

**(Section 42-5029 — failed to obtain the three-fourths vote pursuant to article IV, part 1, section 1, Constitution of Arizona.)**

House Engrossed

K-12 education; budget reconciliation; 2021-2022.

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
First Regular Session  
2021

# HOUSE BILL 2898

AN ACT

AMENDING SECTIONS 5-568, 15-119, 15-181 AND 15-185, ARIZONA REVISED STATUTES; AMENDING SECTION 15-203, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 2; AMENDING SECTIONS 15-213.01 AND 15-213.03, ARIZONA REVISED STATUTES; REPEALING SECTION 15-240, ARIZONA REVISED STATUTES; AMENDING SECTION 15-251, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 3; AMENDING SECTION 15-341, ARIZONA REVISED STATUTES; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 3, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-342.05; AMENDING SECTION 15-350, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 4; AMENDING SECTIONS 15-393, 15-393.01, 15-481 AND 15-491, ARIZONA REVISED STATUTES; AMENDING SECTION 15-505, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2021, CHAPTER 2, SECTION 5; AMENDING SECTION 15-512, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 6; AMENDING SECTION 15-514, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 7; AMENDING SECTION 15-701.01, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-711.01 AND 15-717.02; AMENDING TITLE 15, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-718; AMENDING SECTION 15-746, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 7, ARTICLE 3, ARIZONA

REVISED STATUTES, BY ADDING SECTION 15-747; AMENDING SECTIONS 15-774, 15-816, 15-816.01 AND 15-901, ARIZONA REVISED STATUTES; AMENDING SECTION 15-901.08, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2021, CHAPTER 299, SECTION 4; AMENDING SECTIONS 15-907 AND 15-911, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-924; AMENDING SECTIONS 15-943, 15-945, 15-964, 15-973, 15-995, 15-996, 15-1021, 15-1043 AND 15-1107, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 10, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 13; AMENDING TITLE 15, CHAPTER 10.1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1286; AMENDING SECTION 15-1304, ARIZONA REVISED STATUTES; REPEALING SECTION 15-2003, ARIZONA REVISED STATUTES; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 35-185.01, 35-212, 35-313, 37-221, 37-521, 41-1276, 41-1750, 41-2632, 41-3022.18 AND 41-3026.01, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 56, ARTICLE 1, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED, BY ADDING SECTIONS 41-5701 AND 41-5701.01; AMENDING SECTIONS 41-5701.02, 41-5702, 41-5703, 41-5704, 41-5705, 41-5711, 41-5721, 41-5731, 41-5741, 41-5751, 41-5752, 41-5753, 41-5754, 41-5755, 41-5757, 41-5758, 41-5759, 41-5760, 41-5761, 41-5763, 41-5764, 41-5781, 41-5782, 41-5783, 41-5784, 41-5785, 41-5787, 41-5788, 41-5789, 41-5790, 41-5791, 41-5793, 41-5794, 41-5805, 41-5810, 41-5832, 41-5841, 41-5851, 41-5853, 41-5854, 41-5857 AND 41-5858, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS ~~42-5029~~, 42-5030.01 AND 43-1089.02, ARIZONA REVISED STATUTES; AMENDING LAWS 2020, CHAPTER 26, SECTION 1; APPROPRIATING MONIES; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE 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 5-568, Arizona Revised Statutes, is amended to  
3 read:

4 5-568. Disposition of unclaimed prize money

5 Unclaimed prize money for the prize on a winning ticket or share  
6 shall be retained for the person entitled to the prize for one hundred  
7 eighty days after the drawing in which the prize was won in the case of a  
8 drawing prize and for one hundred eighty days after the announced end of  
9 the game in question in the case of a prize determined in any manner other  
10 than by means of a drawing. If a claim is not made for the money within  
11 the applicable period, the money shall be transferred in the following  
12 amounts:

13 1. Fifty-five percent of the prize money shall be held in the state  
14 lottery prize fund for use as additional prizes in future games, except  
15 that if the amount of monies transferred by the commission pursuant to  
16 section 5-554, subsection H, paragraph 1 is less than ~~nine hundred~~  
17 ~~thousand dollars~~ \$900,000 each fiscal year, the difference shall be  
18 transferred to the internet crimes against children enforcement fund  
19 established by section 41-199 and if the amount of monies transferred by  
20 the commission pursuant to section 5-554, subsection H, paragraph 2 is  
21 less than ~~one hundred thousand dollars~~ \$100,000 each fiscal year, the  
22 difference shall be transferred to the victims' rights enforcement fund  
23 established by section 41-1727.

24 2. Thirty percent shall be transferred quarterly to the court  
25 appointed special advocate fund established by section 8-524.

26 3. Fifteen percent shall be transferred monthly to the tribal  
27 college dual enrollment program fund established by section 15-244.01.  
28 The amount transferred may not exceed ~~two hundred fifty thousand dollars~~  
29 \$325,000 in any fiscal year.

30 Sec. 2. Section 15-119, Arizona Revised Statutes, is amended to  
31 read:

32 15-119. Vacant and partially used buildings; list; sale or  
33 lease; equipment; definitions

34 A. The ~~DIVISION OF~~ school facilities ~~board, in conjunction with~~  
35 ~~WITHIN~~ the department of administration, shall annually publish a list of  
36 vacant buildings and partially used buildings that are owned by this state  
37 or by school districts in this state and that may be suitable for the  
38 operation of a school. The ~~DIVISION OF~~ school facilities ~~board~~ shall make  
39 the list publicly available on the website of the ~~DIVISION OF~~ school  
40 facilities ~~board~~ and on request to applicants for charter schools, to  
41 applicants applying to the ~~DIVISION OF~~ school facilities ~~board~~ for  
42 additional space and to existing district and charter schools. The list  
43 shall include the address of each building, a short description of the  
44 building, the name of the owner of the building and any other pertinent  
45 information related to the vacancy and capacity of the building. The

1 DIVISION OF school facilities ~~board~~ shall annually submit the list to the  
2 governor, the president of the senate and the speaker of the house of  
3 representatives and provide a copy of the list to the secretary of state  
4 and the state board for charter schools.

5 B. If a school district decides to sell or lease a vacant building  
6 or partially used building, the school district may not prohibit a charter  
7 school or a private school from negotiating to buy or lease the property  
8 in the same manner as other potential buyers or lessees. A school  
9 district may not accept an offer for the sale or lease of the vacant  
10 building or partially used building from a potential buyer or lessee that  
11 is less than an offer from a charter school or private school. This  
12 section does not require the owner of a building on the list to sell or  
13 lease the building or a portion of the building to a charter school, to  
14 any other school or to any other prospective buyer or tenant, except that  
15 the owner of a building on the list may not withdraw the property from  
16 sale or lease solely because a charter school or private school is the  
17 highest bidder. At the conclusion of a lease for an existing tenant that  
18 is a public school or that is providing services to public school  
19 students, the lease may be terminated, renewed according to the terms of  
20 the existing agreement, or renewed with a negotiated increase. The  
21 building owner must provide the rationale for a proposed increase to the  
22 lessee, which may include considerations for the percentage of revenue  
23 that should be dedicated to educational facilities, inflators related to  
24 student enrollment increases or the annual GDP price deflator as defined  
25 in section 41-563, or expenses for building and parking lot maintenance  
26 and upgrades.

27 C. A school district may sell used equipment to a charter school or  
28 private school before the school district attempts to sell or dispose of  
29 the equipment by other means.

30 D. Buildings that are used for career and technical education,  
31 special education services, preschool programs, schools that have been  
32 open for ~~less~~ FEWER than five years or magnet schools are not considered  
33 partially used buildings for the purposes of this section, except that  
34 ~~these exemptions~~ THIS EXEMPTION may not be applied to more than  
35 twenty-five percent of a district's school buildings.

36 E. For the purposes of this section:

37 1. "Partially used building" means a building with at least four  
38 thousand five hundred square feet of contiguous, unused space.

39 2. "Vacant building" means a building that has been vacant and  
40 unused for at least two years.

41 Sec. 3. Section 15-181, Arizona Revised Statutes, is amended to  
42 read:

43 15-181. Charter schools; purpose; scope

44 A. Charter schools may be established pursuant to this article to  
45 provide a learning environment that will improve pupil achievement.

1 Charter schools provide additional academic choices for parents and  
2 pupils. Charter schools may consist of new schools or all or any portion  
3 of an existing school. Charter schools are public schools that serve as  
4 alternatives to traditional public schools and charter schools are not  
5 subject to the requirements of article XI, section 1, Constitution of  
6 Arizona, or TITLE 41, chapter ~~16 of this title~~ 56.

7 B. Charter schools shall comply with all provisions of this article  
8 in order to receive state funding as prescribed in section 15-185.

9 Sec. 4. Section 15-185, Arizona Revised Statutes, is amended to  
10 read:

11 15-185. Charter schools; financing; civil penalties;  
12 transportation; definition

13 A. A school district is not financially responsible for any charter  
14 school that is sponsored by the state board of education, the state board  
15 for charter schools, a university under the jurisdiction of the Arizona  
16 board of regents, a community college district or a group of community  
17 college districts.

18 B. Financial provisions for a charter school that is sponsored by  
19 the state board of education, the state board for charter schools, a  
20 university, a community college district or a group of community college  
21 districts are as follows:

22 1. The charter school shall calculate a base support level as  
23 prescribed in section 15-943, except that:

24 (a) Section 15-941 does not apply to these charter schools.

25 (b) The small school weights prescribed in section 15-943,  
26 paragraph 1 apply if a charter holder holds one charter for one or more  
27 school sites and the average daily membership for the school sites are  
28 combined for the calculation of the small school weight. The small school  
29 weight shall not be applied individually to a charter holder if one or  
30 more of the following conditions exist and the combined average daily  
31 membership derived from the following conditions is greater than six  
32 hundred:

33 (i) The organizational structure or management agreement of the  
34 charter holder requires the charter holder or charter school to contract  
35 with a specific management company.

36 (ii) The governing body of the charter holder has identical  
37 membership to another charter holder in this state.

38 (iii) The charter holder is a subsidiary of a corporation that has  
39 other subsidiaries that are charter holders in this state.

40 (iv) The charter holder holds more than one charter in this state.

41 (c) Notwithstanding subdivision (b) of this paragraph, for fiscal  
42 years 2015-2016 and 2016-2017 the department of education shall reduce by  
43 thirty-three percent the amount provided by the small school weight for  
44 charter schools prescribed in subdivision (b) of this paragraph.

1           2. Notwithstanding paragraph 1 of this subsection, the student  
2 count shall be determined initially using an estimated student count based  
3 on actual registration of pupils before the beginning of the school year.  
4 Notwithstanding section 15-1042, subsection F, student level data  
5 submitted to the department may be used to determine estimated student  
6 counts. After the first forty days, one hundred days or two hundred days  
7 in session, as applicable, the charter school shall revise the student  
8 count to be equal to the actual average daily membership, as defined in  
9 section 15-901, of the charter school. Before the fortieth day, one  
10 hundredth day or two hundredth day in session, as applicable, the state  
11 board of education, the state board for charter schools, the sponsoring  
12 university, the sponsoring community college district or the sponsoring  
13 group of community college districts may require a charter school to  
14 report periodically regarding pupil enrollment and attendance, and the  
15 department of education may revise its computation of equalization  
16 assistance based on the report. A charter school shall revise its student  
17 count, base support level and charter additional assistance before May 15.  
18 A charter school that overestimated its student count shall revise its  
19 budget before May 15. A charter school that underestimated its student  
20 count may revise its budget before May 15.

21           3. A charter school may use section 15-855 for the purposes of this  
22 section. The charter school and the department of education shall  
23 prescribe procedures for determining average daily membership.

24           4. Equalization assistance for the charter school shall be  
25 determined by adding the amount of the base support level and charter  
26 additional assistance. The amount of the charter additional assistance is  
27 ~~\$1,875.21~~ \$1,897.90 per student count in preschool programs for children  
28 with disabilities, kindergarten programs and grades one through eight and  
29 ~~\$2,185.53~~ \$2,211.97 per student count in grades nine through twelve.

30           5. The state board of education shall apportion state aid from the  
31 appropriations made for such purposes to the state treasurer for  
32 disbursement to the charter schools in each county in an amount as  
33 determined by this paragraph. The apportionments shall be made as  
34 prescribed in section 15-973, subsection B.

35           6. The charter school shall not charge tuition for pupils who  
36 reside in this state, levy taxes or issue bonds. A charter school may  
37 admit pupils who are not residents of this state and shall charge tuition  
38 for those pupils in the same manner prescribed in section 15-823.

39           7. Not later than noon on the day preceding each apportionment date  
40 established by paragraph 5 of this subsection, the superintendent of  
41 public instruction shall furnish to the state treasurer an abstract of the  
42 apportionment and shall certify the apportionment to the department of  
43 administration, which shall draw its warrant in favor of the charter  
44 schools for the amount apportioned.

1 C. If a pupil is enrolled in both a charter school and a public  
2 school that is not a charter school, the sum of the daily membership,  
3 which includes enrollment as prescribed in section 15-901, subsection A,  
4 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed  
5 in section 15-901, subsection A, paragraph 5, for that pupil in the school  
6 district and the charter school shall not exceed 1.0. If a pupil is  
7 enrolled in both a charter school and a public school that is not a  
8 charter school, the department of education shall direct the average daily  
9 membership to the school with the most recent enrollment date. On  
10 validation of actual enrollment in both a charter school and a public  
11 school that is not a charter school and if the sum of the daily membership  
12 or daily attendance for that pupil is greater than 1.0, the sum shall be  
13 reduced to 1.0 and shall be apportioned between the public school and the  
14 charter school based on the percentage of total time that the pupil is  
15 enrolled or in attendance in the public school and the charter school.  
16 The uniform system of financial records shall include guidelines to  
17 apportion the pupil enrollment and attendance as provided in this section.

18 D. Charter schools are allowed to accept grants and gifts to  
19 supplement their state funding, but it is not the intent of the charter  
20 school law to require taxpayers to pay twice to educate the same pupils.  
21 The base support level for a charter school or for a school district  
22 sponsoring a charter school shall be reduced by an amount equal to the  
23 total amount of monies received by a charter school from a federal or  
24 state agency if the federal or state monies are intended for the basic  
25 maintenance and operations of the school. The superintendent of public  
26 instruction shall estimate the amount of the reduction for the budget year  
27 and shall revise the reduction to reflect the actual amount before May 15  
28 of the current year. If the reduction results in a negative amount, the  
29 negative amount shall be used in computing all budget limits and  
30 equalization assistance, except that:

31 1. Equalization assistance shall not be less than zero.

32 2. For a charter school sponsored by the state board of education,  
33 the state board for charter schools, a university, a community college  
34 district or a group of community college districts, the total of the base  
35 support level and the charter additional assistance shall not be less than  
36 zero.

37 E. If a charter school was a district public school in the prior  
38 year and sponsored by the state board of education, the state board for  
39 charter schools, a university, a community college district or a group of  
40 community college districts, the reduction in subsection D of this section  
41 applies. The reduction to the base support level of the charter school  
42 shall equal the sum of the base support level and the charter additional  
43 assistance received in the current year for those pupils who were enrolled  
44 in the traditional public school in the prior year and are now enrolled in  
45 the charter school in the current year.

1 F. Equalization assistance for charter schools shall be provided as  
2 a single amount based on average daily membership without categorical  
3 distinctions between maintenance and operations or capital.

4 G. At the request of a charter school, the county school  
5 superintendent of the county where the charter school is located may  
6 provide the same educational services to the charter school as prescribed  
7 in section 15-308, subsection A. The county school superintendent may  
8 charge a fee to recover costs for providing educational services to  
9 charter schools.

10 H. If the sponsor of the charter school determines at a public  
11 meeting that the charter school is not in compliance with federal law,  
12 with the laws of this state or with its charter, the sponsor of a charter  
13 school may submit a request to the department of education to withhold up  
14 to ten percent of the monthly apportionment of state aid that would  
15 otherwise be due the charter school. The department shall adjust the  
16 charter school's apportionment accordingly. The sponsor shall provide  
17 written notice to the charter school at least seventy-two hours before the  
18 meeting and shall allow the charter school to respond to the allegations  
19 of noncompliance at the meeting before the sponsor makes a final  
20 determination to notify the department of education of noncompliance. The  
21 charter school shall submit a corrective action plan to the sponsor on a  
22 date specified by the sponsor at the meeting. The corrective action plan  
23 shall be designed to correct deficiencies at the charter school and to  
24 ensure that the charter school promptly returns to compliance. When the  
25 sponsor determines that the charter school is in compliance, the  
26 department shall restore the full amount of state aid payments to the  
27 charter school.

28 I. In addition to the withholding of state aid payments pursuant to  
29 subsection H of this section, the sponsor of a charter school may impose a  
30 civil penalty of \$1,000 per occurrence if a charter school fails to comply  
31 with the fingerprinting requirements prescribed in section 15-183,  
32 subsection C or section 15-512. The sponsor of a charter school shall not  
33 impose a civil penalty if it is the first time the charter school is out  
34 of compliance with the fingerprinting requirements and if the charter  
35 school provides proof within forty-eight hours ~~of~~ AFTER written  
36 notification that an application for the appropriate fingerprint check has  
37 been received by the department of public safety. The sponsor of the  
38 charter school shall obtain proof that the charter school has been  
39 notified, and the notification shall identify the date of the deadline and  
40 shall be signed by both parties. The sponsor of a charter school shall  
41 automatically impose a civil penalty of \$1,000 per occurrence if the  
42 sponsor determines that the charter school subsequently violates the  
43 fingerprinting requirements. Civil penalties pursuant to this subsection  
44 shall be assessed by requesting the department of education to reduce the  
45 amount of state aid that the charter school would otherwise receive by an



1 amount equal to the civil penalty. The amount of state aid withheld shall  
2 revert to the state general fund at the end of the fiscal year.

3 J. A charter school may receive and spend monies distributed by the  
4 department of education pursuant to section 42-5029, subsection E, section  
5 42-5029.02, subsection A and section 37-521, subsection B.

6 K. If a school district transports or contracts to transport pupils  
7 to the Arizona state schools for the deaf and the blind during any fiscal  
8 year, the school district may transport or contract with a charter school  
9 to transport sensory impaired pupils during that same fiscal year to a  
10 charter school if requested by the parent of the pupil and if the distance  
11 from the pupil's place of actual residence within the school district to  
12 the charter school is less than the distance from the pupil's place of  
13 actual residence within the school district to the campus of the Arizona  
14 state schools for the deaf and the blind.

15 L. Notwithstanding any other law, a university under the  
16 jurisdiction of the Arizona board of regents, a community college district  
17 or a group of community college districts shall not include any student in  
18 the student count of the university, community college district or group  
19 of community college districts for state funding purposes if that student  
20 is enrolled in and attending a charter school sponsored by the university,  
21 community college district or group of community college districts.

22 M. The governing body of a charter school shall transmit a copy of  
23 its proposed budget or the summary of the proposed budget and a notice of  
24 the public hearing to the department of education for posting on the  
25 department of education's website not later than ten days before the  
26 hearing and meeting. If the charter school maintains a website, the  
27 charter school governing body shall post on its website a copy of its  
28 proposed budget or the summary of the proposed budget and a notice of the  
29 public hearing.

30 N. The governing body of a charter school shall collaborate with  
31 the private organization that is approved by the state board of education  
32 pursuant to section 15-792.02 to provide approved board examination  
33 systems for the charter school.

34 O. If ~~permitted~~ ALLOWED by federal law, a charter school may opt  
35 out of federal grant opportunities if the charter holder or the  
36 appropriate governing body of the charter school determines that the  
37 federal requirements impose unduly burdensome reporting requirements.

38 P. For the purposes of this section, "monies intended for the basic  
39 maintenance and operations of the school" means monies intended to provide  
40 support for the educational program of the school, except that it does not  
41 include supplemental assistance for a specific purpose or title VIII of  
42 the elementary and secondary education act of 1965 monies. The auditor  
43 general shall determine which federal or state monies meet this  
44 definition.

1           Sec. 5. Section 15-203, Arizona Revised Statutes, as amended by  
2 Laws 2021, chapter 2, section 2, is amended to read:

3           15-203. Powers and duties; definition

4           A. The state board of education shall:

5           1. Exercise general supervision over and regulate the conduct of  
6 the public school system and adopt any rules and policies it deems  
7 necessary to accomplish this purpose.

8           2. Keep a record of its proceedings.

9           3. Make rules for its own government.

10          4. Determine the policy and work undertaken by it.

11          5. Subject to title 41, chapter 4, article 4, employ staff.

12          6. Prescribe and supervise the duties of its employees pursuant to  
13 title 41, chapter 4, article 4, if not otherwise prescribed by statute.

14          7. Delegate to the superintendent of public instruction the  
15 execution of board policies and rules.

16          8. Recommend to the legislature changes or additions to the  
17 statutes pertaining to schools.

18          9. Prepare, publish and distribute reports concerning the  
19 educational welfare of this state.

20          10. Prepare a budget for expenditures necessary for proper  
21 maintenance of the board and accomplishment of its purposes and present  
22 the budget to the legislature.

23          11. Aid in the enforcement of laws relating to schools.

24          12. Prescribe a minimum course of study in the common schools,  
25 minimum competency requirements for the promotion of pupils from the third  
26 grade and minimum course of study and competency requirements for the  
27 promotion of pupils from the eighth grade. The state board of education  
28 shall prepare a fiscal impact statement of any proposed changes to the  
29 minimum course of study or competency requirements and, on completion,  
30 shall send a copy to the director of the joint legislative budget  
31 committee and the ~~executive~~ director of the school facilities ~~board~~  
32 DIVISION WITHIN THE DEPARTMENT OF ADMINISTRATION. The state board of  
33 education shall not adopt any changes in the minimum course of study or  
34 competency requirements in effect on July 1, 1998 that will have a fiscal  
35 impact on school capital costs.

36          13. Prescribe minimum course of study and competency requirements  
37 for the graduation of pupils from high school. The state board of  
38 education shall prepare a fiscal impact statement of any proposed changes  
39 to the minimum course of study or competency requirements and, on  
40 completion, shall send a copy to the director of the joint legislative  
41 budget committee and the ~~executive~~ director of the school facilities ~~board~~  
42 DIVISION WITHIN THE DEPARTMENT OF ADMINISTRATION. The state board of  
43 education shall not adopt any changes in the minimum course of study or  
44 competency requirements in effect on July 1, 1998 that will have a fiscal  
45 impact on school capital costs.

1           14. Pursuant to section 15-501.01, supervise and control the  
2 certification of persons engaged in instructional work directly as any  
3 classroom, laboratory or other teacher or indirectly as a supervisory  
4 teacher, speech therapist, principal or superintendent in a school  
5 district, including school district preschool programs, or any other  
6 educational institution below the community college, college or university  
7 level, and prescribe rules for certification.

8           15. Adopt a list of approved tests for determining special  
9 education assistance to gifted pupils as defined in and as provided in  
10 chapter 7, article 4.1 of this title. The adopted tests shall provide  
11 separate scores for quantitative reasoning, verbal reasoning and nonverbal  
12 reasoning and shall be capable of providing reliable and valid scores at  
13 the highest ranges of the score distribution.

14           16. Adopt rules governing the methods for the administration of all  
15 proficiency examinations.

16           17. Adopt proficiency examinations for its use and determine the  
17 passing score for the proficiency examinations.

18           18. Include within its budget the cost of contracting for the  
19 purchase, distribution and scoring of the examinations as provided in  
20 paragraphs 16 and 17 of this subsection.

21           19. Supervise and control the qualifications of professional  
22 nonteaching school personnel and prescribe standards relating to  
23 qualifications. The standards shall not require the business manager of a  
24 school district to obtain certification from the state board of education.

25           20. Impose such disciplinary action, including disciplinary action  
26 pursuant to section 15-505 or the issuance of a letter of censure,  
27 suspension, suspension with conditions or revocation of a certificate, on  
28 a finding of immoral or unprofessional conduct.

29           21. Establish an assessment, data gathering and reporting system  
30 for pupil performance as prescribed in chapter 7, article 3 of this title,  
31 including qualifying examinations for the college credit by examination  
32 incentive program pursuant to section 15-249.06.

33           22. Adopt a rule to promote braille literacy pursuant to section  
34 15-214.

35           23. Adopt rules prescribing procedures for ~~the investigation by~~ the  
36 ~~department~~ STATE BOARD of education ~~of~~ TO INVESTIGATE every written  
37 complaint alleging that a certificated person, a person seeking  
38 certification or a noncertificated person has engaged in immoral or  
39 unprofessional conduct.

40           24. For purposes of federal law, serve as the state board for  
41 vocational and technological education and meet at least four times each  
42 year solely to execute the powers and duties of the state board for  
43 vocational and technological education.

1           25. Develop and maintain a handbook for use in the schools of this  
2 state that provides guidance for the teaching of moral, civic and ethical  
3 education. The handbook shall promote existing curriculum frameworks and  
4 shall encourage school districts to recognize moral, civic and ethical  
5 values within instructional and programmatic educational development  
6 programs for the general purpose of instilling character and ethical  
7 principles in pupils in kindergarten programs and grades one through  
8 twelve.

9           26. Require pupils to recite the following passage from the  
10 declaration of independence for pupils in grades four through six at the  
11 commencement of the first class of the day in the schools, except that a  
12 pupil shall not be required to participate if the pupil or the pupil's  
13 parent or guardian objects:

14                   We hold these truths to be self-evident, that all men  
15                   are created equal, that they are endowed by their creator with  
16                   certain unalienable rights, that among these are life, liberty  
17                   and the pursuit of happiness. That to secure these rights,  
18                   governments are instituted among men, deriving their just  
19                   powers from the consent of the governed. . . .

20           27. Adopt rules that provide for certification reciprocity pursuant  
21 to section 15-501.01.

22           28. Adopt rules that provide for the presentation of an honorary  
23 high school diploma to a person who has never obtained a high school  
24 diploma and who meets both of the following requirements:

25                   (a) Currently resides in this state.

26                   (b) Provides documented evidence from the department of veterans'  
27 services that the person enlisted in the armed forces of the United States  
28 and served in World War I, World War II, the Korean conflict or the  
29 Vietnam conflict.

30           29. Cooperate with the Arizona-Mexico commission in the governor's  
31 office and with researchers at universities in this state to collect data  
32 and conduct projects in the United States and Mexico on issues that are  
33 within the scope of the duties of the department of education and that  
34 relate to quality of life, trade and economic development in this state in  
35 a manner that will help the Arizona-Mexico commission to assess and  
36 enhance the economic competitiveness of this state and of the  
37 Arizona-Mexico region.

38           30. Adopt rules to define and provide guidance to schools as to the  
39 activities that would constitute immoral or unprofessional conduct of  
40 certificated and noncertificated persons.

41           31. Adopt guidelines to encourage pupils in grades nine, ten,  
42 eleven and twelve to volunteer for twenty hours of community service  
43 before graduation from high school. A school district that complies with  
44 the guidelines adopted pursuant to this paragraph is not liable for  
45 damages resulting from a pupil's participation in community service unless

1 the school district is found to have demonstrated wanton or reckless  
2 disregard for the safety of the pupil and other participants in community  
3 service. For the purposes of this paragraph, "community service" may  
4 include service learning. The guidelines shall include the following:

5 (a) A list of the general categories in which community service may  
6 be performed.

7 (b) A description of the methods by which community service will be  
8 monitored.

9 (c) A consideration of risk assessment for community service  
10 projects.

11 (d) Orientation and notification procedures of community service  
12 opportunities for pupils entering grade nine, including the development of  
13 a notification form. The notification form shall be signed by the pupil  
14 and the pupil's parent or guardian, except that a pupil shall not be  
15 required to participate in community service if the parent or guardian  
16 notifies the principal of the pupil's school in writing that the parent or  
17 guardian does not wish the pupil to participate in community service.

18 (e) Procedures for a pupil in grade nine to prepare a written  
19 proposal that outlines the type of community service that the pupil would  
20 like to perform and the goals that the pupil hopes to achieve as a result  
21 of community service. The pupil's written proposal shall be reviewed by a  
22 faculty advisor, a guidance counselor or any other school employee who is  
23 designated as the community service program coordinator for that school.  
24 The pupil may alter the written proposal at any time before performing  
25 community service.

26 (f) Procedures for a faculty advisor, a guidance counselor or any  
27 other school employee who is designated as the community service program  
28 coordinator to evaluate and certify the completion of community service  
29 performed by pupils.

30 32. To facilitate the transfer of military personnel and their  
31 dependents to and from the public schools of this state, pursue, in  
32 cooperation with the Arizona board of regents, reciprocity agreements with  
33 other states concerning the transfer credits for military personnel and  
34 their dependents. A reciprocity agreement entered into pursuant to this  
35 paragraph shall:

36 (a) Address procedures for each of the following:

37 (i) The transfer of student records.

38 (ii) Awarding credit for completed coursework.

39 (iii) ~~Permitting~~ ALLOWING a student to satisfy the graduation  
40 requirements prescribed in section 15-701.01 through the successful  
41 performance on comparable exit-level assessment instruments administered  
42 in another state.

43 (b) Include appropriate criteria developed by the state board of  
44 education and the Arizona board of regents.

1           33. Adopt guidelines that school district governing boards shall  
2 use in identifying pupils who are eligible for gifted programs and in  
3 providing gifted education programs and services. The state board of  
4 education shall adopt any other guidelines and rules that it deems  
5 necessary in order to carry out the purposes of chapter 7, article 4.1 of  
6 this title.

7           34. For each of the alternative textbook formats of human-voiced  
8 audio, large-print and braille, designate alternative media producers to  
9 adapt existing standard print textbooks or to provide specialized  
10 textbooks, or both, for pupils with disabilities in this state. Each  
11 alternative media producer shall be capable of producing alternative  
12 textbooks in all relevant subjects in at least one of the alternative  
13 textbook formats. The board shall post the designated list of alternative  
14 media producers on its website.

15           35. Adopt a list of approved professional development training  
16 providers for use by school districts as provided in section 15-107,  
17 subsection J. The professional development training providers shall meet  
18 the training curriculum requirements determined by the state board of  
19 education in at least the areas of school finance, governance, employment,  
20 staffing, inventory and human resources, internal controls and  
21 procurement.

22           36. Adopt rules to prohibit a person who violates the notification  
23 requirements prescribed in section 15-183, subsection C, paragraph 8 or  
24 section 15-550, subsection D from certification pursuant to this title  
25 until the person is no longer charged or is acquitted of any offenses  
26 listed in section 41-1758.03, subsection B. The state board shall also  
27 adopt rules to prohibit a person who violates the notification  
28 requirements, certification surrender requirements or fingerprint  
29 clearance card surrender requirements prescribed in section 15-183,  
30 subsection C, paragraph 9 or section 15-550, subsection E from  
31 certification pursuant to this title for at least ten years after the date  
32 of the violation.

33           37. Adopt rules for the alternative certification of teachers of  
34 nontraditional foreign languages that allow for the passing of a  
35 nationally accredited test to substitute for the education coursework  
36 required for certification.

37           38. Adopt rules to define competency-based educational pathways for  
38 college and career readiness that may be used by schools. The rules shall  
39 include the following components:

40           (a) The establishment of learning outcomes that will be expected  
41 for students in a particular subject.

42           (b) A process and criteria by which assessments may be identified  
43 or established to determine whether students have reached the desired  
44 competencies in a particular subject.

1 (c) A mechanism to allow pupils in grades seven through twelve who  
2 have demonstrated competency in a subject to immediately obtain credit for  
3 the mastery of that subject. The rules shall include a list of applicable  
4 subjects, including the level of competency required for each subject.

5 39. In consultation with the department of health services, the  
6 department of education, medical professionals, school health  
7 professionals, school administrators and an organization that represents  
8 school nurses in this state, adopt rules that prescribe the following for  
9 school districts and charter schools:

10 (a) Annual training in the administration of auto-injectable  
11 epinephrine for designated medical and nonmedical school personnel. The  
12 annual training prescribed in this subdivision is optional during any  
13 fiscal year in which a school does not stock epinephrine auto-injectors at  
14 the school during that fiscal year.

15 (b) Annual training for all school site personnel on the  
16 recognition of anaphylactic shock symptoms and the procedures to follow  
17 when anaphylactic shock occurs, following the national guidelines of the  
18 American academy of pediatrics. The annual training prescribed in this  
19 subdivision is optional during any fiscal year in which a school does not  
20 stock epinephrine auto-injectors at the school during that fiscal year.

21 (c) Procedures for the administration of epinephrine auto-injectors  
22 in emergency situations.

23 (d) Procedures for annually requesting a standing order for  
24 epinephrine auto-injectors pursuant to section 15-157 from the chief  
25 medical officer of the department of health services, the chief medical  
26 officer of a county health department, a doctor of medicine licensed  
27 pursuant to title 32, chapter 13 or a doctor of osteopathic medicine  
28 licensed pursuant to title 32, chapter 17.

29 (e) Procedures for reporting the use of epinephrine auto-injectors  
30 to the department of health services.

31 40. In consultation with the department of education, medical  
32 professionals, school health professionals, school administrators and an  
33 organization that represents school nurses in this state, adopt rules that  
34 prescribe the following for school districts and charter schools that  
35 elect to administer inhalers:

36 (a) Annual training in the recognition of respiratory distress  
37 symptoms and the procedures to follow when respiratory distress occurs, in  
38 accordance with good clinical practice, and the administration of  
39 inhalers, as directed on the prescription protocol, by designated medical  
40 and nonmedical school personnel.

41 (b) Requirements for school districts and charter schools that  
42 elect to administer inhalers to designate at least two employees at each  
43 school to be trained in the recognition of respiratory distress symptoms  
44 and the procedures to follow when respiratory distress occurs, in  
45 accordance with good clinical practice, and at least two employees at each

1 school to be trained in the administration of inhalers, as directed on the  
2 prescription protocol.

3 (c) Procedures for the administration of inhalers in emergency  
4 situations, as directed on the prescription protocol.

5 (d) Procedures for annually requesting a standing order for  
6 inhalers and spacers or holding chambers pursuant to section 15-158 from  
7 the chief medical officer of a county health department, a physician  
8 licensed pursuant to title 32, chapter 13 or 17 or a nurse practitioner  
9 licensed pursuant to title 32, chapter 15.

10 (e) Procedures for notifying a parent once an inhaler has been  
11 administered.

12 41. Adopt rules for certification that allow substitute teachers  
13 who can demonstrate primary teaching responsibility in a classroom as  
14 defined by the state board of education to use the time spent in that  
15 classroom toward the required capstone experience for standard teaching  
16 certification.

17 42. For the purposes of Sandra Day O'Connor civics celebration day  
18 instruction under section 15-710.01, develop a list of recommended  
19 resources relating to civics education that align with the academic  
20 standards prescribed by the state board of education in social studies  
21 pursuant to sections 15-701 and 15-701.01. The state board shall  
22 establish a process that allows public schools to recommend resources for  
23 addition to the list.

24 43. DIRECT AND OVERSEE THE WORK OF ALL INVESTIGATORS RELATED TO  
25 INVESTIGATING CERTIFICATED PERSONS, PERSONS SEEKING CERTIFICATION AND  
26 NONCERTIFICATED PERSONS FOR IMMORAL OR UNPROFESSIONAL CONDUCT UNDER THIS  
27 TITLE AND RULES ADOPTED PURSUANT TO THIS TITLE. THE INVESTIGATORS SHALL  
28 BE HOUSED WITHIN AND ARE EMPLOYEES OF THE STATE BOARD OF EDUCATION.

29 B. The state board of education may:

30 1. Contract.

31 2. Sue and be sued.

32 3. Distribute and score the tests prescribed in chapter 7, article  
33 3 of this title.

34 4. Provide for an advisory committee or hearing officers to conduct  
35 hearings and screenings to determine whether grounds exist to impose  
36 disciplinary action against a certificated person, whether grounds exist  
37 to reinstate a revoked or surrendered certificate, whether grounds exist  
38 to approve or deny an initial application for certification or a request  
39 for renewal of a certificate and whether grounds exist to impose or lift  
40 disciplinary action against a noncertificated person. The board may  
41 delegate its responsibility to conduct hearings and screenings to its  
42 advisory committee or hearing officers. Hearings shall be conducted  
43 pursuant to title 41, chapter 6, article 6.



1           5. Proceed with the disposal of any complaint requesting  
2 disciplinary action against a noncertificated person after the board has  
3 imposed disciplinary action pursuant to section 15-505 or **AGAINST** a person  
4 holding a certificate as prescribed in subsection A, paragraph 14 of this  
5 section after the suspension or expiration of the certificate or surrender  
6 of the certificate by the holder.

7           6. Assess costs and reasonable attorney fees against a person who  
8 files a frivolous complaint or who files a complaint in bad faith. Costs  
9 assessed pursuant to this paragraph shall not exceed the expenses incurred  
10 by the ~~department~~ **STATE BOARD** of education in the investigation of the  
11 complaint.

12           **7. ISSUE SUBPOENAS TO COMPEL THE ATTENDANCE AND TESTIMONY OF**  
13 **WITNESSES AND PRODUCTION OF DOCUMENTS OR ANY PHYSICAL EVIDENCE IN**  
14 **CONNECTION WITH AN INVESTIGATION OR HEARING OF AN ALLEGATION THAT A**  
15 **CERTIFICATED PERSON, A PERSON SEEKING CERTIFICATION OR A NONCERTIFICATED**  
16 **PERSON HAS ENGAGED IN IMMORAL OR UNPROFESSIONAL CONDUCT. IF A SUBPOENA**  
17 **ISSUED BY THE BOARD IS DISOBEYED, THE BOARD MAY PETITION THE SUPERIOR**  
18 **COURT TO ENFORCE THE SUBPOENA. ANY FAILURE TO OBEY AN ORDER OF THE COURT**  
19 **PURSUANT TO THIS PARAGRAPH MAY BE PUNISHED BY THE COURT AS CONTEMPT.**

20           C. For the purposes of this section, "noncertificated person" has  
21 the same meaning prescribed in section 15-505.

22           Sec. 6. Section 15-213.01, Arizona Revised Statutes, is amended to  
23 read:

24           15-213.01. Procurement practices; guaranteed energy cost  
25 savings contracts; definitions

26           A. Notwithstanding section 15-213, subsection A, a school district  
27 may contract for the procurement of a guaranteed energy cost savings  
28 contract with a qualified provider through a competitive sealed proposal  
29 process as provided by the procurement practices adopted by the state  
30 board of education.

31           B. A school district may enter into a guaranteed energy cost  
32 savings contract with a qualified provider if it determines that the  
33 energy savings project pays for itself within the expected life, according  
34 to the manufacturer's equipment standards, of the energy cost savings  
35 measures implemented, the term of the financial agreement or twenty-five  
36 years, whichever is shortest, if the recommendations in the proposal are  
37 followed. The school district shall retain the cost savings achieved by a  
38 guaranteed energy cost savings contract, and these cost savings may be  
39 used to pay for the contract and project implementation.

40           C. The school district shall use objective criteria in selecting  
41 the qualified provider, including the cost of the contract, the energy  
42 cost savings, the net projected energy savings, the quality of the  
43 technical approach, the quality of the project management plan, the  
44 financial solvency of the qualified provider and the experience of the  
45 qualified provider with projects of similar size and scope. The school

1 district shall set forth each criterion with its respective numerical  
2 weighting in the request for proposal.

3 D. In selecting a contractor to perform any construction work  
4 related to performing the guaranteed energy cost savings contract, the  
5 qualified provider may develop and use a prequalification process for  
6 contractors. These prequalifications may require the contractor to  
7 demonstrate that the contractor is adequately bonded to perform the work  
8 and that the contractor has not failed to perform on a prior job.

9 E. A study shall be performed by the selected qualified provider in  
10 order to establish the exact scope of the guaranteed energy cost savings  
11 contract, the fixed cost savings guarantee amount and the methodology for  
12 determining actual savings. This report shall be reviewed and approved by  
13 the school district before the actual installation of any equipment. The  
14 qualified provider shall transmit a copy of the approved study to the  
15 ~~DIVISION OF school facilities board~~ ~~ADMINISTRATION~~ ~~and the governor's office of energy policy.~~ ~~of energy policy.~~  
16 ~~ADMINISTRATION~~ and the governor's office ~~of energy policy.~~

17 F. The guaranteed energy cost savings contract shall require that,  
18 in determining whether the projected energy savings calculations have been  
19 met, the energy savings shall be computed by comparing the energy baseline  
20 before installation or implementation of the energy cost savings measures  
21 with the energy consumed after installation or implementation of the  
22 energy cost savings measures. The qualified provider and the school  
23 district may agree to make modifications to the energy baseline only for  
24 any of the following:

- 25 1. Changes in utility rates.
- 26 2. Changes in the number of days in the utility billing cycle.
- 27 3. Changes in the square footage of the facility.
- 28 4. Changes in the operational schedule of the facility.
- 29 5. Changes in facility temperature.
- 30 6. Significant changes in the weather.
- 31 7. Significant changes in the amount of equipment or lighting used  
32 in the facility.

33 8. Significant changes in the nature or intensity of energy use,  
34 such as the change of classroom space to laboratory space.

35 G. The information to develop the energy baseline shall be derived  
36 from historical energy costs or actual energy measurements or shall be  
37 calculated from energy measurements at the facility where energy cost  
38 savings measures are to be installed or implemented. The baseline shall  
39 be established before the installation or implementation of energy cost  
40 savings measures.

41 H. At the qualified provider's expense, the proposal shall include  
42 an independent third-party validation of cost savings calculations  
43 associated with each proposed energy cost savings measure by a licensed,  
44 registered professional engineer, with credentials from the national  
45 association of energy engineers, who has demonstrated experience in energy

1 analysis. The school district must approve the selection of the  
2 credentialed engineer.

3 I. A school district, or two or more school districts, may enter  
4 into a financing agreement with a qualified provider or the financial  
5 institution, trustee or paying agent for the purchase and installation or  
6 implementation of energy cost savings measures. The guaranteed energy  
7 cost savings contract may provide for payments over a period of not more  
8 than the expected life, according to the manufacturer's equipment  
9 standards, of the energy cost savings measures implemented, the term of  
10 the financial agreement or twenty-five years, whichever is shortest. The  
11 contract shall provide that all payments, except obligations on  
12 termination of the contract before its expiration, shall be made pursuant  
13 to the terms of the financing agreement. If a school district purchases  
14 the energy cost savings measure, the qualified provider shall guarantee  
15 that the energy cost savings meet or exceed the school district's total  
16 cost of the energy savings project purchase.

17 J. The guaranteed energy cost savings contract shall include a  
18 written guarantee of the qualified provider that the energy savings will  
19 meet or exceed the costs of the energy cost savings measures over the  
20 expected life, according to the manufacturer's equipment standards, of the  
21 energy cost savings measures implemented, the term of the financial  
22 agreement or twenty-five years, whichever is shortest. The qualified  
23 provider shall:

24 1. For the term of the guaranteed energy cost savings contract,  
25 prepare a measurement and verification report on an annual basis in  
26 addition to an annual reconciliation of savings.

27 2. Reimburse the school district for any shortfall of guaranteed  
28 energy cost savings on an annual basis.

29 3. Use the international performance and measurement and  
30 verification protocol standards or the federal energy management program  
31 standards to validate the savings guarantee.

32 K. The school district may obtain any required financing as part of  
33 the original competitive sealed proposal process from the qualified  
34 provider or a third-party financing institution.

35 L. A qualified provider that is awarded the contract shall give a  
36 sufficient bond to the school district for its faithful performance of the  
37 equipment installment.

38 M. The qualified provider is required to make public the  
39 information in the subcontractor's bids only if the qualified provider is  
40 awarded the guaranteed energy cost savings contract by the school  
41 district.

42 N. For all projects carried out under this section, the district  
43 shall report to the governor's office ~~of energy policy~~:

- 44 1. The name of the project.  
45 2. The name of the qualified provider.

- 1           3. The total cost of the project.
- 2           4. The expected energy cost savings and relevant escalators.
- 3           5. The agreed-on baseline in the measurement and verification
- 4 agreement in both kilowatt hours and dollars.
- 5           0. This section does not apply to the construction of new
- 6 buildings.
- 7           P. A school district may use a simplified energy performance
- 8 contract for projects that are less than ~~five hundred thousand dollars~~
- 9 **\$500,000**. Simplified energy performance contracts are not required to
- 10 include an energy savings guarantee and shall comply with all requirements
- 11 in this section except for the requirements that are specifically related
- 12 to the energy savings guarantee and the measurement and verification of
- 13 the guaranteed savings.
- 14           Q. For the purposes of this section:
- 15           1. "Construction" means the process of building, altering,
- 16 repairing, improving or demolishing any school district structure or
- 17 building, or other public improvements of any kind to any school district
- 18 real property. Construction does not include the routine operation,
- 19 routine repair or routine maintenance of existing structures, buildings or
- 20 real property.
- 21           2. "Energy baseline" means a calculation of the amount of energy
- 22 used in an existing facility before the installation or implementation of
- 23 the energy cost savings measures.
- 24           3. "Energy cost savings measure" means a training program or
- 25 facility alteration designed to reduce energy consumption and may include
- 26 one or more of the following, and any related meters or other measuring
- 27 devices:
- 28           (a) Insulating the building structure or systems in the building.
- 29           (b) Storm windows or doors, caulking or weather stripping,
- 30 multiglazed windows or door systems, additional glazing, reductions in
- 31 glass area, or other window and door system modifications that reduce
- 32 energy consumption.
- 33           (c) Automated or computerized energy control systems.
- 34           (d) Heating, ventilating or air conditioning system modifications
- 35 or replacements, including geothermal.
- 36           (e) Replacing or modifying lighting fixtures to increase the energy
- 37 efficiency of the lighting system without increasing the overall
- 38 illumination of a facility unless an increase in illumination is necessary
- 39 to conform to the applicable state or local building code for the lighting
- 40 system after the proposed modifications are made.
- 41           (f) Indoor air quality improvements to increase air quality that
- 42 conform to the applicable state or local building code requirements.
- 43           (g) Energy recovery systems.
- 44           (h) Installing a new or retrofitting an existing day lighting
- 45 system.

- 1 (i) Procurement of low-cost utility supplies of all types,  
2 including electricity, natural gas, propane and water.
- 3 (j) Devices that reduce water consumption and water costs or that  
4 reduce sewer charges.
- 5 (k) Rainwater harvesting systems.
- 6 (l) Combined heat and power systems.
- 7 (m) Renewable and alternative energy projects and renewable energy  
8 power service agreements.
- 9 (n) Self-generation systems.
- 10 (o) Any additional building systems and infrastructure that produce  
11 energy, or that provide utility cost savings not specifically mentioned in  
12 this paragraph, if the improvements meet the life-cycle cost requirement  
13 and enhance building system performance or occupant comfort and safety,  
14 excluding those systems that fall under section 15-213.02.

15 (p) Geothermal.  
16 4. "Guaranteed energy cost savings contract" means a contract for  
17 implementing one or more energy cost savings measures.

18 5. "Life-cycle cost" means the sum of present values of investment  
19 costs, capital costs, installation costs, energy costs, operating costs,  
20 maintenance costs and disposal costs and utility rebates over the life of  
21 the project, product or measure as provided by federal life-cycle cost  
22 rules, regulations and criteria contained in the United States department  
23 of energy federal energy management program "guidance on life-cycle cost  
24 analysis" required by executive order 13423, January 2007.

25 6. "Qualified provider" means a person or a business that is  
26 experienced in designing, implementing or installing energy cost savings  
27 measures, that has a record of established projects or measures of similar  
28 size and scope, that has demonstrated technical, operational, financial  
29 and managerial capabilities to design and operate energy cost savings  
30 measures and projects and that has the financial ability to satisfy  
31 guarantees for energy cost savings.

32 Sec. 7. Section 15-213.03, Arizona Revised Statutes, is amended to  
33 read:

34 15-213.03. Procurement practices; guaranteed energy  
35 production contracts; definitions

36 A. Notwithstanding section 15-213, subsection A, a school district  
37 may ~~contract for the procurement of~~ PROCURE a guaranteed energy production  
38 contract with a qualified provider through a competitive sealed proposal  
39 process as provided by the procurement practices adopted by the state  
40 board of education.

41 B. The school district shall use objective criteria in selecting  
42 the qualified provider, including the guaranteed energy price, the  
43 guaranteed energy production, the quality of the technical approach, the  
44 quality of the project management plan, the financial solvency of the  
45 qualified provider and the experience of the qualified provider with

1 projects of similar size and scope. The school district shall set forth  
2 each criterion with its respective numerical weighting in the request for  
3 proposal.

4 C. In selecting a contractor to perform any construction work  
5 related to performing the guaranteed energy production contract, the  
6 qualified provider may develop and use a prequalification process for  
7 contractors. These prequalifications may require the contractor to  
8 demonstrate that the contractor is adequately bonded to perform the work  
9 and that the contractor has not failed to perform on a prior job.

10 D. When submitting a proposal for the installation of equipment,  
11 the qualified provider shall include information containing the guaranteed  
12 energy production associated with each proposed energy production measure.  
13 The school district shall review and approve this guarantee before the  
14 actual installation of any equipment. The qualified provider shall  
15 transmit a copy of the approved guarantee to the **DIVISION OF** school  
16 facilities ~~board~~ **WITHIN THE DEPARTMENT OF ADMINISTRATION** and **TO** the  
17 governor's office ~~of energy policy~~.

18 E. A guaranteed energy production contract shall include a  
19 guaranteed energy price, and a written guaranteed energy production as  
20 measured on an annual basis over the expected life of the energy  
21 production measures implemented or within twenty-five years, whichever is  
22 shorter. The qualified provider shall:

23 1. Prepare a measurement and verification report on an annual basis  
24 in addition to an annual reconciliation of any guaranteed energy  
25 production shortfall.

26 2. Reimburse the school district for any guaranteed energy  
27 production shortfall on an annual basis by multiplying any energy  
28 production shortfall by either the difference between the guaranteed  
29 energy price and the effective utility rate, or an alternative method as  
30 mutually agreed on by the school district and the **QUALIFIED** provider.

31 F. The school district may obtain any required financing as part of  
32 the original competitive sealed proposal process from the qualified  
33 provider or a third-party financing institution.

34 G. A qualified provider that is awarded the contract shall give a  
35 sufficient bond to the school district for its faithful performance of the  
36 equipment installment.

37 H. The qualified provider is required to make public information in  
38 the subcontractor's bids only if the school district awards the qualified  
39 provider the guaranteed energy production contract.

40 I. For all projects carried out under this section, the district  
41 shall report to the governor's office ~~of energy policy~~ and the **DIVISION OF**  
42 school facilities ~~board~~ **WITHIN THE DEPARTMENT OF ADMINISTRATION**:

- 43 1. The name of the project.
- 44 2. The **NAME OF THE** qualified provider.
- 45 3. The total cost of the project.

1           4. The expected guaranteed energy production and guaranteed energy  
2 price, including relevant escalators, if applicable, over the term of the  
3 guaranteed energy production contract.

4           J. For all projects carried out under this section, the district  
5 shall report to the DIVISION OF school facilities ~~board~~ WITHIN THE  
6 DEPARTMENT OF ADMINISTRATION, by October 15 each year, the actual energy  
7 production and guaranteed energy price.

8           K. For the purposes of this section:

9           1. "Actual energy production" means the actual amount of energy  
10 that flows from the energy production measure on an annual basis as  
11 measured by a meter in kilowatt hours alternating current.

12           2. "Construction" means the process of building, altering,  
13 repairing, improving or demolishing any school district structure or  
14 building, or other public improvements of any kind to any school district  
15 real property. Construction does not include the routine operation,  
16 routine repair or routine maintenance of existing structures, buildings or  
17 real property.

18           3. "Effective utility rate" means the average price per kilowatt  
19 hour that a school district paid to its utility provider for electricity  
20 service to the facility that is the subject of the guaranteed energy  
21 production contract over the previous twelve months.

22           4. "Energy production measure" means renewable and alternative  
23 energy projects or renewable energy power service agreements.

24           5. "Guaranteed energy price" means the agreed on price to be  
25 charged to the school for each kilowatt hour alternating current of actual  
26 energy production as such may change on an annual basis as set forth in  
27 the guaranteed energy production contract.

28           6. "Guaranteed energy production" means the amount of energy,  
29 measured in kilowatt hours alternating current, that the qualified  
30 provider guarantees for each year of the guaranteed energy production  
31 contract.

32           7. "Guaranteed energy production contract" means a contract for  
33 implementing one or more energy production measures between one or more  
34 qualified providers and a school district.

35           8. "Guaranteed energy production shortfall" means the amount, if  
36 any, that the actual energy production is less than the guaranteed energy  
37 production in any given year.

38           9. "Qualified provider" means a person or a business that is  
39 experienced in designing, implementing or installing energy cost savings  
40 measures, that has demonstrated technical, operational, financial and  
41 managerial capabilities to design and operate cost savings measures and  
42 projects and that has the financial ability to satisfy guarantees for  
43 guaranteed energy production, financial solvency and experience for  
44 projects of similar size and scope.



1           Sec. 8. Repeal

2           Section 15-240, Arizona Revised Statutes, is repealed.

3           Sec. 9. Section 15-251, Arizona Revised Statutes, as amended by  
4 Laws 2021, chapter 2, section 3, is amended to read:

5           15-251. Powers and duties

6           The superintendent of public instruction shall:

7           1. Superintend the schools of this state.

8           2. Request the auditor general to investigate when necessary the  
9 accounts of school monies kept by any state, county or district officer.

10          3. Subject to supervision by the state board of education,  
11 apportion to the several counties the monies to which each county is  
12 entitled for the year. Apportionment shall be made as provided in  
13 chapter 9 of this title.

14          4. Execute, under the direction of the state board of education,  
15 the policies that have been decided on by the state board.

16          5. Direct the performance of executive, administrative or  
17 ministerial functions by the department of education or divisions or  
18 employees of the department.

19          ~~6. Direct and oversee the work of all investigators related to  
20 investigating certificated persons, persons seeking certification and  
21 noncertificated persons for immoral or unprofessional conduct under this  
22 title and rules adopted pursuant to this title. The investigators shall  
23 be housed within and are employees of the department of education. For  
24 the purposes of this paragraph, "noncertificated person" has the same  
25 meaning prescribed in section 15-505.~~

26          ~~7.~~ 6. Provide information to the state board of education related  
27 to the powers and duties set forth in section 15-203.

28          Sec. 10. Section 15-341, Arizona Revised Statutes, is amended to  
29 read:

30          15-341. General powers and duties; immunity; delegation

31          A. The governing board shall:

32          1. Prescribe and enforce policies and procedures ~~for the governance~~  
33 ~~of~~ **TO GOVERN** the schools that are not inconsistent with law or rules  
34 prescribed by the state board of education.

35          2. Exclude from schools all books, publications, papers or  
36 audiovisual materials of a sectarian, partisan or denominational  
37 character. This paragraph does not prohibit the elective course permitted  
38 by section 15-717.01.

