

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 177
HOUSE BILL 2054

AN ACT

AMENDING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 4, SECTION 3; AMENDING SECTIONS 15-1021, 35-451 AND 35-503, ARIZONA REVISED STATUTES; RELATING TO PUBLIC DEBT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-393, Arizona Revised Statutes, as amended by
3 Laws 2016, chapter 4, section 3, is amended to read:

4 15-393. Joint technical education district governing board:
5 report; definitions

6 A. The management and control of the joint district are vested in the
7 joint technical education district governing board, including the content and
8 quality of the courses offered by the district, the quality of teachers who
9 provide instruction on behalf of the district, the salaries of teachers who
10 provide instruction on behalf of the district and the reimbursement of other
11 entities for the facilities used by the district. Unless the governing
12 boards of the school districts participating in the formation of the joint
13 district vote to implement an alternative election system as provided in
14 subsection B of this section, the joint board shall consist of five members
15 elected from five single member districts formed within the joint district.
16 The single member district election system shall be submitted as part of the
17 plan for the joint district pursuant to section 15-392 and shall be
18 established in the plan as follows:

19 1. The governing boards of the school districts participating in the
20 formation of the joint district shall define the boundaries of the single
21 member districts so that the single member districts are as nearly equal in
22 population as is practicable, except that if the joint district lies in part
23 in each of two or more counties, at least one single member district may be
24 entirely within each of the counties comprising the joint district if this
25 district design is consistent with the obligation to equalize the population
26 among single member districts.

27 2. The boundaries of each single member district shall follow election
28 precinct boundary lines, as far as practicable, in order to avoid further
29 segmentation of the precincts.

30 3. A person who is a registered voter of this state and who is a
31 resident of the single member district is eligible for election to the office
32 of joint board member from the single member district. The terms of office
33 of the members of the joint board shall be as prescribed in section 15-427,
34 subsection B. An employee of a joint technical education district or the
35 spouse of an employee shall not hold membership on a governing board of a
36 joint technical education district by which the employee is employed. A
37 member of one school district governing board or joint technical education
38 district governing board is ineligible to be a candidate for nomination or
39 election to or serve simultaneously as a member of any other governing board,
40 except that a member of a governing board may be a candidate for nomination
41 or election for any other governing board if the member is serving in the
42 last year of a term of office. A member of a governing board shall resign
43 the member's seat on the governing board before becoming a candidate for
44 nomination or election to the governing board of any other school district or
45 joint technical education district, unless the member of the governing board
46 is serving in the last year of a term of office.

1 4. Nominating petitions shall be signed by the number of qualified
2 electors of the single member district as provided in section 16-322.

3 B. The governing boards of the school districts participating in the
4 formation of the joint district may vote to implement any other alternative
5 election system for the election of joint district board members. If an
6 alternative election system is selected, it shall be submitted as part of the
7 plan for the joint district pursuant to section 15-392, and the
8 implementation of the system shall be as approved by the United States
9 justice department.

10 C. The joint technical education district shall be subject to the
11 following provisions of this title:

12 1. Chapter 1, articles 1 through 6.

13 2. Sections 15-208, 15-210, 15-213 and 15-234.

14 3. Articles 2, 3 and 5 of this chapter.

15 4. Section 15-361.

16 5. Chapter 4, articles 1, 2 and 5.

17 6. Chapter 5, articles 1, 2 and 3.

18 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
19 and 15-730.

20 8. Chapter 7, article 5.

21 9. Chapter 8, articles 1, 3 and 4.

22 10. Sections 15-828 and 15-829.

23 11. Chapter 9, article 1, article 6, except for section 15-995, and
24 article 7.

25 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.

26 13. Sections 15-1101 and 15-1104.

27 14. Chapter 10, articles 2, 3, 4 and 8.

