

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 330

HOUSE BILL 2710

AN ACT

AMENDING SECTIONS 15-341, 15-392, 15-395, 15-784, 15-1401, 15-1403, 15-1404 AND 15-1409, ARIZONA REVISED STATUTES; REPEALING SECTION 15-1423, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1424, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1425, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 4; REPEALING SECTION 15-1425, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 372, SECTION 2; REPEALING SECTION 15-1426, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-1427, 15-1428, 15-1429, 15-1444, 15-1447, 15-1449, 15-1463, 15-1464, 15-1465, 15-1466, 15-1467, 15-1469, 15-1470, 15-1472, 15-1481, 15-1483, 15-1484 AND 15-1802, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 14, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1824; AMENDING SECTION 15-2002, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 11, SECTION 3 AND CHAPTER 23, SECTION 6; REPEALING SECTION 15-2002, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 297, SECTION 2; AMENDING TITLE 15, CHAPTER 16, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-2004, 15-2005 AND 15-2006; AMENDING SECTIONS 15-2011, 15-2021, 15-2031 AND 15-2041, ARIZONA REVISED STATUTES; AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES; REPEALING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 9; REPEALING LAWS 1998, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 61; PROVIDING FOR DELAYED REPEAL OF SECTION 15-2021, ARIZONA REVISED STATUTES; AMENDING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 9, SECTION 10; MAKING APPROPRIATIONS; BLENDING MULTIPLE ENACTMENTS; RELATING TO EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-341, Arizona Revised Statutes, is amended to
3 read:

4 **15-341. General powers and duties; immunity; delegation**

5 A. The governing board shall:

6 1. Prescribe and enforce policies and procedures for the governance of
7 the schools, not inconsistent with law or rules prescribed by the state board
8 of education.

9 2. Maintain the schools established by it for the attendance of each
10 pupil for a period of not less than one hundred seventy-five school days or
11 two hundred school days, as applicable, or its equivalent as approved by the
12 superintendent of public instruction for a school district operating on a
13 year-round operation basis, to offer an educational program on the basis of a
14 four day school week or to offer an alternative kindergarten program on the
15 basis of a three day school week, in each school year, and if the funds of
16 the district are sufficient, for a longer period, and as far as practicable
17 with equal rights and privileges.

18 3. Exclude from schools all books, publications, papers or audiovisual
19 materials of a sectarian, partisan or denominational character.

20 4. Manage and control the school property within its district.

21 5. Acquire school furniture, apparatus, equipment, library books and
22 supplies for the use of the schools.

23 6. Prescribe the curricula and criteria for the promotion and
24 graduation of pupils as provided in sections 15-701 and 15-701.01.

25 7. Furnish, repair and insure, at full insurable value, the school
26 property of the district.

27 8. Construct school buildings on approval by a vote of the district
28 electors.

29 9. Make in the name of the district conveyances of property belonging
30 to the district and sold by the board.

31 10. Purchase school sites when authorized by a vote of the district at
32 an election conducted as nearly as practicable in the same manner as the
33 election provided in section 15-481 and held on a date prescribed in section
34 15-491, subsection E, but such authorization shall not necessarily specify
35 the site to be purchased and such authorization shall not be necessary to
36 exchange unimproved property as provided in section 15-342, paragraph 23.

37 11. Construct, improve and furnish buildings used for school purposes
38 when such buildings or premises are leased from the national park service.

39 12. Purchase school sites or construct, improve and furnish school
40 buildings from the proceeds of the sale of school property only on approval
41 by a vote of the district electors.

42 13. Hold pupils to strict account for disorderly conduct on school
43 property.

44 14. Discipline students for disorderly conduct on the way to and from
45 school.

1 15. Except as provided in section 15-1224, deposit all monies received
2 by the district as gifts, grants and devises with the county treasurer who
3 shall credit the deposits as designated in the uniform system of financial
4 records. If not inconsistent with the terms of the gifts, grants and devises
5 given, any balance remaining after expenditures for the intended purpose of
6 the monies have been made shall be used for reduction of school district
7 taxes for the budget year, except that in the case of accommodation schools
8 the county treasurer shall carry the balance forward for use by the county
9 school superintendent for accommodation schools for the budget year.

10 16. Provide that, if a parent or legal guardian chooses not to accept a
11 decision of the teacher as provided in section 15-521, paragraph 3, the
12 parent or legal guardian may request in writing that the governing board
13 review the teacher's decision. Nothing in this paragraph shall be construed
14 to release school districts from any liability relating to a child's
15 promotion or retention.

16 17. Provide for adequate supervision over pupils in instructional and
17 noninstructional activities by certificated or noncertificated personnel.

18 18. Use school monies received from the state and county school
19 apportionment exclusively for payment of salaries of teachers and other
20 employees and contingent expenses of the district.

21 19. Make an annual report to the county school superintendent on or
22 before October 1 each year in the manner and form and on the blanks
23 prescribed by the superintendent of public instruction or county school
24 superintendent. The board shall also make reports directly to the county
25 school superintendent or the superintendent of public instruction whenever
26 required.

27 20. Deposit all monies received by school districts other than student
28 activities monies or monies from auxiliary operations as provided in sections
29 15-1125 and 15-1126 with the county treasurer to the credit of the school
30 district except as provided in paragraph 21 of this subsection and sections
31 15-1223 and 15-1224, and the board shall expend the monies as provided by law
32 for other school funds.

33 21. Establish a bank account in which the board may during a month
34 deposit miscellaneous monies received directly by the district. The board
35 shall remit monies deposited in the bank account at least monthly to the
36 county treasurer for deposit as provided in paragraph 20 of this subsection
37 and in accordance with the uniform system of financial records.

38 22. Employ an attorney admitted to practice in this state whose
39 principal practice is in the area of commercial real estate, or a real estate
40 broker who is licensed by this state and who is employed by a reputable
41 commercial real estate company, to negotiate a lease of five or more years
42 for the school district if the governing board decides to enter into a lease
43 of five or more years as lessor of school buildings or grounds as provided in
44 section 15-342, paragraph 7 or 10. Any lease of five or more years
45 negotiated pursuant to this paragraph shall provide that the lessee is

1 responsible for payment of property taxes pursuant to the requirements of
2 section 42-11104.

3 23. Prescribe and enforce policies and procedures for disciplinary
4 action against a teacher who engages in conduct which is a violation of the
5 policies of the governing board but which is not cause for dismissal of the
6 teacher or for revocation of the certificate of the teacher. Disciplinary
7 action may include suspension without pay for a period of time not to exceed
8 ten school days. Disciplinary action shall not include suspension with pay or
9 suspension without pay for a period of time longer than ten school days. The
10 procedures shall include notice, hearing and appeal provisions for violations
11 which are cause for disciplinary action. The governing board may designate a
12 person or persons to act on behalf of the board on these matters.

13 24. Prescribe and enforce policies and procedures for disciplinary
14 action against an administrator who engages in conduct which is a violation
15 of the policies of the governing board regarding duties of administrators but
16 which is not cause for dismissal of the administrator or for revocation of
17 the certificate of the administrator. Disciplinary action may include
18 suspension without pay for a period of time not to exceed ten school days.
19 Disciplinary action shall not include suspension with pay or suspension
20 without pay for a period of time longer than ten school days. The procedures
21 shall include notice, hearing and appeal provisions for violations which are
22 cause for disciplinary action. The governing board may designate a person or
23 persons to act on behalf of the board on these matters. For violations which
24 are cause for dismissal, the provisions of notice, hearing and appeal in
25 chapter 5, article 3 of this title shall apply. The filing of a timely
26 request for a hearing suspends the imposition of a suspension without pay or
27 a dismissal pending completion of the hearing.

28 25. Notwithstanding section 13-3108, prescribe and enforce policies and
29 procedures that prohibit a person from carrying or possessing a weapon on
30 school grounds unless the person is a peace officer or has obtained specific
31 authorization from the school administrator.

32 26. Prescribe and enforce policies and procedures relating to the
33 health and safety of all pupils participating in district sponsored practice
34 sessions, games or other interscholastic athletic activities, including the
35 provision of water. A school district and its employees are immune from
36 civil liability for the consequences of the good faith adoption and
37 implementation of policies and procedures pursuant to this paragraph.

38 27. Prescribe and enforce policies and procedures regarding the smoking
39 of tobacco within school buildings. The policies and procedures shall be
40 adopted in consultation with school district personnel and members of the
41 community and shall state whether smoking is prohibited in school
42 buildings. If smoking in school buildings is not prohibited, the policies
43 and procedures shall clearly state the conditions and circumstances under
44 which smoking is permitted, those areas in a school building which may be
45 designated as smoking areas and those areas in a school building which may
46 not be designated as smoking areas.

1 28. Establish an assessment, data gathering and reporting system as
2 prescribed in chapter 7, article 3 of this title.

3 29. Provide special education programs and related services pursuant to
4 section 15-764, subsection A to all children with disabilities as defined in
5 section 15-761.

6 30. Administer competency tests prescribed by the state board of
7 education for the graduation of pupils from high school.

8 31. Secure insurance coverage for all construction projects for
9 purposes of general liability, property damage and workers' compensation and
10 secure performance and payment bonds for all construction projects.

11 32. Keep on file the resumes of all current and former employees who
12 provide instruction to pupils at a school. Resumes shall include an
13 individual's educational and teaching background and experience in a
14 particular academic content subject area. A school district shall inform
15 parents and guardians of the availability of the resume information and shall
16 make **these THE RESUME INFORMATION** available for inspection on request of
17 parents and guardians of pupils enrolled at a school. Nothing in this
18 paragraph shall be construed to require any school to release personally
19 identifiable information in relation to any teacher or employee including the
20 teacher's or employee's address, salary, social security number or telephone
21 number.

22 33. Report to local law enforcement **AGENCIES** any suspected crimes
23 against persons or property and any incidents that could potentially threaten
24 the safety or security of pupils, teachers or administrators. A school
25 district and its employees are immune from liability for any good faith
26 actions taken in furtherance of this paragraph.

27 34. In conjunction with local law enforcement **AGENCIES** and local
28 medical facilities, develop an emergency response plan for each school in the
29 school district in accordance with minimum standards developed jointly by the
30 department of education and the division of emergency management within the
31 department of emergency and military affairs.

32 35. Annually assign at least one school district employee to
33 participate in a multihazard crisis training program developed or selected by
34 the governing board.

35 B. Notwithstanding subsection A, paragraphs 8, 10 and 12 of this
36 section, the county school superintendent may construct, improve and furnish
37 school buildings or purchase or sell school sites in the conduct of an
38 accommodation school.

39 C. If any school district acquires real or personal property, whether
40 by purchase, exchange, condemnation, gift or otherwise, the governing board
41 shall pay to the county treasurer any taxes on the property that were unpaid
42 as of the date of acquisition, including penalties and interest. The lien
43 for unpaid delinquent taxes, penalties and interest on property acquired by a
44 school district:

45 1. Is not abated, extinguished, discharged or merged in the title to
46 the property.

1 2. Is enforceable in the same manner as other delinquent tax liens.
2 D. The governing board may not locate a school on property that is
3 less than one-fourth mile from agricultural land regulated pursuant to
4 section 3-365, except that the owner of the agricultural land may agree to
5 comply with the buffer zone requirements of section 3-365. If the owner
6 agrees in writing to comply with the buffer zone requirements and records the
7 agreement in the office of the county recorder as a restrictive covenant
8 running with the title to the land, the school district may locate a school
9 within the affected buffer zone. The agreement may include any stipulations
10 regarding the school, including conditions for future expansion of the school
11 and changes in the operational status of the school that will result in a
12 breach of the agreement.

13 E. A school district's governing board members and its school council
14 members are immune from civil liability for the consequences of adoption and
15 implementation of policies and procedures pursuant to subsection A of this
16 section and section 15-342. This waiver does not apply if the school
17 district's governing board members or its school council members are guilty
18 of gross negligence or intentional misconduct.

19 F. A governing board may delegate in writing to a superintendent,
20 principal or head teacher the authority to prescribe procedures that are
21 consistent with the governing board's policies.

22 G. Notwithstanding any other provision of this title, a school
23 district governing board shall not take any action that would result in an
24 immediate reduction or a reduction within three years of pupil square footage
25 that would cause the school district to fall below the minimum adequate gross
26 square footage requirements prescribed in section 15-2011, subsection C,
27 unless the governing board notifies the school facilities board established
28 by section 15-2001 of the proposed action and receives written approval from
29 the school facilities board to take the action. A reduction includes an
30 increase in administrative space that results in a reduction of pupil square
31 footage or sale of school sites or buildings, or both. **A REDUCTION INCLUDES
32 A RECONFIGURATION OF GRADES THAT RESULTS IN A REDUCTION OF PUPIL SQUARE
33 FOOTAGE OF ANY GRADE LEVEL. THIS SUBSECTION DOES NOT APPLY TO TEMPORARY
34 RECONFIGURATION OF GRADES TO ACCOMMODATE NEW SCHOOL CONSTRUCTION IF THE
35 TEMPORARY RECONFIGURATION DOES NOT EXCEED ONE YEAR.** The sale of equipment
36 that results in an immediate reduction or a reduction within three years that
37 falls below the equipment requirements prescribed in section 15-2011,
38 subsection B is subject to commensurate withholding of school district
39 capital outlay revenue limit monies pursuant to the direction of the school
40 facilities board. Except as provided in section 15-342, paragraph 10,
41 proceeds from the sale of school sites, buildings or other equipment shall be
42 deposited in the school plant fund as provided in section 15-1102.

43 H. Subsections C through F of this section apply to a county board of
44 supervisors and a county school superintendent when operating and
45 administering an accommodation school.

46 Sec. 2. Section 15-392, Arizona Revised Statutes, is amended to read:

1 15-392. Formation of district

2 A. Notwithstanding any other provision of law, districts interested in
3 forming a joint technological education district shall conduct a study to
4 determine the need to establish a joint technological education district in
5 an area consisting of two or more school districts. The districts shall also
6 initiate a plan for the establishment and operation of the joint district,
7 which shall include a proposed budget based on a reasonable estimate of
8 student enrollment in the new joint district. Any school district may assist
9 in the preparation and payment of costs of the study and plan. The districts
10 shall file a copy of the plan with the governing board of each school
11 district included in the plan for the joint district. The districts shall
12 submit the results of the study and the plan, along with evidence of approval
13 by the governing board of each school district included in the selected plan
14 for the joint district, to the state board for vocational and technological
15 education.

16 B. If the state board for vocational and technological education
17 determines that the plan submitted for the proposed joint district has met
18 the requirements of this section, until December 31, 2001, the question shall
19 be submitted to the qualified electors of each school district at a general
20 election or at any other election held on a date prescribed in section
21 16-204. After December 31, 2001, the question shall be submitted to the
22 qualified electors of the district seeking to become a part of the joint
23 district at an election held on the first Tuesday after the first Monday in
24 November. **THE QUESTION THAT IS SUBMITTED TO THE QUALIFIED ELECTORS MUST**
25 **DESCRIBE THE TAX RATE THAT IS ASSOCIATED WITH JOINING THE JOINT DISTRICT AND**
26 **THE ESTIMATED COST OF THAT TAX RATE FOR THE OWNER OF A SINGLE FAMILY HOME**
27 **THAT IS VALUED AT ONE HUNDRED THOUSAND DOLLARS.** If the electors in a
28 district approve, then that district is authorized to participate in a joint
29 technological education district. The joint district shall become
30 operational on July 1 following the election held pursuant to this
31 subsection, except as provided in subsection D of this section.

32 C. The governing boards of the school districts participating in the
33 joint district may pay on a proportional basis the administrative, clerical
34 and other expenses necessary for the establishment and operation of the joint
35 district until monies are otherwise provided.

36 D. A joint technological education district after receiving voter
37 approval as provided in subsection B of this section shall be governed by a
38 joint board consisting of members elected pursuant to section 15-393, except
39 that the initial composition of the joint board shall consist of one person
40 **WHO IS** not currently a board member of any school district **AND WHO IS**
41 appointed by the governing board of each district participating in the joint
42 technological education district. The terms of office of the joint board
43 members shall become effective on January 1 following the election held
44 pursuant to subsection B of this section. Upon the effective date of the
45 term of office for joint board members, the joint board may begin necessary
46 operations and activities related to making the district operational pursuant

1 to subsection B of this section. If less than five districts are
2 participating in the joint district, the initial composition of the joint
3 board shall consist of two persons who are not currently board members of any
4 school district **AND WHO ARE** appointed by each participating district's
5 governing board. The appointed members shall serve until January 1 following
6 the next general election. At the general election held next following the
7 formation of the joint district and thereafter, joint board members shall be
8 elected as prescribed in section 15-393.

9 Sec. 3. Section 15-395, Arizona Revised Statutes, is amended to read:

10 **15-395. *Enlarging joint district***

11 A. To add school districts to a joint district, the joint board shall
12 first publish a copy of a proposed resolution accepting the school district
13 into the joint district in a newspaper of general circulation in the school
14 district proposing to join the joint district once a week for at least two
15 weeks immediately before the date of the consideration of the adoption of the
16 proposed resolution by the joint board.

17 B. After adoption by the joint board of the resolution accepting the
18 school district into the joint district, until December 31, 2001, the
19 question shall be submitted to the qualified electors of the district seeking
20 to become a part of the joint district at a general election or at any other
21 election held on a date prescribed in section 16-204. After December 31,
22 2001, the question shall be submitted to the qualified electors of the
23 district seeking to become a part of the joint district at an election held
24 on the first Tuesday after the first Monday in November. **THE QUESTION THAT**
25 **IS SUBMITTED TO THE QUALIFIED ELECTORS SHALL DESCRIBE THE TAX RATE THAT IS**
26 **ASSOCIATED WITH JOINING THE JOINT DISTRICT AND THE ESTIMATED COST OF THAT TAX**
27 **RATE FOR THE OWNER OF A SINGLE FAMILY HOME THAT IS VALUED AT ONE HUNDRED**
28 **THOUSAND DOLLARS.** Authorization is required through an intergovernmental
29 agreement between the joint district and the district seeking to become part
30 of the joint district in order to enlarge the joint district.

31 Sec. 4. Section 15-784, Arizona Revised Statutes, is amended to read:

32 **15-784. *Vocational education; acceptance of congressional act;***
33 **appropriation; distribution of federal monies;**
34 **intergovernmental agreements**

35 A. The state assents to the provisions and accepts the benefits of the
36 vocational education act of 1917, as amended, and **the vocational education**
37 **act of 1963, as amended by** the Carl D. Perkins vocational education act of
38 1984, as amended by the Carl D. Perkins vocational and applied technological
39 education act amendments of 1990.

40 B. The state board for vocational and technological education, **as**
41 **prescribed by section 15-781.01,** is the state board of vocational education
42 for the purposes of the acts. The state treasurer is designated custodian
43 for vocational education for the purposes of the acts. **He** **THE STATE**
44 **TREASURER** shall receive and provide for the custody and disbursement of all
45 monies paid to the state for the purposes of vocational education.

1 C. There is appropriated from the general fund of the state sufficient
2 monies to meet the requirements of the acts of Congress.

3 D. The state board for vocational and technological education may
4 distribute the monies it receives as provided in subsection A ~~of this section~~
5 to any eligible recipient of the monies under the federal law.

6 E. The state board for vocational and technological education shall
7 distribute to the ~~state board of directors for community colleges~~ COMMUNITY
8 COLLEGE DISTRICTS IN THIS STATE at least fifteen per cent of the monies
9 received as provided in subsection A. PROVISIONAL COMMUNITY COLLEGE
10 DISTRICTS ARE NOT ELIGIBLE TO RECEIVE MONIES PURSUANT TO THIS SECTION. ~~of~~
11 ~~this section. The state board of directors for community colleges has sole~~
12 ~~responsibility for the administration and supervision of the community~~
13 ~~college vocational and technological programs which the districts offer for~~
14 ~~the purposes of the acts and use of the monies received as provided in this~~
15 ~~section. The state board of directors for community colleges may enter into~~
16 ~~intergovernmental agreements as provided in section 11-952 for the purposes~~
17 ~~of this subsection.~~

18 Sec. 5. Section 15-1401, Arizona Revised Statutes, is amended to read:

19 15-1401. Definitions

20 In this chapter, unless the context otherwise requires:

21 1. "Accredited" means accredited by a regional accrediting agency
22 recognized by the United States department of education or by the council on
23 postsecondary accreditation.

24 2. "Additional short-term classes" means those classes which are not
25 in session on the forty-fifth day of the fall or spring semester, which
26 commence at various times during the fiscal year and which are offered over a
27 period of less than sixteen weeks.

28 3. "Budget year" means the fiscal year for which the community college
29 district is budgeting and which immediately follows the current year.

30 4. "Community college" means an educational institution ~~which is under~~
31 ~~the jurisdiction of the state board and which~~ THAT IS OPERATED BY A DISTRICT
32 BOARD AND THAT provides a program not exceeding two years' training in the
33 arts, sciences and humanities beyond the twelfth grade of the public or
34 private high school course of study or vocational education, including
35 terminal courses of a technical and vocational nature and basic adult
36 education courses.

37 5. "Current year" means the fiscal year in which the community college
38 district is operating.

39 6. "District" means community college district ESTABLISHED PURSUANT TO
40 SECTIONS 15-1402 AND 15-1403 WHICH IS A POLITICAL SUBDIVISION OF THIS STATE
41 and, unless otherwise specified, includes provisional community college
42 districts ESTABLISHED PURSUANT TO SECTION 15-1409.

43 7. "District board" means the community college district governing
44 board.

45 8. "Full-time equivalent student" means student enrollment for fifteen
46 community college semester credit units per semester.