39          3. Manage and control the school property within its district,  
40 except that a district may enter into a partnership with an entity,  
41 including a charter school, another school district or a military base, to  
42 operate a school or offer educational services in a district building,  
43 including at a vacant or partially used building, or in any building on  
44 the entity's property pursuant to a written agreement between the parties.



- 1           4. Acquire school furniture, apparatus, equipment, library books  
2 and supplies for ~~the use of the~~ schools TO USE.
- 3           5. Prescribe the curricula and criteria for the promotion and  
4 graduation of pupils as provided in sections 15-701 and 15-701.01.
- 5           6. Furnish, repair and insure, at full insurable value, the school  
6 property of the district.
- 7           7. Construct school buildings on approval by a vote of the district  
8 electors.
- 9           8. ~~Make~~ In the name of the district, ~~conveyances of~~ CONVEY property  
10 belonging to the district and sold by the board.
- 11           9. Purchase school sites when authorized by a vote of the district  
12 at an election conducted as nearly as practicable in the same manner as  
13 the election provided in section 15-481 and held on a date prescribed in  
14 section 15-491, subsection E, but such authorization shall not necessarily  
15 specify the site to be purchased and such authorization shall not be  
16 necessary to exchange unimproved property as provided in section 15-342,  
17 paragraph 23.
- 18           10. Construct, improve and furnish buildings used for school  
19 purposes when such buildings or premises are leased from the national park  
20 service.
- 21           11. Purchase school sites or construct, improve and furnish school  
22 buildings from the proceeds of the sale of school property only on  
23 approval by a vote of the district electors.
- 24           12. Hold pupils to strict account for disorderly conduct on school  
25 property.
- 26           13. Discipline students for disorderly conduct on the way to and  
27 from school.
- 28           14. Except as provided in section 15-1224, deposit all monies  
29 received by the district as gifts, grants and devises with the county  
30 treasurer who shall credit the deposits as designated in the uniform  
31 system of financial records. If not inconsistent with the terms of the  
32 gifts, grants and devises given, any balance remaining after expenditures  
33 for the intended purpose of the monies have been made shall be used for  
34 reduction of school district taxes for the budget year, except that in the  
35 case of accommodation schools the county treasurer shall carry the balance  
36 forward for use by the county school superintendent for accommodation  
37 schools for the budget year.
- 38           15. Provide that, if a parent or legal guardian chooses not to  
39 accept a decision of the teacher as provided in paragraph 42 of this  
40 subsection, the parent or legal guardian may request in writing that the  
41 governing board review the teacher's decision. This paragraph does not  
42 release school districts from any liability relating to a child's  
43 promotion or retention.

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

4           17. Use school monies received from the state and county school  
5 apportionment exclusively ~~for payment of TO PAY~~ salaries of teachers and  
6 other employees and contingent expenses of the district.

7           18. ~~Make an annual~~ ANNUALLY report to the county school  
8 superintendent on or before October 1 in the manner and form and on the  
9 blanks prescribed by the superintendent of public instruction or county  
10 school superintendent. The board shall also make reports directly to the  
11 county school superintendent or the superintendent of public instruction  
12 whenever required.

13           19. Deposit all monies received by school districts other than  
14 student activities monies or monies from auxiliary operations as provided  
15 in sections 15-1125 and 15-1126 with the county treasurer to the credit of  
16 the school district except as provided in paragraph 20 of this subsection  
17 and sections 15-1223 and 15-1224, and the board shall expend the monies as  
18 provided by law for other school funds.

19           20. Establish bank accounts in which the board during a month may  
20 deposit miscellaneous monies received directly by the district. The board  
21 shall remit monies deposited in the bank accounts at least monthly to the  
22 county treasurer for deposit as provided in paragraph 19 of this  
23 subsection and in accordance with the uniform system of financial records.

24           21. Prescribe and enforce policies and procedures for disciplinary  
25 action against a teacher who engages in conduct that is a violation of the  
26 policies of the governing board but that is not cause for dismissal of the  
27 teacher or for revocation of the certificate of the teacher. Disciplinary  
28 action may include suspension without pay for a period of time not to  
29 exceed ten school days. Disciplinary action shall not include suspension  
30 with pay or suspension without pay for a period of time longer than ten  
31 school days. The procedures shall include notice, hearing and appeal  
32 provisions for violations that are cause for disciplinary action. The  
33 governing board may designate a person or persons to act on behalf of the  
34 board on these matters.

35           22. Prescribe and enforce policies and procedures for disciplinary  
36 action against an administrator who engages in conduct that is a violation  
37 of the policies of the governing board regarding duties of administrators  
38 but that is not cause for dismissal of the administrator or for revocation  
39 of the certificate of the administrator. Disciplinary action may include  
40 suspension without pay for a period of time not to exceed ten school days.  
41 Disciplinary action shall not include suspension with pay or suspension  
42 without pay for a period of time longer than ten school days. The  
43 procedures shall include notice, hearing and appeal provisions for  
44 violations that are cause for disciplinary action. The governing board  
45 may designate a person or persons to act on behalf of the board on these

1 matters. For violations that are cause for dismissal, the provisions of  
2 notice, hearing and appeal in chapter 5, article 3 of this title shall  
3 apply. The filing of a timely request for a hearing suspends the  
4 imposition of a suspension without pay or a dismissal pending completion  
5 of the hearing.

6 23. Notwithstanding sections 13-3108 and 13-3120, prescribe and  
7 enforce policies and procedures that prohibit a person from carrying or  
8 possessing a weapon on school grounds unless the person is a peace officer  
9 or has obtained specific authorization from the school administrator.

10 24. Prescribe and enforce policies and procedures relating to the  
11 health and safety of all pupils participating in district-sponsored  
12 practice sessions or games or other interscholastic athletic activities,  
13 including:

14 (a) The provision of water.

15 (b) Guidelines, information and forms, developed in consultation  
16 with a statewide private entity that supervises interscholastic  
17 activities, to inform and educate coaches, pupils and parents of the  
18 dangers of concussions and head injuries and the risks of continued  
19 participation in athletic activity after a concussion. The policies and  
20 procedures shall require that, before a pupil participates in an athletic  
21 activity, the pupil and the pupil's parent must sign an information form  
22 at least once each school year that states that the parent is aware of the  
23 nature and risk of concussion. The policies and procedures shall require  
24 that a pupil who is suspected of sustaining a concussion in a practice  
25 session, game or other interscholastic athletic activity be immediately  
26 removed from the athletic activity and that the pupil's parent or guardian  
27 be notified. A coach from the pupil's team or an official or a licensed  
28 health care provider may remove a pupil from play. A team parent may also  
29 remove the parent's own child from play. A pupil may return to play on  
30 the same day if a health care provider rules out a suspected concussion at  
31 the time the pupil is removed from play. On a subsequent day, the pupil  
32 may return to play if the pupil has been evaluated by and received written  
33 clearance to resume participation in athletic activity from a health care  
34 provider who has been trained in the evaluation and management of  
35 concussions and head injuries. A health care provider who is a volunteer  
36 and who provides clearance to participate in athletic activity on the day  
37 of the suspected injury or on a subsequent day is immune from civil  
38 liability with respect to all decisions made and actions taken that are  
39 based on good faith implementation of the requirements of this  
40 subdivision, except in cases of gross negligence or wanton or wilful  
41 neglect. A school district, school district employee, team coach,  
42 official or team volunteer or a parent or guardian of a team member is not  
43 subject to civil liability for any act, omission or policy undertaken in  
44 good faith to comply with the requirements of this subdivision or for a  
45 decision made or an action taken by a health care provider. A group or

1 organization that uses property or facilities owned or operated by a  
2 school district for athletic activities shall comply with the requirements  
3 of this subdivision. A school district and its employees and volunteers  
4 are not subject to civil liability for any other person or organization's  
5 failure or alleged failure to comply with the requirements of this  
6 subdivision. This subdivision does not apply to teams that are based in  
7 another state and that participate in an athletic activity in this state.  
8 For the purposes of this subdivision, athletic activity does not include  
9 dance, rhythmic gymnastics, competitions or exhibitions of academic skills  
10 or knowledge or other similar forms of physical noncontact activities,  
11 civic activities or academic activities, whether engaged in for the  
12 purposes of competition or recreation. For the purposes of this  
13 subdivision, "health care provider" means a physician who is licensed  
14 pursuant to title 32, chapter 13 or 17, an athletic trainer who is  
15 licensed pursuant to title 32, chapter 41, a nurse practitioner who is  
16 licensed pursuant to title 32, chapter 15, and a physician assistant who  
17 is licensed pursuant to title 32, chapter 25.

18 (c) Guidelines, information and forms that are developed in  
19 consultation with a statewide private entity that supervises  
20 interscholastic activities to inform and educate coaches, pupils and  
21 parents of the dangers of heat-related illnesses, sudden cardiac death and  
22 prescription opioid use. Before a pupil participates in any  
23 district-sponsored practice session or game or other interscholastic  
24 athletic activity, the pupil and the pupil's parent must be provided with  
25 information at least once each school year on the risks of heat-related  
26 illnesses, sudden cardiac death and prescription opioid addiction.

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

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

32 27. Administer competency tests prescribed by the state board of  
33 education for the graduation of pupils from high school.

34 28. Ensure that insurance coverage is secured for all construction  
35 projects for purposes of general liability, property damage and workers'  
36 compensation and secure performance and payment bonds for all construction  
37 projects.

38 29. Keep in the personnel file of all current and former employees  
39 who provide instruction to pupils at a school information about the  
40 employee's educational and teaching background and experience in a  
41 particular academic content subject area. A school district shall inform  
42 parents and guardians of the availability of the information and shall  
43 make the information available for inspection on request of parents and  
44 guardians of pupils enrolled at a school. This paragraph does not require  
45 any school to release personally identifiable information in relation to

1 any teacher or employee, including the teacher's or employee's address,  
2 salary, social security number or telephone number.

3 30. Report to local law enforcement agencies any suspected crime  
4 against a person or property that is a serious offense as defined in  
5 section 13-706 or that involves a deadly weapon or dangerous instrument or  
6 serious physical injury and any conduct that poses a threat of death or  
7 serious physical injury to employees, students or anyone on the property  
8 of the school. This paragraph does not limit or preclude the reporting by  
9 a school district or an employee of a school district of suspected crimes  
10 other than those required to be reported by this paragraph. For the  
11 purposes of this paragraph, "dangerous instrument", "deadly weapon" and  
12 "serious physical injury" have the same meanings prescribed in section  
13 13-105.

14 31. In conjunction with local law enforcement agencies and  
15 emergency response agencies, develop an emergency response plan for each  
16 school in the school district in accordance with minimum standards  
17 developed jointly by the department of education and the division of  
18 emergency management within the department of emergency and military  
19 affairs.

20 32. Provide written notice to the parents or guardians of all  
21 students enrolled in the school district at least ten days before a public  
22 meeting to discuss closing a school within the school district. The  
23 notice shall include the reasons for the proposed closure and the time and  
24 place of the meeting. The governing board shall fix a time for a public  
25 meeting on the proposed closure not less than ten days before voting in a  
26 public meeting to close the school. The school district governing board  
27 shall give notice of the time and place of the meeting. At the time and  
28 place designated in the notice, the school district governing board shall  
29 hear reasons for or against closing the school. The school district  
30 governing board is exempt from this paragraph if the governing board  
31 determines that the school shall be closed because it poses a danger to  
32 the health or safety of the pupils or employees of the school. A  
33 governing board may consult with the DIVISION OF school facilities ~~board~~  
34 WITHIN THE DEPARTMENT OF ADMINISTRATION for technical assistance and for  
35 information on the impact of closing a school. The information provided  
36 from the DIVISION OF school facilities ~~board~~ WITHIN THE DEPARTMENT OF  
37 ADMINISTRATION shall not require the governing board to take or not take  
38 any action.

39 33. Incorporate instruction on Native American history into  
40 appropriate existing curricula.

41 34. Prescribe and enforce policies and procedures:

42 (a) Allowing pupils who have been diagnosed with anaphylaxis by a  
43 health care provider licensed pursuant to title 32, chapter 13, 14, 17 or  
44 25 or by a registered nurse practitioner licensed and certified pursuant  
45 to title 32, chapter 15 to carry and self-administer emergency

1 medications, including epinephrine auto-injectors, while at school and at  
2 school-sponsored activities. The pupil's name on the prescription label  
3 on the medication container or on the medication device and annual written  
4 documentation from the pupil's parent or guardian to the school that  
5 authorizes possession and self-administration is sufficient proof that the  
6 pupil is entitled to the possession and self-administration of the  
7 medication. The policies shall require a pupil who uses an epinephrine  
8 auto-injector while at school and at school-sponsored activities to notify  
9 the nurse or the designated school staff person of the use of the  
10 medication as soon as practicable. A school district and its employees  
11 are immune from civil liability with respect to all decisions made and  
12 actions taken that are based on good faith implementation of the  
13 requirements of this subdivision, except in cases of wanton or wilful  
14 neglect.

15 (b) For the emergency administration of epinephrine auto-injectors  
16 by a trained employee of a school district pursuant to section 15-157.

17 35. Allow the possession and self-administration of prescription  
18 medication for breathing disorders in handheld inhaler devices by pupils  
19 who have been prescribed that medication by a health care professional  
20 licensed pursuant to title 32. The pupil's name on the prescription label  
21 on the medication container or on the handheld inhaler device and annual  
22 written documentation from the pupil's parent or guardian to the school  
23 that authorizes possession and self-administration shall be sufficient  
24 proof that the pupil is entitled to the possession and self-administration  
25 of the medication. A school district and its employees are immune from  
26 civil liability with respect to all decisions made and actions taken that  
27 are based on a good faith implementation of the requirements of this  
28 paragraph.

29 36. Prescribe and enforce policies and procedures to prohibit  
30 pupils from harassing, intimidating and bullying other pupils on school  
31 grounds, on school property, on school buses, at school bus stops, at  
32 school-sponsored events and activities and through the use of electronic  
33 technology or electronic communication on school computers, networks,  
34 forums and mailing lists that include the following components:

35 (a) A procedure for pupils, parents and school district employees  
36 to confidentially report to school officials incidents of harassment,  
37 intimidation or bullying. The school shall make available written forms  
38 designed to provide a full and detailed description of the incident and  
39 any other relevant information about the incident.

40 (b) A requirement that school district employees report in writing  
41 suspected incidents of harassment, intimidation or bullying to the  
42 appropriate school official and a description of appropriate disciplinary  
43 procedures for employees who fail to report suspected incidents that are  
44 known to the employee.

1 (c) A requirement that, at the beginning of each school year,  
2 school officials provide all pupils with a written copy of the rights,  
3 protections and support services available to a pupil who is an alleged  
4 victim of an incident reported pursuant to this paragraph.

5 (d) If an incident is reported pursuant to this paragraph, a  
6 requirement that school officials provide a pupil who is an alleged victim  
7 of the incident with a written copy of the rights, protections and support  
8 services available to that pupil.

9 (e) A formal process for the documentation of reported incidents of  
10 harassment, intimidation or bullying and for the confidentiality,  
11 maintenance and disposition of this documentation. School districts shall  
12 maintain documentation of all incidents reported pursuant to this  
13 paragraph for at least six years. The school shall not use that  
14 documentation to impose disciplinary action unless the appropriate school  
15 official has investigated and determined that the reported incidents of  
16 harassment, intimidation or bullying occurred. If a school provides  
17 documentation of reported incidents to persons other than school officials  
18 or law enforcement, all individually identifiable information shall be  
19 redacted.

20 (f) A formal process for the investigation by the appropriate  
21 school officials of suspected incidents of harassment, intimidation or  
22 bullying, including procedures for notifying the alleged victim and the  
23 alleged victim's parent or guardian when a school official or employee  
24 becomes aware of the suspected incident of harassment, intimidation or  
25 bullying.

26 (g) Disciplinary procedures for pupils who have admitted or been  
27 found to have committed incidents of harassment, intimidation or bullying.

28 (h) A procedure that sets forth consequences for submitting false  
29 reports of incidents of harassment, intimidation or bullying.

30 (i) Procedures designed to protect the health and safety of pupils  
31 who are physically harmed as the result of incidents of harassment,  
32 intimidation and bullying, including, if appropriate, procedures to  
33 contact emergency medical services or law enforcement agencies, or both.

34 (j) Definitions of harassment, intimidation and bullying.

35 37. Prescribe and enforce policies and procedures regarding  
36 changing or adopting attendance boundaries that include the following  
37 components:

38 (a) A procedure for holding public meetings to discuss attendance  
39 boundary changes or adoptions that allows public comments.

40 (b) A procedure to notify the parents or guardians of the students  
41 affected, **INCLUDING ASSURANCE THAT, IF THAT SCHOOL REMAINS OPEN AS PART OF**  
42 **THE BOUNDARY CHANGE AND CAPACITY IS AVAILABLE, STUDENTS ASSIGNED TO A NEW**  
43 **ATTENDANCE AREA MAY STAY ENROLLED IN THEIR CURRENT SCHOOL.**

44 (c) A procedure to notify the residents of the households affected  
45 by the attendance boundary changes.

1 (d) A process for placing public meeting notices and proposed maps  
2 on the school district's website for public review, if the school district  
3 maintains a website.

4 (e) A formal process for presenting the attendance boundaries of  
5 the affected area in public meetings that allows public comments.

6 (f) A formal process for notifying the residents and parents or  
7 guardians of the affected area as to the decision of the governing board  
8 on the school district's website, if the school district maintains a  
9 website.

10 (g) A formal process for updating attendance boundaries on the  
11 school district's website within ninety days ~~of~~ AFTER an adopted boundary  
12 change. The school district shall send a direct link to the school  
13 district's attendance boundaries website to the department of real estate.

14 38. If the state board of education determines that the school  
15 district has committed an overexpenditure as defined in section 15-107,  
16 provide a copy of the fiscal management report submitted pursuant to  
17 section 15-107, subsection H on its website and make copies available to  
18 the public on request. The school district shall comply with a request  
19 within five business days after receipt.

20 39. Ensure that the contract for the superintendent is structured  
21 in a manner in which up to twenty percent of the total annual salary  
22 included for the superintendent in the contract is classified as  
23 performance pay. This paragraph does not require school districts to  
24 increase total compensation for superintendents. Unless the school  
25 district governing board votes to implement an alternative procedure at a  
26 public meeting called for this purpose, the performance pay portion of the  
27 superintendent's total annual compensation shall be determined as follows:

28 (a) Twenty-five percent of the performance pay shall be determined  
29 based on the percentage of academic gain determined by the department of  
30 education of pupils who are enrolled in the school district compared to  
31 the academic gain achieved by the highest ranking of the fifty largest  
32 school districts in this state. For the purposes of this subdivision, the  
33 department of education shall determine academic gain by the academic  
34 growth achieved by each pupil who has been enrolled at the same school in  
35 a school district for at least five consecutive months measured against  
36 that pupil's academic results in the 2008-2009 school year. For the  
37 purposes of this subdivision, of the fifty largest school districts in  
38 this state, the school district with pupils who demonstrate the highest  
39 statewide percentage of overall academic gain measured against academic  
40 results for the 2008-2009 school year shall be assigned a score of 100 and  
41 the school district with pupils who demonstrate the lowest statewide  
42 percentage of overall academic gain measured against academic results for  
43 the 2008-2009 school year shall be assigned a score of 0.

44 (b) Twenty-five percent of the performance pay shall be determined  
45 by the percentage of parents of pupils who are enrolled at the school



1 district who assign a letter grade of "A" to the school on a survey of  
2 parental satisfaction with the school district. The parental satisfaction  
3 survey shall be administered and scored by an independent entity that is  
4 selected by the governing board and that demonstrates sufficient expertise  
5 and experience to accurately measure the results of the survey. The  
6 parental satisfaction survey shall use standard random sampling procedures  
7 and provide anonymity and confidentiality to each parent who participates  
8 in the survey. The letter grade scale used on the parental satisfaction  
9 survey shall direct parents to assign one of the following letter grades:

- 10 (i) A letter grade of "A" if the school district is excellent.
- 11 (ii) A letter grade of "B" if the school district is above average.
- 12 (iii) A letter grade of "C" if the school district is average.
- 13 (iv) A letter grade of "D" if the school district is below average.
- 14 (v) A letter grade of "F" if the school district is a failure.

15 (c) Twenty-five percent of the performance pay shall be determined  
16 by the percentage of teachers who are employed at the school district and  
17 who assign a letter grade of "A" to the school on a survey of teacher  
18 satisfaction with the school. The teacher satisfaction survey shall be  
19 administered and scored by an independent entity that is selected by the  
20 governing board and that demonstrates sufficient expertise and experience  
21 to accurately measure the results of the survey. The teacher satisfaction  
22 survey shall use standard random sampling procedures and provide anonymity  
23 and confidentiality to each teacher who participates in the survey. The  
24 letter grade scale used on the teacher satisfaction survey shall direct  
25 teachers to assign one of the following letter grades:

- 26 (i) A letter grade of "A" if the school district is excellent.
- 27 (ii) A letter grade of "B" if the school district is above average.
- 28 (iii) A letter grade of "C" if the school district is average.
- 29 (iv) A letter grade of "D" if the school district is below average.
- 30 (v) A letter grade of "F" if the school district is a failure.

31 (d) Twenty-five percent of the performance pay shall be determined  
32 by other criteria selected by the governing board.

33 40. Maintain and store permanent public records of the school  
34 district as required by law. Notwithstanding section 39-101, the  
35 standards adopted by the Arizona state library, archives and public  
36 records for the maintenance and storage of school district public records  
37 shall allow school districts to elect to satisfy the requirements of this  
38 paragraph by maintaining and storing these records either on paper or in  
39 an electronic format, or a combination of a paper and electronic format.

40 41. Adopt in a public meeting and implement policies for principal  
41 evaluations. Before adopting principal evaluation policies, the school  
42 district governing board shall provide opportunities for public discussion  
43 on the proposed policies. The governing board shall adopt policies that:

- 44 (a) Are designed to improve principal performance and improve  
45 student achievement.

1 (b) Include the use of quantitative data on the academic progress  
2 for all students, which shall account for between twenty percent and  
3 thirty-three percent of the evaluation outcomes.

4 (c) Include four performance classifications, designated as highly  
5 effective, effective, developing and ineffective.

6 (d) Describe both of the following:

7 (i) The methods used to evaluate the performance of principals,  
8 including the data used to measure student performance and job  
9 effectiveness.

10 (ii) The formula used to determine evaluation outcomes.

11 42. Prescribe and enforce policies and procedures that define the  
12 duties of principals and teachers. These policies and procedures shall  
13 authorize teachers to take and maintain daily classroom attendance, make  
14 the decision to promote or retain a pupil in a grade in common school or  
15 to pass or fail a pupil in a course in high school, subject to review by  
16 the governing board in the manner provided in section 15-342,  
17 paragraph 11.

18 43. Prescribe and enforce policies and procedures for the emergency  
19 administration by an employee of a school district pursuant to section  
20 36-2267 of naloxone hydrochloride or any other opioid antagonist approved  
21 by the United States food and drug administration.

22 44. In addition to the notification requirements prescribed in  
23 paragraph 36 of this subsection, prescribe and enforce reasonable and  
24 appropriate policies to notify a pupil's parent or guardian if any person  
25 engages in harassing, threatening or intimidating conduct against that  
26 pupil. A school district and its officials and employees are immune from  
27 civil liability with respect to all decisions made and actions taken that  
28 are based on good faith implementation of the requirements of this  
29 paragraph, except in cases of gross negligence or wanton or wilful  
30 neglect. A person engages in threatening or intimidating if the person  
31 threatens or intimidates by word or conduct to cause physical injury to  
32 another person or serious damage to the property of another on school  
33 grounds. A person engages in harassment if, with intent to harass or with  
34 knowledge that the person is harassing another person, the person  
35 anonymously or otherwise contacts, communicates or causes a communication  
36 with another person by verbal, electronic, mechanical, telephonic or  
37 written means in a manner that harasses on school grounds or substantially  
38 disrupts the school environment.

39 B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this  
40 section, the county school superintendent may construct, improve and  
41 furnish school buildings or purchase or sell school sites in the conduct  
42 of an accommodation school.

43 C. If any school district acquires real or personal property,  
44 whether by purchase, exchange, condemnation, gift or otherwise, the  
45 governing board shall pay to the county treasurer any taxes on the

1 property that were unpaid as of the date of acquisition, including  
2 penalties and interest. The lien for unpaid delinquent taxes, penalties  
3 and interest on property acquired by a school district:

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

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

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

18 E. A school district, its governing board members, its school  
19 council members and its employees are immune from civil liability for the  
20 consequences of adoption and implementation of policies and procedures  
21 pursuant to subsection A of this section and section 15-342. This waiver  
22 does not apply if the school district, its governing board members, its  
23 school council members or its employees are guilty of gross negligence or  
24 intentional misconduct.

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

28 G. Notwithstanding any other provision of this title, a school  
29 district governing board shall not take any action that would result in a  
30 reduction of pupil square footage unless the governing board notifies the  
31 school facilities **OVERSIGHT** board established by section ~~15-2001~~  
32 **41-5701.02** of the proposed action and receives written approval from the  
33 school facilities **OVERSIGHT** board to take the action. A reduction  
34 includes an increase in administrative space that results in a reduction  
35 of pupil square footage or sale of school sites or buildings, or both. A  
36 reduction includes a reconfiguration of grades that results in a reduction  
37 of pupil square footage of any grade level. This subsection does not  
38 apply to temporary reconfiguration of grades to accommodate new school  
39 construction if the temporary reconfiguration does not exceed one  
40 year. The sale of equipment that results in a reduction that falls below  
41 the equipment requirements prescribed in section ~~15-2011~~ **41-5711**,  
42 subsection B is subject to commensurate withholding of school district  
43 district additional assistance monies pursuant to the direction of the  
44 school facilities **OVERSIGHT** board. Except as provided in section 15-342,  
45 paragraph 10, proceeds from the sale of school sites, buildings or other

1 equipment shall be deposited in the school plant fund as provided in  
2 section 15-1102.

3 H. Subsections C through G of this section apply to a county board  
4 of supervisors and a county school superintendent when operating and  
5 administering an accommodation school.

6 I. A school district governing board may delegate authority in  
7 writing to the superintendent of the school district to submit plans for  
8 new school facilities to the school facilities **OVERSIGHT** board for the  
9 purpose of certifying that the plans meet the minimum school facility  
10 adequacy guidelines prescribed in section ~~15-2011~~ 41-5711.

11 J. **FOR THE PURPOSES OF SUBSECTION A, PARAGRAPH 37 OF THIS SECTION,**  
12 **ATTENDANCE BOUNDARIES MAY NOT BE USED TO REQUIRE STUDENTS TO ATTEND**  
13 **CERTAIN SCHOOLS BASED ON THE STUDENT'S PLACE OF RESIDENCE.**

14 Sec. 11. Section 15-342, Arizona Revised Statutes, is amended to  
15 read:

16 15-342. Discretionary powers

17 The governing board may:

- 18 1. Expel pupils for misconduct.
- 19 2. Exclude from grades one through eight children under six years  
20 of age.
- 21 3. Make such separation of groups of pupils as it deems advisable.
- 22 4. Maintain such special schools during vacation as deemed  
23 necessary for the benefit of the pupils of the school district.
- 24 5. ~~Permit~~ **ALLOW** a superintendent or principal or representatives of  
25 the superintendent or principal to travel for a school purpose, as  
26 determined by a majority vote of the board. The board may ~~permit~~ **ALLOW**  
27 members and members-elect of the board to travel within or without the  
28 school district for a school purpose and receive reimbursement. Any  
29 expenditure for travel and subsistence pursuant to this paragraph shall be  
30 as provided in title 38, chapter 4, article 2. The designated post of  
31 duty referred to in section 38-621 shall be construed, for school district  
32 governing board members, to be the member's actual place of residence, as  
33 opposed to the school district office or the school district boundaries.  
34 Such expenditures shall be a charge against the budgeted school district  
35 funds. The governing board of a school district shall prescribe  
36 procedures and amounts for reimbursement of lodging and subsistence  
37 expenses. Reimbursement amounts shall not exceed the maximum amounts  
38 established pursuant to section 38-624, subsection C.
- 39 6. Construct or provide in rural districts housing facilities for  
40 teachers and other school employees that the board determines are  
41 necessary ~~for the operation of~~ **TO OPERATE** the school.
- 42 7. Sell or lease to the state, a county, a city, another school  
43 district or a tribal government agency any school property required for a  
44 public purpose, ~~provided~~ **IF** the sale or lease of the property will not  
45 affect the normal operations of a school within the school district.

1           8. Annually budget and ~~expend funds~~ SPEND MONIES for membership in  
2 an association of school districts within this state.

3           9. Enter into leases or lease-purchase agreements for school  
4 buildings or grounds, or both, as lessor or as lessee, for periods of less  
5 than twenty years subject to voter approval for construction of school  
6 buildings as prescribed in section 15-341, subsection A, paragraph 7.

7           10. Subject to TITLE 41, chapter ~~16 of this title~~ 56, sell school  
8 sites or enter into leases or lease-purchase agreements for school  
9 buildings and grounds, as lessor or as lessee, for a period of twenty  
10 years or more, but not to exceed ninety-nine years, if authorized by a  
11 vote of the school district electors in an election called by the  
12 governing board as provided in section 15-491, except that authorization  
13 by the school district electors in an election is not required if one of  
14 the following requirements is met:

15           (a) The market value of the school property is less than \$50,000 or  
16 the property is procured through a renewable energy development agreement,  
17 an energy performance contract, which among other items includes a  
18 renewable energy power service agreement, or a simplified energy  
19 performance contract pursuant to section 15-213.01.

20           (b) The buildings and sites are completely funded with monies  
21 distributed by THE SCHOOL FACILITIES DIVISION WITHIN THE DEPARTMENT OF  
22 ADMINISTRATION OR AT THE DIRECTION OF the school facilities OVERSIGHT  
23 board, OR ITS PREDECESSOR.

24           (c) The transaction involves the sale of improved or unimproved  
25 property pursuant to an agreement with the school facilities OVERSIGHT  
26 board in which the school district agrees to sell the improved or  
27 unimproved property and transfer the proceeds of the sale to the school  
28 facilities OVERSIGHT board in exchange for monies from the school  
29 facilities OVERSIGHT board for the acquisition of a more suitable school  
30 site. For a sale of property acquired by a school district ~~prior to~~  
31 BEFORE July 9, 1998, a school district shall transfer to the school  
32 facilities OVERSIGHT board that portion of the proceeds that equals the  
33 cost of the acquisition of a more suitable school site. If there are any  
34 remaining proceeds after the transfer of monies to the school facilities  
35 OVERSIGHT board, a school district shall only use those remaining proceeds  
36 for future land purchases approved by the school facilities OVERSIGHT  
37 board, or for capital improvements not funded by the school facilities  
38 OVERSIGHT board for any existing or future facility.

39           (d) The transaction involves the sale of improved or unimproved  
40 property pursuant to a formally adopted plan and the school district uses  
41 the proceeds of this sale to purchase other property that will be used for  
42 similar purposes as the property that was originally sold, ~~provided that~~  
43 IF the sale proceeds of the improved or unimproved property are used  
44 within two years after the date of the original sale to purchase the  
45 replacement property. If the sale proceeds of the improved or unimproved

1 property are not used within two years after the date of the original sale  
2 to purchase replacement property, the sale proceeds shall be used ~~towards~~  
3 ~~payment of~~ TOWARD PAYING any outstanding bonded indebtedness. If any sale  
4 proceeds remain after paying for outstanding bonded indebtedness, or if  
5 the district has no outstanding bonded indebtedness, sale proceeds shall  
6 be used to reduce the district's primary tax levy. A school district  
7 shall not use this subdivision unless all of the following conditions  
8 exist:

9 (i) The school district is the sole owner of the improved or  
10 unimproved property that the school district intends to sell.

11 (ii) The school district did not purchase the improved or  
12 unimproved property that the school district intends to sell with monies  
13 that were distributed pursuant to TITLE 41, chapter ~~16 of this title~~ 56.

14 (iii) The transaction does not violate section 15-341,  
15 subsection G.

16 11. Review the decision of a teacher to promote a pupil to a grade  
17 or retain a pupil in a grade in a common school or to pass or fail a pupil  
18 in a course in high school. The pupil has the burden of proof to overturn  
19 the decision of a teacher to promote, retain, pass or fail the pupil. In  
20 order to sustain the burden of proof, the pupil shall demonstrate to the  
21 governing board that the pupil has mastered the academic standards adopted  
22 by the state board of education pursuant to sections 15-701 and 15-701.01.  
23 If the governing board overturns the decision of a teacher pursuant to  
24 this paragraph, the governing board shall adopt a written finding that the  
25 pupil has mastered the academic standards. Notwithstanding title 38,  
26 chapter 3, article 3.1, the governing board shall review the decision of a  
27 teacher to promote a pupil to a grade or retain a pupil in a grade in a  
28 common school or to pass or fail a pupil in a course in high school in  
29 executive session unless a parent or legal guardian of the pupil or the  
30 pupil, if emancipated, disagrees that the review should be conducted in  
31 executive session and then the review shall be conducted in an open  
32 meeting. If the review is conducted in executive session, the board shall  
33 notify the teacher of the date, time and place of the review and shall  
34 allow the teacher to be present at the review. If the teacher is not  
35 present at the review, the board shall consult with the teacher before  
36 making its decision. Any request, including the written request as  
37 provided in section 15-341, the written evidence presented at the review  
38 and the written record of the review, including the decision of the  
39 governing board to accept or reject the teacher's decision, shall be  
40 retained by the governing board as part of its permanent records.

41 12. Provide transportation or site transportation loading and  
42 unloading areas for any child or children if deemed for the best interest  
43 of the district, whether within or without the district, county or state.

44 13. Enter into intergovernmental agreements and contracts with  
45 school districts or other governing bodies as provided in section 11-952.

1 Intergovernmental agreements and contracts between school districts or  
2 between a school district and other governing bodies as provided in  
3 section 11-952 are exempt from competitive bidding under the procurement  
4 rules adopted by the state board of education pursuant to section 15-213.

5 14. Include in the curricula it prescribes for high schools in the  
6 school district career and technical education, vocational education and  
7 technology education programs and career and technical, vocational and  
8 technology program improvement services for the high schools, subject to  
9 approval by the state board of education. The governing board may  
10 contract for the provision of career and technical, vocational and  
11 technology education as provided in section 15-789.

12 15. Suspend a teacher or administrator from the teacher's or  
13 administrator's duties without pay for a period of time of not to exceed  
14 ten school days, if the board determines that suspension is warranted  
15 pursuant to section 15-341, subsection A, ~~paragraphs~~ PARAGRAPH 21 ~~and~~  
16 OR 22.

17 16. Dedicate school property within an incorporated city or town to  
18 ~~such~~ THAT city or town or within a county to that county for use as a  
19 public right-of-way if both of the following apply:

20 (a) Pursuant to an ordinance adopted by ~~such~~ THE city, town or  
21 county, there will be conferred ~~upon~~ ON the school district privileges and  
22 benefits that may include benefits related to zoning.

23 (b) The dedication will not affect the normal operation of any  
24 school within the district.

25 17. Enter into option agreements for the purchase of school sites.

26 18. Donate surplus or outdated learning materials, educational  
27 equipment and furnishings to nonprofit community organizations ~~where~~ IF  
28 the governing board determines that the anticipated cost of selling the  
29 learning materials, educational equipment or furnishings equals or exceeds  
30 the estimated market value of the materials.

31 19. Prescribe policies ~~for the assessment of~~ TO ASSESS reasonable  
32 fees for students to use district-provided parking facilities. The fees  
33 are to be applied by the district solely against costs incurred in  
34 operating or securing the parking facilities. Any policy adopted by the  
35 governing board pursuant to this paragraph shall include a fee waiver  
36 provision in appropriate cases of need or economic hardship.

37 20. Establish alternative ~~educational~~ EDUCATION programs that are  
38 consistent with the laws of this state to educate pupils, including pupils  
39 who have been reassigned pursuant to section 15-841, subsection E or F.

40 21. Require a period of silence to be observed at the commencement  
41 of the first class of the day in the schools. If a governing board  
42 chooses to require a period of silence to be observed, the teacher in  
43 charge of the room in which the first class is held shall announce that a  
44 period of silence not to exceed one minute in duration will be observed

1 for meditation, and during that time no activities shall take place and  
2 silence shall be maintained.

3 22. Require students to wear uniforms.

4 23. Exchange unimproved property or improved property, including  
5 school sites, ~~where~~ IF the governing board determines that the improved  
6 property is unnecessary for the continued operation of the school district  
7 without requesting authorization by a vote of the school district electors  
8 AND if the governing board determines that the exchange is necessary to  
9 protect the health, safety or welfare of pupils or ~~when~~ IF the governing  
10 board determines that the exchange is based on sound business principles  
11 for either:

12 (a) Unimproved or improved property of equal or greater value.

13 (b) Unimproved property that the owner contracts to improve if the  
14 value of the property ultimately received by the school district is of  
15 equal or greater value.

16 24. For common and high school pupils, assess reasonable fees for  
17 optional extracurricular activities and programs conducted when the common  
18 or high school is not in session, except that ~~no~~ fees shall NOT be charged  
19 for pupils' access to or use of computers or related materials. For high  
20 school pupils, the governing board may assess reasonable fees for fine  
21 arts and vocational education courses and for optional services, equipment  
22 and materials offered to the pupils beyond those required to successfully  
23 complete the basic requirements of any other course, except that ~~no~~ fees  
24 shall NOT be charged for pupils' access to or use of computers or related  
25 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
26 public meeting after notice has been given to all parents of pupils  
27 enrolled at schools in the district and shall not exceed the actual costs  
28 of the activities, programs, services, equipment or materials. The  
29 governing board shall authorize principals to waive the assessment of all  
30 or part of a fee assessed pursuant to this paragraph if it creates an  
31 economic hardship for a pupil. For the purposes of this paragraph,  
32 "extracurricular activity" means any optional, noncredit, educational or  
33 recreational activity that supplements the education program of the  
34 school, whether offered before, during or after regular school hours.

35 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and  
36 9, construct school buildings and purchase or lease school sites, without  
37 a vote of the school district electors, if the buildings and sites are  
38 totally funded from one or more of the following:

39 (a) Monies in the unrestricted capital outlay fund, except that the  
40 estimated cost shall not exceed \$250,000 for a district that ~~utilizes~~ USES  
41 section 15-949.

42 (b) Monies distributed ~~from~~ AT THE DIRECTION OF the school  
43 facilities OVERSIGHT board established by section ~~15-2001~~ 41-5701.02 OR BY  
44 THE SCHOOL FACILITIES DIVISION WITHIN THE DEPARTMENT OF ADMINISTRATION  
45 PURSUANT TO TITLE 41, CHAPTER 56.



1 (c) Monies specifically donated for the purpose of constructing  
2 school buildings.

3 This paragraph ~~shall~~ DOES not ~~be construed to~~ eliminate the requirement  
4 for an election to raise revenues for a capital outlay override pursuant  
5 to section 15-481 or a bond election pursuant to section 15-491.

6 26. Conduct a background investigation that includes a fingerprint  
7 check conducted pursuant to section 41-1750, subsection G for certificated  
8 personnel and personnel who are not paid employees of the school district,  
9 as a condition of employment. A school district may release the results  
10 of a background check to another school district for employment purposes.  
11 The school district may charge the costs of fingerprint checks to its  
12 fingerprinted employee, except that the school district may not charge the  
13 costs of fingerprint checks for personnel who are not paid employees of  
14 the school district.

15 27. Unless otherwise prohibited by law, sell advertising as  
16 follows:

17 (a) Advertisements shall be age appropriate and not ~~contain~~  
18 ~~promotion of~~ PROMOTE any substance that is illegal for minors such as  
19 alcohol, tobacco and drugs or gambling. Advertisements shall comply with  
20 the state sex education policy of abstinence.

21 (b) Advertising approved by the governing board for the exterior of  
22 school buses may appear only on the sides of the bus in the following  
23 areas:

24 (i) The signs shall be below the seat level rub rail and not extend  
25 above the bottom of the side windows.

26 (ii) The signs shall be at least three inches from any required  
27 lettering, lamp, wheel well or reflector behind the service door or stop  
28 signal arm.

29 (iii) The signs shall not extend from the body of the bus so as to  
30 allow a handhold or present a danger to pedestrians.

31 (iv) The signs shall not interfere with the operation of any door  
32 or window.

33 (v) The signs shall not be placed on any emergency doors.

34 (c) The school district shall establish an advertisement fund that  
35 is composed of revenues from the sale of advertising. The monies in an  
36 advertisement fund are not subject to reversion.

37 28. Assess reasonable damage deposits to pupils in grades seven  
38 through twelve for ~~the use of~~ USING textbooks, musical instruments, band  
39 uniforms or other equipment required for academic courses. The governing  
40 board shall adopt policies on any damage deposits assessed pursuant to  
41 this paragraph at a public meeting called for this purpose after providing  
42 notice to all parents of pupils in grades seven through twelve in the  
43 school district. Principals of individual schools within the district may  
44 waive the damage deposit requirement for any textbook or other item if the  
45 payment of the damage deposit would create an economic hardship for the

1 pupil. The school district shall return the full amount of the damage  
2 deposit for any textbook or other item if the pupil returns the textbook  
3 or other item in reasonably good condition within the time period  
4 prescribed by the governing board. For the purposes of this paragraph,  
5 "in reasonably good condition" means the textbook or other item is in the  
6 same or a similar condition as it was when the pupil received it, plus  
7 ordinary wear and tear.

8 29. Notwithstanding section 15-1105, expend surplus monies in the  
9 civic center school fund for maintenance and operations or unrestricted  
10 capital outlay, if sufficient monies are available in the fund after  
11 meeting the needs of programs established pursuant to section 15-1105.

12 30. Notwithstanding section 15-1143, ~~expend~~ SPEND surplus monies in  
13 the community school program fund for maintenance and operations or  
14 unrestricted capital outlay, if sufficient monies are available in the  
15 fund after meeting the needs of programs established pursuant to section  
16 15-1142.

17 31. Adopt guidelines ~~for standardization of~~ TO STANDARDIZE the  
18 format of the school report cards required by section 15-746 for schools  
19 within the district.

20 32. Adopt policies that require parental notification when a law  
21 enforcement officer interviews a pupil on school grounds. Policies  
22 adopted pursuant to this paragraph shall not impede a peace officer from  
23 ~~the performance of~~ PERFORMING the peace officer's duties. If the school  
24 district governing board adopts a policy that requires parental  
25 notification:

26 (a) The policy may provide reasonable exceptions to the parental  
27 notification requirement.

28 (b) The policy shall set forth whether and under what circumstances  
29 a parent may be present when a law enforcement officer interviews the  
30 pupil, including reasonable exceptions to the circumstances under which a  
31 parent may be present when a law enforcement officer interviews the pupil,  
32 and shall specify a reasonable maximum time after a parent is notified  
33 that an interview of a pupil by a law enforcement officer may be delayed  
34 to allow the parent to be present.

35 33. Enter into voluntary partnerships with any party to finance  
36 with ~~funds~~ MONIES other than school district ~~funds~~ MONIES and  
37 cooperatively design school facilities that comply with the adequacy  
38 standards prescribed in section ~~15-2011~~ 41-5711 and the square footage per  
39 pupil requirements pursuant to section ~~15-2041~~ 41-5741, subsection D,  
40 paragraph 3, subdivision (b). The design plans and location of any such  
41 school facility shall be submitted to the school facilities ~~OVERSIGHT~~  
42 board for approval pursuant to section ~~15-2041~~ 41-5741, subsection 0. If  
43 the school facilities ~~OVERSIGHT~~ board approves the design plans and  
44 location of any such school facility, the party in partnership with the  
45 school district may cause to be constructed and the district may begin

1 operating the school facility before monies are distributed ~~from~~ AT THE  
2 DIRECTION OF the school facilities OVERSIGHT board pursuant to section  
3 ~~15-2041~~ 41-5741. Monies distributed from the new school facilities fund  
4 to a school district in a partnership with another party to finance and  
5 design the school facility shall be paid to the school district pursuant  
6 to section ~~15-2041~~ 41-5741. The school district shall reimburse the party  
7 in partnership with the school district from the monies paid to the school  
8 district pursuant to section ~~15-2041~~ 41-5741, in accordance with the  
9 voluntary partnership agreement. Before the school facilities OVERSIGHT  
10 board ~~distributes~~ DIRECTS THE DISTRIBUTION OF any monies pursuant to this  
11 subsection, the school district shall demonstrate to the school facilities  
12 OVERSIGHT board that the facilities to be funded pursuant to section  
13 ~~15-2041~~ 41-5741, subsection 0 meet the minimum adequacy standards  
14 prescribed in section ~~15-2011~~ 41-5711. If the cost to construct the  
15 school facility exceeds the amount that the school district receives from  
16 the new school facilities fund, the partnership agreement between the  
17 school district and the other party shall specify that, except as  
18 otherwise provided by the other party, any such excess costs shall be the  
19 responsibility of the school district. The school district governing  
20 board shall adopt a resolution in a public meeting that an analysis has  
21 been conducted on the prospective effects of the decision to operate a new  
22 school with existing monies from the school district's maintenance and  
23 operations budget and how this decision may affect other schools in the  
24 school district. If a school district acquires land by donation at an  
25 appropriate school site approved by the school facilities OVERSIGHT board  
26 and a school facility is financed and built on the land pursuant to this  
27 paragraph, the school facilities OVERSIGHT board shall ~~distribute~~ DIRECT  
28 THE DISTRIBUTION OF an amount equal to twenty percent of the fair market  
29 value of the land that can be used for academic purposes. The school  
30 district shall place the monies in the unrestricted capital outlay fund  
31 and increase the unrestricted capital budget limit by the amount of the  
32 monies placed in the fund. Monies distributed under this paragraph shall  
33 be distributed from the new school facilities fund pursuant to section  
34 ~~15-2041~~ 41-5741. If a school district acquires land by donation at an  
35 appropriate school site approved by the school facilities OVERSIGHT board  
36 and a school facility is financed and built on the land pursuant to this  
37 paragraph, the school district shall not receive monies ~~from the school~~  
38 ~~facilities board~~ for the donation of real property pursuant to section  
39 ~~15-2041~~ 41-5741, subsection F. It is unlawful for:

40 (a) A county, city or town to require as a condition of any land  
41 use approval that a landowner or landowners that entered into a  
42 partnership pursuant to this paragraph provide any contribution, donation  
43 or gift, other than a site donation, to a school district. This  
44 subdivision only applies to the property in the voluntary partnership  
45 agreement pursuant to this paragraph.

1 (b) A county, city or town to require as a condition of any land  
2 use approval that the landowner or landowners located within the  
3 geographic boundaries of the school subject to the voluntary partnership  
4 pursuant to this paragraph provide any donation or gift to the school  
5 district except as provided in the voluntary partnership agreement  
6 pursuant to this paragraph.

7 (c) A community facilities district established pursuant to title  
8 48, chapter 4, article 6 to be used for reimbursement of financing the  
9 construction of a school pursuant to this paragraph.

10 (d) A school district to enter into an agreement pursuant to this  
11 paragraph with any party other than a master planned community party. Any  
12 land area consisting of at least three hundred twenty acres that is the  
13 subject of a development agreement with a county, city or town entered  
14 into pursuant to section 9-500.05 or 11-1101 shall be deemed to be a  
15 master planned community. For the purposes of this subdivision, "master  
16 planned community" means a land area consisting of at least three hundred  
17 twenty acres, which may be noncontiguous, that is the subject of a zoning  
18 ordinance approved by the governing body of the county, city or town in  
19 which the land is located that establishes the use of the land area as a  
20 planned area development or district, planned community development or  
21 district, planned unit development or district or other land use category  
22 or district that is recognized in the local ordinance of such county, city  
23 or town and that specifies the use of such land is for a master planned  
24 development.

25 34. Enter into an intergovernmental agreement with a presiding  
26 judge of the juvenile court to implement a law-related education program  
27 as defined in section 15-154. The presiding judge of the juvenile court  
28 may assign juvenile probation officers to participate in a law-related  
29 education program in any school district in the county. The cost of  
30 juvenile probation officers who participate in the program implemented  
31 pursuant to this paragraph shall be funded by the school district.

32 35. Offer to sell outdated learning materials, educational  
33 equipment or furnishings at a posted price commensurate with the value of  
34 the items to pupils who are currently enrolled in that school district  
35 before those materials are offered for public sale.

36 36. If the school district is a small school district as defined in  
37 section 15-901, and if ~~permitted~~ ALLOWED by federal law, opt out of  
38 federal grant opportunities if the governing board determines that the  
39 federal requirements impose unduly burdensome reporting requirements.

40 37. Prescribe and enforce policies and procedures for the emergency  
41 administration of inhalers by trained employees of the school district and  
42 nurses who are under contract with the school district pursuant to section  
43 15-158.

44 38. Develop policies and procedures to allow principals to budget  
45 for or assist with budgeting federal, state and local monies.

1           Sec. 12. Title 15, chapter 3, article 3, Arizona Revised Statutes,  
2 is amended by adding section 15-342.05, to read:

3           15-342.05. Face coverings; requirement prohibition

4           A. NOTWITHSTANDING ANY OTHER LAW OR ORDER, A COUNTY, CITY, TOWN,  
5 SCHOOL DISTRICT GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY MAY NOT  
6 REQUIRE THE USE OF FACE COVERINGS BY STUDENTS OR STAFF DURING SCHOOL HOURS  
7 AND ON SCHOOL PROPERTY.

8           B. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY NOT REQUIRE A STUDENT OR  
9 TEACHER TO RECEIVE A VACCINE FOR COVID-19 OR TO WEAR A FACE COVERING TO  
10 PARTICIPATE IN IN-PERSON INSTRUCTION.

11           Sec. 13. Section 15-350, Arizona Revised Statutes, as amended by  
12 Laws 2021, chapter 2, section 4, is amended to read:

13           15-350. Investigation of immoral or unprofessional conduct;  
14           confidentiality; definition

15           A. On request of the state board of education or the department of  
16 education, any school or school district that has employed a certificated  
17 or noncertificated person during the time in which the person is alleged  
18 to have engaged in conduct constituting grounds for disciplinary action  
19 shall make available the attendance and testimony of witnesses, documents  
20 and any physical evidence within the school district's control for  
21 examination or copying. All information received and records or reports  
22 kept by the state board of education or the department of education during  
23 an investigation of immoral or unprofessional conduct are confidential and  
24 are not a public record.

25           B. Notwithstanding subsection A of this section, the ~~department~~  
26 ~~STATE BOARD~~ of education may provide information, records or reports  
27 relating to the investigation of a certificated or noncertificated person  
28 to any of the following:

29           1. Any school or school district that currently employs the  
30 certificated or noncertificated person.

31           2. Any school or school district to which the certificated or  
32 noncertificated person has applied for employment.

33           3. Any third-party entity that contracts with a school or school  
34 district to provide educators and to which the person has applied for  
35 employment.

36           4. Any agency as defined in section 41-1001 that has received and  
37 is investigating an application by the certificated or noncertificated  
38 person for a certificate or license or that is ~~conducting an investigation~~  
39 ~~of~~ INVESTIGATING the person in order to make a certification or licensure  
40 decision.

41           5. A state education agency in another state, or the equivalent,  
42 with which a person holds a certificate or is applying for a certificate.

43           C. All information, records and reports received by any school or  
44 school district pursuant to this section shall be used for employment  
45 purposes only, are confidential and are not a public record.

1 D. An investigator who is regularly employed and paid by the  
2 ~~department~~ STATE BOARD of education has the authority to access criminal  
3 history records and criminal history record information, as defined in  
4 section 41-1750, from law enforcement agencies.

5 E. THE DEPARTMENT OF EDUCATION SHALL PROVIDE TO THE STATE BOARD OF  
6 EDUCATION ACCESS TO THE EDUCATOR INFORMATION SYSTEM MAINTAINED BY THE  
7 DEPARTMENT AND ANY RELATED SYSTEMS DEEMED NECESSARY BY THE BOARD TO  
8 INVESTIGATE AND ADJUDICATE ALLEGATIONS OF CONDUCT CONSTITUTING GROUNDS FOR  
9 DISCIPLINARY ACTION.

10 ~~E.~~ F. For the purposes of this section, "noncertificated person"  
11 has the same meaning prescribed in section 15-505.

12 Sec. 14. Section 15-393, Arizona Revised Statutes, is amended to  
13 read:

14 15-393. Career technical education district governing board;  
15 report; definitions

16 A. The management and control of a career technical education  
17 district are vested in the career technical education district governing  
18 board, including the content and quality of the courses offered by the  
19 district, the quality of teachers who provide instruction on behalf of the  
20 district, the salaries of teachers who provide instruction on behalf of  
21 the district and the reimbursement of other entities for the facilities  
22 used by the district. This section does not restrict a school district  
23 from offering any career and technical education course that does not  
24 qualify for funding as a career technical education course or career  
25 technical education district program. Unless the governing boards of the  
26 school districts participating in the formation of the career technical  
27 education district vote to implement an alternative election system as  
28 provided in subsection B of this section, the career technical education  
29 board ~~shall consist~~ CONSISTS of five members elected from five single  
30 member districts formed within the career technical education district.  
31 The single member district election system shall be submitted as part of  
32 the plan for the career technical education district pursuant to section  
33 15-392 and shall be established in the plan as follows:

34 1. The governing boards of the school districts participating in  
35 the formation of the career technical education district shall define the  
36 boundaries of the single member districts so that the single member  
37 districts are as nearly equal in population as is practicable, except that  
38 if the career technical education district lies in part in each of two or  
39 more counties, at least one single member district may be entirely within  
40 each of the counties comprising the career technical education district if  
41 this district design is consistent with the obligation to equalize the  
42 population among single member districts.

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

1           3. A person who is a registered voter of this state and who is a  
2 resident of the single member district is eligible for election to the  
3 office of career technical education board member from the single member  
4 district. The terms of office of the members of the career technical  
5 education board shall be as prescribed in section 15-427, subsection B.  
6 An employee of a career technical education district or the spouse of an  
7 employee shall not hold membership on a governing board of a career  
8 technical education district by which the employee is employed. A member  
9 of one school district governing board or career technical education  
10 district governing board is ineligible to be a candidate for nomination or  
11 election to or serve simultaneously as a member of any other governing  
12 board, except that a member of a governing board may be a candidate for  
13 nomination or election for any other governing board if the member is  
14 serving in the last year of a term of office. A member of a governing  
15 board shall resign the member's seat on the governing board before  
16 becoming a candidate for nomination or election to the governing board of  
17 any other school district or career technical education district, unless  
18 the member of the governing board is serving in the last year of a term of  
19 office. Members of a career technical education district governing board  
20 are subject to the conflict of interest requirements prescribed in section  
21 38-503.

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

24           B. The governing boards of the school districts participating in  
25 the formation of the career technical education district may vote to  
26 implement any other alternative election system for the election of career  
27 technical education district board members. If an alternative election  
28 system is selected, it shall be submitted as part of the plan for the  
29 career technical education district pursuant to section 15-392, and the  
30 implementation of the system shall be as approved by the United States  
31 justice department.