28 D. Notwithstanding subsection C of this section, the following apply
29 to a joint technical education district:

30 1. A joint district may issue bonds for the purposes specified in
31 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
32 aggregate, including the existing indebtedness, not exceeding one percent of
33 the ~~taxable property used for secondary tax purposes, as determined pursuant~~
34 ~~to title 42, chapter 15, article 1,~~ NET ASSESSED VALUE OF THE FULL CASH VALUE
35 OF THE PROPERTY within the joint technical education district ~~as ascertained~~
36 ~~by the last property tax assessment previous to issuing the bonds.~~ FOR THE
37 PURPOSES OF THIS PARAGRAPH, "FULL CASH VALUE" AND "NET ASSESSED VALUE" HAVE
38 THE SAME MEANINGS PRESCRIBED IN SECTION 42-11001.

39 2. The number of governing board members for a joint district shall be
40 as prescribed in subsection A of this section.

41 3. The student count for the first year of operation of a joint
42 technical education district as provided in this article shall be determined
43 as follows:

44 (a) Determine the estimated student count for joint district classes
45 that will operate in the first year of operation. This estimate shall be
46 based on actual registration of pupils as of March 30 scheduled to attend

1 classes that will be operated by the joint district. The student count for
2 the district of residence of the pupils registered at the joint district
3 shall be adjusted. The adjustment shall cause the district of residence to
4 reduce the student count for the pupil to reflect the courses to be taken at
5 the joint district. The district of residence shall review and approve the
6 adjustment of its own student count as provided in this subdivision before
7 the pupils from the school district can be added to the student count of the
8 joint district.

9 (b) The student count for the new joint district shall be the student
10 count as determined in subdivision (a) of this paragraph.

11 (c) For the first year of operation, the joint district shall revise
12 the student count to the actual average daily membership as prescribed in
13 section 15-901, subsection A, paragraph 1 for students attending classes in
14 the joint district. A joint district shall revise its student count, the
15 base support level as provided in section 15-943.02, the revenue control
16 limit as provided in section 15-944.01 and the district additional assistance
17 as provided in section 15-962.01 prior to May 15. A joint district that
18 overestimated its student count shall revise its budget prior to May 15. A
19 joint district that underestimated its student count may revise its budget
20 prior to May 15.

21 (d) After March 15 of the first year of operation, the district of
22 residence shall adjust its student count by reducing it to reflect the
23 courses actually taken at the joint district. The district of residence
24 shall revise its student count, the base support level as provided in section
25 15-943, the revenue control limit as provided in section 15-944 and the
26 district additional assistance as provided in section 15-962.01 prior to
27 May 15. A district that underestimated the student count for students
28 attending the joint district shall revise its budget prior to May 15. A
29 district that overestimated the student count for students attending the
30 joint district may revise its budget prior to May 15.

31 (e) A joint district for the first year of operation shall not be
32 eligible for adjustment pursuant to section 15-948.

33 (f) The procedures for implementing this paragraph shall be as
34 prescribed in the uniform system of financial records.

35 (g) Pupils in an approved joint technical education district
36 centralized program may generate an average daily membership of 1.0 during
37 any day of the week and at any time between July 1 and June 30 of each fiscal
38 year.

39 For the purposes of this paragraph, "district of residence" means the
40 district that included the pupil in its average daily membership for the year
41 before the first year of operation of the joint district and that would have
42 included the pupil in its student count for the purposes of computing its
43 base support level for the fiscal year of the first year of operation of the
44 joint district if the pupil had not enrolled in the joint district.

1 4. A student includes any person enrolled in the joint district
2 without regard to the person's age or high school graduation status, except
3 that:

4 (a) A student in a kindergarten program or in grades one through nine
5 who enrolls in courses offered by the joint technical education district
6 shall not be included in the joint district's student count or average daily
7 membership.

8 (b) A student in a kindergarten program or in grades one through nine
9 who is enrolled in career and technical education courses shall not be funded
10 in whole or in part with monies provided by a joint technical education
11 district, except that a pupil in grade eight or nine may be funded with
12 monies generated by the five cent qualifying tax rate authorized in
13 subsection F of this section.

