

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SENATE BILL 1173

AN ACT

AMENDING SECTIONS 15-481 AND 15-491, ARIZONA REVISED STATUTES; RELATING TO SCHOOL ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-481, Arizona Revised Statutes, is amended to
3 read:

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

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

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

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

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

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

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

13 8. The dollar amount and the purpose for which the proposed increase
14 in the budget is to be expended for the first year for which the budget
15 increase was adopted. The purpose statement shall only present factual
16 information in a neutral manner. Advocacy for the expenditures is strictly
17 limited to the arguments submitted pursuant to paragraph 9 of this
18 subsection.

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

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

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

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

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

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

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

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

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

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

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

23 13. THE FOLLOWING STATEMENT:

24 THE _____ SCHOOL DISTRICT RECEIVED A TOTAL OF
25 \$_____ PER PUPIL IN REVENUES FROM ALL FUNDING SOURCES
26 (FEDERAL, STATE AND LOCAL) FOR ALL CAPITAL AND NONCAPITAL
27 EXPENDITURES FOR FISCAL YEAR 20__-20__, AS REPORTED IN THE
28 SUPERINTENDENT OF PUBLIC INSTRUCTION'S ANNUAL REPORT FOR FISCAL
29 YEAR 20__-20__, WHICH IS THE MOST RECENT AVAILABLE VERSION OF
30 THAT ANNUAL REPORT.

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

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

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

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

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

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

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

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

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

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

1 3. The following statement:

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

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

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

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

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

32 (i)

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

1 (ii)

$$\begin{array}{r}
 2 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 3 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 4 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 5 \quad \underline{\hspace{1cm}} - \underline{125} \times 1.278 + (0.0003 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 6 \quad \hspace{10em} (500 - \text{Student Count})) \\
 7 \quad \hspace{10em} \text{Small} \\
 8 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 9 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Elementary Limit}} \\
 10 \quad \$150,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

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

15 (i)

$$\begin{array}{r}
 16 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 17 \quad \text{Student} \quad \text{Student} \quad \text{for Small Isolated} \quad \text{Reduction} \\
 18 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 19 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.468 + (0.0005 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 20 \quad \hspace{10em} (500 - \text{Student Count})) \\
 21 \quad \hspace{10em} \text{Small Isolated} \\
 22 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{District} \\
 23 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 24 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

25 (ii)

$$\begin{array}{r}
 26 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 27 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 28 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 29 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.398 + (0.0004 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 30 \quad \hspace{10em} (500 - \text{Student Count})) \\
 31 \quad \hspace{10em} \text{Small} \\
 32 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 33 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 34 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

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

38 (d) If only subdivision (a) or (b) of this paragraph applies to a
 39 unified school district, the district's limit for the purposes of this
 40 paragraph is the sum of the limit computed as provided in subdivision (a) or
 41 (b) of this paragraph plus ten ~~per-cent~~ PERCENT of the revenue control limit
 42 attributable to those grade levels that do not meet the eligibility
 43 requirements of this subsection. If a school district budgets monies outside
 44 the revenue control limit pursuant to section 15-949, subsection E, the
 45 district's limit for the purposes of this paragraph is only the ten ~~per-cent~~

1 PERCENT of the revenue control limit attributable to those grade levels that
2 are not included under section 15-949, subsection E. For the purposes of
3 this subdivision, the revenue control limit is separated into elementary and
4 secondary components based on the weighted student count as provided in
5 section 15-971, subsection B, paragraph 2, subdivision (a).

6 2. If a school district utilizes this subsection to request an
7 override of more than one year, the ballot shall include an estimate of the
8 amount of the proposed increase in the future years in place of the statement
9 that the amount of the proposed increase will be based on a percentage of the
10 school district's revenue control limit in future years, as prescribed in
11 subsections E and F of this section.

