

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

# SENATE BILL 1351

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. **THE**  
25 **BALLOT ARGUMENT FOR THE PROPOSED INCREASE IN THE BUDGET SHALL BE SIGNED AS**  
26 **THE GOVERNING BOARD OF THE SCHOOL DISTRICT WITHOUT LISTING ANY MEMBER'S**  
27 **INDIVIDUAL NAME FOR THE ARGUMENTS FOR THE PROPOSED INCREASE.** If submitted,  
28 additional arguments in favor of the proposed increase in the budget shall be  
29 provided in writing and signed by those in favor. Arguments against the  
30 proposed increase in the budget shall be provided in writing and signed by  
31 those in opposition. The names of persons and entities submitting written  
32 arguments shall be included in the report. The county school superintendent  
33 shall review all factual statements contained in the written arguments and  
34 correct any inaccurate statements of fact. The superintendent shall not  
35 review and correct any portion of the written arguments that are identified  
36 as statements of the author's opinion. The county school superintendent  
37 shall make the written arguments available to the public as provided in title  
38 39, chapter 1, article 2. A deadline for submitting arguments to be included  
39 in 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.

42 3. The following statement:

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

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

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

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

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

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

28 (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	1.358 + (0.0005 x	x \$ _____	= \$ _____
		(500 - Student Count))		
	Phase Down	Phase Down	Small Isolated	
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>	
	\$150,000	- \$ _____	= \$ _____	<u>Elementary Limit</u>

38 (ii)

	Small School	Support Level Weight		Phase Down
Student	Student	for Small		Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
_____	- 125	1.278 + (0.0003 x	x \$ _____	= \$ _____
		(500 - Student Count))		

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2  
3  
4

	Phase Down <u>Base</u>	Phase Down <u>Reduction Factor</u>	Small School District <u>Elementary Limit</u>
	\$150,000	-	= \$

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

9 (i)

10 Student Count - Small School Student Count Limit x Support Level Weight for Small Isolated School Districts

11 Count - 100 x 1.468 + (0.0005 x (500 - Student Count))

12 x Base Level = Phase Down Reduction Factor

13 x \$ = \$

14

15 Phase Down Base - Phase Down Reduction Factor = Small Isolated District Secondary Limit

16 \$350,000 - \$ = \$

17 (ii)

18 Student Count - Small School Student Count Limit x Support Level Weight for Small School Districts

19 Count - 100 x 1.398 + (0.0004 x (500 - Student Count))

20 x Base Level = Phase Down Reduction Factor

21 x \$ = \$

22

23 Phase Down Base - Phase Down Reduction Factor = Small School District Secondary Limit

24 \$350,000 - \$ = \$

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

28 (d) If only subdivision (a) or (b) of this paragraph applies to a  
29 unified school district, the district's limit for the purposes of this  
30 paragraph is the sum of the limit computed as provided in subdivision (a) or  
31 (b) of this paragraph plus ten ~~per cent~~ PERCENT of the revenue control limit  
32 attributable to those grade levels that do not meet the eligibility  
33 requirements of this subsection. If a school district budgets monies outside  
34 the revenue control limit pursuant to section 15-949, subsection E, the  
35 district's limit for the purposes of this paragraph is only the ten ~~per cent~~  
36 PERCENT of the revenue control limit attributable to those grade levels that  
37 are not included under section 15-949, subsection E. For the purposes of  
38 this subdivision, the revenue control limit is separated into elementary and  
39 secondary components based on the weighted student count as provided in  
40 section 15-971, subsection B, paragraph 2, subdivision (a).  
41  
42  
43  
44