14 (c) Beginning July 1, 2016, a student who has graduated from high
15 school or received a general equivalency diploma or who is over twenty-one
16 years of age shall not be included in the student count of the joint district
17 for the purposes of chapter 9, articles 3, 4 and 5 of this title. A student
18 who has yet to graduate or receive a general equivalency diploma and was
19 lawfully enrolled in a joint technical education district program on January
20 1, 2016 may continue to participate in the program after the effective date
21 of this amendment to this section.

22 (d) A student who is enrolled in any internship course as part of a
23 joint technical education district program shall not be included in the
24 student count of the joint district for that internship course for the
25 purposes of chapter 9, articles 3, 4 and 5 of this title.

26 5. A joint district may operate for more than one hundred eighty days
27 per year, with expanded hours of service.

28 6. A joint district may use the carryforward provisions of section
29 15-943.01.

30 7. A school district that is part of a joint district shall use any
31 monies received pursuant to this article to supplement and not supplant base
32 year career and technical education courses, and directly related equipment
33 and facilities, except that a school district that is part of a joint
34 technical education district and that has used monies received pursuant to
35 this article to supplant career and technical education courses that were
36 offered before the first year that the school district participated in the
37 joint district or the first year that the school district used monies
38 received pursuant to this article or that used the monies for purposes other
39 than for career and technical education courses shall use one hundred percent
40 of the monies received pursuant to this article to supplement and not
41 supplant base year career and technical education courses.

42 8. A joint technical education district shall use any monies received
43 pursuant to this article to enhance and not supplant career and technical
44 education courses and directly related equipment and facilities.

45 9. A joint technical education district or a school district that is
46 part of a joint district or a charter school shall only include pupils in

1 grades ten through twelve in the calculation of student count or average
2 daily membership if the pupils are enrolled in courses that are approved
3 jointly by the governing board of the joint technical education district and
4 each participating school district or charter school for satellite courses
5 taught within the participating school district or charter school, or
6 approved solely by the joint technical education district for centrally
7 located courses. Student count and average daily membership from courses
8 that are not part of an approved program for career and technical education
9 shall not be included in student count and average daily membership of a
10 joint technical education district.

11 E. The joint board shall appoint a superintendent as the executive
12 officer of the joint district.

13 F. Taxes may be levied for the support of the joint district as
14 prescribed in chapter 9, article 6 of this title, except that a joint
15 technical education district shall not levy a property tax pursuant to law
16 that exceeds five cents per one hundred dollars assessed valuation except for
17 bond monies pursuant to subsection D, paragraph 1 of this section. Except
18 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
19 from a levy of taxes on the taxable property used for secondary tax purposes.

20 G. The schools in the joint district are available to all persons who
21 reside in the joint district and to pupils whose district of residence within
22 this state is paying tuition on behalf of the pupils to a district of
23 attendance that is a member of the joint technical education district,
24 subject to the rules for admission prescribed by the joint board.

25 H. The joint board may collect tuition for adult students and the
26 attendance of pupils who are residents of school districts that are not
27 participating in the joint district pursuant to arrangements made between the
28 governing board of the district and the joint board.

29 I. The joint board may accept gifts, grants, federal monies, tuition
30 and other allocations of monies to erect, repair and equip buildings and for
31 the cost of operation of the schools of the joint district.

32 J. One member of the joint board shall be selected chairman. The
33 chairman shall be selected annually on a rotation basis from among the
34 participating school districts. The chairman of the joint board shall be a
35 voting member.

36 K. A joint board and a community college district may enter into
37 agreements for the provision of administrative, operational and educational
38 services and facilities.