1 9. "Open entry, open exit classes" means those classes in which
2 students enter or exit based on mastery of specified competencies and which
3 commence at various times during the fiscal year.

4 10. "Operational expense budget" means the budget as adopted by the
5 district board pursuant to section 15-1461.

6 11. "Operational expenses" means the administration, instruction,
7 operation of community college plant, maintenance of community college plant,
8 fixed charges and contingencies incurred in the operation of a district
9 exclusive of all capital outlay items, special levies, auxiliary enterprise
10 funds, restricted funds and bond service items.

11 12. "Provisional community college district" means a community college
12 district organized pursuant to section 15-1409.

13 13. "State board" means the state board of directors for community
14 colleges.

15 Sec. 6. Section 15-1403, Arizona Revised Statutes, is amended to read:
16 15-1403. Procedure to form a district

17 A. For the purpose of forming a district, not less than ten per cent
18 of the qualified electors in the territory included in the proposed district,
19 or where a district consists of more than one county not less than ten per
20 cent of the qualified electors in each county, shall petition the county
21 school superintendent for the establishment of the district. Where a district
22 consists of more than one county, the signatures of the qualified electors on
23 the petition shall be submitted to the county school superintendent of the
24 county of which the qualified electors are residents, provided that the
25 county school superintendent of the county with the larger population, as
26 determined by the most recent federal census, shall be the custodian of the
27 completed petition. The petition shall set forth the name of the proposed
28 district and its boundaries. The county school superintendent shall verify
29 the signatures thereon, provided that whenever a proposed district consists
30 of more than one county the county school superintendent of the county with
31 the least population shall verify the signatures on the petition from his
32 county prior to submitting the petition to the county school superintendent
33 of the county with the larger population.

34 B. The county school superintendent who is the custodian of the
35 completed petition shall transmit the petition to the ~~state board~~ COUNTY
36 BOARD OF SUPERVISORS, OR IF THE DISTRICT CONSISTS OF MORE THAN ONE COUNTY, TO
37 THE COUNTY BOARD OF SUPERVISORS OF THE COUNTY WITH THE LARGEST POPULATION,
38 which shall ~~conduct a survey of the proposed district to~~ determine whether
39 the proposed district meets the minimum standards of assessed valuation and
40 population as provided in section 15-1402.

41 C. If the ~~state board approves the petition~~, COUNTY BOARD OF
42 SUPERVISORS DETERMINES THAT THE PROPOSED DISTRICT MEETS THE MINIMUM STANDARDS
43 OF ASSESSED VALUATION AND POPULATION PRESCRIBED IN SUBSECTION B OF THIS
44 SECTION, the county, or counties, shall call and conduct an election, as
45 prescribed in this article. If the majority of the votes cast in the
46 proposed district, consisting of one county, favors the formation of the

1 district, such a district is deemed to be formed, as provided in section
2 15-1404. Where the proposed district consists of more than one county there
3 shall be a majority of the votes cast in each county favoring the formation
4 of the district before the district is deemed to be formed, as provided in
5 section 15-1404.

6 Sec. 7. Section 15-1404, Arizona Revised Statutes, is amended to read:

7 15-1404. Election to determine formation of district; notice;
8 canvass

9 A. Upon approval of the proposed district, the ~~state board~~ COUNTY
10 ~~BOARD OF SUPERVISORS~~ shall return the petition with its approval to the
11 county school superintendent, or if the proposed district consists of more
12 than one county, to the county school superintendent of the county with the
13 larger population, as determined by the most recent federal census. The
14 county school superintendent shall transmit notification of approval for
15 formation of the proposed district to the board of supervisors which shall
16 submit the question to the qualified electors of the county at the next
17 general election or at a special election called for that purpose. If a
18 special election is called, notice thereof shall be given by publication for
19 at least two weeks in a newspaper of general circulation published in the
20 county or counties of the proposed district. The election shall be conducted
21 and returns shall be made in the manner provided by law for special
22 elections.

23 B. A special election conducted pursuant to this section shall be held
24 on a date prescribed by section 16-204.

25 Sec. 8. Section 15-1409, Arizona Revised Statutes, is amended to read:

26 15-1409. Provisional community college districts: formation;
27 provisional community college district governing
28 board: powers and duties: program termination

29 A. A provisional community college district shall contract with an
30 existing community college district to provide instructional and student
31 services within the provisional community college district ~~in accordance with~~
32 ~~rules adopted by the state board~~.

33 B. The minimum assessed valuation and population requirements
34 prescribed in section 15-1402 do not apply to provisional community college
35 districts.

36 C. A provisional community college district shall be formed and a
37 provisional community college district board shall be elected in the same
38 manner prescribed in sections 15-1403, 15-1404 and 15-1441, except that the
39 county board of supervisors by majority vote may adopt a resolution to submit
40 the question of the formation of a provisional community college district and
41 the approval of a proposed tax rate to fund the provisional community college
42 district directly to the qualified electors of the county at a special or
43 general election called for that purpose as prescribed in section 16-204 and
44 title 35, chapter 3, article 3. The resolution adopted by the county board
45 of supervisors shall include a statement that the primary property tax levy
46 limit for the provisional community college district shall be no less than

1 the levy limit of the most recently formed community college district in this
2 state.

3 D. Except as provided in this section, a provisional community college
4 district governing board has the same powers and duties specified in section
5 15-1444 for community college districts.

6 E. A provisional community college district shall not award degrees,
7 certificates or diplomas.

8 F. A provisional community college district is not eligible to receive
9 equalization aid pursuant to section 15-1468 or state contribution for
10 capital outlay for initial or additional campuses pursuant to section
11 15-1463.

12 G. The state aid eligibility requirements prescribed in section
13 15-1466, subsection G, paragraphs 1 and 2 do not apply to provisional
14 community college districts.

15 H. Notwithstanding any other law, the same student shall not be
16 counted twice as a full-time equivalent student in both a provisional
17 community college district and a community college district. **NOTWITHSTANDING**
18 **ANY OTHER LAW, BEGINNING WITH THE FISCAL YEAR AFTER THE YEAR IN WHICH THE**
19 **PROVISIONAL COMMUNITY COLLEGE DISTRICT IS FORMED AND HAS ESTABLISHED ITS**
20 **PRIMARY TAX RATE, A DISTRICT THAT PROVIDES SERVICES IN A PROVISIONAL DISTRICT**
21 **PURSUANT TO SECTION 15-1470 SHALL NO LONGER COUNT THESE STUDENTS IN THE**
22 **DISTRICT'S FULL-TIME EQUIVALENT STUDENT COUNT.**

23 I. If a provisional community college district is converted into a
24 community college district by the formation of a community college district
25 pursuant to section 15-1402, the provisional community college district is
26 dissolved and any equipment, property, personnel, liabilities and assets are
27 transferred to the community college district.

28 J. If a provisional community college district is formed in a county
29 that provides reimbursement for the attendance of nonresident state students
30 pursuant to section 15-1469, that county shall continue to provide
31 reimbursement payments to community college districts for the remainder of
32 the fiscal year in which the provisional community college district is
33 formed, provided that the county board of supervisors adopts a levy that is
34 at least equal to the sum of the reimbursement payments and the amount of the
35 community college services provided in the fiscal year immediately before the
36 formation of the provisional community college district.

37 K. The board of supervisors of a county that has formed a provisional
38 community college district may by majority vote enter into an
39 intergovernmental agreement to loan monies to the governing board of the
40 provisional community college district in an amount that does not exceed two
41 hundred thousand dollars. Any loan pursuant to this subsection shall be
42 repaid from the next scheduled collection of property taxes to fund the
43 provisional community college district. The annual interest charges on any
44 loan pursuant to this subsection shall not exceed five per cent.

45 L. The provisional community college district program established by
46 this section ends on July 1, 2009 pursuant to section 41-3102.

1 Sec. 9. Repeal

2 Section 15-1423, Arizona Revised Statutes, is repealed.

3 Sec. 10. Section 15-1424, Arizona Revised Statutes, is amended to
4 read:

5 15-1424. General powers of state board and community college
6 district boards; definition

7 A. The state board is a body corporate with perpetual succession and
8 shall have the name "state board of directors for community colleges of
9 Arizona".

10 B. The state board may:

1. Adopt a corporate seal.
2. Contract with any person.
3. Sue and be sued.

11 C. THE STATE BOARD MAY HIRE EMPLOYEES NECESSARY TO FULFILL THE DUTIES
12 OF THIS CHAPTER SUBJECT TO LEGISLATIVE APPROPRIATION OR THROUGH PRIVATE
13 DONATIONS.

14 D. THE STATE BOARD SHALL COMPILE AND SUMMARIZE DATA FROM THE COMMUNITY
15 COLLEGE DISTRICTS IN THIS STATE AND PREPARE ANNUAL REPORTS SPECIFIED BY LAW.

16 E. THE STATE BOARD SHALL FACILITATE TRANSFER ARTICULATION COORDINATION
17 PURSUANT TO SECTION 15-1824.

18 F. THE STATE BOARD SHALL SUBMIT A REPORT FOR THE PRECEDING FISCAL YEAR
19 TO THE GOVERNOR AND THE JOINT LEGISLATIVE BUDGET COMMITTEE. THE STATE BOARD
20 SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND THE
21 DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE
22 REPORT SHALL LIST THE TUITION AND FEES CHARGED BY THE COMMUNITY COLLEGE
23 DISTRICTS IN THIS STATE.

24 G. THE COMMUNITY COLLEGES SHALL COOPERATE IN PROVIDING TIMELY DATA IN
25 RESPONSE TO REQUESTS FROM THE STATE BOARD PURSUANT TO THIS CHAPTER.

26 H. THE STATE BOARD DOES NOT HAVE ANY MANDATORY OR DISCRETIONARY
27 AUTHORITY THAT IS NOT SPECIFICALLY PRESCRIBED TO THE STATE BOARD BY THE
28 LEGISLATURE PURSUANT TO THIS CHAPTER.

29 4. ~~Adopt rules concerning and prescribe limitations on contracting by~~
30 ~~the community college district governing boards.~~

31 5. ~~Conduct pilot projects for implementing cooperative agreements~~
32 ~~between community college districts and high school districts and other~~
33 ~~vocational and technological education and employment training providers.~~

34 6. ~~Adopt rules regarding the construction, remodeling and repair of~~
35 ~~buildings which permit district boards to accomplish minor construction,~~
36 ~~remodeling and repair projects without prior approval of the state board.~~

37 7. ~~On the request of a district board, waive tuitions and fees and~~
38 ~~graduate the tuition and fee waivers for a student in any of the institutions~~
39 ~~under the district board's jurisdiction if the student is one of the~~
40 ~~following:~~

41 (a) ~~An employee or the spouse or dependent child of an employee of the~~
42 ~~community college district.~~

(b) A nonresident student enrolled in the community college district, if the state board and district board determine the waiver is in the best interests of this state and the student.

~~C. I. The state A DISTRICT~~ board shall determine the location within the district of a community college and purchase, receive, hold, make and take leases of and sell real property for the benefit of this state and for the use of the community colleges under its jurisdiction. ~~Notwithstanding this subsection, the state board may delegate to community college district governing boards the power to lease or lease purchase real property including buildings and improvements to the property, as lessor or as lessee.~~

D. J. The state A DISTRICT board may enter into lease or lease-purchase agreements for real property, including buildings and improvements to the property.

E. K. Lease or lease-purchase agreements authorized by subsection ~~E~~
~~H~~ or ~~D~~ I of this section shall not create an obligation of payment by the
district under the terms of the lease or lease-purchase agreement for periods
longer than fifteen years.

F. L. The amount of outstanding indebtedness due to acquisition of real property by lease-purchase per community college district shall not exceed two million five hundred thousand dollars in any one year and fifteen million dollars in the aggregate. ~~At the request of a district board, the state~~ A DISTRICT board may pledge tuitions, fees, rentals and other charges to any payments due under lease-purchase agreements.

G. M. Notwithstanding subsection ~~F~~ K of this section, periodic payments and any option payments for acquisition of real property by lease-purchase are restricted to payment from capital outlay funds.

H. N. Districts which acquire real property by lease-purchase shall not be entitled to receive funds pursuant to section 15-1463 pertaining to the specific real property acquired by lease-purchase.

~~H~~ 0. Notwithstanding any other provision of law, payments on lease or lease-purchase agreements entered into pursuant to subsection ~~E~~ H or ~~D~~ I of this section are an obligation of the district within the meaning of the constitutional limit against indebtedness set out in article IX, section 8, Constitution of Arizona.

J. P. If ~~the state board or, under authority of the state board,~~ a district acquires real or personal property, whether by purchase, exchange, condemnation, gift or otherwise, the ~~state board or~~ district shall pay to the county treasurer any taxes on the property that were unpaid as of the date of acquisition, including penalties and interest. The lien for unpaid delinquent taxes, penalties and interest on property acquired by the ~~state board or a~~ district;

1. Is not abated, extinguished, discharged or merged in the title to the property.

2. Is enforceable in the same manner as other delinquent tax liens.

K. Q. The state **BOARD OR A DISTRICT** board may accept grants or donations of monies from the United States, or from any of its agencies,

1 departments or officers, or from any persons, corporations, foundations or
2 associations. The state **BOARD OR A DISTRICT** board shall deposit, pursuant to
3 sections 35-146 and 35-147, the monies into a specific fund or account, and
4 the state board **OR A DISTRICT BOARD** shall administer the monies in accordance
5 with the purpose of the grant or donation with specific rules or restrictions
6 as described or stipulated in the grant or donation. In the case of personal
7 property granted or donated to or for the benefit of a community college
8 district, the state board **OR A DISTRICT BOARD** shall immediately transfer
9 possession and ownership of the property to the designated district.

10 **L.** R. The state board may establish a program for the exchange of
11 students between the community colleges under **the state board's** ITS
12 jurisdiction and colleges and universities located in Sonora, Mexico.
13 Notwithstanding section 15-1425, paragraph 5, the program may provide for
14 in-state tuition for up to fifty Sonora students at the community colleges
15 under **the state board's** ITS jurisdiction in exchange for similar tuition
16 provisions for up to fifty Arizona students enrolled or seeking enrollment in
17 Sonora colleges and universities. The **state board and the** community colleges
18 may work in conjunction with the Arizona-Mexico commission in the governor's
19 office to coordinate recruitment and admissions activities.

20 **M.** S. For the purposes of this section, :

21 1. **"Minor construction, remodeling and repair projects"** means those
22 projects which cost no more than:

23 (a) For fiscal year 1986-1987, fifty thousand dollars.

24 (b) Beginning with fiscal year 1987-1988, the amount for the previous
25 fiscal year adjusted by the growth rate prescribed by law, subject to
26 appropriation.

27 2. "person" includes an association, a company, a corporation, a firm,
28 a governmental body, an organization, a partnership or a society, as well as
29 a natural person.

30 Sec. 11. Section 15-1425, Arizona Revised Statutes, as amended by Laws
31 2001, second special session, chapter 6, section 4, is amended to read:

32 15-1425. **General administrative powers of district governing**
33 **boards**

34 **The state** A DISTRICT board shall:

35 1. Enact ordinances for the government of the **institutions** COMMUNITY
36 COLLEGES under its jurisdiction.

37 2. **IN CONJUNCTION WITH OTHER DISTRICT BOARDS**, set standards for the
38 establishment, development, administration, operation and accreditation of
39 community colleges **IN THE DISTRICT**.

40 3. **IN CONJUNCTION WITH OTHER DISTRICT BOARDS**, establish qualifications
41 of the instructional staff and establish standards of vocational and
42 technological competence required to instruct in occupational as well as
43 academic subjects.

44 4. Fix tuitions and **fees which the community college districts shall**
45 **charge and** graduate the tuitions and fees between institutions and between
46 residents, nonresidents and students from foreign countries. **THE DISTRICT**

1 BOARD MAY WAIVE TUITIONS AND FEES AND GRADUATE TUITION AND WAIVERS FOR AN
2 EMPLOYEE OR THE SPOUSE OR DEPENDENT CHILD OF AN EMPLOYEE OF THE DISTRICT, OR
3 FOR A NONRESIDENT STUDENT ENROLLED IN THE DISTRICT IF THE DISTRICT BOARD
4 DETERMINES THE WAIVER IS IN THE BEST INTEREST OF THIS STATE AND THE STUDENT.

5. Establish curriculums and designate courses ~~at the several~~
6 ~~institutions~~ which in its judgment will best serve the interests of this
7 state.

8. **IN CONJUNCTION WITH OTHER DISTRICT BOARDS**, prescribe qualifications
9 for admission to community colleges for veterans, honorably discharged, who
10 served on active duty in the armed forces for a minimum of one year and who
11 were previously enrolled at a community college or university in this
12 state. For the purpose of determining the qualifications the ~~state~~ DISTRICT
13 board may not consider prior failing grades received by the veteran at a
14 community college or university in this state.

15. In conjunction with **OTHER DISTRICT BOARDS AND** the state board for
16 vocational and technological education review and adopt, within the scope of
17 the statutory definitions of vocational and technological education, program
18 and staff standards with modifications as necessary for courses taught in
19 community colleges. The ~~state~~ DISTRICT board shall base the standards on
20 vocational and technological competence.

21. ~~In conjunction with~~ IF REQUESTED BY the state board for vocational
22 and technological education, ~~prepare, publish and distribute~~ ASSIST IN THE
23 PREPARATION, PUBLICATION AND DISTRIBUTION OF an annual state plan and a
24 comprehensive five year state plan.

25. **IN CONJUNCTION WITH OTHER DISTRICT BOARDS**, prescribe the manner in
26 which the self-evaluation of vocational and technological education programs
27 as provided in section 15-1447 is conducted.

28. **IN CONJUNCTION WITH OTHER DISTRICT BOARDS**, prescribe guidelines
29 providing for the transferability between community college district
30 vocational and technological education programs and in conjunction with the
31 state board for vocational and technological education prescribe guidelines
32 for the interrelationship of secondary programs and postsecondary programs.

33. In conjunction with **OTHER DISTRICT BOARDS AND** the state board for
34 vocational and technological education, develop a process to determine
35 program funding priorities for state aid purposes. ~~The state~~ EACH DISTRICT
36 board shall submit state aid recommendations to the legislature. The
37 recommendations shall be based on the process and on existing cost studies of
38 vocational and technological education in this state.

39. **IN CONJUNCTION WITH OTHER DISTRICT BOARDS**, submit to the economic
40 estimates commission prior to January 10 of each year the estimated number of
41 full-time equivalent students for ~~each~~ THE community college district as
42 prescribed in section 15-1466.01.

43. Determine academic classes which qualify as open entry, open exit
44 classes as defined in section 15-1401 and prescribe rules for the operation
45 of open entry, open exit classes.

1 14. Require the publisher of each literary and nonliterary textbook
2 used in the community colleges of ~~this state~~ THE DISTRICT to furnish computer
3 software in a standardized format when software becomes available for
4 nonliterary textbooks, to the ~~state~~ DISTRICT board ~~of directors for community~~
5 ~~colleges~~ from which braille versions of the textbook may be produced.

6 15. IDENTIFY STUDENTS SIMULTANEOUSLY ENROLLED IN A COURSE FOR BOTH HIGH
7 SCHOOL AND COLLEGE CREDIT BY USING THE SAME STUDENT LEVEL DATA ELEMENT
8 REQUIRED BY SECTION 15-1042, SUBSECTION G. THE AUDITOR GENERAL SHALL HAVE
9 ACCESS TO THIS INFORMATION WHEN CERTIFYING THE FULL-TIME EQUIVALENT STUDENT
10 ENROLLMENT PURSUANT TO SECTION 15-1466.01, PARAGRAPH 4.

11 Sec. 12. Repeal

12 Section 15-1425, Arizona Revised Statutes, as amended by Laws 2001,
13 chapter 372, section 2, is repealed.

14 Sec. 13. Repeal

15 Section 15-1426, Arizona Revised Statutes, is repealed.

16 Sec. 14. Section 15-1427, Arizona Revised Statutes, is amended to
17 read:

18 15-1427. Annual report

19 By November 1 of each year, the state board shall make a report for the
20 preceding fiscal year to the governor AND THE LEGISLATURE. The report shall
21 set forth the state of progress of the community colleges operated under the
22 provisions of this chapter, the courses of study included in the curriculums,
23 the number of professors and other instructional staff members employed, the
24 number of students registered and attending classes, THE NUMBER OF FULL-TIME
25 EQUIVALENT STUDENTS ENROLLED DURING THE YEAR, THE TOTAL NUMBER OF STUDENTS
26 NOT RESIDING IN THE DISTRICT, the amount of receipts and expenditures and
27 such other information as the ~~state board deems~~ GOVERNOR AND THE LEGISLATURE
28 DEEM proper.

29 Sec. 15. Section 15-1428, Arizona Revised Statutes, is amended to
30 read:

31 15-1428. Uniform system of accounting for community college
32 districts; duties of auditor general

33 A. The auditor general shall determine the accounting systems,
34 accounting methods and accounting procedures for use by THE community college
35 districts.

36 B. The auditor general in conjunction with the state board of
37 directors for community colleges shall prescribe a uniform system of
38 accounting as provided in section 41-1279.21 for use by all community college
39 districts.

40 Sec. 16. Section 15-1429, Arizona Revised Statutes, is amended to
41 read:

42 15-1429. Services outside district boundaries

43 Except as provided in section 15-1470, a district may offer credit and
44 noncredit courses and services outside of the district. District courses and
45 services may be offered through the use of provisional community college
46 districts. ~~The state board shall adopt rules concerning the offering of~~

1 ~~credit courses outside a district, including distance learning courses.~~ A
2 community college district is not entitled to state aid payments for students
3 who are provided courses and services outside of this state.