32           C. ~~The Career technical education district shall be~~ DISTRICTS ARE  
33 subject to the following provisions of this title:

- 34           1. Chapter 1, articles 1 through 6.
- 35           2. Sections 15-208, 15-210, 15-213 and 15-234.
- 36           3. Articles 2, 3 and 5 of this chapter.
- 37           4. Section 15-361.
- 38           5. Chapter 4, articles 1, 2 and 5.
- 39           6. Chapter 5, articles 1 and 3.
- 40           7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728,  
41 15-729 and 15-730.
- 42           8. Chapter 7, article 5.
- 43           9. Chapter 8, articles 1, 3 and 4.
- 44           10. Sections 15-828 and 15-829.

1           11. Chapter 9, article 1, article 6, except for section 15-995, and  
2 article 7.  
3           12. Sections 15-941, 15-943.01, 15-952, 15-953 and 15-973.  
4           13. Sections 15-1101 and 15-1104.  
5           14. Chapter 10, articles 2, 3, 4 and 8.  
6           D. Notwithstanding subsection C of this section, the following  
7 apply to a career technical education district:  
8           1. A career technical education district may issue bonds for the  
9 purposes specified in section 15-1021 and in chapter 4, article 5 of this  
10 title to an amount in the aggregate, including the existing indebtedness,  
11 not exceeding one percent of the net assessed value of the full cash value  
12 of the property within the career technical education district. For the  
13 purposes of this paragraph, "full cash value" and "net assessed value"  
14 have the same meanings prescribed in section 42-11001.  
15           2. The number of governing board members for a career technical  
16 education district shall be as prescribed in subsection A of this section.  
17           3. The student count for the first year of operation of a career  
18 technical education district as provided in this article shall be  
19 determined as follows:  
20           (a) Determine the estimated student count for career technical  
21 education district classes that will operate in the first year of  
22 operation. This estimate shall be based on actual registration of pupils  
23 as of March 30 scheduled to attend classes that will be operated by the  
24 career technical education district. The student count for the school  
25 district of residence of the pupils registered at the career technical  
26 education district shall be adjusted. The adjustment shall cause the  
27 school district of residence to reduce the student count for the pupil to  
28 reflect the courses to be taken at the career technical education  
29 district. The school district of residence shall review and approve the  
30 adjustment of its own student count as provided in this subdivision before  
31 the pupils from the school district can be added to the student count of  
32 the career technical education district.  
33           (b) The student count for the new career technical education  
34 district shall be the student count as determined in subdivision (a) of  
35 this paragraph.  
36           (c) For the first year of operation, the career technical education  
37 district shall revise the student count to the actual average daily  
38 membership as prescribed in section 15-901, subsection A, paragraph 1 for  
39 students attending classes in the career technical education district. A  
40 career technical education district shall revise its student count, the  
41 base support level as provided in section 15-943.02, the revenue control  
42 limit as provided in section 15-944.01 and the district additional  
43 assistance as provided in section 15-962.01 before May 15. A career  
44 technical education district that overestimated its student count shall



1 revise its budget before May 15. A career technical education district  
2 that underestimated its student count may revise its budget before May 15.

3 (d) After March 15 of the first year of operation, the school  
4 district of residence shall adjust its student count by reducing it to  
5 reflect the courses actually taken at the career technical education  
6 district. The school district of residence shall revise its student  
7 count, the base support level as provided in section 15-943, the revenue  
8 control limit as provided in section 15-944 and the district additional  
9 assistance as provided in section 15-962.01 prior to May 15. A district  
10 that underestimated the student count for students attending the career  
11 technical education district shall revise its budget before May 15. A  
12 district that overestimated the student count for students attending the  
13 career technical education district may revise its budget before May 15.

14 (e) The procedures for implementing this paragraph shall be as  
15 prescribed in the uniform system of financial records.

16 ~~(f) Pupils in an approved career technical education district~~  
17 ~~centralized program may generate an average daily membership of 1.0 during~~  
18 ~~any day of the week and at any time between July 1 and June 30 of each~~  
19 ~~fiscal year.~~

20 For the purposes of this paragraph, "school district of residence" means  
21 the school district that included the pupil in its average daily  
22 membership for the year before the first year of operation of the career  
23 technical education district and that would have included the pupil in its  
24 student count for the purposes of computing its base support level for the  
25 fiscal year of the first year of operation of the career technical  
26 education district if the pupil had not enrolled in the career technical  
27 education district.

28 4. A student includes any person enrolled in the career technical  
29 education district without regard to the person's age or high school  
30 graduation status, except that:

31 (a) A student in a kindergarten program or in any of grades one  
32 through ~~nine~~ EIGHT who enrolls in courses offered by the career technical  
33 education district shall not be included in the career technical education  
34 district's student count or average daily membership.

35 (b) A student in a kindergarten program or in any of grades one  
36 through ~~nine~~ EIGHT who is enrolled in career and technical education  
37 courses shall not be funded in whole or in part with monies provided by a  
38 career technical education district, except that a pupil in grade eight ~~or~~  
39 ~~nine~~ may be funded with monies generated by the ~~five-cent~~ \$.05 qualifying  
40 tax rate authorized in subsection F of this section.

41 (c) A student who has graduated from high school or received a  
42 general equivalency diploma or who is over twenty-one years of age shall  
43 not be included in the student count of the career technical education  
44 district for the purposes of chapter 9, articles 3, 4 and 5 of this title.

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

6           5. A career technical education district may operate for more than  
7 one hundred eighty days per year, with expanded hours of service.

8           6. A career technical education district may use the carryforward  
9 provisions of section 15-943.01.

10           7. A school district that is part of a career technical education  
11 district shall use any monies received pursuant to this article to  
12 supplement and not supplant base year career and technical education  
13 courses, and directly related equipment and facilities, except that a  
14 school district that is part of a career technical education district and  
15 that has used monies received pursuant to this article to supplant career  
16 and technical education courses that were offered before the first year  
17 that the school district participated in the career technical education  
18 district or the first year that the school district used monies received  
19 pursuant to this article or that used the monies for purposes other than  
20 for career and technical education courses shall use one hundred percent  
21 of the monies received pursuant to this article to supplement and not  
22 supplant base year career and technical education courses. Each  
23 applicable school district shall provide a report to the career technical  
24 education board and the department of education outlining the required  
25 maintenance of effort and how monies were used to supplement and not  
26 supplant base year career and technical education courses and directly  
27 related equipment and facilities.

28           8. A career technical education district shall use any monies  
29 received pursuant to this article to enhance and not supplant career and  
30 technical education courses and directly related equipment and facilities.

31           9. A career technical education district or a school district that  
32 is part of a career technical education district or a charter school shall  
33 only include pupils in grades ~~ten~~ NINE through twelve AND PUPILS IN THE  
34 SCHOOL YEAR IMMEDIATELY FOLLOWING GRADUATION in the calculation of student  
35 count or average daily membership if the pupils are enrolled in courses  
36 that are approved jointly by the governing board of the career technical  
37 education district and each participating school district or charter  
38 school for satellite courses taught within the participating school  
39 district or charter school, or approved solely by the career technical  
40 education district for centrally located courses. FUNDING MAY BE PROVIDED  
41 FOR NOT MORE THAN FOUR YEARS FOR THE SAME STUDENT. Student count and  
42 average daily membership from courses that are not part of an approved  
43 program for career and technical education shall not be included in  
44 student count and average daily membership of a career technical education  
45 district.

1 E. The career technical education board shall appoint a  
2 superintendent as the executive officer of the career technical education  
3 district.

4 F. Taxes may be levied for the support of the career technical  
5 education district as prescribed in chapter 9, article 6 of this title,  
6 except that a career technical education district shall not levy a  
7 property tax pursuant to law that exceeds ~~five cents~~ \$.05 per ~~one hundred~~  
8 ~~dollars~~ \$100 assessed valuation except for bond monies pursuant to  
9 subsection D, paragraph 1 of this section. Except for the taxes levied  
10 pursuant to section 15-994, such taxes shall be obtained from a levy of  
11 taxes on the taxable property used for secondary tax purposes.

12 G. The schools in the career technical education district are  
13 available to all persons who reside in the career technical education  
14 district and to pupils whose school district of residence within this  
15 state is paying tuition on behalf of the pupils to a district of  
16 attendance that is a member of the career technical education district,  
17 subject to the rules for admission prescribed by the career technical  
18 education board.

19 H. The career technical education board may collect tuition for  
20 adult students and the attendance of pupils who are residents of school  
21 districts that are not participating in the career technical education  
22 district pursuant to arrangements made between the governing board of the  
23 school district and the career technical education board.

24 I. The career technical education board may accept gifts, grants,  
25 federal monies, tuition and other allocations of monies to erect, repair  
26 and equip buildings and for the cost of ~~operation of~~ OPERATING the schools  
27 of the career technical education district.

28 J. One member of the career technical education board shall be  
29 selected chairman. The chairman shall be selected annually on a rotation  
30 basis from among the participating school districts. The chairman of the  
31 career technical education board shall be a voting member.

32 K. A career technical education board and a community college  
33 district may enter into agreements TO PROVIDE for ~~the provision of~~  
34 administrative, operational and educational services and facilities.

35 L. Any agreement between the governing board of a career technical  
36 education district and another career technical education district, a  
37 school district, a charter school or a community college district shall be  
38 in the form of an intergovernmental agreement or other written contract.  
39 The auditor general shall modify the uniform system of financial records  
40 and budget forms in accordance with this subsection. The  
41 intergovernmental agreement or other written contract shall completely and  
42 accurately specify each of the following:

43 1. The financial provisions of the intergovernmental agreement or  
44 other written contract and the format for the billing of all services.

- 1           2. The accountability provisions of the intergovernmental agreement  
2 or other written contract.
- 3           3. The responsibilities of each career technical education  
4 district, each school district, each charter school and each community  
5 college district that is a party to the intergovernmental agreement or  
6 other written contract.
- 7           4. The type of instruction that will be provided under the  
8 intergovernmental agreement or other written contract, including  
9 individualized education programs pursuant to section 15-763.
- 10          5. The quality of the instruction that will be provided under the  
11 intergovernmental agreement or other written contract.
- 12          6. The transportation services that will be provided under the  
13 intergovernmental agreement or other written contract and the manner in  
14 which transportation costs will be paid.
- 15          7. The amount that the career technical education district will  
16 contribute to a course and the amount of support required by the school  
17 district, **THE CHARTER SCHOOL** or the community college.
- 18          8. That the services provided by the career technical education  
19 district, the school district, the charter school or the community college  
20 district be proportionally calculated in the cost of delivering the  
21 service.
- 22          9. That the payment for services shall not exceed the cost of the  
23 services provided.
- 24          10. That the career technical education district will provide the  
25 following minimum services for all member districts:
- 26           (a) Professional development of career and technical teachers in  
27 the career technical education district who are teaching programs or  
28 courses at a satellite campus.
- 29           (b) Ongoing evaluation and support of satellite campus programs and  
30 courses to ensure quality and compliance.
- 31          11. An itemized listing of other goods and services that are  
32 provided to the member district and that are paid for by the retention of  
33 satellite campus student funding.
- 34          M. A member school district or charter school may not submit  
35 requests ~~for the approval~~ **TO APPROVE** or ~~addition of~~ **ADD** satellite campus  
36 career technical education district programs or courses directly to the  
37 career and technical education division of the department of education,  
38 but shall submit all appropriate application documentation and materials  
39 for programs or courses to the career technical education district. On  
40 approval from the career technical education board, a career technical  
41 education district shall only submit requests ~~for the approval~~ **TO APPROVE**  
42 or ~~addition of~~ **ADD** satellite campus career technical education district  
43 programs or courses directly to the career and technical education  
44 division of the department of education, which shall determine whether the  
45 criteria prescribed in section 15-391, paragraphs 2 and 4 have been met.

1 If the career and technical education division of the department of  
2 education determines that a course does not meet the criteria for approval  
3 as a career technical education course, the governing board of the career  
4 technical education district may appeal this decision to the state board  
5 of education acting as the state board of vocational education.

6 N. Notwithstanding any other law, the average daily membership for  
7 a pupil who is enrolled in a career technical education course and who  
8 does not meet the criteria specified in subsection P or Q of this section  
9 shall be 0.25 for each course, except the sum of the average daily  
10 membership shall not exceed the limits prescribed by subsection D, P or Q  
11 of this section, as applicable.

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

25 P. The sum of the average daily membership of a pupil who is  
26 enrolled in both the school district and career technical education course  
27 or career technical education program provided ~~at~~ BY a community college  
28 pursuant to subsection K of this section or at a centralized campus shall  
29 not exceed 1.75. The member school district and the career technical  
30 education district shall determine the apportionment of the average daily  
31 membership and student enrollment for that pupil between the member school  
32 district and the career technical education district, except that the  
33 amount apportioned shall not exceed 1.0 for either entity.  
34 Notwithstanding any other law, the average daily membership for a pupil  
35 WHO IS in grade NINE, ten, eleven or twelve OR IN THE SCHOOL YEAR  
36 IMMEDIATELY FOLLOWING GRADUATION AND who is enrolled in a course that  
37 meets for at least one hundred fifty minutes per class period at a  
38 centralized campus shall be 0.75. STUDENTS IN AN APPROVED CAREER  
39 TECHNICAL EDUCATION DISTRICT CENTRALIZED CAMPUS PROGRAM MAY GENERATE AN  
40 AVERAGE DAILY MEMBERSHIP DURING ANY DAY OF THE WEEK AND AT ANY TIME  
41 BETWEEN JULY 1 AND JUNE 30 OF EACH FISCAL YEAR. To qualify for funding  
42 pursuant to this subsection, a centralized campus shall offer programs and  
43 courses to all eligible students in each member district of the career  
44 technical education district.

1 Q. The average daily membership for a pupil WHO IS in grade NINE,  
2 ten, eleven or twelve OR IN THE SCHOOL YEAR IMMEDIATELY FOLLOWING  
3 GRADUATION AND who is enrolled in a course that meets for at least one  
4 hundred fifty minutes per class period at a leased centralized campus  
5 shall not exceed 0.75. STUDENTS IN AN APPROVED CAREER TECHNICAL EDUCATION  
6 DISTRICT LEASED CAMPUS CENTRALIZED PROGRAM MAY GENERATE AN AVERAGE DAILY  
7 MEMBERSHIP DURING ANY DAY OF THE WEEK AND AT ANY TIME BETWEEN JULY 1 AND  
8 JUNE 30 OF EACH FISCAL YEAR. The sum of the average daily membership, as  
9 provided in section 15-901, subsection A, paragraph 1, of a pupil who is  
10 enrolled in both the school district and in career technical education  
11 courses provided at a leased centralized campus shall not exceed 1.75 if  
12 all of the following conditions are met:

13 1. The course qualifies as a career technical education course.

14 2. The course is offered to all eligible students in each member  
15 district of the career technical education district and enrolls students  
16 from multiple high schools.

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

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

26 R. A student who is enrolled in an accommodation school may be  
27 treated as a student of the school district in which the student  
28 physically resides for the purposes of enrollment in a career technical  
29 education district and shall be included in the calculation of average  
30 daily membership for either the career technical education district or the  
31 accommodation school, or both.

32 S. Notwithstanding any other law, the student count for a career  
33 technical education district shall be equivalent to the career technical  
34 education district's average daily membership.

35 T. A school district or charter school may not prohibit or  
36 discourage students who are enrolled in that school district or charter  
37 school from attending courses offered by a career technical education  
38 district, including requiring students to generate a full 1.0 average  
39 daily membership or to enroll in more courses than are needed to graduate  
40 before enrolling in and attending programs or courses offered by a career  
41 technical education district.

42 U. The governing board of the career technical education district  
43 may contract with any charter school that is located within the boundaries  
44 of the career technical education district to allow that charter school to

1 offer career and technical education courses or programs as a satellite  
2 campus.

3 V. Beginning in 2020 and every five years thereafter, the career  
4 and technical education division of the department of education shall  
5 review career technical education district programs and career technical  
6 education courses to ensure compliance, quality and eligibility. Any  
7 program or course deemed to not meet the requirements set forth by law  
8 shall not be funded for the current school year and shall be removed from  
9 the approved program and course list for the purposes of funding. The  
10 career and technical education division may establish a staggered schedule  
11 for reviewing each career technical education district.

12 W. NOTWITHSTANDING SUBSECTION D, PARAGRAPHS 4 AND 9 AND SUBSECTIONS  
13 P AND Q OF THIS SECTION, FOR A STUDENT IN GRADE NINE, FUNDING SHALL BE  
14 PROVIDED PURSUANT TO THIS SECTION ONLY IF THE STUDENT REACHES THE FORTIETH  
15 DAY OF GRADE ELEVEN ENROLLED IN AN APPROVED CAREER TECHNICAL EDUCATION  
16 PROGRAM AND MEETS THE REQUIREMENTS PRESCRIBED IN SUBSECTION Y OF THIS  
17 SECTION. AT THAT TIME FUNDING SHALL BE PROVIDED FOR THAT STUDENT FOR  
18 GRADE NINE AND FOR ANY SUBSEQUENT YEAR IN WHICH THE STUDENT IS ELIGIBLE  
19 FOR FUNDING PURSUANT TO THIS SECTION.

20 X. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE OFFICE OF ECONOMIC  
21 OPPORTUNITY IN COLLABORATION WITH THE DEPARTMENT OF EDUCATION SHALL  
22 COMPILE AN IN-DEMAND REGIONAL EDUCATION LIST OF THE APPROVED CAREER  
23 TECHNICAL EDUCATION PROGRAMS THAT LEAD TO A CAREER PATH IN HIGH DEMAND  
24 WITH MEDIAN-TO-HIGH-WAGE JOBS IN THAT REGION. THE OFFICE OF ECONOMIC  
25 OPPORTUNITY SHALL INCORPORATE INDUSTRY FEEDBACK AS PART OF DEVELOPING THE  
26 IN-DEMAND REGIONAL EDUCATIONAL LIST. THE OFFICE OF ECONOMIC OPPORTUNITY  
27 SHALL SUBMIT THE IN-DEMAND REGIONAL EDUCATION LIST TO THE ARIZONA CAREER  
28 AND TECHNICAL EDUCATION QUALITY COMMISSION FOR REVIEW AND APPROVAL.

29 Y. NOTWITHSTANDING SUBSECTION D, PARAGRAPHS 4 AND 9 AND SUBSECTIONS  
30 P AND Q OF THIS SECTION, FOR A STUDENT IN GRADE NINE OR IN THE SCHOOL YEAR  
31 IMMEDIATELY FOLLOWING GRADUATION, FUNDING SHALL BE PROVIDED PURSUANT TO  
32 THIS SECTION ONLY IF THE STUDENT IS ENROLLED IN A PROGRAM THAT WAS  
33 INCLUDED ON THE IN-DEMAND REGIONAL EDUCATION LIST COMPILED PURSUANT TO  
34 SUBSECTION X OF THIS SECTION FOR THAT STUDENT'S REGION FOR THE YEAR IN  
35 WHICH THE STUDENT BEGAN THE PROGRAM.

36 ~~W.~~ Z. For the purposes of this section:

37 1. "Base year" means the complete school year in which voters of a  
38 school district elected to join a career technical education district.

39 2. "Centralized campus" means a facility that is owned and operated  
40 by a career technical education district ~~for the purpose of offering~~ TO  
41 OFFER career technical education district programs or career technical  
42 education courses.

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



1           4. "Leased centralized campus" means a facility that is leased and  
2 operated by a career technical education district ~~for the purpose of~~  
3 ~~offering~~ TO OFFER career technical education district programs or career  
4 technical education courses.

5           5. "Satellite campus" means a facility that is owned or operated by  
6 a school district or charter school ~~for the purpose of offering~~ TO OFFER  
7 career technical education district programs or career technical education  
8 courses.

9           Sec. 15. Section 15-393.01, Arizona Revised Statutes, is amended to  
10 read:

11           15-393.01. Career technical education districts; annual  
12 report; performance and accountability

13           A. The department of education shall include each career technical  
14 education district in the department's annual achievement profiles  
15 required by section 15-241. Subject to approval by the state board of  
16 education, the department of education shall develop specific criteria  
17 applicable to career technical education districts that may not be based  
18 solely on the criteria prescribed in the Carl D. Perkins vocational  
19 education act, as amended by the Carl D. Perkins vocational and applied  
20 technology education act amendments of 1990, as amended by the Carl D.  
21 Perkins vocational and technical education act of 1998, and shall include  
22 career technical education districts in the letter grade classification  
23 system prescribed in section 15-241. The department shall include all of  
24 the following performance indicators in the annual achievement profiles  
25 and letter grade classification and provide a copy of the information to  
26 each career technical education district governing board:

27           1. The graduation rate of all students enrolled in a career and  
28 technical education program or course.

29           2. The completion rate for each program offered by the career  
30 technical education district.

31           3. Performance on assessments required pursuant to section 15-391,  
32 paragraph 4, subdivision (b).

33           4. Postgraduation employment rates, postsecondary enrollment rates  
34 and military service rates for students who complete a career and  
35 technical education program.

36           B. A career technical education district is subject to the  
37 performance audits pursuant to section 41-1279.03, subsection A,  
38 paragraph 9. The auditor general shall consider the differences and  
39 applicable laws for a career technical education district when conducting  
40 a performance audit for a career technical education district.

41           C. On or before December 31 of each year, the career and technical  
42 education division of the department of education shall submit a career  
43 technical education district annual report to the governor, the president  
44 of the senate and the speaker of the house of representatives and shall  
45 submit a copy of this report to the secretary of state. The career and



1 technical education division of the department of education shall submit a  
2 copy of this report to the joint legislative budget committee for review.  
3 The annual report shall include the following:

4 1. The average daily membership of each career technical education  
5 district, including the average daily membership of each centralized  
6 campus, satellite campus and leased centralized campus as defined in  
7 section 15-393.

8 2. The actual student count of each career technical education  
9 district, including the student count of each centralized campus,  
10 satellite campus and leased centralized campus as defined in section  
11 15-393.

12 3. The programs and corresponding courses offered by each career  
13 technical education district, including the location of each program and  
14 course.

15 4. For each career technical education district based on program or  
16 course location:

17 (a) The student enrollment of each program and corresponding  
18 course.

19 (b) The percentage of students who enrolled in the second year of  
20 each program and corresponding course relative to the number of students  
21 in the same cohort who enrolled in the first year of each program and  
22 corresponding course.

23 (c) The percentage of students who completed each program relative  
24 to the number of students in the same cohort who began the program.

25 5. The costs associated with each program offered by the career  
26 technical education district.

27 6. A listing of any programs or courses that were discontinued by  
28 review of the career and technical education division pursuant to section  
29 15-393, subsection V.

30 7. A listing of any programs or courses that were continued by  
31 review of the career and technical education division pursuant to section  
32 15-393, subsection V.

33 8. A listing of any programs or courses that were added by the  
34 career and technical education division.

35 9. For applicable school districts, the required maintenance of  
36 effort and how monies were used to supplement and not supplant base year  
37 career and technical education courses, including expenditures related to  
38 personnel, equipment and facilities.

39 10. FOR STUDENTS WHO MEET THE REQUIREMENTS TO RECEIVE FUNDING  
40 PURSUANT TO SECTION 15-393, SUBSECTION W, STUDENTS ENROLLED IN AN  
41 INTERNSHIP COURSE AND STUDENTS ENROLLED IN THE YEAR IMMEDIATELY FOLLOWING  
42 GRADUATION, A SEPARATE LISTING OF THE FOLLOWING INFORMATION FOR EACH  
43 DISTRICT:

44 (a) AVERAGE DAILY MEMBERSHIP.

45 (b) THE ACTUAL STUDENT COUNT.

1 (c) ENROLLMENT BY COURSE OR PROGRAM AND PERSISTENCE AT EACH GRADE  
2 LEVEL TOWARD COMPLETION OF THE PROGRAM.

3 (d) THE PERCENTAGE OF STUDENTS WHO COMPLETED EACH PROGRAM.

4 (e) THE NUMBER OF CERTIFICATIONS AND LICENSES EARNED BY STUDENTS  
5 DELINEATED BY THOSE WHO ATTENDED A SATELLITE PROGRAM AND THOSE WHO  
6 ATTENDED A CENTRALIZED CAMPUS.

7 ~~10.~~ 11. Any other data or information deemed necessary by the  
8 department of education.

9 D. The office of the auditor general, in consultation with the  
10 department of education, shall develop and establish uniform cost  
11 reporting guidelines, policies and procedures for career technical  
12 education district programs. Any guideline, policy or procedure shall  
13 allow for the effective comparison of cost between career technical  
14 education district programs.

15 Sec. 16. Section 15-481, Arizona Revised Statutes, is amended to  
16 read:

17 15-481. Override election; budget increases; informational  
18 pamphlet; notice; ballot; effect

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

42 B. The county school superintendent shall prepare an informational  
43 pamphlet on the proposed increase in the budget and a sample ballot and,  
44 at least forty days ~~prior to~~ BEFORE the election, shall transmit the  
45 informational pamphlet and the sample ballot to the governing board of the

1 school district. The governing board, on receipt of the informational  
2 pamphlet and the ballot, shall mail or distribute the informational  
3 pamphlet and the ballot to the households in which qualified electors  
4 reside within the school district at least thirty-five days ~~prior to~~  
5 **BEFORE** the election. Any distribution of material concerning the proposed  
6 increase in the budget shall not be conducted by children enrolled in the  
7 school district. The informational pamphlet shall contain the following  
8 information:

- 9 1. The date of the election.
- 10 2. The voter's polling place and the times it is open.
- 11 3. The proposed total increase in the budget that exceeds the  
12 amount permitted pursuant to section 15-905.
- 13 4. The total amount of the current year's budget, the total amount  
14 of the proposed budget and the total amount of the alternate budget.
- 15 5. If the override is for a period of more than one year, a  
16 statement indicating the number of years the proposed increase in the  
17 budget would be in effect and the percentage of the school district's  
18 revenue control limit that the district is requesting for the future  
19 years.
- 20 6. The proposed total amount of revenues that will fund the  
21 increase in the budget and the amount that will be obtained from a levy of  
22 taxes on the taxable property within the school district for the first  
23 year for which the budget increase was adopted.
- 24 7. The proposed amount of revenues that will fund the increase in  
25 the budget and that will be obtained from other than a levy of taxes on  
26 the taxable property within the school district for the first year for  
27 which the budget increase was adopted.
- 28 8. The dollar amount and the purpose for which the proposed  
29 increase in the budget is to be expended for the first year for which the  
30 budget increase was adopted. The purpose statement shall only present  
31 factual information in a neutral manner. Advocacy for the expenditures is  
32 strictly limited to the arguments submitted pursuant to paragraph 9 of  
33 this subsection.
- 34 9. At least two arguments, if submitted, but ~~no~~ **NOT** more than ten  
35 arguments for and two arguments, if submitted, but ~~no~~ **NOT** more than ten  
36 arguments against the proposed increase in the budget. The arguments  
37 shall be in a form prescribed by the county school superintendent, and  
38 each argument shall not exceed two hundred words. Arguments for the  
39 proposed increase in the budget shall be provided in writing and signed by  
40 the governing board. The ballot arguments for the proposed increase in  
41 the budget shall be signed as the governing board of the school district  
42 without listing any member's individual name for the arguments for the  
43 proposed increase. If submitted, additional arguments in favor of the  
44 proposed increase in the budget shall be provided in writing and signed by  
45 those in favor. Arguments against the proposed increase in the budget

1 shall be provided in writing and signed by those in opposition. The names  
2 of persons and entities submitting written arguments shall be included in  
3 the informational pamphlet. The county school superintendent shall review  
4 all factual statements contained in the written arguments and correct any  
5 inaccurate statements of fact. The superintendent shall not review and  
6 correct any portion of the written arguments that are identified as  
7 statements of the author's opinion. The county school superintendent  
8 shall make the written arguments available to the public as provided in  
9 title 39, chapter 1, article 2. A deadline for submitting arguments to be  
10 included in the informational pamphlet shall be set by the county school  
11 superintendent.

12 10. A statement that the alternate budget shall be adopted by the  
13 governing board if the proposed budget is not adopted by the qualified  
14 electors of the school district.

15 11. The current limited property value and the net assessed  
16 valuation provided by the department of revenue, the first year tax rate  
17 for the proposed override and the estimated amount of the secondary  
18 property taxes if the proposed budget is adopted for each of the  
19 following:

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

24 (b) An owner-occupied residence whose assessed valuation is  
25 one-half of the assessed valuation of the residence in subdivision (a) of  
26 this paragraph.

27 (c) An owner-occupied residence whose assessed valuation is twice  
28 the assessed valuation of the residence in subdivision (a) of this  
29 paragraph.

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

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

36 (a) An executive summary of the school district's most recent  
37 capital improvement plan submitted to the school facilities **OVERSIGHT**  
38 board.

39 (b) A complete list of each proposed capital improvement that will  
40 be funded with the budget increase and a description of the proposed cost  
41 of each improvement, including a separate aggregation of capital  
42 improvements for administrative purposes as defined by the school  
43 facilities **OVERSIGHT** board.

1 (c) The tax rate associated with each of the proposed capital  
2 improvements and the estimated cost of each capital improvement for the  
3 owner of a single family home that is valued at ~~eighty thousand dollars~~  
4 \$80,000.

5 C. For the purpose of this section, the school district may use its  
6 staff, equipment, materials, buildings or other resources only to  
7 distribute the informational pamphlet at the school district office or at  
8 public hearings and to produce such information as required in subsection  
9 B of this section. ~~, provided that nothing in~~ This subsection ~~shall~~ DOES  
10 NOT preclude school districts from holding or participating in any public  
11 hearings at which testimony is given by at least one person for the  
12 proposed increase and one person against the proposed increase. Any  
13 written information provided by the district pertaining to the override  
14 election shall include financial information showing the estimated first  
15 year tax rate for the proposed budget override amount.

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

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

28 2. Ballots shall be counted pursuant to title 16, chapter 4,  
29 article 10.

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

40 Any budget increase authorized by this election shall be  
41 entirely funded by a levy of taxes on the taxable property  
42 within this school district for the year for which adopted and  
43 for \_\_\_\_ subsequent years, shall not be realized from monies  
44 furnished by the state and shall not be subject to the  
45 limitation on taxes specified in article IX, section 18,

1 Constitution of Arizona. Based on the current net assessed  
2 valuation used for secondary property tax purposes, to fund  
3 the proposed increase in the school district's budget would  
4 require an estimated tax rate of \$ \_\_\_\_\_ ~~dollar~~ per  
5 ~~one hundred dollars~~ \$100 of net assessed valuation used for  
6 secondary property tax purposes and is in addition to the  
7 school district's tax rate that will be levied to fund the  
8 school district's revenue control limit allowed by law.

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

15 1. The amount of the proposed increase of the proposed budget over  
16 the alternate budget.

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

20 3. The following statement:

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

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

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

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

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

9 (i)

10		Small School	Support Level Weight		Phase Down
11	Student	Student	for Small Isolated		Reduction
12	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
13	_____ -	125	x 1.358 + (0.0005 x	x \$ _____	= \$ _____
14			(500 - Student Count))		
15				Small Isolated	
16		Phase Down	Phase Down	School District	
17		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
18		\$150,000 -	\$ _____	=	\$ _____

19 (ii)

20		Small School	Support Level Weight		Phase Down
21	Student	Student	for Small		Reduction
22	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
23	_____ -	125	x 1.278 + (0.0003 x	x \$ _____	= \$ _____
24			(500 - Student Count))		
25				Small	
26		Phase Down	Phase Down	School District	
27		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
28		\$150,000 -	\$ _____	=	\$ _____

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

33 (i)

34		Small School	Support Level Weight		Phase Down
35	Student	Student	for Small Isolated		Reduction
36	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
37	_____ -	100	x 1.468 + (0.0005 x	x \$ _____	= \$ _____
38			(500 - Student Count))		
39				Small Isolated	
40		Phase Down	Phase Down	District	
41		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
42		\$350,000 -	\$ _____	=	\$ _____

1 (ii)

$$\begin{array}{r}
 2 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 3 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 4 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 5 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.398 + (0.0004 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 6 \quad \hspace{10em} (500 - \text{Student Count})) \\
 7 \quad \hspace{10em} \text{Small} \\
 8 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 9 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 10 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

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

14 (d) If only subdivision (a) or (b) of this paragraph applies to a  
 15 unified school district, the district's limit for the purposes of this  
 16 paragraph is the sum of the limit computed as provided in subdivision (a)  
 17 or (b) of this paragraph plus ten percent of the revenue control limit  
 18 attributable to those grade levels that do not meet the eligibility  
 19 requirements of this subsection. If a school district budgets monies  
 20 outside the revenue control limit pursuant to section 15-949, subsection  
 21 E, the district's limit for the purposes of this paragraph is only the ten  
 22 percent of the revenue control limit attributable to those grade levels  
 23 that are not included under section 15-949, subsection E. For the  
 24 purposes of this subdivision, the revenue control limit is separated into  
 25 elementary and secondary components based on the weighted student count as  
 26 provided in section 15-971, subsection B, paragraph 2, subdivision (a).

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

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

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

37 I. If the election is to exceed the revenue control limit as  
 38 provided in section 15-482 and if the proposed increase will be fully  
 39 funded by a levy of taxes on the taxable property within the school  
 40 district, the ballot shall contain the words "budget increase, yes" and  
 41 "budget increase, no", and the voter shall signify the voter's desired  
 42 choice. The ballot shall also contain the amount of the proposed increase  
 43 of the budget over the alternate budget, a statement that the amount of  
 44 the proposed increase will be based on a percentage of the school



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

3 Any budget increase authorized by this election shall be  
4 entirely funded by a levy of taxes on the taxable property  
5 within this school district for the year for which adopted and  
6 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
7 furnished by the state and shall not be subject to the  
8 limitation on taxes specified in article IX, section 18,  
9 Constitution of Arizona. Based on the current net assessed  
10 valuation used for secondary property tax purposes, to fund  
11 the proposed increase in the school district's budget that  
12 will be funded by a levy of taxes on the taxable property  
13 within this school district would require an estimated tax  
14 rate of \$ \_\_\_\_\_ ~~dollar~~ per ~~one hundred dollars~~ \$100 of net  
15 assessed valuation used for secondary property tax purposes  
16 and is in addition to the school district's tax rate that will  
17 be levied to fund the school district's revenue control limit  
18 allowed by law.

19 J. If the election is to exceed the revenue control limit as  
20 provided in section 15-482 and if the proposed increase will be fully  
21 funded by revenues other than a levy of taxes on the taxable property  
22 within the school district, the ballot shall contain the words "budget  
23 increase, yes" and "budget increase, no", and the voter shall signify the  
24 voter's desired choice. The ballot shall also contain the amount of the  
25 proposed increase of the proposed budget over the alternate budget, a  
26 statement that the amount of the proposed increase will be based on a  
27 percentage of the school district's revenue control limit in future years,  
28 if applicable, as provided in subsection Q of this section and the  
29 following statement:

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

36 K. The maximum budget increase that may be requested and authorized  
37 as provided in subsection I or J of this section, or a combination of both  
38 of these subsections, is five percent of the revenue control limit as  
39 provided in section 15-947, subsection A for the budget year. For a  
40 common school district not within a high school district or a common  
41 school district within a high school district that offers instruction in  
42 high school subjects as provided in section 15-447, five percent of the  
43 revenue control limit means five percent of the revenue control limit  
44 attributable to the weighted student count in preschool programs for  
45 children with disabilities, kindergarten programs and grades one through

1 eight as provided in section 15-971, subsection B. For a unified school  
2 district, five percent of the revenue control limit means five percent of  
3 the revenue control limit attributable to the weighted student count in  
4 preschool programs for children with disabilities, kindergarten programs  
5 and grades one through twelve. For a union high school district, five  
6 percent of the revenue control limit means five percent of the revenue  
7 control limit attributable to the weighted student count in grades nine  
8 through twelve.

9 L. If the election is to exceed district additional assistance and  
10 if the proposed increase will be fully funded by a levy of taxes on the  
11 taxable property within the school district, the ballot shall contain the  
12 words "budget increase, yes" and "budget increase, no", and the voter  
13 shall signify the voter's desired choice. An election held pursuant to  
14 this subsection shall be held on the first Tuesday after the first Monday  
15 of November. The ballot shall also contain the amount of the proposed  
16 increase of the proposed budget over the alternate budget and the  
17 following statement:

18 Any budget increase authorized by this election shall be  
19 entirely funded by a levy of taxes on the taxable property  
20 within this school district for the year in which adopted and  
21 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
22 furnished by the state and shall not be subject to the  
23 limitation on taxes specified in article IX, section 18,  
24 Constitution of Arizona. Based on the current net assessed  
25 valuation used for secondary property tax purposes, to fund  
26 the proposed increase in the school district's budget would  
27 require an estimated tax rate of \$ \_\_\_\_\_ ~~dollar~~ per  
28 ~~one hundred dollars~~ \$100 of net assessed valuation used for  
29 secondary property tax purposes and is in addition to the  
30 school district's tax rate that will be levied to fund the  
31 school district's district additional assistance allowed by  
32 law.

33 M. If the election is to exceed district additional assistance and  
34 if the proposed increase will be fully funded by revenues from other than  
35 a levy of taxes on the taxable property within the school district, the  
36 ballot shall contain the words "budget increase, yes" and "budget  
37 increase, no", and the voter shall signify the voter's desired choice. An  
38 election held pursuant to this subsection shall be held on the first  
39 Tuesday after the first Monday of November. The ballot shall also contain  
40 the amount of the proposed increase of the proposed budget over the  
41 alternate budget and the following statement:

42 Any budget increase authorized by this election shall be  
43 entirely funded by this school district with revenues from  
44 other than a levy of taxes on the taxable property within the  
45 school district for the year in which adopted and for \_\_\_\_\_

1 subsequent years and shall not be realized from monies  
2 furnished by the state.

3 N. If the election is to exceed a combination of the revenue  
4 control limit as provided in subsection E or F of this section, the  
5 revenue control limit as provided in subsection I or J of this section or  
6 district additional assistance as provided in subsection L or M of this  
7 section, the ballot shall be prepared so that the voters may vote on each  
8 proposed increase separately and shall contain statements required in the  
9 same manner as if each proposed increase were submitted separately.

10 O. If the election provides for a levy of taxes on the taxable  
11 property within the school district, at least thirty days ~~prior to~~ BEFORE  
12 the election, the department of revenue shall provide the school district  
13 governing board and the county school superintendent with the current net  
14 assessed valuation of the school district. The governing board and the  
15 county school superintendent shall use the current net assessed valuation  
16 of the school district to translate the amount of the proposed dollar  
17 increase in the budget of the school district over that allowed by law  
18 into a tax rate figure.

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

1 increase is authorized for more than one year. If the additional  
2 increase:

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

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

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

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

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

1 initial proposed percentage increase in the last year of the proposed  
2 increase.

3 R. If the voters in a school district vote to adopt a budget in  
4 excess of district additional assistance as provided in subsection L 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, however, may levy on the net assessed  
9 valuation used for secondary property tax purposes of the property in the  
10 school district the additional increase for the period authorized but not  
11 to exceed ten years. For overrides approved by a vote of the qualified  
12 electors of the school district at an election held from and after  
13 October 31, 1998, the period of the additional increase prescribed in this  
14 subsection shall not exceed seven years for any capital override election.

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

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

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

39 V. The governing board may request that any override election be  
40 cancelled if any change in chapter 9 of this title changes the amount of  
41 the aggregate budget limit as provided in section 15-905. The request to  
42 cancel the override election shall be made to the county school  
43 superintendent at least eighty days ~~prior to~~ BEFORE the date of the  
44 scheduled override election.

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

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

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

8 \_\_\_\_\_ school district is proposing to increase its  
9 budget by \$\_\_\_\_\_ to fund capital improvements over and  
10 above those funded by the state. Under the students first  
11 capital funding system, \_\_\_\_\_ school district is entitled  
12 to state monies for new construction and renovation of school  
13 buildings in accordance with state law.

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

17 3. At least eighty-five days before the election, the school  
18 district shall submit proposed ballot language to the director of the  
19 Arizona legislative council. The director of the Arizona legislative  
20 council shall review the proposed ballot language to determine whether the  
21 proposed ballot language complies with this section. If the director of  
22 the Arizona legislative council determines that the proposed ballot  
23 language does not comply with this section, the director, within ten  
24 calendar days ~~of the receipt of~~ AFTER RECEIVING the proposed ballot  
25 language, shall notify the school district of the director's objections,  
26 and the school district shall resubmit revised ballot language to the  
27 director for approval.

28 X. If the voters approve the budget increase pursuant to subsection  
29 L or M of this section, the school district shall not use the override  
30 proceeds for any purposes other than the proposed capital improvements  
31 listed in the informational pamphlet, except that up to ten percent of the  
32 override proceeds may be used for general capital expenses, including cost  
33 overruns of proposed capital improvements.

34 Y. Each school district that currently increases its budget  
35 pursuant to this section ~~is required to~~ SHALL hold a public meeting each  
36 year between September 1 and October 31 at which an update of the programs  
37 or capital improvements financed through the override is discussed and at  
38 which the public is ~~permitted~~ ALLOWED an opportunity to comment and:

39 1. If the increase is pursuant to subsection L or M of this  
40 section, at a minimum, the update shall include the progress of capital  
41 improvements financed through the override, a comparison of the current  
42 status and the original projections on the construction of capital  
43 improvements, the costs of capital improvements and the costs of capital  
44 improvements in progress or completed since the prior meeting and the  
45 future capital plans of the school district. The school district shall

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

4 2. If the increase is pursuant to subsection E, F, I or J of this  
5 section, the update shall include at a minimum the amount expended in the  
6 previous fiscal year and the amount included in the current budget for  
7 each of the purposes listed in the informational pamphlet prescribed by  
8 subsection B of this section.

9 Z. If a budget in excess of district additional assistance was  
10 previously adopted by the voters in a school district and will be in  
11 effect for the budget year or budget year and subsequent years, as  
12 provided in subsection L or M of this section, the governing board may  
13 request an additional budget in excess of district additional  
14 assistance. If the voters in a school district authorize the additional  
15 budget in excess of district additional assistance, the existing district  
16 additional assistance budget increase remains in effect.

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

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

31 Any budget increase continuation authorized by this  
32 election shall be entirely funded by a levy of taxes on the  
33 taxable property in this school district for the year for  
34 which adopted and for \_\_\_\_\_ subsequent years, shall not be  
35 realized from monies furnished by the state and shall not be  
36 subject to the limitation on taxes specified in article IX,  
37 section 18, Constitution of Arizona. Based on the current net  
38 assessed valuation used for secondary property tax purposes,  
39 to fund the proposed continuation of the increase in the  
40 school district's budget would require an estimated  
41 continuation of a tax rate of \$ \_\_\_\_\_ ~~dollar~~ per ~~one~~  
42 ~~hundred dollars~~ \$100 of assessed valuation used for secondary  
43 property tax purposes and is in addition to the school  
44 district's tax rate that will be levied to fund the school  
45 district's revenue control limit allowed by law.

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

12 Any budget increase continuation authorized by this  
13 election shall be entirely funded by a levy of taxes on the  
14 taxable property in this school district for the year for  
15 which adopted and for \_\_\_\_\_ subsequent years, shall not be  
16 realized from monies furnished by the state and shall not be  
17 subject to the limitation on taxes specified in article IX,  
18 section 18, Constitution of Arizona. Based on the current net  
19 assessed valuation used for secondary property tax purposes,  
20 to fund the proposed continuation of the increase in the  
21 school district's budget would require an estimated  
22 continuation of a tax rate of \$ \_\_\_\_\_ ~~dollar~~ per ~~one~~  
23 ~~hundred dollars~~ \$100 of net assessed valuation used for  
24 secondary property tax purposes and is in addition to the  
25 school district's tax rate that will be levied to fund the  
26 school district's revenue control limit allowed by law.

27 Sec. 17. Section 15-491, Arizona Revised Statutes, is amended to  
28 read:

29 15-491. Elections on school property; exceptions

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

- 34 1. To locate or change the location of school buildings.
- 35 2. To purchase or sell school sites or buildings or sell school  
36 sites pursuant to section 15-342 or to build school buildings, but the  
37 authorization by vote of the school district shall not necessarily specify  
38 the site to be purchased.
- 39 3. To decide whether the bonds of the school district shall be  
40 issued and sold for the purpose of raising ~~money~~ MONIES for purchasing or  
41 leasing school lots, for building or renovating school buildings, for  
42 supplying school buildings with furniture, equipment and technology, for  
43 improving school grounds, for purchasing pupil transportation vehicles or  
44 for liquidating any indebtedness already incurred for such purposes.  
45 Bonds issued for furniture, equipment and technology, other than fixtures,



1 shall mature ~~no~~ NOT later than the July 1 that follows the fifth year  
2 after the bonds were issued. A school district shall not issue class B  
3 bonds until the school district has obligated in contract the entire  
4 proceeds of any class A bonds issued by the school district. The total  
5 amount of class A and class B bonds issued by a school district shall not  
6 exceed the debt limitations prescribed in article IX, sections 8 and 8.1,  
7 Constitution of Arizona.

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

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

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

24 B. ~~No~~ A petition ~~shall be~~ IS NOT required for ~~the~~ holding ~~of~~ the  
25 first election to be held in a joint common school district for any of the  
26 purposes specified in subsection A of this section. The certification of  
27 election results required by section 15-493 shall be made to the board of  
28 supervisors of the jurisdictional county.

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

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

1 information required for both the override and bond elections shall  
2 constitute compliance with the notice provisions of this section.

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

9 F. Subsection A, paragraph 2 of this section does not apply to the  
10 sale of school property if the market value of the school property is less  
11 than ~~fifty thousand dollars~~ \$50,000.

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

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

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

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

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

30 2. For a school district that is a career technical education  
31 district, the ballot shall include the following statement:

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

37 3. The ballot shall conform to the requirements of title 35,  
38 chapter 3, article 3.

39 4. At least eighty-five days before the election, the school  
40 district shall submit proposed ballot language to the county school  
41 superintendent and the director of the Arizona legislative council. The  
42 director of the Arizona legislative council shall review the proposed  
43 ballot language to determine whether the proposed ballot language complies  
44 with this section. If the director of the Arizona legislative council  
45 determines that the proposed ballot language does not comply with this

1 section, the director, within ten calendar days ~~of the receipt of~~ AFTER  
2 RECEIVING the proposed ballot language, shall notify the school district  
3 and the county school superintendent of the director's objections, and the  
4 school district shall resubmit revised ballot language to the director for  
5 approval.

6 5. ~~No~~ NOT later than thirty-five days before a class B bond  
7 election conducted pursuant to this section, the school district shall  
8 mail an informational pamphlet prepared by the county school  
9 superintendent to each household that contains a qualified elector in the  
10 school district. The informational pamphlet shall contain, at a minimum,  
11 the following information:

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

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

19 (c) The tax rate associated with each of the proposed capital  
20 improvements and the estimated cost of each capital improvement for the  
21 owner of a single family home that is valued at ~~one hundred thousand~~  
22 ~~dollars~~ \$100,000.

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~~  
45 AFTER RECEIVING the proposed ballot language, shall notify the school

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

3 4. ~~NO~~ NOT later than thirty-five days before an impact aid revenue  
4 bond election conducted pursuant to this section, the school district  
5 shall mail an informational pamphlet prepared by the county school  
6 superintendent to each household that contains a qualified elector in the  
7 school district. The informational pamphlet shall contain, at a minimum,  
8 the following information:

9 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

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

11 2. ~~No~~ NOT later than thirty-five days before the election, the  
12 school district shall mail an informational pamphlet prepared by the  
13 county school superintendent to each household in the school district that  
14 contains a qualified elector. The informational pamphlet shall contain,  
15 at a minimum, the following information:

16 (a) The date of the election.

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

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

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

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

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

36 3. The ballot shall contain the words "change capital improvements,  
37 yes" and "change capital improvements, no", and the voter shall signify  
38 the voter's desired choice.

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

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

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

1           2. ~~NO~~ NOT later than thirty-five days before the election, the  
2 school district shall mail an informational pamphlet prepared by the  
3 county school superintendent to each household in the school district that  
4 contains a qualified elector. The informational pamphlet shall contain,  
5 at a minimum, the following information:

- 6           (a) The date of the election.  
7           (b) The voter's polling place and the times it is open.  
8           (c) A statement as to why the election was called.  
9           (d) Arguments for and against the proposed change, if submitted, as  
10 provided in section 15-481, subsection B, paragraph 9. The ballot  
11 arguments for the proposed change shall be signed as the governing board  
12 of the school district without listing any member's individual name for  
13 the arguments for the proposed change.

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

17           Sec. 18. Section 15-505, Arizona Revised Statutes, as added by Laws  
18 2021, chapter 2, section 5, is amended to read:

19           15-505. Discipline; educator information system; personnel  
20 list; definitions

21           A. Pursuant to the rules and procedures adopted pursuant to section  
22 15-203, the ~~department~~ STATE BOARD of education shall investigate written  
23 complaints alleging that a noncertificated person has engaged in immoral  
24 or unprofessional conduct.

25           B. The state board of education may review a complaint and  
26 determine whether to take disciplinary action against a noncertificated  
27 person who has engaged in immoral or unprofessional conduct, including  
28 prohibiting the person's employment at a school district or charter school  
29 for up to five years except as otherwise prescribed in section 15-550.  
30 The state board shall adopt rules and procedures for disciplinary action  
31 of noncertificated persons that are substantially similar to the rules and  
32 procedures for certificated persons.

33           C. Before employing a certificated or noncertificated person,  
34 school districts and charter schools shall conduct a search of the  
35 prospective employee on the educator information system that is maintained  
36 by the department of education.

37           D. A school district or charter school may not employ either of the  
38 following in a position that requires a valid fingerprint clearance card:

39           1. A certificated person whose certificate has been suspended,  
40 surrendered or revoked, unless the state board of education has  
41 subsequently reinstated the person's certificate.

42           2. A noncertificated person who has been prohibited from employment  
43 at a school district or charter school by the state board of education  
44 pursuant to subsection B of this section.

1 E. Each school district and charter school shall annually submit to  
2 the department of education a list of certificated and noncertificated  
3 persons who are employed at the school district or charter school. The  
4 department shall issue guidance to school districts and charter schools  
5 regarding this subsection.

6 F. For the purposes of this section:

7 1. "Noncertificated person":

8 (a) Means a school district or charter school employee who both:

9 (i) Does not possess a certificate issued pursuant to rules adopted  
10 by the state board of education under section 15-203, subsection A,  
11 paragraph 14.

12 (ii) Is required or allowed to provide services directly to pupils  
13 without being supervised by a certificated employee.

14 (b) Does not include a person who does not hold a certificate and  
15 who is one of the following at a school district or charter school:

16 (i) A transportation employee as defined in section 15-513.

17 (ii) A food service employee or contractor.

18 (iii) A maintenance worker.

19 (iv) An employee or contractor of the school district or charter  
20 school that is not required to possess a valid fingerprint clearance card.

21 2. "Supervised" means being under the direction of and, except for  
22 brief periods of time during a school day or school activity, within sight  
23 of a certificated employee when providing direct services to pupils.

24 Sec. 19. Section 15-512, Arizona Revised Statutes, as amended by  
25 Laws 2021, chapter 2, section 6, is amended to read:

26 15-512. Noncertificated personnel; fingerprinting personnel;  
27 background investigations; affidavit; civil  
28 immunity; violation; classification; definition

29 A. Noncertificated personnel and personnel who are not paid  
30 employees of the school district and who are not either the parent or the  
31 guardian of a pupil who attends school in the school district but who are  
32 required or allowed to provide services directly to pupils without being  
33 supervised by a certificated employee and who are initially hired by a  
34 school district after January 1, 1990 shall be fingerprinted as a  
35 condition of employment except for personnel who are required as a  
36 condition of licensing to be fingerprinted if the license is required for  
37 employment or for personnel who were previously employed by a school  
38 district and who reestablished employment with that district within one  
39 year after the date that the employee terminated employment with the  
40 district. A school district may require noncertificated personnel and  
41 personnel who are not paid employees of the school district and who are  
42 not either the parent or the guardian of a pupil who attends school in the  
43 school district but who are required or allowed to provide services  
44 directly to pupils without being supervised by a certificated employee to  
45 obtain a fingerprint clearance card as a condition of employment. Even if

1 the school district does not require a fingerprint clearance card as a  
2 condition of employment, noncertificated personnel and personnel who are  
3 not paid employees of the school district and who are not either the  
4 parent or the guardian of a pupil who attends school in the school  
5 district but who are required or allowed to provide services directly to  
6 pupils without being supervised by a certificated employee may apply for a  
7 fingerprint clearance card. A school district may release the results of  
8 a background check or communicate whether the person has been issued or  
9 denied a fingerprint clearance card to another school district for  
10 employment purposes. The employee's fingerprints and the form prescribed  
11 in subsection D of this section shall be submitted to the school district  
12 within twenty days after the date an employee begins work. A school  
13 district may terminate an employee if the information on the form provided  
14 under subsection D of this section is inconsistent with the information  
15 received from the fingerprint check or the information received in  
16 connection with a fingerprint clearance card application. The school  
17 district shall develop procedures for fingerprinting employees. For the  
18 purposes of this subsection, "supervised" means being under the direction  
19 of and, except for brief periods of time during a school day or school  
20 activity, within sight of a certificated employee when providing direct  
21 services to pupils.

22 B. Fingerprints submitted pursuant to this section shall be used to  
23 conduct a state and federal criminal records check pursuant to section  
24 41-1750 and Public Law 92-544. The department of public safety may  
25 exchange this fingerprint data with the federal bureau of investigation.

26 C. The school district shall assume the costs of fingerprint checks  
27 and fingerprint clearance cards and may charge these costs to its  
28 fingerprinted employee, except that the school district may not charge the  
29 costs of the fingerprint check or the fingerprint clearance card to  
30 personnel of the school district who are not paid employees. The fees  
31 charged for fingerprinting shall be deposited with the county treasurer  
32 who shall credit the deposit to the fingerprint fund of the school  
33 district. The costs charged to a fingerprinted employee are limited to  
34 and the proceeds in the fund may only be applied to the actual costs,  
35 including personnel costs, incurred as a result of the fingerprint checks  
36 or the fingerprint clearance cards. The fingerprint fund is a continuing  
37 fund that is not subject to reversion.

