November. If the
16 political subdivision holds a general election or a runoff election, the
17 second election held shall be held on this date. If the political
18 subdivision holds only a single election and no preliminary or primary or
19 other election is ever held for the purpose of reducing the number of
20 candidates, or receiving a partisan nomination or designation or for any
21 other purpose for that political subdivision, the single election shall be
22 held on this date.

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

28 1. The second Tuesday in March.

29 2. The third Tuesday in May.

30 3. The tenth Tuesday before the first Tuesday after the first Monday
31 in November.

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

38 G. Notwithstanding any other law, for an election administered by a
39 county recorder or other officer in charge of elections on behalf of a city,
40 town or school district and that is an all mail ballot election for that
41 city, town or school district, the county recorder or other officer in charge
42 of elections may use a unified ballot format that combines all of the issues
43 applicable to the voters in the city, town or school district requesting the
44 all mail ballot election.

1 H. SUBSECTIONS B AND F OF THIS SECTION DO NOT APPLY TO SCHOOL DISTRICT
2 OPERATING BUDGET REQUEST ELECTIONS, SCHOOL DISTRICT CAPITAL BUDGET REQUEST
3 ELECTIONS OR SCHOOL DISTRICT BOND ELECTIONS.

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

9 Sec. 22. Effective date

10 Section 15-448, Arizona Revised Statutes, as amended by Laws 2013,
11 first regular session, chapter 10, section 1 and Laws 2013, first special
12 session, chapter 3, section 8 and this act, is effective from and after
13 December 31, 2014.