

REFERENCE TITLE: schools; elections; ballot arguments; exclusion

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

SB 1351

Introduced by
Senators Lesko, Kavanagh; Allen S, Burges, Meza; Representatives Gray,
Rivero

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

29 B. The county school superintendent shall prepare an informational
30 report on the proposed increase in the budget and a sample ballot and, at
31 least forty days prior to the election, shall transmit the report and the
32 sample ballot to the governing board of the school district. The governing
33 board, ~~upon~~ ON 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 **ON** the taxable property within the school district for the first year for
8 which 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~~ **ON** 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. **A**
25 **GOVERNING BOARD MEMBER WHO DID NOT VOTE IN FAVOR OF THE PROPOSED INCREASE IN**
26 **THE BUDGET SHALL HAVE THE OPTION TO INCLUDE OR EXCLUDE THAT MEMBER'S NAME**
27 **FROM THE ARGUMENTS FOR THE PROPOSED INCREASE.** If submitted, additional
28 arguments in favor of the proposed increase in the budget shall be provided
29 in writing and signed by those in favor. Arguments against the proposed
30 increase in the budget shall be provided in writing and signed by those in
31 opposition. The names of persons and entities submitting written arguments
32 shall be included in the report. The county school superintendent shall
33 review all factual statements contained in the written arguments and correct
34 any inaccurate statements of fact. The superintendent shall not review and
35 correct any portion of the written arguments that are identified as
36 statements of the author's opinion. The county school superintendent shall
37 make the written arguments available to the public as provided in title 39,
38 chapter 1, article 2. A deadline for submitting arguments to be included in
39 the informational report shall be set by the county school superintendent.

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

1 11. The current limited property value and the net assessed valuation
2 provided by the department of revenue, the first year tax rate for the
3 proposed override and the estimated amount of the secondary property taxes if
4 the proposed budget is adopted for each of the 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 12. If the election is conducted pursuant to subsection L or M of this
17 section, the following information:

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

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

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

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

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

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

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

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

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

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

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

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

39 2. A statement that the amount of the proposed increase will be based
40 on a percentage of the school district's revenue control limit in future
41 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 subsection 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	for Small Isolated	Base Level	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____	- 125	x	1.358 + (0.0005 x	x \$ _____	= \$ _____
			(500 - Student Count))		
	Phase Down		Phase Down		Small Isolated
	<u>Base</u>		<u>Reduction Factor</u>		School District
	\$150,000	-	\$ _____	=	<u>Elementary Limit</u>
					\$ _____

1 (ii)

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

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)

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

25 (ii)

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

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~~ THAT
35 will be funded by a levy of taxes ~~upon~~ ON the taxable property
36 within this school district would require an estimated tax rate
37 of _____ 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~~ ON 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~~ ON 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~~ THAT will be levied to fund the school district's
 7 district 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~~ ON 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 I. For any election conducted to decide whether impact aid revenue
29 bonds shall be issued pursuant to this section:

30 1. The ballot shall include the following statement:

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

34 _____ school district is proposing to issue impact
35 aid revenue bonds totaling \$_____ to fund capital
36 improvements over and above those funded by the state. Under
37 the students first capital funding system, _____ school
38 district is entitled to state monies for new construction and
39 renovation of school buildings in accordance with state law.

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

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

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

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

12 (a) The date of the election.

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

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

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

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

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

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

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

37 K. Each school district that issues bonds under this section is
38 required to hold a public meeting each year between September 1 and October
39 31, until the bond proceeds are spent, at which an update of the progress of
40 capital improvements financed through bonding is discussed and at which the
41 public is permitted an opportunity to comment. At a minimum, the update
42 shall include a comparison of the current status and the original projections
43 on the construction of capital improvements, the costs of capital
44 improvements and the costs of capital improvements in progress or completed
45 since the prior meeting and the future capital bonding plans of the school

1 district. The school district shall include in the public meeting a
2 discussion of the school district's use of state capital aid and
3 voter-approved capital overrides in funding capital improvements, if any.

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

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

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

13 (a) The date of the election.

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

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

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

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

26 (f) Arguments for and against the proposed change, if submitted, as
27 provided by section 15-481, subsection B, paragraph 9. **A GOVERNING BOARD
28 MEMBER WHO DID NOT VOTE IN FAVOR OF THE PROPOSED CHANGE SHALL HAVE THE OPTION
29 TO INCLUDE OR EXCLUDE THAT MEMBER'S NAME FROM THE ARGUMENTS FOR THE PROPOSED
30 CHANGE.**

31 3. The ballot shall contain the words "change capital improvements,
32 yes" and "change capital improvements, no", and the voter shall signify the
33 voter's desired choice.

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

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

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

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

45 (a) The date of the election.

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

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

3 (d) Arguments for and against the proposed change, if submitted, as
4 provided in section 15-481, subsection B, paragraph 9. A GOVERNING BOARD
5 MEMBER WHO DID NOT VOTE IN FAVOR OF THE PROPOSED CHANGE SHALL HAVE THE OPTION
6 TO INCLUDE OR EXCLUDE THAT MEMBER'S NAME FROM THE ARGUMENTS FOR THE PROPOSED
7 CHANGE.

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