38 D. Personnel required to be fingerprinted or obtain a fingerprint  
39 clearance card as prescribed in subsection A of this section shall certify  
40 on forms that are provided by the school and notarized whether they are  
41 awaiting trial on or have ever been convicted of or admitted in open court  
42 or pursuant to a plea agreement committing any of the following criminal  
43 offenses in this state or similar offenses in another jurisdiction,  
44 including a charge or conviction that has been vacated, set aside or  
45 expunged:



- 1 1. Sexual abuse of a minor.
- 2 2. Incest.
- 3 3. First or second degree murder.
- 4 4. Kidnapping.
- 5 5. Arson.
- 6 6. Sexual assault.
- 7 7. Sexual exploitation of a minor.
- 8 8. Felony offenses involving contributing to the delinquency of a
- 9 minor.
- 10 9. Commercial sexual exploitation of a minor.
- 11 10. Felony offenses involving sale, distribution or transportation
- 12 of, offer to sell, transport, or distribute or conspiracy to sell,
- 13 transport or distribute marijuana or dangerous or narcotic drugs.
- 14 11. Felony offenses involving the possession or use of marijuana,
- 15 dangerous drugs or narcotic drugs.
- 16 12. Misdemeanor offenses involving the possession or use of
- 17 marijuana or dangerous drugs.
- 18 13. Burglary in the first degree.
- 19 14. Burglary in the second or third degree.
- 20 15. Aggravated or armed robbery.
- 21 16. Robbery.
- 22 17. A dangerous crime against children as defined in section
- 23 13-705.
- 24 18. Child abuse.
- 25 19. Sexual conduct with a minor.
- 26 20. Molestation of a child.
- 27 21. Manslaughter.
- 28 22. Aggravated assault.
- 29 23. Assault.
- 30 24. Exploitation of minors involving drug offenses.
- 31 E. A school district may refuse to hire or may review or terminate
- 32 personnel who have been convicted of or admitted committing any of the
- 33 criminal offenses prescribed in subsection D of this section or of a
- 34 similar offense in another jurisdiction. A school district that is
- 35 considering terminating an employee pursuant to this subsection shall hold
- 36 a hearing to determine whether a person already employed shall be
- 37 terminated. In conducting a review, the governing board shall utilize the
- 38 guidelines, including the list of offenses that are not subject to review,
- 39 as prescribed by the state board of education pursuant to section 15-534,
- 40 subsection C. In considering whether to hire or terminate the employment
- 41 of a person, the governing board shall take into account the following
- 42 factors:
- 43 1. The nature of the crime and the potential for crimes against
- 44 children.

1           2. Offenses committed as a minor for which proceedings were held  
2 under the jurisdiction of a juvenile or an adult court.

3           3. Offenses that have been expunged by a court of competent  
4 jurisdiction, if the person has been pardoned or if the person's sentence  
5 has been commuted.

6           4. The employment record of the person since the commission of the  
7 crime if the crime was committed more than ten years before the governing  
8 board's consideration of whether to hire or terminate the person.

9           5. The reliability of the evidence of an admission of a crime  
10 unless made under oath in a court of competent jurisdiction.

11           F. Before a person is employed with the school district, the  
12 district shall make documented, good faith efforts to contact previous  
13 employers of the person to obtain information and recommendations that may  
14 be relevant to the person's fitness for employment, including conducting a  
15 search of the educator information system that is maintained by the  
16 department of education pursuant to section 15-505. A school district may  
17 not employ in a position that requires a valid fingerprint clearance card  
18 a person against whom the state board of education has taken disciplinary  
19 action as prescribed in section 15-505 or whose certificate has been  
20 suspended, surrendered or revoked, unless the state board has subsequently  
21 reinstated the person's certificate. A governing board shall adopt  
22 procedures for conducting background investigations required by this  
23 subsection, including one or more standard forms for use by school  
24 district officials to document their efforts to obtain information from  
25 previous employers. A school district may provide information received as  
26 a result of a background investigation required by this section to any  
27 other school district, to any other public school and to any public entity  
28 that agrees pursuant to a contract or intergovernmental agreement to  
29 perform background investigations for school districts or other public  
30 schools. School districts and other public schools may enter into  
31 intergovernmental agreements pursuant to section 11-952 and cooperative  
32 purchasing agreements pursuant to rules adopted in accordance with section  
33 15-213 for the purposes of performing or contracting for the performance  
34 of background investigations and for sharing the results of background  
35 investigations required by this subsection. Information obtained about an  
36 employee or applicant for employment by any school district or other  
37 public school in the performance of a background investigation, including  
38 any records indicating that a current or former employee of a school or  
39 school district was disciplined for violating policies of the school  
40 district governing board pursuant to section 15-153, may be retained by  
41 that school district or the other public school or by any public entity  
42 that agrees pursuant to contract to perform background investigations for  
43 school districts or other public schools and may be provided to any school  
44 district or other public school that is performing a background  
45 investigation required by this subsection.

1 G. A school district may fingerprint or require any other employee  
2 of the district to obtain a fingerprint clearance card, whether paid or  
3 not, or any other applicant for employment with the school district not  
4 otherwise required by this section to be fingerprinted or obtain a  
5 fingerprint clearance card on the condition that the school district may  
6 not charge the costs of the fingerprint check or fingerprint clearance  
7 card to the fingerprinted applicant or nonpaid employee.

8 H. A contractor, subcontractor or vendor or any employee of a  
9 contractor, subcontractor or vendor who is contracted to provide services  
10 on a regular basis at an individual school shall obtain a valid  
11 fingerprint clearance card pursuant to title 41, chapter 12, article 3.1.  
12 A school district governing board shall adopt policies to exempt a person  
13 from the requirements of this subsection if the person's normal job duties  
14 are not likely to result in independent access to or unsupervised contact  
15 with pupils. A school district, its governing board members, its school  
16 council members and its employees are exempt from civil liability for the  
17 consequences of adoption and implementation of policies and procedures  
18 pursuant to this subsection unless the school district, its governing  
19 board members, its school council members or its employees are guilty of  
20 gross negligence or intentional misconduct.

21 I. Subsection A of this section does not apply to a person who  
22 provides instruction or other education services to a pupil, with the  
23 written consent of the parent or guardian of the pupil, under a work  
24 release program, advance placement course or other education program that  
25 occurs off school property.

26 J. Public entities that agree pursuant to contract to perform  
27 background investigations, public schools, the department of education,  
28 THE STATE BOARD OF EDUCATION and previous employers who provide  
29 information pursuant to this section are immune from civil liability  
30 unless the information provided is false and is acted on by the school  
31 district to the harm of the employee and the public entity, the public  
32 school, the previous employer, THE STATE BOARD OF EDUCATION or the  
33 department of education knows the information is false or acts with  
34 reckless disregard of the information's truth or falsity. A school  
35 district that relies on information obtained pursuant to this section in  
36 making employment decisions is immune from civil liability for use of the  
37 information unless the information obtained is false and the school  
38 district knows the information is false or acts with reckless disregard of  
39 the information's truth or falsity.

40 K. The superintendent of a school district or chief administrator  
41 of a charter school or the person's designee who is responsible for  
42 implementing the governing board's policy regarding background  
43 investigations required by subsection F of this section and who fails to  
44 carry out that responsibility is guilty of unprofessional conduct and is  
45 subject to disciplinary action by the state board.

1 L. A school district may hire noncertificated personnel before  
2 receiving the results of the fingerprint check or a fingerprint clearance  
3 card but may terminate employment if the information on the form provided  
4 in subsection D of this section is inconsistent with the information  
5 received from the fingerprint check or the fingerprint clearance card. In  
6 addition to any other conditions or requirements deemed necessary by the  
7 superintendent of public instruction to protect the health and safety of  
8 pupils, a school district may hire noncertificated personnel who are  
9 required or allowed unsupervised contact with pupils before the results of  
10 a fingerprint check are received or a fingerprint clearance card is issued  
11 if the school district does all of the following:

12 1. Documents in the applicant's file the necessity for hiring and  
13 placing the applicant before a fingerprint check could be completed or a  
14 fingerprint clearance card could be issued.

15 2. Ensures that the department of public safety completes a  
16 statewide criminal history information check on the applicant every one  
17 hundred twenty days until the date that the fingerprint check is completed  
18 or the fingerprint clearance card is issued or denied.

19 3. Obtains references from the applicant's current employer and two  
20 most recent previous employers except for applicants who have been  
21 employed for at least five years by the applicant's most recent employer.

22 4. Provides general supervision of the applicant until the date  
23 that the fingerprint check is completed or the fingerprint clearance card  
24 is issued or denied.

25 5. Reports to the superintendent of public instruction on June 30  
26 and December 31 each year the number of applicants hired before the  
27 completion of a fingerprint check or the issuance of a fingerprint  
28 clearance card. In addition, the school district shall report the number  
29 of applicants for whom fingerprint checks were not received or fingerprint  
30 clearance cards were not issued after one hundred twenty days and after  
31 one hundred seventy-five days of hire.

32 M. Notwithstanding any other law, this section does not apply to  
33 pupils who attend school in a school district and who are also employed by  
34 a school district.

35 N. A person who makes a false statement, representation or  
36 certification in any application for employment with the school district  
37 is guilty of a class 3 misdemeanor.

38 O. For the purposes of this section, "background investigation"  
39 means any communication with an employee's or applicant's former employer  
40 that concerns the education, training, experience, qualifications and job  
41 performance of the employee or applicant and that is used for the purpose  
42 of evaluating the employee or applicant for employment. Background  
43 investigation does not include the results of any state or federal  
44 criminal history records check.

1           Sec. 20. Section 15-514, Arizona Revised Statutes, as amended by  
2 Laws 2021, chapter 2, section 7, is amended to read:

3           15-514. Immoral or unprofessional conduct; duty to report;  
4           immunity; definition

5           A. Any certificated or noncertificated person or governing board  
6 member who reasonably suspects or receives a reasonable allegation that a  
7 person certificated by the state board of education or a noncertificated  
8 person has engaged in conduct involving minors that would be subject to  
9 the reporting requirements of section 13-3620 shall report or cause  
10 reports to be made to the ~~department~~ STATE BOARD of education in writing  
11 as soon as is reasonably practicable but not later than three business  
12 days after the person first suspects or receives an allegation of the  
13 conduct.

14           B. The superintendent of a school district or the chief  
15 administrator of a charter school who reasonably suspects or receives a  
16 reasonable allegation that an act of immoral or unprofessional conduct  
17 that would constitute grounds for dismissal or criminal charges by a  
18 certificated or noncertificated person has occurred shall report the  
19 conduct to the ~~department~~ STATE BOARD of education.

20           C. A person who in good faith reports or provides information  
21 pursuant to this section regarding the immoral or unprofessional conduct  
22 of a certificated or noncertificated person is not subject to an action  
23 for civil damages as a result.

24           D. A governing board or school or school district employee who has  
25 control over personnel decisions shall not take unlawful reprisal against  
26 an employee because the employee reports in good faith information as  
27 required by this section. For the purposes of this subsection, "unlawful  
28 reprisal" means an action that is taken by a governing board as a direct  
29 result of a lawful report pursuant to this section and, with respect to  
30 the employee, results in one or more of the following:

- 31           1. Disciplinary action.
- 32           2. Transfer or reassignment.
- 33           3. Suspension, demotion or dismissal.
- 34           4. An unfavorable performance evaluation.
- 35           5. Other significant changes in duties or responsibilities that are  
36 inconsistent with the employee's salary or employment classification.

37           E. Failure to report information as required by this section by a  
38 certificated or noncertificated person constitutes grounds for  
39 disciplinary action by the state board of education.

40           F. A governing board or school district employee who has control  
41 over personnel decisions and who reasonably suspects or receives a  
42 reasonable allegation that a person certificated by the state board of  
43 education or a noncertificated person has engaged in conduct involving  
44 minors that would be subject to the reporting requirements of section  
45 13-3620 and this article shall not accept the resignation of the

1 certificate holder or noncertificated person until these suspicions or  
2 allegations have been reported to the state board of education.

3 G. For the purposes of this section, "noncertificated person" has  
4 the same meaning prescribed in section 15-505.

5 Sec. 21. Section 15-701.01, Arizona Revised Statutes, is amended to  
6 read:

7 15-701.01. High schools; graduation; requirements; community  
8 college or university courses; transfer from  
9 other schools; academic credit

10 A. The state board of education shall:

11 1. Prescribe a minimum course of study, as defined in section  
12 15-101 and incorporating the academic standards adopted by the state  
13 board, for the graduation of pupils from high school.

14 2. Prescribe competency requirements for the graduation of pupils  
15 from high school incorporating the academic standards in at least the  
16 areas of reading, writing, mathematics, science and social studies. The  
17 academic standards prescribed by the state board in social studies shall  
18 include personal finance, ~~and~~ American civics education **AND A COMPARATIVE**  
19 **DISCUSSION OF POLITICAL IDEOLOGIES, SUCH AS COMMUNISM AND TOTALITARIANISM,**  
20 **THAT CONFLICT WITH THE PRINCIPLES OF FREEDOM AND DEMOCRACY ESSENTIAL TO**  
21 **THE FOUNDING PRINCIPLES OF THE UNITED STATES.** The state board may  
22 consider establishing a required separate personal finance course for the  
23 purpose of the graduation of pupils from high school. The state board  
24 shall require at least one-half of a course credit in economics, which  
25 shall include financial literacy and personal financial management. The  
26 competency requirements for social studies shall include a requirement  
27 that, in order to graduate from high school or obtain a high school  
28 equivalency diploma, a pupil must correctly answer at least sixty of the  
29 one hundred questions listed on a test that is identical to the civics  
30 portion of the naturalization test used by the United States citizenship  
31 and immigration services. A district school or charter school shall  
32 document on the pupil's transcript that the pupil has passed a test that  
33 is identical to the civics portion of the naturalization test used by the  
34 United States citizenship and immigration services as required by this  
35 section.

36 3. Develop and adopt competency tests pursuant to section 15-741.  
37 English language learners who are subject to article 3.1 of this chapter  
38 are subject to the assessments prescribed in section 15-741.

39 B. The governing board of a school district shall:

40 1. Prescribe curricula that include the academic standards in the  
41 required subject areas pursuant to subsection A, paragraph 1 of this  
42 section.

1           2. Prescribe criteria for the graduation of pupils from the high  
2 schools in the school district. These criteria shall include  
3 accomplishment of the academic standards in at least reading, writing,  
4 mathematics, science and social studies, as determined by district  
5 assessment. Other criteria may include additional measures of academic  
6 achievement and attendance. Pursuant to the prescribed graduation  
7 requirements adopted by the state board of education, the governing board  
8 may approve a rigorous computer science course that would fulfill a  
9 mathematics course required for graduation from high school. The  
10 governing board may approve a rigorous computer science course only if the  
11 rigorous computer science course includes significant mathematics content  
12 and the governing board determines the high school where the rigorous  
13 computer science course is offered has sufficient capacity, infrastructure  
14 and qualified staff, including competent teachers of computer science.  
15 The school district governing board or charter school governing body may  
16 determine the method and manner in which to administer a test that is  
17 identical to the civics portion of the naturalization test used by the  
18 United States citizenship and immigration services. A pupil who does not  
19 obtain a passing score on the test that is identical to the civics portion  
20 of the naturalization test may retake the test until the pupil obtains a  
21 passing score.

22           C. The governing board may prescribe the course of study and  
23 competency requirements for the graduation of pupils from high school that  
24 are in addition to or higher than the course of study and competency  
25 requirements that the state board prescribes.

26           D. The governing board may prescribe competency requirements for  
27 the passage of pupils in courses that are required for graduation from  
28 high school.

29           E. A teacher shall determine whether to pass or fail a pupil in a  
30 course in high school on the basis of the competency requirements, if any  
31 have been prescribed. The governing board, if it reviews the decision of  
32 a teacher to pass or fail a pupil in a course in high school as provided  
33 in section 15-342, paragraph 11, shall base its decision on the competency  
34 requirements, if any have been prescribed.

35           F. Graduation requirements established by the governing board may  
36 be met by a pupil who passes courses in the required or elective subjects  
37 at a community college or university, if the course is at a higher level  
38 than the course taught in the high school attended by the pupil or, if the  
39 course is not taught in the high school, the level of the course is equal  
40 to or higher than the level of a high school course. The governing board  
41 shall determine whether the subject matter of the community college or  
42 university course is appropriate to the specific requirement the pupil  
43 intends it to fulfill and whether the level of the community college or  
44 university course is less than, equal to or higher than a high school  
45 course, and the governing board shall award one-half of a Carnegie unit

1 for each three semester hours of credit that the pupil earns in an  
2 appropriate community college or university course. If a pupil is not  
3 satisfied with the decision of the governing board regarding the amount of  
4 credit granted or the subjects for which credit is granted, the pupil may  
5 request that the state board of education review the decision of the  
6 governing board, and the state board shall make the final determination of  
7 the amount of credit to be given the pupil and for which subjects. The  
8 governing board shall not limit the number of credits that is required for  
9 high school graduation and that may be met by taking community college or  
10 university courses. For the purposes of this subsection:

11 1. "Community college" means an educational institution that is  
12 operated by a community college district as defined in section 15-1401 or  
13 a postsecondary educational institution under the jurisdiction of an  
14 Indian tribe recognized by the United States department of the interior.

15 2. "University" means a university under the jurisdiction of the  
16 Arizona board of regents.

17 G. A pupil who transfers from a private school shall be provided  
18 with a list that indicates those credits that have been accepted and  
19 denied by the school district. A pupil may request to take an examination  
20 in each particular course in which credit has been denied. The school  
21 district shall accept the credit for each particular course in which the  
22 pupil takes an examination and receives a passing score on a test designed  
23 and evaluated by a teacher in the school district who teaches the subject  
24 matter on which the examination is based. In addition to the above  
25 requirements, the governing board of a school district may prescribe  
26 requirements for the acceptance of the credits of pupils who transfer from  
27 a private school.

28 H. If a pupil who was previously enrolled in a charter school or  
29 school district enrolls in a school district in this state, the school  
30 district shall accept credits earned by the pupil in courses or  
31 instructional programs at the charter school or school district. The  
32 governing board of a school district may adopt a policy concerning the  
33 application of transfer credits for the purpose of determining whether a  
34 credit earned by a pupil who was previously enrolled in a school district  
35 or charter school will be assigned as an elective or core credit.

36 I. A pupil who transfers credit from a charter school, a school  
37 district or Arizona online instruction shall be provided with a list that  
38 indicates which credits have been accepted as elective credits and which  
39 credits have been accepted as core credits by the school district or  
40 charter school. Within ten school days after receiving the list, the  
41 pupil may request to take an examination in each particular course in  
42 which core credit has been denied. The school district or charter school  
43 shall accept the credit as a core credit for each particular course in  
44 which the pupil takes an examination and receives a passing score on a  
45 test that is aligned to the competency requirements adopted pursuant to



1 this section and that is designed and evaluated by a teacher in the school  
2 district or charter school who teaches the subject matter on which the  
3 examination is based. If a pupil is enrolled in a school district or  
4 charter school and that pupil also participates in Arizona online  
5 instruction between May 1 and July 31, the school district or charter  
6 school shall not require proof of payment as a condition of the school  
7 district or charter school accepting credits earned from the online course  
8 provider.

9 J. The state board of education shall adopt rules to allow high  
10 school pupils who can demonstrate competency in a particular academic  
11 course or subject to obtain academic credit for the course or subject  
12 without enrolling in the course or subject.

13 K. Pupils who earn a Grand Canyon diploma pursuant to article 6 of  
14 this chapter are exempt from the graduation requirements prescribed in  
15 this section. Pupils who earn a Grand Canyon diploma are entitled to all  
16 the rights and privileges of persons who graduate with a high school  
17 diploma issued pursuant to this section, including access to postsecondary  
18 scholarships and other forms of student financial aid and access to all  
19 forms of postsecondary education. Notwithstanding any other law, a pupil  
20 who is eligible for a Grand Canyon diploma may elect to remain in high  
21 school through grade twelve and shall not be prevented from enrolling at a  
22 high school after the pupil becomes eligible for a Grand Canyon diploma.  
23 A pupil who is eligible for a Grand Canyon diploma and who elects not to  
24 pursue one of the options prescribed in section 15-792.03 may only be  
25 readmitted to that high school or another high school in this state  
26 pursuant to policies adopted by the school district of readmission.

27 Sec. 22. Title 15, chapter 7, article 1, Arizona Revised Statutes,  
28 is amended by adding sections 15-711.01 and 15-717.02, to read:

29 15-711.01. Instruction; child assault awareness; abuse  
30 prevention

31 NOTWITHSTANDING ANY OTHER LAW, AGE-APPROPRIATE AND GRADE-APPROPRIATE  
32 CLASSROOM INSTRUCTION REGARDING CHILD ASSAULT AWARENESS AND ABUSE  
33 PREVENTION IS ALLOWED.

34 15-717.02. Prohibited instruction; disciplinary action; legal  
35 action; civil penalty

36 A. A TEACHER, ADMINISTRATOR OR OTHER EMPLOYEE OF A SCHOOL DISTRICT,  
37 CHARTER SCHOOL OR STATE AGENCY WHO IS INVOLVED WITH STUDENTS AND TEACHERS  
38 IN GRADES PRESCHOOL THROUGH THE TWELFTH GRADE MAY NOT USE PUBLIC MONIES  
39 FOR INSTRUCTION THAT PRESENTS ANY FORM OF BLAME OR JUDGMENT ON THE BASIS  
40 OF RACE, ETHNICITY OR SEX.

41 B. A TEACHER, ADMINISTRATOR OR OTHER EMPLOYEE OF A SCHOOL DISTRICT,  
42 CHARTER SCHOOL OR STATE AGENCY WHO IS INVOLVED WITH STUDENTS AND TEACHERS  
43 IN GRADES PRESCHOOL THROUGH THE TWELFTH GRADE MAY NOT ALLOW INSTRUCTION IN  
44 OR MAKE PART OF A COURSE THE FOLLOWING CONCEPTS:

1           1. ONE RACE, ETHNIC GROUP OR SEX IS INHERENTLY MORALLY OR  
2 INTELLECTUALLY SUPERIOR TO ANOTHER RACE, ETHNIC GROUP OR SEX.

3           2. AN INDIVIDUAL, BY VIRTUE OF THE INDIVIDUAL'S RACE, ETHNICITY OR  
4 SEX, IS INHERENTLY RACIST, SEXIST OR OPPRESSIVE, WHETHER CONSCIOUSLY OR  
5 UNCONSCIOUSLY.

6           3. AN INDIVIDUAL SHOULD BE INVIDIOUSLY DISCRIMINATED AGAINST OR  
7 RECEIVE ADVERSE TREATMENT SOLELY OR PARTLY BECAUSE OF THE INDIVIDUAL'S  
8 RACE, ETHNICITY OR SEX.

9           4. AN INDIVIDUAL'S MORAL CHARACTER IS DETERMINED BY THE  
10 INDIVIDUAL'S RACE, ETHNICITY OR SEX.

11           5. AN INDIVIDUAL, BY VIRTUE OF THE INDIVIDUAL'S RACE, ETHNICITY OR  
12 SEX, BEARS RESPONSIBILITY FOR ACTIONS COMMITTED BY OTHER MEMBERS OF THE  
13 SAME RACE, ETHNIC GROUP OR SEX.

14           6. AN INDIVIDUAL SHOULD FEEL DISCOMFORT, GUILT, ANGUISH OR ANY  
15 OTHER FORM OF PSYCHOLOGICAL DISTRESS BECAUSE OF THE INDIVIDUAL'S RACE,  
16 ETHNICITY OR SEX.

17           7. ACADEMIC ACHIEVEMENT, MERITOCRACY OR TRAITS SUCH AS A HARD WORK  
18 ETHIC ARE RACIST OR SEXIST OR WERE CREATED BY MEMBERS OF A PARTICULAR  
19 RACE, ETHNIC GROUP OR SEX TO OPPRESS MEMBERS OF ANOTHER RACE, ETHNIC GROUP  
20 OR SEX.

21           C. AN ATTORNEY ACTING ON BEHALF OF A PUBLIC SCHOOL MAY REQUEST A  
22 LEGAL OPINION OF THE COUNTY ATTORNEY OR ATTORNEY GENERAL AS TO WHETHER A  
23 PROPOSED USE OF SCHOOL DISTRICT RESOURCES WOULD VIOLATE THIS SECTION.

24           D. A TEACHER WHO VIOLATES THIS SECTION SHALL BE SUBJECT TO  
25 DISCIPLINARY ACTION, INCLUDING THE SUSPENSION OR REVOCATION OF THE  
26 TEACHER'S CERTIFICATE, AS THE STATE BOARD DEEMS APPROPRIATE.

27           E. THE ATTORNEY GENERAL OR THE COUNTY ATTORNEY FOR THE COUNTY IN  
28 WHICH AN ALLEGED VIOLATION OF THIS SECTION OCCURS MAY INITIATE A SUIT IN  
29 THE SUPERIOR COURT IN THE COUNTY IN WHICH THE SCHOOL DISTRICT, CHARTER  
30 SCHOOL OR STATE AGENCY IS LOCATED FOR THE PURPOSE OF COMPLYING WITH THIS  
31 SECTION.

32           F. FOR EACH VIOLATION OF THIS SECTION, INCLUDING SUBSEQUENT OR  
33 CONTINUED VIOLATIONS, THE COURT MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED  
34 \$5,000 PER SCHOOL DISTRICT, CHARTER SCHOOL OR STATE AGENCY WHERE THE  
35 VIOLATION OCCURS.

36           G. THIS SECTION DOES NOT PRECLUDE ANY TRAINING ON SEXUAL HARASSMENT  
37 OR LESSONS ON RECOGNIZING AND REPORTING ABUSE.

38           Sec. 23. Title 15, chapter 7, article 1, Arizona Revised Statutes,  
39 is amended by adding section 15-718, to read:

40           15-718. Instruction on civics

41           TO HELP FAMILIES, CIVIC INSTITUTIONS, LOCAL COMMUNITIES, SCHOOL  
42 DISTRICT GOVERNING BOARDS AND CHARTER SCHOOLS PREPARE STUDENTS TO BE  
43 CIVICALLY RESPONSIBLE AND KNOWLEDGEABLE ADULTS, THE STATE BOARD OF  
44 EDUCATION SHALL WORK WITH THE SCHOOL OF ECONOMIC THOUGHT AND LEADERSHIP AT

1 ARIZONA STATE UNIVERSITY, THE CENTER FOR THE PHILOSOPHY OF FREEDOM AT THE  
2 UNIVERSITY OF ARIZONA AND THE SANDRA DAY O'CONNOR INSTITUTE TO:

3 1. DEVELOP CIVIC EDUCATION STANDARDS THAT SCHOOL DISTRICTS AND  
4 CHARTER SCHOOLS MUST INCLUDE PURSUANT TO SECTION 15-701.01. THE CIVIC  
5 EDUCATION STANDARDS MUST INCLUDE INSTRUCTION ON:

6 (a) THE ORIGINAL INTENT OF THE FOUNDING DOCUMENTS AND PRINCIPLES OF  
7 THE UNITED STATES AS FOUND IN SOURCE DOCUMENTS.

8 (b) THE CIVIC-MINDED EXPECTATIONS OF AN UPRIGHT AND DESIRABLE  
9 CITIZENRY THAT RECOGNIZES AND ACCEPTS RESPONSIBILITY FOR PRESERVING AND  
10 DEFENDING THE BLESSINGS OF LIBERTY INHERITED FROM PRIOR GENERATIONS AND  
11 SECURED BY THE UNITED STATES CONSTITUTION.

12 2. CREATE AND MAINTAIN A LIST OF ORAL HISTORY RESOURCES TO BE USED  
13 ALONG WITH THE CIVIC EDUCATION STANDARDS THAT PROVIDE PORTRAITS IN  
14 PATRIOTISM BASED ON FIRST-PERSON ACCOUNTS OF VICTIMS OF OTHER NATIONS'  
15 GOVERNING PHILOSOPHIES WHO CAN COMPARE THOSE PHILOSOPHIES WITH THOSE OF  
16 THE UNITED STATES.

17 Sec. 24. Section 15-746, Arizona Revised Statutes, is amended to  
18 read:

19 15-746. School report cards

20 A. Each school shall distribute an annual report card that contains  
21 at least the following information:

22 1. A description of the school's regular, magnet and special  
23 instructional programs.

24 2. A description of the SCHOOL'S current academic goals ~~of the~~  
25 ~~school~~.

26 3. A summary of EACH OF THE FOLLOWING:

27 (a) The results achieved by pupils enrolled at the school during  
28 the prior three school years as measured by the statewide assessment and  
29 the nationally standardized norm-referenced achievement test as designated  
30 by the state board and as reported in the annual report prescribed by  
31 section 15-743. ~~,~~

32 (b) ~~a summary of the~~ Pupil progress on an ongoing and annual basis,  
33 showing the trends in gain or loss in pupil achievement over time in  
34 reading, language arts and mathematics for all years in which pupils are  
35 enrolled in the school district for an entire school year and for which  
36 this information is available.

37 (c) ~~and a summary of the~~ Pupil progress for pupils who are not  
38 enrolled in a district for an entire school year.

39 4. The attendance rate of pupils enrolled at the school as  
40 reflected in the school's average daily membership as defined in section  
41 15-901.

42 5. The total number of incidents that occurred on the school  
43 grounds, at school bus stops, on school buses and at school-sponsored  
44 events and that required the contact of a local, county, tribal, state or  
45 federal law enforcement officer pursuant to section 13-3411, subsection F,

1 section 13-3620, section 15-341, subsection A, paragraph 30 or section  
2 15-515. The total number of incidents reported shall only include reports  
3 that law enforcement officers report to the school THAT are supported by  
4 probable cause. For the purposes of this paragraph, a certified peace  
5 officer who serves as a school resource officer is a law enforcement  
6 officer. A school may provide clarifying information if the school has a  
7 school resource officer on campus.

8 6. The percentage of pupils who have either graduated to the next  
9 grade level or graduated from high school.

10 7. A description of the social services available at the school  
11 site.

12 8. The school calendar, including the length of the school day and  
13 hours of operations.

14 9. The total number of pupils enrolled at the school during the  
15 previous school year.

16 10. The transportation services available.

17 11. A description of the responsibilities of parents of children  
18 enrolled at the school.

19 12. A description of the responsibilities of the school to the  
20 parents of the children enrolled at the school, including dates the report  
21 cards are delivered to the home.

22 13. A description of the composition and duties of the school  
23 council as prescribed in section 15-351 if such a school council exists.

24 14. For the most recent year available, the average current  
25 expenditure per pupil for administrative functions compared to the  
26 predicted average current expenditure per pupil for administrative  
27 functions according to an analysis of administrative cost data by the  
28 joint legislative budget committee staff.

29 15. If the school provides instruction to pupils in kindergarten  
30 programs and grades one through three, the ratio of pupils to teachers in  
31 each classroom where instruction is provided in kindergarten programs and  
32 grades one through three.

33 16. The average class size per grade level for all grade levels,  
34 kindergarten programs and grades one through eight. For the purposes of  
35 this paragraph, "average class size" means the weighted average of each  
36 class.

37 B. The department of education shall develop a standardized report  
38 card format that meets the requirements of subsection A of this section.  
39 The department shall modify the standardized report card as necessary on  
40 an annual basis. The department shall distribute to each school in this  
41 state a copy of the standardized report card that includes the required  
42 test scores for each school. Additional copies of the standardized report  
43 card shall be available on request.

1 C. After each school has completed the report card distributed to  
2 it by the department of education, the school, in addition to distributing  
3 the report card as prescribed in subsection A of this section, shall send  
4 a copy of the report card to the department. The department shall prepare  
5 an annual report that contains the report card from each school in this  
6 state.

7 D. The school shall distribute report cards to parents of pupils  
8 enrolled at the school, ~~no~~ NOT later than the last day of school of each  
9 fiscal year, and shall present a summary of the contents of the report  
10 cards at an annual public meeting held at the school. The school shall  
11 give notice at least two weeks before the public meeting that clearly  
12 states the purposes, time and place of the meeting.

13 E. Beginning in fiscal year ~~2020-2021~~ 2021-2022, the school report  
14 card prescribed by this section shall include ~~the following school level~~  
15 ~~data for charter schools and schools operated by school districts:~~ A LINK  
16 TO ACCESS THE INFORMATION REQUIRED BY SECTION 15-747.

- 17 ~~1. The detailed total revenues generated by weighted student count.~~
- 18 ~~2. The total allocated federal, state and local revenue.~~
- 19 ~~3. The allocation of classroom site fund monies.~~
- 20 ~~4. The amounts allocated for teacher pay and benefits, classroom~~  
21 ~~supplies, student support and other expenditures.~~
- 22 ~~5. A comparison of the school's funding information to other~~  
23 ~~schools in the local education agency.~~

24 Sec. 25. Title 15, chapter 7, article 3, Arizona Revised Statutes,  
25 is amended by adding section 15-747, to read:

26 15-747. School financial transparency; portal; required  
27 information; third-party contractor

28 A. BEGINNING IN FISCAL YEAR 2021-2022, THE DEPARTMENT OF  
29 ADMINISTRATION SHALL DEVELOP A TRANSPARENT AND EASILY ACCESSIBLE SCHOOL  
30 FINANCIAL TRANSPARENCY PORTAL THAT INCLUDES THE FOLLOWING SCHOOL LEVEL  
31 DATA FOR CHARTER SCHOOLS, INDIVIDUAL SCHOOLS OPERATED BY A SCHOOL DISTRICT  
32 AND SCHOOL DISTRICTS:

- 33 1. THE DETAILED TOTAL REVENUES GENERATED BY WEIGHTED STUDENT COUNT.
- 34 2. THE TOTAL ALLOCATED FEDERAL, STATE AND LOCAL REVENUES.
- 35 3. THE ALLOCATION OF CLASSROOM SITE FUND MONIES
- 36 4. THE AMOUNTS ALLOCATED FOR TEACHER PAY AND BENEFITS, CLASSROOM  
37 SUPPLIES, STUDENT SUPPORT AND OTHER EXPENDITURES.
- 38 5. A COMPARISON OF THE FUNDING INFORMATION FOR EACH SCHOOL IN  
39 RELATION TO THE FUNDING INFORMATION FOR OTHER SCHOOLS IN THE SAME LOCAL  
40 EDUCATION AGENCY.

41 6. ANY OTHER INFORMATION THAT IS NECESSARY FOR A TRANSPARENT  
42 COMPARISON BETWEEN SCHOOLS WITH RESPECT TO THEIR REVENUES, EXPENDITURES,  
43 STUDENT DEMOGRAPHICS OR ACADEMIC ACHIEVEMENT.

1 B. THE DEPARTMENT OF EDUCATION AND THE STATE BOARD FOR CHARTER  
2 SCHOOLS SHALL PROVIDE AND ASSIST WITH ANY NECESSARY DATA OR FINANCIAL  
3 INFORMATION THE DEPARTMENT OF ADMINISTRATION OR THE CONTRACTOR SELECTED  
4 PURSUANT TO SUBSECTION C OF THIS SECTION REQUESTS TO COMPLY WITH AND  
5 IMPLEMENT SUBSECTION A OF THIS SECTION. THE AUDITOR GENERAL MAY PROVIDE  
6 ASSISTANCE RELATED TO THIS SECTION.

7 C. THE DEPARTMENT OF ADMINISTRATION SHALL CONTRACT WITH A THIRD  
8 PARTY TO DEVELOP THE PORTAL PRESCRIBED IN SUBSECTION A OF THIS SECTION.  
9 THE THIRD PARTY SELECTED BY THE DEPARTMENT MUST MEET ALL OF THE FOLLOWING:

10 1. HAVE EXPERIENCE IN BUILDING EDUCATION FINANCE PLATFORMS TO SHOW  
11 SCHOOL FINANCIAL INFORMATION IN A TRANSPARENT AND EASILY UNDERSTANDABLE  
12 FORMAT.

13 2. BE INCORPORATED FOR AT LEAST FIVE YEARS.

14 3. HAVE AN EXCLUSIVE FOCUS ON K-12 EDUCATION FINANCE TECHNOLOGY.

15 4. HAVE AT LEAST FIVE YEARS OF EXPERIENCE BUILDING CLOUD-HOSTED  
16 EDUCATION FINANCE SOFTWARE.

17 5. HAVE EXPERIENCE INTEGRATING WITH THE UNIFORM SYSTEM OF FINANCIAL  
18 RECORDS.

19 Sec. 26. Section 15-774, Arizona Revised Statutes, is amended to  
20 read:

21 15-774. Extraordinary special education needs fund; claim  
22 application; criteria; revisions; policies and  
23 procedures; annual report

24 A. The extraordinary special education needs fund is established  
25 consisting of legislative appropriations, gifts, grants and donations.  
26 Monies in the fund are ~~subject to legislative appropriation~~ CONTINUOUSLY  
27 APPROPRIATED and are exempt from the provisions of section 35-190 relating  
28 to lapsing of appropriations. The ~~state board~~ DEPARTMENT of education  
29 shall administer the fund. THE DEPARTMENT MAY RETAIN UP TO TWO PERCENT OF  
30 THE MONIES IN THE FUND FOR THE PURPOSES OF ADMINISTERING THE FUND.

31 B. THE DEPARTMENT OF EDUCATION SHALL AWARD MONIES FROM THE FUND TO  
32 SCHOOL DISTRICTS AND CHARTER SCHOOLS WITH ELIGIBLE CLAIMS. A SCHOOL  
33 DISTRICT OR CHARTER SCHOOL IS ELIGIBLE TO RECEIVE MONIES FROM THE FUND IF  
34 THE SCHOOL DISTRICT OR CHARTER SCHOOL DEMONSTRATES TO THE DEPARTMENT THAT  
35 A STUDENT RECEIVING SPECIAL EDUCATION SERVICES HAS INCURRED COSTS IN THE  
36 CURRENT YEAR OF AT LEAST THE STATEWIDE PER PUPIL FUNDING AVERAGE  
37 MULTIPLIED BY THREE.

38 ~~B.~~ C. A school district or charter school may apply to the ~~state~~  
39 ~~board~~ DEPARTMENT of education for an extraordinary special education needs  
40 ~~grant~~ CLAIM from the fund. The ~~state board~~ DEPARTMENT of education shall  
41 prescribe the format of the ~~applications.~~ ~~The applications~~ APPLICATION,  
42 WHICH shall ~~include~~ DO ALL OF the following:

43 1. ~~Demonstration of~~ DEMONSTRATE extraordinary needs, including  
44 ~~a description~~ DESCRIBING and ~~documentation of pupil~~ DOCUMENTING STUDENT

1 services required and ~~evidence~~ SHOWING that the district or charter school  
2 is not able to absorb the costs of these services.

3 ~~2. Evidence that monies from the fund will not supplant federal,~~  
4 ~~local or other state efforts.~~

5 2. DEMONSTRATE TOTAL COSTS INCURRED IN THE CURRENT YEAR BY THE  
6 STUDENT FOR WHOM THE SCHOOL DISTRICT OR CHARTER SCHOOL IS APPLYING. A  
7 SCHOOL DISTRICT OR CHARTER SCHOOL MAY SUBMIT A CLAIM FOR UP TO THE FULL  
8 FISCAL YEAR IF THE EXPENSE INCURRED AT THE TIME OF FILING WILL CONTINUE TO  
9 BE INCURRED IN SUBSEQUENT QUARTERS UNTIL THE END OF THE SAME FISCAL YEAR.  
10 TOTAL COSTS SUBMITTED SHALL BE ITEMIZED AND ATTRIBUTABLE TO THE STUDENT  
11 FOR WHOM THE CLAIM IS BEING SUBMITTED. A SCHOOL DISTRICT OR CHARTER  
12 SCHOOL MAY SUBMIT A CLAIM FOR EXPENSES INCURRED AS A RESULT OF AN  
13 INDEPENDENT EDUCATIONAL EVALUATION.

14 3. Evidence that before ~~making an application~~ APPLYING for monies  
15 from the fund the school district or charter school ~~has~~ made sufficient  
16 efforts to seek but has not received funding to cover the COSTS OF  
17 extraordinary ~~costs~~ NEEDS applied for pursuant to paragraph 1 of this  
18 subsection from all other sources, including federal and other state  
19 sources of funding.

20 ~~C. Extraordinary special education needs grants shall be used in~~  
21 ~~the current year. All unspent grant monies shall be returned to the~~  
22 ~~department of education at the end of the fiscal year for deposit,~~  
23 ~~pursuant to sections 35-146 and 35-147, in the extraordinary special~~  
24 ~~education needs fund.~~

25 D. THE DEPARTMENT OF EDUCATION SHALL EVALUATE CLAIM REQUESTS ON A  
26 QUARTERLY BASIS. IF THERE ARE INSUFFICIENT MONIES IN THE FUND TO FUND ALL  
27 ELIGIBLE CLAIMS WITHIN A GIVEN QUARTER, THE DEPARTMENT SHALL PRIORITIZE  
28 FUNDING BASED ON THE DIFFERENCE IN THE CLAIM AMOUNT SUBMITTED BY THE  
29 SCHOOL DISTRICT OR CHARTER SCHOOL AND THE TOTAL FUNDING THE SCHOOL  
30 DISTRICT OR CHARTER SCHOOL HAS RECEIVED FOR THAT STUDENT. IF A SCHOOL  
31 DISTRICT OR CHARTER SCHOOL SUBMITS A CLAIM WITH INSUFFICIENT INFORMATION,  
32 THE DEPARTMENT MAY NOTIFY THE SCHOOL DISTRICT OR CHARTER SCHOOL TO REVISE  
33 ITS CLAIM WITHIN TWO WEEKS.

34 E. IF A SCHOOL DISTRICT OR CHARTER SCHOOL INCURS AN ADDITIONAL  
35 EXPENSE FOR A STUDENT WHO RECEIVED FUNDING FOR A CLAIM FROM THE FUND IN  
36 THE SAME FISCAL YEAR, THE SCHOOL DISTRICT OR CHARTER SCHOOL MAY REVISE THE  
37 CLAIM AND MAY RECEIVE FUNDING AT THE END OF THE QUARTER IN WHICH THE CLAIM  
38 IS SUBMITTED, SUBJECT TO AVAILABLE MONIES IN THE FUND. THE DEPARTMENT  
39 SHALL PRIORITIZE REVISIONS IN THE SAME MANNER AS OTHER CLAIMS PURSUANT TO  
40 SUBSECTION D OF THIS SECTION.

41 F. THE DEPARTMENT OF EDUCATION SHALL ANNUALLY ADOPT POLICIES AND  
42 PROCEDURES FOR THE FUND AND POST THE POLICIES AND PROCEDURES ON THE  
43 DEPARTMENT'S WEBSITE. THE POLICIES AND PROCEDURES MUST INCLUDE THE  
44 AVERAGE STATEWIDE PER PUPIL FUNDING AMOUNT FOR THAT FISCAL YEAR THAT WILL  
45 BE USED IN THE CALCULATION PRESCRIBED IN SUBSECTION B OF THIS SECTION.

1 G. ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DEPARTMENT OF  
2 EDUCATION SHALL SUBMIT A REPORT THAT OUTLINES ALL OF THE FOLLOWING TO THE  
3 GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF  
4 REPRESENTATIVES, THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S  
5 OFFICE OF STRATEGIC PLANNING AND BUDGETING AND PROVIDE A COPY OF THIS  
6 REPORT TO THE SECRETARY OF STATE:

7 1. THE NUMBER OF EXTRAORDINARY SPECIAL EDUCATION NEEDS CLAIMS THAT  
8 WERE FUNDED IN THE PREVIOUS YEAR.

9 2. HOW SCHOOL DISTRICTS AND CHARTER SCHOOLS USED CLAIM MONIES.

10 3. THE TOTAL NUMBER OF CLAIMS RECEIVED IN THE PREVIOUS YEAR.

11 Sec. 27. Section 15-816, Arizona Revised Statutes, is amended to  
12 read:

13 15-816. Definitions

14 In this article, unless the context otherwise requires:

15 1. "Nonresident pupil" means a pupil who resides in this state and  
16 who is enrolled in or is seeking enrollment in a school district other  
17 than the school district in which the pupil resides.

18 2. "Open enrollment" means a policy THAT IS adopted and implemented  
19 by a school district governing board to allow resident transfer pupils to  
20 enroll in any school within the school district, to allow resident pupils  
21 to enroll in any school located within other school districts in this  
22 state and to allow nonresident pupils to enroll in any school within the  
23 district pursuant to section 15-816.01.

24 3. "RESIDENT PUPIL" MEANS A PUPIL WHOSE RESIDENCE IS WITHIN THE  
25 ATTENDANCE AREA OF A SCHOOL.

26 ~~3.~~ 4. "Resident school" means a school THAT IS within the  
27 designated attendance area in which a pupil resides.

28 ~~4.~~ 5. "Resident transfer pupil" means a resident pupil who is  
29 enrolled in or seeking enrollment in a school that is within the school  
30 district but outside the attendance area of the pupil's residence.

31 Sec. 28. Section 15-816.01, Arizona Revised Statutes, is amended to  
32 read:

33 15-816.01. Open enrollment policies; preference; selection  
34 process; transportation; reporting requirements;  
35 public awareness effort

36 A. School district governing boards shall establish policies and  
37 shall implement an open enrollment policy without charging tuition.  
38 Tuition may be charged to nonresident pupils only if the tuition is  
39 authorized under section 15-764, subsection C, section 15-797, subsection  
40 C, section 15-823, subsection A, section 15-824, subsection A or section  
41 15-825 or if two school districts have entered into a voluntary agreement  
42 for the payment of tuition for certain pupils. These policies shall  
43 include ~~admission criteria, application procedures and transportation~~  
44 ~~provisions~~ THE INFORMATION REQUIRED BY SUBSECTION I OF THIS SECTION, BASIC  
45 INFORMATION THAT IS NEEDED TO REQUEST ENROLLMENT AND THAT IS CONSISTENT



1 WITH GUIDANCE AND STATE AND FEDERAL LAW REGARDING PUPIL PRIVACY AND CIVIL  
2 RIGHTS, AND INFORMATION REGARDING THE PROVISION OF TRANSPORTATION OR  
3 RESOURCES FOR TRANSPORTATION. THE POLICIES MUST BE EASILY ACCESSIBLE FROM  
4 THE HOME PAGE ON EACH SCHOOL'S WEBSITE AND BE AVAILABLE IN ENGLISH AND IN  
5 SPANISH OR IN ANY OTHER LANGUAGE USED BY A MAJORITY OF THE POPULATIONS  
6 SERVED BY THE SCHOOL OR SCHOOL DISTRICT. A SCHOOL DISTRICT SHALL UPDATE  
7 ON EACH SCHOOL'S WEBSITE THE SCHOOL'S CAPACITY AND WHETHER THE SCHOOL IS  
8 CURRENTLY ACCEPTING OPEN ENROLLMENT STUDENTS, BY GRADE LEVEL, AT LEAST  
9 ONCE EVERY TWELVE WEEKS UNLESS THERE ARE NO CHANGES TO REPORT FOR THE  
10 INDIVIDUAL SCHOOL. IF A SCHOOL HAS ANY OTHER SEPARATE CAPACITY BY  
11 SPECIALIZED PROGRAM, THE INFORMATION REQUIRED PURSUANT TO THIS SUBSECTION  
12 SHALL ALSO BE POSTED BY SPECIALIZED PROGRAM. SCHOOLS SHALL ACCEPT PUPILS  
13 THROUGHOUT THE SCHOOL YEAR AS CAPACITY ALLOWS. PUPILS WHO ARE DENIED  
14 ACCESS DUE TO CAPACITY SHALL BE INFORMED THAT THEY ARE ON A WAIT LIST AND  
15 OF THE DETAILS REGARDING THE PROCESS PRESCRIBED IN SUBSECTION E OF THIS  
16 SECTION. PUPILS SHALL BE SELECTED AS SEATS BECOME AVAILABLE.

17 B. A SCHOOL DISTRICT SHALL ENROLL AT ANY TIME ANY RESIDENT PUPIL  
18 WHO APPLIES FOR ENROLLMENT TO THE SCHOOL DISTRICT PURSUANT TO THIS  
19 SECTION. A SCHOOL DISTRICT SHALL GIVE ENROLLMENT PREFERENCE TO AND  
20 RESERVE CAPACITY FOR ALL OF THE FOLLOWING:

- 21 1. RESIDENT PUPILS.
- 22 2. PUPILS RETURNING TO THE SCHOOL FROM THE PRIOR YEAR.
- 23 3. SIBLINGS OF PUPILS ALREADY ENROLLED.

24 C. A school district may give enrollment preference to children  
25 who:

- 26 1. Are in foster care.
- 27 2. MEET THE DEFINITION OF UNACCOMPANIED YOUTH PRESCRIBED IN THE  
28 MCKINNEY-VENTO HOMELESS ASSISTANCE ACT (P.L. 100-77; 101 STAT. 482;  
29 42 UNITED STATES CODE SECTION 11434a).
- 30 3. ATTEND A SCHOOL THAT IS CLOSING.

31 D. A school district may give enrollment preference to and reserve  
32 capacity for ALL OF THE FOLLOWING:

- 33 1. Pupils who are children of persons who are employed by or at a  
34 school in the school district. ~~A copy of the district policies for open  
35 enrollment shall be posted on the district's website and shall be  
36 available to the public on request.~~
- 37 2. RESIDENT TRANSFER PUPILS AND THEIR SIBLINGS.
- 38 3. PUPILS WHO MEET ADDITIONAL CRITERIA ESTABLISHED AND PUBLISHED BY  
39 THE SCHOOL DISTRICT GOVERNING BOARD PURSUANT TO SUBSECTION A OF THIS  
40 SECTION.

41 E. IF REMAINING CAPACITY AT A SCHOOL, AS DETERMINED BY THE SCHOOL  
42 DISTRICT GOVERNING BOARD, IS INSUFFICIENT TO ENROLL ALL PUPILS WHO SUBMIT  
43 A TIMELY REQUEST, THE SCHOOL OR SCHOOL DISTRICT SHALL SELECT PUPILS  
44 THROUGH AN EQUITABLE SELECTION PROCESS SUCH AS A LOTTERY, EXCEPT THAT

1 PREFERENCE SHALL BE GIVEN TO THE SIBLINGS OF A PUPIL SELECTED THROUGH AN  
2 EQUITABLE SELECTION PROCESS SUCH AS A LOTTERY.

3 F. EXCEPT AS PROVIDED IN SUBSECTIONS A THROUGH E OF THIS SECTION, A  
4 SCHOOL THAT IS OPERATED BY A SCHOOL DISTRICT MAY NOT LIMIT ADMISSION BASED  
5 ON ANY OF THE FOLLOWING:

- 6 1. ETHNICITY OR RACE.
- 7 2. NATIONAL ORIGIN.
- 8 3. SEX.
- 9 4. INCOME LEVEL.
- 10 5. DISABILITY.
- 11 6. PROFICIENCY IN THE ENGLISH LANGUAGE.
- 12 7. ATHLETIC ABILITY.

13 ~~B.~~ G. The governing board of the district educating the pupil may  
14 provide transportation limited to ~~no~~ NOT more than ~~twenty~~ THIRTY miles  
15 each way to and from the school of attendance or to and from a pickup  
16 point on a regular transportation route or for the total miles traveled  
17 each day to an adjacent district for eligible nonresident pupils who meet  
18 the economic eligibility requirements established under the national  
19 school lunch and child nutrition acts (42 United States Code sections 1751  
20 through ~~1785~~ 1793) for free or ~~reduced-price~~ REDUCED-PRICE lunches.

21 ~~C.~~ H. The governing board of the district educating the pupil  
22 shall provide transportation limited to ~~no~~ NOT more than ~~twenty~~ THIRTY  
23 miles each way to and from the school of attendance or to and from a  
24 pickup point on a regular transportation route or for the total miles  
25 traveled each day to an adjacent district for nonresident pupils with  
26 disabilities whose individualized education program specifies that  
27 transportation is necessary ~~for fulfillment of~~ TO FULFILL the program.

28 I. THE STATE BOARD OF EDUCATION SHALL ADOPT A MODEL FORMAT THAT  
29 SCHOOL DISTRICTS MAY USE FOR DESCRIBING OPEN ENROLLMENT OPTIONS TO ENSURE  
30 CLARITY AND CONSISTENCY FOR PARENTS IN UNDERSTANDING THEIR ENROLLMENT  
31 OPTIONS AS DESCRIBED IN THIS SECTION AND ENROLLMENT CAPACITY AT EACH  
32 SCHOOL, INCLUDING THE ABILITY TO CHOOSE ANY SCHOOL WITHIN THE SCHOOL  
33 DISTRICT OF RESIDENCE OR ANY OTHER SCHOOL DISTRICT IN THIS STATE. THE  
34 STATE BOARD OF EDUCATION SHALL ADOPT RULES, POLICIES AND GUIDANCE  
35 CONSISTENT WITH STATE AND FEDERAL LAW FOR SCHOOL DISTRICTS TO USE WHILE  
36 ENROLLING STUDENTS PURSUANT TO THIS ARTICLE. PURSUANT TO THE SUPERVISORY  
37 DUTIES OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE DEPARTMENT OF  
38 EDUCATION SHALL INVESTIGATE AND ENFORCE ANY COMPLAINTS THAT THE DEPARTMENT  
39 RECEIVES OR SUBSTANTIATED CLAIMS OF UNLAWFUL OR INAPPROPRIATE ENROLLMENT  
40 PRACTICES BY SCHOOL DISTRICTS PURSUANT TO STATE AND FEDERAL LAW AND SHALL  
41 REFER ANY COMPLAINTS RECEIVED REGARDING CHARTER SCHOOLS TO THE STATE BOARD  
42 FOR CHARTER SCHOOLS TO INVESTIGATE AND ENFORCE. THE DEPARTMENT OF  
43 EDUCATION SHALL REGULARLY UPDATE THE STATE BOARD OF EDUCATION ON ITS  
44 INVESTIGATIONS PURSUANT TO THIS SUBSECTION.

1 J. THE DEPARTMENT OF EDUCATION SHALL PROVIDE AN ANNUAL REPORT THAT  
2 INFORMS THE PUBLIC AND POLICYMAKERS OF THE OPEN ENROLLMENT PARTICIPATION  
3 RATE BY SCHOOL DISTRICT, SCHOOL AND COUNTY, INCLUDING THE NUMBER OF  
4 PUPILS, BY STUDENT SUBGROUP DESIGNATION, IN EACH SCHOOL AND SCHOOL  
5 DISTRICT THAT ARE OPEN ENROLLED AS RESIDENT PUPILS, RESIDENT TRANSFER  
6 PUPILS OR NONRESIDENT PUPILS FOR EACH SCHOOL DISTRICT AND THE SCHOOL  
7 DISTRICTS AND ZIP CODES FROM WHICH STUDENTS ARE ENROLLING. BY FISCAL YEAR  
8 2022-2023, THIS PARTICIPATION REPORT SHALL ALSO INCLUDE THE NUMBER OF  
9 PUPILS ENROLLED IN CHARTER SCHOOLS AND THE SCHOOL DISTRICTS FROM WHICH  
10 THOSE PUPILS ARE ENROLLING.

11 K. SUBJECT TO THE AVAILABILITY OF APPROPRIATED MONIES, EACH JANUARY  
12 THE STATE BOARD OF EDUCATION SHALL DESIGN A PUBLIC AWARENESS EFFORT TO  
13 DISTRIBUTE MATERIALS THAT DO ALL OF THE FOLLOWING:

14 1. COMMUNICATE TO THE PUBLIC THE ABILITY TO CHOOSE ANY PUBLIC  
15 SCHOOL IN THIS STATE.

16 2. DIRECT THE PUBLIC TO RESOURCES TO LEARN ABOUT SCHOOL CHOICE  
17 OPTIONS IN THIS STATE.