4 Sec. 17. Section 15-1444, Arizona Revised Statutes, is amended to
5 read:

6 **15-1444. Powers and duties**

7 A. Except as otherwise provided, the district board shall:

8 1. Maintain each community college for a period of not less than eight
9 months in each year and, if the funds of the district are sufficient,
10 maintain each community college for a longer period.

11 2. Enforce the courses of study prescribed by the ~~state~~ DISTRICT
12 board.

13 3. Visit each community college and examine carefully into its
14 management, conditions and needs.

15 4. Exclude from each community college all books, publications or
16 papers of a sectarian, partisan or denominational character intended for use
17 as textbooks.

18 5. Appoint and employ a chancellor or chancellors, vice-chancellors, a
19 president or presidents, vice-presidents, deans, professors, instructors,
20 lecturers, fellows and such other officers and employees it deems
21 necessary. ~~Notwithstanding subsection B, paragraph 3 of this section and~~
22 ~~section 15-1424, subsection B, paragraph 4,~~ The district board may enter into
23 employment contracts with chancellors, vice-chancellors and presidents for a
24 duration of more than one year but not more than five years.

25 6. Determine the salaries of persons it appoints and employs.

26 7. Remove any officer or employee if in its judgment the interests of
27 education in this state require the removal.

28 8. Award degrees, certificates and diplomas upon the completion of
29 courses and curriculum as it deems appropriate.

30 9. Appoint, if it deems necessary, police officers who shall have the
31 authority and power of peace officers. The police officers who have received
32 a certificate from the Arizona peace officer standards and training board are
33 eligible for membership in and benefits under either title 38, chapter 5,
34 article 2 or the public safety personnel retirement system under title 38,
35 chapter 5, article 4.

36 10. Receive, hold, make and take leases of and sell personal property
37 for the benefit of the community colleges under its jurisdiction.

38 11. Obtain insurance against loss, to the extent it is determined
39 necessary on community college buildings of the district, whether financed in
40 whole or in part by state monies. The local district shall have an insurable
41 interest in the buildings.

B. The district board may:

1. Administer trusts declared or created for the district and receive by gift or devise and hold in trust or otherwise property wheresoever located, and if not otherwise provided, dispose of the property for the benefit of the district, ~~if, with respect to real property, the state board has consented to the disposition of the real property.~~

2. Lease real property, as lessor or as lessee, ~~if authorized by the state board as provided in section 15-1424~~. If a district is the lessee, the lease may contain an option to purchase the property. The district board may adopt policies as are deemed necessary and may delegate in writing to the chancellor or president of the district, or their designees, all or any part of its authority to lease property under this paragraph. A district governing board shall not delegate the authority to execute a lease that exceeds one hundred thousand dollars per year. Any delegation by the district board pursuant to this paragraph may be rescinded in whole or in part at any time by the district board.

3. SUE AND BE SUED.

3. 4. Contract, subject to the rules and limitations prescribed by the state board as provided in section 15-1424. The district board may adopt such policies as are deemed necessary and may delegate in writing to the chancellor or president of the district, or their designees, all or any part of its authority to contract under this paragraph. Any delegation of authority under this paragraph may be rescinded by the district board at any time in whole or in part.

4. 5. Construct, remodel and repair buildings ~~subject to the rules prescribed by the state board as provided in section 15-1424.~~

5. 6. Provide a plan or plans for employee benefits which may include optional retirement programs pursuant to section 15-1451, subsection A, which allow for participation in a cafeteria plan that meets the requirements of the United States internal revenue code of 1986.

C. From and after December 31, 1988, in a district whose boundaries encompass a vehicle emissions control area as defined in section 49-541 the district board shall require all out of county and out of state students to sign an affidavit at the time of course registration that the student's vehicle meets the requirements of section 49-542. From and after December 31, 1988, the district board on property under its jurisdiction within a vehicle emissions control area shall prohibit the parking of those vehicles which fail to comply with section 49-542.

D. A community college district and a joint technological education district governing board may enter into agreements for the provision of administrative, operational and educational services and facilities.

Sec. 18. Section 15-1447, Arizona Revised Statutes, is amended to read:

15-1447. Evaluation of vocational and technical education programs

1 A district board shall provide for the evaluation of vocational and
2 technical education programs once every five years. The assessment shall be
3 conducted in cooperation with and with assistance from business, industry and
4 labor representatives. The district board may conduct a self-evaluation ~~or~~
5 ~~use the services of the state board for vocational and technical~~
6 ~~education. The self evaluation shall be conducted in the manner prescribed~~
7 ~~by the state board of directors for community colleges.~~

8 Sec. 19. Section 15-1449, Arizona Revised Statutes, is amended to
9 read:

10 15-1449. Control of vehicles and nonpedestrian devices on
11 community college property by district board;
12 sanctions; compliance with emissions inspection;
13 definition

14 A. The district board may adopt rules, ~~subject to the approval of the~~
15 ~~state board~~, for the control of vehicles and nonpedestrian devices on
16 property of the institutions under the district board's jurisdiction with
17 respect to the following only:

- 18 1. Maximum speed of vehicles and nonpedestrian devices.
- 19 2. Direction of travel.
- 20 3. Authorized hours of travel.
- 21 4. Required stops in traffic.
- 22 5. Place, method and time of parking.
- 23 6. Nonparking areas and restricted areas.

24 7. Prohibition of parking in vehicle emissions control areas as
25 defined in section 49-541 of those vehicles which fail to comply with section
26 49-542.

27 8. Designation of special parking areas for students, faculty, staff
28 and the general public.

29 B. The district board may prescribe and collect reasonable fees for
30 specially designated parking areas. The district board shall cause signs and
31 notices to be posted on the property for the regulation of vehicles and
32 nonpedestrian devices.

33 C. The rules adopted by the district board pursuant to subsection A of
34 this section shall be enforced administratively under procedures approved by
35 the district board for each institution under its jurisdiction. As to
36 students, faculty and staff, these procedures may involve both student and
37 faculty adjudicating bodies if all procedures give the individual notice and
38 an opportunity to be heard concerning the alleged infractions and any
39 sanction to be imposed on the individual. Administrative and disciplinary
40 sanctions may be imposed on students, faculty and staff for a violation of
41 the rules including a reasonable monetary penalty, impoundment, regular
42 institutional discipline, withdrawal or suspension of campus parking
43 privileges, encumbrances of records or grades, or both, and oral or written
44 reprimand. Habitual or flagrant disregard of rules is a ground for
45 suspension or expulsion from the institution for a student and may be taken

1 into consideration as to faculty and staff in regard to amount of salary and
2 continuation of employment.

3 D. Members of the general public who park their vehicles in an
4 unauthorized manner on the property of an institution under the jurisdiction
5 of the district board shall be warned concerning their unauthorized parking,
6 and if they continue to or habitually park in an unauthorized manner, the
7 vehicles parked in an unauthorized manner may be impounded by the institution
8 and a reasonable fee may be exacted for the cost of impoundment and storage.

9 E. Members of the general public who violate a rule adopted by the
10 district board pursuant to subsection A of this section regarding the use of
11 nonpedestrian devices on the property of an institution under the
12 jurisdiction of the district board shall be warned of a violation. A
13 nonpedestrian device may be impounded by the institution, and a reasonable
14 fee may be exacted for the cost of impoundment and storage.

15 F. Except as provided in section 41-1092.08, subsection H, a person
16 who has received a final administrative ruling concerning a sanction imposed
17 on the person as a result of a violation of a rule adopted pursuant to
18 subsection A of this section has the right to have that ruling reviewed by
19 the superior court in the county in which the institution involved is
20 situated pursuant to title 12, chapter 7, article 6.

21 G. An institution that is under the jurisdiction of the district board
22 and that is located in a vehicle emissions control area as defined in section
23 49-541 shall prohibit the issuance of annual permits to park on property
24 under its jurisdiction until the applicant submits an affidavit or shows
25 proof that the applicant's vehicle meets the requirements of section 49-542.

26 H. In this section, "nonpedestrian devices" includes bicycles,
27 tricycles, unicycles, skateboards, roller skates and equines.

28 Sec. 20. Section 15-1463, Arizona Revised Statutes, is amended to
29 read:

30 15-1463. State contribution for capital outlay for initial or
31 additional campus

32 A. This state, by legislative appropriation, shall pay **TO THE DISTRICT**
33 a sum equal to fifty per cent of the total cost for capital outlay for an
34 initial campus in a newly formed district or in a county entering into an
35 intergovernmental agreement for providing extension courses pursuant to
36 section 15-1470, not to exceed one million dollars.

37 B. If a district board in an existing district determines the need for
38 an additional campus or campuses, it shall ~~certify the need to the state~~
39 ~~board. If the state board approves the increase in the number of campuses,~~
40 **SUBMIT A REQUEST TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR REVIEW.** This
41 state, by legislative appropriation, shall pay a sum equal to fifty per cent
42 of the total cost for capital outlay for each approved campus within the
43 district, but not to exceed one million dollars at any one campus, including
44 the purchase, erection, remodeling or completion of buildings and the
45 purchase of equipment and facilities for educational or auxiliary purposes of
46 the community college, excluding the cost of any land granted to the

1 community college district and dormitories erected for the use of students or
2 faculty members.

3 Sec. 21. Section 15-1464, Arizona Revised Statutes, is amended to
4 read:

5 **15-1464. State aid per capita distribution for capital outlay:
6 capital outlay fund: appropriation**

7 A. In addition to the appropriation prescribed in section 15-1463,
8 subsection A, this state shall pay to each community college district state
9 aid for capital outlay in the following manner:

10 1. For fiscal year 1992-1993 for a community college district which
11 had less than five thousand actual full-time equivalent students according to
12 the most recent fiscal year actual full-time equivalent student count, the
13 amount determined by multiplying the number of actual full-time equivalent
14 students according to the most recent fiscal year actual full-time equivalent
15 student count by two hundred seven dollars.

16 2. For fiscal year 1992-1993 for a community college district which
17 had five thousand or more actual full-time equivalent students according to
18 the most recent fiscal year actual full-time equivalent student count, the
19 amount determined by multiplying the number of actual full-time equivalent
20 students according to the most recent fiscal year actual full-time equivalent
21 student count by one hundred fifty-eight dollars.

22 3. Beginning with fiscal year 1993-1994 the legislature shall adjust
23 by the growth rate for common and high school districts as provided by law,
24 subject to appropriation, the amount of state aid to community college
25 districts as provided in paragraphs 1 and 2.

26 B. The basis for computing full-time equivalent students for the
27 capital outlay per capita distribution shall be on the same basis as the
28 computation prescribed in section 15-1466.01.

29 C. In addition to the formula to determine the appropriations
30 prescribed in section 15-1463, subsection A and subsection A of this section,
31 this state may pay additional amounts for capital outlay to a community
32 college district based on requests from the district. ~~The state board shall
33 include these additional amounts for capital outlay in the budget submission
34 prescribed in section 35-113.~~

35 D. Appropriations for capital outlay made pursuant to subsections A
36 and C of this section and section 15-1463 shall be made to an account
37 designated as the capital outlay fund.

38 E. At the beginning of each fiscal year, the ~~state~~ **DISTRICT** board
39 shall present to the department of administration a claim for the annual
40 amount appropriated by the legislature and assigned to ~~each~~ **THE** district for
41 capital outlay purposes. The department of administration shall draw a
42 warrant in payment of the claim and shall transmit the warrant to the state
43 treasurer who shall disburse the funds to the ~~districts~~ **DISTRICT** for capital
44 outlay purposes, to be expended as provided by law. If no community college
45 exists, the department shall establish a fund for new future community
46 college districts to be disbursed as needed.

1 F. Notwithstanding subsection E of this section, a community college
2 district may request the state treasurer to disburse the monies to the local
3 government investment pool for deposit into the district's account as
4 established in section 35-326.

5 G. Each district has the option of using up to twenty per cent of its
6 total capital outlay aid appropriation for operating aid purposes or taking
7 this same amount out of the district's total operating state aid
8 appropriation and using it for capital outlay purposes.

9 Sec. 22. Section 15-1465, Arizona Revised Statutes, is amended to
10 read:

11 15-1465. Election; issuance and sale of bonds for capital
12 outlay; disposition of proceeds; proration of
13 expenditures by counties

14 A. A district, ~~with the consent of the state board~~, may conduct an
15 election to determine whether or not bonds shall be issued and sold for the
16 purpose of paying its share of the expenditures incurred for capital
17 outlay. The election shall be originated and conducted, the bonds issued,
18 sold and redeemed and a tax levy imposed for payment of interest on such
19 bonds and redemption of bonds in accordance with the provisions of title 35,
20 chapter 3, article 3 and the limitations imposed on school districts by
21 article IX, section 8, Constitution of Arizona, insofar as those provisions
22 are applicable. Bond counsel fees, financial advisory fees, printing costs
23 and paying agent and registrar fees shall be paid from either the amount
24 authorized by the qualified electors of the community college district or
25 current operating funds. Bond election expenses shall be paid from current
26 operating funds only.

27 B. The proceeds of all bonds sold as provided in subsection A shall be
28 used only for capital outlay, including the purchase of land, the purchase,
29 erection, remodeling or completion of buildings and the purchase of equipment
30 and facilities for educational or auxiliary purposes of the community college
31 district.

32 C. Where a district contains more than one county, subsections A and B
33 shall be applicable separately to each of the counties as to its portion of
34 the expenditures to be paid for capital outlay in setting up the physical
35 plant of the district even though the proposed plant is to be established,
36 wholly or partly, in one county of the district.

37 D. The portion of the expenditures for capital outlay to be prorated
38 by each county of a district shall be determined ~~by the state board~~ in the
39 ratio that the assessed valuation of each county within the district bears to
40 the total assessed valuation of all counties within the district.

41 E. If a majority of the qualified electors voting at an election held
42 as provided in this chapter disapproves the issuance of bonds for any
43 purpose, the governing board of the community college district shall not
44 authorize the expenditure of funds from any source for such purpose without
45 subsequent approval of a majority of the qualified electors voting at an

1 election held as provided in this chapter, except that a subsequent vote of
2 the district electors shall not be necessary to:

- 3 1. Construct buildings and site improvements on existing campuses.
- 4 2. Repair and remodel existing facilities and to purchase equipment.
- 5 3. Purchase land adjacent to an existing campus.

6 Sec. 23. Section 15-1466, Arizona Revised Statutes, is amended to
7 read:

8 **15-1466. State aid; eligibility; limitations**

9 A. Subject to legislative appropriation, the legislature shall
10 determine and appropriate the amount of state aid each fiscal year for any
11 district possessing the qualifications as prescribed in this chapter.

12 B. The state shall determine the amount of state aid, as prescribed in
13 subsection F of this section, appropriated to each district for the fiscal
14 year prior to the fiscal year for which the state aid is being calculated.

15 C. The state shall adjust the amount of state aid appropriated to each
16 district as determined in subsection B of this section by the growth rate
17 referenced by section 15-901, subsection B, paragraph 2. This amount shall
18 be appropriated to the district except as provided in subsection D of this
19 section.

20 D. In addition to the state aid appropriated in subsection C of this
21 section, each district qualified under this chapter shall have its state aid
22 adjusted in an amount that reflects the growth in the full-time equivalent
23 student count of the district calculated as follows:

24 1. Calculate the growth in the actual, audited full-time equivalent
25 student count between the second and third most recent fiscal years prior to
26 the fiscal year for which the state aid is being calculated for each
27 district.

28 2. Calculate the average appropriation per full-time equivalent
29 student for all districts by dividing the amount determined in subsection B
30 of this section by the actual, audited full-time equivalent student count for
31 all districts in the most recent fiscal year.

32 3. Multiply the amount calculated in paragraph 1 of this subsection by
33 the average appropriation calculated in paragraph 2 of this subsection. This
34 amount shall be appropriated to the district for growth.

35 E. State aid appropriated to each district shall be allocated and paid
36 in accordance with subsection C of this section before any funding is
37 allocated and paid in accordance with subsection D of this section.

38 F. The total amount appropriated to each district each fiscal year in
39 accordance with subsections C and D of this section shall serve as the amount
40 of state aid to be adjusted in the next fiscal year.

41 G. To be eligible for state aid, a district shall:

42 1. Be equipped with suitable buildings, equipment and campus ~~approved~~
43 ~~by the state board~~.

44 2. Have three hundred twenty full-time equivalent students attending
45 in the district.

3. Have complied with all of the requirements of the ~~state~~ DISTRICT board including budgets and curriculum.

H. Notwithstanding subsection E of this section, the legislature may allocate funding for growth in the full-time equivalent student count prior to or in combination with funding of the growth rate.

I. The total amount of state monies that may be spent in any fiscal year by a community college district for operating state aid shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. Notwithstanding section 15-1444, this section shall not be construed to impose a duty on an officer, agent or employee of this state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose, including any duties prescribed in an employment contract entered into pursuant to section 15-1444, subsection A, paragraph 5.

J. In addition to the formula to determine the state aid appropriations prescribed in this section, the state may pay additional amounts for state aid to a community college district based on requests included in the district's budget request. ~~The state board shall include these additional amounts for state aid in the budget submission prescribed in section 35-113.~~

Sec. 24. Section 15-1467, Arizona Revised Statutes, is amended to read:

15-1467. State aid appropriations; disbursement procedure; district fund

A. Appropriations for state aid to community colleges shall be ~~made to the state board for distribution~~ DISTRIBUTED to each community college district in accordance with section 15-1466.

B. On July 15, October 15, January 15 and April 15, ~~the state~~ A DISTRICT board shall present to the department of administration, ~~on behalf of each district for which an appropriation is made,~~ a claim for one-fourth of the annual amount appropriated to the district. The department of administration shall draw a warrant in payment of the claim and transmit the warrant to the state treasurer who shall disburse the funds to each district for the support and maintenance of the district, to be expended as provided by law. If no community college exists, the department shall establish a fund for new future community college districts to be disbursed as needed.

C. Notwithstanding subsection B of this section, a community college district may request the state treasurer to disburse the monies to the local government investment pool for deposit into the district's account as established in section 35-326.

1 Sec. 25. Section 15-1469, Arizona Revised Statutes, is amended to
2 read:

3 **15-1469. Attendance of nonresident state students: payment of**
4 **cost by county of residence**

5 A. The district may admit students from any part of this state which
6 is not a part of an established community college district on the same
7 conditions as residents.

8 B. It shall be the obligation of the county of the student's residence
9 to reimburse the district as provided in this subsection. The amount of
10 reimbursement to each community college district from each county which is
11 not a part of an organized community college district shall be determined as
12 follows:

13 1. For students attending classes within the established community
14 college district:

15 (a) Determine the number of full-time equivalent students attending
16 classes within the district from the county for the year preceding the
17 current year.

18 (b) Determine the operational expenses of the district for the current
19 year excluding direct and indirect costs of noncredit courses.

20 (c) Determine the amount of state aid the district received for the
21 current year as provided in section 15-1466.

22 (d) Subtract the amount of state aid received for the current year
23 determined in subdivision (c) from the amount of operational expenses for the
24 current year determined in subdivision (b).

25 (e) Determine the number of full-time equivalent students enrolled in
26 the district for the current year.

27 (f) Divide the amount determined in subdivision (d) by the number of
28 full-time equivalent students determined in subdivision (e).

29 (g) Multiply the amount determined in subdivision (f) by the average
30 number of full-time equivalent students for the county determined as provided
31 in subdivision (a).

32 The resulting amount is the amount of reimbursement to the district from the
33 county for the budget year for students attending classes within the
34 established community college district.

35 2. For students attending classes offered by the district within the
36 county pursuant to section 15-1470, the amount specified in the
37 intergovernmental agreement is the amount of reimbursement to the district
38 from the county for the budget year for students attending classes within the
39 county.

40 C. The county school superintendent of the county of the student's
41 residence shall certify to the state board and the board of supervisors that
42 the student is a resident of the county.

43 D. On or before May 15, the state board shall:

44 1. Determine the amount of reimbursement to each district from each
45 county pursuant to subsection B, paragraph 1 of this section.

1 2. Notify the board of supervisors of each county of the amount it
2 shall reimburse to each district pursuant to subsection B, paragraph 1 of
3 this section for the budget year.

4 3. Notify each community college district eligible to receive
5 reimbursement of the amount of reimbursement from each county pursuant to
6 subsection B, paragraph 1 of this section for the budget year.

7 E. On or before November 15 and May 15, the board of supervisors shall
8 draw warrants on the county treasurer in favor of the community college
9 district for half of the amount due pursuant to subsection B of this section.
10 The board of supervisors shall:

11 1. Pay monies from the county general fund or levy a community college
12 reimbursement levy pursuant to section 42-17203 for the amount of
13 reimbursement pursuant to an intergovernmental agreement for extension
14 courses as provided in section 15-1470.

15 2. Pay monies from the county general fund or levy a community college
16 reimbursement levy pursuant to section 42-17203 for the amount of
17 reimbursement pursuant to subsection B, paragraph 1 of this section.

18 F. Notwithstanding subsection E of this section, a county and a
19 community college district may specify by intergovernmental agreement that
20 the amount of reimbursement due from the county be reduced by the value of
21 in-kind contributions made by the county to the district.

22 G. For the purposes of subsection B, paragraph 1 of this section
23 full-time equivalent students are determined in the same manner prescribed by
24 section 15-1466.01.

25 Sec. 26. Section 15-1470, Arizona Revised Statutes, is amended to
26 read:

27 15-1470. Extension courses: intergovernmental agreement

28 A. ~~With the approval of the state board,~~ Districts may offer extension
29 courses in counties without an organized community college district.

