

Senate Engrossed

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

SENATE BILL 1378

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

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

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

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

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

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

20 9. At least two arguments, if submitted, but no more than ten
21 arguments for and two arguments, if submitted, but no more than ten
22 arguments against the proposed increase in the budget. The arguments
23 shall be in a form prescribed by the county school superintendent, and
24 each argument shall not exceed two hundred words. Arguments for the
25 proposed increase in the budget shall be provided in writing and signed by
26 the governing board. The ballot arguments for the proposed increase in
27 the budget shall be signed as the governing board of the school district
28 without listing any member's individual name for the arguments for the
29 proposed increase. If submitted, additional arguments in favor of the
30 proposed increase in the budget shall be provided in writing and signed by
31 those in favor. Arguments against the proposed increase in the budget
32 shall be provided in writing and signed by those in opposition. The names
33 of persons and entities submitting written arguments shall be included in
34 the report. The county school superintendent shall review all factual
35 statements contained in the written arguments and correct any inaccurate
36 statements of fact. The superintendent shall not review and correct any
37 portion of the written arguments that are identified as statements of the
38 author's opinion. The county school superintendent shall make the written
39 arguments available to the public as provided in title 39, chapter 1,
40 article 2. A deadline for submitting arguments to be included in the
41 informational report shall be set by the county school superintendent.

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

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

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

10 (b) An owner-occupied residence whose assessed valuation is
11 one-half of the assessed valuation of the residence in subdivision (a) of
12 this paragraph.

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

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

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

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

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

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

32 13. THE FOLLOWING STATEMENT:

33 THE _____ SCHOOL DISTRICT RECEIVED A TOTAL OF
34 \$_____ PER PUPIL IN REVENUES FROM ALL FUNDING SOURCES
35 (FEDERAL, STATE AND LOCAL) FOR ALL CAPITAL AND NONCAPITAL
36 EXPENDITURES FOR FISCAL YEAR 20__-20__, AS REPORTED IN VOLUME
37 II OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION'S ANNUAL
38 REPORT, OR THE SUCCESSOR DOCUMENT, FOR FISCAL YEAR 20__-20__,
39 WHICH IS THE MOST RECENTLY AVAILABLE VERSION OF THAT ANNUAL
40 REPORT.

41 14. ANY ADDITIONAL PER PUPIL REVENUE OR PER PUPIL EXPENDITURE
42 INFORMATION THE GOVERNING BOARD CHOOSES TO PROVIDE.

43 C. For the purpose of this section, the school district may use its
44 staff, equipment, materials, buildings or other resources only to
45 distribute the informational report at the school district office or at

1 public hearings and to produce such information as required in subsection
2 B of this section, provided that nothing in this subsection shall preclude
3 school districts from holding or participating in any public hearings at
4 which testimony is given by at least one person for the proposed increase
5 and one person against the proposed increase. Any written information
6 provided by the district pertaining to the override election shall include
7 financial information showing the estimated first year tax rate for the
8 proposed budget override amount.

9 D. If any amount of the proposed increase will be funded by a levy
10 of taxes in the district, the election prescribed in subsection A of this
11 section shall be held on the first Tuesday following the first Monday in
12 November as prescribed by section 16-204, subsection F. If the proposed
13 increase will be fully funded by revenues from other than a levy of taxes,
14 the elections prescribed in subsection A of this section shall be held on
15 any date prescribed by section 16-204. The elections shall be conducted
16 as nearly as practicable in the manner prescribed in article 1 of this
17 chapter, sections 15-422 through 15-424 and section 15-426, relating to
18 special elections, except that:

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

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

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

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

1 school district's tax rate that will be levied to fund the
2 school district's revenue control limit allowed by law.

3 F. If the election is to exceed the revenue control limit and if
4 the proposed increase will be fully funded by revenues from other than a
5 levy of taxes on the taxable property within the school district, the
6 ballot shall contain the words "budget increase, yes" and "budget
7 increase, no", and the voter shall signify the voter's desired choice.
8 The ballot shall also contain:

9 1. The amount of the proposed increase of the proposed budget over
10 the alternate budget.

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

14 3. The following statement:

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

21 G. Except as provided in subsection H of this section, the maximum
22 budget increase that may be requested and authorized as provided in
23 subsection E or F of this section or the combination of subsections E and
24 F of this section is fifteen percent of the revenue control limit as
25 provided in section 15-947, subsection A for the budget year. If a school
26 district requests an override pursuant to section 15-482 or to continue
27 with a budget override pursuant to section 15-482 for pupils in
28 kindergarten programs and grades one through three that was authorized
29 before December 31, 2008, the maximum budget increase that may be
30 requested and authorized as provided in subsection E or F of this section
31 or the combination of subsections E and F of this section is ten percent
32 of the revenue control limit as provided in section 15-947, subsection A
33 for the budget year.