18 3. INSTRUCT THE PUBLIC HOW TO REQUEST ENROLLMENT FOR PUPILS.

19 L. THE STATE BOARD OF EDUCATION MAY INCLUDE OTHER OPTIONS IN ITS  
20 INFORMATIONAL MATERIALS AND MESSAGING DEVELOPED UNDER SUBSECTION K OF THIS  
21 SECTION.

22 M. IN DESIGNING THE PUBLIC AWARENESS EFFORT AND DISTRIBUTING  
23 MATERIALS UNDER SUBSECTION K OF THIS SECTION, THE STATE BOARD OF EDUCATION  
24 MAY COLLABORATE WITH BOTH:

25 1. PUBLIC AND PRIVATE PARTNERS TO ASSIST THE STATE BOARD IN  
26 ACHIEVING THE OBJECTIVES PRESCRIBED IN SUBSECTION K OF THIS SECTION.

27 2. THE DEPARTMENT OF EDUCATION IN PROVIDING PARENTS AND THE PUBLIC  
28 WITH INFORMATIONAL RESOURCES.

29 Sec. 29. Section 15-901, Arizona Revised Statutes, is amended to  
30 read:

31 15-901. Definitions

32 A. In this title, unless the context otherwise requires:

33 1. "Average daily membership" means the total enrollment of  
34 fractional students and full-time students, minus withdrawals, of each  
35 school day through the first one hundred days or two hundred days in  
36 session, as applicable, for the current year. Withdrawals include  
37 students who are formally withdrawn from schools and students who are  
38 absent for ten consecutive school days, except for excused absences  
39 identified by the department of education. For the purposes of this  
40 section, school districts and charter schools shall report student absence  
41 data to the department of education at least once every sixty days in  
42 session. For computation purposes, the effective date of withdrawal shall  
43 be retroactive to the last day of actual attendance of the student or  
44 excused absence.

45 (a) "Fractional student" means:

1 (i) For common schools, a preschool child who is enrolled in a  
2 program for preschool children with disabilities of at least three hundred  
3 sixty minutes each week that meets at least two hundred sixteen hours over  
4 the minimum number of days or a kindergarten student who is at least five  
5 years of age before January 1 of the school year and enrolled in a school  
6 kindergarten program that meets at least three hundred fifty-six hours for  
7 a one hundred eighty-day school year, or the instructional hours  
8 prescribed in this section. In computing the average daily membership,  
9 preschool children with disabilities and kindergarten students shall be  
10 counted as one-half of a full-time student. For common schools, a  
11 part-time student is a student enrolled for less than the total time for a  
12 full-time student as defined in this section. A part-time common school  
13 student shall be counted as one-fourth, one-half or three-fourths of a  
14 full-time student if the student is enrolled in an instructional program  
15 that is at least one-fourth, one-half or three-fourths of the time a  
16 full-time student is enrolled as defined in subdivision (b) of this  
17 paragraph. The hours in which a student is scheduled to attend a common  
18 school during the regular school day shall be included in the calculation  
19 of the average daily membership for that student.

20 (ii) For high schools, a part-time student who is enrolled in less  
21 than four subjects that count toward graduation as defined by the state  
22 board of education, each of which, if taught each school day for the  
23 minimum number of days required in a school year, would meet a minimum of  
24 one hundred twenty-three hours a year, or the equivalent, in a recognized  
25 high school. The average daily membership of a part-time high school  
26 student shall be 0.75 if the student is enrolled in an instructional  
27 program of three subjects that meet at least five hundred forty hours for  
28 a one hundred eighty-day school year, or the instructional hours  
29 prescribed in this section. The average daily membership of a part-time  
30 high school student shall be 0.5 if the student is enrolled in an  
31 instructional program of two subjects that meet at least three hundred  
32 sixty hours for a one hundred eighty-day school year, or the instructional  
33 hours prescribed in this section. The average daily membership of a  
34 part-time high school student shall be 0.25 if the student is enrolled in  
35 an instructional program of one subject that meets at least one hundred  
36 eighty hours for a one hundred eighty-day school year, or the  
37 instructional hours prescribed in this section. The hours in which a  
38 student is scheduled to attend a high school during the regular school day  
39 shall be included in the calculation of the average daily membership for  
40 that student.

41 (b) "Full-time student" means:

42 (i) For common schools, a student who is at least six years of age  
43 before January 1 of a school year, who has not graduated from the highest  
44 grade taught in the school district and who is regularly enrolled in a  
45 course of study required by the state board of education. First, second

1 and third grade students or ungraded group B children with disabilities  
2 who are at least five, but under six, years of age by September 1 must be  
3 enrolled in an instructional program that meets for a total of at least  
4 seven hundred twelve hours for a one hundred eighty-day school year, or  
5 the instructional hours prescribed in this section. Fourth, fifth, sixth,  
6 seventh and eighth grade students must be enrolled in an instructional  
7 program that meets for a total of at least eight hundred ninety hours for  
8 a one hundred eighty-day school year, or the instructional hours  
9 prescribed in this section, including the equivalent number of  
10 instructional hours for schools that operate on a one hundred  
11 forty-four-day school year. The hours in which a student is scheduled to  
12 attend a common school during the regular school day shall be included in  
13 the calculation of the average daily membership for that student.

14 (ii) For high schools, a student who has not graduated from the  
15 highest grade taught in the school district and who is enrolled in at  
16 least an instructional program of four or more subjects that count toward  
17 graduation as defined by the state board of education, each of which, if  
18 taught each school day for the minimum number of days required in a school  
19 year, would meet a minimum of one hundred twenty-three hours a year, or  
20 the equivalent, that meets for a total of at least seven hundred twenty  
21 hours for a one hundred eighty-day school year, or the instructional hours  
22 prescribed in this section in a recognized high school. A full-time  
23 student shall not be counted more than once for computation of average  
24 daily membership. The average daily membership of a full-time high school  
25 student shall be 1.0 if the student is enrolled in at least four subjects  
26 that meet at least seven hundred twenty hours for a one hundred eighty-day  
27 school year, or the equivalent instructional hours prescribed in this  
28 section. The hours in which a student is scheduled to attend a high  
29 school during the regular school day shall be included in the calculation  
30 of the average daily membership for that student.

31 (iii) If a child who has not reached five years of age before  
32 September 1 of the current school year is admitted to kindergarten and  
33 repeats kindergarten in the following school year, a school district or  
34 charter school is not eligible to receive basic state aid on behalf of  
35 that child during the child's second year of kindergarten. If a child who  
36 has not reached five years of age before September 1 of the current school  
37 year is admitted to kindergarten but does not remain enrolled, a school  
38 district or charter school may receive a portion of basic state aid on  
39 behalf of that child in the subsequent year. A school district or charter  
40 school may charge tuition for any child who is ineligible for basic state  
41 aid pursuant to this item.

42 (iv) Except as otherwise provided by law, for a full-time high  
43 school student who is concurrently enrolled in two school districts or two  
44 charter schools, the average daily membership shall not exceed 1.0.

1 (v) Except as otherwise provided by law, for any student who is  
2 concurrently enrolled in a school district and a charter school, the  
3 average daily membership shall be apportioned between the school district  
4 and the charter school and shall not exceed 1.0. The apportionment shall  
5 be based on the percentage of total time that the student is enrolled in  
6 or in attendance at the school district and the charter school.

7 (vi) Except as otherwise provided by law, for any student who is  
8 concurrently enrolled, pursuant to section 15-808, in a school district  
9 and Arizona online instruction or a charter school and Arizona online  
10 instruction, the average daily membership shall be apportioned between the  
11 school district and Arizona online instruction or the charter school and  
12 Arizona online instruction and shall not exceed 1.0. The apportionment  
13 shall be based on the percentage of total time that the student is  
14 enrolled in or in attendance at the school district and Arizona online  
15 instruction or the charter school and Arizona online instruction.

16 (vii) For homebound or hospitalized, a student receiving at least  
17 four hours of instruction per week.

18 (c) "Regular school day" means the regularly scheduled class  
19 periods intended for instructional purposes. Instructional purposes may  
20 include core subjects, elective subjects, lunch, study halls, music  
21 instruction, and other classes that advance the academic instruction of  
22 pupils, except that instructional purposes shall not include athletic  
23 practices or extracurricular clubs and activities.

24 2. "Budget year" means the fiscal year for which the school  
25 district is budgeting and that immediately follows the current year.

26 3. "Common school district" means a political subdivision of this  
27 state offering instruction to students in programs for preschool children  
28 with disabilities and kindergarten programs and either:

29 (a) Grades one through eight.

30 (b) Grades one through nine pursuant to section 15-447.01.

31 4. "Current year" means the fiscal year in which a school district  
32 is operating.

33 5. "Daily attendance" means:

34 (a) For common schools, days in which a pupil:

35 (i) Of a kindergarten program or ungraded, but not group B children  
36 with disabilities, who is at least five, but under six, years of age by  
37 September 1 attends at least three-quarters of the instructional time  
38 scheduled for the day. If the total instruction time scheduled for the  
39 year is at least three hundred fifty-six hours but is less than seven  
40 hundred twelve hours, such attendance shall be counted as one-half day of  
41 attendance. If the instructional time scheduled for the year is at least  
42 six hundred ninety-two hours, "daily attendance" means days in which a  
43 pupil attends at least one-half of the instructional time scheduled for  
44 the day. Such attendance shall be counted as one-half day of attendance.

1 (ii) Of the first, second or third grades attends more than  
2 three-quarters of the instructional time scheduled for the day.

3 (iii) Of the fourth, fifth or sixth grades attends more than  
4 three-quarters of the instructional time scheduled for the day, except as  
5 provided in section 15-797.

6 (iv) Of the seventh or eighth grades attends more than  
7 three-quarters of the instructional time scheduled for the day, except as  
8 provided in section 15-797.

9 (b) For common schools, the attendance of a pupil at three-quarters  
10 or less of the instructional time scheduled for the day shall be counted  
11 as follows, except as provided in section 15-797 and except that  
12 attendance for a fractional student shall not exceed the pupil's  
13 fractional membership:

14 (i) If attendance for all pupils in the school is based on quarter  
15 days, the attendance of a pupil shall be counted as one-fourth of a day's  
16 attendance for each one-fourth of full-time instructional time attended.

17 (ii) If attendance for all pupils in the school is based on half  
18 days, the attendance of at least three-quarters of the instructional time  
19 scheduled for the day shall be counted as a full day's attendance and  
20 attendance at a minimum of one-half but less than three-quarters of the  
21 instructional time scheduled for the day equals one-half day of  
22 attendance.

23 (c) For common schools, the attendance of a preschool child with  
24 disabilities shall be counted as one-fourth day's attendance for each  
25 thirty-six minutes of attendance, except as provided in paragraph 1,  
26 subdivision (a), item (i) of this subsection for children with  
27 disabilities up to a maximum of three hundred sixty minutes each week.

28 (d) For high schools, the attendance of a pupil shall not be  
29 counted as a full day unless the pupil is actually and physically in  
30 attendance and enrolled in and carrying four subjects, each of which, if  
31 taught each school day for the minimum number of days required in a school  
32 year, would meet a minimum of one hundred twenty-three hours a year, or  
33 the equivalent, that count toward graduation in a recognized high school  
34 except as provided in section 15-797 and subdivision (e) of this  
35 paragraph. Attendance of a pupil carrying less than the load prescribed  
36 shall be prorated.

37 (e) For high schools, the attendance of a pupil may be counted as  
38 one-fourth of a day's attendance for each sixty minutes of instructional  
39 time in a subject that counts toward graduation, except that attendance  
40 for a pupil shall not exceed the pupil's full or fractional membership.

41 (f) For homebound or hospitalized, a full day of attendance may be  
42 counted for each day during a week in which the student receives at least  
43 four hours of instruction.

44 (g) For school districts that maintain school for an approved  
45 year-round school year operation, attendance shall be based on a

1 computation, as prescribed by the superintendent of public instruction, of  
2 the one hundred eighty days' equivalency or two hundred days' equivalency,  
3 as applicable, of instructional time as approved by the superintendent of  
4 public instruction during which each pupil is enrolled.

5 6. "Daily route mileage" means the sum of:

6 (a) The total number of miles driven daily by all buses of a school  
7 district while transporting eligible students from their residence to the  
8 school of attendance and from the school of attendance to their residence  
9 on scheduled routes approved by the superintendent of public instruction.

10 (b) The total number of miles driven daily on routes approved by  
11 the superintendent of public instruction for which a private party, a  
12 political subdivision or a common or a contract carrier is reimbursed for  
13 bringing an eligible student from the place of the student's residence to  
14 a school transportation pickup point or to the school of attendance and  
15 from the school transportation scheduled return point or from the school  
16 of attendance to the student's residence. Daily route mileage includes  
17 the total number of miles necessary to drive to transport eligible  
18 students from and to their residence as provided in this paragraph.

19 7. "District support level" means the base support level plus the  
20 transportation support level.

21 8. "Eligible students" means:

22 (a) Students who are transported by or for a school district and  
23 who qualify as full-time students or fractional students, except students  
24 for whom transportation is paid by another school district or a county  
25 school superintendent, and:

26 (i) For common school students, whose place of actual residence  
27 within the school district is more than one mile from the school facility  
28 of attendance or students who are admitted pursuant to section 15-816.01  
29 and who meet the economic eligibility requirements established under the  
30 national school lunch and child nutrition acts (42 United States Code  
31 sections 1751 through 1793) for free or reduced-price lunches and whose  
32 actual place of residence outside the school district boundaries is more  
33 than one mile from the school facility of attendance.

34 (ii) For high school students, whose place of actual residence  
35 within the school district is more than one and one-half miles from the  
36 school facility of attendance or students who are admitted pursuant to  
37 section 15-816.01 and who meet the economic eligibility requirements  
38 established under the national school lunch and child nutrition acts  
39 (42 United States Code sections 1751 through 1793) for free or  
40 reduced-price lunches and whose actual place of residence outside the  
41 school district boundaries is more than one and one-half miles from the  
42 school facility of attendance.

43 (b) Kindergarten students, for purposes of computing the number of  
44 eligible students under subdivision (a), item (i) of this paragraph, shall



1 be counted as full-time students, notwithstanding any other provision of  
2 law.

3 (c) Children with disabilities, as defined by section 15-761, who  
4 are transported by or for the school district or who are admitted pursuant  
5 to chapter 8, article 1.1 of this title and who qualify as full-time  
6 students or fractional students regardless of location or residence within  
7 the school district or children with disabilities whose transportation is  
8 required by the pupil's individualized education program.

9 (d) Students whose residence is outside the school district and who  
10 are transported within the school district on the same basis as students  
11 who reside in the school district.

12 9. "Enrolled" or "enrollment" means that a pupil is currently  
13 registered in the school district.

14 10. "GDP price deflator" means the average of the four implicit  
15 price deflators for the gross domestic product reported by the United  
16 States department of commerce for the four quarters of the calendar year.

17 11. "High school district" means a political subdivision of this  
18 state offering instruction to students for grades nine through twelve or  
19 that portion of the budget of a common school district that is allocated  
20 to teaching high school subjects with permission of the state board of  
21 education.

22 12. "Revenue control limit" means the base revenue control limit  
23 plus the transportation revenue control limit.

24 13. "Student count" means average daily membership as prescribed in  
25 this subsection for the fiscal year before the current year, except that  
26 for the purpose of budget preparation student count means average daily  
27 membership as prescribed in this subsection for the current year.

28 14. "Submit electronically" means submitted in a format and in a  
29 manner prescribed by the department of education.

30 15. "Total bus mileage" means the total number of miles driven by  
31 all buses of a school district during the school year.

32 16. "Total students transported" means all eligible students  
33 transported from their place of residence to a school transportation  
34 pickup point or to the school of attendance and from the school of  
35 attendance or from the school transportation scheduled return point to  
36 their place of residence.

37 17. "Unified school district" means a political subdivision of this  
38 state offering instruction to students in programs for preschool children  
39 with disabilities and kindergarten programs and grades one through twelve.

40 B. In this title, unless the context otherwise requires:

41 1. "Base" means the revenue level per student count specified by  
42 the legislature.

43 2. "Base level" means the following amounts plus the percentage  
44 increases to the base level as provided in sections 15-902.04 and 15-952,  
45 except that if a school district or charter school is eligible for an

1 increase in the base level as provided in two or more of these sections,  
2 the base level amount shall be calculated by compounding rather than  
3 adding the sum of one plus the percentage of the increase from those  
4 different sections:

5 ~~(a) For fiscal year 2018-2019, \$3,960.07.~~

6 ~~(b)~~ (a) For fiscal year 2019-2020, \$4,150.43.

7 ~~(c)~~ (b) For fiscal year 2020-2021, \$4,305.73.

8 (c) FOR FISCAL YEAR 2021-2022, \$4,390.65.

9 3. "Base revenue control limit" means the base revenue control  
10 limit computed as provided in section 15-944.

11 4. "Base support level" means the base support level as provided in  
12 section 15-943.

13 5. "Certified teacher" means a person who is certified as a teacher  
14 pursuant to the rules adopted by the state board of education, who renders  
15 direct and personal services to schoolchildren in the form of instruction  
16 related to the school district's educational course of study and who is  
17 paid from the maintenance and operation section of the budget.

18 6. "DD" means programs for children with developmental delays who  
19 are at least three years of age but under ten years of age. A preschool  
20 child who is categorized under this paragraph is not eligible to receive  
21 funding pursuant to section 15-943, paragraph 2, subdivision (b).

22 7. "ED, MIID, SLD, SLI and OHI" means programs for children with  
23 emotional disabilities, mild intellectual disabilities, a specific  
24 learning disability, a speech/language impairment and other health  
25 impairments. A preschool child who is categorized as SLI under this  
26 paragraph is not eligible to receive funding pursuant to section 15-943,  
27 paragraph 2, subdivision (b).

28 8. "ED-P" means programs for children with emotional disabilities  
29 who are enrolled in private special education programs as prescribed in  
30 section 15-765, subsection D, paragraph 1 or in an intensive school  
31 district program as provided in section 15-765, subsection D, paragraph 2.

32 9. "ELL" means English learners who do not speak English or whose  
33 native language is not English, who are not currently able to perform  
34 ordinary classroom work in English and who are enrolled in an English  
35 language education program pursuant to sections 15-751, 15-752 and 15-753.

36 10. "Full-time equivalent certified teacher" or "FTE certified  
37 teacher" means for a certified teacher the following:

38 (a) If employed full time as defined in section 15-501, 1.00.

39 (b) If employed less than full time, multiply 1.00 by the  
40 percentage of a full school day, or its equivalent, or a full class load,  
41 or its equivalent, for which the teacher is employed as determined by the  
42 governing board.

43 11. "G" MEANS EDUCATIONAL PROGRAMS FOR GIFTED PUPILS WHO SCORE AT  
44 OR ABOVE THE NINETY-SEVENTH PERCENTILE, BASED ON NATIONAL NORMS, ON A TEST  
45 ADOPTED BY THE STATE BOARD OF EDUCATION.

1           ~~11.~~ 12. "Group A" means educational programs for career  
2 exploration, a specific learning disability, an emotional disability, a  
3 mild intellectual disability, remedial education, a speech/language  
4 impairment, developmental delay, homebound, ~~PUPILS~~, bilingual, ~~PUPILS~~  
5 ~~AND PUPILS WITH~~ other health impairments ~~and gifted pupils~~.

6           ~~12.~~ 13. "Group B" means educational improvements for pupils in  
7 kindergarten programs and grades one through three, educational programs  
8 for autism, a hearing impairment, a moderate intellectual disability,  
9 multiple disabilities, multiple disabilities with severe sensory  
10 impairment, orthopedic impairments, preschool severe delay, a severe  
11 intellectual disability and emotional disabilities for school age pupils  
12 enrolled in private special education programs or in school district  
13 programs for children with severe disabilities or visual impairment and  
14 English learners enrolled in a program to promote English language  
15 proficiency pursuant to section 15-752.

16           ~~13.~~ 14. "HI" means programs for pupils with hearing impairment.

17           ~~14.~~ 15. "Homebound" or "hospitalized" means a pupil who is capable  
18 of profiting from academic instruction but is unable to attend school due  
19 to illness, disease, accident or other health conditions, who has been  
20 examined by a competent medical doctor and who is certified by that doctor  
21 as being unable to attend regular classes for a period of not less than  
22 three school months or a pupil who is capable of profiting from academic  
23 instruction but is unable to attend school regularly due to chronic or  
24 acute health problems, who has been examined by a competent medical doctor  
25 and who is certified by that doctor as being unable to attend regular  
26 classes for intermittent periods of time totaling three school months  
27 during a school year. The medical certification shall state the general  
28 medical condition, such as illness, disease or chronic health condition,  
29 that is the reason that the pupil is unable to attend school. Homebound  
30 or hospitalized includes a student who is unable to attend school for a  
31 period of less than three months due to a pregnancy if a competent medical  
32 doctor, after an examination, certifies that the student is unable to  
33 attend regular classes due to risk to the pregnancy or to the student's  
34 health.

35           ~~15.~~ 16. "K-3" means kindergarten programs and grades one through  
36 three.

37           ~~16.~~ 17. "K-3 reading" means reading programs for pupils in  
38 kindergarten programs and grades one, two and three.

39           ~~17.~~ 18. "MD-R, A-R and SID-R" means resource programs for pupils  
40 with multiple disabilities, autism and severe intellectual disability.

41           ~~18.~~ 19. "MD-SC, A-SC and SID-SC" means self-contained programs for  
42 pupils with multiple disabilities, autism and severe intellectual  
43 disability.

44           ~~19.~~ 20. "MD-SSI" means a program for pupils with multiple  
45 disabilities with severe sensory impairment.

1           ~~20.~~ 21. "MOID" means programs for pupils with moderate  
2 intellectual disability.

3           ~~21.~~ 22. "OI-R" means a resource program for pupils with orthopedic  
4 impairments.

5           ~~22.~~ 23. "OI-SC" means a self-contained program for pupils with  
6 orthopedic impairments.

7           ~~23.~~ 24. "PSD" means preschool programs for children with  
8 disabilities as provided in section 15-771.

9           ~~24.~~ 25. "P-SD" means programs for children who meet the definition  
10 of preschool severe delay as provided in section 15-771.

11           ~~25.~~ 26. "Qualifying tax rate" means the qualifying tax rate  
12 specified in section 15-971 applied to the assessed valuation used for  
13 primary property taxes.

14           ~~26.~~ 27. "Small isolated school district" means a school district  
15 that meets all of the following:

16           (a) Has a student count of fewer than six hundred in kindergarten  
17 programs and grades one through eight or grades nine through twelve.

18           (b) Contains no school that is fewer than thirty miles by the most  
19 reasonable route from another school, or, if road conditions and terrain  
20 make the driving slow or hazardous, fifteen miles from another school that  
21 teaches one or more of the same grades and is operated by another school  
22 district in this state.

23           (c) Is designated as a small isolated school district by the  
24 superintendent of public instruction.

25           ~~27.~~ 28. "Small school district" means a school district that meets  
26 all of the following:

27           (a) Has a student count of fewer than six hundred in kindergarten  
28 programs and grades one through eight or grades nine through twelve.

29           (b) Contains at least one school that is fewer than thirty miles by  
30 the most reasonable route from another school that teaches one or more of  
31 the same grades and is operated by another school district in this state.

32           (c) Is designated as a small school district by the superintendent  
33 of public instruction.

34           ~~28.~~ 29. "Transportation revenue control limit" means the  
35 transportation revenue control limit computed as prescribed in section  
36 15-946.

37           ~~29.~~ 30. "Transportation support level" means the support level for  
38 pupil transportation operating expenses as provided in section 15-945.

39           ~~30.~~ 31. "VI" means programs for pupils with visual impairments.  
40 Sec. 30. Section 15-901.08, Arizona Revised Statutes, as added by  
41 Laws 2021, chapter 299, section 4, is amended to read:

42           15-901.08. School year; school month; instructional time  
43                                   models; requirements; funding; definition

44           A. Except as may be otherwise authorized by the superintendent of  
45 public instruction to accommodate a year-round school operation or as

1 otherwise prescribed under an instructional time model adopted pursuant to  
2 this section, the school year begins July 1 and ends June 30, and a school  
3 month is twenty school days or four weeks of five days each.

4 B. Notwithstanding any other law, for the purposes of meeting the  
5 instructional time and instructional hours requirements prescribed in  
6 sections 15-808 and 15-901, a school district governing board, after at  
7 least two public hearings in the school district, or a charter school  
8 governing body for one or more schools may adopt any instructional time  
9 models as prescribed in this section to meet the minimum annual  
10 instructional time and instructional hours requirements prescribed in  
11 sections 15-808 and 15-901 for all of the following purposes:

12 1. Determining average daily membership.

13 2. Determining daily attendance.

14 3. Determining student count.

15 4. Any other purpose relating to instructional time or  
16 instructional hours prescribed in section 15-808 or 15-901.

17 C. Notwithstanding any other law, all of the following apply to an  
18 instructional time model adopted by a school district governing board or  
19 charter school governing body for one or more schools pursuant to this  
20 section:

21 1. Students shall receive the minimum instructional time or  
22 instructional hours required under section 15-808 or 15-901, as  
23 applicable, for the full school year in any day, week and course length  
24 increments adopted by the school district governing board or charter  
25 school governing body.

26 2. A school ~~district or charter school~~ may deliver the annual  
27 required instructional time or instructional hours to students through any  
28 combination of the following:

29 (a) Direct instruction.

30 (b) Project-based learning.

31 (c) Independent learning.

32 (d) Mastery-based learning, which may be delivered in a blended  
33 classroom serving multiple grade levels or providing blended grade level  
34 content.

35 3. A school ~~district or charter school~~ may define instructional  
36 time and instructional hours to include any combination of the following:

37 (a) In-person instruction.

38 (b) Remote instruction, subject to all of the following:

39 (i) During school year 2021-2022, ~~each A school district and~~  
40 ~~charter school~~ may provide up to fifty percent of its total instructional  
41 time in a remote setting without any impact ~~on~~ **TO** the ~~school district's or~~  
42 ~~charter~~ school's funding. Beginning in school year 2022-2023 and each  
43 school year thereafter, ~~each A school district and charter school~~ may  
44 provide up to forty percent of its total instructional time in a remote

1 setting without any impact ~~on~~ TO the ~~school district's or charter~~ school's  
2 funding.

3 (ii) If a school ~~district or charter school~~ provides instructional  
4 time in a remote setting beyond the threshold prescribed in item (i) of  
5 this subdivision in any school year, the department of education shall  
6 calculate funding as prescribed in subsection D of this section.

7 (iii) The department of education shall annually provide a list of  
8 ~~school districts~~ SCHOOLS that provide more than the allowed instructional  
9 time in a remote setting to the state board of education. The state board  
10 of education shall determine whether the school ~~district~~ must apply to  
11 become an online school under section 15-808.

12 (iv) The department of education shall annually provide a list of  
13 charter schools that provide more than the allowed instructional time in a  
14 remote setting to the state board for charter schools. The state board  
15 for charter schools shall determine whether the charter school must apply  
16 to become an online school under section 15-808.

17 4. A school ~~district or charter school~~ may reallocate any minimum  
18 instructional time or instructional hours per course required under  
19 section 15-808 or 15-901 or any other statute to other courses on a  
20 per-student basis so that students are able to spend more of their  
21 required instructional time or instructional hours on courses of greater  
22 depth or courses that require additional learning time to catch up to  
23 grade level or to stay on pace.

24 5. A school ~~district or charter school~~ may stagger learning times  
25 and schedules for students and may offer courses and other instructional  
26 time options on the weekend or in the evenings so that all students are  
27 not expected to attend or complete their school day or instructional time  
28 at the same time.

29 6. A school ~~district or charter school~~ shall align its attendance  
30 policies to reflect the instructional time and instructional hours  
31 policies prescribed under the adopted instructional time model.

32 D. If a school ~~district or charter school~~ provides remote  
33 instructional time beyond the threshold prescribed in subsection C,  
34 paragraph 3, subdivision (b), item (i) of this section in any school year,  
35 the department of education shall calculate funding as follows:

36 1. Calculate the total percentage of instructional time provided by  
37 the school ~~district or charter school~~ in a remote setting.

38 2. Subtract the allowable threshold prescribed in subsection C,  
39 paragraph 3, subdivision (b), item (i) of this section from the amount  
40 calculated pursuant to paragraph 1 of this subsection.

41 3. Fund the percentage of the base support level equal to the  
42 percentage calculated in paragraph 2 of this subsection at ninety-five  
43 percent of the base support level that would otherwise be calculated for  
44 the school ~~district or charter school~~.

1 E. For the purposes of this section, "mastery-based learning" means  
2 a system in which students advance to higher levels of learning when they  
3 demonstrate mastery of concepts and skills regardless of time, place or  
4 pace.

5 Sec. 31. Section 15-907, Arizona Revised Statutes, is amended to  
6 read:

7 15-907. Incurring liabilities in excess of school district  
8 budget; petition; approval; procedure for  
9 expenditures

10 A. In the event of excessive and unexpected legal expenses or for  
11 an emergency for which the school district did not receive funding ~~from~~  
12 ~~the school facilities board~~ pursuant to section ~~15-2022~~ 41-5721 because  
13 there were insufficient monies in the emergency deficiencies correction  
14 fund, the governing board of the school district may petition the county  
15 school superintendent, or in the case of an accommodation school, the  
16 county school superintendent may petition the county board of supervisors,  
17 requesting authority to incur liabilities in excess of the school district  
18 budget, in an amount the governing board deems necessary. The governing  
19 board of the school district shall follow the procedures for the truth in  
20 taxation notice and hearing prescribed in section 15-905.01, subsection B.

21 B. The county school superintendent shall forward the petition  
22 together with the superintendent's recommendation and a copy of the budget  
23 of the school district to the board of supervisors.

24 C. The board of supervisors shall hold a hearing on the petition  
25 within twenty days after receipt and shall determine whether the petition  
26 shall be allowed, allowed after revision or denied.

27 D. If the petition is allowed in whole or in part, the governing  
28 board shall be authorized to incur liabilities in accordance with the  
29 petition, and a copy of the order of the board of supervisors authorizing  
30 the incurring of such liabilities shall be filed with the county school  
31 superintendent. The county school superintendent, ~~upon~~ ON presentation of  
32 proper vouchers, shall draw warrants against the additional allowance.  
33 Any liability so incurred shall be in addition to the aggregate budget  
34 estimate of the school district for the succeeding year.

35 E. The portion of the primary tax rate to fund these liabilities in  
36 excess of the school district budget as provided in this section shall not  
37 be included in the computation of additional state aid for education  
38 prescribed in section 15-972.

39 Sec. 32. Section 15-911, Arizona Revised Statutes, is amended to  
40 read:

41 15-911. Aggregate expenditure limitation; aggregate  
42 expenditures of local revenues; adjustments

43 A. ON OR BEFORE JUNE 1 OF EACH YEAR, the legislature shall ~~on or~~  
44 ~~before June 1 of each year~~ transmit to the state board of education the  
45 aggregate expenditure limitation for all school districts for the

1 following fiscal year ~~which~~ THAT the economic estimates commission  
2 determines as provided in section 41-563, subsection C.

3 B. On or before November 1 of each year, the state board of  
4 education shall determine and report to the president of the senate, the  
5 speaker of the house of representatives, ~~and~~ the chairman of the joint  
6 legislative budget committee AND THE GOVERNOR'S OFFICE OF STRATEGIC  
7 PLANNING AND BUDGETING the aggregate expenditures of local revenues as  
8 defined in article IX, section 21, subsection (4), Constitution of  
9 Arizona, for all school districts for the current year.

10 C. If the aggregate expenditures of local revenues ~~which~~ THAT the  
11 state board determines as provided in subsection B of this section ~~are in~~  
12 ~~excess of~~ EXCEED the expenditure limitation determined as provided in  
13 section 41-563, subsection C:

14 1. On or before November 1 the state board shall notify each school  
15 district that may be affected by subsections D and E of this section and  
16 inform it of the amount by which it may have to reduce its expenditures of  
17 local revenues.

18 2. On or before March 1 the legislature, on approval of two-thirds  
19 of the membership of each house of the legislature, may authorize the  
20 expenditures of local revenues in excess of the expenditure limitation for  
21 the current fiscal year.

22 D. The state board of education shall:

23 1. Determine the amount of the expenditures of local revenues ~~in~~  
24 ~~excess of~~ THAT EXCEED the expenditure limitation.

25 2. Determine the amount of expenditures of local revenues for each  
26 school district and the total amount for all of the school districts.

27 3. Divide the amount determined in paragraph 1 of this subsection  
28 by the total amount determined in paragraph 2 of this subsection.

29 4. Multiply the quotient determined in paragraph 3 of this  
30 subsection by the amount determined in paragraph 2 of this subsection for  
31 each school district.

32 E. If the legislature fails to authorize the expenditures of local  
33 revenues ~~in excess of~~ THAT EXCEED the expenditure limitation as provided  
34 in subsection C, paragraph 2 of this section, on or before March 5 the  
35 state board of education shall inform each school district of the amount  
36 it is to reduce its expenditures of local revenues, and each school  
37 district shall reduce its expenditures of local revenues by the amount  
38 determined in subsection D, paragraph 4 of this section. ON OR BEFORE  
39 APRIL 1, the governing board of each school district ~~shall on or before~~  
40 ~~April 1~~, after it gives notice and holds a public meeting in a similar  
41 manner as provided in section 15-905, subsections C and D, SHALL adopt a  
42 revised budget for the current year ~~which shall~~ THAT DOES not exceed the  
43 previously adopted budget for the current year, ~~less~~ MINUS the amount  
44 ~~which~~ the state board of education specifies for reduction in expenditures



1 of local revenues. Not later than April 4, the budget as revised shall be  
2 submitted electronically to the superintendent of public instruction.

3 Sec. 33. Title 15, chapter 9, article 2, Arizona Revised Statutes,  
4 is amended by adding section 15-924, to read:

5 15-924. In lieu of transportation grants

6 A. NOTWITHSTANDING ANY OTHER LAW, BEGINNING IN THE 2021-2022 SCHOOL  
7 YEAR, A SCHOOL DISTRICT MAY USE A PORTION OF ITS TRANSPORTATION FUNDING  
8 ALLOCATED PURSUANT TO SECTIONS 15-945 AND 15-946 TO PROVIDE IN LIEU OF  
9 TRANSPORTATION GRANTS TO PARENTS OF STUDENTS WHO ATTEND THE SCHOOL  
10 DISTRICT PURSUANT TO A PLAN SUBMITTED TO THE DEPARTMENT OF EDUCATION.  
11 SCHOOL DISTRICTS MAY ISSUE GRANTS TO SUPPORT INDIVIDUAL PARENTS OR  
12 NEIGHBORHOOD CARPOOLS IN TRANSPORTING STUDENTS TO SCHOOL. A SCHOOL  
13 DISTRICT'S TRANSPORTATION FUNDING ALLOCATION MAY NOT BE REDUCED OR  
14 OTHERWISE DIMINISHED DUE TO THE SCHOOL DISTRICT AWARDING GRANTS PURSUANT  
15 TO THIS SECTION.

16 B. NOTWITHSTANDING ANY OTHER LAW, BEGINNING IN THE 2021-2022 SCHOOL  
17 YEAR, A CHARTER SCHOOL MAY USE A PORTION OF ITS CHARTER ADDITIONAL  
18 ASSISTANCE FUNDING ALLOCATED PURSUANT TO SECTION 15-185 TO PROVIDE IN LIEU  
19 OF TRANSPORTATION GRANTS TO PARENTS OF STUDENTS WHO ATTEND THE CHARTER  
20 SCHOOL PURSUANT TO A PLAN SUBMITTED TO THE DEPARTMENT OF EDUCATION.  
21 CHARTER SCHOOLS MAY ISSUE GRANTS TO SUPPORT INDIVIDUAL PARENTS OR  
22 NEIGHBORHOOD CARPOOLS IN TRANSPORTING STUDENTS TO SCHOOL. PARTICIPATING  
23 CHARTER SCHOOLS SHALL REPORT TO THE DEPARTMENT REGARDING THE MONIES  
24 AWARDED TO PARENTS AS REQUIRED BY THE DEPARTMENT.

25 C. THE DEPARTMENT OF EDUCATION SHALL ADOPT POLICIES AND PROCEDURES  
26 TO ACCOUNT FOR EXPENDITURES UNDER THIS SECTION AND TO REQUIRE PROOF OF  
27 ATTENDANCE FOR STUDENTS WHOSE TRANSPORTATION IS SUPPORTED THROUGH GRANTS  
28 UNDER THIS SECTION.

29 Sec. 34. Section 15-943, Arizona Revised Statutes, is amended to  
30 read:

31 15-943. Base support level

32 The base support level for each school district shall be computed as  
33 follows:

34 1. The following support level weights shall be used in  
35 paragraph 2, subdivision (a) of this section for the following school  
36 districts:

37 (a) For school districts whose student count in kindergarten  
38 programs and grades one through eight is classified in column 1 of this  
39 subdivision, the support level weight for kindergarten programs and grades  
40 one through eight is the corresponding support level weight prescribed in  
41 column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated School Districts	Support Level Weight For Small School Districts
<u>Student Count</u>		
1-99	1.559	1.399
100-499	1.358 + [0.0005 x (500 - student count)]	1.278 + [0.0003 x (500 - student count)]
500-599	1.158 + [0.002 x (600 - student count)]	1.158 + [0.0012 x (600 - student count)]

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated School Districts	Support Level Weight For Small School Districts
<u>Student Count</u>		
1-99	1.669	1.559
100-499	1.468 + [0.0005 x (500 - student count)]	1.398 + [0.0004 x (500 - student count)]
500-599	1.268 + [0.002 x (600 - student count)]	1.268 + [0.0013 x (600 - student count)]

2. Subject to paragraph 1 of this section, determine the weighted student count as follows:

(a)

<u>Grade Base</u>	<u>Group A</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
PSD 1.000 + 0.450 = 1.450 x _____ = _____				
K-8 1.000 + 0.158 = 1.158 x _____ = _____				
9-12 1.163 + 0.105 = 1.268 x _____ = _____				
			Subtotal	A

(b)

<u>Funding Category</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
HI	4.771 x _____ = _____		
K-3	0.060 x _____ = _____		
K-3 reading	0.040 x _____ = _____		
ELL	0.115 x _____ = _____		
MD-R, A-R and SID-R	6.024 x _____ = _____		

1	MD-SC, A-SC and					
2	SID-SC	<del>5.833</del>	x	_____	=	_____
3		5.988				
4	MD-SSI	7.947	x	_____	=	_____
5	OI-R	3.158	x	_____	=	_____
6	OI-SC	6.773	x	_____	=	_____
7	P-SD	3.595	x	_____	=	_____
8	DD, ED, MIID, SLD,					
9	SLI and OHI	<del>0.003</del>	x	_____	=	_____
10		0.093				
11	ED-P	4.822	x	_____	=	_____
12	MOID	4.421	x	_____	=	_____
13	VI	4.806	x	_____	=	_____
14	G	0.007	X	_____	=	_____
15				Subtotal	B	_____

16 (c) Total of subtotals A and B: \_\_\_\_\_

17 3. Multiply the total determined in paragraph 2 of this section by  
 18 the base level.

19 4. Multiply the teacher experience index of the district or 1.00,  
 20 whichever is greater, by the product obtained in paragraph 3 of this  
 21 section.

22 5. For the purposes of this section, the student count is the  
 23 average daily membership as prescribed in section 15-901 for the current  
 24 year, except that for the purposes of computing the base support level  
 25 used in determining school district rollover allocations and school  
 26 district budget override amounts, the student count is the average daily  
 27 membership as prescribed in section 15-901 for the prior year.

28 Sec. 35. Section 15-945, Arizona Revised Statutes, is amended to  
 29 read:

30 15-945. Transportation support level

31 A. The support level for to and from school for each school  
 32 district for the current year shall be computed as follows:

33 1. Determine the approved daily route mileage of the school  
 34 district for the fiscal year prior to the current year.

35 2. Multiply the figure obtained in paragraph 1 of this subsection  
 36 by one hundred eighty, or for a school district that elects to provide two  
 37 hundred days of instruction pursuant to section 15-902.04, multiply the  
 38 figure obtained in paragraph 1 of this subsection by two hundred.

39 3. Determine the number of eligible students transported in the  
 40 fiscal year prior to the current year.

41 4. Divide the amount determined in paragraph 1 of this subsection  
 42 by the amount determined in paragraph 3 of this subsection to determine  
 43 the approved daily route mileage per eligible student transported.

44 5. Determine the classification in column 1 of this paragraph for  
 45 the quotient determined in paragraph 4 of this subsection. Multiply the

1 product obtained in paragraph 2 of this subsection by the corresponding  
 2 state support level for each route mile as provided in column 2 of this  
 3 paragraph.

<u>Column 1</u>	<u>Column 2</u>
4 Approved Daily Route	State Support Level per
5 Mileage per Eligible	Route Mile for
6 <u>Student Transported</u>	Fiscal Year <del>2020-2021</del> <u>2021-2022</u>
7 0.5 or less	<del>2.74</del> 2.77
8 More than 0.5 through 1.0	<del>2.24</del> 2.27
9 More than 1.0	<del>2.74</del> 2.77

10 6. Add the amount spent during the prior fiscal year for bus tokens  
 11 and bus passes for students who qualify as eligible students as defined in  
 12 section 15-901.

13 B. The support level for academic education, career and technical  
 14 education, vocational education and athletic trips for each school  
 15 district for the current year is computed as follows:

16 1. Determine the classification in column 1 of paragraph 2 of this  
 17 subsection for the quotient determined in subsection A, paragraph 4 of  
 18 this section.

19 2. Multiply the product obtained in subsection A, paragraph 5 of  
 20 this section by the corresponding state support level for academic  
 21 education, career and technical education, vocational education and  
 22 athletic trips as provided in column 2, 3 or 4 of this paragraph,  
 23 whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
24 Approved Daily Route	District Type	District Type	District Type
25 Mileage per Eligible	<u>02 or 03</u>	<u>04</u>	<u>05</u>
26 <u>Student Transported</u>			
27 0.5 or less	0.15	0.10	0.25
28 More than 0.5 through 1.0	0.15	0.10	0.25
29 More than 1.0	0.18	0.12	0.30

30 For the purposes of this paragraph, "district type 02" means a unified  
 31 school district or an accommodation school that offers instruction in  
 32 grades nine through twelve, "district type 03" means a common school  
 33 district not within a high school district, "district type 04" means a  
 34 common school district within a high school district or an accommodation  
 35 school that does not offer instruction in grades nine through twelve and  
 36 "district type 05" means a high school district.

37 C. The support level for extended school year services for pupils  
 38 with disabilities is computed as follows:

39 1. Determine the sum of the following:

40 (a) The total number of miles driven by all buses of a school  
 41 district while transporting eligible pupils with disabilities on scheduled  
 42 routes from their residence to the school of attendance and from the  
 43  
 44

1 school of attendance to their residence on routes for extended school year  
2 services in accordance with section 15-881.

3 (b) The total number of miles driven on routes approved by the  
4 superintendent of public instruction for which a private party, a  
5 political subdivision or a common or a contract carrier is reimbursed for  
6 bringing an eligible pupil with a disability from the place of the pupil's  
7 residence to a school transportation pickup point or to the school  
8 facility of attendance and from the school transportation scheduled return  
9 point or from the school facility to the pupil's residence for extended  
10 school year services in accordance with section 15-881.

11 2. Multiply the sum determined in paragraph 1 of this subsection by  
12 the state support level for the district determined as provided in  
13 subsection A, paragraph 5 of this section.

14 D. The transportation support level for each school district for  
15 the current year is the sum of the support level for to and from school as  
16 determined in subsection A of this section, the support level for academic  
17 education, career and technical education, vocational education and  
18 athletic trips as determined in subsection B of this section and the  
19 support level for extended school year services for pupils with  
20 disabilities as determined in subsection C of this section.

21 E. The state support level for each approved route mile, as  
22 provided in subsection A, paragraph 5 of this section, shall be adjusted  
23 by the growth rate prescribed by law, subject to appropriation.

24 F. School districts must provide the odometer reading for each bus  
25 as of the end of the current year and the total bus mileage during the  
26 current year.

27 Sec. 36. Section 15-964, Arizona Revised Statutes, is amended to  
28 read:

29 15-964. Federal impact adjustment

30 A. The governing board of a school district may compute a federal  
31 impact adjustment to the unrestricted capital budget limit. The maximum  
32 amount of the federal impact adjustment is the sum of the following:

33 1. Twenty-five ~~per cent~~ PERCENT of the monies received from forest  
34 reserve funds by the school district in the prior fiscal year as provided  
35 in section 41-736.

36 2. For a school district that is not an accommodation school, the  
37 lesser of:

38 (a) Twenty-five ~~per cent~~ PERCENT of the title VIII of the  
39 elementary and secondary education act of 1965 revenues received in the  
40 prior fiscal year.

41 (b) The total amount of title VIII of the elementary and secondary  
42 education act of 1965 revenues received in the prior fiscal year minus the  
43 sum of the following:

44 (i) The amount of title VIII of the elementary and secondary  
45 education act of 1965 assistance used to increase the general budget limit

1 as provided in section 15-905, subsections K and O for the prior fiscal  
2 year.

3 (ii) The amount budgeted for title VIII of the elementary and  
4 secondary education act of 1965 administrative costs as provided in  
5 section 15-905, subsection P for the current year.

6 (iii) The amount budgeted for principal and interest on impact aid  
7 revenue bonds pursuant to section ~~15-2104~~ 41-5804 for the current year.

8 B. The federal impact adjustment shall only be budgeted and  
9 expended for new construction, major renovation of buildings or  
10 expenditures that may be budgeted in the unrestricted capital fund.

11 C. If the governing board underestimated the amount of the federal  
12 impact adjustment for the current year, the board may adjust the  
13 unrestricted capital budget limit and the budget before May 15. If the  
14 board overestimated the amount of the federal impact adjustment for the  
15 current year, the board shall adjust the unrestricted capital budget limit  
16 and the budget before May 15. Not later than May 18, the budget as  
17 revised shall be submitted electronically to the superintendent of public  
18 instruction.

19 Sec. 37. Section 15-973, Arizona Revised Statutes, is amended to  
20 read:

21 15-973. Apportionment of funds; expenditure limitation

22 A. The state board of education shall apportion state aid from  
23 appropriations made for that purpose to the several counties on the basis  
24 of state aid entitlement for the school districts in each county. An  
25 allowance shall not be made for nonresident alien children or for wards of  
26 the United States for whom tuition is paid, but attendance of a student in  
27 a school of a county adjoining the county of the student's residence  
28 outside the state under a certificate of educational convenience as  
29 provided by section 15-825 shall be deemed to be enrollment in the school  
30 of the county or school district of the student's residence.

31 B. Apportionments shall be made as follows:

32 **1. BY THE CLOSE OF BUSINESS ON THE FIFTEENTH DAY OF BUSINESS OF**  
33 **JULY, ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL**  
34 **YEAR.**

35 ~~1.~~ **2.** By the close of business on the ~~first~~ **FIFTEENTH** day of  
36 business of August, one-twelfth of the total amount to be apportioned  
37 during the fiscal year.

38 ~~2.~~ **3.** By the close of business on the ~~first~~ **FIFTEENTH** day of  
39 business of September, one-twelfth of the total amount to be apportioned  
40 during the fiscal year.

41 ~~3.~~ **4.** By the close of business on the ~~first~~ **FIFTEENTH** day of  
42 business of October, one-twelfth of the total amount to be apportioned  
43 during the fiscal year.

1           ~~4.~~ 5. By the close of business on the ~~first~~ FIFTEENTH day of  
2 business of November, one-twelfth of the total amount to be apportioned  
3 during the fiscal year.

4           ~~5.~~ 6. By the close of business on the ~~first~~ FIFTEENTH day of  
5 business of December, one-twelfth of the total amount to be apportioned  
6 during the fiscal year.

7           ~~6.~~ 7. By the close of business on the ~~first~~ FIFTEENTH day of  
8 business of January, one-twelfth of the total amount to be apportioned  
9 during the fiscal year.

10          ~~7.~~ 8. By the close of business on the ~~first~~ FIFTEENTH day of  
11 business of February, one-twelfth of the total amount to be apportioned  
12 during the fiscal year.

13          ~~8.~~ 9. By the close of business on the ~~first~~ FIFTEENTH day of  
14 business of March, one-twelfth of the total amount to be apportioned  
15 during the fiscal year.

16          ~~9.~~ 10. By the close of business on the ~~first~~ FIFTEENTH day of  
17 business of April, one-twelfth of the total amount to be apportioned  
18 during the fiscal year.

19          ~~10.~~ 11. By the close of business on the ~~first~~ FIFTEENTH day of  
20 business of May, one-twelfth of the total amount to be apportioned during  
21 the fiscal year.

22          ~~11.~~ 12. By the close of business on the ~~first~~ FIFTEENTH day of  
23 business of June, one-twelfth of the total amount to be apportioned during  
24 the fiscal year.

25          ~~12. By the close of business on the last day of business of~~  
26 ~~June, one-twelfth of the total amount to be apportioned during the fiscal~~  
27 ~~year.~~

28 The superintendent of public instruction shall furnish to the county  
29 treasurer and the county school superintendent an abstract of the  
30 apportionment and shall certify the apportionment to the department of  
31 administration, which shall draw its warrant in favor of the county  
32 treasurer of each county for the amount apportioned. On receipt of the  
33 warrant, the county treasurer shall notify the county school  
34 superintendent of the amount, together with any other monies standing to  
35 the credit of that school district, in the county school fund.

36          C. Notwithstanding subsection B of this section, if sufficient  
37 appropriated monies are available and on a showing by a school district  
38 that additional state monies are necessary for current expenses, an  
39 apportionment or part of an apportionment of state aid may be paid to the  
40 school district ~~prior to~~ BEFORE the date set for that apportionment by  
41 subsection B of this section. A school district may not receive more than  
42 three-fourths of its total apportionment before May 1 of the fiscal year.  
43 Early payments pursuant to this subsection must be approved by the state  
44 treasurer, the director of the department of administration and the  
45 superintendent of public instruction.

1 D. The superintendent of public instruction shall not make  
2 application to the federal government to utilize title VIII of the  
3 elementary and secondary education act of 1965 monies in determining the  
4 apportionment prescribed in this section.

5 E. If a school district that is eligible to receive monies pursuant  
6 to this article is unable to meet a scheduled payment on any lawfully  
7 incurred long-term obligation for debt service as provided in section  
8 15-1022, the county treasurer shall use any amount distributed pursuant to  
9 this section to make the payment. The county treasurer shall keep a  
10 record of all the instances in which a payment is made pursuant to this  
11 subsection. Any monies subsequently collected by the district to make the  
12 scheduled payment shall be used to replace the amount diverted pursuant to  
13 this subsection. When determining the total amount to be funded by a levy  
14 of secondary taxes on property within the school district for the  
15 following fiscal year, the county board of supervisors shall add to the  
16 amounts budgeted to be expended during the following fiscal year an amount  
17 equal to the total of all payments pursuant to this subsection during the  
18 current fiscal year that were not repaid during the current year.

19 F. The total amount of state monies that may be spent in any fiscal  
20 year by the state board of education for apportionment of state aid for  
21 education shall not exceed the amount appropriated or authorized by  
22 section 35-173 for that purpose. This section does not impose a duty on  
23 an officer, agent or employee of this state to discharge a responsibility  
24 or create any right in a person or group if the discharge or right would  
25 require an expenditure of state monies in excess of the expenditure  
26 authorized by legislative appropriation for that specific purpose.

27 G. THE DEPARTMENT OF EDUCATION MAY REQUIRE LOCAL EDUCATION AGENCIES  
28 TO SUBMIT THE STUDENT LEVEL DATA NECESSARY TO DETERMINE THE APPORTIONMENT  
29 OF STATE AID PURSUANT TO THIS SECTION ON OR BEFORE JULY 1 AND ON OR BEFORE  
30 THE FIRST DAY OF EACH MONTH THEREAFTER.

31 Sec. 38. Section 15-995, Arizona Revised Statutes, is amended to  
32 read:

33 15-995. Special district assessment for adjacent ways by  
34 school district

35 A. The governing board of a school district may contract for  
36 constructing, maintaining or otherwise improving any public way adjacent  
37 to any parcel of land owned by the school district or leased for school  
38 purposes by the school district, or an intersection of any public way  
39 adjoining a quarter block in which the parcel of land is situated, and for  
40 ~~the construction of~~ CONSTRUCTING sidewalks, sewers, utility lines,  
41 roadways and other related improvements in or along such streets and  
42 intersections, and to pay for such improvements by ~~the levy of~~ LEVYING a  
43 special assessment on the taxable property in the school district. A  
44 school district shall not use any portion of the monies generated from the  
45 special assessment for any construction, maintenance or other improvements



1 to the school district's property except improvements necessary to ensure  
2 the safe ingress to and egress from public school property directly  
3 adjacent to the public way for buses and fire equipment. The assessment  
4 shall be made a part of the itemized statement that is regularly filed  
5 with the county school superintendent and that shows the amount of monies  
6 needed for the expenses of schools within the school district for the  
7 ensuing year. Each adjacent ways project proposal to be funded through  
8 this special assessment must be filed with the **DIVISION OF** school  
9 facilities ~~board~~ **WITHIN THE DEPARTMENT OF ADMINISTRATION** and include the  
10 project cost estimate. If the entire project cost for the adjacent ways  
11 project is greater than ~~fifty thousand dollars~~ \$50,000, the ~~school~~  
12 ~~facilities board~~ **DIVISION** shall approve or deny the project within sixty  
13 days after ~~receipt of~~ **RECEIVING** the filing of the project proposal by the  
14 school district and the expenditure shall not be made unless the ~~school~~  
15 ~~facilities board~~ **DIVISION** validates both of the following within sixty  
16 days after ~~receipt of~~ **RECEIVING** the filing of the proposal:

- 17 1. The project that is proposed to be funded by the assessment ~~is~~  
18 ~~in compliance~~ **COMPLIES** with state laws relating to adjacent ways projects.
- 19 2. The proposal selected by the school district does not contain  
20 additional work that is not listed in the adjacent ways proposal submitted  
21 by the school district.

22 B. If any property that is owned by a school district or leased by  
23 a school district for school purposes from any city or county, the state  
24 or the United States is included within the assessment district to be  
25 assessed to pay the costs and expenses of any public improvements  
26 initiated by a city, in order to make the assessments thereon payable by  
27 the city in which the improvement is initiated, the governing board may  
28 contract with the municipality or its improvement district to reimburse it  
29 for the amount of the assessment against the property and to pay the  
30 amount so contracted for by the levy of a special assessment as provided  
31 by subsection A of this section.

32 C. The governing board of the school district shall follow the  
33 truth in taxation notice and hearing requirements prescribed in section  
34 15-905.01, subsection B.

35 D. The portion of the primary tax rate to fund adjacent ways as  
36 provided in this section shall not be included in the computation of  
37 additional state aid for education as prescribed in section 15-972.