30 B. Before a district may offer extension courses pursuant to this
31 section, the district shall enter into an intergovernmental agreement with
32 the board of supervisors of the county in which the extension courses will be
33 held. The district and the county shall negotiate the amount of
34 reimbursement payable by the county to the district for extension courses
35 conducted within the county no later than July 1.

36 C. The intergovernmental agreement entered into as provided in this
37 section ~~must be approved by the state board and~~ may not require or permit the
38 county to reimburse the district for noncredit classes.

39 Sec. 27. Section 15-1472, Arizona Revised Statutes, is amended to
40 read:

41 15-1472. Community college district workforce development
42 accounts; reports

43 A. Each community college district shall establish a separate
44 workforce development account to receive only tax revenues authorized
45 pursuant to section 42-5029, subsection E, paragraph 3. Each community
46 college district board shall approve the expenditure of these monies in

1 accordance with section 15-1461 and consistent with the provisions of
2 subsection B of this section.

3 B. Monies received pursuant to subsection A of this section shall be
4 expended for workforce development and job training purposes. These
5 expenditures may include:

- 6 1. Partnerships with businesses and educational institutions.
- 7 2. Additional faculty for improved and expanded classroom instruction
8 and course offerings.

9 3. Technology, equipment and technology infrastructure for advanced
10 teaching and learning in classrooms or laboratories.

11 4. Student services such as assessment, advisement and counseling for
12 new and expanded job opportunities.

13 5. The purchase, lease or lease-purchase of real property, for new
14 construction, remodeling or repair of buildings or facilities on real
15 property.

16 C. The state treasurer shall transfer monies under this section into
17 each district's workforce development account by the fifteenth day of each
18 month. The state treasurer shall also allocate and distribute any pooled
19 interest earnings earned from revenues authorized in section 42-5029,
20 subsection E, paragraph 3 to each district in accordance with the method
21 prescribed in subsection D, paragraph 2 of this section.

22 D. Revenues authorized for community college districts in section
23 42-5029, subsection E, paragraph 3 shall be distributed by the state in the
24 following manner:

25 1. For thirteen fiscal years beginning in fiscal year 2001-2002 the
26 state treasurer shall allocate one million dollars per fiscal year for the
27 purpose of bringing this state into compliance with the matching capital
28 requirements prescribed in section 15-1463. The state treasurer shall
29 distribute the monies authorized in this subsection to each district in the
30 order in which each campus qualified for funding pursuant to section 15-1463.

31 2. After the monies have been paid each year to the eligible district
32 pursuant to paragraph 1 of this subsection, the state treasurer shall
33 distribute monies from the workforce development fund to each community
34 college district in the following manner:

35 (a) Each district shall receive the sum of two hundred thousand
36 dollars.

37 (b) After each district has received the payments prescribed in
38 subdivision (a) of this paragraph, the remainder of monies in the fund shall
39 be distributed to each district according to each district's full-time
40 equivalent student enrollment percentage of the total state wide audited
41 full-time equivalent student enrollment in the preceding fiscal year
42 prescribed in section 15-1466.01. The percentage distribution under this
43 subdivision shall be adjusted annually on October 1 of each year.

44 E. Revenues received by community college districts shall not be used
45 by the legislature to supplant or reduce any state aid authorized in this

1 chapter or supplant any proceeds from the sale of bonds authorized in this
2 article and article 5 of this chapter.

3 F. Monies received under this section shall not be considered to be
4 local revenues for purposes of article IX, section 21, Constitution of
5 Arizona.

6 G. Each community college district shall submit a workforce
7 development plan by April 1 of each year to ~~the state board of directors for~~
8 ~~community colleges and~~ the department of commerce. The plan shall outline
9 the purpose and goals for which workforce development monies are to be
10 expended by the district.

11 H. Each community college district shall annually ~~present~~ SUBMIT a
12 report of its workforce development plan activities and expenditures
13 authorized by this section for the previous year to the state board of
14 directors for community colleges by December 1. The state board may offer
15 recommendations regarding a district's workforce development plan for future
16 years AND SHALL FORWARD THE DISTRICT REPORTS TO THE JOINT LEGISLATIVE BUDGET
17 COMMITTEE FOR REVIEW.

18 I. Each community college district shall annually submit a report of
19 the expenditures authorized in this section to the governor, president of the
20 senate, speaker of the house of representatives, ~~and~~ and department of commerce
21 by each December 1 following the end of the fiscal year for which the
22 expenditures have been made. The report shall include the purpose and goals
23 for which the workforce development monies were expended by each district
24 together with a general accounting of the expenditures authorized in
25 subsection B of this section. A copy of the final report shall also be
26 provided to the secretary of state and the director of the Arizona state
27 library, archives and public records.

28 Sec. 28. Section 15-1481, Arizona Revised Statutes, is amended to
29 read:

30 15-1481. Definitions

31 In this article, unless the context otherwise requires:

32 1. "Acquire" includes purchase, erect, build, construct, reconstruct,
33 repair, replace, extend, better, furnish, equip, develop, improve and
34 embellish.

35 2. "Board" means the ~~state board of directors for community colleges~~
36 ~~or its successors~~ GOVERNING BOARD OF A COMMUNITY COLLEGE DISTRICT OR ITS
37 SUCCESSORS, BUT DOES NOT INCLUDE PROVISIONAL COMMUNITY COLLEGE DISTRICTS AS
38 PRESCRIBED IN SECTION 15-1409.

39 3. "Bonds" means any bonds issued pursuant to this article.

40 4. "Federal agency" means the housing and home finance agency, the
41 United States of America or any of its officers or agencies designated or
42 created to make grants or loans of monies for public construction work.

43 5. "Institution" means any community college district heretofore or
44 hereafter organized in this state, in which an election has been held
45 approving the organization or integration of the district as part of the
46 state community college system and for which a plan of organization or

1 integration into the state system of community colleges has been prepared ~~by~~
2 ~~the state board of directors for community colleges~~ and approved by the
3 legislature, as provided in articles 1 through 4 of this chapter.

4 6. "Project" means one or more classrooms, student or faculty
5 residence halls, dormitories, dining halls, student union buildings, field
6 houses, stadia and other revenue producing buildings located at the
7 institution, together with sites for the buildings, and including equipment,
8 furnishings, heating, lighting and other service facilities in connection
9 with the buildings.

10 Sec. 29. Section 15-1483, Arizona Revised Statutes, is amended to
11 read:

12 15-1483. *Issuance of bonds*

13 A. ~~Upon certification to the board by the governing body of the
14 institution of the necessity for acquiring a project and after approval by
15 the board of the location, preliminary plans, specifications and cost
16 estimates for such project, the board~~ THE BOARD for and on behalf of ~~the~~ AN
17 institution is authorized from time to time to issue negotiable bonds for the
18 purpose of acquiring a project or projects. The bonds shall be authorized by
19 resolution of the board. The bonds may be issued in one or more series, bear
20 such date or dates, be in such denomination or denominations, mature at such
21 time or times, not exceeding forty years from the respective dates thereof,
22 mature in such amount or amounts, bear interest at such rate or rates, as
23 determined by the board, payable semiannually, be in such form either coupon
24 or registered, carry such registration privileges, be executed in such
25 manner, be payable in such medium of payment, at such place or places, and be
26 subject to such term of redemption, with or without premium, as such
27 resolution or other resolutions may provide. The bonds may be sold at not
28 less than par at either public or private sale. The bonds shall be fully
29 negotiable within the meaning and for all the purposes of title 47, chapter
30 3.

31 B. BEFORE SEEKING VOTER APPROVAL FOR THE ISSUANCE OF BONDS, A DISTRICT
32 SHALL SUBMIT INFORMATION REGARDING THE PLANNED PROJECTS THAT WILL BE FUNDED
33 WITH THE BOND PROCEEDS TO THE JOINT COMMITTEE ON CAPITAL REVIEW FOR REVIEW.

34 Sec. 30. Section 15-1484, Arizona Revised Statutes, is amended to
35 read:

36 15-1484. *Powers to secure bonds*

37 A. In connection with the issuance of the bonds authorized by section
38 15-1483, or in order to secure the payment of such bonds and interest
39 thereon, the board shall have power by resolution to:

40 1. Fix and maintain tuitions, fees, rentals and other charges from
41 students, faculty members and others using or being served by, or having the
42 right to use or the right to be served by, any project.

43 2. Provide that bonds issued under this article may be secured by a
44 first, exclusive and closed lien on all or any certain part of the income and
45 revenue derived from, and shall be payable from tuitions, fees, rentals and

1 other charges from students, faculty members and others using or being served
2 by, or having the right to use or the right to be served by, any project.

3 3. Pledge and assign to, or in trust for the benefit of, the holder or
4 holders of the bonds issued hereunder an amount of the income and revenue
5 derived from tuitions, fees, rentals and other charges from students, faculty
6 members and others using or being served by, or having the right to use or
7 the right to be served by, any project.

8 4. Covenant with or for the benefit of the holder or holders of bonds
9 issued under this article to acquire any project, that as long as any such bonds
10 remain outstanding and unpaid the board will fix, maintain and collect
11 in such installments as may be agreed upon an amount of the tuitions, fees,
12 rentals and other charges from students, faculty members and others using or
13 being served by, or having the right to use or the right to be served by, any
14 project, which shall be sufficient to pay when due the bonds issued hereunder
15 to acquire such project, and interest thereon, and to create and maintain
16 reasonable reserves therefor and to pay the costs of operation and
17 maintenance of such project including, but not limited to, reserves for
18 extraordinary repairs, insurance and maintenance, which costs of operation
19 and maintenance shall be determined by the board in its absolute discretion.

20 5. Make and enforce and agree to make and enforce parietal rules that
21 shall insure the use of any project by all students in attendance at the
22 institution to the maximum extent to which such project is capable of serving
23 such students, or if any part of the project is designed for occupancy as
24 living quarters for the faculty members, by as many faculty members as may be
25 served thereby.

26 6. Covenant that as long as any of the bonds issued under this article
27 remain outstanding and unpaid it will not, except upon such terms and
28 conditions as may be determined:

29 (a) Voluntarily create or cause to be created any debt, lien, pledge,
30 assignment, encumbrance or other charge having priority to or being on a
31 parity with the lien of the bonds issued under this article upon any of the
32 income and revenues derived from tuitions, fees, rentals and other charges
33 from students, faculty members and others using or being served by, or having
34 the right to use or the right to be served by, any project.

35 (b) Convey or otherwise alienate the project to acquire which such
36 bonds shall have been issued or the real estate upon which such project shall
37 be located, except at a price sufficient to pay all the bonds then
38 outstanding issued under this article to acquire such project and interest
39 accrued thereon, and then only in accordance with any agreements with the
40 holder or holders of such bonds.

41 (c) Mortgage or otherwise voluntarily create or cause to be created
42 any encumbrance on the project to acquire which such bonds shall have been
43 issued or the real estate upon which it shall be located.

44 7. Covenant as to the procedure by which the terms of any contract
45 with a holder or holders of such bonds may be amended or abrogated, the

1 amount or percentage of bonds the holder or holders of which must consent to
2 an amendment or abrogation and the manner in which such consent may be given.

3 8. Vest in a trustee or trustees the right to receive all or any part
4 of the income and revenue pledged and assigned to, or for the benefit of, the
5 holder or holders of bonds issued hereunder, and to hold, apply and dispose
6 of the same and the right to enforce any covenant made to secure or pay or in
7 relation to the bonds; execute and deliver a trust agreement or trust
8 agreements which may set forth the powers and duties and the remedies
9 available to such trustee or trustees and limiting the liabilities thereof
10 and describing what occurrences shall constitute events of default and
11 prescribing the terms and conditions upon which such trustee or trustees or
12 the holder or holders of bonds of any specified amount or percentage of such
13 bonds may exercise such rights and enforce any and all such covenants and
14 resort to such remedies as may be appropriate.

15 9. Vest in a trustee or trustees or the holder or holders of any
16 specified amount or percentage of bonds the right to apply to any court of
17 competent jurisdiction for, and have granted, the appointment of a receiver
18 or receivers of the income and revenue pledged and assigned to or for the
19 benefit of the holder or holders of such bonds, which receiver or receivers
20 may have and be granted such powers and duties as such court may order or
21 decree for the protection of the bondholders.

22 10. Make covenants with any federal agency, private agency, corporation
23 or individual to perform any and all acts and to do any and all such things
24 as may be necessary or convenient or desirable in order to secure such bonds
25 or as may in the judgment of the board tend to make the bonds more
26 marketable, notwithstanding that such acts or things may not be enumerated
27 herein, and to lease any project for the best interests of the institution,
28 and to perform all acts and to do all things not inconsistent with the
29 constitution of this state as may be necessary or convenient or desirable for
30 the issuance of such bonds and for their security.

31 11. Enter into any and all contracts and agreements necessary to
32 accomplish the acquisition of the project or projects including agreements
33 for construction, engineering and architectural services and agreements
34 covering disposition and application of the proceeds received from the sale
35 of the bonds.

36 B. No bond shall be issued for any institution which causes the total
37 aggregate face amount of all bonds issued for classrooms to exceed the
38 greater of twenty-five per cent of all bonds then issued for such institution
39 or one million dollars. For purposes of this subsection, ~~the term~~
40 ~~"classroom"~~ ~~shall~~ DOES not include any building which would have been
41 included within the definition of ~~the term~~ "project" prior to September 30,
42 1988.

1 Sec. 31. Section 15-1802, Arizona Revised Statutes, is amended to
2 read:

3 **15-1802. In-state student status**

4 A. Except as otherwise provided in this article no person having a
5 domicile elsewhere than in this state is eligible for classification as an
6 in-state student for tuition purposes.

7 B. A person is not entitled to classification as an in-state student
8 until the person is domiciled in this state for one year, except that a
9 person whose domicile is in this state is entitled to classification as an
10 in-state student if the person meets one of the following requirements:

11 1. The person's parent's domicile is in this state and the parent is
12 entitled to claim the person as an exemption for state and federal tax
13 purposes.

14 2. The person is an employee of an employer which transferred the
15 person to this state for employment purposes or the person is the spouse of
16 such employee.

17 3. The person is an employee of a school district in this state and is
18 under contract to teach on a full-time basis, or is employed as a full-time
19 noncertified classroom aide, at a school within that school district. For
20 purposes of this paragraph, the person is eligible for classification as an
21 in-state student only for courses necessary to complete the requirements for
22 certification by the state board of education to teach in a school district
23 in this state. No member of the person's family is eligible for
24 classification as an in-state student if the person is eligible for
25 classification as an in-state student pursuant to this paragraph.

26 C. The domicile of an unemancipated person is that of such person's
27 parent.

28 D. Any unemancipated person who remains in this state when such
29 person's parent, who had been domiciled in this state, removes from this
30 state is entitled to classification as an in-state student until attainment
31 of the degree for which currently enrolled, as long as such person maintains
32 continuous attendance.

33 E. A person who is a member of the armed forces of the United States
34 and who is stationed in this state pursuant to military orders or who is the
35 spouse or a dependent child as defined in section 43-1001 of a person who is
36 a member of the armed forces of the United States and who is stationed in
37 this state pursuant to military orders is entitled to classification as an
38 in-state student. The student, while in continuous attendance toward the
39 degree for which currently enrolled, does not lose in-state student
40 classification.

41 F. A person who is a member of the armed forces of the United States
42 or the spouse or a dependent as defined in section 43-1001 of a member of the
43 armed forces of the United States is entitled to classification as an
44 in-state student if the member of the armed forces has claimed this state as
45 the person's state of legal residence for at least twelve consecutive months
46 before the member of the armed forces, spouse or dependent enrolls in a

1 university under the jurisdiction of the Arizona board of regents or a
2 community college under the jurisdiction of ~~the state board of directors for~~
3 ~~community colleges~~ A COMMUNITY COLLEGE DISTRICT GOVERNING BOARD. For
4 purposes of this subsection, the requirement that a person be domiciled in
5 this state for one year before enrollment to qualify for in-state student
6 classification does not apply.

7 G. A person who is honorably discharged from the armed forces of the
8 United States shall be granted immediate classification as an in-state
9 student on honorable discharge from the armed forces and, while in continuous
10 attendance toward the degree for which currently enrolled, does not lose
11 in-state student classification if the person has met all of the following
12 requirements:

13 1. Declared Arizona as the person's legal residence with the person's
14 branch of service at least one year prior to discharge from the armed forces.

15 2. Demonstrated objective evidence of intent to be a resident of
16 Arizona which, for the purposes of this section, includes at least one of the
17 following:

- 18 (a) An Arizona driver license.
- 19 (b) Arizona motor vehicle registration.
- 20 (c) Employment history in Arizona.
- 21 (d) Arizona voter registration.
- 22 (e) Transfer of major banking services to Arizona.
- 23 (f) Change of permanent address on all pertinent records.
- 24 (g) Other materials of whatever kind or source relevant to domicile or
25 residency status.

26 3. Filed an Arizona income tax return with the department of revenue
27 during the previous tax year.

28 H. A person who is a member of an Indian tribe recognized by the
29 United States department of the interior whose reservation land lies in this
30 state and extends into another state and who is a resident of the reservation
31 is entitled to classification as an in-state student.

32 Sec. 32. Title 15, chapter 14, article 2, Arizona Revised Statutes, is
33 amended by adding section 15-1824, to read:

34 15-1824. Transfer articulation: annual report

35 A. THE COMMUNITY COLLEGES AND UNIVERSITIES SHALL COOPERATE IN
36 OPERATING A STATEWIDE ARTICULATION AND TRANSFER SYSTEM, INCLUDING THE PROCESS
37 FOR TRANSFER OF LOWER DIVISION GENERAL EDUCATION CREDITS, GENERAL ELECTIVE
38 CREDITS AND CURRICULUM REQUIREMENTS FOR APPROVED MAJORS, TO FACILITATE THE
39 TRANSFER OF COMMUNITY COLLEGE STUDENTS TO ARIZONA PUBLIC UNIVERSITIES WITHOUT
40 A LOSS OF CREDIT TOWARD A BACCALAUREATE DEGREE AND THAT THE POST SECONDARY
41 EDUCATION NEEDS OF STUDENTS STATEWIDE ARE MET WITHOUT UNNECESSARY DUPLICATION
42 OF PROGRAMS.

43 B. THE ARIZONA BOARD OF REGENTS AND THE COMMUNITY COLLEGES SHALL
44 SUBMIT AN ANNUAL REPORT OF THEIR PROGRESS ON BOTH ARTICULATION AND MEETING
45 STATEWIDE POSTSECONDARY EDUCATION NEEDS TO THE JOINT LEGISLATIVE BUDGET

1 COMMITTEE AND THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES ON OR
2 BEFORE DECEMBER 15.

3 Sec. 33. Section 15-2002, Arizona Revised Statutes, as amended by Laws
4 2001, chapter 11, section 3 and chapter 23, section 6, is amended to read:

5 **15-2002. Powers and duties: executive director: staffing:
6 report**

7 A. The school facilities board shall:

8 1. Make assessments of school facilities and equipment deficiencies
9 pursuant to section 15-2021 and approve the distribution of grants as
10 appropriate.

11 2. Develop a database for administering the building renewal formula
12 prescribed in section 15-2031 and administer the distribution of monies to
13 school districts for building renewal.

14 3. Inspect school buildings at least once every five years to ensure
15 compliance with the building adequacy standards prescribed in section 15-2011
16 **AND ROUTINE PREVENTATIVE MAINTENANCE GUIDELINES AS PRESCRIBED IN THIS SECTION**
17 with respect to construction of new buildings and maintenance of existing
18 buildings. **THE SCHOOL FACILITIES BOARD SHALL RANDOMLY SELECT TWENTY SCHOOL**
19 **DISTRICTS EVERY THIRTY MONTHS AND INSPECT THEM PURSUANT TO THIS**
20 **PARAGRAPH.**

21 4. Review and approve student population projections submitted by
22 school districts to determine to what extent school districts are entitled to
23 monies to construct new facilities pursuant to section 15-2041. The board
24 shall make a final determination within six months of the receipt of an
25 application by a school district for monies from the new school facilities
26 fund.

27 5. Certify that plans for new school facilities meet the building
28 adequacy standards prescribed in section 15-2011.

29 6. Develop prototypical elementary and high school designs. The board
30 shall review the design differences between the schools with the highest
31 academic productivity scores and the schools with the lowest academic
32 productivity scores. The board shall also review the results of a valid and
33 reliable survey of parent quality rating in the highest performing schools
34 and the lowest performing schools in this state. The survey of parent
35 quality rating shall be administered by the department of education. The
36 board shall consider the design elements of the schools with the highest
37 academic productivity scores and parent quality ratings in the development of
38 elementary and high school designs. The board shall develop separate school
39 designs for elementary, middle and high schools with varying pupil
40 capacities.

41 7. Develop application forms, reporting forms and procedures to carry
42 out the requirements of this article.

43 8. Review and approve or reject requests submitted by school districts
44 to take actions pursuant to section 15-341, subsection F.

45 9. Submit an annual report by December 15 to the speaker of the house
46 of representatives, the president of the senate, the superintendent of public

1 instruction, the director of the Arizona state library, archives and public
2 records and the governor that includes the following information:

3 (a) A detailed description of the amount of monies distributed by the
4 school facilities board in the previous fiscal year.

5 (b) A list of each capital project that received monies from the
6 school facilities board during the previous fiscal year, a brief description
7 of each project that was funded and a summary of the board's reasons for the
8 distribution of monies for the project.

9 (c) A summary of the findings and conclusions of the building
10 maintenance inspections conducted pursuant to this article during the
11 previous fiscal year.