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

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

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

1 (i)

2	Small School	Support Level Weight	Phase Down
3	Student	for Small Isolated	Reduction
4	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
5	- <u>125</u>	x 1.358 + (0.0005 x	x \$ _____ = \$ _____
6		(500 - Student Count))	
7			Small Isolated
8	<u>Phase Down</u>	<u>Phase Down</u>	<u>School District</u>
9	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
10	\$150,000 -	\$ _____	= \$ _____

11 (ii)

12	Small School	Support Level Weight	Phase Down
13	Student	for Small	Reduction
14	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
15	- <u>125</u>	x 1.278 + (0.0003 x	x \$ _____ = \$ _____
16		(500 - Student Count))	
17			Small
18	<u>Phase Down</u>	<u>Phase Down</u>	<u>School District</u>
19	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
20	\$150,000 -	\$ _____	= \$ _____

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

25 (i)

26	Small School	Support Level Weight	Phase Down
27	Student	for Small Isolated	Reduction
28	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
29	- <u>100</u>	x 1.468 + (0.0005 x	x \$ _____ = \$ _____
30		(500 - Student Count))	
31			Small Isolated
32	<u>Phase Down</u>	<u>Phase Down</u>	<u>District</u>
33	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
34	\$350,000 -	\$ _____	= \$ _____

35 (ii)

36	Small School	Support Level Weight	Phase Down
37	Student	for Small	Reduction
38	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
39	- <u>100</u>	x 1.398 + (0.0004 x	x \$ _____ = \$ _____
40		(500 - Student Count))	
41			Small
42	<u>Phase Down</u>	<u>Phase Down</u>	<u>School District</u>
43	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
44	\$350,000 -	\$ _____	= \$ _____

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

4 (d) If only subdivision (a) or (b) of this paragraph applies to a
5 unified school district, the district's limit for the purposes of this
6 paragraph is the sum of the limit computed as provided in subdivision (a)
7 or (b) of this paragraph plus ten percent of the revenue control limit
8 attributable to those grade levels that do not meet the eligibility
9 requirements of this subsection. If a school district budgets monies
10 outside the revenue control limit pursuant to section 15-949, subsection
11 E, the district's limit for the purposes of this paragraph is only the ten
12 percent of the revenue control limit attributable to those grade levels
13 that are not included under section 15-949, subsection E. For the
14 purposes of this subdivision, the revenue control limit is separated into
15 elementary and secondary components based on the weighted student count as
16 provided in section 15-971, subsection B, paragraph 2, subdivision (a).

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

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

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

27 I. If the election is to exceed the revenue control limit as
28 provided in section 15-482 and if the proposed increase will be fully
29 funded by a levy of taxes on the taxable property within the school
30 district, the ballot shall contain the words "budget increase, yes" and
31 "budget increase, no", and the voter shall signify the voter's desired
32 choice. The ballot shall also contain the amount of the proposed increase
33 of the budget over the alternate budget, a statement that the amount of
34 the proposed increase will be based on a percentage of the school
35 district's revenue control limit in future years, if applicable, as
36 provided in subsection Q of this section, and the following statement:

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

1 will be funded by a levy of taxes on the taxable property
2 within this school district would require an estimated tax
3 rate of _____ dollar per one hundred dollars of net
4 assessed valuation used for secondary property tax purposes
5 and is in addition to the school district's tax rate that will
6 be levied to fund the school district's revenue control limit
7 allowed by law.

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

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

25 K. The maximum budget increase that may be requested and authorized
26 as provided in subsection I or J of this section, or a combination of both
27 of these subsections, is five percent of the revenue control limit as
28 provided in section 15-947, subsection A for the budget year. For a
29 common school district not within a high school district or a common
30 school district within a high school district that offers instruction in
31 high school subjects as provided in section 15-447, five percent of the
32 revenue control limit means five percent of the revenue control limit
33 attributable to the weighted student count in preschool programs for
34 children with disabilities, kindergarten programs and grades one through
35 eight as provided in section 15-971, subsection B. For a unified school
36 district, five percent of the revenue control limit means five percent of
37 the revenue control limit attributable to the weighted student count in
38 preschool programs for children with disabilities, kindergarten programs
39 and grades one through twelve. For a union high school district, five
40 percent of the revenue control limit means five percent of the revenue
41 control limit attributable to the weighted student count in grades nine
42 through twelve.