38 Sec. 39. Section 15-996, Arizona Revised Statutes, is amended to  
39 read:

40 15-996. Duties of county treasurer relating to school  
41 district's monies

42 The county treasurer shall:

- 43 1. Receive and hold all school district monies and keep a separate  
44 account for each school district and for the special county school reserve  
45 fund. The county treasurer may maintain separate accounts for each fund

1 of a school district or the county treasurer may maintain only two  
2 accounts for each school district's monies in addition to the funds  
3 provided for in sections 15-1024, 15-1025 and ~~15-2041~~ 41-5741. If only  
4 two accounts are maintained, the first account shall consist of  
5 maintenance and operation, unrestricted capital outlay and adjacent ways  
6 monies and the classroom site fund prescribed in section 15-977 and the  
7 second account shall consist of federal and state grant monies and all  
8 other monies.

9 2. Pool school district monies for investment except as provided in  
10 sections 15-1024 and 15-1025. Interest earned on the monies pooled for  
11 investment shall be apportioned at least quarterly to the appropriate  
12 school district based on an average monthly balance as prescribed in the  
13 uniform system of accounting for county treasurers as provided in section  
14 41-1279.21.

15 3. Notwithstanding section 11-605, register warrants only as  
16 follows:

17 (a) If separate accounts are maintained for each fund, warrants may  
18 only be registered on the maintenance and operation, unrestricted capital  
19 outlay and adjacent ways accounts and the classroom site fund prescribed  
20 in section 15-977 and only if the total cash balance of all three accounts  
21 is insufficient to pay the warrants, except that, during the period of  
22 time when a school district is under receivership pursuant to section  
23 15-103, a warrant may be registered on the debt service account for which  
24 the cash balance in the debt service account is insufficient to cover the  
25 debt service payment if there are not sufficient monies in the debt  
26 service account to cover the debt.

27 (b) If the county treasurer maintains only two accounts as provided  
28 in paragraph 1 of this section:

29 (i) The county treasurer may register warrants only on the first  
30 account and only if the balance of that account is insufficient to pay the  
31 warrants.

32 (ii) The county treasurer may honor warrants for any federal or  
33 state grant fund with a negative balance as long as the total balance in  
34 the second account is positive. If the second account total balance is  
35 negative, the warrant for a federal or state grant fund shall be charged  
36 to the maintenance and operation fund. Any interest charged to the  
37 federal or state grant fund as a result of a negative balance that is in  
38 excess of interest earned on the fund shall be transferred to the  
39 maintenance and operation fund at the end of the fiscal year or the end of  
40 the grant year. If a federal or state grant fund has a negative balance  
41 at the end of the fiscal year or grant year, sufficient expenditures shall  
42 be transferred to the maintenance and operation fund to eliminate the  
43 negative balance.



1 D. From and after December 31, 1998, a unified school district, as  
2 defined under article IX, section 8.1, Constitution of Arizona, may issue  
3 class B bonds for the purposes specified in this section and chapter 4,  
4 article 5 of this title to an amount in the aggregate, including the  
5 existing class B indebtedness, not exceeding twenty percent of the net  
6 assessed value of the full cash value of the property in that school  
7 district, or ~~one thousand five hundred dollars~~ \$1,500 per student count  
8 pursuant to section 15-901, subsection A, paragraph 13, whichever amount  
9 is greater. A unified school district shall not issue class B bonds until  
10 the proceeds of any class A bonds issued by the unified school district  
11 have been obligated in contract. The total amount of class A and class B  
12 bonds issued by a unified school district shall not exceed the debt  
13 limitations prescribed in article IX, section 8.1, Constitution of  
14 Arizona.

15 E. Bonds authorized to be issued by an election held after July 1,  
16 1980 and before November 24, 2009 may not be issued more than six years  
17 after the date of the election, except that the time period may be  
18 extended to ten years pursuant to an election conducted pursuant to  
19 section 15-491, subsection A, paragraph 6 and except that class A bonds  
20 shall not be issued after December 31, 1999. Bonds authorized to be  
21 issued by an election held after November 24, 2009 may not be issued more  
22 than ten years after the date of the election.

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

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

37 1. That preserve the usage of the facility renovated or  
38 constructed, or both, only for career and technology programs operated by  
39 the career technical education district.

40 2. That include the process to be used by the participating  
41 district to compensate the career technical education district in the  
42 event that the facility is no longer used only for career and technical  
43 education programs offered by the career technical education district  
44 during the life of the bond.

1 H. A school district shall not authorize, issue or sell bonds  
2 pursuant to this section if the school district has any existing  
3 indebtedness from impact aid revenue bonds pursuant to TITLE 41, chapter  
4 ~~16~~ 56, article 8 ~~of this title~~, except for bonds issued to refund any  
5 bonds issued by the governing board.

6 I. For the purposes of this section, "full cash value" and "net  
7 assessed value" have the same meanings prescribed in section 42-11001.

8 Sec. 41. Section 15-1043, Arizona Revised Statutes, is amended to  
9 read:

10 15-1043. Student level data; allowable disclosure; policies

11 A. Any disclosure of educational records compiled by the department  
12 of education pursuant to this article shall comply with the family  
13 educational rights and privacy act (20 United States Code section 1232g).

14 B. Student level data may not be updated unless the change is  
15 authorized by the school district, career technical education district or  
16 charter school.

17 C. The department of education shall adopt policies and procedures  
18 to BOTH:

19 1. Allow access of student level data for currently enrolled  
20 students to ALL OF THE FOLLOWING:

- 21 (a) School districts. ~~,~~
- 22 (b) Career technical education districts. ~~and~~
- 23 (c) Charter schools.

24 2. ALLOW ACCESS OF STUDENT LEVEL DATA TO ALL OF THE FOLLOWING:

25 (a) COUNTY SCHOOL SUPERINTENDENTS FOR STUDENTS CURRENTLY ENROLLED  
26 IN A SCHOOL DISTRICT LOCATED IN THE SUPERINTENDENT'S COUNTY OF  
27 JURISDICTION.

28 (b) THE STATE BOARD OF EDUCATION FOR STUDENTS CURRENTLY ENROLLED IN  
29 A SCHOOL DISTRICT OR CHARTER SCHOOL IN THIS STATE.

30 (c) THE STATE BOARD FOR CHARTER SCHOOLS FOR STUDENTS CURRENTLY  
31 ENROLLED IN A CHARTER SCHOOL SPONSORED BY THE STATE BOARD FOR CHARTER  
32 SCHOOLS.

33 D. THE DEPARTMENT OF EDUCATION SHALL DEVELOP, PUBLISH AND MAKE  
34 PUBLICLY AVAILABLE POLICIES AND PROCEDURES TO COMPLY WITH THE FAMILY  
35 EDUCATIONAL RIGHTS AND PRIVACY ACT OF 19 (20 UNITED STATES CODE SECTION  
36 1232g) AND OTHER RELEVANT PRIVACY LAWS AND POLICIES, INCLUDING POLICIES  
37 THAT MANAGE ACCESS TO PERSONALLY IDENTIFIABLE INFORMATION, TO BE  
38 IMPLEMENTED BY THE DEPARTMENT OF EDUCATION, COUNTY SCHOOL SUPERINTENDENTS,  
39 THE STATE BOARD OF EDUCATION AND THE STATE BOARD FOR CHARTER SCHOOLS  
40 PURSUANT TO THIS SECTION AND AS PRESCRIBED BY INTERAGENCY DATA-SHARING  
41 AGREEMENTS. THE POLICIES AND PROCEDURES MUST COMPLY WITH ALL OF THE  
42 FOLLOWING:

43 1. CONTAIN A DETAILED DATA SECURITY PLAN THAT INCLUDES ALL OF THE  
44 FOLLOWING:

- 1 (a) GUIDELINES FOR AUTHORIZING ACCESS TO THE SYSTEMS HOUSING  
2 STUDENT LEVEL DATA AND TO INDIVIDUAL STUDENT DATA, INCLUDING GUIDELINES  
3 FOR AUTHENTICATING AUTHORIZED ACCESS.
- 4 (b) PRIVACY COMPLIANCE STANDARDS.
- 5 (c) PRIVACY AND SECURITY AUDITS.
- 6 (d) SECURITY BREACH PLANNING, NOTICE AND PROCEDURES.
- 7 (e) DATA RETENTION AND DISPOSITION POLICIES, WHICH MUST INCLUDE  
8 SPECIFIC CRITERIA FOR IDENTIFYING WHEN AND HOW THE DATA WILL BE DESTROYED.
- 9 (f) GUIDANCE FOR SCHOOL DISTRICTS, CHARTER SCHOOLS AND STAFF  
10 REGARDING DATA USE.
- 11 (g) CONSEQUENCES FOR SECURITY BREACHES.
- 12 (h) STAFF TRAINING REGARDING THE GUIDELINES.
- 13 2. ENSURE THAT WRITTEN AGREEMENTS INVOLVING THE DISCLOSURE OF  
14 STUDENT LEVEL DATA TO THE DEPARTMENT OF EDUCATION, COUNTY SCHOOL  
15 SUPERINTENDENTS, THE STATE BOARD OF EDUCATION AND THE STATE BOARD FOR  
16 CHARTER SCHOOLS COMPLY WITH ALL OF THE FOLLOWING:
- 17 (a) MEET THE MINIMUM CONDITIONS PRESCRIBED BY THE FAMILY  
18 EDUCATIONAL RIGHTS AND PRIVACY ACT FOR EXCEPTIONS TO WRITTEN PARENTAL  
19 CONSENT AS OUTLINED IN 20 UNITED STATES CODE SECTION 1232g(b) AND (h)  
20 THROUGH (j) AND 34 CODE OF FEDERAL REGULATIONS SECTION 99.31.
- 21 (b) SPECIFY THE PURPOSE, SCOPE AND DURATION OF THE DISCLOSURE AND  
22 THE INFORMATION TO BE DISCLOSED.
- 23 (c) REQUIRE THE ORGANIZATION TO USE PERSONALLY IDENTIFIABLE  
24 INFORMATION FROM EDUCATIONAL RECORDS ONLY TO MEET THE PURPOSE OR PURPOSES  
25 OF THE DISCLOSURE AS STATED IN THE WRITTEN AGREEMENT.
- 26 (d) REQUIRE THE ORGANIZATION TO CONDUCT THE DISCLOSURE IN A MANNER  
27 THAT DOES NOT ALLOW ACCESS TO THE PERSONALLY IDENTIFIABLE INFORMATION OF  
28 PARENTS AND STUDENTS BY ANYONE OTHER THAN REPRESENTATIVES OF THE  
29 ORGANIZATION WITH LEGITIMATE INTERESTS.
- 30 (e) REQUIRE THE ORGANIZATION TO DESTROY ALL PERSONALLY IDENTIFIABLE  
31 INFORMATION WHEN THE INFORMATION IS NO LONGER NEEDED FOR THE PURPOSES FOR  
32 WHICH THE DISCLOSURE WAS CONDUCTED AND TO SPECIFY THE TIME PERIOD IN WHICH  
33 THE INFORMATION MUST BE DESTROYED.
- 34 3. ENSURE THAT ANY WORK PRODUCTS FROM THE USE OF STUDENT LEVEL DATA  
35 BY THE DEPARTMENT OF EDUCATION, COUNTY SCHOOL SUPERINTENDENTS, THE STATE  
36 BOARD OF EDUCATION OR THE STATE BOARD FOR CHARTER SCHOOLS ARE NOT IN  
37 CONFLICT WITH ANY STATE AND FEDERAL REPORTING THAT MEETS STATE AND FEDERAL  
38 LAW.
- 39 4. PROVIDE ACCESS TO STUDENT LEVEL DATA THROUGH AN ONLINE PLATFORM  
40 WITHIN THE PARAMETERS OF FEDERAL LAW AND PURSUANT TO THE WRITTEN  
41 AGREEMENTS WITH THE CONSENT OF THE REQUIRED PARTIES.
- 42 E. THIS SECTION DOES NOT APPLY TO A HOMESCHOOL STUDENT WITH AN  
43 AFFIDAVIT ON FILE PURSUANT TO SECTION 15-802.

1           Sec. 42. Section 15-1107, Arizona Revised Statutes, is amended to  
2 read:

3           15-1107. [Litigation recovery fund; disposition of proceeds](#)

4           A. Monies received for and derived from settlement of legal  
5 controversies or from recovery of costs, attorney fees or damages by a  
6 school district in litigation by or against the school district shall be  
7 deposited with the county treasurer who shall credit the deposits to the  
8 litigation recovery fund of the school district. The litigation recovery  
9 fund is a continuing fund that is not subject to reversion.

10          B. If a school district receives monies as provided in subsection A  
11 of this section for the purpose of replacing or repairing school buildings  
12 or other school property, the governing board, or the superintendent or  
13 chief administrative officer with the approval of the governing board, may  
14 apply the proceeds only to:

15          1. Reimburse the ~~school facilities board~~ building renewal grant  
16 fund established by section ~~15-2032~~ [41-5731](#) or the emergency deficiencies  
17 correction fund established by section ~~15-2022~~ [41-5721](#) to the extent that  
18 monies were received ~~by the school district from the school facilities~~  
19 ~~board~~; [FROM THOSE FUNDS](#) for replacing or repairing school buildings or  
20 other school property that was the subject of the dispute and the monies  
21 recovered by the school district pursuant to subsection A of this section  
22 are designated for the replacement or repair. The school district shall  
23 prioritize the reimbursement ~~of the school facilities board~~ [AS DESCRIBED](#)  
24 [IN THIS PARAGRAPH](#), if applicable.

25          2. Pay any outstanding bonded indebtedness of the school district  
26 that is payable from the levy of taxes on property within the school  
27 district.

28          3. Construct, acquire, improve, repair or furnish school buildings  
29 after notice. If the proceeds are applied to a project that costs more  
30 than ~~two hundred fifty thousand dollars~~ [\\$250,000](#), the governing board, or  
31 the superintendent or chief administrative officer with the approval of  
32 the governing board, may apply the proceeds after notice and a hearing.

33          4. Replace or repair the school property other than school  
34 buildings.

35          C. Except as provided in subsection B of this section, the  
36 governing board, or the superintendent or chief administrative officer  
37 with the approval of the governing board, may apply the proceeds of  
38 litigation recoveries to procure legal services or for the costs of  
39 litigation.

1           Sec. 43. Title 15, chapter 10, Arizona Revised Statutes, is amended  
2 by adding article 13, to read:

3                   ARTICLE 13. INDUSTRY-RECOGNIZED CERTIFICATION  
4                                   AND LICENSURE REIMBURSEMENT FUND

5           15-1265. Industry-recognized certification and licensure  
6                                   reimbursement fund; exemption; qualifications

7           A. THE INDUSTRY-RECOGNIZED CERTIFICATION AND LICENSURE  
8 REIMBURSEMENT FUND IS ESTABLISHED AND CONSISTS OF LEGISLATIVE  
9 APPROPRIATIONS, GIFTS, GRANTS AND OTHER DONATIONS. THE DEPARTMENT OF  
10 EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY  
11 APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING  
12 TO LAPSING OF APPROPRIATIONS.

13           B. THE DEPARTMENT SHALL USE MONIES IN THE FUND TO ELIMINATE OR  
14 REDUCE EXAM COSTS TO OBTAIN INDUSTRY-RECOGNIZED CERTIFICATES AND LICENSES  
15 FOR LOW-INCOME STUDENTS. TO QUALIFY FOR REIMBURSEMENT, A STUDENT SHALL:

16           1. SUCCESSFULLY PASS A CERTIFICATE OR LICENSE EXAM RELATED TO A  
17 CAREER AND TECHNICAL EDUCATION PROGRAM.

18           2. MEET ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER THE NATIONAL  
19 SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751  
20 THROUGH 1793) FOR FREE OR REDUCED-PRICE LUNCHES.

21           3. APPLY TO THE CAREER AND TECHNICAL EDUCATION DISTRICT TO RECEIVE  
22 REIMBURSEMENT FOR THE COST OF THE EXAM. THE CAREER AND TECHNICAL  
23 EDUCATION DISTRICT SHALL APPLY TO THE DEPARTMENT TO RECEIVE REIMBURSEMENT  
24 FOR THE COST OF THE EXAM.

25           C. IF THE AVAILABLE FUND MONIES ARE NOT SUFFICIENT TO COVER THE  
26 COSTS OF ALL QUALIFIED APPLICANTS, THE DEPARTMENT SHALL REDUCE THE REWARD  
27 AMOUNT FOR EACH STUDENT IN PROPORTION TO THE EXAM COST.

28           Sec. 44. Title 15, chapter 10.1, article 1, Arizona Revised  
29 Statutes, is amended by adding section 15-1286, to read:

30           15-1286. State treasurer; annual reports; distributions from  
31                                   funds

32           A. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE STATE TREASURER SHALL  
33 REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE  
34 OF STRATEGIC PLANNING AND BUDGETING ON DISTRIBUTIONS MADE FROM THE STUDENT  
35 SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281 TO THE STATE  
36 TREASURER, AUDITOR GENERAL, DEPARTMENT OF EDUCATION, DEPARTMENT OF REVENUE  
37 AND STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-1281, SUBSECTION B.  
38 THE REPORT SHALL INCLUDE ACTUAL DISTRIBUTIONS MADE TO EACH ENTITY IN THE  
39 PRIOR FISCAL YEAR AND ESTIMATED DISTRIBUTIONS FOR THE CURRENT FISCAL YEAR.

40           B. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE STATE TREASURER SHALL  
41 REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE  
42 OF STRATEGIC PLANNING AND BUDGETING ON DISTRIBUTIONS MADE FROM THE CAREER  
43 TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 TO THE STATE  
44 TREASURER AND THE DEPARTMENT OF EDUCATION PURSUANT TO SECTION 15-1282,  
45 SUBSECTION B. THE REPORT SHALL INCLUDE ACTUAL DISTRIBUTIONS MADE TO EACH



1 ENTITY IN THE PRIOR FISCAL YEAR AND ESTIMATED DISTRIBUTIONS FOR THE  
2 CURRENT FISCAL YEAR.

3 Sec. 45. Section 15-1304, Arizona Revised Statutes, is amended to  
4 read:

5 15-1304. Land reserved for use and benefit of school; schools  
6 for the deaf and the blind fund; cooperative  
7 services fund; definition

8 A. The grant of one hundred thousand acres of land for schools for  
9 the deaf and the blind made by the enabling act approved June 20, 1910, or  
10 the proceeds of such lands as are sold or otherwise disposed of, is  
11 forever reserved for the use and benefit of the school for the deaf and  
12 the blind.

13 B. ~~NO~~ Land exchanges or sales or commercial leases in excess of ten  
14 years of land of the grant by the United States for the use and benefit of  
15 the school for the deaf and the blind shall NOT be disposed of except by  
16 majority approval of the voting members of the board of directors of the  
17 school.

18 C. The superintendent of the school shall annually report to the  
19 board on the use of monies that are the proceeds of or income from the  
20 proceeds of land of the grant by the United States for the use and benefit  
21 of the school.

22 D. The schools for the deaf and the blind fund is established  
23 consisting of monies from expendable earnings of the grant in subsection A  
24 of this section, monies from the department of education for special  
25 educational vouchers for deaf and blind students pursuant to section  
26 15-1202, except for monies dedicated to regional school cooperatives,  
27 which ~~are continuously appropriated~~ SHALL INSTEAD BE DEPOSITED IN THE  
28 COOPERATIVE SERVICES FUND PURSUANT TO SUBSECTION E OF THIS SECTION, and  
29 overage and nonresident student monies collected pursuant to section  
30 15-1345. Monies in the fund are subject to legislative appropriation and  
31 are exempt from the provisions of section 35-190 relating to lapsing of  
32 appropriations.

33 E. THE COOPERATIVE SERVICES FUND IS ESTABLISHED CONSISTING OF  
34 MONIES FROM THE DEPARTMENT OF EDUCATION FOR SPECIAL EDUCATION  
35 INSTITUTIONAL VOUCHERS FOR DEAF AND BLIND STUDENTS PURSUANT TO SECTION  
36 15-1202 WHO ARE ENROLLED IN REGIONAL SCHOOL COOPERATIVES, MEMBERSHIP FEES  
37 PAID BY SCHOOL DISTRICTS AND CHARTER SCHOOLS PARTICIPATING IN REGIONAL  
38 SCHOOL COOPERATIVES AND FEE-FOR-SERVICE PAYMENTS MADE BY SCHOOL DISTRICTS  
39 AND CHARTER SCHOOLS ON BEHALF OF STUDENTS ENROLLED IN REGIONAL SCHOOL  
40 COOPERATIVES FOR WHOM THE SCHOOLS DO NOT RECEIVE A SPECIAL EDUCATION  
41 INSTITUTIONAL VOUCHER PURSUANT TO SECTION 15-1202. THE ARIZONA STATE  
42 SCHOOLS FOR THE DEAF AND THE BLIND SHALL ADMINISTER THE FUND. MONIES IN  
43 THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE EXEMPT FROM THE  
44 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

1 F. FOR THE PURPOSES OF THIS SECTION, "REGIONAL SCHOOL COOPERATIVES"  
2 MEANS REGIONAL PROGRAMS AND SERVICES OFFERED BY THE SCHOOLS IN CONJUNCTION  
3 WITH OTHER SCHOOL DISTRICTS AND CHARTER SCHOOLS FOR STUDENTS WITH A  
4 HEARING IMPAIRMENT, SENSORY IMPAIRMENT OR VISUAL IMPAIRMENT WHO ATTEND A  
5 SCHOOL OPERATED BY A SCHOOL DISTRICT OR A CHARTER SCHOOL IN THIS STATE.

6 Sec. 46. Repeal

7 Section 15-2003, Arizona Revised Statutes, is repealed.

8 Sec. 47. Transfer and renumber

9 Title 15, chapter 16, Arizona Revised Statutes, is transferred and  
10 renumbered for placement in title 41, Arizona Revised Statutes, as a new  
11 chapter 56. Title 15, chapter 16, articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10  
12 and 11, Arizona Revised Statutes, are transferred and renumbered for  
13 placement in title 41, chapter 56, Arizona Revised Statutes, as added by  
14 this act, as new articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11,  
15 respectively. The following sections are transferred and renumbered for  
16 placement in title 41, chapter 56, article 1:

<u>Former Sections</u>	<u>New Sections</u>
15-2001 .....	41-5701.02
15-2002 .....	41-5702
15-2004 .....	41-5703
15-2005 .....	41-5704
15-2006 .....	41-5705

23 The following section is transferred and renumbered for placement in  
24 title 41, chapter 56, article 2:

<u>Former Section</u>	<u>New Section</u>
15-2011 .....	41-5711

27 The following section is transferred and renumbered for placement in  
28 title 41, chapter 56, article 3:

<u>Former Section</u>	<u>New Section</u>
15-2022 .....	41-5721

31 The following section is transferred and renumbered for placement in  
32 title 41, chapter 56, article 4:

<u>Former Section</u>	<u>New Section</u>
15-2032 .....	41-5731

35 The following section is transferred and renumbered for placement in  
36 title 41, chapter 56, article 5:

<u>Former Section</u>	<u>New Section</u>
15-2041 .....	41-5741

39 The following sections are transferred and renumbered for placement  
40 in title 41, chapter 56, article 6:

<u>Former Sections</u>	<u>New Sections</u>
15-2051 .....	41-5751
15-2052 .....	41-5752
15-2053 .....	41-5753
15-2054 .....	41-5754

1	15-2055 .....	41-5755
2	15-2056 .....	41-5756
3	15-2057 .....	41-5757
4	15-2059 .....	41-5758
5	15-2060 .....	41-5759
6	15-2061 .....	41-5760
7	15-2062 .....	41-5761
8	15-2064 .....	41-5762
9	15-2065 .....	41-5763
10	15-2066 .....	41-5764

11 The following sections are transferred and renumbered for placement  
12 in title 41, chapter 56, article 7:

13	<u>Former Sections</u>	<u>New Sections</u>
14	15-2081 .....	41-5781
15	15-2082 .....	41-5782
16	15-2083 .....	41-5783
17	15-2084 .....	41-5784
18	15-2085 .....	41-5785
19	15-2086 .....	41-5786
20	15-2087 .....	41-5787
21	15-2088 .....	41-5788
22	15-2089 .....	41-5789
23	15-2090 .....	41-5790
24	15-2091 .....	41-5791
25	15-2093 .....	41-5792
26	15-2094 .....	41-5793
27	15-2095 .....	41-5794

28 The following sections are transferred and renumbered for placement  
29 in title 41, chapter 56, article 8:

30	<u>Former Sections</u>	<u>New Sections</u>
31	15-2101 .....	41-5801
32	15-2102 .....	41-5802
33	15-2103 .....	41-5803
34	15-2104 .....	41-5804
35	15-2105 .....	41-5805
36	15-2106 .....	41-5806
37	15-2107 .....	41-5807
38	15-2108 .....	41-5808
39	15-2109 .....	41-5809
40	15-2110 .....	41-5810
41	15-2111 .....	41-5811
42	15-2112 .....	41-5812
43	15-2113 .....	41-5813
44	15-2114 .....	41-5814
45	15-2115 .....	41-5815

1 The following sections are transferred and renumbered for placement  
2 in title 41, chapter 56, article 9:

<u>Former Sections</u>	<u>New Sections</u>
15-2131 .....	41-5831
15-2132 .....	41-5832

6 The following section is transferred and renumbered for placement in  
7 title 41, chapter 56, article 10:

<u>Former Section</u>	<u>New Section</u>
15-2141 .....	41-5841

10 The following sections are transferred and renumbered for placement  
11 in title 41, chapter 56, article 11:

<u>Former Sections</u>	<u>New Sections</u>
15-2151 .....	41-5851
15-2152 .....	41-5852
15-2153 .....	41-5853
15-2154 .....	41-5854
15-2155 .....	41-5855
15-2156 .....	41-5856
15-2157 .....	41-5857
15-2158 .....	41-5858

21 Sec. 48. Section 35-185.01, Arizona Revised Statutes, is amended to  
22 read:

23 35-185.01. Treasurer's warrant notes; form; redemption;  
24 exception

25 A. If monies are not available to pay warrants, checks or  
26 substitute checks, or electronic funds transfer vouchers of the department  
27 of administration presented to the state treasurer pursuant to section  
28 35-185, the treasurer, in lieu of payment, shall issue and shall exchange  
29 or sell a treasurer's warrant note or notes in the amount or amounts equal  
30 to the sum of the face value of the warrants, checks or substitute checks,  
31 or electronic funds transfer vouchers presented for payment. Treasurer's  
32 warrant notes shall be issued in lieu of payment of state general fund  
33 warrants, checks or substitute checks, or electronic funds transfer  
34 vouchers only or in exchange for previously issued treasurer's warrant  
35 notes. Before issuing warrant notes, the state treasurer is not required  
36 to divest from program funding obligations issued pursuant to section  
37 ~~15-2157~~ 41-5857, board funding obligations issued pursuant to section  
38 28-7678, monies in the budget stabilization fund or operating monies  
39 invested in securities that are earning a rate of interest greater than  
40 the cost of issuing warrant notes. For the purposes of this subsection,  
41 "monies are not available" means an operating cash balance is not  
42 available to pay warrants, checks or substitute checks, or electronic  
43 funds transfer vouchers except for those operating monies invested in  
44 program funding obligations issued pursuant to section ~~15-2157~~ 41-5857,  
45 board funding obligations issued pursuant to section 28-7678, monies in

1 the budget stabilization fund or operating monies invested in securities  
2 that are earning a rate of interest greater than the total cost of issuing  
3 any warrant notes.

4 B. The face value of a treasurer's warrant note may be equal to the  
5 sum of any combination of warrants, checks or substitute checks, and  
6 electronic funds transfer vouchers presented for payment. The treasurer  
7 may sell warrant notes at public or private sale and shall use the  
8 proceeds of the sale to pay warrants, checks or substitute checks, and  
9 electronic funds transfer vouchers previously presented pursuant to  
10 section 35-185. Treasurer's warrant notes shall not be sold at a price  
11 below their face value.

12 C. Each treasurer's warrant note sold or exchanged shall be dated  
13 the date the respective warrants are presented for payment. If the date  
14 of delivery of a treasurer's warrant note that is sold is later than the  
15 date of presentment of the respective warrant or warrants, the purchaser  
16 of the treasurer's warrant note shall pay the accrued interest as an  
17 additional purchase price. The accrued interest shall be paid to the  
18 holder of the respective unpaid warrant or warrants, which shall be deemed  
19 to bear interest at the same rate as the respective treasurer's warrant  
20 note from presentment to payment from the proceeds of warrant notes sold.

21 D. The treasurer shall establish a maturity date for each  
22 treasurer's warrant note of not longer than ninety days from the date of  
23 initial issue. The treasurer may specify that treasurer's warrant notes  
24 may be called for redemption at any time before the specified maturity  
25 date.

26 E. The treasurer shall pay interest from the treasurer's warrant  
27 note redemption fund on the face value of each warrant note at the rate  
28 established by the state treasurer at the time of issuing the warrant  
29 note. Interest shall be paid from the date of the treasurer's warrant  
30 note until the maturity date or redemption date. The treasurer shall  
31 establish the interest rate before the exchange or sale of warrant notes  
32 at a rate of not more than the maximum rate permitted by the state loan  
33 commissioners.

34 F. The state loan commissioners, at a meeting called and chaired by  
35 the state treasurer, shall fix or change the maximum rate of interest that  
36 may be paid on warrant notes. Any change of the maximum allowable rate of  
37 interest as established by the state loan commissioners shall not affect  
38 warrant notes issued before the date of the change.

39 G. Each treasurer's warrant note shall be signed by the treasurer  
40 or the treasurer's designated agent and countersigned by the director of  
41 the department of administration or the director's designated agent. The  
42 required signatures may be electronic signatures. All treasurer's warrant  
43 notes shall be substantially in the following form:

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Treasurer's warrant note  
(20\_\_ to \_\_\_\_ fiscal year)  
Number \_\_\_\_\_  
Phoenix, Arizona \_\_\_\_\_, 20\_\_  
On \_\_\_\_\_, 20\_\_, the treasurer of the state of  
Arizona will pay to the order of \_\_\_\_\_ at  
\_\_\_\_\_ \$ \_\_\_\_\_ with interest at \_\_\_\_\_  
per annum from the date of issuance until paid (calculated on  
a 365/366 day basis).  
(insert early redemption provisions)

\_\_\_\_\_  
(Countersigned) State Treasurer  
Director of the department  
of administration

H. Treasurer's warrant notes may be exchanged or sold for the combined face value of any number of treasurer's warrant notes previously issued. Except for those treasurer's warrant notes issued in exchange for or to redeem treasurer's warrant notes previously issued, treasurer's warrant notes may not be issued, exchanged or sold except in payment of or to provide monies to pay warrants, checks or substitute checks, and electronic funds transfer vouchers presented for payment as provided in section 35-185.

I. Treasurer's warrant notes issued in any fiscal year shall be numbered consecutively beginning with the number one. Treasurer's warrant notes shall be redeemed in numerical order. If the treasurer has sufficient monies to pay only a portion of the lowest numbered outstanding warrant note, the treasurer may deposit the monies with the paying agent pursuant to subsection K of this section or call in the lowest numbered warrant note, before maturity according to its terms, and pay the bearer the amount available and issue to the bearer a new warrant note bearing a number that will preserve, for the new warrant note, the priority of the partially paid warrant note and bearing a value equal to the amount of principal and interest remaining unpaid. The new warrant note and the partial payment of principal and interest on the partially paid warrant note shall be exchanged for the partially paid warrant note. The new warrant note shall pay interest at the same rate as the partially paid warrant note. The treasurer may make the changes in the form and date of the new warrant note as necessary to reflect the amount of unpaid interest on the partially paid warrant note.

J. The treasurer may include in the form of the treasurer's warrant notes provisions regarding the redemption and payment of treasurer's warrant notes before maturity as are consistent with subsections I and K of this section and section 35-185.02. If prior redemption is to be a provision of a treasurer's warrant note, the note shall provide a method

1 to notify the holder of the note by publication or written, telegraphic or  
2 electronic means as chosen by the treasurer.

3 K. The treasurer may appoint a paying agent to facilitate the  
4 redemption and payment of treasurer's warrant notes. Monies deposited  
5 with the paying agent shall be allocated to pay the principal of, interest  
6 on and any prior redemption premiums associated with treasurer's warrant  
7 notes in numerical order. A treasurer's warrant note is deemed paid for  
8 all purposes of this section and section 35-185.02 when there is deposited  
9 with the paying agent sufficient monies to pay all amounts when due on the  
10 treasurer's warrant note and all amounts when due on all outstanding  
11 treasurer's warrant notes bearing a lower number. A paying agent  
12 appointed pursuant to this subsection shall provide security deposits as  
13 required by the treasurer.

14 L. When the treasurer or the paying agent, if payment is made to a  
15 paying agent, pursuant to subsection K of this section, pays treasurer's  
16 warrant notes or when the warrant notes are redeemed, the treasurer or  
17 paying agent shall mark on the face of the treasurer's warrant notes the  
18 word "cancelled" or shall cancel the warrant notes by electronic means  
19 indicating the date of cancellation and shall promptly present the notes  
20 to the director of the department of administration who shall give the  
21 state treasurer a receipt therefor.

22 M. If the state loan commissioners determine that it will result in  
23 a lower net effective interest rate on one, some or all warrant notes to  
24 be issued by the treasurer during the current fiscal year, the  
25 commissioners may authorize the treasurer to purchase letters of credit  
26 and to incur and pay insurance premiums, attorney fees or other related  
27 costs incurred with respect to treasurer's warrant notes. All such  
28 payments shall be treated in the same manner as interest to be paid on  
29 treasurer's warrant notes and shall be paid from the treasurer's warrant  
30 note redemption fund.

31 N. If treasurer's warrant notes are to be exchanged for warrants,  
32 checks or substitute checks, or electronic funds transfer vouchers held by  
33 banks or savings and loan associations, the treasurer may enter into  
34 agreements with such banks or savings and loan associations to provide for  
35 the issuance, reissuance and custody of treasurer's warrant notes, the  
36 fixing of the interest rates on the treasurer's warrant notes and the  
37 method of giving notice to the holders of the notes. Such agreements may  
38 provide for a book entry system for the treasurer's warrant notes or may  
39 provide for the issuance of one note with an appropriate grid on the  
40 reverse, which shall show the advancements made by the banks or savings  
41 and loan associations and also the payments of interest and reductions of  
42 principal. Such agreements may be continuing in nature, may be executed  
43 at any time and may apply to any treasurer's warrant notes exchanged for  
44 either warrants, checks or substitute checks, or electronic funds transfer  
45 vouchers or treasurer's warrant notes at any time during the remainder of

1 the fiscal year in which the agreement is made. The agreements shall  
2 provide a method to preserve the priority of, interest rate on and other  
3 terms of each treasurer's warrant note exchanged pursuant to the  
4 agreement. Any such agreement shall not become effective until approved  
5 by the state loan commissioners.

6 Sec. 49. Section 35-212, Arizona Revised Statutes, is amended to  
7 read:

8 35-212. Injunctive and civil remedies; time limit; definition

9 A. The attorney general in the attorney general's discretion may  
10 bring an action in the name of ~~the~~ THIS state to:

11 1. Enjoin the illegal payment of public monies, including  
12 violations of section 11-952 and title 41, chapter 23.

13 2. Recover illegally paid public monies plus twenty percent of that  
14 amount together with interest and costs, including reasonable attorney  
15 fees, to be paid to the state treasurer or other appropriate  
16 official, ~~or~~, or, in the case of public monies of a political subdivision  
17 that did not originate or were not received from this state, to the  
18 political subdivision, to the credit of the fund from which the payment  
19 was made.

20 B. The attorney general may bring an action to recover illegally  
21 paid public monies against:

22 1. Any person who received the illegal payment.

23 2. The public body or the public officer acting in the officer's  
24 official capacity who ordered or caused the illegal payment or has  
25 supervisory authority over the person that ordered or caused the illegal  
26 payment.

27 3. The public official, employee or agent who ordered or caused the  
28 illegal payment, including a payment ordered or caused to be made without  
29 authorization of law.

30 4. THE PUBLIC OFFICIAL, EMPLOYEE OR AGENT OF THIS STATE, A  
31 POLITICAL SUBDIVISION OF THIS STATE OR A BUDGET UNIT WHO KNOWINGLY USES  
32 PUBLIC MONIES OR OTHER PUBLIC RESOURCES, INCLUDING EMAIL, EQUIPMENT OR  
33 COMPENSATED WORK TIME, TO ORGANIZE, PLAN OR EXECUTE ANY ACTIVITY THAT  
34 IMPEDES OR PREVENTS A PUBLIC SCHOOL FROM OPERATING FOR ANY PERIOD OF TIME,  
35 UNLESS THE PUBLIC OFFICIAL, EMPLOYEE OR AGENT IS ACTING IN GOOD FAITH AND  
36 IN FURTHERANCE OF THE OFFICIAL'S, EMPLOYEE'S OR AGENT'S OFFICIAL DUTIES.

37 5. THE TEACHER, ADMINISTRATOR OR OTHER EMPLOYEE OF A SCHOOL  
38 DISTRICT OR CHARTER SCHOOL OR THE STATE EMPLOYEE WHOSE VIOLATION OF  
39 SECTION 15-717.02 RESULTED IN AN ILLEGAL USE OF PUBLIC MONIES.

40 C. A public official, employee or agent of this state, a political  
41 subdivision of this state or a budget unit who is charged with collecting,  
42 receiving, safekeeping, transferring or disbursing public monies may be  
43 held personally liable for an illegal payment of public monies, including  
44 payment made without authorization of law.



1 D. A public official, employee or agent of this state, a political  
2 subdivision of this state or a budget unit who is responsible for  
3 disbursing, collecting, receiving, safekeeping or transferring public  
4 monies pursuant to a warrant, check or substitute check, electronic funds  
5 transfer voucher or other form of claim that does not originate from the  
6 public official, employee or agent making the disbursement may not be held  
7 personally liable for illegal payments made pursuant to such warrants,  
8 checks or substitute checks, electronic funds transfer vouchers or other  
9 claims unless the public official, employee or agent knew or should have  
10 known that a warrant, check or substitute check, electronic funds transfer  
11 voucher or other claim would result in an illegal payment of public  
12 monies.

13 E. An action brought pursuant to this article is subject to title  
14 12, chapter 7, article 2. If the action is brought by the attorney  
15 general, the action must be brought within five years after the date an  
16 illegal payment was ordered and section 12-821.01 does not apply to the  
17 action.

18 F. For the purposes of this section, "public monies" includes all  
19 monies coming into the lawful possession, custody or control of budget  
20 units, state agencies, boards, commissions or departments or a state  
21 officer, employee or agent in an official capacity, and all monies coming  
22 into the lawful possession, custody or control of a tax-supported  
23 political subdivision or an officer, employee or agent of a tax-supported  
24 political subdivision in an official capacity irrespective of the source  
25 from which, or the manner in which, the monies are received.

26 Sec. 50. Section 35-313, Arizona Revised Statutes, is amended to  
27 read:

28 35-313. Investment of trust and treasury monies; loan of  
29 securities

30 A. The state treasurer shall invest and reinvest trust and treasury  
31 monies in any of the following items:

32 1. Obligations issued or guaranteed by the United States or any of  
33 its agencies, sponsored agencies, corporations, sponsored corporations or  
34 instrumentalities.

35 2. Repurchase agreements collateralized with securities that are  
36 authorized for investment pursuant to state law and that are purchased  
37 from authorized counterparties that have adequate capital and liquidity as  
38 determined by the state treasurer.

39 3. Bonds or other evidences of indebtedness of this state or any of  
40 the counties or incorporated cities, towns or duly organized school  
41 districts.

42 4. Commercial paper whose issuer is investment grade for short-term  
43 obligations by any two nationally recognized statistical rating  
44 organizations.

- 1           5. Bills of exchange or time drafts known as banker's acceptances  
2 that are drawn on and accepted by a commercial bank.
- 3           6. Negotiable certificates of deposit issued by a nationally or  
4 state-chartered bank or savings and loan association.
- 5           7. Bonds, debentures, notes or other evidences of indebtedness that  
6 are denominated in United States dollars and that carry an investment  
7 grade rating by a nationally recognized bond rating agency.
- 8           8. Securities of or any other interests in any open-end or  
9 closed-end management type investment company or investment trust,  
10 including exchange traded products whose underlying investments are  
11 invested in securities allowed by state law, registered under the  
12 investment company act of 1940 (54 Stat. 789; 15 United States Code  
13 sections 80a-1 through 80a-64), as amended. For any treasurer investment  
14 pool that seeks to maintain a constant share price, both of the following  
15 apply:
- 16           (a) The investment company or investment trust takes delivery of  
17 the collateral for any repurchase agreement either directly or through an  
18 authorized custodian.
- 19           (b) The investment policy of the investment company or investment  
20 trust includes seeking to maintain a constant share price.
- 21           9. Certificates of deferred property taxes as provided by section  
22 42-17309.
- 23           10. Treasurer's warrant notes issued pursuant to section 35-185.01  
24 or registered warrants of a county issued pursuant to section 11-605, if  
25 the yield is equal to or greater than yields on eligible investment  
26 instruments of comparable maturities.
- 27           11. Shares in the treasurer's local government investment pools  
28 pursuant to section 35-326 if investment policies of the pool seek to  
29 maintain a constant share price.
- 30           12. Shares in the treasurer's long-term local government investment  
31 pools, the terms of which are determined by the state board of investment,  
32 pursuant to section 35-326.01.
- 33           13. Subject to subsection D of this section, state transportation  
34 board funding obligations delivered pursuant to section 28-7678.
- 35           14. Deposits placed in accordance with the procedures prescribed in  
36 section 35-323.01.
- 37           15. Institutional common trust funds whose underlying investments  
38 are invested in securities allowed by state law.
- 39           16. Program funding obligations delivered by the credit enhancement  
40 eligibility board pursuant to section ~~15-2157~~ 41-5857.
- 41           B. In case of default or failure to honor a county treasurer's  
42 warrant, the state treasurer may withhold the first state shared revenues  
43 that would otherwise be distributed to the defaulting county in the amount  
44 necessary to honor the note, including accrued interest to and beyond the  
45 date of default.

1 C. The state treasurer may contract to loan securities owned by the  
2 trust funds and operating monies deposited in the investment pools  
3 pursuant to section 35-316, subsection B to the financial or dealer  
4 community through one or more of the entities listed in section 35-317,  
5 subsection A, or authorized by the board of investment pursuant to section  
6 35-311, subsection E, if the borrower transfers collateral to the state  
7 treasurer or acting agent of the state in the form of cash or securities  
8 authorized for investment pursuant to state law. Collateral posted in the  
9 form of cash shall be in an amount equal to at least one hundred percent  
10 of the market value of the loaned securities as agreed. Collateral posted  
11 in the form of securities shall be in an amount of at least one hundred  
12 two percent of the market value of the loaned securities as established  
13 from time to time by the board of investment. The loaned securities shall  
14 be valued as to market value daily, and, if necessary, the borrower shall  
15 post additional collateral, as agreed, to ensure that the required margin  
16 is maintained. The state treasurer may collect from the borrower all  
17 dividends, interest, premiums, rights and other distributions to which the  
18 lender of securities would otherwise be entitled. The state treasurer may  
19 terminate the contract on at least five business days' notice, as agreed,  
20 and the borrower may terminate the contract on at least two business days'  
21 notice, as agreed.

22 D. The state treasurer shall invest operating monies in state  
23 transportation board funding obligations delivered pursuant to section  
24 28-7678 pursuant to the following:

25 1. The state treasurer shall liquidate investments of operating  
26 monies if necessary to invest in state transportation board funding  
27 obligations, except that if operating monies in the state general fund  
28 fall below an \$800,000,000 average over the previous twelve consecutive  
29 months, the state treasurer is not required to purchase state  
30 transportation board funding obligations pursuant to this subsection.

31 2. Each series of state transportation board funding obligations  
32 shall bear interest at a fixed interest rate equal to the mean bid-ask  
33 price of the United States treasury obligation with a maturity date  
34 closest to the maturity date of the state transportation board funding  
35 obligation as determined by the pricing system used by the state treasurer  
36 before the date the state treasurer receives a certificate from the state  
37 transportation board that states the board's determination to deliver an  
38 obligation to the state treasurer and the anticipated delivery date of the  
39 obligation. The delivery date shall be between fifteen and sixty days  
40 after the day the state treasurer receives the certificate.

41 3. The state treasurer shall notify the state transportation board  
42 and the director of the department of transportation in writing when the  
43 operating monies fall below \$400,000,000. If operating monies fall below  
44 \$200,000,000, the state treasurer may call the investment in the state  
45 transportation board funding obligations in \$25,000,000 increments up to

1 the amount that the operating monies are below \$200,000,000. The state  
2 treasurer shall give the state transportation board and the director of  
3 the department of transportation at least fifteen days' notice of the  
4 call.

5 Sec. 51. Section 37-221, Arizona Revised Statutes, is amended to  
6 read:

7 37-221. Sale or lease of state lands for public education  
8 purposes

9 A. Notwithstanding any other law, school districts may enter into  
10 leases of state land for more than ten years if the land is to be used for  
11 public education purposes. These leases shall be granted according to the  
12 constitution of this state and department rules. School districts shall  
13 ~~make all applications~~ APPLY for leases for educational purposes on forms  
14 prepared and furnished by the department, and an authorized agent of the  
15 governing board of the school district shall sign and swear to the  
16 application. A school district shall not use lands leased to it under  
17 this section except for public ~~educational~~ EDUCATION purposes.

18 B. The department shall develop procedures to give priority to the  
19 procedures used for school districts to lease state lands for public  
20 education purposes. The department shall develop procedures to simplify  
21 the procedures used for school districts to lease state lands for public  
22 education purposes. The procedures shall specify that any leases entered  
23 into and any improvements made to properties leased pursuant to this  
24 section using state monies shall comply with the requirements of title ~~15~~  
25 ~~41~~, chapter ~~16~~ 56.

26 C. The department shall develop procedures to give priority to the  
27 procedures used for school districts to purchase state lands for public  
28 education purposes. The department shall develop procedures to simplify  
29 the procedures used for school districts to purchase state lands for  
30 public education purposes. The procedures shall specify that any purchase  
31 of school lands by school districts using state monies shall comply with  
32 the requirements of title ~~15~~ 41, chapter ~~16~~ 56.

33 D. Any monies received by the department from the lease of state  
34 public school land for public education purposes pursuant to this section  
35 shall be transferred ~~to the school facilities board~~ for deposit in the new  
36 school facilities fund established by section ~~15-2041~~ 41-5741.

37 E. For the purposes of this section, a school district shall be  
38 considered to have abandoned a lease when leased property and any  
39 improvements are no longer being used for public education purposes.

40 Sec. 52. Section 37-521, Arizona Revised Statutes, is amended to  
41 read:

42 37-521. Permanent state school fund; composition; use

43 A. After any appropriation pursuant to section 37-527, the  
44 permanent state school fund shall consist of:

1           1. The proceeds of all lands granted to the state by the United  
2 States for the support of common schools.

3           2. All property which accrues to the state by escheat or  
4 forfeiture.

5           3. All property donated for the benefit of the common schools,  
6 unless the terms of the donation otherwise provide.

7           4. All unclaimed shares and dividends of any corporation  
8 incorporated under the laws of this state.

9           5. The proceeds of sale of timber, mineral, gravel or other natural  
10 products or property from school lands and state lands other than those  
11 granted for specific purposes.

12           6. The residue of the lands granted for payment of the bonds and  
13 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,  
14 after the purpose of the grant has been satisfied, and the five per cent  
15 of the proceeds of sales of public lands lying within this state sold by  
16 the United States subsequent to admission of this state into the union, as  
17 granted by the enabling act.

18           B. The fund shall be and remain a perpetual fund and distributions  
19 from the fund pursuant to article X, section 7, Constitution of Arizona,  
20 plus monies derived from the rental of the lands and property, interest  
21 and accrued rent for that year credited pursuant to section 37-295 and  
22 interest paid on installment sales, shall be used as follows:

23           1. If there are outstanding state school facilities revenue bonds  
24 pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6, outstanding qualified  
25 zone academy bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 7 or  
26 outstanding state school trust revenue bonds issued to correct existing  
27 deficiencies, the state treasurer and the state land department shall  
28 annually transfer to the state school facilities revenue bond debt service  
29 fund established in section ~~15-2054~~ 41-5754, the state school improvement  
30 revenue bond debt service fund established in section ~~15-2084~~ 41-5784 and  
31 the state school trust revenue bond debt service fund the amount that is  
32 necessary to pay that fiscal year's debt service on outstanding state  
33 school facilities revenue bonds, qualified zone academy bonds and state  
34 school trust revenue bonds, before transferring amounts for any other  
35 uses.

36           2. If there are no outstanding state school facilities revenue  
37 bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6 or if the amount  
38 of monies available under this subsection exceeds the amount required  
39 under paragraph 1 of this subsection, the monies are subject to  
40 legislative appropriation to the new school facilities fund established by  
41 section ~~15-2041~~ 41-5741.

42           3. If the amount of monies available under this subsection exceeds  
43 the amount required under paragraphs 1 and 2 of this subsection, the  
44 legislature may annually appropriate an amount to be used as provided in  
45 section 15-971, subsection H, except that the amount appropriated may not

1 exceed the amount appropriated from the permanent state school fund and  
2 from the rent and interest paid on installment sales for this purpose in  
3 fiscal year 2000-2001.

4 4. Notwithstanding paragraphs 1, 2 and 3 of this subsection, from  
5 and after June 30, 2001, any expendable earnings under this subsection  
6 that exceed the fiscal year 2000-2001 expendable earnings shall be  
7 deposited in the classroom site fund established by section 15-977.

8 Sec. 53. Section 41-1276, Arizona Revised Statutes, is amended to  
9 read:

10 41-1276. Truth in taxation levy for equalization assistance  
11 to school districts

12 A. On or before February 15 of each year, the joint legislative  
13 budget committee shall compute and transmit the truth in taxation rates  
14 for equalization assistance for school districts for the following fiscal  
15 year to:

16 1. The chairmen of the house of representatives ways and means  
17 committee and the senate finance committee, or their successor committees.

18 2. The chairmen of the appropriations committees of the senate and  
19 the house of representatives, or their successor committees.

20 B. The truth in taxation rates consist of the qualifying tax rate  
21 for a high school district or a common school district within a high  
22 school district that does not offer instruction in high school subjects  
23 pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax  
24 rate for a unified district, a common school district not within a high  
25 school district or a common school district within a high school district  
26 that offers instruction in high school subjects pursuant to section  
27 15-971, subsection B, paragraph 2 and a state equalization assistance  
28 property tax rate pursuant to section 15-994 that will offset the change  
29 in net assessed valuation of property that was subject to tax in the prior  
30 year.

31 C. The joint legislative budget committee shall compute the truth  
32 in taxation rates as follows:

33 1. Determine the statewide net assessed value for the preceding tax  
34 year as provided in section 42-17151, subsection A, paragraph 3.

35 2. Determine the statewide net assessed value for the current tax  
36 year, excluding the net assessed value of property that was not subject to  
37 tax in the preceding year.

38 3. Divide the amount determined in paragraph 1 of this subsection  
39 by the amount determined in paragraph 2 of this subsection.

40 4. Adjust the qualifying tax rates and the state equalization  
41 assistance property tax rate for the current fiscal year by the percentage  
42 determined in paragraph 3 of this subsection in order to offset the change  
43 in net assessed value.

1 D. Except as provided in subsections E and G of this section, the  
2 qualifying tax rate for a high school district or a common school district  
3 within a high school district that does not offer instruction in high  
4 school subjects, the qualifying tax rate for a unified school district, a  
5 common school district not within a high school district or a common  
6 school district within a high school district that offers instruction in  
7 high school subjects and the state equalization assistance property tax  
8 rate for the following fiscal year shall be the rate determined by the  
9 joint legislative budget committee pursuant to subsection C of this  
10 section. The committee shall transmit the rates to the superintendent of  
11 public instruction and the county boards of supervisors by March 15 each  
12 year.

13 E. If the legislature proposes either qualifying tax rates or a  
14 state equalization assistance property tax rate that exceeds the truth in  
15 taxation rate:

16 1. The house of representatives ways and means committee and the  
17 senate finance committee, or their successor committees, shall hold a  
18 joint hearing on or before February 28 and publish a notice of a truth in  
19 taxation hearing subject to the following requirements:

20 (a) The notice shall be published twice in a newspaper of general  
21 circulation in this state that is published at the state capital. The  
22 first publication shall be at least fourteen but not more than twenty days  
23 before the date of the hearing. The second publication shall be at least  
24 seven but not more than ten days before the date of the hearing.

25 (b) The notice shall be published in a location other than the  
26 classified or legal advertising section of the newspaper.

27 (c) The notice shall be at least one-fourth page in size and shall  
28 be surrounded by a solid black border at least one-eighth inch in width.

29 (d) The notice shall be in the following form, with the "truth in  
30 taxation hearing - notice of tax increase" headline in at least  
31 eighteen-point type:

32 Truth in Taxation Hearing  
33 Notice of Tax Increase

34 In compliance with section 41-1276, Arizona Revised  
35 Statutes, the state legislature is notifying property  
36 taxpayers in Arizona of the legislature's intention to raise  
37 the property tax levy over last year's level.

38 The proposed tax increase will cause the taxes on a  
39 \$100,000 home to be \$(total proposed taxes including the tax  
40 increase). Without the proposed tax increase, the total taxes  
41 that would be owed on a \$100,000 home would have been  
42 \$\_\_\_\_\_.

43 All interested citizens are invited to attend a public  
44 hearing on the tax increase that is scheduled to be held  
45 (date and time) at (location).

1 (e) For purposes of computing the tax increase on a \$100,000 home  
2 as required by the notice, the joint meeting of the house of  
3 representatives ways and means committee and the senate finance committee,  
4 or their successor committees, shall consider the difference between the  
5 truth in taxation rate and the proposed increased rate.

6 2. The joint meeting of the house of representatives ways and means  
7 committee and the senate finance committee, or their successor committees,  
8 shall consider any motion to recommend the proposed tax rates to the full  
9 legislature by roll call vote.

10 F. In addition to publishing the truth in taxation notice under  
11 subsection E, paragraph 1 of this section, the joint meeting of the house  
12 of representatives ways and means committee and the senate finance  
13 committee, or their successor committees, shall issue a press release  
14 containing the truth in taxation notice.

15 G. Notwithstanding any other law, the legislature shall not adopt a  
16 state budget that provides for either qualifying tax rates pursuant to  
17 section 15-971 or a state equalization assistance property tax rate  
18 pursuant to section 15-994 that exceeds the truth in taxation rates  
19 computed pursuant to subsection A of this section unless the rates are  
20 adopted by a concurrent resolution approved by an affirmative roll call  
21 vote of two-thirds of the members of each house of the legislature before  
22 the legislature enacts the general appropriations bill. If the resolution  
23 is not approved by two-thirds of the members of each house of the  
24 legislature, the rates for the following fiscal year shall be the truth in  
25 taxation rates determined pursuant to subsection C of this section and  
26 shall be transmitted to the superintendent of public instruction and the  
27 county boards of supervisors.