12 (d) A summary of the findings of common design elements and
13 characteristics of the highest performing schools and the lowest performing
14 schools based on academic productivity including the results of the parent
15 quality rating survey.

16 For the purposes of this paragraph, "academic productivity" means academic
17 year advancement per calendar year as measured with student-level data using
18 the statewide nationally standardized norm-referenced achievement test.

19 10. By December 1 of each even-numbered year, report to the joint
20 committee on capital review the estimated amounts necessary to fulfill the
21 requirements of sections 15-2021, **15-2022**, 15-2031 and 15-2041 for the
22 following two fiscal years. By December 1 of each odd-numbered year, the
23 board shall provide to the joint committee on capital review an update of the
24 estimated amounts necessary to fulfill the requirements of sections 15-2021,
25 **15-2022**, 15-2031 and 15-2041 for the following fiscal year. No later than
26 January 1 of each year, the board shall instruct the state treasurer as to
27 the amounts under the transaction privilege tax to be credited in equal
28 quarterly installments for the following state fiscal year. The board shall
29 provide copies of both reports to the president of the senate, the speaker of
30 the house of representatives and the governor.

31 11. Adopt minimum school facility adequacy guidelines to provide the
32 minimum quality and quantity of school buildings and the facilities and
33 equipment necessary and appropriate to enable pupils to achieve the
34 educational goals of the Arizona state schools for the deaf and the
35 blind. The school facilities board shall establish minimum school facility
36 adequacy guidelines applicable to the Arizona state schools for the deaf and
37 the blind by December 31, 2000.

38 12. BEGINNING AUGUST 15, 2004, AND EACH EVEN-NUMBERED YEAR THEREAFTER,
39 REPORT TO THE JOINT COMMITTEE ON CAPITAL REVIEW THE AMOUNTS NECESSARY TO
40 FULFILL THE REQUIREMENTS OF SECTIONS 15-2031 AND 15-2041 FOR THE ARIZONA
41 STATE SCHOOLS FOR THE DEAF AND THE BLIND FOR THE FOLLOWING TWO FISCAL YEARS.
42 NOTWITHSTANDING PARAGRAPH 10 OF THIS SUBSECTION OR ANY OTHER LAW, THE SCHOOL
43 FACILITIES BOARD SHALL NOT INCLUDE THESE AMOUNTS IN THE BUILDING RENEWAL OR
44 NEW SCHOOL FACILITIES TRANSFER INSTRUCTIONS TO THE STATE TREASURER. THE
45 ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND SHALL INCORPORATE THE
46 FINDINGS OF THE REPORT IN ANY REQUEST FOR BUILDING RENEWAL MONIES AND NEW

1 SCHOOL FACILITIES MONIES. ANY MONIES PROVIDED TO THE ARIZONA STATE SCHOOLS
2 FOR THE DEAF AND THE BLIND FOR BUILDING RENEWAL AND FOR NEW SCHOOL FACILITIES
3 ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

4 13. BY OCTOBER 15 OF EACH YEAR, THE SCHOOL FACILITIES BOARD SHALL
5 SUBMIT INFORMATION REGARDING DEMOGRAPHIC ASSUMPTIONS, A PROPOSED CONSTRUCTION
6 SCHEDULE AND NEW SCHOOL CONSTRUCTION COST ESTIMATES FOR THE FOLLOWING FISCAL
7 YEAR TO THE JOINT COMMITTEE ON CAPITAL REVIEW FOR ITS REVIEW.

8 B. The school facilities board may contract for private services in
9 compliance with the procurement practices prescribed in title 41, chapter 23.

10 C. The governor shall appoint an executive director of the school
11 facilities board pursuant to section 38-211. The executive director is
12 eligible to receive compensation as determined pursuant to section 38-611 and
13 may hire and fire necessary staff as approved by the legislature in the
14 budget. The executive director shall have demonstrated competency in school
15 finance, facilities design or facilities management, either in private
16 business or government service. The executive director serves at the
17 pleasure of the governor. The staff of the school facilities board is exempt
18 from title 41, chapter 4, articles 5 and 6. The executive director:

19 1. Shall analyze applications for monies submitted to the board by
20 school districts.

21 2. Shall assist the board in developing forms and procedures for the
22 distribution and review of applications and the distribution of monies to
23 school districts.

24 3. May review or audit, or both, the expenditure of monies by a school
25 district for deficiencies corrections, building renewal and new school
26 facilities.

27 4. Shall assist the board in the preparation of the board's annual
28 report.

29 5. Shall research and provide reports on issues of general interest to
30 the board.

31 6. May aid school districts in the development of reasonable and
32 cost-effective school designs in order to avoid statewide duplicated efforts
33 and unwarranted expenditures in the area of school design.

34 7. May assist school districts in facilitating the development of
35 multijurisdictional facilities.

36 8. Shall assist the board in any other appropriate matter or method as
37 directed by the members of the board.

38 9. Shall establish procedures to ensure compliance with the notice and
39 hearing requirements prescribed in section 15-905. The notice and hearing
40 procedures adopted by the board shall include the requirement, with respect
41 to the board's consideration of any application filed after July 1, 2001 for
42 monies to fund the construction of new school facilities proposed to be
43 located in territory in the vicinity of a military airport as defined in
44 section 28-8461, that the military airport receive notification of the
45 application by first class mail at least thirty days before any hearing
46 concerning the application.

1 10. May expedite any request for funds in which the local match was not
2 obtained for a project that received preliminary approval by the state board
3 for school capital facilities.

4 11. Shall expedite any request for funds in which the school district
5 governing board submits an application that shows an immediate need for a new
6 school facility.

7 12. Shall make a determination as to administrative completion within
8 one month after the receipt of an application by a school district for monies
9 from the new school facilities fund.

10 13. Shall provide technical support, **INCLUDING PROJECT MANAGERS**, to
11 school districts as requested by school districts in connection with the
12 construction of new school facilities and the maintenance of existing school
13 facilities.

14 D. When appropriate, the school facilities board shall review and use
15 the statewide school facilities inventory and needs assessment conducted by
16 the joint committee on capital review and issued in July, 1995.

17 E. The school facilities board shall contract with one or more private
18 building inspectors to complete an initial assessment of school facilities
19 and equipment provided in section 15-2021 and shall inspect each school
20 building in this state at least once every five years to ensure compliance
21 with section 15-2011. A copy of the inspection report, together with any
22 recommendations for building maintenance, shall be provided to the school
23 facilities board and the governing board of the school district.

24 F. The school facilities board may consider appropriate combinations
25 of facilities or uses in making assessments of and curing deficiencies
26 pursuant to subsection A, paragraph 1 of this section and in certifying plans
27 for new school facilities pursuant to subsection A, paragraph 5 of this
28 section.

29 G. The board shall not award any monies to fund new facilities that
30 are financed by class A bonds that are issued by the school district.

31 H. The board shall not distribute monies to a school district for
32 replacement or repair of facilities if the costs associated with the
33 replacement or repair are covered by insurance or a performance or payment
34 bond.

35 I. The board may contract for construction services and materials that
36 are necessary to correct existing deficiencies in school district facilities
37 as determined pursuant to section 15-2021. The board may procure the
38 construction services necessary pursuant to this subsection by any method
39 including construction-manager-at-risk, design-build, design-bid-build or
40 job-order-contracting as provided by title 41, chapter 23. The construction
41 planning and services performed pursuant to this subsection are exempt from
42 the provisions of section 41-791.01.

43 J. The school facilities board may enter into agreements with school
44 districts to allow school facilities board staff and contractors access to
45 school property for the purposes of performing the construction services
46 necessary pursuant to subsection I of this section.

1 K. BY OCTOBER 1, 2002, EACH SCHOOL DISTRICT SHALL DEVELOP ROUTINE
2 PREVENTATIVE MAINTENANCE GUIDELINES FOR ITS FACILITIES. THE GUIDELINES SHALL
3 BE SUBMITTED TO THE SCHOOL FACILITIES BOARD FOR REVIEW AND APPROVAL BY
4 FEBRUARY 1, 2003. IF UPON INSPECTION BY THE SCHOOL FACILITIES BOARD IT IS
5 DETERMINED THAT A SCHOOL DISTRICT FACILITY WAS INADEQUATELY MAINTAINED
6 PURSUANT TO THE SCHOOL DISTRICT'S ROUTINE PREVENTATIVE MAINTENANCE
7 GUIDELINES, THE SCHOOL DISTRICT SHALL USE BUILDING RENEWAL MONIES PURSUANT TO
8 SECTION 15-2031, SUBSECTION J TO RETURN THE BUILDING TO COMPLIANCE WITH THE
9 SCHOOL DISTRICT'S ROUTINE PREVENTATIVE MAINTENANCE GUIDELINES. ONCE THE
10 DISTRICT IS IN COMPLIANCE, IT NO LONGER IS REQUIRED TO USE BUILDING RENEWAL
11 MONIES FOR PREVENTATIVE MAINTENANCE.

12 L. THE SCHOOL FACILITIES BOARD MAY TEMPORARILY TRANSFER MONIES BETWEEN
13 THE CAPITAL RESERVE FUND ESTABLISHED BY SECTION 15-2003, THE DEFICIENCIES
14 CORRECTION FUND ESTABLISHED BY SECTION 15-2021, THE EMERGENCY DEFICIENCIES
15 CORRECTION FUND ESTABLISHED BY SECTION 15-2022, THE BUILDING RENEWAL FUND
16 ESTABLISHED BY SECTION 15-2031 AND THE NEW SCHOOL FACILITIES FUND ESTABLISHED
17 BY SECTION 15-2041 IF ALL OF THE FOLLOWING CONDITIONS ARE MET:

18 1. THE TRANSFER IS NECESSARY TO AVOID A TEMPORARY SHORTFALL IN THE
19 FUND INTO WHICH THE MONIES ARE TRANSFERRED.

20 2. THE TRANSFERRED MONIES ARE RESTORED TO THE FUND WHERE THE MONIES
21 ORIGINATED AS SOON AS PRACTICABLE AFTER THE TEMPORARY SHORTFALL IN THE OTHER
22 FUND HAS BEEN ADDRESSED.

23 3. THE SCHOOL FACILITIES BOARD REPORTS TO THE JOINT COMMITTEE ON
24 CAPITAL REVIEW THE AMOUNT OF AND THE REASON FOR ANY MONIES TRANSFERRED.

25 Sec. 34. Repeal

26 Section 15-2002, Arizona Revised Statutes, as amended by Laws 2001,
27 chapter 297, section 2, is repealed.

28 Sec. 35. Title 15, chapter 16, article 1, Arizona Revised Statutes, is
29 amended by adding sections 15-2004, 15-2005 and 15-2006, to read:

30 15-2004. School facilities board lease-to-own: fund

31 A. IN ORDER TO FULFILL THE REQUIREMENTS OF SECTION 15-2041, THE SCHOOL
32 FACILITIES BOARD MAY ACQUIRE SCHOOL FACILITIES FOR THE USE OF ONE OR MORE
33 SCHOOL DISTRICTS BY ENTERING INTO ONE OR MORE LEASE-TO-OWN TRANSACTIONS IN
34 ACCORDANCE WITH THIS SECTION. FOR PURPOSES OF THIS SECTION, PROVIDING SCHOOL
35 FACILITIES INCLUDES LAND ACQUISITION, RELATED INFRASTRUCTURE, FIXTURES,
36 FURNISHINGS, EQUIPMENT AND COSTS OF THE LEASE-TO-OWN TRANSACTION. THE SCHOOL
37 FACILITIES BOARD MAY PROVIDE MONIES TO PROVIDE SCHOOL FACILITIES IN PART
38 PURSUANT TO SECTION 15-2041 AND IN PART THROUGH A LEASE-TO-OWN TRANSACTION.

39 B. A LEASE-TO-OWN TRANSACTION MAY PROVIDE FOR:

40 1. THE GROUND LEASE OF THE LAND FOR THE FACILITIES TO A PRIVATE ENTITY
41 FOR THE TERM OF THE LEASE-TO-OWN TRANSACTION OR FOR A TERM OF UP TO ONE AND
42 ONE-HALF TIMES THE TERM OF THE LEASE-TO-OWN TRANSACTION, SUBJECT TO EARLIER
43 TERMINATION ON COMPLETION OF PERFORMANCE OF THE LEASE-TO-OWN AGREEMENT. THE
44 GROUND LESSOR MAY EITHER BE THE SCHOOL DISTRICT OR THE SCHOOL FACILITIES
45 BOARD, WHICHEVER HOLDS TITLE TO THE LAND.

1 2. THE LEASE OF THE COMPLETED SCHOOL FACILITIES BY A PRIVATE ENTITY TO
2 THE SCHOOL FACILITIES BOARD FOR AN EXTENDED TERM OF YEARS PURSUANT TO A
3 LEASE-TO-OWN AGREEMENT.

4 3. THE SUBLICENSE OF THE COMPLETED SCHOOL FACILITIES BY THE SCHOOL
5 FACILITIES BOARD TO THE SCHOOL DISTRICT DURING THE TERM OF THE LEASE-TO-OWN
6 AGREEMENT. THE SUBLICENSE SHALL PROVIDE FOR THE USE, MAINTENANCE AND OPERATION
7 OF THE SCHOOL FACILITIES BY THE SCHOOL DISTRICT AND FOR THE TRANSFER OF
8 OWNERSHIP OF THE SCHOOL FACILITIES TO THE SCHOOL DISTRICT ON COMPLETION OF
9 PERFORMANCE OF THE LEASE-TO-OWN AGREEMENT.

10 4. THE OPTION FOR THE SCHOOL FACILITIES BOARD'S PURCHASE OF THE SCHOOL
11 FACILITIES AND TRANSFER OF OWNERSHIP OF THE SCHOOL FACILITIES TO THE SCHOOL
12 DISTRICT BEFORE THE EXPIRATION OF THE LEASE-TO-OWN AGREEMENT.

13 5. THE SERVICES OF TRUSTEES, FINANCIAL ADVISORS, PAYING AGENTS,
14 TRANSFER AGENTS, UNDERWRITERS, LAWYERS AND OTHER PROFESSIONAL SERVICE
15 PROVIDERS, CREDIT ENHANCEMENTS OR LIQUIDITY FACILITIES AND ALL OTHER SERVICES
16 CONSIDERED NECESSARY BY THE SCHOOL FACILITIES BOARD IN CONNECTION WITH THE
17 LEASE-TO-OWN TRANSACTION, AND RELATED AGREEMENTS AND ARRANGEMENTS INCLUDING
18 ARRANGEMENTS FOR THE CREATION AND SALE OF CERTIFICATES OF PARTICIPATION
19 EVIDENCING PROPORTIONATE INTERESTS IN THE LEASE PAYMENTS TO BE MADE BY THE
20 SCHOOL FACILITIES BOARD PURSUANT TO THE LEASE-TO-OWN AGREEMENT.

21 C. THE SUBLICENSE OF THE SCHOOL FACILITIES TO THE SCHOOL DISTRICT IS
22 SUBJECT TO THIS SECTION AND TO THE PROVISIONS OF THE LEASE-TO-OWN AGREEMENT.
23 NEITHER A GROUND LEASE BY THE SCHOOL DISTRICT AS LESSOR NOR A SUBLICENSE OF THE
24 SCHOOL FACILITIES TO THE SCHOOL DISTRICT IS REQUIRED TO BE AUTHORIZED BY A
25 VOTE OF THE SCHOOL DISTRICT ELECTORS. A GROUND LEASE IS NOT SUBJECT TO ANY
26 LIMITATIONS OR REQUIREMENTS APPLICABLE TO LEASES OR LEASE-PURCHASE AGREEMENTS
27 PURSUANT TO SECTION 15-342 OR ANY OTHER SECTION OF THIS TITLE.

28 D. ANY SCHOOL FACILITY THAT IS CONSTRUCTED THROUGH A LEASE-TO-OWN
29 AGREEMENT SHALL MEET THE MINIMUM BUILDING ADEQUACY STANDARDS SET FORTH IN
30 SECTION 15-2011.

31 E. SCHOOL DISTRICTS MAY USE LOCAL MONIES TO EXCEED THE MINIMUM
32 ADEQUACY STANDARDS AND TO BUILD ATHLETIC FIELDS AND ANY OTHER CAPITAL PROJECT
33 FOR LEASED-TO-OWN FACILITIES.

34 F. THE SCHOOL FACILITIES BOARD SHALL INCLUDE ANY SQUARE FOOTAGE OF NEW
35 SCHOOL FACILITIES CONSTRUCTED THROUGH LEASE-TO-OWN AGREEMENTS IN THE
36 COMPUTATIONS PRESCRIBED IN SECTION 15-2011.

37 G. PURSUANT TO SECTION 15-2031, A SCHOOL DISTRICT IS ELIGIBLE TO
38 RECEIVE BUILDING RENEWAL MONIES FOR ANY FACILITY CONSTRUCTED THROUGH A
39 LEASE-TO-OWN AGREEMENT. IF A FACILITY'S BUILDING MAINTENANCE RENEWAL IS
40 INCLUDED IN THE LEASE-TO-OWN AGREEMENT, THEN THE FACILITY SHALL NOT BE
41 INCLUDED IN THE DISTRICT'S BUILDING RENEWAL CALCULATION.

42 H. A LEASE-TO-OWN FUND IS ESTABLISHED CONSISTING OF MONIES
43 APPROPRIATED BY THE LEGISLATURE. THE SCHOOL FACILITIES BOARD SHALL
44 ADMINISTER THE FUND AND DISTRIBUTE MONIES IN THE FUND TO MAKE PAYMENTS
45 PURSUANT TO LEASE-TO-OWN AGREEMENTS ENTERED INTO BY THE SCHOOL FACILITIES
46 BOARD PURSUANT TO THIS SECTION, TO MAKE PAYMENTS TO OR FOR THE BENEFIT OF

1 SCHOOL DISTRICTS PURSUANT TO LOCAL LEASE-TO-OWN AGREEMENTS ENTERED INTO BY
2 SCHOOL DISTRICTS PURSUANT TO SECTION 15-2005 AND TO PAY COSTS CONSIDERED
3 NECESSARY BY THE SCHOOL FACILITIES BOARD IN CONNECTION WITH LEASE-TO-OWN
4 TRANSACTIONS AND LOCAL LEASE-TO-OWN TRANSACTIONS. PAYMENTS BY THE SCHOOL
5 FACILITIES BOARD PURSUANT TO A LEASE-TO-OWN AGREEMENT OR LOCAL LEASE-TO-OWN
6 AGREEMENT SHALL BE MADE ONLY FROM THE LEASE-TO-OWN FUND. ON NOTICE FROM THE
7 SCHOOL FACILITIES BOARD, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES
8 IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT
9 SHALL BE CREDITED TO THE LEASE-TO-OWN FUND.

10 I. A LEASE-TO-OWN AGREEMENT ENTERED INTO BY THE SCHOOL FACILITIES
11 BOARD PURSUANT TO THIS SECTION SHALL PROVIDE THAT:

12 1. AT THE COMPLETION OF THE LEASE-TO-OWN AGREEMENT, OWNERSHIP OF THE
13 SCHOOL FACILITIES AND LAND ASSOCIATED WITH THE LEASE-TO-OWN AGREEMENT SHALL
14 BE TRANSFERRED TO THE SCHOOL DISTRICT AS SPECIFIED IN THE AGREEMENT.

15 2. THE OBLIGATION OF THE SCHOOL FACILITIES BOARD TO MAKE ANY PAYMENT
16 UNDER THE LEASE-TO-OWN AGREEMENT IS A CURRENT EXPENSE, PAYABLE EXCLUSIVELY
17 FROM APPROPRIATED MONIES, AND IS NOT A GENERAL OBLIGATION INDEBTEDNESS OF
18 THIS STATE OR THE SCHOOL FACILITIES BOARD. THE OBLIGATION OF A SCHOOL
19 DISTRICT TO MAKE EXPENDITURES UNDER A SUBLICENSE PURSUANT TO SUBSECTION B,
20 PARAGRAPH 3 OF THIS SECTION IS A CURRENT EXPENSE, PAYABLE EXCLUSIVELY FROM
21 BUDGETED MONIES, AND IS NOT A GENERAL OBLIGATION INDEBTEDNESS OF THE SCHOOL
22 DISTRICT.

23 3. IF THE LEGISLATURE FAILS TO APPROPRIATE MONIES OR THE SCHOOL
24 FACILITIES BOARD FAILS TO ALLOCATE SUCH MONIES FOR ANY PERIODIC PAYMENT OR
25 RENEWAL TERM OF THE LEASE-TO-OWN AGREEMENT, THE LEASE-TO-OWN AGREEMENT
26 TERMINATES AT THE END OF THE CURRENT TERM AND THIS STATE AND THE SCHOOL
27 FACILITIES BOARD ARE RELIEVED OF ANY SUBSEQUENT OBLIGATION UNDER THE
28 AGREEMENT AND THE SCHOOL DISTRICT IS RELIEVED OF ANY SUBSEQUENT OBLIGATION
29 UNDER THE SUBLICENSE.

30 4. THE LEASE-TO-OWN AGREEMENT SHALL BE REVIEWED AND APPROVED BY THE
31 ATTORNEY GENERAL BEFORE THE AGREEMENT MAY TAKE EFFECT.

32 5. BEFORE THE AGREEMENT TAKES EFFECT AND AFTER REVIEW BY THE ATTORNEY
33 GENERAL, THE PROJECT OR PROJECTS RELATED TO THE AGREEMENT SHALL BE SUBMITTED
34 FOR REVIEW BY THE JOINT COMMITTEE ON CAPITAL REVIEW.