43 L. If the election is to exceed district additional assistance and
44 if the proposed increase will be fully funded by a levy of taxes on the
45 taxable property within the school district, the ballot shall contain the

1 words "budget increase, yes" and "budget increase, no", and the voter
2 shall signify the voter's desired choice. An election held pursuant to
3 this subsection shall be held on the first Tuesday after the first Monday
4 of November. The ballot shall also contain the amount of the proposed
5 increase of the proposed budget over the alternate budget and the
6 following statement:

7 Any budget increase authorized by this election shall be
8 entirely funded by a levy of taxes on the taxable property
9 within this school district for the year in which adopted and
10 for _____ subsequent years, shall not be realized from monies
11 furnished by the state and shall not be subject to the
12 limitation on taxes specified in article IX, section 18,
13 Constitution of Arizona. Based on the current net assessed
14 valuation used for secondary property tax purposes, to fund
15 the proposed increase in the school district's budget would
16 require an estimated tax rate of _____ dollar per
17 one hundred dollars of net assessed valuation used for
18 secondary property tax purposes and is in addition to the
19 school district's tax rate that will be levied to fund the
20 school district's district additional assistance allowed by
21 law.

22 M. If the election is to exceed district additional assistance and
23 if the proposed increase will be fully funded by revenues from other than
24 a levy of taxes on the taxable property within the school district, the
25 ballot shall contain the words "budget increase, yes" and "budget
26 increase, no", and the voter shall signify the voter's desired choice. An
27 election held pursuant to this subsection shall be held on the first
28 Tuesday after the first Monday of November. The ballot shall also contain
29 the amount of the proposed increase of the proposed budget over the
30 alternate budget and the following statement:

31 Any budget increase authorized by this election shall be
32 entirely funded by this school district with revenues from
33 other than a levy of taxes on the taxable property within the
34 school district for the year in which adopted and for _____
35 subsequent years and shall not be realized from monies
36 furnished by the state.

37 N. If the election is to exceed a combination of the revenue
38 control limit as provided in subsection E or F of this section, the
39 revenue control limit as provided in subsection I or J of this section or
40 district additional assistance as provided in subsection L or M of this
41 section, the ballot shall be prepared so that the voters may vote on each
42 proposed increase separately and shall contain statements required in the
43 same manner as if each proposed increase were submitted separately.

44 O. If the election provides for a levy of taxes on the taxable
45 property within the school district, at least thirty days prior to the

1 election, the department of revenue shall provide the school district
2 governing board and the county school superintendent with the current net
3 assessed valuation of the school district. The governing board and the
4 county school superintendent shall use the current net assessed valuation
5 of the school district to translate the amount of the proposed dollar
6 increase in the budget of the school district over that allowed by law
7 into a tax rate figure.

8 P. If the voters in a school district vote to adopt a budget in
9 excess of the revenue control limit as provided in subsection E or F of
10 this section, any additional increase shall be included in the aggregate
11 budget limit for each of the years authorized. Any additional increase
12 shall be excluded from the determination of equalization assistance. The
13 school district governing board, however, may levy on the net assessed
14 valuation used for secondary property tax purposes of the property in the
15 school district the additional increase if adopted under subsection E of
16 this section for the period of one year, two years or five through seven
17 years as authorized. If an additional increase is approved as provided in
18 subsection F of this section, the school district governing board may only
19 use revenues derived from the school district's prior year's maintenance
20 and operation fund ending cash balance to fund the additional increase.
21 If a budget increase was previously authorized and will be in effect for
22 the budget year or budget year and subsequent years, as provided in
23 subsection E or F of this section, the governing board may request a new
24 budget increase as provided in the same subsection under which the prior
25 budget increase was adopted, which shall not exceed the maximum amount
26 permitted under subsection G of this section. If the voters in the school
27 district authorize the new budget increase amount, the existing budget
28 increase no longer is in effect. If the voters in the school district do
29 not authorize the budget increase amount, the existing budget increase
30 remains in effect for the time period for which it was authorized. The
31 maximum additional increase authorized as provided in subsection E or F of
32 this section and the additional increase that is included in the aggregate
33 budget limit is based on a percentage of a school district's revenue
34 control limit in future years, if the budget increase is authorized for
35 more than one year. If the additional increase:

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

38 2. Is for five years or more, the proposed increase is equal to the
39 initial proposed percentage increase in the following years of the
40 proposed increase, except that in the next to last year it is two-thirds
41 of the initial proposed percentage increase and it is one-third of the
42 initial proposed percentage increase in the last year of the proposed
43 increase.