39 L. Beginning July 1, 2016, any agreement between the governing board
40 of a joint technical education district and another joint technical education
41 district, a school district, a charter school or a community college district
42 shall be in the form of an intergovernmental agreement or other written
43 contract. The auditor general shall modify the uniform system of financial
44 records and budget forms in accordance with this subsection. The
45 intergovernmental agreement or other written contract shall completely and
46 accurately specify each of the following:

- 1 1. The financial provisions of the intergovernmental agreement or
2 other written contract and the format for the billing of all services.
- 3 2. The accountability provisions of the intergovernmental agreement or
4 other written contract.
- 5 3. The responsibilities of each joint technical education district,
6 each school district, each charter school and each community college district
7 that is a party to the intergovernmental agreement or other written contract.
- 8 4. The type of instruction that will be provided under the
9 intergovernmental agreement or other written contract, including
10 individualized education programs pursuant to section 15-763.
- 11 5. The quality of the instruction that will be provided under the
12 intergovernmental agreement or other written contract.
- 13 6. The transportation services that will be provided under the
14 intergovernmental agreement or other written contract and the manner in which
15 transportation costs will be paid.
- 16 7. The amount that the joint technical education district will
17 contribute to a course and the amount of support required by the school
18 district or the community college.
- 19 8. That the services provided by the joint technical education
20 district, the school district, the charter school or the community college
21 district be proportionally calculated in the cost of delivering the service.
- 22 9. That the payment for services shall not exceed the cost of the
23 services provided.
- 24 10. That the joint technical education district will provide the
25 following minimum services for all member districts:
 - 26 (a) Professional development of career and technical teachers in the
27 joint district who are teaching programs or courses at a satellite campus.
 - 28 (b) Ongoing evaluation and support of satellite campus programs and
29 courses to ensure quality and compliance.
- 30 11. An itemized listing of other goods and services that are provided
31 to the member district and that are paid for by the retention of satellite
32 campus student funding.
- 33 M. A member school district or charter school may not submit requests
34 for the approval or addition of satellite campus joint district programs or
35 courses directly to the career and technical education division of the
36 department of education, but shall submit all appropriate application
37 documentation and materials for programs or courses to the joint
38 district. On approval from the joint board, a joint district shall only
39 submit requests for the approval or addition of satellite campus joint
40 district programs or courses directly to the career and technical education
41 division of the department of education. If the career and technical
42 education division of the department of education determines that a course
43 does not meet the criteria for approval as a joint technical education
44 course, the governing board of the joint technical education district may
45 appeal this decision to the state board of education acting as the state
46 board of vocational education.

1 N. Notwithstanding any other law, the average daily membership for a
2 pupil who is enrolled in a joint technical education course defined in
3 section 15-391 and who does not meet the criteria specified in subsection P
4 or Q of this section shall be 0.25 for each course, except the sum of the
5 average daily membership shall not exceed the limits prescribed by subsection
6 D, P or Q of this section, as applicable.

7 O. If a career and technical education course or program is provided
8 on a satellite campus, the sum of the average daily membership, as provided
9 in section 15-901, subsection A, paragraph 1, for that pupil in the school
10 district or charter school and joint technical education district shall not
11 exceed 1.25. The school district or charter school and the joint district
12 shall determine the apportionment of the average daily membership for that
13 pupil between the school district or charter school and the joint
14 district. A pupil who attends a course or program at a satellite campus and
15 who is not enrolled in the school district or charter school where the
16 satellite campus is located may generate the average daily membership
17 pursuant to this subsection if the pupil is enrolled in a school district
18 that is a member district in the same joint technical education district.

19 P. The sum of the average daily membership of a pupil who is enrolled
20 in both the school district and joint technical education district course or
21 program provided at a community college pursuant to subsection K of this
22 section or at a centralized campus shall not exceed 1.75. The member school
23 district and the joint district shall determine the apportionment of the
24 average daily membership and student enrollment for that pupil between the
25 member school district and the joint district, except that the amount
26 apportioned shall not exceed 1.0 for either entity. Notwithstanding any
27 other law, the average daily membership for a pupil in grade ten, eleven or
28 twelve who is enrolled in a course that meets for at least one hundred fifty
29 minutes per class period at a centralized campus shall be 0.75. To qualify
30 for funding pursuant to this subsection, a centralized campus shall offer
31 programs and courses to all eligible students in each member district of the
32 joint technical education district.