35 J. THE SCHOOL FACILITIES BOARD MAY COVENANT TO USE ITS BEST EFFORTS TO
36 BUDGET, OBTAIN, ALLOCATE AND MAINTAIN SUFFICIENT APPROPRIATED MONIES TO MAKE
37 PAYMENTS UNDER A LEASE-TO-OWN AGREEMENT, BUT THE LEASE-TO-OWN AGREEMENT SHALL
38 ACKNOWLEDGE THAT APPROPRIATING STATE MONIES IS A LEGISLATIVE ACT AND IS
39 BEYOND THE CONTROL OF THE SCHOOL FACILITIES BOARD OR OF ANY OTHER PARTY TO
40 THE LEASE-TO-OWN AGREEMENT.

41 K. THE LAND AND THE SCHOOL FACILITIES ON THE LAND ARE EXEMPT FROM
42 TAXATION DURING THE TERM OF THE LEASE-TO-OWN AGREEMENT AND DURING
43 CONSTRUCTION AND SUBSEQUENT OCCUPANCY BY THE SCHOOL DISTRICT PURSUANT TO THE
44 SUBLICENSE.

45 L. THE POWERS PRESCRIBED IN THIS SECTION ARE IN ADDITION TO THE POWERS
46 CONFERRED BY ANY OTHER LAW. WITHOUT REFERENCE TO ANY OTHER PROVISION OF THIS

1 TITLE OR TO ANY OTHER LAW, THIS SECTION IS AUTHORITY FOR THE COMPLETION OF
2 THE PURPOSES PRESCRIBED IN THIS SECTION FOR THE SCHOOL FACILITIES BOARD TO
3 PROVIDE SCHOOL FACILITIES FOR USE BY SCHOOL DISTRICTS THROUGH LEASE-TO-OWN
4 TRANSACTIONS PURSUANT TO THIS SECTION WITHOUT REGARD TO THE PROCEDURE
5 REQUIRED BY ANY OTHER LAW. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
6 PROVISIONS OF THIS TITLE THAT RELATE TO THE MATTERS CONTAINED IN THIS SECTION
7 ARE SUPERSEDED BECAUSE THIS SECTION IS THE EXCLUSIVE LAW ON THESE MATTERS.

8 15-2005. Local lease-to-own by school districts
9 A. IN ORDER TO FULFILL THE REQUIREMENTS OF SECTION 15-2041, WITH THE
10 APPROVAL OF THE SCHOOL FACILITIES BOARD, A SCHOOL DISTRICT MAY ACQUIRE SCHOOL
11 FACILITIES BY ENTERING INTO A LOCAL LEASE-TO-OWN TRANSACTION IN ACCORDANCE
12 WITH THIS SECTION. FOR PURPOSES OF THIS SECTION, PROVIDING SCHOOL FACILITIES
13 INCLUDES LAND ACQUISITION, RELATED INFRASTRUCTURE, FIXTURES, FURNISHINGS,
14 EQUIPMENT AND COSTS OF THE LOCAL LEASE-TO-OWN TRANSACTION. THE SCHOOL
15 FACILITIES BOARD MAY PROVIDE MONIES TO PROVIDE SCHOOL FACILITIES IN PART
16 PURSUANT TO SECTION 15-2041 AND IN PART THROUGH PAYMENTS TO OR FOR THE
17 BENEFIT OF A SCHOOL DISTRICT FOR A LOCAL LEASE-TO-OWN TRANSACTION.

18 B. A LOCAL LEASE-TO-OWN TRANSACTION MAY PROVIDE FOR:
19 1. THE GROUND LEASE OF THE LAND FOR THE FACILITIES TO A PRIVATE ENTITY
20 FOR THE TERM OF THE LOCAL LEASE-TO-OWN TRANSACTION OR FOR A TERM OF UP TO ONE
21 AND ONE-HALF TIMES THE TERM OF THE LOCAL LEASE-TO-OWN TRANSACTION, SUBJECT TO
22 EARLIER TERMINATION ON COMPLETION OF PERFORMANCE OF THE LOCAL LEASE-TO-OWN
23 AGREEMENT. THE GROUND LESSOR MAY EITHER BE THE SCHOOL DISTRICT OR THE SCHOOL
24 FACILITIES BOARD, WHICHEVER HOLDS TITLE TO THE LAND.

25 2. THE LEASE OF THE COMPLETED SCHOOL FACILITIES BY A PRIVATE ENTITY TO
26 THE SCHOOL DISTRICT FOR AN EXTENDED TERM OF YEARS PURSUANT TO A LOCAL LEASE-
27 TO-OWN AGREEMENT. THE LOCAL LEASE-TO-OWN AGREEMENT SHALL PROVIDE FOR THE
28 USE, MAINTENANCE AND OPERATION OF THE SCHOOL FACILITIES BY THE SCHOOL
29 DISTRICT AND FOR THE TRANSFER OF OWNERSHIP OF THE SCHOOL FACILITIES TO THE
30 SCHOOL DISTRICT ON COMPLETION OF PERFORMANCE OF THE LOCAL LEASE-TO-OWN
31 AGREEMENT.

32 3. THE OPTION FOR THE SCHOOL DISTRICT'S PURCHASE OF THE SCHOOL
33 FACILITIES AND TRANSFER OF OWNERSHIP OF THE SCHOOL FACILITIES TO THE SCHOOL
34 DISTRICT BEFORE THE EXPIRATION OF THE LOCAL LEASE-TO-OWN AGREEMENT.

35 4. THE SERVICES OF TRUSTEES, FINANCIAL ADVISORS, PAYING AGENTS,
36 TRANSFER AGENTS, UNDERWRITERS, LAWYERS AND OTHER PROFESSIONAL SERVICE
37 PROVIDERS, CREDIT ENHANCEMENTS OR LIQUIDITY FACILITIES AND ALL OTHER SERVICES
38 CONSIDERED NECESSARY BY THE SCHOOL DISTRICT OR THE SCHOOL FACILITIES BOARD IN
39 CONNECTION WITH THE LOCAL LEASE-TO-OWN TRANSACTION, AND RELATED AGREEMENTS
40 AND ARRANGEMENTS INCLUDING ARRANGEMENTS FOR THE CREATION AND SALE OF
41 CERTIFICATES OF PARTICIPATION EVIDENCING PROPORTIONATE INTERESTS IN THE LEASE
42 PAYMENTS TO BE MADE BY THE SCHOOL DISTRICT PURSUANT TO THE LOCAL LEASE-TO-OWN
43 AGREEMENT.

44 C. NEITHER A GROUND LEASE BY THE SCHOOL DISTRICT AS LESSOR NOR A LOCAL
45 LEASE-TO-OWN AGREEMENT IS REQUIRED TO BE AUTHORIZED BY A VOTE OF THE SCHOOL
46 DISTRICT ELECTORS. A GROUND LEASE IS NOT SUBJECT TO ANY LIMITATIONS OR

1 REQUIREMENTS APPLICABLE TO LEASES OR LEASE-PURCHASE AGREEMENTS PURSUANT TO
2 SECTION 15-342 OR ANY OTHER SECTION OF THIS TITLE.

3 D. THE SCHOOL FACILITIES BOARD MAY MAKE PAYMENTS TO OR FOR THE BENEFIT
4 OF THE SCHOOL DISTRICT FROM THE LEASE-TO-OWN FUND ESTABLISHED BY SECTION
5 15-2004 FOR THE PAYMENT OF AMOUNTS PAYABLE UNDER THE LOCAL LEASE-TO-OWN
6 AGREEMENT.

7 E. ANY SCHOOL FACILITY THAT IS CONSTRUCTED THROUGH A LEASE-TO-OWN
8 AGREEMENT SHALL MEET THE MINIMUM BUILDING ADEQUACY STANDARDS SET FORTH IN
9 SECTION 15-2011.

10 F. SCHOOL DISTRICTS MAY USE LOCAL MONIES TO EXCEED THE MINIMUM
11 ADEQUACY STANDARDS AND TO BUILD ATHLETIC FIELDS AND ANY OTHER CAPITAL PROJECT
12 FOR LEASED-TO-OWN FACILITIES.

13 G. THE SCHOOL FACILITIES BOARD SHALL INCLUDE ANY SQUARE FOOTAGE OF NEW
14 SCHOOL FACILITIES CONSTRUCTED THROUGH LEASE-TO-OWN AGREEMENTS IN THE
15 COMPUTATIONS PRESCRIBED IN SECTION 15-2011.

16 H. PURSUANT TO SECTION 15-2031, A SCHOOL DISTRICT IS ELIGIBLE TO
17 RECEIVE BUILDING RENEWAL MONIES FOR ANY FACILITY CONSTRUCTED THROUGH A
18 LEASE-TO-OWN AGREEMENT. IF A FACILITY'S BUILDING MAINTENANCE RENEWAL IS
19 INCLUDED IN THE LEASE-TO-OWN AGREEMENT, THEN THE FACILITY SHALL NOT BE
20 INCLUDED IN THE DISTRICT'S BUILDING RENEWAL CALCULATION.

21 I. A LOCAL LEASE-TO-OWN AGREEMENT ENTERED INTO BY A SCHOOL DISTRICT
22 PURSUANT TO THIS SECTION SHALL PROVIDE THAT:

23 1. AT THE COMPLETION OF THE LEASE-TO-OWN AGREEMENT, OWNERSHIP OF THE
24 SCHOOL FACILITIES AND LAND ASSOCIATED WITH THE LEASE-TO-OWN AGREEMENT SHALL
25 BE TRANSFERRED TO THE SCHOOL DISTRICT AS SPECIFIED IN THE AGREEMENT.

26 2. THE OBLIGATION OF THE SCHOOL DISTRICT TO MAKE ANY PAYMENT OR
27 EXPENDITURE UNDER THE LOCAL LEASE-TO-OWN AGREEMENT IS A CURRENT EXPENSE,
28 PAYABLE EXCLUSIVELY FROM PROPERLY BUDGETED MONIES, AND IS NOT A GENERAL
29 OBLIGATION INDEBTEDNESS OF THIS STATE, THE SCHOOL FACILITIES BOARD OR THE
30 SCHOOL DISTRICT, AND THAT ANY PAYMENT BY THE SCHOOL FACILITIES BOARD TO OR
31 FOR THE BENEFIT OF THE SCHOOL DISTRICT FROM THE LEASE-TO-OWN FUND ESTABLISHED
32 BY SECTION 15-2004 FOR PAYMENTS OF AMOUNTS PAYABLE UNDER THE LOCAL
33 LEASE-TO-OWN AGREEMENT IS A CURRENT EXPENSE, PAYABLE EXCLUSIVELY FROM
34 APPROPRIATED MONIES, AND IS NOT A GENERAL OBLIGATION INDEBTEDNESS OF THIS
35 STATE OR THE SCHOOL FACILITIES BOARD.

36 3. IF THE SCHOOL DISTRICT FAILS TO PROPERLY BUDGET FOR PAYMENTS UNDER
37 THE LOCAL LEASE-TO-OWN AGREEMENT OR IF THE LEGISLATURE FAILS TO APPROPRIATE
38 MONIES OR THE SCHOOL FACILITIES BOARD FAILS TO ALLOCATE MONIES FOR PERIODIC
39 PAYMENT TO OR FOR THE BENEFIT OF THE SCHOOL DISTRICT FOR PAYMENTS UNDER THE
40 LOCAL LEASE-TO-OWN AGREEMENT, THE LOCAL LEASE-TO-OWN AGREEMENT TERMINATES AT
41 THE END OF THE CURRENT TERM AND THE SCHOOL DISTRICT, THE SCHOOL FACILITIES
42 BOARD AND THIS STATE ARE RELIEVED OF ANY SUBSEQUENT OBLIGATION UNDER THE
43 LOCAL LEASE-TO-OWN AGREEMENT.

44 4. THE LOCAL LEASE-TO-OWN AGREEMENT SHALL BE REVIEWED AND APPROVED BY
45 THE ATTORNEY GENERAL BEFORE THE AGREEMENT MAY TAKE EFFECT.

1 5. BEFORE THE AGREEMENT TAKES EFFECT AND AFTER REVIEW BY THE ATTORNEY
2 GENERAL, THE PROJECT OR PROJECTS RELATED TO THE AGREEMENT SHALL BE SUBMITTED
3 FOR REVIEW BY THE JOINT COMMITTEE ON CAPITAL REVIEW.

4 J. THE SCHOOL DISTRICT MAY COVENANT TO USE ITS BEST EFFORTS TO BUDGET,
5 OBTAIN, ALLOCATE AND MAINTAIN SUFFICIENT MONIES TO MAKE PAYMENTS UNDER A
6 LOCAL LEASE-TO-OWN AGREEMENT, BUT THE LOCAL LEASE-TO-OWN AGREEMENT SHALL
7 ACKNOWLEDGE THAT BUDGETING SCHOOL DISTRICT MONIES IS A GOVERNMENTAL ACT OF
8 THE SCHOOL DISTRICT GOVERNING BOARD THAT MAY NOT BE CONTRACTED AWAY. THE
9 SCHOOL FACILITIES BOARD IS NOT REQUIRED TO COVENANT TO BUDGET, OBTAIN,
10 ALLOCATE OR MAINTAIN SUFFICIENT MONIES IN THE LEASE-TO-OWN FUND TO MAKE
11 PAYMENTS TO OR FOR THE BENEFIT OF A SCHOOL DISTRICT FOR PAYMENTS UNDER A
12 LOCAL LEASE-TO-OWN AGREEMENT.

13 K. THE LAND AND THE SCHOOL FACILITIES ON THE LAND ARE EXEMPT FROM
14 TAXATION DURING THE TERM OF THE LOCAL LEASE-TO-OWN AGREEMENT AND DURING
15 CONSTRUCTION AND SUBSEQUENT OCCUPANCY BY THE SCHOOL DISTRICT PURSUANT TO THE
16 LOCAL LEASE-TO-OWN AGREEMENT.

17 L. THE POWERS PRESCRIBED IN THIS SECTION ARE IN ADDITION TO THE POWERS
18 CONFERRED BY ANY OTHER LAW. WITHOUT REFERENCE TO ANY OTHER PROVISION OF THIS
19 TITLE OR TO ANY OTHER LAW, THIS SECTION IS AUTHORITY FOR THE COMPLETION OF
20 THE PURPOSES PRESCRIBED IN THIS SECTION FOR SCHOOL DISTRICTS TO PROVIDE
21 SCHOOL FACILITIES THROUGH LOCAL LEASE-TO-OWN TRANSACTIONS PURSUANT TO THIS
22 SECTION WITHOUT REGARD TO THE PROCEDURE REQUIRED BY ANY OTHER LAW. EXCEPT AS
23 OTHERWISE PROVIDED IN THIS SECTION, THE PROVISIONS OF THIS TITLE THAT RELATE
24 TO THE MATTERS CONTAINED IN THIS SECTION ARE SUPERSEDED BECAUSE THIS SECTION
25 IS THE EXCLUSIVE LAW ON THESE MATTERS.

26 15-2006. Lease-to-own amount

27 IN ORDER TO FULFILL THE REQUIREMENTS OF SECTION 15-2041, THE SCHOOL
28 FACILITIES BOARD MAY ENTER INTO LEASE-TO-OWN TRANSACTIONS FOR UP TO A MAXIMUM
29 OF TWO HUNDRED MILLION DOLLARS IN ANY FISCAL YEAR.

30 Sec. 36. Section 15-2011, Arizona Revised Statutes, is amended to
31 read:

32 15-2011. Minimum school facility adequacy requirements;
33 definition

34 A. The school facilities board shall, as determined and prescribed in
35 this chapter, provide funding to school districts for new construction as the
36 projected number of pupils in the district will fill the existing school
37 facilities and require more pupil space.

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

40 1. The buildings contain sufficient and appropriate space and
41 equipment that comply with the minimum school facility **ADEQUACY** guidelines
42 established pursuant to subsection F of this section. The state shall not
43 fund facilities for elective courses that require the school district
44 facilities to exceed minimum school facility adequacy requirements. The
45 school facilities board shall determine whether a school building meets the
46 requirements of this paragraph by analyzing the total square footage that is

1 available for each pupil in conjunction with the need for specialized spaces
2 and equipment.

3 2. The buildings are in compliance with federal, state and local
4 building and fire codes and laws that are applicable to the particular
5 building. An existing school building is not required to comply with current
6 requirements for new buildings unless this compliance is specifically
7 mandated by law or by the building or fire code of the jurisdiction where the
8 building is located.

9 3. The building systems, including roofs, plumbing, telephone systems,
10 electrical systems, heating systems and cooling systems, are in working order
11 and are capable of being properly maintained.

12 4. The buildings are structurally sound.

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

16 1. For a school district that provides instruction to pupils in
17 programs for preschool children with disabilities, kindergarten programs and
18 grades one through six, eighty square feet per pupil in programs for
19 preschool children with disabilities, kindergarten programs and grades one
20 through six.

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

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

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

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

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

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

43 D. The school facilities board may modify the square footage
44 requirements prescribed in subsection C of this section or modify the amount
45 of monies awarded to cure the square footage deficiency pursuant to this

1 section for particular school districts based on extraordinary circumstances
2 for any of the following considerations:

- 3 1. The number of pupils served by the school district.
- 4 2. Geographic factors.

5 3. Grade configurations other than those prescribed in subsection C of
6 this section.

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

- 9 1. Use the most recent one hundredth day average daily membership.
- 10 2. For each school, use the lesser of either:
 - 11 (a) Total gross square footage.
 - 12 (b) Student capacity multiplied by the appropriate square footage per
13 pupil prescribed by subsection C of this section.

14 3. Consider the total space available in all schools in use in the
15 school district, except that the school facilities board shall allow an
16 exclusion of the square footage for certain schools and the pupils within the
17 schools' boundaries if the school district demonstrates to the board's
18 satisfaction unusual or excessive busing of pupils or unusual attendance
19 boundary changes between schools.

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

- 24 5. Include all portable and modular buildings.

25 6. Include in the gross square footage new construction funded wholly
26 or partially by the school facilities board based on the square footage
27 funded by the school facilities board. If the new construction is to exceed
28 the square footage funded by the school facilities board, then the excess
29 square footage shall not be included in the gross square footage **IF ANY OF
30 THE FOLLOWING APPLY:**

31 (a) **THE EXCESS SQUARE FOOTAGE WAS CONSTRUCTED BEFORE JULY 1, 2002 OR
32 FUNDED BY A CLASS B BOND, IMPACT AID REVENUE BOND OR CAPITAL OUTLAY OVERRIDE
33 APPROVED BY THE VOTERS AFTER AUGUST 1, 1998 AND BEFORE JUNE 30, 2002 OR
34 FUNDED FROM UNRESTRICTED CAPITAL OUTLAY EXPENDED BEFORE JUNE 30, 2002.**

35 (b) **THE EXCESS SQUARE FOOTAGE OF NEW SCHOOL FACILITIES DOES NOT EXCEED
36 TWENTY-FIVE PER CENT OF THE MINIMUM SQUARE FOOTAGE REQUIREMENTS PURSUANT TO
37 SUBSECTION C OF THIS SECTION.**

38 (c) **THE EXCESS SQUARE FOOTAGE OF EXPANSIONS TO SCHOOL FACILITIES DOES
39 NOT EXCEED TWENTY-FIVE PER CENT OF THE MINIMUM SQUARE FOOTAGE REQUIREMENTS
40 PURSUANT TO SUBSECTION C OF THIS SECTION.**

41 7. REQUIRE THAT EXCESS SQUARE FOOTAGE THAT IS CONSTRUCTED AFTER JULY
42 1, 2002 AND THAT IS NOT EXCLUDED PURSUANT TO PARAGRAPH 6 OF THIS SUBSECTION
43 MEETS THE MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES IN ORDER TO BE ELIGIBLE
44 FOR BUILDING RENEWAL MONIES AS COMPUTED IN SECTION 15-2031.

45 F. The school facilities board shall adopt rules establishing minimum
46 school facility adequacy guidelines ~~no later than April 30, 1999~~. The

1 executive director of the school facilities board shall report monthly to the
2 joint committee on capital review on the progress of the development of the
3 proposed rules establishing the guidelines. The joint committee on capital
4 review shall review the proposed guidelines before the school facilities
5 board adopts the rules to establish the minimum school facility adequacy
6 guidelines. The guidelines shall provide the minimum quality and quantity of
7 school buildings and facilities and equipment necessary and appropriate to
8 enable pupils to achieve the academic standards pursuant to section 15-203,
9 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a
10 minimum, the school facilities board shall address all of the following in
11 developing these guidelines:

- 12 1. School sites.
- 13 2. Classrooms.
- 14 3. Libraries and media centers, or both.
- 15 4. Cafeterias.
- 16 5. Auditoriums, multipurpose rooms or other multiuse space.
- 17 6. Technology.
- 18 7. Transportation.
- 19 8. Facilities for science, arts and physical education.
- 20 9. Other facilities and equipment that are necessary and appropriate
21 to achieve the academic standards prescribed pursuant to section 15-203,
22 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

23 10. Appropriate combinations of facilities or uses listed in this
24 section.

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

29 H. The school facilities board may consider appropriate combinations
30 of facilities or uses in making assessments of and curing existing
31 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in
32 certifying plans for new school facilities pursuant to section 15-2002,
33 subsection A, paragraph 5.

34 I. For **THE** purposes of this section, "student capacity" means the
35 capacity adjusted to include any additions to or deletions of space,
36 including modular or portable buildings at the school. The school facilities
37 board shall determine the student capacity for each school in conjunction
38 with each school district, recognizing each school's allocation of space as
39 of July 1, 1998, to achieve the academic standards prescribed pursuant to
40 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
41 15-701.01.