44 Q. If the voters in a school district vote to adopt a budget in
45 excess of the revenue control limit as provided in subsection I or J of

1 this section, any additional increase shall be included in the aggregate
2 budget limit for each of the years authorized. Any additional increase
3 shall be excluded from the determination of equalization assistance. The
4 school district governing board, however, may levy on the net assessed
5 valuation used for secondary property tax purposes of the property in the
6 school district the additional increase if adopted under subsection I of
7 this section for the period of one year, two years or five through seven
8 years as authorized. If an additional increase is approved as provided in
9 subsection J of this section, the increase may only be budgeted and
10 expended if sufficient monies are available in the maintenance and
11 operation fund of the school district. If a budget increase was
12 previously authorized and will be in effect for the budget year or budget
13 year and subsequent years, as provided in subsection I or J of this
14 section, the governing board may request a new budget increase as provided
15 in the same subsection under which the prior budget increase was adopted
16 that does not exceed the maximum amount permitted under subsection K of
17 this section. If the voters in the school district authorize the new
18 budget increase amount, the existing budget increase no longer is in
19 effect. If the voters in the school district do not authorize the budget
20 increase amount, the existing budget increase remains in effect for the
21 time period for which it was authorized. The maximum additional increase
22 authorized as provided in subsection I or J of this section and the
23 additional increase that is included in the aggregate budget limit is
24 based on a percentage of a school district's revenue control limit in
25 future years, if the budget increase is authorized for more than one year.
26 If the additional increase:

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

29 2. Is for five years or more, the proposed increase is equal to the
30 initial proposed percentage increase in the following years of the
31 proposed increase, except that in the next to last year it is two-thirds
32 of the initial proposed percentage increase and it is one-third of the
33 initial proposed percentage increase in the last year of the proposed
34 increase.

35 R. If the voters in a school district vote to adopt a budget in
36 excess of district additional assistance as provided in subsection L of
37 this section, any additional increase shall be included in the aggregate
38 budget limit for each of the years authorized. The additional increase
39 shall be excluded from the determination of equalization assistance. The
40 school district governing board, however, may levy on the net assessed
41 valuation used for secondary property tax purposes of the property in the
42 school district the additional increase for the period authorized but not
43 to exceed ten years. For overrides approved by a vote of the qualified
44 electors of the school district at an election held from and after October

1 31, 1998, the period of the additional increase prescribed in this
2 subsection shall not exceed seven years for any capital override election.

3 S. If the voters in a school district vote to adopt a budget in
4 excess of district additional assistance as provided in subsection M of
5 this section, any additional increase shall be included in the aggregate
6 budget limit for each of the years authorized. The additional increase
7 shall be excluded from the determination of equalization assistance. The
8 school district governing board may only use revenues derived from the
9 school district's prior year's maintenance and operation fund ending cash
10 balance and capital outlay fund ending cash balance to fund the additional
11 increase for the period authorized but not to exceed ten years. For
12 overrides approved by a vote of the qualified electors of the school
13 district at an election held from and after October 31, 1998, the period
14 of the additional increase prescribed in this subsection shall not exceed
15 seven years for any capital override election.

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

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

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

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

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

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

40 _____ school district is proposing to increase its
41 budget by \$_____ to fund capital improvements over and
42 above those funded by the state. Under the students first
43 capital funding system, _____ school district is entitled
44 to state monies for new construction and renovation of school
45 buildings in accordance with state law.

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

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

14 X. If the voters approve the budget increase pursuant to subsection
15 L or M of this section, the school district shall not use the override
16 proceeds for any purposes other than the proposed capital improvements
17 listed in the publicity pamphlet, except that up to ten percent of the
18 override proceeds may be used for general capital expenses, including cost
19 overruns of proposed capital improvements.

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

25 1. If the increase is pursuant to subsection L or M of this
26 section, at a minimum, the update shall include the progress of capital
27 improvements financed through the override, a comparison of the current
28 status and the original projections on the construction of capital
29 improvements, the costs of capital improvements and the costs of capital
30 improvements in progress or completed since the prior meeting and the
31 future capital plans of the school district. The school district shall
32 include in the public meeting a discussion of the school district's use of
33 state capital aid and voter-approved bonding in funding capital
34 improvements, if any.