28 H. Notwithstanding subsection C of this section and if approved by  
29 the qualified electors voting at a statewide general election, the  
30 legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a  
31 common or high school district or \$4.253 for a unified school district.  
32 The legislature shall not set a county equalization assistance for  
33 education rate that exceeds \$0.5123.

34 I. Pursuant to subsection C of this section, the qualifying tax  
35 rate in tax year ~~2020~~ 2021 for a high school district or a common school  
36 district within a high school district that does not offer instruction in  
37 high school subjects as provided in section 15-447 is ~~\$1.8371~~ \$1.7694 and  
38 for a unified school district, a common school district not within a high  
39 school district or a common school district within a high school district  
40 that offers instruction in high school subjects as provided in section  
41 15-447 is ~~\$3.6742~~ \$3.5388. The state equalization assistance property tax  
42 rate in tax year ~~2020~~ 2021 is ~~\$0.4426~~ \$0.4263.





1           9. Aid and encourage coordination and cooperation among criminal  
2 justice agencies through the statewide and interstate exchange of criminal  
3 justice information.

4           10. Provide training and proficiency testing on the use of criminal  
5 justice information to agencies receiving information from the central  
6 state repository or through the Arizona criminal justice information  
7 system.

8           11. Operate and maintain the Arizona automated fingerprint  
9 identification system established by section 41-2411.

10          12. Provide criminal history record information to the  
11 fingerprinting division for the purpose of screening applicants for  
12 fingerprint clearance cards.

13          B. The director may establish guidelines for the submission and  
14 retention of criminal justice information as deemed useful for the study  
15 or prevention of crime and for the administration of criminal justice.

16          C. The chief officers of criminal justice agencies of this state or  
17 its political subdivisions shall provide to the central state repository  
18 fingerprints and information concerning personal identification data,  
19 descriptions, crimes for which persons are arrested, process control  
20 numbers and dispositions and such other information as may be pertinent to  
21 all persons who have been charged with, arrested for, convicted of or  
22 summoned to court as criminal defendants for felony offenses or offenses  
23 involving domestic violence as defined in section 13-3601 or violations of  
24 title 13, chapter 14 or title 28, chapter 4 that have occurred in this  
25 state.

26          D. The chief officers of law enforcement agencies of this state or  
27 its political subdivisions shall provide to the department such  
28 information as necessary to operate the statewide uniform crime reporting  
29 program and to cooperate with the federal government uniform crime  
30 reporting program.

31          E. The chief officers of criminal justice agencies of this state or  
32 its political subdivisions shall comply with the training and proficiency  
33 testing guidelines as required by the department to comply with the  
34 federal national crime information center mandates.

35          F. The chief officers of criminal justice agencies of this state or  
36 its political subdivisions also shall provide to the department  
37 information concerning crimes that manifest evidence of prejudice based on  
38 race, color, religion, national origin, sexual orientation, gender or  
39 disability.

40          G. The director shall authorize the exchange of criminal justice  
41 information between the central state repository, or through the Arizona  
42 criminal justice information system, whether directly or through any  
43 intermediary, only as follows:

44            1. With criminal justice agencies of the federal government, Indian  
45 tribes, this state or its political subdivisions and other states, on

1 request by the chief officers of such agencies or their designated  
2 representatives, specifically for the purposes of the administration of  
3 criminal justice and for evaluating the fitness of current and prospective  
4 criminal justice employees. The department may conduct periodic state and  
5 federal criminal history records checks for the purpose of updating the  
6 status of current criminal justice employees or volunteers and may notify  
7 the criminal justice agency of the results of the records check. The  
8 department is authorized to submit fingerprints to the federal bureau of  
9 investigation to be retained for the purpose of being searched by future  
10 submissions to the federal bureau of investigation including latent  
11 fingerprint searches.

12 2. With any noncriminal justice agency pursuant to a statute,  
13 ordinance or executive order that specifically authorizes the noncriminal  
14 justice agency to receive criminal history record information for the  
15 purpose of evaluating the fitness of current or prospective licensees,  
16 employees, contract employees or volunteers, on submission of the  
17 subject's fingerprints and the prescribed fee. Each statute, ordinance,  
18 or executive order that authorizes noncriminal justice agencies to receive  
19 criminal history record information for these purposes shall identify the  
20 specific categories of licensees, employees, contract employees or  
21 volunteers, and shall require that fingerprints of the specified  
22 individuals be submitted in conjunction with such requests for criminal  
23 history record information. The department may conduct periodic state and  
24 federal criminal history records checks for the purpose of updating the  
25 status of current licensees, employees, contract employees or volunteers  
26 and may notify the noncriminal justice agency of the results of the  
27 records check. The department is authorized to submit fingerprints to the  
28 federal bureau of investigation to be retained for the purpose of being  
29 searched by future submissions to the federal bureau of investigation  
30 including latent fingerprint searches.

31 3. With the board of fingerprinting for the purpose of conducting  
32 good cause exceptions pursuant to section 41-619.55 and central registry  
33 exceptions pursuant to section 41-619.57.

34 4. With any individual for any lawful purpose on submission of the  
35 subject of record's fingerprints and the prescribed fee.

36 5. With the governor, if the governor elects to become actively  
37 involved in the investigation of criminal activity or the administration  
38 of criminal justice in accordance with the governor's constitutional duty  
39 to ensure that the laws are faithfully executed or as needed to carry out  
40 the other responsibilities of the governor's office.

41 6. With regional computer centers that maintain authorized  
42 computer-to-computer interfaces with the department, that are criminal  
43 justice agencies or under the management control of a criminal justice  
44 agency and that are established by a statute, ordinance or executive order  
45 to provide automated data processing services to criminal justice agencies

1 specifically for the purposes of the administration of criminal justice or  
2 evaluating the fitness of regional computer center employees who have  
3 access to the Arizona criminal justice information system and the national  
4 crime information center system.

5 7. With an individual who asserts a belief that criminal history  
6 record information relating to the individual is maintained by an agency  
7 or in an information system in this state that is subject to this section.  
8 On submission of fingerprints, the individual may review this information  
9 for the purpose of determining its accuracy and completeness by making  
10 application to the agency operating the system. Rules adopted under this  
11 section shall include provisions for administrative review and necessary  
12 correction of any inaccurate or incomplete information. The review and  
13 challenge process authorized by this paragraph is limited to criminal  
14 history record information.

15 8. With individuals and agencies pursuant to a specific agreement  
16 with a criminal justice agency to provide services required for the  
17 administration of criminal justice pursuant to that agreement if the  
18 agreement specifically authorizes access to data, limits the use of data  
19 to purposes for which given and ensures the security and confidentiality  
20 of the data consistent with this section.

21 9. With individuals and agencies for the express purpose of  
22 research, evaluative or statistical activities pursuant to an agreement  
23 with a criminal justice agency if the agreement specifically authorizes  
24 access to data, limits the use of data to research, evaluative or  
25 statistical purposes and ensures the confidentiality and security of the  
26 data consistent with this section.

27 10. With the auditor general for audit purposes.

28 11. With central state repositories of other states for noncriminal  
29 justice purposes for dissemination in accordance with the laws of those  
30 states.

31 12. On submission of the fingerprint card, with the department of  
32 child safety and a tribal social services agency to provide criminal  
33 history record information on prospective adoptive parents for the purpose  
34 of conducting the preadoption certification investigation under title 8,  
35 chapter 1, article 1 if the department of economic security is conducting  
36 the investigation, or with an agency or a person appointed by the court,  
37 if the agency or person is conducting the investigation. Information  
38 received under this paragraph shall only be used for the purposes of the  
39 preadoption certification investigation.

40 13. With the department of child safety, a tribal social services  
41 agency and the superior court for the purpose of evaluating the fitness of  
42 custodians or prospective custodians of juveniles, including parents,  
43 relatives and prospective guardians. Information received under this  
44 paragraph shall only be used for the purposes of that evaluation. The  
45 information shall be provided on submission of either:

1 (a) The fingerprint card.

2 (b) The name, date of birth and social security number of the  
3 person.

4 14. On submission of a fingerprint card, provide criminal history  
5 record information to the superior court for the purpose of evaluating the  
6 fitness of investigators appointed under section 14-5303 or 14-5407,  
7 guardians appointed under section 14-5206 or 14-5304 or conservators  
8 appointed under section 14-5401.

9 15. With the supreme court to provide criminal history record  
10 information on prospective fiduciaries pursuant to section 14-5651.

11 16. With the department of juvenile corrections to provide criminal  
12 history record information pursuant to section 41-2814.

13 17. On submission of the fingerprint card, provide criminal history  
14 record information to the Arizona peace officer standards and training  
15 board or a board certified law enforcement academy to evaluate the fitness  
16 of prospective cadets.

17 18. With the internet sex offender website database established  
18 pursuant to section 13-3827.

19 19. With licensees of the United States nuclear regulatory  
20 commission for the purpose of determining whether an individual should be  
21 granted unescorted access to the protected area of a commercial nuclear  
22 generating station on submission of the subject of record's fingerprints  
23 and the prescribed fee.

24 20. With the ~~department~~ STATE BOARD of education for the purpose of  
25 evaluating the fitness of a certificated ~~teacher or administrator or~~  
26 EDUCATOR, an applicant for a teaching or ~~an~~ administrative certificate  
27 ~~provided that~~ OR A NONCERTIFICATED PERSON AS DEFINED IN SECTION 15-505 IF  
28 the ~~department~~ STATE BOARD of education or its employees or agents have  
29 reasonable suspicion that the ~~certificated~~ EDUCATOR OR person engaged in  
30 conduct that would be a criminal violation of the laws of this state or  
31 was involved in immoral or unprofessional conduct or that the applicant  
32 engaged in conduct that would warrant disciplinary action if the applicant  
33 were certificated at the time of the alleged conduct. The information  
34 shall be provided on the submission of either:

35 (a) The fingerprint card.

36 (b) The name, date of birth and social security number of the  
37 person.

38 21. With each school district and charter school in this state.  
39 The ~~state board~~ DEPARTMENT of education and the state board for charter  
40 schools shall provide the department of public safety with a current list  
41 of email addresses for each school district and charter school in this  
42 state and shall periodically provide the department of public safety with  
43 updated email addresses. If the department of public safety is notified  
44 that a person who is required to have a fingerprint clearance card to be  
45 employed by or to engage in volunteer activities at a school district or

1 charter school has been arrested for or convicted of an offense listed in  
2 section 41-1758.03, subsection B or has been arrested for or convicted of  
3 an offense that amounts to unprofessional conduct under section 15-550,  
4 the department of public safety shall notify each school district and  
5 charter school in this state that the person's fingerprint clearance card  
6 has been suspended or revoked.

7 22. With a tribal social services agency and the department of  
8 child safety as provided by law, which currently is the Adam Walsh child  
9 protection and safety act of 2006 (42 United States Code section 16961),  
10 for the purposes of investigating or responding to reports of child abuse,  
11 neglect or exploitation. Information received pursuant to this paragraph  
12 from the national crime information center, the interstate identification  
13 index and the Arizona criminal justice information system network shall  
14 only be used for the purposes of investigating or responding as prescribed  
15 in this paragraph. The information shall be provided on submission to the  
16 department of public safety of either:

17 (a) The fingerprints of the person being investigated.

18 (b) The name, date of birth and social security number of the  
19 person.

20 23. With a nonprofit organization that interacts with children or  
21 vulnerable adults for the lawful purpose of evaluating the fitness of all  
22 current and prospective employees, contractors and volunteers of the  
23 organization. The criminal history record information shall be provided  
24 on submission of the applicant fingerprint card and the prescribed fee.

25 24. With the superior court for the purpose of determining an  
26 individual's eligibility for substance abuse and treatment courts in a  
27 family or juvenile case.

28 25. With the governor to provide criminal history record  
29 information on prospective gubernatorial nominees, appointees and  
30 employees as provided by law.

31 H. The director shall adopt rules necessary to execute this  
32 section.

33 I. The director, in the manner prescribed by law, shall remove and  
34 destroy records that the director determines are no longer of value in the  
35 detection or prevention of crime.

36 J. The director shall establish a fee in an amount necessary to  
37 cover the cost of federal noncriminal justice fingerprint processing for  
38 criminal history record information checks that are authorized by law for  
39 noncriminal justice employment, licensing or other lawful purposes. An  
40 additional fee may be charged by the department for state noncriminal  
41 justice fingerprint processing. Fees submitted to the department for  
42 state noncriminal justice fingerprint processing are not refundable.

1 K. The director shall establish a fee in an amount necessary to  
2 cover the cost of processing copies of department reports, eight by ten  
3 inch black and white photographs or eight by ten inch color photographs of  
4 traffic accident scenes.

5 L. Except as provided in subsection O of this section, each agency  
6 authorized by this section may charge a fee, in addition to any other fees  
7 prescribed by law, in an amount necessary to cover the cost of state and  
8 federal noncriminal justice fingerprint processing for criminal history  
9 record information checks that are authorized by law for noncriminal  
10 justice employment, licensing or other lawful purposes.

11 M. A fingerprint account within the records processing fund is  
12 established for the purpose of separately accounting for the collection  
13 and payment of fees for noncriminal justice fingerprint processing by the  
14 department. Monies collected for this purpose shall be credited to the  
15 account, and payments by the department to the United States for federal  
16 noncriminal justice fingerprint processing shall be charged against the  
17 account. Monies in the account not required for payment to the United  
18 States shall be used by the department in support of the department's  
19 noncriminal justice fingerprint processing duties. At the end of each  
20 fiscal year, any balance in the account not required for payment to the  
21 United States or to support the department's noncriminal justice  
22 fingerprint processing duties reverts to the state general fund.

23 N. A records processing fund is established for the purpose of  
24 separately accounting for the collection and payment of fees for  
25 department reports and photographs of traffic accident scenes processed by  
26 the department. Monies collected for this purpose shall be credited to  
27 the fund and shall be used by the department in support of functions  
28 related to providing copies of department reports and photographs. At the  
29 end of each fiscal year, any balance in the fund not required for support  
30 of the functions related to providing copies of department reports and  
31 photographs reverts to the state general fund.

32 O. The department of child safety may pay from appropriated monies  
33 the cost of federal fingerprint processing or federal criminal history  
34 record information checks that are authorized by law for employees and  
35 volunteers of the department, guardians pursuant to section 8-453,  
36 subsection A, paragraph 6, the licensing of foster parents or the  
37 certification of adoptive parents.

38 P. The director shall adopt rules that provide for:

39 1. The collection and disposition of fees pursuant to this section.

40 2. The refusal of service to those agencies that are delinquent in  
41 paying these fees.

42 Q. The director shall ensure that the following limitations are  
43 observed regarding dissemination of criminal justice information obtained  
44 from the central state repository or through the Arizona criminal justice  
45 information system:

1           1. Any criminal justice agency that obtains criminal justice  
2 information from the central state repository or through the Arizona  
3 criminal justice information system assumes responsibility for the  
4 security of the information and shall not secondarily disseminate this  
5 information to any individual or agency not authorized to receive this  
6 information directly from the central state repository or originating  
7 agency.

8           2. Dissemination to an authorized agency or individual may be  
9 accomplished by a criminal justice agency only if the dissemination is for  
10 criminal justice purposes in connection with the prescribed duties of the  
11 agency and not in violation of this section.

12           3. Criminal history record information disseminated to noncriminal  
13 justice agencies or to individuals shall be used only for the purposes for  
14 which it was given. Secondary dissemination is prohibited unless  
15 otherwise authorized by law.

16           4. The existence or nonexistence of criminal history record  
17 information shall not be confirmed to any individual or agency not  
18 authorized to receive the information itself.

19           5. Criminal history record information to be released for  
20 noncriminal justice purposes to agencies of other states shall only be  
21 released to the central state repositories of those states for  
22 dissemination in accordance with the laws of those states.

23           6. Criminal history record information shall be released to  
24 noncriminal justice agencies of the federal government pursuant to the  
25 terms of the federal security clearance information act (P.L. 99-169).

26           R. This section and the rules adopted under this section apply to  
27 all agencies and individuals collecting, storing or disseminating criminal  
28 justice information processed by manual or automated operations if the  
29 collection, storage or dissemination is funded in whole or in part with  
30 monies made available by the law enforcement assistance administration  
31 after July 1, 1973, pursuant to title I of the crime control act of 1973,  
32 and to all agencies that interact with or receive criminal justice  
33 information from or through the central state repository and through the  
34 Arizona criminal justice information system.

35           S. This section does not apply to criminal history record  
36 information contained in:

37           1. Posters, arrest warrants, announcements or lists for identifying  
38 or apprehending fugitives or wanted persons.

39           2. Original records of entry such as police blotters maintained by  
40 criminal justice agencies, compiled chronologically and required by law or  
41 long-standing custom to be made public if these records are organized on a  
42 chronological basis.

43           3. Transcripts or records of judicial proceedings if released by a  
44 court or legislative or administrative proceedings.



1           4. Announcements of executive clemency or pardon.

2           5. Computer databases, other than the Arizona criminal justice  
3 information system, that are specifically designed for community  
4 notification of an offender's presence in the community pursuant to  
5 section 13-3825 or for public informational purposes authorized by section  
6 13-3827.

7           T. Nothing in this section prevents a criminal justice agency from  
8 disclosing to the public criminal history record information that is  
9 reasonably contemporaneous to the event for which an individual is  
10 currently within the criminal justice system, including information noted  
11 on traffic accident reports concerning citations, blood alcohol tests or  
12 arrests made in connection with the traffic accident being investigated.

13           U. In order to ensure that complete and accurate criminal history  
14 record information is maintained and disseminated by the central state  
15 repository:

16           1. The booking agency shall take legible ten-print fingerprints of  
17 all persons who are arrested for offenses listed in subsection C of this  
18 section. The booking agency shall obtain a process control number and  
19 provide to the person fingerprinted a document that indicates proof of the  
20 fingerprinting and that informs the person that the document must be  
21 presented to the court.

22           2. Except as provided in paragraph 3 of this subsection, if a  
23 person is summoned to court as a result of an indictment or complaint for  
24 an offense listed in subsection C of this section, the court shall order  
25 the person to appear before the county sheriff and provide legible  
26 ten-print fingerprints. The county sheriff shall obtain a process control  
27 number and provide a document to the person fingerprinted that indicates  
28 proof of the fingerprinting and that informs the person that the document  
29 must be presented to the court. For the purposes of this paragraph,  
30 "summoned" includes a written promise to appear by the defendant on a  
31 uniform traffic ticket and complaint.

32           3. If a person is arrested for a misdemeanor offense listed in  
33 subsection C of this section by a city or town law enforcement agency, the  
34 person shall appear before the law enforcement agency that arrested the  
35 defendant and provide legible ten-print fingerprints. The law enforcement  
36 agency shall obtain a process control number and provide a document to the  
37 person fingerprinted that indicates proof of the fingerprinting and that  
38 informs the person that the document must be presented to the court.

39           4. The mandatory fingerprint compliance form shall contain the  
40 following information:

41           (a) Whether ten-print fingerprints have been obtained from the  
42 person.

43           (b) Whether a process control number was obtained.

1 (c) The offense or offenses for which the process control number  
2 was obtained.

3 (d) Any report number of the arresting authority.

4 (e) Instructions on reporting for ten-print fingerprinting,  
5 including available times and locations for reporting for ten-print  
6 fingerprinting.

7 (f) Instructions that direct the person to provide the form to the  
8 court at the person's next court appearance.

9 5. Within ten days after a person is fingerprinted, the arresting  
10 authority or agency that took the fingerprints shall forward the  
11 fingerprints to the department in the manner or form required by the  
12 department.

13 6. On the issuance of a summons for a defendant who is charged with  
14 an offense listed in subsection C of this section, the summons shall  
15 direct the defendant to provide ten-print fingerprints to the appropriate  
16 law enforcement agency.

17 7. At the initial appearance or on the arraignment of a summoned  
18 defendant who is charged with an offense listed in subsection C of this  
19 section, if the person does not present a completed mandatory fingerprint  
20 compliance form to the court or if the court has not received the process  
21 control number, the court shall order that within twenty calendar days the  
22 defendant be ten-print fingerprinted at a designated time and place by the  
23 appropriate law enforcement agency.

24 8. If the defendant fails to present a completed mandatory  
25 fingerprint compliance form or if the court has not received the process  
26 control number, the court, on its own motion, may remand the defendant  
27 into custody for ten-print fingerprinting. If otherwise eligible for  
28 release, the defendant shall be released from custody after being  
29 ten-print fingerprinted.

30 9. In every criminal case in which the defendant is incarcerated or  
31 fingerprinted as a result of the charge, an originating law enforcement  
32 agency or prosecutor, within forty days of the disposition, shall advise  
33 the central state repository of all dispositions concerning the  
34 termination of criminal proceedings against an individual arrested for an  
35 offense specified in subsection C of this section. This information shall  
36 be submitted on a form or in a manner required by the department.

37 10. Dispositions resulting from formal proceedings in a court  
38 having jurisdiction in a criminal action against an individual who is  
39 arrested for an offense specified in subsection C of this section or  
40 section 8-341, subsection W, paragraph 3 shall be reported to the central  
41 state repository within forty days of the date of the disposition. This  
42 information shall be submitted on a form or in a manner specified by rules  
43 approved by the supreme court.

1           11. The state department of corrections or the department of  
2 juvenile corrections, within forty days, shall advise the central state  
3 repository that it has assumed supervision of a person convicted of an  
4 offense specified in subsection C of this section or section 8-341,  
5 subsection W, paragraph 3. The state department of corrections or the  
6 department of juvenile corrections shall also report dispositions that  
7 occur thereafter to the central state repository within forty days of the  
8 date of the dispositions. This information shall be submitted on a form  
9 or in a manner required by the department of public safety.

10           12. Each criminal justice agency shall query the central state  
11 repository before dissemination of any criminal history record information  
12 to ensure the completeness of the information. Inquiries shall be made  
13 before any dissemination except in those cases in which time is of the  
14 essence and the repository is technically incapable of responding within  
15 the necessary time period. If time is of the essence, the inquiry shall  
16 still be made and the response shall be provided as soon as possible.

17           V. The director shall adopt rules specifying that any agency that  
18 collects, stores or disseminates criminal justice information that is  
19 subject to this section shall establish effective security measures to  
20 protect the information from unauthorized access, disclosure, modification  
21 or dissemination. The rules shall include reasonable safeguards to  
22 protect the affected information systems from fire, flood, wind, theft,  
23 sabotage or other natural or man-made hazards or disasters.

24           W. The department shall make available to agencies that contribute  
25 to, or receive criminal justice information from, the central state  
26 repository or through the Arizona criminal justice information system a  
27 continuing training program in the proper methods for collecting, storing  
28 and disseminating information in compliance with this section.

29           X. Nothing in this section creates a cause of action or a right to  
30 bring an action including an action based on discrimination due to sexual  
31 orientation.

32           Y. For the purposes of this section:

33           1. "Administration of criminal justice" means performance of the  
34 detection, apprehension, detention, pretrial release, posttrial release,  
35 prosecution, adjudication, correctional supervision or rehabilitation of  
36 criminal offenders. Administration of criminal justice includes  
37 enforcement of criminal traffic offenses and civil traffic violations,  
38 including parking violations, when performed by a criminal justice agency.  
39 Administration of criminal justice also includes criminal identification  
40 activities and the collection, storage and dissemination of criminal  
41 history record information.

42           2. "Administrative records" means records that contain adequate and  
43 proper documentation of the organization, functions, policies, decisions,  
44 procedures and essential transactions of the agency and that are designed

1 to furnish information to protect the rights of this state and of persons  
2 directly affected by the agency's activities.

3 3. "Arizona criminal justice information system" or "system" means  
4 the statewide information system managed by the director for the  
5 collection, processing, preservation, dissemination and exchange of  
6 criminal justice information and includes the electronic equipment,  
7 facilities, procedures and agreements necessary to exchange this  
8 information.

9 4. "Booking agency" means the county sheriff or, if a person is  
10 booked into a municipal jail, the municipal law enforcement agency.

11 5. "Central state repository" means the central location within the  
12 department for the collection, storage and dissemination of Arizona  
13 criminal history records and related criminal justice information.

14 6. "Criminal history record information" and "criminal history  
15 record" means information that is collected by criminal justice agencies  
16 on individuals and that consists of identifiable descriptions and  
17 notations of arrests, detentions, indictments and other formal criminal  
18 charges, and any disposition arising from those actions, sentencing,  
19 formal correctional supervisory action and release. Criminal history  
20 record information and criminal history record do not include  
21 identification information to the extent that the information does not  
22 indicate involvement of the individual in the criminal justice system or  
23 information relating to juveniles unless they have been adjudicated as  
24 adults.

25 7. "Criminal justice agency" means either:

26 (a) A court at any governmental level with criminal or equivalent  
27 jurisdiction, including courts of any foreign sovereignty duly recognized  
28 by the federal government.

29 (b) A government agency or subunit of a government agency that is  
30 specifically authorized to perform as its principal function the  
31 administration of criminal justice pursuant to a statute, ordinance or  
32 executive order and that allocates more than fifty percent of its annual  
33 budget to the administration of criminal justice. This subdivision  
34 includes agencies of any foreign sovereignty duly recognized by the  
35 federal government.

36 8. "Criminal justice information" means information that is  
37 collected by criminal justice agencies and that is needed for the  
38 performance of their legally authorized and required functions, such as  
39 criminal history record information, citation information, stolen property  
40 information, traffic accident reports, wanted persons information and  
41 system network log searches. Criminal justice information does not  
42 include the administrative records of a criminal justice agency.

43 9. "Disposition" means information disclosing that a decision has  
44 been made not to bring criminal charges or that criminal proceedings have  
45 been concluded or information relating to sentencing, correctional

1 supervision, release from correctional supervision, the outcome of an  
2 appellate review of criminal proceedings or executive clemency.

3 10. "Dissemination" means the written, oral or electronic  
4 communication or transfer of criminal justice information to individuals  
5 and agencies other than the criminal justice agency that maintains the  
6 information. Dissemination includes the act of confirming the existence  
7 or nonexistence of criminal justice information.

8 11. "Management control":

9 (a) Means the authority to set and enforce:

10 (i) Priorities regarding development and operation of criminal  
11 justice information systems and programs.

12 (ii) Standards for the selection, supervision and termination of  
13 personnel involved in the development of criminal justice information  
14 systems and programs and in the collection, maintenance, analysis and  
15 dissemination of criminal justice information.

16 (iii) Policies governing the operation of computers, circuits and  
17 telecommunications terminals used to process criminal justice information  
18 to the extent that the equipment is used to process, store or transmit  
19 criminal justice information.

20 (b) Includes the supervision of equipment, systems design,  
21 programming and operating procedures necessary for the development and  
22 implementation of automated criminal justice information systems.

23 12. "Process control number" means the Arizona automated  
24 fingerprint identification system number that attaches to each arrest  
25 event at the time of fingerprinting and that is assigned to the arrest  
26 fingerprint card, disposition form and other pertinent documents.

27 13. "Secondary dissemination" means the dissemination of criminal  
28 justice information from an individual or agency that originally obtained  
29 the information from the central state repository or through the Arizona  
30 criminal justice information system to another individual or agency.

31 14. "Sexual orientation" means consensual homosexuality or  
32 heterosexuality.

33 15. "Subject of record" means the person who is the primary subject  
34 of a criminal justice record.

35 Sec. 55. Section 41-2632, Arizona Revised Statutes, is amended to  
36 read:

37 41-2632. Cooperative purchasing authorized; definitions

38 A. Any public procurement unit may either participate in, sponsor,  
39 conduct or administer a cooperative purchasing agreement ~~for the~~  
40 ~~procurement of~~ TO PROCURE any materials, services, professional services,  
41 construction or construction services with one or more public procurement  
42 units or external procurement activities in accordance with an agreement  
43 entered into between the participants. The cooperative purchasing may  
44 include joint or multiparty contracts between public procurement units and  
45 open-ended public procurement unit contracts that ~~shall be~~ ARE available

1 to local public procurement units. A nonprofit corporation may enter into  
2 an agreement pursuant to this section if one or more of the parties  
3 involved is a public procurement unit. An agreement entered into as  
4 provided in this article is exempt from section 11-952, subsection D.  
5 Parties under a cooperative purchasing agreement may:

6 1. Sponsor, conduct or administer a cooperative agreement ~~for the~~  
7 ~~procurement~~ TO PROCURE or ~~dispose~~ DISPOSE of any materials, services or  
8 construction.

9 2. Cooperatively use materials or services.

10 3. Commonly use or share warehousing facilities, capital equipment  
11 and other facilities.

12 4. Provide personnel, except that the requesting public procurement  
13 unit shall pay the public procurement unit providing the personnel the  
14 direct and indirect cost of providing the personnel, in accordance with  
15 the agreement.

16 5. On request, make available to other public procurement units  
17 informational, technical or other services or software that may assist in  
18 improving the efficiency or economy of procurement. The public  
19 procurement unit furnishing the informational, technical or other services  
20 or software has the right to request reimbursement for the reasonable and  
21 necessary costs of providing these services or software.

22 6. Pursuant to the rules for cooperative purchasing adopted by the  
23 director, purchase materials, services, professional services,  
24 construction or construction services under the terms of a contract  
25 between a vendor and a public procurement unit or an external procurement  
26 activity without complying with the requirements of sections 41-2533,  
27 41-2534 and 41-2535.

28 B. The DIVISION OF school facilities ~~board~~ WITHIN THE DEPARTMENT OF  
29 ADMINISTRATION or school districts, or both, may enter into an agreement  
30 with a public procurement unit pursuant to this section for the purpose of  
31 procuring materials and services needed to correct deficiencies in school  
32 facilities.

33 C. The activities described in this section do not limit what  
34 parties may do under a cooperative purchasing agreement.

35 D. A nonprofit corporation operating as a public procurement unit  
36 under this section, on request of the auditor general, shall provide to  
37 the auditor general all documentation concerning any cooperative  
38 purchasing transaction the public procurement unit administers under this  
39 section.

40 E. A nonprofit corporation operating as a public procurement unit  
41 under this section shall comply with all procurement laws applicable to  
42 the public procurement unit participating in a cooperative purchasing  
43 transaction that the nonprofit corporation administers.

1 F. This section does not abrogate the responsibility of each public  
2 procurement unit to ensure compliance with procurement laws that apply to  
3 the particular public procurement, notwithstanding the fact that the  
4 cooperative purchase is administered by a nonprofit corporation operating  
5 under this section.

6 G. Any public procurement unit conducting or administering a  
7 cooperative purchasing agreement ~~for the procurement of~~ TO PROCURE  
8 construction services or professional services shall comply with the  
9 requirements of section 34-603 or 41-2578.

10 H. For the purposes of this section:

11 1. "Construction services" has the same meaning prescribed in  
12 section 41-2503.

13 2. "Professional services" has the same meaning prescribed in  
14 section 41-2578.

15 Sec. 56. Section 41-3022.18, Arizona Revised Statutes, is amended  
16 to read:

17 41-3022.18. School facilities oversight board; termination  
18 July 1, 2022

19 A. The school facilities OVERSIGHT board terminates on July 1,  
20 2022.

21 B. Title ~~15~~ 41, chapter ~~16~~ 56, articles 1, 2, 3, 4, 5, 6, 7, 8 and  
22 9 and this section are repealed on January 1, 2023 only if either:

23 1. The board has no outstanding state school facilities revenue  
24 bonds issued pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6, no  
25 outstanding state school improvement revenue bonds issued pursuant to  
26 title ~~15~~ 41, chapter ~~16~~ 56, article 7 and no outstanding lease-to-own  
27 transactions pursuant to sections ~~15-2004~~ 41-5703, ~~15-2005~~ 41-5704 and  
28 ~~15-2006~~ 41-5705.

29 2. The legislature has otherwise provided for paying or retiring  
30 any outstanding state school facilities revenue bonds, any outstanding  
31 state school improvement revenue bonds and any outstanding lease-to-own  
32 transactions.

33 C. If neither of the conditions in subsection B of this section  
34 ~~have~~ HAS occurred on or before January 1, 2023, title ~~15~~ 41, chapter ~~16~~  
35 56, articles 1, 2, 3, 4, 5, 6, 7, 8 and 9 and this section are repealed  
36 thirty days after the retirement of all revenue bonds issued pursuant to  
37 title ~~15~~ 41, chapter ~~16~~ 56, articles 6 and 7 and any outstanding  
38 lease-to-own transactions issued pursuant to sections ~~15-2004~~ 41-5703,  
39 ~~15-2005~~ 41-5704 and ~~15-2006~~ 41-5705.

40 Sec. 57. Section 41-3026.01, Arizona Revised Statutes, is amended  
41 to read:

42 41-3026.01. Credit enhancement eligibility board; termination  
43 July 1, 2026

44 A. The credit enhancement eligibility board terminates on  
45 July 1, 2026.

1 B. Title ~~15~~ 41, chapter ~~16~~ 56, articles 10 and 11 are repealed on  
2 January 1, 2027 only if both of the following apply:

3 1. The board has no outstanding program funding obligations issued  
4 pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 11 or the legislature has  
5 otherwise provided for paying or retiring any outstanding program funding  
6 obligations issued pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 11.

7 2. There are no outstanding guaranteed financings approved pursuant  
8 to title ~~15~~ 41, chapter ~~16~~ 56, article 11.

9 C. If both of the conditions in subsection B of this section do not  
10 exist on January 1, 2027, title ~~15~~ 41, chapter ~~16~~ 56, articles 10 and 11  
11 are repealed thirty days after both of the conditions in subsection B of  
12 this section are met.

13 Sec. 58. Heading change

14 The article heading of title 41, chapter 56, article 1, as  
15 transferred and renumbered, is changed from "SCHOOL FACILITIES BOARD" to  
16 "SCHOOL FACILITIES".

17 Sec. 59. Title 41, chapter 56, article 1, Arizona Revised Statutes,  
18 as transferred and renumbered, is amended by adding sections 41-5701 and  
19 41-5701.01, to read:

20 41-5701. Definitions

21 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

22 1. "BOARD" MEANS THE SCHOOL FACILITIES OVERSIGHT BOARD.

23 2. "DIVISION" MEANS THE DIVISION OF SCHOOL FACILITIES WITHIN THE  
24 DEPARTMENT OF ADMINISTRATION.

25 41-5701.01. Division of school facilities

26 A. THE DIVISION OF SCHOOL FACILITIES IS ESTABLISHED WITHIN THE  
27 DEPARTMENT OF ADMINISTRATION.

28 B. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL APPOINT  
29 THE DIRECTOR OF THE DIVISION.

30 Sec. 60. Section 41-5701.02, Arizona Revised Statutes, as  
31 transferred and renumbered, is amended to read:

32 41-5701.02. School facilities oversight board; members;  
33 conflict of interest; violation;  
34 classification; change orders; notification

35 A. The school facilities OVERSIGHT board is established WITHIN THE  
36 DIVISION consisting of the following members who ~~shall be~~ ARE appointed by  
37 the governor pursuant to section 38-211 in such a manner as to provide for  
38 approximate geographic balance and approximate balance between public and  
39 private members:

40 ~~1. One member who is an elected member of a school district~~  
41 ~~governing board with knowledge and experience in the area of finance.~~

42 ~~2. One private citizen who represents an organization of taxpayers.~~

43 ~~3. One member with knowledge and experience in public procurement.~~

44 ~~4. One member who is a registered professional architect and who~~  
45 ~~has current knowledge and experience in school architecture.~~



1 ~~5. One member with knowledge and experience in school facilities~~  
2 ~~management in a public school system.~~

3 ~~6. One member with knowledge and experience in demographics.~~

4 ~~7. One member who is a teacher and who currently provides classroom~~  
5 ~~instruction.~~

6 ~~8. One member who is a registered professional engineer and who has~~  
7 ~~current knowledge and experience in school engineering.~~

8 ~~9. One member who is an owner or officer of a private construction~~  
9 ~~company whose business does not include school construction.~~

10 1. ONE MEMBER WHO REPRESENTS A STATEWIDE ORGANIZATION OF TAXPAYERS.

11 2. ONE MEMBER WHO IS A REGISTERED PROFESSIONAL ARCHITECT.

12 3. ONE MEMBER WITH KNOWLEDGE AND EXPERIENCE IN SCHOOL FACILITIES  
13 MANAGEMENT IN A PUBLIC SCHOOL SYSTEM.

14 4. ONE MEMBER WHO IS A REGISTERED PROFESSIONAL ENGINEER.

15 5. TWO MEMBERS WHO ARE OWNERS OR OFFICERS OF A PRIVATE CONSTRUCTION  
16 COMPANY, WHO HAVE KNOWLEDGE OF AND EXPERIENCE IN CONSTRUCTING LARGE  
17 COMMERCIAL OR GOVERNMENT BUILDINGS AND WHOSE BUSINESSES DO NOT INCLUDE  
18 SCHOOL CONSTRUCTION.

19 6. ONE PERSON WHO REPRESENTS THE BUSINESS COMMUNITY.

20 B. In addition to the members appointed pursuant to subsection A of  
21 this section: ~~—~~

22 1. The superintendent of public instruction or the superintendent's  
23 designee shall serve as an advisory nonvoting member of the school  
24 facilities OVERSIGHT board.

25 2. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION OR THE  
26 DIRECTOR'S DESIGNEE SHALL SERVE AS AN ADVISORY NONVOTING MEMBER OF THE  
27 SCHOOL FACILITIES OVERSIGHT BOARD.

28 ~~C. The governor shall appoint a chairperson from members appointed~~  
29 ~~pursuant to subsection A of this section.~~

30 ~~D.~~ C. Members of the school facilities OVERSIGHT board serve  
31 four-year terms. The school facilities OVERSIGHT board shall meet as  
32 often as the members deem necessary. A majority of the members  
33 constitutes a quorum for the transaction of business.

34 ~~E.~~ D. The unexcused absence of a member for more than three  
35 consecutive meetings is justification for removal by a majority vote of  
36 the board. If the member is removed, notice shall be given of the removal  
37 pursuant to section 38-292.

38 ~~F.~~ E. The governor shall fill a vacancy by appointment of a  
39 qualified person as provided in subsection A of this section.

40 ~~G.~~ F. Members of the board who are employed by government entities  
41 are not eligible to receive compensation. Members of the board who are  
42 not employed by government entities are entitled to payment of ~~one hundred~~  
43 ~~fifty dollars~~ \$150 for each meeting attended, prorated for partial days  
44 spent for each meeting, up to ~~two thousand five hundred dollars~~ \$2,500  
45 each year. All members are eligible for reimbursement of expenses

1 pursuant to title 38, chapter 4, article 2. These expenses and the  
2 payment of compensation are payable to a member from monies appropriated  
3 to the board from the new school facilities fund.

4 ~~H.~~ G. Members and employees of the school facilities OVERSIGHT  
5 board are subject to title 38, chapter 3, article 8.

6 ~~F.~~ H. In addition to the requirements prescribed in subsection  
7 ~~H.~~ G of this section, employees of the school facilities OVERSIGHT board  
8 may not have a direct or indirect financial interest in any property  
9 purchased, facility constructed or contract financed with monies made  
10 available by the board or any other public monies. A person who knowingly  
11 violates this subsection is guilty of a class 1 misdemeanor.

12 ~~J.~~ I. The ~~school facilities board~~ DIVISION shall establish  
13 policies and procedures relating to building renewal grant change orders  
14 that include the following:

15 1. The ~~board staff~~ DIVISION shall approve or reject a change order  
16 within two business days.

17 2. If a school district approves work referenced in a change order  
18 before the ~~board~~ DIVISION approves the change order, the school district  
19 is responsible for the cost and construction of the project.

20 ~~K.~~ J. The ~~school facilities board~~ DIVISION shall establish  
21 policies and procedures to ensure that it notifies school districts in a  
22 uniform manner and at least annually of the services and funding that are  
23 available from the board AND THE DIVISION for facility construction,  
24 renovation and repair projects. The ~~board~~ DIVISION shall update and post  
25 this information on its website on or before July 1 of each year.

26 ~~L.~~ K. The ~~school facilities board~~ DIVISION shall establish and  
27 maintain a list of the persons who are responsible for facilities  
28 management at each school district in this state. A school district shall  
29 promptly notify the ~~board~~ DIVISION of any change to persons who are  
30 responsible for facilities management at that school district. The ~~board~~  
31 DIVISION shall update and post this information on its website on or  
32 before July 1 of each year.

33 ~~M.~~ L. Members of the school facilities OVERSIGHT board may not  
34 solicit, accept or provide gifts that are prohibited by state law.

35 Sec. 61. Section 41-5702, Arizona Revised Statutes, as transferred  
36 and renumbered, is amended to read:

37 41-5702. Powers and duties; staffing; reporting requirements

38 A. The ~~school facilities board~~ DIVISION shall:

39 1. ~~Make assessments of~~ ASSESS school facilities and equipment  
40 deficiencies and approve the distribution of grants as appropriate.

41 2. Maintain a database of school facilities to ~~administer~~ ALLOW FOR  
42 THE ADMINISTRATION OF the ~~building renewal grant fund and~~ new school  
43 facilities formula AND THE BUILDING RENEWAL GRANT FUND. The facilities  
44 listed in the database must include all buildings that are owned by school  
45 districts. The ~~school facilities board~~ DIVISION shall ensure that the

1 database is updated on at least an annual basis. Each school district  
 2 shall report to the ~~school facilities board~~ no DIVISION NOT later than  
 3 September 1 of each year information as required by the ~~school facilities~~  
 4 ~~board for the administration of~~ DIVISION TO ADMINISTER the building  
 5 renewal grant fund and ~~computation of~~ BY THE SCHOOL FACILITIES OVERSIGHT  
 6 BOARD TO COMPUTE new school facilities formula distributions, including  
 7 the nature and cost of major repairs, renovations or physical improvements  
 8 to or replacement of building systems or equipment that were made in the  
 9 previous year and that were paid for either with local monies or monies  
 10 provided ~~by the school facilities board~~ from the building renewal grant  
 11 fund. Each school district shall report any school or school buildings  
 12 that have been closed, that are vacant or partially used pursuant to  
 13 section 15-119 and that have been leased to another entity or that operate  
 14 as a charter school. The ~~school facilities board~~ DIVISION shall develop  
 15 guidelines and definitions for the reporting prescribed in this paragraph  
 16 and may review or audit the information, or both, to confirm the  
 17 information submitted by a school district. Notwithstanding any other  
 18 provision of this chapter, if a school district converts space that is  
 19 listed in the database maintained pursuant to this paragraph to space that  
 20 will be used for administrative purposes, the school district is  
 21 responsible for any costs associated with ~~the conversion~~ CONVERTING,  
 22 ~~maintenance~~ MAINTAINING and ~~replacement of~~ REPLACING that space. If a  
 23 building is significantly upgraded or remodeled, the ~~school facilities~~  
 24 ~~board~~ DIVISION shall adjust the age of that school facility in the  
 25 database as follows:

26 (a) Determine the building capacity value as follows:

27 (i) Multiply the student capacity of the building by the per pupil  
 28 square foot capacity established by section ~~15-2041~~ 41-5741.

29 (ii) Multiply the product determined in item (i) of this  
 30 subdivision by the cost per square foot established by section ~~15-2041~~  
 31 41-5741.

32 (b) Divide the cost of the renovation by the building capacity  
 33 value determined in subdivision (a) of this paragraph.

34 (c) Multiply the quotient determined in subdivision (b) of this  
 35 paragraph by the currently listed age of the building in the database.

36 (d) Subtract the product determined in subdivision (c) of this  
 37 paragraph from the currently listed age of the building in the database,  
 38 rounded to the nearest whole number. If the result is a negative number,  
 39 use zero.

40 3. Inspect, CONTRACT WITH A THIRD PARTY TO INSPECT OR CERTIFY  
 41 SCHOOL DISTRICT SELF-INSPECTIONS OF school buildings at least once every  
 42 five years to ensure compliance with the building adequacy standards  
 43 prescribed in section ~~15-2011~~ 41-5711, the accuracy of the reporting of  
 44 vacant and partially used buildings pursuant to this subsection and  
 45 routine preventive maintenance guidelines as prescribed in this section

1 with respect to ~~construction of~~ CONSTRUCTING new buildings and ~~maintenance~~  
2 ~~of~~ MAINTAINING existing buildings. The ~~school facilities board~~ DIVISION  
3 shall randomly select twenty school districts every thirty months and  
4 ~~inspect~~ PROVIDE FOR them TO BE INSPECTED pursuant to this paragraph.

5 ~~4. Review and approve student population projections submitted by~~  
6 ~~school districts to determine to what extent school districts are entitled~~  
7 ~~to monies to construct new facilities pursuant to section 15-2041. The~~  
8 ~~board shall make a final determination within five months after the~~  
9 ~~receipt of an application by a school district for monies from the new~~  
10 ~~school facilities fund.~~

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

13 ~~6.~~ 4. Develop prototypical elementary and high school designs.  
14 The ~~board~~ DIVISION shall review the design differences between the schools  
15 with the highest academic productivity scores and the schools with the  
16 lowest academic productivity scores. The ~~board~~ DIVISION shall also review  
17 the results of a valid and reliable survey of parent quality rating in the  
18 highest performing schools and the lowest performing schools in this  
19 state. The survey of parent quality rating shall be administered by the  
20 department of education. The ~~board~~ DIVISION shall consider the design  
21 elements of the schools with the highest academic productivity scores and  
22 parent quality ratings in the development of elementary and high school  
23 designs. The ~~board~~ DIVISION shall develop separate school designs for  
24 elementary, middle and high schools with varying pupil capacities.

25 ~~7.~~ 5. Develop application forms, reporting forms and procedures to  
26 carry out the requirements of this article, including developing and  
27 implementing policies and procedures to:

28 (a) Ensure that the ~~DIVISION AND THE SCHOOL FACILITIES OVERSIGHT~~  
29 ~~board, AS APPLICABLE, notifies~~ NOTIFY school districts in a uniform manner  
30 of the services and funding available for school districts from the board  
31 ~~OR THE DIVISION~~ for facility construction, renovation and repair projects.  
32 The policies and procedures shall require the ~~DIVISION AND THE~~ board to  
33 provide at least one annual communication to school districts in a manner  
34 prescribed by the ~~board~~ DIVISION and shall require each school district to  
35 develop and maintain a list of persons who are responsible for facilities  
36 management at that school district.

37 (b) Establish a project eligibility assessment for all projects  
38 submitted for building renewal grant funding or emergency deficiencies  
39 correction funding, including establishing standardized criteria for  
40 project eligibility. Before the ~~board~~ DIVISION formally approves a  
41 project, the staff of the ~~board~~ DIVISION may review the costs and scope of  
42 the proposed project with persons and entities that have submitted bids on  
43 the project.

1 (c) Ensure that the DIVISION AND THE SCHOOL FACILITIES OVERSIGHT  
2 board ~~maintains~~ MAINTAIN standardized documentation of all projects  
3 submitted to the board AND THE DIVISION for consideration to receive  
4 services or a financial award from the board OR THE DIVISION. The board  
5 AND THE DIVISION shall maintain standardized documentation of any project  
6 awarded monies by the board OR THE DIVISION, including records of payments  
7 to school districts in a manner prescribed by the ~~board~~ DIVISION. The  
8 standardized documentation shall include the following as part of the  
9 eligibility determination criteria:

10 (i) Whether the problem that the proposed project intends to  
11 address caused the building or facility to fall below the minimum school  
12 facility adequacy guidelines prescribed in section ~~15-2011~~ 41-5711.

13 (ii) Whether the school district performed the routine preventive  
14 maintenance required ~~pursuant to~~ BY section ~~15-2032~~ 41-5731 on the  
15 building or facility.

16 (d) Require a school district to submit contact information for  
17 each proposed project, including the name, ~~e-mail~~ EMAIL address and  
18 telephone number of persons who are responsible for facilities management  
19 at the school district.

20 (e) Require a school district to provide justification for each  
21 proposed project, including all of the following:

22 (i) The school district's use or planned use of the facility.

23 (ii) A detailed description of the problem and the school  
24 district's recommended solution.

25 (iii) Any completed professional study regarding the proposed  
26 project.

27 (iv) Any citation or report from government entities.

28 (v) The estimated cost of the proposed project, with documentation.

29 (vi) The project category.

30 (vii) A description of any local funding that will be used for the  
31 proposed project.

32 (viii) Documentation on associated insurance coverage, if  
33 applicable.

34 ~~(f) If the application is for monies from the building renewal~~  
35 ~~grant fund established by section 15-2032, require the school district to~~  
36 ~~report the preventive maintenance activities completed during the previous~~  
37 ~~twelve months for the facility for which the monies are being requested.~~

38 ~~(g)~~ (f) Require that an initial application not be considered  
39 complete until all necessary information is submitted.

40 ~~(h)~~ (g) Allow a school district to submit an incomplete  
41 application and request technical assistance from the staff of the board  
42 if the school district is unable to provide sufficient information in the  
43 initial application.

1           ~~(i)~~ (h) IF APPLICABLE, require that a complete application be  
2 received by the board at least fifteen business days before the next  
3 regularly scheduled board meeting in order for the application to be  
4 considered at that meeting. An incomplete application may be considered  
5 at that meeting if both the staff of the board and the superintendent of  
6 the school district deem the project critical.

7           ~~(j)~~ (i) Allow the staff of the board OR THE DIVISION, AS  
8 APPLICABLE, to notify a school district in writing before review by the  
9 board OR DIVISION that the proposed project does not meet eligibility  
10 criteria prescribed in this chapter. The written notification shall  
11 include documentation to support the ~~staff's~~ determination that the  
12 proposed project does not meet the eligibility criteria prescribed in this  
13 chapter. The school district may directly appeal the ~~staff's~~  
14 determination of ineligibility to the ~~executive~~ director of the ~~board~~  
15 DIVISION. The school district may directly appeal the ~~executive~~  
16 director's determination of ineligibility to the board.

17           ~~(k)~~ (j) Prohibit the staff of the board OR DIVISION from  
18 requesting that a school district withdraw a project application from  
19 review by the board OR DIVISION if the initial ~~staff~~ review determines  
20 that the proposed project may be ineligible for monies ~~from the board~~  
21 PURSUANT TO THIS CHAPTER.

22           ~~8. Review and approve or reject requests submitted by school~~  
23 ~~districts to take actions pursuant to section 15-341, subsection 6.~~

24           ~~9.~~ 6. Submit electronically an annual report on or before December  
25 15 to the speaker of the house of representatives, the president of the  
26 senate, the superintendent of public instruction, the secretary of state  
27 and the governor that includes the following information:

28           (a) A detailed description of the amount of monies distributed by  
29 the ~~school facilities board~~ DIVISION UNDER THIS CHAPTER in the previous  
30 fiscal year.

31           (b) A list of each capital project that received monies from the  
32 ~~school facilities board~~ DIVISION UNDER THIS CHAPTER during the previous  
33 fiscal year, a brief description of each project that was funded and a  
34 summary of the ~~board's~~ DIVISION'S reasons for ~~the distribution of~~  
35 DISTRIBUTING monies for the project.

36           (c) A summary of the findings and conclusions of the building  
37 maintenance inspections conducted pursuant to this article during the  
38 previous fiscal year.

39           (d) A summary of the findings of common design elements and  
40 characteristics of the highest performing schools and the lowest  
41 performing schools based on academic productivity, including the results  
42 of the parent quality rating survey. For the purposes of this  
43 subdivision, "academic productivity" means academic year advancement per  
44 calendar year as measured with student-level data using the statewide  
45 nationally standardized norm-referenced achievement test.

1           ~~10.~~ 7. On or before December 1 of each year, report electronically  
2 to the joint committee on capital review the amounts necessary to fulfill  
3 the requirements of ~~sections 15-2022 and 15-2041~~ SECTION 41-5721 for the  
4 following three fiscal years. In developing the amounts necessary for  
5 this report, the ~~school facilities board~~ DIVISION shall use the most  
6 recent average daily membership data available. On request from the ~~board~~  
7 DIVISION, the department of education shall make available the most recent  
8 average daily membership data for use in calculating the amounts necessary  
9 to fulfill the requirements of section ~~15-2041~~ 41-5721 for the following  
10 three fiscal years. The ~~board~~ DIVISION shall provide copies of the report  
11 to the president of the senate, the speaker of the house of  
12 representatives and the governor.

13           ~~11. Adopt minimum school facility adequacy guidelines to provide~~  
14 ~~the minimum quality and quantity of school buildings and the facilities~~  
15 ~~and equipment necessary and appropriate to enable pupils to achieve the~~  
16 ~~educational goals of the Arizona state schools for the deaf and the blind.~~  
17 ~~The school facilities board shall establish minimum school facility~~  
18 ~~adequacy guidelines applicable to the Arizona state schools for the deaf~~  
19 ~~and the blind.~~

20           ~~12. In each even-numbered year, report electronically to the joint~~  
21 ~~committee on capital review the amounts necessary to fulfill the~~  
22 ~~requirements of section 15-2041 for the Arizona state schools for the deaf~~  
23 ~~and the blind for the following two fiscal years. The Arizona state~~  
24 ~~schools for the deaf and the blind shall incorporate the findings of the~~  
25 ~~report in any request for new school facilities monies. Any monies~~  
26 ~~provided to the Arizona state schools for the deaf and the blind for new~~  
27 ~~school facilities are subject to legislative appropriation.~~

28           ~~13.~~ 8. On or before June 15 of each year, submit electronically  
29 detailed information regarding demographic assumptions, ~~AND~~ a proposed  
30 construction schedule ~~and new school construction cost estimates~~ for  
31 individual projects approved in the current fiscal year and expected  
32 project approvals for the upcoming fiscal year to the joint committee on  
33 capital review for its review. A copy of the report shall also be  
34 submitted electronically to the governor's office of strategic planning  
35 and budgeting. The joint legislative budget committee staff, the  
36 governor's office of strategic planning and budgeting staff and the ~~school~~  
37 ~~facilities board~~ DIVISION staff shall agree on the format of the report.

38           ~~14.~~ 9. Every two years, provide school districts with information  
39 on improving and maintaining the indoor environmental quality in school  
40 buildings.

41           ~~15. On or before December 31 of each year, report to the joint~~  
42 ~~legislative budget committee on all class B bond approvals by school~~  
43 ~~districts in that year. Each school district shall report to the school~~  
44 ~~facilities board on or before December 1 of each year information required~~

1 ~~by the school facilities board for the report prescribed in this~~  
2 ~~paragraph.~~

3 ~~16. Validate proposed adjacent ways projects submitted by school~~  
4 ~~districts as prescribed in section 15-995.~~

5 10. ADOPT RULES REGARDING THE VALIDATION OF ADJACENT WAYS PROJECTS  
6 PURSUANT TO PARAGRAPH 11 OF THIS SUBSECTION.