42 Sec. 37. Section 15-2021, Arizona Revised Statutes, is amended to
43 read:

44 **15-2021. Deficiencies correction fund; definition**

45 A. A deficiencies correction fund is established consisting of monies
46 appropriated by the legislature and monies credited to the fund pursuant to

1 section 42-5030.01. The school facilities board shall administer the fund
2 and distribute monies to school districts and pay contractors for the purpose
3 of correcting existing deficiencies. Monies in the fund are continuously
4 appropriated and are exempt from the provisions of section 35-190 relating to
5 lapsing of appropriations.

6 B. School districts are eligible for monies from the deficiencies
7 correction fund for either of the following purposes:

8 1. To correct any square footage deficiency pursuant to section
9 15-2011. School districts shall submit a summary notice on a form prescribed
10 by the school facilities board that the school district believes it has a
11 square footage deficiency pursuant to section 15-2011, subsection C to the
12 school facilities board by December 1, 1998. If the school district exceeds
13 the standard by ten per cent or more, the school district may be required to
14 pay for the cost of an on-site space assessment by the school facilities
15 board. By June 30, 1999, the school facilities board shall assess all
16 alleged square footage deficiencies from the school district notices.

17 2. To correct quality deficiencies based on the district's inability
18 to comply with the minimum school facility adequacy requirements established
19 in and pursuant to section 15-2011. This state shall not correct quality
20 deficiencies pursuant to this paragraph for elective courses that require the
21 school district facilities to exceed building adequacy standards. School
22 districts shall submit a summary notice on a form prescribed by the school
23 facilities board that the school district has a quality deficiency need to
24 the school facilities board by August 1, 1999.

25 C. The school facilities board shall calculate the amount of
26 distribution for square footage deficiencies based on the square footage
27 prescribed in section 15-2011, subsection C and the cost per square foot
28 based on the amounts prescribed in section 15-2041, subsection D, paragraph
29 3, subdivision (c), adjusted as needed to bring the school district into
30 compliance with the minimum school facility adequacy requirements established
31 in and pursuant to section 15-2011.

32 D. The school facilities board may distribute monies for new
33 construction to a school district if the board determines after its
34 assessment that the new construction is more cost-effective than correcting
35 the deficiencies in the existing school building or buildings.

36 E. The school facilities board shall distribute monies from the
37 deficiencies correction fund to school districts and pay contractors for the
38 purpose of correcting existing deficiencies in an amount approved by the
39 board. The school facilities board shall review and award monies to correct
40 deficiencies pursuant to this section by June 30, 2001 and shall ensure that
41 school districts correct deficiencies pursuant to this section by June 30,
42 2003. THE SCHOOL FACILITIES BOARD SHALL NOT DISTRIBUTE MONIES TO SCHOOL
43 DISTRICTS FROM THE DEFICIENCIES CORRECTION FUND FOR PROJECTS THAT ARE
44 COMMENCED AFTER JUNE 30, 2003 OR WERE APPROVED BY THE SCHOOL FACILITIES BOARD
45 AFTER MAY 10, 2002.

1 F. School districts that receive monies from the deficiencies
2 correction fund shall establish a school district deficiencies correction
3 fund and shall use the monies in the school district deficiencies correction
4 fund only for the purposes prescribed in this section. Ending cash balances
5 in a school district's deficiencies correction fund may be used in following
6 fiscal years only for the purposes prescribed in this section. Each school
7 district that receives monies from the deficiencies correction fund shall
8 annually report the expenditures in the previous fiscal year to the school
9 facilities board by October 15 and provide an accounting of the monies
10 remaining in the deficiencies correction fund at the end of the previous
11 fiscal year. The school facilities board shall submit a report to the
12 legislature and the Arizona state library, archives and public records by
13 December 15, 1999 that includes a detailed cost estimate of the monies that
14 will be needed to correct the existing deficiencies of all schools in this
15 state by June 30, 2003. This state shall annually provide sufficient monies
16 to the deficiencies correction fund established in this section in order to
17 correct existing deficiencies of all schools in this state by June 30, 2003.

18 G. A deficiency correction project awarded pursuant to this section
19 may be combined with the deficiency correction projects of one or more
20 additional school districts for purposes of procuring construction services
21 and materials that are necessary to correct deficiencies if the school
22 facilities board determines that combining the projects maximizes the
23 purchasing value of the public monies of this state.

24 Sec. 38. Section 15-2031, Arizona Revised Statutes, is amended to
25 read:

26 15-2031. *Building renewal fund: definition*

27 A. A building renewal fund is established consisting of monies
28 appropriated by the legislature and monies credited to the fund pursuant to
29 section 42-5030.01. The school facilities board shall administer the fund
30 and distribute monies to school districts for the purpose of maintaining the
31 adequacy of existing school facilities. Monies in the fund are continuously
32 appropriated and are exempt from the provisions of section 35-190 relating to
33 lapsing of appropriations.

34 B. The school facilities board shall inventory and inspect all school
35 buildings in this state in order to develop a ~~data-base~~ DATABASE to
36 administer the building renewal formula. The ~~data-base~~ DATABASE shall
37 include the student capacity of the building as determined by the school
38 facilities board. The board shall distribute monies from the building
39 renewal fund to school districts in an amount computed pursuant to subsection
40 G of this section. A school district that receives monies from the building
41 renewal fund shall use the monies primarily for any buildings in the ~~data~~
42 ~~base~~ DATABASE developed or created under subsection D of this section and
43 secondly for any other buildings owned by the school district for any of the
44 following:

45 1. Major renovations and repairs of a building.

1 2. Upgrading systems and areas that will maintain or extend the useful
2 life of the building.

3 3. Infrastructure costs.

4 4. Relocation and placement of portable and modular buildings.

5 C. Monies received from the building renewal fund shall not be used
6 for any of the following purposes:

7 1. New construction.

8 2. Remodeling interior space for aesthetic or preferential reasons.

9 3. Exterior beautification.

10 4. Demolition.

11 5. The purchase of soft capital items pursuant to section 15-962,
12 subsection D.

13 6. Routine maintenance EXCEPT AS PROVIDED IN SECTION 15-2002,
14 SUBSECTION K AND SUBSECTION J OF THIS SECTION.

15 D. The school facilities board shall maintain the building renewal
16 ~~data base~~ DATABASE and use the ~~data base~~ DATABASE for the computation of the
17 building renewal formula distributions. The board shall ensure that the ~~data~~
18 ~~base~~ DATABASE is updated on at least an annual basis to reflect changes in
19 the ages and value of school buildings. The facilities listed in the ~~data~~
20 ~~base~~ DATABASE shall include only those buildings that are owned by school
21 districts that are required to meet academic standards. Each school district
22 shall report to the school facilities board no later than September 1 of each
23 year the number and type of school buildings owned by the district, the
24 square footage of each building, the age of each building, the nature of any
25 renovations completed and the cost of any renovations completed. The school
26 facilities board may review or audit, or both, to confirm the information
27 submitted by a school district. The board shall adjust the age of each
28 school facility in the ~~data base~~ DATABASE whenever a building is
29 significantly upgraded or remodeled. The age of a building that has been
30 significantly upgraded or remodeled shall be recomputed as follows:

31 1. Divide the cost of the renovation by the building capacity value of
32 the building determined in subsection G, paragraph 3 of this section.

33 2. Multiply the quotient determined in paragraph 1 of this subsection
34 by the currently listed age of the building in the ~~data base~~ DATABASE.

35 3. Subtract the product determined in paragraph 2 of this subsection
36 from the currently listed age of the building in the ~~data base~~ DATABASE,
37 rounded to the nearest whole number. If the result is negative, use zero.

38 E. The school facilities board shall submit an annual report to the
39 president of the senate, the speaker of the house of representatives, the
40 Arizona state library, archives and public records and the governor by
41 October 1 that includes the computation of the amount of monies to be
42 distributed from the building renewal fund for the current fiscal year. The
43 joint committee on capital review shall review the school facilities board's
44 calculation of the building renewal fund distributions. After the joint
45 committee on capital review reviews the distributions computed by the school
46 facilities board, the school facilities board shall distribute the monies

1 from the building renewal fund to school districts in two equal installments
2 in November and May of each year.

3 F. School districts that receive monies from the building renewal fund
4 shall establish a district building renewal fund and shall use the monies in
5 the district building renewal fund only for the purposes prescribed in
6 subsection B of this section. Ending cash balances in a school district's
7 building renewal fund may be used in following fiscal years for building
8 renewal pursuant to subsection B of this section. By October 15 of each
9 year, each school district shall report to the school facilities board the
10 projects funded at each school in the previous fiscal year with monies from
11 the district building renewal fund, ~~and shall provide~~ an accounting of the
12 monies remaining in the district building renewal fund at the end of the
13 previous fiscal year **AND A COMPREHENSIVE FIVE-YEAR PLAN THAT DETAILS THE**
14 **PROPOSED USE OF BUILDING RENEWAL MONIES.**

15 G. Notwithstanding any other provision of this chapter, if a school
16 district converts space that is listed in the ~~data-base~~ **DATABASE** maintained
17 pursuant to this section to space that will be used for administrative
18 purposes, the school district is responsible for any costs associated with
19 the conversion, maintenance and replacement of that space. The building
20 renewal amount for each school building shall be computed as follows:

21 1. Divide the age of the building as computed pursuant to subsection D
22 of this section by one thousand two hundred seventy-five or, in the case of
23 modular or portable buildings, by two hundred ten.

24 2. Multiply the quotient determined in paragraph 1 of this subsection
25 by 0.67.

26 3. Determine the building capacity value as follows:

27 (a) Multiply the student capacity of the building by the per student
28 square foot capacity established by section 15-2041.

29 (b) Multiply the product determined in subdivision (a) of this
30 paragraph by the cost per square foot established by section 15-2041.

31 4. Multiply the product determined in paragraph 2 of this subsection
32 by the product determined in paragraph 3, subdivision (b) of this subsection.

33 H. If the school facilities board determines that a school district
34 has spent monies from the building renewal fund for purposes other than those
35 prescribed in subsection B of this section, the school facilities board shall
36 notify the superintendent of public instruction. Notwithstanding any other
37 law, the superintendent of public instruction shall withhold a corresponding
38 amount from the monies that would otherwise be due the school district under
39 the capital outlay revenue limit until these monies are repaid.

1 I. BEGINNING ON JULY 1, 2002, A SCHOOL DISTRICT IS NOT ENTITLED TO
2 RECEIVE MONIES FROM THE BUILDING RENEWAL FUND FOR ANY BUILDINGS THAT ARE TO
3 BE REPLACED WITH NEW BUILDINGS THAT ARE FUNDED WITH DEFICIENCIES CORRECTIONS
4 MONIES PURSUANT TO SECTION 15-2021. THE REPLACEMENT BUILDINGS ARE NOT
5 ELIGIBLE TO RECEIVE BUILDING RENEWAL FUNDING UNTIL THE FISCAL YEAR FOLLOWING
6 THE COMPLETION OF THE BUILDING.

7 J. NOTWITHSTANDING SUBSECTIONS B AND C OF THIS SECTION, A SCHOOL
8 DISTRICT MAY USE EIGHT PER CENT OF THE BUILDING RENEWAL AMOUNT COMPUTED
9 PURSUANT TO SUBSECTION G OF THIS SECTION FOR ROUTINE PREVENTATIVE
10 MAINTENANCE. THE BOARD, AFTER CONSULTATION WITH MAINTENANCE SPECIALISTS IN
11 SCHOOL DISTRICTS, SHALL PROVIDE EXAMPLES OF RECOMMENDED SERVICES THAT ARE
12 ROUTINE PREVENTATIVE MAINTENANCE.

13 K. A SCHOOL DISTRICT THAT USES BUILDING RENEWAL MONIES FOR ROUTINE
14 PREVENTATIVE MAINTENANCE SHALL USE THE BUILDING RENEWAL MONIES TO SUPPLEMENT
15 AND NOT SUPPLANT EXPENDITURES FROM OTHER FUNDS FOR THE MAINTENANCE OF SCHOOL
16 BUILDINGS. THE AUDITOR GENERAL SHALL PRESCRIBE A METHOD FOR DETERMINING
17 COMPLIANCE WITH THE REQUIREMENTS OF THIS SUBSECTION. A SCHOOL DISTRICT, IN
18 CONNECTION WITH ANY AUDIT CONDUCTED BY A CERTIFIED PUBLIC ACCOUNTANT, SHALL
19 ALSO CONTRACT FOR AN INDEPENDENT AUDIT TO DETERMINE WHETHER THE SCHOOL DISTRICT'S
20 USED BUILDING RENEWAL MONIES TO REDUCE THE SCHOOL DISTRICT'S
21 EXISTING LEVEL OF ROUTINE PREVENTATIVE MAINTENANCE FUNDING. THE AUDITOR
22 GENERAL MAY CONDUCT DISCRETIONARY REVIEWS OF A SCHOOL DISTRICT THAT IS NOT
23 REQUIRED TO CONTRACT FOR AN INDEPENDENT AUDIT.

24 L. For THE purposes of this section,:

25 1. "ROUTINE PREVENTATIVE MAINTENANCE" MEANS SERVICES THAT ARE
26 PERFORMED ON A REGULAR SCHEDULE AT INTERVALS RANGING FROM FOUR TIMES A YEAR
27 TO ONCE EVERY THREE YEARS AND THAT ARE INTENDED TO EXTEND THE USEFUL LIFE OF
28 A BUILDING SYSTEM AND REDUCE THE NEED FOR MAJOR REPAIRS.

29 2. "Student capacity" has the same meaning prescribed in section
30 15-2011.

31 Sec. 39. Section 15-2041, Arizona Revised Statutes, is amended to
32 read:

33 15-2041. New school facilities fund; capital plan; definition

34 A. A new school facilities fund is established consisting of monies
35 appropriated by the legislature and monies credited to the fund pursuant to
36 section 37-221 or 42-5030.01. The school facilities board shall administer
37 the fund and distribute monies, as a continuing appropriation, to school
38 districts for the purpose of constructing new school facilities on June 30 of
39 each fiscal year, any unobligated contract monies in the new school
40 facilities fund shall be transferred to the capital reserve fund established
41 by section 15-2003.

42 B. The school facilities board shall prescribe a uniform format for
43 use by the school district governing board in developing and annually
44 updating a capital plan that consists of each of the following:

1 1. Enrollment projections for the next five years for elementary
2 schools and eight years for middle and high schools, including a description
3 of the methods used to make the projections.

4 2. A description of new schools or additions to existing schools
5 needed to meet the building adequacy standards prescribed in section 15-2011.
6 The description shall include:

7 (a) The grade levels and the total number of pupils that the school or
8 addition is intended to serve.

9 (b) The year in which it is necessary for the school or addition to
10 begin operations.

11 (c) A timeline that shows the planning and construction process for
12 the school or addition.

13 3. Long-term projections of the need for land for new schools.

14 4. Any other necessary information required by the school facilities
15 board to evaluate a school district's capital plan.

16 C. If the capital plan indicates a need for a new school or an
17 addition to an existing school within the next four years or a need for land
18 within the next ten years, the school district shall submit its plan to the
19 school facilities board **BY SEPTEMBER 1** and shall request monies from the new
20 school facilities fund for the new construction or land. Monies provided for
21 land shall be in addition to any monies provided pursuant to subsection D of
22 this section.

23 D. The school facilities board shall distribute monies from the new
24 school facilities fund as follows:

25 1. The school facilities board shall review and evaluate the
26 enrollment projections and either approve the projections as submitted or
27 revise the projections. In determining new construction requirements, the
28 school facilities board shall determine the net new growth of pupils that
29 will require additional square footage that exceeds the building adequacy
30 standards prescribed in section 15-2011.

31 2. If the approved projections indicate that additional space will not
32 be needed within the next two years for elementary schools or three years for
33 middle or high schools in order to meet the building adequacy standards
34 prescribed in section 15-2011, the request shall be held for consideration by
35 the school facilities board for possible future funding and the school
36 district shall annually submit an updated plan until the additional space is
37 needed.

38 3. If the approved projections indicate that additional space will be
39 needed within the next two years for elementary schools or three years for
40 middle or high schools in order to meet the building adequacy standards
41 prescribed in section 15-2011, the school facilities board shall provide an
42 amount as follows:

43 (a) Determine the number of pupils requiring additional square footage
44 to meet building adequacy standards. This amount for elementary schools
45 shall not be less than the number of new pupils for whom space will be needed
46 in the next year and shall not exceed the number of new pupils for whom space

1 will be needed in the next five years. This amount for middle and high
2 schools shall not be less than the number of new pupils for whom space will
3 be needed in the next four years and shall not exceed the number of new
4 pupils for whom space will be needed in the next eight years.

5 (b) Multiply the number of pupils determined in subdivision (a) of
6 this paragraph by the square footage per pupil. The square footage per pupil
7 is ninety square feet per pupil for preschool children with disabilities,
8 kindergarten programs and grades one through six, one hundred square feet for
9 grades seven and eight, one hundred thirty-four square feet for a school
10 district that provides instruction in grades nine through twelve for fewer
11 than one thousand eight hundred pupils and one hundred twenty-five square
12 feet for a school district that provides instruction in grades nine through
13 twelve for at least one thousand eight hundred pupils. The total number of
14 pupils in grades nine through twelve in the district shall determine the
15 square footage factor to use for net new pupils. The school facilities board
16 may modify the square footage requirements prescribed in this subdivision for
17 particular schools based on any of the following factors:

18 (i) The number of pupils served or projected to be served by the
19 school district.

20 (ii) Geographic factors.

21 (iii) Grade configurations other than those prescribed in this
22 subdivision.

23 (iv) Compliance with minimum school facility adequacy requirements
24 established pursuant to section 15-2011.

25 (c) Multiply the product obtained in subdivision (b) of this paragraph
26 by the cost per square foot. The cost per square foot is ninety dollars for
27 preschool children with disabilities, kindergarten programs and grades one
28 through six, ninety-five dollars for grades seven and eight and one hundred
29 ten dollars for grades nine through twelve. The cost per square foot shall
30 be adjusted annually for construction market considerations based on an index
31 identified or developed by the joint legislative budget committee as
32 necessary but not less than once each year. The school facilities board
33 shall multiply the cost per square foot by 1.05 for any school district
34 located in a rural area. The school facilities board may modify the base
35 cost per square foot prescribed in this subdivision for particular schools
36 based on geographic conditions or site conditions. For purposes of this
37 subdivision, "rural area" means an area outside a thirty-five mile radius of
38 a boundary of a municipality with a population of more than fifty thousand
39 persons according to the most recent United States decennial census.

40 (d) Once the school district governing board obtains approval from the
41 school facilities board for new facility construction funds, additional
42 portable or modular square footage created for the express purpose of
43 providing temporary space for pupils until the completion of the new facility
44 shall not be included by the school facilities board for the purpose of new
45 construction funding calculations. On completion of the new facility
46 construction project, if the portable or modular facilities continue in use,

1 then the portable or modular facilities shall be included as prescribed by
2 this chapter, unless the school facilities board approves their continued use
3 for the purpose of providing temporary space for pupils until the completion
4 of the next new facility that has been approved for funding from the new
5 school facilities fund.

6 E. Monies for architectural and engineering fees shall be distributed
7 on the completion of the analysis by the school facilities board of the
8 school district's request. After receiving monies pursuant to this
9 subsection, the school district shall submit a design development plan for
10 the school or addition to the school facilities board before any monies for
11 construction are distributed. If the school district's request meets the
12 building adequacy standards, the school facilities board may review and
13 comment on the district's plan with respect to the efficiency and
14 effectiveness of the plan in meeting state square footage and facility
15 standards before distributing the remainder of the monies. The school
16 facilities board may decline to fund the project if the square footage is no
17 longer required due to revised enrollment projections.

18 F. The school facilities board shall distribute the monies needed for
19 land for new schools so that land may be purchased at a price that is less
20 than or equal to fair market value and in advance of the construction of the
21 new school. If necessary, the school facilities board may distribute monies
22 for land to be leased for new schools if the duration of the lease exceeds
23 the life expectancy of the school facility by at least fifty per cent. The
24 proceeds derived through the sale of any land purchased or partially
25 purchased with monies provided by the school facilities board shall be
26 returned to the state fund from which it was appropriated and to any other
27 participating entity on a proportional basis. If a school district acquires
28 real property by donation at an appropriate school site approved by the
29 school facilities board, the school facilities board shall distribute an
30 amount equal to twenty per cent of the fair market value of the donated real
31 property that can be used for academic purposes. The school district shall
32 place the monies in the unrestricted capital outlay fund and increase the
33 unrestricted capital outlay limit by the amount of monies placed in the
34 fund. Monies distributed under this subsection shall be distributed from the
35 new school facilities fund.

36 G. In addition to distributions to school districts based on pupil
37 growth projections, a school district may submit an application to the school
38 facilities board for monies from the new school facilities fund if one or
39 more school buildings have outlived their useful life. If the school
40 facilities board determines that the school district needs to build a new
41 school building for these reasons, the school facilities board shall remove
42 the square footage computations that represent the building from the
43 computation of the school district's total square footage for purposes of
44 this section. If the square footage recomputation reflects that the school
45 district no longer meets building adequacy standards, the school district
46 qualifies for a distribution of monies from the new school construction

1 formula in an amount determined pursuant to subsection D of this
2 section. Buildings removed from a school district's total square footage
3 pursuant to this subsection shall not be included in the computation of
4 monies from the building renewal fund established by section 15-2031. The
5 school facilities board may modify the base cost per square foot prescribed
6 in this subsection under extraordinary circumstances for geographic factors
7 or site conditions.