33 Q. The average daily membership for a pupil in grade ten, eleven or
34 twelve who is enrolled in a course that meets for at least one hundred fifty
35 minutes per class period at a leased centralized campus shall not exceed
36 0.75. The sum of the average daily membership, as provided in section
37 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the
38 school district and in joint technical education district courses provided at
39 a leased centralized campus shall not exceed 1.75 if all of the following
40 conditions are met:

41 1. The course qualifies as a joint technical education course as
42 defined in section 15-391.

43 2. The course is offered to all eligible students in each member
44 district of the joint technical education district and enrolls students from
45 multiple high schools.

1 3. The joint technical education district program in which the course
2 is included addresses a specific industry need and has been developed in
3 cooperation with that industry, or the leased facility is a state or federal
4 asset that would otherwise be unused or underutilized.

5 4. The lease is established at fair market value if the lease is
6 executed for a facility located on the site of a member district and was
7 approved by the joint committee on capital review, except that a lease that
8 was executed or renewed before December 31, 2012 is not subject to approval
9 by the joint committee on capital review.

10 R. A student who is enrolled in an accommodation school as defined in
11 section 15-101 may be treated as a student of the school district in which
12 the student physically resides for the purposes of enrollment in a joint
13 technical education district and shall be included in the calculation of
14 average daily membership for either the joint technical education district or
15 the accommodation school, or both.

16 S. Notwithstanding any other law, the student count for a joint
17 technical education district shall be equivalent to the joint technical
18 education district's average daily membership.

19 T. A school district or charter school may not prohibit or discourage
20 students who are enrolled in that school district or charter school from
21 attending courses offered by a joint technical education district, including
22 requiring students to generate a full 1.0 average daily membership or
23 enrolling in more courses than are needed for a particular student to
24 graduate before enrolling and attending programs or courses offered by a
25 joint district.

26 U. The governing board of the joint technical education district may
27 contract with any charter school that is located within the boundaries of the
28 joint technical education district to allow that charter school to offer
29 career and technical education courses or programs as a satellite campus.

30 V. Beginning in 2020 and every five years thereafter, the career and
31 technical education division of the department of education shall review
32 joint technical education district programs and joint technical education
33 courses to ensure compliance, quality and eligibility. Any program or course
34 deemed to not meet the requirements set forth by law shall not be funded for
35 the preceding school year and shall be removed from the approved program and
36 course list. The career and technical education division may establish a
37 staggered schedule for reviewing each joint technical education district.

38 W. For the purposes of this section:

39 1. "Base year" means the complete school year in which voters of a
40 school district elected to join a joint technical education district.

41 2. "Centralized campus" means a facility that is owned and operated by
42 a joint technical education district for the purpose of offering joint
43 technical education district programs or joint technical education courses.

44 3. "Lease" means a written agreement in which the right of occupancy
45 or use of real property is conveyed from one person or entity to another
46 person or entity for a specified period of time.

1 ~~value of the taxable property shall be ascertained as provided by article IX,~~
2 ~~section 8, Constitution of Arizona.~~ A unified school district shall not
3 issue class B bonds until the proceeds of any class A bonds issued by the
4 unified school district have been obligated in contract. The total amount of
5 class A and class B bonds issued by a unified school district shall not
6 exceed the debt limitations prescribed in article IX, section 8.1,
7 Constitution of Arizona.

8 E. No bonds authorized to be issued by an election held after July 1,
9 1980 and before November 24, 2009 may be issued more than six years after the
10 date of the election, except that the time period may be extended to ten
11 years pursuant to an election conducted pursuant to section 15-491,
12 subsection A, paragraph 6 and except that class A bonds shall not be issued
13 after December 31, 1999. No bonds authorized to be issued by an election
14 held after November 24, 2009 may be issued more than ten years after the date
15 of the election.

16 F. Except as provided in section 15-491, subsection A, paragraph 3,
17 bond proceeds shall not be expended for items whose useful life is less than
18 the average life of the bonds issued, except that bond proceeds shall not be
19 expended for items whose useful life is less than five years.