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

40 Z. If a budget in excess of district additional assistance was
41 previously adopted by the voters in a school district and will be in
42 effect for the budget year or budget year and subsequent years, as
43 provided in subsection L or M of this section, the governing board may
44 request an additional budget in excess of district additional assistance.
45 If the voters in a school district authorize the additional budget in

1 excess of district additional assistance, the existing district additional
2 assistance budget increase remains in effect.

3 AA. Notwithstanding any other law, the maximum budget increase that
4 may be authorized pursuant to subsection L or M of this section is ten
5 percent of the school district's revenue control limit.

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

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

32 CC. If the election is to continue to exceed the revenue control
33 limit as provided in section 15-482 and if the proposed override will be
34 fully funded by a continuation of a levy of taxes on the taxable property
35 in the school district, the ballot shall contain the words "budget
36 override continuation, yes" and "budget override continuation, no", and
37 the voter shall signify the voter's desired choice. The ballot shall also
38 contain the amount of the proposed continuation of the budget increase of
39 the proposed budget over the alternate budget, a statement that the amount
40 of the proposed increase will be based on a percentage of the school
41 district's revenue control limit in future years, if applicable, as
42 provided in subsection P of this section and the following statement:

43 Any budget increase continuation authorized by this
44 election shall be entirely funded by a levy of taxes on the
45 taxable property in this school district for the year for

1 which adopted and for _____ subsequent years, shall not be
2 realized from monies furnished by the state and shall not be
3 subject to the limitation on taxes specified in article IX,
4 section 18, Constitution of Arizona. Based on the current net
5 assessed valuation used for secondary property tax purposes,
6 to fund the proposed continuation of the increase in the
7 school district's budget would require an estimated
8 continuation of a tax rate of _____ dollar per one
9 hundred dollars of net assessed valuation used for secondary
10 property tax purposes and is in addition to the school
11 district's tax rate that will be levied to fund the school
12 district's revenue control limit allowed by law.

13 Sec. 2. Section 15-491, Arizona Revised Statutes, is amended to
14 read:

15 15-491. Elections on school property; exceptions

16 A. The governing board of a school district may, and on petition of
17 fifteen percent of the school electors as shown by the poll list at the
18 last preceding annual school election shall, call an election for the
19 following purposes:

20 1. To locate or change the location of school buildings.

21 2. To purchase or sell school sites or buildings or sell school
22 sites pursuant to section 15-342 or to build school buildings, but the
23 authorization by vote of the school district shall not necessarily specify
24 the site to be purchased.

25 3. To decide whether the bonds of the school district shall be
26 issued and sold for the purpose of raising money for purchasing or leasing
27 school lots, for building or renovating school buildings, for supplying
28 school buildings with furniture, equipment and technology, for improving
29 school grounds, for purchasing pupil transportation vehicles or for
30 liquidating any indebtedness already incurred for such purposes. Bonds
31 issued for furniture, equipment and technology, other than fixtures, shall
32 mature no later than the July 1 that follows the fifth year after the
33 bonds were issued. A school district shall not issue class B bonds until
34 the school district has obligated in contract the entire proceeds of any
35 class A bonds issued by the school district. The total amount of class A
36 and class B bonds issued by a school district shall not exceed the debt
37 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
38 Arizona.

39 4. To lease for ten or more years, as lessor or as lessee, school
40 buildings or grounds. Approval by a majority of the school district
41 electors voting authorizes the governing board to negotiate for and enter
42 into a lease. The ballot shall list the school buildings or grounds for
43 which a lease is sought. If the governing board does not enter into a
44 lease of ten or more years of the school buildings or grounds listed on
45 the ballot within ten years of the date of the election and the board

1 continues to seek such a lease, the governing board shall call a special
2 election to reauthorize the board to negotiate for and to enter into a
3 lease of ten or more years.

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

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

10 B. No petition shall be required for the holding of the first
11 election to be held in a joint common school district for any of the
12 purposes specified in subsection A of this section. The notice of
13 election required by section 15-492 shall be published in each of the
14 counties that comprise the joint common school district. The
15 certification of election results required by section 15-493 shall be made
16 to the board of supervisors of the jurisdictional county.

17 C. When the election is called to determine whether or not bonds of
18 the school district shall be issued and sold for the purposes enumerated
19 in the call for the election, the question shall be submitted to the vote
20 of the qualified electors of the school district as defined in section
21 15-401 and subject to section 15-402.