8 H. School districts that receive monies from the new school facilities
9 fund shall establish a district new school facilities fund and shall use the
10 monies in the district new school facilities fund only for the purposes
11 prescribed in this section. By October 15 of each year, each school district
12 shall report to the school facilities board the projects funded at each
13 school in the previous fiscal year with monies from the district new school
14 facilities fund and shall provide an accounting of the monies remaining in
15 the new school facilities fund at the end of the previous fiscal year.

16 I. If a school district has surplus monies received from the new
17 ~~schools~~ SCHOOL facilities fund, the school district ~~may use~~ SHALL RETURN the
18 surplus monies ~~for any other capital purpose~~ TO THE SCHOOL FACILITIES BOARD
19 FOR DEPOSIT IN THE NEW SCHOOL FACILITIES FUND. THE SCHOOL DISTRICT MAY
20 RETAIN SURPLUS MONIES FOR ANY OTHER CAPITAL PURPOSE IF THE SCHOOL FACILITIES
21 BOARD DETERMINES THAT THE PROJECT WAS COMPLETED WITH QUALITY PRODUCTS AS
22 DETERMINED BY THE SCHOOL FACILITIES BOARD.

23 J. The board's consideration of any application filed after July 1,
24 2001 for monies to fund the construction of new school facilities proposed to
25 be located in territory in the vicinity of a military airport as defined in
26 section 28-8461 shall include, if after notice is transmitted to the military
27 airport pursuant to section 15-2002 and before the public hearing the
28 military airport provides comments and analysis concerning compatibility of
29 the proposed school facilities with the high noise or accident potential
30 generated by military airport operations that may have an adverse effect on
31 public health and safety, consideration and analysis of the comments and
32 analysis provided by the military airport before making a final
33 determination.

34 K. IF A SCHOOL DISTRICT USES ITS OWN PROJECT MANAGER FOR NEW SCHOOL
35 CONSTRUCTION, THE MEMBERS OF THE SCHOOL DISTRICT GOVERNING BOARD AND THE
36 PROJECT MANAGER SHALL SIGN AN AFFIDAVIT STATING THAT THE MEMBERS AND THE
37 PROJECT MANAGER UNDERSTAND AND WILL FOLLOW THE MINIMUM ADEQUACY REQUIREMENTS
38 PRESCRIBED IN SECTION 15-2011.

39 Sec. 40. Section 41-1279.03, Arizona Revised Statutes, is amended to
40 read:

41 41-1279.03. Powers and duties

42 A. The auditor general shall:

43 1. Prepare an audit plan for approval by the committee and report to
44 the committee the results of each audit and investigation and other reviews
45 conducted by the auditor general.

1 2. Conduct or cause to be conducted at least biennial financial and
2 compliance audits of financial transactions and accounts kept by or for all
3 state agencies subject to the single audit act of 1984 (P.L. 98-502). The
4 audits shall be conducted in accordance with generally accepted governmental
5 auditing standards and accordingly shall include tests of the accounting
6 records and other auditing procedures as may be considered necessary in the
7 circumstances. The audits shall include the issuance of suitable reports as
8 required by the single audit act of 1984 (P.L. 98-502) so the legislature,
9 federal government and others will be informed as to the adequacy of
10 financial statements of the state in compliance with generally accepted
11 governmental accounting principles and to determine whether the state has
12 complied with laws and regulations that may have a material effect on the
13 financial statements and on major federal assistance programs.

14 3. Perform procedural reviews for all state agencies at times
15 determined by the auditor general. These reviews may include evaluation of
16 administrative and accounting internal controls and reports on such reviews.

17 4. Perform special audits and related assignments as designated by the
18 committee and conduct performance audits, special audits and investigations
19 of any state agency, whether created by the constitution or otherwise, as may
20 be requested by the committee.

21 5. Annually on or before the fourth Monday of December prepare a
22 written report to the governor and to the committee which contains a summary
23 of activities for the previous fiscal year.

24 6. In the tenth year and in each third year thereafter in which a
25 transportation excise tax is in effect in a county as provided in section
26 42-6104, 42-6106 or 42-6107 conduct a performance audit that:

27 (a) Reviews past expenditures and future planned expenditures of the
28 transportation excise tax and determines the impact of the expenditures in
29 solving transportation problems within the county and, for a transportation
30 excise tax in effect in a county as provided in section 42-6107, determines
31 whether the expenditures of the transportation excise tax comply with section
32 28-6392, subsection B.

33 (b) Reviews projects completed to date and projects to be completed
34 during the remaining years in which a transportation excise tax is in effect.
35 Within six months after each review period the auditor general shall present
36 a report to the speaker of the house of representatives and the president of
37 the senate detailing findings and making recommendations. If the parameters
38 of the performance audit are set by the citizens transportation oversight
39 committee, the auditor general shall also present the report to the citizens
40 transportation oversight committee.

41 (c) Reviews, determines, reports and makes recommendations to the
42 speaker of the house of representatives and the president of the senate
43 whether the distribution of highway user revenues complies with title 28,
44 chapter 18, article 2. If the parameters of the performance audit are set by
45 the citizens transportation oversight committee, the auditor general shall
46 also present the report to the citizens transportation oversight committee.

1 7. If requested by the committee, conduct performance audits of
2 counties and incorporated cities and towns receiving highway user revenue
3 fund monies pursuant to title 28, chapter 18, article 2 to determine if the
4 monies are being spent as provided in section 28-6533, subsection B.

5 8. Perform special audits designated pursuant to law if the auditor
6 general determines that there are adequate monies appropriated for the
7 auditor general to complete the audit. If the auditor general determines the
8 appropriated monies are inadequate, the auditor general shall notify the
9 committee.

10 9. Beginning on July 1, 2001, establish a school-wide audit team in
11 the office of the auditor general to conduct performance audits and monitor
12 school districts to determine the percentage of every dollar spent in the
13 classroom by a school district. ~~The school-wide audit team shall randomly~~
14 ~~audit each school district at least once every five years.~~ THE AUDITOR
15 GENERAL SHALL DETERMINE, THROUGH RANDOM SELECTION, THE SCHOOL DISTRICTS TO BE
16 AUDITED EACH YEAR, SUBJECT TO REVIEW BY THE JOINT LEGISLATIVE AUDIT
17 COMMITTEE.

18 B. The auditor general may:

19 1. Subject to approval by the committee, adopt rules necessary to
20 administer the duties of the office.

21 2. Hire consultants to conduct the studies required by subsection A,
22 paragraphs 6 and 7 of this section.

23 C. If approved by the committee the auditor general may charge a
24 reasonable fee for the cost of performing audits or providing accounting
25 services for auditing federal funds, special audits or special services
26 requested by political subdivisions of the state. Monies collected pursuant
27 to this subsection shall be deposited in the audit services revolving fund.

28 D. The department of transportation, the board of supervisors of a
29 county that has approved a county transportation excise tax as provided in
30 section 42-6104, 42-6106 or 42-6107 and the governing bodies of counties,
31 cities and towns receiving highway user revenue fund monies shall cooperate
32 with and provide necessary information to the auditor general or the auditor
33 general's consultant.

34 E. The department of transportation shall reimburse the auditor
35 general as follows, and the auditor general shall deposit the reimbursed
36 monies in the audit services revolving fund:

37 1. For the cost of conducting the studies or hiring a consultant to
38 conduct the studies required by subsection A, paragraph 6, subdivisions (a)
39 and (b) of this section, from monies collected pursuant to a county
40 transportation excise tax levied pursuant to section 42-6104, 42-6106 or
41 42-6107.

42 2. For the cost of conducting the studies or hiring a consultant
43 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
44 this section, from the Arizona highway user revenue fund.

Sec. 41. Repeal

Laws 2001, second special session, chapter 6, section 9 is repealed.

Sec. 42. Repeal

Laws 1998, fifth special session, chapter 1, section 61 is repealed.

Sec. 43. Delayed repeal

Section 15-2021, Arizona Revised Statutes, as amended by this act, is repealed from and after June 30, 2004.

Sec. 44. Laws 2001, second special session, chapter 9, section 10 is amended to read:

Sec. 10. Appropriation: purpose: exemption

A. The sum of ~~\$500,000~~ \$250,000 is appropriated from the state general fund in fiscal year 2002-2003 to legislative council in order to carry out the purposes of LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 9, section 6 ~~of this act~~, relating to the joint legislative committee on school maintenance and operations funding and LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 9, section 8 ~~of this act~~, relating to the cost study of ELL group B weight.

B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, except that all monies remaining unexpended and unencumbered on December 2, 2004 revert to the state general fund.

Sec. 45. State treasurer; building renewal transfer

Notwithstanding section 15-2002, subsection A, paragraph 10, Arizona Revised Statutes, as amended by this act, or any other law, the state treasurer shall disregard any instructions of the school facilities board relating to the building renewal fund transfers for fiscal year 2002-2003 and instead shall transfer only the sum of \$38,274,100 in fiscal year 2002-2003 from transaction privilege tax revenues to the building renewal fund established by section 15-2031, Arizona Revised Statutes.

Sec. 46. State treasurer; new school facilities transfer

Notwithstanding section 15-2002, subsection A, paragraph 10, Arizona Revised Statutes, as amended by this act, or any other law, the state treasurer shall disregard any instructions of the school facilities board relating to the new school facilities fund transfers for fiscal year 2002-2003.

Sec. 47. Community college capital outlay state aid, equalization aid and operating state aid appropriations

Notwithstanding sections 15-1464, 15-1466 and 15-1468, Arizona Revised Statutes, the fiscal year 2002-2003 appropriations for capital outlay state aid, operating state aid and equalization aid shall be the amounts appropriated in the general appropriations act.

Sec. 48. Reduction in school district state aid apportionment: fiscal year 2002-2003

A. Notwithstanding section 15-973, subsection B, paragraph 10, Arizona Revised Statutes, the state board of education shall defer until July 1, 2003 \$191,000,000 of the basic state aid and additional state aid payment that

1 otherwise would be apportioned to school districts under that law on June 15,
2 2003.

3 B. The funding deferral required by this section does not apply to
4 charter schools.

5 Sec. 49. Appropriations: school districts: disbursements

6 A. The sum of \$191,000,000 is appropriated in fiscal year 2003-2004
7 from the state general fund to the state board of education and
8 superintendent of public instruction for basic state aid and additional state
9 aid entitlement for fiscal year 2003-2004. Such appropriation shall be
10 disbursed on July 1, 2003 to the several counties for the school districts in
11 each county in amounts equal to the reductions in apportionment of basic
12 state aid and additional state aid required under section 48 of this act for
13 fiscal year 2002-2003.

14 B. The sum of \$293,800 is appropriated in fiscal year 2003-2004 from
15 the state general fund to the state board of education and the superintendent
16 of public instruction for any costs to school districts which may be
17 associated with the reductions in apportionment of basic state aid and
18 additional state aid for fiscal year 2002-2003 required by section 48 of this
19 act. Such appropriation shall be disbursed on July 1, 2003 to the several
20 counties for the school districts in each county and shall be allocated based
21 on the per cent of the total \$191,000,000 deferred payment for fiscal year
22 2002-2003 that is attributable to each individual school district.

23 C. Notwithstanding any provision of law, for fiscal year 2003-2004, if
24 the governing board of a school district incurred interest expenses for
25 registering warrants in fiscal year 2002-2003 due to section 48 of this act,
26 the governing board may budget an estimated amount for those interest
27 expenses. Any such amount is specifically exempt from the revenue control
28 limit in fiscal year 2003-2004. If the budgeted estimate amount is greater
29 than the amount received pursuant to subsection B of this section, the
30 governing board shall not expend more than the amount received pursuant to
31 subsection B of this section. If the budgeted estimate amount is less than
32 the amount received pursuant to subsection B of this section, the governing
33 board may revise its budget during fiscal year 2003-2004 to include the
34 actual amount received pursuant to subsection B of this section and shall not
35 expend more than the amount received pursuant to subsection B of this
36 section.

37 Sec. 50. School district administrative costs: data analysis

38 A. Before July 1, 2002, the joint legislative budget committee staff
39 shall analyze school district cost data from fiscal year 2000-2001 in order
40 to determine the average per pupil current expenditure for each school
41 district for administrative functions and whether each district exceeded its
42 predicted per pupil cost level for those functions based on data reported by
43 districts of similar type and size.

44 B. Before December 1, 2002, the auditor general shall report to the
45 legislature regarding factors that help explain differences in administrative
46 costs for school districts that are identified by the joint legislative

1 budget committee as having reported particularly high or low average per
2 pupil current expenditures for administrative functions for fiscal year
3 2000-2001. This analysis shall include an emphasis on school districts that
4 are identified as having particularly high or low average per pupil
5 administrative costs for fiscal year 2000-2001 but that were not identified
6 as having had particularly high or low average per pupil administrative costs
7 for fiscal year 1998-1999 and vice versa. The analysis shall discuss factors
8 that caused these districts to report particularly high or low average per
9 pupil administrative costs for only one of the two time periods analyzed.

10 Sec. 51. Temporary prohibition on joining or forming joint
11 technological education districts

12 A. Notwithstanding sections 15-392 and 15-395, Arizona Revised
13 Statutes, school districts shall not be allowed to:

14 1. Form any new joint technological education district between
15 November 30, 2002 and June 30, 2004, unless both of the following
16 requirements are met:

17 (a) At least two school district governing boards voted to participate
18 as part of the joint technological education district before February 1,
19 2002.

20 (b) The joint technological education district is approved by the
21 voters before November 30, 2002.

22 2. Join a joint technological education district between the effective
23 date of this act and June 30, 2004, unless the school district shares a
24 border with a school district that currently belongs to the joint district
25 or, if the school district does not share a border with a school district
26 that currently belongs to the joint district, the governing board of the
27 school district voted to become part of the joint technological education
28 district at a public meeting before March 7, 2002 and the joinder is approved
29 by the voters before November 30, 2002. The election requirements prescribed
30 in sections 15-392 and 15-395, Arizona Revised Statutes, apply to any
31 joiners entered into pursuant to this paragraph.

32 B. A new joint technological education district formed pursuant to
33 subsection A, paragraph 1 of this section shall be limited to four hundred
34 fifty average daily membership students during the first two years of
35 operation.

36 Sec. 52. Deficiencies correction deadlines

37 A. Notwithstanding the delayed repeal of section 15-2021, Arizona
38 Revised Statutes, pursuant to this act, the dates by which various actions
39 must be completed to correct deficiencies do not apply to the Arizona state
40 schools for the deaf and the blind. The school facilities board shall ensure
41 that deficiencies in the facilities of the Arizona state schools for the deaf
42 and the blind are assessed by December 31, 2002.

43 B. Notwithstanding section 15-2021, Arizona Revised Statutes, monies
44 to correct deficiencies identified in the assessment pursuant to subsection A
45 of this section shall be subject to legislative appropriation.

1 Sec. 53. Qualifying tribal community college sales tax
2 transfer; limitation

3 Notwithstanding section 42-5031.01, Arizona Revised Statutes, an Indian
4 tribal postsecondary educational institution is eligible to receive funding
5 pursuant to section 42-5031.01, Arizona Revised Statutes, only if it received
6 funding under that law in fiscal year 2001-2002.

7 Sec. 54. School district audits; administrative costs

8 For fiscal years 2002-2003 and 2003-2004, the school-wide audits that
9 are conducted by the auditor general pursuant to section 41-1279.03,
10 subsection A, paragraph 9, Arizona Revised Statutes, as amended by this act,
11 shall include an audit of administrative costs. The audit of administrative
12 costs for each randomly selected school district shall address the accuracy
13 of reported administrative costs of the school district for the audit year
14 and shall provide a detailed breakdown of the duties, salaries and related
15 costs of administrative personnel of the school district at the school level
16 and at the district level for the audit year.

17 Sec. 55. New school facilities; lease-to-own

18 A. The school facilities board shall enter into lease-to-own
19 transactions pursuant to sections 15-2004, 15-2005 and 15-2006, Arizona
20 Revised Statutes, as added by this act, to pay for the costs of new school
21 facilities in fiscal year 2002-2003.

22 B. Notwithstanding section 15-2006, Arizona Revised Statutes, as added
23 by this act, the school facilities board shall enter into lease-to-own
24 transactions in an amount not to exceed \$400,000,000 in fiscal year 2002-2003
25 in order to fulfill the requirements of section 15-2041, Arizona Revised
26 Statutes.

27 C. Notwithstanding section 15-2041, Arizona Revised Statutes, as
28 amended by this act, the school facilities board may transfer monies from the
29 new school facilities fund to the lease-to-own fund established by section
30 15-2004, Arizona Revised Statutes, as added by this act, in fiscal year
31 2002-2003 for the purposes of that section.

32 Sec. 56. School district excess utility costs; temporary cap

33 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
34 amount that a school district may budget in the excess utility cost category
35 for fiscal years 2002-2003 and 2003-2004 is the amount that it budgeted in
36 the excess utility cost category for fiscal year 2001-2002.

37 Sec. 57. Minimum school facility adequacy guidelines; temporary
38 limitation on changes

39 Notwithstanding section 15-2011, Arizona Revised Statutes, as amended
40 by this act, or any other law, through fiscal year 2003-2004 the school
41 facilities board shall not adopt rules that change minimum school facility
42 adequacy guidelines unless those changes are necessary in order to comply
43 with building, health, fire or safety codes or would reduce state costs.

Sec. 58. Transfer of powers: effect

A. This act does not alter the effect of any actions that were taken or impair the valid obligations of the state board of directors for community colleges in existence before the effective date of this act.

B. Administrative rules and orders that were adopted by the state board of directors for community colleges prior to June 30, 2002 continue in effect through June 30, 2003. Community college district governing boards shall not adopt any rules that conflict with rules adopted by the state board of directors for community colleges.

C. On the effective date of this act, all real and personal property, fixtures and records that are located on a community college campus in this state are transferred from the state board of directors for community colleges to the community college district board of that community college.

Sec. 59. Assignment of interest in real property

A. The state board of directors for community colleges shall assign all rights, title and interest in real property it has purchased, received, held and taken leases of that is situated in each community college district to such district's governing board. The chair of the state board of directors for community colleges or the chair's designee shall take all necessary steps to effect such assignment prior to July 1, 2002.

B. The state board of directors for community colleges shall assign all rights, title and interest in real property it has purchased, received, held and taken leases of that is situated in an unorganized community college district that is served by a community college district to the duly elected board of the provisional community college district or, if a provisional community college district has not been formed, to the county board of supervisors of the unorganized county. The chair of the state board of directors for community colleges or the chair's designee shall take all necessary steps to effect such assignment before July 1, 2002.

Sec. 60. Covenants on existing general obligation or revenue bonds

Any and all obligations or covenants of the state board of directors for community colleges with respect to any general obligation bonds, revenue bonds, leases, lease-purchase agreements or any related documents or obligations, including any pledges of revenue therefore, shall hereby be and become the obligations and covenants of the community college district board of the institution for which such financing was undertaken. Such community college district board shall have all rights to take any and all actions under such financing arrangements as the state board of directors for community colleges could have taken and shall discharge all obligations and duties of the state board thereunder.

Sec. 61. Building renewal formula: legislative intent

A. Notwithstanding section 15-2031, Arizona Revised Statutes, as amended by this act, or any other law, the building renewal formula is suspended for fiscal year 2002-2003 and fiscal year 2003-2004. For fiscal

1 year 2002-2003, the amount for building renewal shall be as provided in this
2 act.

3 B. It is the intent of the legislature to suspend the building renewal
4 formula through fiscal year 2003-2004 as monies necessary for school
5 facilities required to meet academic standards will be provided from the
6 deficiencies corrections fund established by section 15-2021, Arizona Revised
7 Statutes, which is repealed by this act from and after June 30, 2004.

8 C. It is also the intent of the legislature that the facilities and
9 equipment necessary and appropriate to enable students to achieve the
10 academic standards pursuant to section 15-203, subsection A, paragraphs 12
11 and 13, Arizona Revised Statutes, and sections 15-701 and 15-702, Arizona
12 Revised Statutes, are exclusively the facilities and equipment addressed by
13 the school facilities board in the minimum school facility adequacy
14 guidelines adopted pursuant to section 15-2011, Arizona Revised Statutes.

15 Sec. 62. Vocational education; community colleges; transition

16 The state board of education shall minimize administrative costs
17 associated with vocational education and ensure that the individual community
18 college districts of this state receive from this state the maximum possible
19 amount of federal monies available to this state under the vocational
20 education act of 1917, as amended, and the Carl D. Perkins vocational
21 education act of 1984, as amended by the Carl D. Perkins vocational and
22 applied technological education act amendments of 1990.

23 Sec. 63. Retroactivity

24 A. Section 15-2021, Arizona Revised Statutes, as amended by this act,
25 applies retroactively to from and after May 10, 2002.

26 B. Section 61 of this act, relating to the building renewal formula
27 and legislative intent, applies retroactively to from and after June 30,
28 2002.

29 Sec. 64. Conforming legislation

30 The legislative council staff shall prepare proposed legislation
31 conforming the Arizona Revised Statutes to the provisions of this act for
32 consideration in the forty-sixth legislature, first regular session.

33 Sec. 65. Community college buildings; exemption from building
34 codes

35 Community college buildings are exempt from local building codes
36 pursuant to section 34-461, subsection D, Arizona Revised Statutes.

THIS BILL HAVING REMAINED WITH THE GOVERNOR TEN DAYS, SUNDAYS EXCLUDED, AFTER
FINAL ADJOURNMENT OF THE LEGISLATURE, AND NOT HAVING BEEN FILED WITH HIS
OBJECTIONS, HAS BECOME A LAW THIS 4 DAY OF JUNE, 2002.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 04, 2002.