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

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

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

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

42 J. If the election is to exceed the revenue control limit as provided
43 in section 15-482 and if the proposed increase will be fully funded by
44 revenues other than a levy of taxes on the taxable property within the school
45 district, the ballot shall contain the words "budget increase, yes" and

1 "budget increase, no", and the voter shall signify the voter's desired
2 choice. The ballot shall also contain the amount of the proposed increase of
3 the proposed budget over the alternate budget, a statement that the amount of
4 the proposed increase will be based on a percentage of the school district's
5 revenue control limit in future years, if applicable, as provided in
6 subsection Q of this section and the following statement:

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

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

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

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

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

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

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

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

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

39 P. If the voters in a school district vote to adopt a budget in excess
40 of the revenue control limit as provided in subsection E or F of this
41 section, any additional increase shall be included in the aggregate budget
42 limit for each of the years authorized. Any additional increase shall be
43 excluded from the determination of equalization assistance. The school
44 district governing board, however, may levy on the net assessed valuation
45 used for secondary property tax purposes of the property in the school

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

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

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

28 Q. If the voters in a school district vote to adopt a budget in excess
29 of the revenue control limit as provided in subsection I or J of this
30 section, any additional increase shall be included in the aggregate budget
31 limit for each of the years authorized. Any additional increase shall be
32 excluded from the determination of equalization assistance. The school
33 district governing board, however, may levy on the net assessed valuation
34 used for secondary property tax purposes of the property in the school
35 district the additional increase if adopted under subsection I of this
36 section for the period of one year, two years or five through seven years as
37 authorized. If an additional increase is approved as provided in subsection
38 J of this section, the increase may only be budgeted and expended if
39 sufficient monies are available in the maintenance and operation fund of the
40 school district. If a budget increase was previously authorized and will be
41 in effect for the budget year or budget year and subsequent years, as
42 provided in subsection I or J of this section, the governing board may
43 request a new budget increase as provided in the same subsection under which
44 the prior budget increase was adopted that does not exceed the maximum amount
45 permitted under subsection K of this section. If the voters in the school

1 district authorize the new budget increase amount, the existing budget
2 increase no longer is in effect. If the voters in the school district do not
3 authorize the budget increase amount, the existing budget increase remains in
4 effect for the time period for which it was authorized. The maximum
5 additional increase authorized as provided in subsection I or J of this
6 section and the additional increase that is included in the aggregate budget
7 limit is based on a percentage of a school district's revenue control limit
8 in future years, if the budget increase is authorized for more than one year.
9 If the additional increase:

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

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

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

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

42 T. In addition to subsections P and S of this section, from the
43 maintenance and operation fund and capital outlay fund ending cash balances,
44 the school district governing board shall first use any available revenues to
45 reduce its primary tax rate to zero and shall use any remaining revenues to

1 fund the additional increase authorized as provided in subsections F and M of
2 this section.

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

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

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

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

17 The capital improvements that are proposed to be funded
18 through this override election are to exceed the state standards
19 and are in addition to monies 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, yes" and
27 "budget increase, no", and the voter shall signify the voter's desired
28 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 proceeds
41 for any purposes other than the proposed capital improvements listed in the
42 publicity pamphlet, except that up to ten ~~per-cent~~ PERCENT of the override
43 proceeds may be used for general capital expenses, including cost overruns of
44 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 is discussed and at which the
5 public is permitted an opportunity to comment and:

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

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

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

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

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

41 Any budget increase continuation authorized by this
42 election shall be entirely funded by a levy of taxes on the
43 taxable property in this school district for the year for which
44 adopted and for _____ subsequent years, shall not be realized
45 from monies furnished by the state and shall not be subject to

1 the limitation on taxes specified in article IX, section 18,
2 Constitution of Arizona. Based on the current net assessed
3 valuation used for secondary property tax purposes, to fund the
4 proposed continuation of the increase in the school district's
5 budget would require an estimated continuation of a tax rate of
6 _____ dollar per one hundred dollars of assessed
7 valuation used for secondary property tax purposes and is in
8 addition to the school district's tax rate that will be levied
9 to fund the school district's revenue control limit allowed by
10 law.

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

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

37 Sec. 2. Section 15-491, Arizona Revised Statutes, is amended to read:
38 15-491. Elections on school property; exceptions

39 A. The governing board of a school district may, and on petition of
40 fifteen ~~per-cent~~ PERCENT of the school electors as shown by the poll list at
41 the last preceding annual school election shall, call an election for the
42 following purposes:

- 43 1. To locate or change the location of school buildings.
- 44 2. To purchase or sell school sites or buildings or sell school sites
45 pursuant to section 15-342 or to build school buildings, but the

1 authorization by vote of the school district shall not necessarily specify
2 the site to be purchased.