20 G. A joint technical education district shall not spend class B bond
21 proceeds to construct or renovate a facility located on the campus of a
22 school in a school district that participates in the joint district unless
23 the facility is only used to provide career and technical education and is
24 available to all pupils who live within the joint technical education
25 district. If the facility is not owned by the joint technical education
26 district, an intergovernmental agreement or a written contract shall be
27 executed for ten years or the duration of the bonded indebtedness, whichever
28 is greater. The intergovernmental agreement or written contract shall
29 include provisions:

30 1. That preserve the usage of the facility renovated or constructed,
31 or both, only for career and technology programs operated by the joint
32 technical education district.

33 2. That include the process to be used by the participating district
34 to compensate the joint technical education district in the event that the
35 facility is no longer used only for career and technical education programs
36 offered by the joint technical education district during the life of the
37 bond.

38 H. A school district shall not authorize, issue or sell bonds pursuant
39 to this section if the school district has any existing indebtedness from
40 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,
41 except for bonds issued to refund any bonds issued by the governing board.

42 I. FOR THE PURPOSES OF THIS SECTION, "FULL CASH VALUE" AND "NET
43 ASSESSED VALUE" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 42-11001.

44 Sec. 3. Section 35-451, Arizona Revised Statutes, is amended to read:

45 35-451. Local debt limit; increase in limitation; authority to
46 issue bonds; definitions

1 ~~A. The total assessed valuation of taxable property used as a base~~
2 ~~figure in determining the limitation on the amount of bonds that may be~~
3 ~~issued under article IX, section 8, Constitution of Arizona, shall not~~
4 ~~include the determination of valuation of tax exempt property.~~

5 ~~B.~~ A. The aggregate indebtedness of a county, city, town or similar
6 municipal corporation may be increased above six ~~per cent~~ PERCENT of the NET
7 ASSESSED value of the ~~taxable property~~ FULL CASH VALUE OF THE PROPERTY in
8 such A political subdivision only as provided in this article. ~~The value of~~
9 ~~such taxable property shall be ascertained as provided by article IX, section~~
10 ~~8, Constitution of Arizona.~~

11 ~~C.~~ B. A multi-county water conservation district may become indebted
12 and issue bonds in the manner provided in this article.

13 ~~D.~~ C. Bonds may be issued under ~~the provisions of~~ this article for
14 any lawful or necessary purpose.

15 D. FOR THE PURPOSES OF THIS SECTION, "FULL CASH VALUE" AND "NET
16 ASSESSED VALUE" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 42-11001.

17 Sec. 4. Section 35-503, Arizona Revised Statutes, is amended to read:

18 35-503. Calculation of debt limits

19 A. For purposes of calculating all debt limits pursuant to article IX,
20 section 8 or 8.1, Constitution of Arizona, the outstanding indebtedness of a
21 jurisdiction shall equal the total principal amount of all bonds outstanding
22 at the time of calculation. Bonds outstanding shall include the principal
23 amount of all bonds issued by the jurisdiction except principal that has been
24 paid or for which monies have been deposited into a dedicated fund for the
25 payment of the principal. The principal amount of a bond shall equal the par
26 amount of the bond exclusive of any premium or discount.

27 ~~B. The value of taxable property for the purposes of this section and~~
28 ~~article IX, section 8 or 8.1, Constitution of Arizona shall be the aggregate~~
29 ~~net assessed value of property within the jurisdiction used for the levy of~~
30 ~~secondary property taxes, as determined pursuant to title 42.~~

31 B. THE NET ASSESSED VALUE OF THE FULL CASH VALUE IS THE BASIS FOR
32 CALCULATING THE DEBT LIMITATIONS PRESCRIBED IN ARTICLE IX, SECTION 8 OR 8.1,
33 CONSTITUTION OF ARIZONA.

APPROVED BY THE GOVERNOR MAY 11, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 11, 2016.