22 D. The governing board shall order the election to be held in the
23 manner prescribed in title 35, chapter 3, article 3. If a petition for an
24 election has been filed with the governing board as provided in subsection
25 A of this section, the board shall act on the petition within sixty days
26 by ordering the election to be held as provided in this subsection. If a
27 school district bond election is scheduled for the same date a school
28 district will hold an override election, the governing body shall deliver
29 a copy of the notice of election and ballot to the county school
30 superintendent who shall include the notice of election and ballot with
31 the information report and ballot prepared for the override election.
32 Mailing of the information required for both the override and bond
33 elections shall constitute compliance with the notice provisions of this
34 section.

35 E. The elections to be held pursuant to this section shall only be
36 held on dates prescribed by section 16-204, except that elections held
37 pursuant to this section to decide whether class B bonds shall be issued,
38 or any other obligation incurred that will require the assessment of
39 secondary property taxes, shall only be held on the first Tuesday after
40 the first Monday of November.

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

44 G. Bond counsel fees, financial advisory fees, printing costs and
45 paying agent and registrar fees for bonds issued pursuant to an election

1 under this section shall be paid from either the amount authorized by the
2 qualified electors of the school district or current operating funds.
3 Bond election expenses shall be paid from current operating funds only.

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

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

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

11 _____ school district is proposing to issue class
12 B general obligation bonds totaling \$_____ to fund
13 capital improvements over and above those funded by the state.
14 Under the students first capital funding system, _____
15 school district is entitled to state monies for new
16 construction and renovation of school buildings in accordance
17 with state law.

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

20 _____, a joint technical education district, is
21 proposing to issue class B general obligation bonds totaling
22 \$_____ to fund capital improvements at a campus owned or
23 operated and maintained by the joint technical education
24 district.

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

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

31 5. At least eighty-five days before the election, the school
32 district shall submit proposed ballot language to the director of the
33 Arizona legislative council. The director of the Arizona legislative
34 council shall review the proposed ballot language to determine whether the
35 proposed ballot language complies with this section. If the director of
36 the Arizona legislative council determines that the proposed ballot
37 language does not comply with this section, the director, within ten
38 calendar days of the receipt of the proposed ballot language, shall notify
39 the school district of the director's objections and the school district
40 shall resubmit revised ballot language to the director for approval.

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

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

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

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

12 (d) THE FOLLOWING STATEMENT:

13 THE _____ SCHOOL DISTRICT RECEIVED A TOTAL OF
14 \$_____ PER PUPIL IN REVENUES FROM ALL FUNDING SOURCES
15 (FEDERAL, STATE AND LOCAL) FOR ALL CAPITAL AND NONCAPITAL
16 EXPENDITURES FOR FISCAL YEAR 20__-20__, AS REPORTED IN
17 VOLUME II OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION'S ANNUAL
18 REPORT, OR THE SUCCESSOR DOCUMENT, FOR FISCAL YEAR 20__-20__,
19 WHICH IS THE MOST RECENTLY AVAILABLE VERSION OF THAT ANNUAL
20 REPORT.

21 (e) ANY ADDITIONAL PER PUPIL REVENUE OR PER PUPIL EXPENDITURE
22 INFORMATION THE GOVERNING BOARD CHOOSES TO PROVIDE.

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

25 1. The ballot shall include the following statement:

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

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

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

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

1 director's objections and the school district shall resubmit revised
2 ballot language to the director for approval.

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

8 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

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

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

14 (a) The date of the election.

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

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

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

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

28 (f) Arguments for and against the proposed change, if submitted, as
29 provided by section 15-481, subsection B, paragraph 9. The ballot
30 arguments for the proposed change shall be signed as the governing board
31 of the school district without listing any member's individual name for
32 the arguments for the proposed change.

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

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

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

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

1 2. No later than thirty-five days before the election, the school
2 district shall mail a publicity pamphlet to each household in the school
3 district that contains a qualified elector. The publicity pamphlet shall
4 contain, at a minimum, the following information:
5 (a) The date of the election.
6 (b) The voter's polling place and the times it is open.
7 (c) A statement as to why the election was called.
8 (d) Arguments for and against the proposed change, if submitted, as
9 provided in section 15-481, subsection B, paragraph 9. The ballot
10 arguments for the proposed change shall be signed as the governing board
11 of the school district without listing any member's individual name for
12 the arguments for the proposed change.
13 3. The ballot shall contain the words "extend time to issue bonds,
14 yes" and "extend time to issue bonds, no", and the voter shall signify the
15 voter's desired choice.