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

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

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

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

21                   Any budget increase authorized by this election shall be  
22                   entirely funded by a levy of taxes on the taxable property  
23                   within this school district for the year for which adopted and  
24                   for \_\_\_\_\_ subsequent years, shall not be realized from monies  
25                   furnished by the state and shall not be subject to the  
26                   limitation on taxes specified in article IX, section 18,  
27                   Constitution of Arizona. Based on the current net assessed  
28                   valuation used for secondary property tax purposes, to fund the  
29                   proposed increase in the school district's budget ~~which~~ THAT  
30                   will be funded by a levy of taxes ~~upon~~ ON the taxable property  
31                   within this school district would require an estimated tax rate  
32                   of \_\_\_\_\_ 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          J. If the election is to exceed the revenue control limit as provided  
38          in section 15-482 and if the proposed increase will be fully funded by  
39          revenues other than a levy of taxes on the taxable property within the school  
40          district, the ballot shall contain the words "budget increase, yes" and  
41          "budget increase, no", and the voter shall signify the voter's desired  
42          choice. The ballot shall also contain the amount of the proposed increase of  
43          the proposed budget over the alternate budget, a statement that the amount of  
44          the proposed increase will be based on a percentage of the school district's

1 revenue control limit in future years, if applicable, as provided in  
2 subsection Q of this section and the following statement:

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

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

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

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

1 tax purposes and is in addition to the school district's tax  
2 rate ~~which~~ THAT will be levied to fund the school district's  
3 district additional assistance allowed by law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44 U. If the voters in a school district disapprove the proposed budget,  
45 the alternate budget that, except for any budget increase authorized by a

1 prior election, does not include an increase in the budget in excess of the  
2 amount provided in section 15-905 shall be adopted by the governing board as  
3 provided in section 15-905.

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

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

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

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

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

22 2. The ballot shall contain the words "budget increase, yes" and  
23 "budget increase, no", and the voter shall signify the voter's desired  
24 choice.

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

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

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

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

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

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

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

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

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

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

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

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

32 Sec. 2. Section 15-491, Arizona Revised Statutes, is amended to read:  
33 15-491. Elections on school property; exceptions

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

- 38 1. To locate or change the location of school buildings.
- 39 2. To purchase or sell school sites or buildings or sell school sites  
40 pursuant to section 15-342 or to build school buildings, but the  
41 authorization by vote of the school district shall not necessarily specify  
42 the site to be purchased.
- 43 3. To decide whether the bonds of the school district shall be issued  
44 and sold for the purpose of raising money for purchasing or leasing school  
45 lots, for building or renovating school buildings, for supplying school

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

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

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

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

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

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

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

1 include the notice of election and ballot with the information report and  
2 ballot prepared for the override election. Mailing of the information  
3 required for both the override and bond elections shall constitute compliance  
4 with the notice provisions of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (b) 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 (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 one hundred thousand dollars.

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

25 1. The ballot shall include the following statement:

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

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

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

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

1 the school district shall resubmit revised ballot language to the director  
2 for approval.

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

8 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

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

10 (a) The date of the election.

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

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

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

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

23 (f) Arguments for and against the proposed change, if submitted, as  
24 provided by section 15-481, subsection B, paragraph 9. **THE BALLOT ARGUMENT**  
25 **FOR THE PROPOSED CHANGE SHALL BE SIGNED AS THE GOVERNING BOARD OF THE SCHOOL**  
26 **DISTRICT WITHOUT LISTING ANY MEMBER'S INDIVIDUAL NAME FOR THE ARGUMENTS FOR**  
27 **THE PROPOSED CHANGE.**

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

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

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

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

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

42 (a) The date of the election.

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

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

1           (d) Arguments for and against the proposed change, if submitted, as  
2 provided in section 15-481, subsection B, paragraph 9. THE BALLOT ARGUMENT  
3 FOR THE PROPOSED CHANGE SHALL BE SIGNED AS THE GOVERNING BOARD OF THE SCHOOL  
4 DISTRICT WITHOUT LISTING ANY MEMBER'S INDIVIDUAL NAME FOR THE ARGUMENTS FOR  
5 THE PROPOSED CHANGE.

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