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

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

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

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

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

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

43 D. The governing board shall order the election to be held in the
44 manner prescribed in title 35, chapter 3, article 3. If a petition for an
45 election has been filed with the governing board as provided in subsection A

1 of this section, the board shall act on the petition within sixty days by
2 ordering the election to be held as provided in this subsection. If a school
3 district bond election is scheduled for the same date a school district will
4 hold an override election, the governing body shall deliver a copy of the
5 notice of election and ballot to the county school superintendent who shall
6 include the notice of election and ballot with the information report and
7 ballot prepared for the override election. Mailing of the information
8 required for both the override and bond elections shall constitute compliance
9 with the notice provisions of this section.

10 E. The elections to be held pursuant to this section shall only be
11 held on dates prescribed by section 16-204, except that elections held
12 pursuant to this section to decide whether class B bonds shall be issued, or
13 any other obligation incurred that will require the assessment of secondary
14 property taxes, shall only be held on the first Tuesday after the first
15 Monday of November.

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

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

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

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

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

31 _____ school district is proposing to issue class B
32 general obligation bonds totaling \$_____ to fund capital
33 improvements over and above those funded by the state. Under
34 the students first capital funding system, _____ school
35 district is entitled to state monies for new construction and
36 renovation of school buildings in accordance with state law.

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

39 _____, a joint technical education district, is
40 proposing to issue class B general obligation bonds totaling
41 \$_____ to fund capital improvements at a campus owned or
42 operated and maintained by the joint technical education
43 district.

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

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

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

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

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

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

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

28 (d) THE FOLLOWING STATEMENT:

29 THE _____ SCHOOL DISTRICT RECEIVED A TOTAL OF
30 \$_____ PER PUPIL IN REVENUES FROM ALL FUNDING SOURCES
31 (FEDERAL, STATE AND LOCAL) FOR ALL CAPITAL AND NONCAPITAL
32 EXPENDITURES FOR FISCAL YEAR 20__-20__, AS REPORTED IN THE
33 SUPERINTENDENT OF PUBLIC INSTRUCTION'S ANNUAL REPORT FOR FISCAL
34 YEAR 20__-20__, WHICH IS THE MOST RECENT AVAILABLE VERSION OF
35 THAT ANNUAL REPORT.

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

38 1. The ballot shall include the following statement:

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

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

1 district is entitled to state monies for new construction and
2 renovation of school buildings in accordance with state law.

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

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

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

20 (a) The date of the election.

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

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

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

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

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

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

38 J. If the voters approve the issuance of school district class B bonds
39 or impact aid revenue bonds, the school district shall not use the bond
40 proceeds for any purposes other than the proposed capital improvements listed
41 in the publicity pamphlet, except that up to ten ~~per-cent~~ PERCENT of the bond
42 proceeds may be used for general capital expenses, including cost overruns of
43 proposed capital improvements. The proposed capital improvements may be
44 changed by a subsequent election as provided by this section.

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

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

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

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

22 (a) The date of the election.

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

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

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

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

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

37 3. The ballot shall contain the words "change capital improvements,
38 yes" and "change capital improvements, no", and the voter shall signify the
39 voter's desired choice.

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

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

- 1 1. The election may be held only on the first Tuesday after the first
2 Monday in November.
- 3 2. No later than thirty-five days before the election, the school
4 district shall mail a publicity pamphlet to each household in the school
5 district that contains a qualified elector. The publicity pamphlet shall
6 contain, at a minimum, the following information:
- 7 (a) The date of the election.
- 8 (b) The voter's polling place and the times it is open.
- 9 (c) A statement as to why the election was called.
- 10 (d) Arguments for and against the proposed change, if submitted, as
11 provided in section 15-481, subsection B, paragraph 9.
- 12 3. The ballot shall contain the words "extend time to issue bonds,
13 yes" and "extend time to issue bonds, no", and the voter shall signify the
14 voter's desired choice.