7 11. VALIDATE PROPOSED ADJACENT WAYS PROJECTS THAT ARE SUBMITTED BY  
8 SCHOOL DISTRICTS AS PRESCRIBED IN SECTION 15-995 PURSUANT TO RULES ADOPTED  
9 BY THE DIVISION UNDER PARAGRAPH 10 OF THIS SUBSECTION.

10 12. SUBMIT A MONTHLY REPORT TO THE SCHOOL FACILITIES OVERSIGHT  
11 BOARD THAT DETAILS EACH ADJACENT WAYS PROJECT VALIDATED PURSUANT TO  
12 PARAGRAPH 11 OF THIS SUBSECTION.

13 13. BRIEF THE JOINT COMMITTEE ON CAPITAL REVIEW AT LEAST ONCE EACH  
14 YEAR REGARDING THE USE OF MONIES FROM ALL OF THE FOLLOWING:

15 (a) THE EMERGENCY DEFICIENCIES CORRECTION FUND ESTABLISHED BY  
16 SECTION 41-5721.

17 (b) THE BUILDING RENEWAL GRANT FUND ESTABLISHED BY SECTION 41-5731.

18 (c) THE NEW SCHOOL FACILITIES FUND ESTABLISHED BY SECTION 41-5741.

19 B. The school facilities OVERSIGHT board OR THE DIVISION may  
20 contract for the following services in compliance with the procurement  
21 practices prescribed in ~~title 41,~~ chapter 23 OF THIS TITLE:

22 1. Private services.

23 2. Construction project management services.

24 3. Assessments for school buildings to determine if the buildings  
25 have outlived their useful life pursuant to section ~~15-2041~~ 41-5741,  
26 subsection G OR HAVE BEEN CONDEMNED.

27 4. Services related to land acquisition and development of a school  
28 site.

29 C. THE BOARD SHALL:

30 1. REVIEW AND APPROVE STUDENT POPULATION PROJECTIONS SUBMITTED BY  
31 SCHOOL DISTRICTS TO DETERMINE TO WHAT EXTENT SCHOOL DISTRICTS ARE ENTITLED  
32 TO MONIES TO CONSTRUCT NEW FACILITIES PURSUANT TO SECTION 41-5741. THE  
33 SCHOOL FACILITIES OVERSIGHT BOARD SHALL MAKE A FINAL DETERMINATION WITHIN  
34 FIVE MONTHS AFTER RECEIVING AN APPLICATION FROM A SCHOOL DISTRICT FOR  
35 MONIES FROM THE NEW SCHOOL FACILITIES FUND.

36 2. CERTIFY THAT PLANS FOR NEW SCHOOL FACILITIES MEET THE BUILDING  
37 ADEQUACY STANDARDS PRESCRIBED IN SECTION 41-5711.

38 3. REVIEW AND APPROVE OR REJECT REQUESTS SUBMITTED BY SCHOOL  
39 DISTRICTS TO TAKE ACTIONS PURSUANT TO SECTION 15-341, SUBSECTION G.

40 4. ON OR BEFORE DECEMBER 15 OF EACH YEAR ELECTRONICALLY SUBMIT A  
41 REPORT TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF  
42 THE SENATE, THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE SECRETARY OF  
43 STATE AND THE GOVERNOR THAT INCLUDES THE FOLLOWING INFORMATION:

44 (a) A DETAILED DESCRIPTION OF THE AMOUNT OF MONIES THE BOARD  
45 DISTRIBUTED UNDER THIS CHAPTER IN THE PREVIOUS FISCAL YEAR.



1 (b) A LIST OF EACH CAPITAL PROJECT THAT RECEIVED MONIES FROM THE  
2 BOARD UNDER THIS CHAPTER DURING THE PREVIOUS FISCAL YEAR, A BRIEF  
3 DESCRIPTION OF EACH PROJECT THAT WAS FUNDED AND A SUMMARY OF THE BOARD'S  
4 REASONS FOR DISTRIBUTING MONIES FOR THE PROJECT.

5 (c) A SUMMARY OF THE FINDINGS AND CONCLUSIONS OF THE BUILDING  
6 MAINTENANCE INSPECTIONS CONDUCTED PURSUANT TO THIS ARTICLE DURING THE  
7 PREVIOUS FISCAL YEAR.

8 5. ON OR BEFORE DECEMBER 1 OF EACH YEAR, ELECTRONICALLY REPORT TO  
9 THE JOINT COMMITTEE ON CAPITAL REVIEW THE AMOUNTS NECESSARY TO FULFILL THE  
10 REQUIREMENTS OF SECTION 41-5741 FOR THE FOLLOWING THREE FISCAL YEARS. IN  
11 DEVELOPING THE AMOUNTS NECESSARY FOR THIS REPORT, THE BOARD SHALL USE THE  
12 MOST RECENT AVERAGE DAILY MEMBERSHIP DATA AVAILABLE. ON REQUEST FROM THE  
13 BOARD, THE DEPARTMENT OF EDUCATION SHALL MAKE AVAILABLE THE MOST RECENT  
14 AVERAGE DAILY MEMBERSHIP DATA FOR USE IN CALCULATING THE AMOUNTS NECESSARY  
15 TO FULFILL THE REQUIREMENTS OF SECTION 41-5741 FOR THE FOLLOWING THREE  
16 FISCAL YEARS. THE BOARD SHALL PROVIDE COPIES OF THE REPORT TO THE  
17 PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND  
18 THE GOVERNOR.

19 6. ADOPT MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES TO PROVIDE THE  
20 MINIMUM QUALITY AND QUANTITY OF SCHOOL BUILDINGS AND THE FACILITIES AND  
21 EQUIPMENT NECESSARY AND APPROPRIATE TO ENABLE PUPILS TO ACHIEVE THE  
22 EDUCATIONAL GOALS OF THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.  
23 THE BOARD SHALL ESTABLISH MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES  
24 APPLICABLE TO THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.

25 7. ON OR BEFORE JUNE 15 OF EACH YEAR, ELECTRONICALLY SUBMIT TO THE  
26 JOINT COMMITTEE ON CAPITAL REVIEW FOR ITS REVIEW DETAILED INFORMATION  
27 REGARDING DEMOGRAPHIC ASSUMPTIONS, A PROPOSED CONSTRUCTION SCHEDULE AND  
28 NEW SCHOOL CONSTRUCTION COST ESTIMATES FOR INDIVIDUAL PROJECTS APPROVED IN  
29 THE CURRENT FISCAL YEAR AND EXPECTED PROJECT APPROVALS FOR THE UPCOMING  
30 FISCAL YEAR. A COPY OF THE REPORT SHALL ALSO BE SUBMITTED ELECTRONICALLY  
31 TO THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING. THE JOINT  
32 LEGISLATIVE BUDGET COMMITTEE STAFF, THE GOVERNOR'S OFFICE OF STRATEGIC  
33 PLANNING AND BUDGETING STAFF AND THE BOARD STAFF SHALL AGREE ON THE FORMAT  
34 OF THE REPORT.

35 8. ON OR BEFORE DECEMBER 31 OF EACH YEAR, REPORT TO THE JOINT  
36 LEGISLATIVE BUDGET COMMITTEE ON ALL CLASS B BOND APPROVALS BY SCHOOL  
37 DISTRICTS IN THAT YEAR. EACH SCHOOL DISTRICT SHALL REPORT TO THE BOARD ON  
38 OR BEFORE DECEMBER 1 OF EACH YEAR INFORMATION REQUIRED BY THE BOARD FOR  
39 THE REPORT PRESCRIBED IN THIS PARAGRAPH.

40 ~~C.~~ D. The ~~governor~~ DIRECTOR OF THE DIVISION shall ~~appoint an~~  
41 ~~executive~~ SERVE AS THE director of the school facilities OVERSIGHT board  
42 ~~pursuant to section 38-211~~. The ~~executive~~ director ~~is eligible to receive~~  
43 ~~compensation as determined pursuant to section 38-611 and~~ may hire and  
44 fire necessary staff subject to ~~title 41~~, chapter 4, article 4 OF THIS  
45 TITLE and as approved by the legislature in the budget. ~~The executive~~

~~director shall have demonstrated competency in school finance, facilities design or facilities management, either in private business or government service. The executive director serves at the pleasure of the governor.~~

The staff of the school facilities OVERSIGHT board is exempt from ~~title 41,~~ chapter 4, articles 5 and 6 OF THIS TITLE. The ~~executive~~ director:

1. Shall analyze applications for monies submitted to the board AND TO THE DIVISION by school districts.

2. Shall assist the board AND THE DIVISION in developing forms and procedures for ~~the distribution~~ DISTRIBUTING and ~~review of~~ REVIEWING applications and ~~the distribution of~~ DISTRIBUTING monies to school districts.

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

4. Shall assist the board AND THE DIVISION in ~~the preparation of~~ PREPARING the board's AND DIVISION'S annual ~~report~~ REPORTS.

5. Shall research and provide reports on issues of general interest to the board AND THE DIVISION.

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

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

8. Shall assist the board AND THE DIVISION in any other appropriate matter or method as directed by the DIVISION AND THE members of the board.

9. Shall establish procedures to ensure compliance with the notice and hearing requirements prescribed in section 15-905. The notice and hearing procedures adopted by the board shall include the requirement, with respect to the board's consideration of any application filed after July 1, 2001 or after December 31 of the year in which the property becomes territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461 for monies to fund the construction of new school facilities proposed to be located in territory in the vicinity of a military airport or ancillary military facility, that the military airport receive notification of the application by first class mail at least thirty days before any hearing concerning the application.

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

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

1           12. Shall ~~make a determination as to~~ DETERMINE administrative  
2 ~~completion~~ COMPLETENESS within one month after ~~the receipt of~~ RECEIVING an  
3 application ~~by~~ FROM a school district for monies from the new school  
4 facilities fund.

5           13. Shall provide technical support to school districts as  
6 requested by school districts in connection with ~~the construction of~~  
7 CONSTRUCTING new school facilities and ~~the maintenance of~~ MAINTAINING  
8 existing school facilities and may contract directly with construction  
9 project managers pursuant to subsection B of this section. This paragraph  
10 does not restrict a school district from contracting with a construction  
11 project manager using district or state resources.

12           ~~D.~~ E. When appropriate, the ~~school facilities~~ board AND THE  
13 DIVISION shall review and use the statewide school facilities inventory  
14 and needs assessment conducted by the joint committee on capital review  
15 and issued in July, 1995.

16           ~~E.~~ F. The school facilities OVERSIGHT board shall contract with  
17 one or more private building inspectors to complete an initial assessment  
18 of school facilities and equipment and shall inspect each school building  
19 in this state at least once every five years to ensure compliance with  
20 section ~~15-2011~~ 41-5711. A copy of the inspection report, together with  
21 any recommendations for building maintenance, shall be provided to the  
22 school facilities OVERSIGHT board and the governing board of the school  
23 district.

24           ~~F.~~ G. The ~~school facilities~~ DIVISION OR THE board, AS APPLICABLE,  
25 may consider appropriate combinations of facilities or uses in ~~making~~  
26 ~~assessments of~~ ASSESSING and curing deficiencies pursuant to subsection A,  
27 paragraph 1 of this section and in certifying plans for new school  
28 facilities pursuant to subsection ~~A~~ C, paragraph ~~5~~ 2 of this section.

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

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

35           ~~I.~~ J. The ~~board~~ DIVISION may contract for construction services  
36 and materials that are necessary to correct existing deficiencies in  
37 school district facilities. The ~~board~~ DIVISION 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 OF THIS TITLE.  
41 The construction planning and services performed pursuant to this  
42 subsection are exempt from section 41-791.01.

43           ~~J.~~ K. The ~~school facilities board~~ DIVISION may enter into  
44 agreements with school districts to allow ~~school facilities board~~ DIVISION  
45 staff and contractors access to school property for the purposes of

1 performing the construction services necessary pursuant to subsection ~~I~~ J  
2 of this section.

3 ~~K~~ L. Each school district shall develop routine preventive  
4 maintenance guidelines for its facilities. The guidelines shall include  
5 plumbing systems, electrical systems, heating, ventilation and air  
6 conditioning systems, special equipment and other systems and for roofing  
7 systems shall recommend visual inspections performed by district staff for  
8 signs of structural stress and weakness. The guidelines shall be  
9 submitted to the ~~school facilities board~~ DIVISION for review and  
10 approval. If on inspection by the ~~school facilities board~~ DIVISION it is  
11 determined that a school district facility was inadequately maintained  
12 pursuant to the school district's routine preventive maintenance  
13 guidelines, the school district shall return the building to compliance  
14 with the school district's routine preventive maintenance guidelines.

15 ~~L~~ M. The ~~school facilities~~ board AND THE DIVISION may temporarily  
16 transfer monies, OR, IF APPLICABLE, DIRECT THE DIVISION TO TRANSFER  
17 MONIES, between ~~the capital reserve fund established by section 15-2003,~~  
18 the emergency deficiencies correction fund established by section ~~15-2022~~  
19 41-5721 and the new school facilities fund established by section ~~15-2041~~  
20 41-5741 if all of the following conditions are met:

21 1. The transfer is necessary to avoid a temporary shortfall in the  
22 fund into which the monies are transferred.

23 2. The transferred monies are restored to the fund where the monies  
24 originated as soon as practicable after the temporary shortfall in the  
25 other fund has been addressed.

26 3. The ~~school facilities~~ board ~~reports~~ AND THE DIVISION REPORT to  
27 the joint committee on capital review the amount of and the reason for any  
28 monies transferred.

29 ~~M~~ N. After notifying each school district, and if a written  
30 objection from the school district is not received by the ~~school~~  
31 ~~facilities~~ board OR THE DIVISION within thirty days ~~of~~ AFTER the  
32 notification, the ~~school facilities~~ board OR THE DIVISION may access  
33 public utility company records of power, water, natural gas, telephone and  
34 broadband usage to assemble consistent and accurate data on utility  
35 consumption at school facilities to determine the effectiveness of  
36 facility design, operation and maintenance measures intended to reduce  
37 energy and water consumption and costs. Any public utility that provides  
38 service to a school district in this state shall provide the data  
39 requested by the ~~school facilities~~ board OR THE DIVISION pursuant to this  
40 subsection.

41 ~~N~~ O. The ~~school facilities~~ DIVISION OR THE board shall not  
42 require a common school district that provides instruction to pupils in  
43 grade nine to obtain approval from the ~~school facilities~~ DIVISION OR THE  
44 board to reconfigure its school facilities. A common school district that  
45 provides instruction to pupils in grade nine is not entitled to additional

1 monies from the ~~school facilities~~ DIVISION OR THE board for facilities to  
2 educate pupils in grade nine.

3 ~~0.~~ P. A school district may appeal the denial of a request for  
4 monies pursuant to this chapter or any other appealable agency action by  
5 the ~~school facilities~~ DIVISION OR THE board pursuant to ~~title 41,~~ chapter  
6 6, article 10 OF THIS TITLE. For the purposes of this subsection,  
7 "appealable agency action" has the same meaning prescribed in section  
8 41-1092.

9 Sec. 62. Section 41-5703, Arizona Revised Statutes, as transferred  
10 and renumbered, is amended to read:

11 41-5703. School facilities oversight board lease-to-own;  
12 fund; expiration

13 A. In order to fulfill the requirements of section ~~15-2041~~ 41-5741,  
14 the ~~school facilities~~ board may acquire school facilities for the use of  
15 one or more school districts by entering into one or more lease-to-own  
16 transactions in accordance with this section. For THE purposes of this  
17 section, providing school facilities includes land acquisition, related  
18 infrastructure, fixtures, furnishings, equipment and costs of the  
19 lease-to-own transaction. The ~~school facilities~~ board may provide monies  
20 to provide school facilities in part pursuant to section ~~15-2041~~ 41-5741  
21 and in part through a lease-to-own transaction.

22 B. A lease-to-own transaction may provide for:

23 1. The ground lease of the land for the facilities to a private  
24 entity for the term of the lease-to-own transaction or for a term of up to  
25 one and one-half times the term of the lease-to-own transaction, subject  
26 to earlier termination on completion of performance of the lease-to-own  
27 agreement. The ground lessor may either be the school district or the  
28 ~~school facilities~~ board, whichever holds title to the land.

29 2. The lease of the completed school facilities by a private entity  
30 to the ~~school facilities~~ board for an extended term of years pursuant to a  
31 lease-to-own agreement.

32 3. The sublease of the completed school facilities by the ~~school~~  
33 ~~facilities~~ board to the school district during the term of the  
34 lease-to-own agreement. The sublease shall provide for the use,  
35 maintenance and operation of the school facilities by the school district  
36 and for the transfer of ownership of the school facilities to the school  
37 district on completion of performance of the lease-to-own agreement.

38 4. The option for the ~~school facilities~~ board's purchase of the  
39 school facilities and transfer of ownership of the school facilities to  
40 the school district before the expiration of the lease-to-own agreement.

41 5. The services of trustees, financial advisors, paying agents,  
42 transfer agents, underwriters, lawyers and other professional service  
43 providers, credit enhancements or liquidity facilities and all other  
44 services considered necessary by the ~~school facilities~~ board in connection  
45 with the lease-to-own transaction, and related agreements and arrangements

1 including arrangements for the creation and sale of certificates of  
2 participation evidencing proportionate interests in the lease payments to  
3 be made by the ~~school facilities~~ board pursuant to the lease-to-own  
4 agreement.

5 C. The sublease of the school facilities to the school district is  
6 subject to this section and to the provisions of the lease-to-own  
7 agreement. Neither a ground lease by the school district as lessor nor a  
8 sublease of the school facilities to the school district is required to be  
9 authorized by a vote of the school district electors. A ground lease is  
10 not subject to any limitations or requirements applicable to leases or  
11 lease-purchase agreements pursuant to section 15-342 or any other section  
12 of ~~TITLE 15 OR this title~~ CHAPTER.

13 D. Any school facility that is constructed through a lease-to-own  
14 agreement shall meet the minimum building adequacy standards set forth in  
15 section ~~15-2011~~ 41-5711.

16 E. School districts may use local monies to exceed the minimum  
17 adequacy standards and to build athletic fields and any other capital  
18 project for leased-to-own facilities.

19 F. The ~~school facilities~~ board shall include any square footage of  
20 new school facilities constructed through lease-to-own agreements in the  
21 computations prescribed in section ~~15-2011~~ 41-5711.

22 G. ~~A~~ THE lease-to-own fund is established consisting of monies  
23 appropriated by the legislature. The ~~school facilities~~ board shall  
24 administer the fund and distribute monies in the fund to make payments  
25 pursuant to lease-to-own agreements entered into by the ~~school facilities~~  
26 board pursuant to this section, to make payments to or for the benefit of  
27 school districts pursuant to local lease-to-own agreements entered into by  
28 school districts pursuant to section ~~15-2005~~ 41-5704 and to pay costs  
29 considered necessary by the ~~school facilities~~ board in connection with  
30 lease-to-own transactions and local lease-to-own transactions. Payments  
31 by the ~~school facilities~~ board pursuant to a lease-to-own agreement or  
32 local lease-to-own agreement shall be made only from the lease-to-own  
33 fund. On notice from the ~~school facilities~~ board, the state treasurer  
34 shall invest and divest monies in the fund as provided by section 35-313,  
35 and monies earned from investment shall be credited to the lease-to-own  
36 fund.

37 H. A lease-to-own agreement entered into by the ~~school facilities~~  
38 board pursuant to this section shall provide that:

39 1. At the completion of the lease-to-own agreement, ownership of  
40 the school facilities and land associated with the lease-to-own agreement  
41 shall be transferred to the school district as specified in the agreement.

42 2. The obligation of the ~~school facilities~~ board to make any  
43 payment under the lease-to-own agreement is a current expense, payable  
44 exclusively from appropriated monies, and is not a general obligation  
45 indebtedness of this state or the ~~school facilities~~ board. The obligation

1 of a school district to make expenditures under a sublease pursuant to  
2 subsection B, paragraph 3 of this section is a current expense, payable  
3 exclusively from budgeted monies, and is not a general obligation  
4 indebtedness of the school district.

5 3. If the legislature fails to appropriate monies or the ~~school~~  
6 ~~facilities~~ board fails to allocate such monies for any periodic payment or  
7 renewal term of the lease-to-own agreement, the lease-to-own agreement  
8 terminates at the end of the current term and this state and the ~~school~~  
9 ~~facilities~~ board are relieved of any subsequent obligation under the  
10 agreement and the school district is relieved of any subsequent obligation  
11 under the sublease.

12 4. The lease-to-own agreement shall be reviewed and approved by the  
13 attorney general before the agreement may take effect.

14 5. Before the agreement takes effect and after review by the  
15 attorney general, the project or projects related to the agreement shall  
16 be submitted for review by the joint committee on capital review.

17 I. The ~~school facilities~~ board may covenant to use its best efforts  
18 to budget, obtain, allocate and maintain sufficient appropriated monies to  
19 make payments under a lease-to-own agreement, but the lease-to-own  
20 agreement shall acknowledge that appropriating state monies is a  
21 legislative act and is beyond the control of the ~~school facilities~~ board  
22 or of any other party to the lease-to-own agreement.

23 J. The land and the school facilities on the land are exempt from  
24 taxation during the term of the lease-to-own agreement and during  
25 construction and subsequent occupancy by the school district pursuant to  
26 the sublease.

27 K. The powers prescribed in this section are in addition to the  
28 powers conferred by any other law. Without reference to any other  
29 provision of TITLE 15, this ~~title~~ CHAPTER or ~~to~~ any other law, this  
30 section is authority for the completion of the purposes prescribed in this  
31 section for the ~~school facilities~~ board to provide school facilities for  
32 use by school districts through lease-to-own transactions pursuant to this  
33 section without regard to the procedure required by any other law. Except  
34 as otherwise provided in this section, the provisions of TITLE 15 AND this  
35 ~~title~~ CHAPTER that relate to the matters contained in this section are  
36 superseded because this section is the exclusive law on these matters.

37 L. The ~~school facilities~~ board shall not enter into lease-to-own  
38 transactions, including any refinancings or refundings, pursuant to this  
39 section from and after May 15, 2006.

40 Sec. 63. Section 41-5704, Arizona Revised Statutes, as transferred  
41 and renumbered, is amended to read:

42 41-5704. Local lease-to-own by school districts; expiration

43 A. In order to fulfill the requirements of section ~~15-2041~~ 41-5741,  
44 with the approval of the ~~school facilities~~ board, a school district may  
45 acquire school facilities by entering into a local lease-to-own



1 transaction in accordance with this section. For purposes of this  
2 section, providing school facilities includes land acquisition, related  
3 infrastructure, fixtures, furnishings, equipment and costs of the local  
4 lease-to-own transaction. The ~~school facilities~~ board may provide monies  
5 to provide school facilities in part pursuant to section ~~15-2041~~ 41-5741  
6 and in part through payments to or for the benefit of a school district  
7 for a local lease-to-own transaction.

8 B. A local lease-to-own transaction may provide for:

9 1. The ground lease of the land for the facilities to a private  
10 entity for the term of the local lease-to-own transaction or for a term of  
11 up to one and one-half times the term of the local lease-to-own  
12 transaction, subject to earlier termination on completion of performance  
13 of the local lease-to-own agreement. The ground lessor may either be the  
14 school district or the ~~school facilities~~ board, whichever holds title to  
15 the land.

16 2. The lease of the completed school facilities by a private entity  
17 to the school district for an extended term of years pursuant to a local  
18 lease-to-own agreement. The local lease-to-own agreement shall provide  
19 for the use, maintenance and operation of the school facilities by the  
20 school district and for the transfer of ownership of the school facilities  
21 to the school district on completion of performance of the local  
22 lease-to-own agreement.

23 3. The option for the school district's purchase of the school  
24 facilities and transfer of ownership of the school facilities to the  
25 school district before the expiration of the local lease-to-own agreement.

26 4. The services of trustees, financial advisors, paying agents,  
27 transfer agents, underwriters, lawyers and other professional service  
28 providers, credit enhancements or liquidity facilities and all other  
29 services considered necessary by the school district or the ~~school~~  
30 ~~facilities~~ board in connection with the local lease-to-own transaction,  
31 and related agreements and arrangements including arrangements for the  
32 creation and sale of certificates of participation evidencing  
33 proportionate interests in the lease payments to be made by the school  
34 district pursuant to the local lease-to-own agreement.

35 C. Neither a ground lease by the school district as lessor nor a  
36 local lease-to-own agreement is required to be authorized by a vote of the  
37 school district electors. A ground lease is not subject to any  
38 limitations or requirements applicable to leases or lease-purchase  
39 agreements pursuant to section 15-342 or any other section of ~~TITLE 15 OR~~  
40 this ~~title~~ CHAPTER.

41 D. The ~~school facilities~~ board may make payments to or for the  
42 benefit of the school district from the lease-to-own fund established by  
43 section ~~15-2004~~ 41-5703 for the payment of amounts payable under the local  
44 lease-to-own agreement.



1 E. Any school facility that is constructed through a lease-to-own  
2 agreement shall meet the minimum building adequacy standards set forth in  
3 section ~~15-2011~~ 41-5711.

4 F. School districts may use local monies to exceed the minimum  
5 adequacy standards and to build athletic fields and any other capital  
6 project for leased-to-own facilities.

7 G. The ~~school facilities~~ board shall include any square footage of  
8 new school facilities constructed through lease-to-own agreements in the  
9 computations prescribed in section ~~15-2011~~ 41-5711.

10 H. A local lease-to-own agreement entered into by a school district  
11 pursuant to this section shall provide that:

12 1. At the completion of the lease-to-own agreement, ownership of  
13 the school facilities and land associated with the lease-to-own agreement  
14 shall be transferred to the school district as specified in the agreement.

15 2. The obligation of the school district to make any payment or  
16 expenditure under the local lease-to-own agreement is a current expense,  
17 payable exclusively from properly budgeted monies, and is not a general  
18 obligation indebtedness of this state, the ~~school facilities~~ board or the  
19 school district, and that any payment by the ~~school facilities~~ board to or  
20 for the benefit of the school district from the lease-to-own fund  
21 established by section ~~15-2004~~ 41-5703 for payments of amounts payable  
22 under the local lease-to-own agreement is a current expense, payable  
23 exclusively from appropriated monies, and is not a general obligation  
24 indebtedness of this state or the ~~school facilities~~ board.

25 3. If the school district fails to properly budget for payments  
26 under the local lease-to-own agreement or if the legislature fails to  
27 appropriate monies or the ~~school facilities~~ board fails to allocate monies  
28 for periodic payment to or for the benefit of the school district for  
29 payments under the local lease-to-own agreement, the local lease-to-own  
30 agreement terminates at the end of the current term and the school  
31 district, the ~~school facilities~~ board and this state are relieved of any  
32 subsequent obligation under the local lease-to-own agreement.

33 4. The local lease-to-own agreement shall be reviewed and approved  
34 by the attorney general before the agreement may take effect.

35 5. Before the agreement takes effect and after review by the  
36 attorney general, the project or projects related to the agreement shall  
37 be submitted for review by the joint committee on capital review.

38 I. The school district may covenant to use its best efforts to  
39 budget, obtain, allocate and maintain sufficient monies to make payments  
40 under a local lease-to-own agreement, but the local lease-to-own agreement  
41 shall acknowledge that budgeting school district monies is a governmental  
42 act of the school district governing board that may not be contracted  
43 away. The school facilities **OVERSIGHT** board is not required to covenant  
44 to budget, obtain, allocate or maintain sufficient monies in the

1 lease-to-own fund to make payments to or for the benefit of a school  
2 district for payments under a local lease-to-own agreement.

3 J. The land and the school facilities on the land are exempt from  
4 taxation during the term of the local lease-to-own agreement and during  
5 construction and subsequent occupancy by the school district pursuant to  
6 the local lease-to-own agreement.

7 K. The powers prescribed in this section are in addition to the  
8 powers conferred by any other law. Without reference to any other  
9 provision of TITLE 15 OR this ~~title~~ CHAPTER or ~~to~~ any other law, this  
10 section is authority for the completion of the purposes prescribed in this  
11 section for school districts to provide school facilities through local  
12 lease-to-own transactions pursuant to this section without regard to the  
13 procedure required by any other law. Except as otherwise provided in this  
14 section, the provisions of TITLE 15 OR this ~~title~~ CHAPTER that relate to  
15 the matters contained in this section are superseded because this section  
16 is the exclusive law on these matters.

17 L. School districts shall not enter into lease-to-own transactions,  
18 including any refinancings or refundings, pursuant to this section from  
19 and after May 15, 2006.

20 Sec. 64. Section 41-5705, Arizona Revised Statutes, as transferred  
21 and renumbered, is amended to read:

22 41-5705. Lease-to-own amount; expiration

23 A. In order to fulfill the requirements of section ~~15-2041~~ 41-5741,  
24 the ~~school facilities~~ board may enter into lease-to-own transactions for  
25 up to a maximum of ~~two hundred million dollars~~ \$200,000,000 in any fiscal  
26 year.

27 B. The ~~school facilities~~ board shall not enter into lease-to-own  
28 transactions, including any refinancings or refundings, pursuant to this  
29 section from and after May 15, 2006.

30 Sec. 65. Section 41-5711, Arizona Revised Statutes, as transferred  
31 and renumbered, is amended to read:

32 41-5711. Minimum school facility adequacy requirements:  
33 definition

34 A. The ~~school facilities~~ board, as determined and prescribed in  
35 this chapter, shall provide funding to school districts for new  
36 construction as the number of pupils in the district fills the existing  
37 school facilities and requires 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

1 the requirements of this paragraph by analyzing the total square footage  
2 that is available for each pupil in conjunction with the need for  
3 specialized spaces and equipment.

4 2. The buildings are in compliance with federal, state and local  
5 building and fire codes and laws that ~~are applicable~~ APPLY to the  
6 particular building, except that a school with an aggregate area of less  
7 than five thousand square feet is subject to permitting and inspection by  
8 a local fire marshal and is only subject to regulation or inspection by  
9 the office of the state fire marshal if the county, city or town in which  
10 the school is located does not employ a local fire marshal. An existing  
11 school building is not required to comply with current requirements for  
12 new buildings unless this compliance is specifically mandated by law or by  
13 the building or fire code of the jurisdiction where the building is  
14 located.

15 3. The building systems, including roofs, plumbing, telephone  
16 systems, electrical systems, heating systems and cooling systems, are in  
17 working order and are capable of being properly maintained.

18 4. The buildings are structurally sound.

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

22 1. For a school district that provides instruction to pupils in  
23 programs for preschool children with disabilities, kindergarten programs  
24 and grades one through six, eighty square feet per pupil in programs for  
25 preschool children with disabilities, kindergarten programs and grades one  
26 through six.

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

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

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

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

41 6. For a school district that provides instruction to more than one  
42 thousand and up to one thousand eight hundred pupils in grades nine  
43 through twelve, one hundred twelve square feet per pupil in grades nine  
44 through twelve or one hundred twenty thousand square feet, whichever is  
45 more.

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

5           D. The ~~school facilities~~ board may modify the square footage  
6 requirements prescribed in subsection C of this section or modify the  
7 amount of monies awarded to cure the square footage deficiency pursuant to  
8 this section for particular school districts based on extraordinary  
9 circumstances for any of the following considerations:

10           1. The number of pupils served by the school district.

11           2. Geographic factors.

12           3. Grade configurations other than those prescribed in subsection C  
13 of this section.

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

16           1. Use the projected one hundredth day average daily membership for  
17 the current school year.

18           2. For each school, use the lesser of either:

19           (a) Total gross square footage.

20           (b) Student capacity multiplied by the appropriate square footage  
21 per pupil prescribed by subsection C of this section.

22           3. Consider the total space available in all schools in use in the  
23 school district, except that the ~~school facilities~~ board shall allow an  
24 exclusion of the square footage for certain schools and the pupils within  
25 the schools' boundaries if the school district demonstrates to the board's  
26 satisfaction unusual or excessive busing of pupils or unusual attendance  
27 boundary changes between schools.

28           4. Compute the gross square footage of all buildings by measuring  
29 from exterior wall to exterior wall. Square footage used solely for  
30 district administration, storage of vehicles and other nonacademic  
31 purposes shall be excluded from the net square footage.

32           5. Include all portable and modular buildings.

33           6. Include in the net square footage new construction funded wholly  
34 or partially by the ~~school facilities~~ board based on the square footage  
35 funded by the ~~school facilities~~ board. If the new construction is to  
36 exceed the square footage funded by the ~~school facilities~~ board, the  
37 excess square footage shall not be included in the net square footage if  
38 any of the following applies:

39           (a) The excess square footage was constructed before July 1, 2002  
40 or funded by a class B bond, impact aid revenue bond or capital outlay  
41 override approved by the voters after August 1, 1998 and before June 30,  
42 2002 or funded from unrestricted capital outlay expended before June 30,  
43 2002.

1 (b) The excess square footage of new school facilities does not  
2 exceed twenty-five percent of the minimum square footage requirements  
3 pursuant to subsection C of this section.

4 (c) The excess square footage of expansions to school facilities  
5 does not exceed twenty-five percent of the minimum square footage  
6 requirements pursuant to subsection C of this section.

7 7. Exclude square footage built under a developer agreement  
8 according to section 15-342, paragraph 33 until the ~~school facilities~~  
9 board provides funding for the square footage under section ~~15-2041~~  
10 ~~41-5741~~, subsection 0.

11 8. Include square footage that a school district has leased to  
12 another entity.

13 F. The ~~school facilities~~ board shall adopt rules establishing  
14 minimum school facility adequacy guidelines. The guidelines shall provide  
15 the minimum quality and quantity of school buildings and facilities and  
16 equipment necessary and appropriate to enable pupils to achieve the  
17 academic standards pursuant to section 15-203, subsection A, paragraphs 12  
18 and 13 and sections 15-701 and 15-701.01. At a minimum, the ~~school~~  
19 ~~facilities~~ board shall address all of the following in developing these  
20 guidelines:

- 21 1. School sites.
- 22 2. Classrooms.
- 23 3. Libraries and media centers, or both.
- 24 4. Cafeterias.
- 25 5. Auditoriums, multipurpose rooms or other multiuse space.
- 26 6. Technology.
- 27 7. Transportation.
- 28 8. Facilities for science, arts and physical education.
- 29 9. Other facilities and equipment that are necessary and  
30 appropriate to achieve the academic standards prescribed pursuant to  
31 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and  
32 15-701.01.
- 33 10. Appropriate combinations of facilities or uses listed in this  
34 section.

35 G. THE BOARD MAY CONVENE SUBCOMMITTEES AS NEEDED ON SPECIFIC  
36 ISSUES, INCLUDING SCHOOL FACILITY SAFETY STANDARDS. NOTWITHSTANDING ANY  
37 OTHER LAW, A SCHOOL DISTRICT THAT RECEIVES GRANT MONIES FROM THE BUILDING  
38 RENEWAL GRANT FUND ESTABLISHED BY SECTION 41-5731 OR MONIES FROM THE NEW  
39 SCHOOL FACILITIES FUND ESTABLISHED BY SECTION 41-5741 SHALL CONSIDER  
40 SCHOOL FACILITY SAFETY STANDARDS WHEN COMPLETING APPROVED PROJECTS OR  
41 CONSTRUCTING NEW SCHOOL FACILITIES WITH MONIES RECEIVED FROM THOSE FUNDS.

42 ~~G.~~ H. The board shall consider the facilities and equipment of the  
43 schools with the highest academic productivity scores, as prescribed in  
44 section ~~15-2002~~ 41-5702, subsection A, paragraph ~~9~~ 6, subdivision (d),

1 and the highest parent quality ratings in the establishment of the  
2 guidelines.

3 ~~H.~~ I. The ~~school facilities~~ board may consider appropriate  
4 combinations of facilities or uses in ~~making assessments of~~ ASSESSING and  
5 curing existing deficiencies pursuant to section ~~15-2002~~ 41-5702,  
6 subsection A, paragraph 1 and in certifying plans for new school  
7 facilities pursuant to section ~~15-2002~~ 41-5702, subsection ~~A~~ C, paragraph  
8 ~~5~~ 2.

9 ~~I.~~ J. If the ~~school facilities~~ board makes any changes to the  
10 minimum adequacy requirements prescribed in this section, the board shall  
11 provide a fiscal impact statement of the effect of the proposed changes to  
12 the joint committee on capital review for review.

13 ~~J.~~ K. For the purposes of this section, "student capacity" means  
14 the capacity adjusted to include any additions to or deletions of space,  
15 including modular or portable buildings at the school. The ~~school~~  
16 ~~facilities~~ board shall determine the student capacity for each school in  
17 conjunction with each school district, recognizing each school's  
18 allocation of space as of July 1, 1998, to achieve the academic standards  
19 prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13  
20 and sections 15-701 and 15-701.01.

21 Sec. 66. Section 41-5721, Arizona Revised Statutes, as transferred  
22 and renumbered, is amended to read:

23 41-5721. Emergency deficiencies correction fund; definition

24 A. The emergency deficiencies correction fund is established  
25 consisting of monies transferred from the new school facilities fund  
26 established by section ~~15-2041~~ 41-5741. The ~~school facilities board~~  
27 DIVISION shall administer the emergency deficiencies correction fund and  
28 distribute monies in accordance with the rules of the ~~school facilities~~  
29 ~~board~~ DIVISION to school districts for emergency purposes. The ~~school~~  
30 ~~facilities board~~ DIVISION shall not transfer monies from the new school  
31 facilities fund if the DIVISION, IN CONJUNCTION WITH THE SCHOOL FACILITIES  
32 OVERSIGHT BOARD, DETERMINES THAT THE transfer will affect, interfere with,  
33 disrupt or reduce any capital projects that the ~~school facilities~~ board  
34 has approved pursuant to section ~~15-2041~~ 41-5741. The ~~school facilities~~  
35 ~~board~~ DIVISION shall transfer to the emergency deficiencies correction  
36 fund the amount necessary each fiscal year to fulfill the requirements of  
37 this section. Within thirty days after transferring monies to the  
38 emergency deficiencies correction fund, the ~~school facilities board~~  
39 DIVISION shall report to the director of the joint legislative budget  
40 committee and the director of the governor's office of strategic planning  
41 and budgeting the amount and source of the transfer. Monies in the  
42 emergency deficiencies correction fund are continuously appropriated and  
43 are exempt from the provisions of section 35-190 relating to lapsing of  
44 appropriations.

1 B. If the ~~school facilities board~~ DIVISION determines that there  
2 are insufficient monies in the emergency deficiencies correction fund to  
3 correct an emergency, the school district may correct the emergency  
4 pursuant to section 15-907.

5 C. If a school district has an emergency, the school district shall  
6 apply to the ~~school facilities board~~ DIVISION for funding for the  
7 emergency. The school district's application shall disclose any insurance  
8 or building renewal monies available to the school district to pay for the  
9 emergency. BEFORE APPLYING TO THE DIVISION FOR FUNDING FOR THE EMERGENCY,  
10 THE SCHOOL DISTRICT GOVERNING BOARD SHALL ISSUE AN EMERGENCY DECLARATION  
11 OR RESOLUTION TO BE ELIGIBLE FOR MONIES FROM THE EMERGENCY DEFICIENCIES  
12 CORRECTION FUND.

13 D. The ~~school facilities board~~ DIVISION staff shall acknowledge  
14 receipt of the school district's application for emergency deficiencies  
15 funding in writing within five business days after receiving the  
16 application. The ~~school facilities board~~ DIVISION staff shall include in  
17 the written acknowledgement of receipt to the school district any  
18 investigative, study or informational requirements from the school  
19 district, along with an estimated timeline to complete the requirements,  
20 necessary for the ~~school facilities board~~ DIVISION staff to make a  
21 ~~recommendation for~~ DECISION REGARDING funding ~~to the school facilities~~  
22 ~~board~~.

23 E. THE BOARD SHALL REVIEW ALL POLICIES AND PROCEDURES THAT THE  
24 DIVISION DEVELOPS TO ADMINISTER THIS SECTION.

25 ~~E.~~ F. For the purposes of this section, "emergency":

26 1. Means a serious need for materials, services or construction or  
27 expenses ~~in excess of~~ THAT EXCEEDS the school district's adopted budget  
28 for the current fiscal year AND that seriously threatens the functioning  
29 of the school district, the preservation or protection of property or  
30 public health, welfare or safety.

31 2. INCLUDES ALL OF THE FOLLOWING:

32 (a) A SITUATION THAT THREATENS LIFE SERVICES SUCH AS ADEQUATE WATER  
33 SUPPLY, ENERGY AND WASTEWATER.

34 (b) A SITUATION IN WHICH A SCHOOL DISTRICT IS UNDER ORDERS FROM AN  
35 AUTHORITY HAVING JURISDICTION FOR AN UNSAFE ENVIRONMENT SUCH AS THE  
36 DEPARTMENT OF ENVIRONMENTAL QUALITY, THE OCCUPATIONAL SAFETY AND HEALTH  
37 ADMINISTRATION OR THE STATE FIRE MARSHAL.

38 (c) THE SCHOOL DISTRICT RECEIVES A PROFESSIONAL AND CERTIFIED  
39 ASSESSMENT SHOWING THAT ONE OR MORE FACILITIES OR SYSTEMS ARE STRUCTURALLY  
40 UNSAFE AND DIRECTLY IMPACT THE FUNCTIONS OF THE SCHOOL DISTRICT WITH NO  
41 ALTERNATIVE OPTION AVAILABLE.

1           Sec. 67. Section 41-5731, Arizona Revised Statutes, as transferred  
2 and renumbered, is amended to read:

3           41-5731. Building renewal grant fund; rules; definitions

4           A. The building renewal grant fund is established consisting of  
5 monies appropriated to the fund by the legislature. The ~~school facilities~~  
6 ~~board~~ DIVISION shall administer the fund and distribute monies to school  
7 districts for the purpose of maintaining the adequacy of existing school  
8 facilities. Monies in the fund are exempt from the provisions of section  
9 35-190 relating to lapsing of appropriations.

10          B. The ~~school facilities board~~ DIVISION shall distribute monies  
11 from the BUILDING RENEWAL GRANT fund based on grant requests from school  
12 districts to fund primary building renewal projects. Project requests  
13 shall be prioritized by the ~~school facilities board~~ DIVISION, with  
14 priority given to school districts that have provided routine preventive  
15 maintenance on the facility. A SCHOOL DISTRICT MUST SUBMIT A PREVENTIVE  
16 MAINTENANCE PLAN TO THE DIVISION TO BE ELIGIBLE TO RECEIVE MONIES FROM THE  
17 BUILDING RENEWAL GRANT FUND. The ~~school facilities board~~ DIVISION shall  
18 approve only projects that will be completed within twelve months, unless  
19 similar projects on average take longer to complete. A GRANT ISSUED UNDER  
20 THIS SECTION EXPIRES TWELVE MONTHS AFTER THE GRANT REQUEST IS APPROVED  
21 UNLESS THE DIVISION ISSUES AN EXTENSION, EXCEPT THAT IF THE DIVISION  
22 APPROVES A PROJECT AND DETERMINES THAT SIMILAR PROJECTS ON AVERAGE TAKE  
23 LONGER THAN TWELVE MONTHS TO COMPLETE, THE DIVISION SHALL EXTEND THE GRANT  
24 EXPIRATION DATE BASED ON THE AVERAGE AMOUNT OF TIME THAT SIMILAR PROJECTS  
25 TAKE TO COMPLETE. THE DIVISION SHALL ESTABLISH A PROCESS BY WHICH A  
26 SCHOOL DISTRICT MAY REQUEST AN EXTENSION UNDER THIS SUBSECTION. ON  
27 EXPIRATION OF A GRANT, A SCHOOL DISTRICT SHALL RETURN ANY BUILDING RENEWAL  
28 GRANT FUND MONIES THAT THE SCHOOL DISTRICT HAS NOT SPENT TO THE DIVISION  
29 FOR DEPOSIT IN THE BUILDING RENEWAL GRANT FUND. THE DIVISION MAY SPEND  
30 MONIES FROM THE FUND FOR ASSESSMENTS TO DETERMINE WHETHER A GRANT FROM THE  
31 FUND IS WARRANTED UNDER THIS SECTION.

32          C. School districts that receive monies from the BUILDING RENEWAL  
33 GRANT fund shall use these monies on projects for buildings or any part of  
34 a building in the ~~school facilities board's~~ DIVISION'S database for any of  
35 the following:

36           1. Major renovations and repairs to a building that is used for  
37 student instruction or other academic purposes.

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

40           3. Infrastructure costs.

41          D. Monies received from the fund shall not be used for any of the  
42 following purposes:

43           1. New construction.

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

45           3. Exterior beautification.



- 1           4. Demolition.  
2           5. Routine preventive maintenance.  
3           6. Any project in a building, or part of a building, that is being  
4 leased to another entity.  
5           E. Accommodation schools are not eligible for monies from the  
6 building renewal grant fund.  
7           F. If the ~~school facilities board~~ DIVISION or a court of competent  
8 jurisdiction determines that a school district received monies from the  
9 building renewal grant fund that must be reimbursed to the ~~school~~  
10 ~~facilities board~~ DIVISION due to legal action associated with improper  
11 construction by a hired contractor, the school district shall reimburse  
12 the ~~school facilities board~~ DIVISION an agreed-on amount for deposit into  
13 the building renewal grant fund.  
14           G. The ~~school facilities board~~ DIVISION shall categorize each  
15 project that is eligible for monies from the building renewal grant fund  
16 as either critical or noncritical. The ~~board~~ DIVISION shall adopt  
17 policies and procedures to prioritize critical projects and to designate  
18 critical projects as projects that immediately impact student safety or  
19 building closures or that result in operational disruptions. Critical  
20 projects have priority over any previously approved noncritical projects.  
21           H. If the ~~school facilities board~~ DIVISION determines that  
22 sufficient monies are not available for a noncritical project that the  
23 ~~board~~ DIVISION has approved, the ~~board~~ DIVISION shall notify the school  
24 district that submitted the project request that monies will be  
25 distributed from the building renewal grant fund for the project only if  
26 the legislature appropriates sufficient monies. If sufficient monies are  
27 not available in the fiscal year in which the project is awarded for a  
28 noncritical project, the noncritical project does not receive priority in  
29 the next fiscal year.  
30           I. Building renewal grants pursuant to this section shall be used  
31 only for projects that serve an academic purpose.  
32           J. THE DIVISION SHALL DO BOTH OF THE FOLLOWING:  
33           1. IMPLEMENT POLICIES AND PROCEDURES TO REQUIRE A SCHOOL DISTRICT  
34 TO REPORT THE PREVENTIVE MAINTENANCE ACTIVITIES COMPLETED DURING THE  
35 PREVIOUS TWELVE MONTHS FOR THE FACILITY FOR WHICH THE MONIES ARE BEING  
36 REQUESTED.  
37           2. SUBMIT A MONTHLY REPORT TO THE SCHOOL FACILITIES OVERSIGHT BOARD  
38 THAT DETAILS HOW MONIES FROM THE BUILDING RENEWAL GRANT FUND HAVE BEEN  
39 DISTRIBUTED.  
40           K. IN ADDITION TO ESTABLISHING A PROJECT ELIGIBILITY ASSESSMENT  
41 UNDER SECTION 41-5702, SUBSECTION A, PARAGRAPH 5, SUBDIVISION (b), THE  
42 DIVISION SHALL ADOPT RULES REGARDING BOTH OF THE FOLLOWING:  
43           1. THE APPROVAL OF BUILDING RENEWAL GRANTS PURSUANT TO THIS  
44 SECTION.

1           2. TIME FRAMES FOR THE DIVISION REGARDING ALL OF THE FOLLOWING WITH  
2 RESPECT TO THIS SECTION:

3           (a) APPROVING OR DENYING GRANT REQUESTS FOR CRITICAL PROJECTS.

4           (b) NOTIFYING AN APPLICANT IF THE APPLICANT'S APPLICATION IS  
5 INCOMPLETE.

6           (c) PROVIDING REGULAR UPDATES TO APPLICANTS REGARDING COMPLETED  
7 APPLICATIONS.

8           (d) DISTRIBUTING MONIES FROM THE BUILDING RENEWAL GRANT FUND.

9           L. THE BOARD SHALL REVIEW ALL POLICIES AND PROCEDURES THAT THE  
10 DIVISION DEVELOPS TO ADMINISTER THIS SECTION.

11           M. THE DIVISION MAY SPEND MONIES FROM THE FUND FOR ASSESSMENTS TO  
12 DETERMINE IF A GRANT FROM THE FUND IS WARRANTED UNDER THIS SECTION.

13           ~~N.~~ N. For the purposes of this section:

14           1. "Primary building renewal projects" means projects that are  
15 necessary for buildings owned by school districts that are required to  
16 meet the minimum adequacy standards for student capacity and that fall  
17 below the minimum school facility adequacy guidelines, as adopted by the  
18 ~~school facilities~~ board pursuant to section ~~15-2011~~ 41-5711, for school  
19 districts that have provided routine preventive maintenance to the school  
20 facility.

21           2. "Routine preventive maintenance" means services that are  
22 performed on a regular schedule at intervals ranging from four times a  
23 year to once every three years, or on the schedule of services recommended  
24 by the manufacturer of the specific building system or equipment, and that  
25 are intended to extend the useful life of a building system and reduce the  
26 need for major repairs.

27           3. "Student capacity" has the same meaning prescribed in section  
28 ~~15-2011~~ 41-5711.

29           Sec. 68. Section 41-5741, Arizona Revised Statutes, as transferred  
30 and renumbered, is amended to read:

31           41-5741. New school facilities fund; capital plan; reporting  
32 requirements

33           A. The new school facilities fund is established consisting of  
34 monies appropriated by the legislature and monies credited to the NEW  
35 SCHOOL FACILITIES fund pursuant to section 37-221. The ~~school facilities~~  
36 ~~board~~ DIVISION shall administer the NEW SCHOOL FACILITIES fund and, AT THE  
37 DIRECTION OF THE SCHOOL FACILITIES OVERSIGHT BOARD, SHALL distribute  
38 monies, as a continuing appropriation, to school districts for the purpose  
39 of constructing new school facilities and for contracted expenses pursuant  
40 to section ~~15-2002~~ 41-5702, subsection B, paragraphs 2, 3 and 4. ~~On June~~  
41 ~~30 of each fiscal year, any unobligated contract monies in the new school~~  
42 ~~facilities fund shall be transferred to the capital reserve fund~~  
43 ~~established by section 15-2003.~~

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

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

7 2. A description of new schools or additions to existing schools  
8 needed to meet the building adequacy standards prescribed in section  
9 ~~15-2011~~ 41-5711. The description shall include:

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

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

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

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

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

19 5. If a school district pays tuition for all or a portion of the  
20 school district's high school pupils to another school district, the  
21 capital plan shall indicate the number of pupils for which the district  
22 pays tuition to another district. If a school district accepts pupils  
23 from another school district pursuant to section 15-824, subsection A, the  
24 school district shall indicate the projections for this population  
25 separately. This paragraph does not apply to a small isolated school  
26 district as defined in section 15-901.

27 C. If the capital plan indicates a need for a new school or an  
28 addition to an existing school within the next four years or a need for  
29 land within the next ten years, the school district shall submit its plan  
30 to the school facilities OVERSIGHT board on or before September 1 and  
31 shall request monies from the new school facilities fund for the new  
32 construction or land. The ~~school facilities~~ board may require a school  
33 district to sell land that was previously purchased entirely with monies  
34 provided by the ~~school facilities~~ board if the ~~school facilities~~ board  
35 determines that the property is no longer needed within the ten-year  
36 period specified in this subsection for a new school or no longer needed  
37 within that ten-year period for an addition to an existing school. Monies  
38 provided for land are in addition to any monies provided pursuant to  
39 subsection D of this section.

40 D. AT THE DIRECTION OF the ~~school facilities~~ board, THE DIVISION  
41 shall distribute monies from the new school facilities fund for additional  
42 square footage as follows:

43 1. The ~~school facilities~~ board shall review and evaluate the  
44 enrollment projections. On or before December 15 of each year, following  
45 the submission of the enrollment projections, the ~~school facilities~~ board

1 shall either approve the projections as submitted or revise the  
2 projections. In approving or revising the enrollment projections, the  
3 ~~school facilities~~ board shall use the average daily membership data  
4 available during the current school year. On request from the ~~school~~  
5 ~~facilities~~ board, the department of education shall make available the  
6 most recent average daily membership data for use in revising the  
7 enrollment projections. In determining new construction requirements, the  
8 ~~school facilities~~ board shall determine the net new growth of pupils that  
9 will require additional square footage that exceeds the building adequacy  
10 standards prescribed in section ~~15-2011~~ 41-5711. If the projected growth  
11 and the existing number of pupils exceed three hundred fifty pupils who  
12 are served in a school district other than the pupil's resident school  
13 district, the ~~school facilities~~ board, the receiving school district and  
14 the resident school district shall develop a capital facilities plan on  
15 how to best serve those pupils. A small isolated school district as  
16 defined in section 15-901 is not required to develop a capital facilities  
17 plan pursuant to this paragraph.

18 2. If the average daily membership projections indicate that  
19 additional space will not be needed within the next two school years in  
20 order to meet the building adequacy standards prescribed in section  
21 ~~15-2011~~ 41-5711, the request shall be held for consideration by the ~~school~~  
22 ~~facilities~~ board for possible future funding and the school district shall  
23 annually submit an updated plan until the additional space is needed.

24 3. If the average daily membership projections indicate that  
25 additional space will be needed within the next two school years in order  
26 to meet the building adequacy standards prescribed in section ~~15-2011~~  
27 41-5711, the ~~school facilities~~ board shall provide an amount as follows:

28 (a) Determine the number of pupils requiring additional square  
29 footage to meet building adequacy standards. This amount for elementary  
30 schools shall not be less than the number of new pupils for whom space  
31 will be needed in the next year and shall not exceed the number of new  
32 pupils for whom space will be needed in the next five years. This amount  
33 for middle and high schools shall not be less than the number of new  
34 pupils for whom space will be needed in the next four years and shall not  
35 exceed the number of new pupils for whom space will be needed in the next  
36 eight years.

37 (b) Multiply the number of pupils determined in subdivision (a) of  
38 this paragraph by the square footage per pupil. The square footage per  
39 pupil is ninety square feet per pupil for preschool children with  
40 disabilities, kindergarten programs and grades one through six, one  
41 hundred square feet for grades seven and eight, one hundred thirty-four  
42 square feet for a school district that provides instruction in grades nine  
43 through twelve for fewer than one thousand eight hundred pupils and one  
44 hundred twenty-five square feet for a school district that provides  
45 instruction in grades nine through twelve for at least one thousand eight

1 hundred pupils. The total number of pupils in grades nine through twelve  
2 in the district shall determine the square footage factor to use for net  
3 new pupils. The ~~school facilities~~ board may modify the square footage  
4 requirements prescribed in this subdivision for particular schools based  
5 on any of the following factors:

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

8 (ii) Geographic factors.

9 (iii) Grade configurations other than those prescribed in this  
10 subdivision.

11 (iv) Compliance with minimum school facility adequacy requirements  
12 established pursuant to section ~~15-2011~~ 41-5711.

13 (c) Multiply the product obtained in subdivision (b) of this  
14 paragraph by the cost per square foot. The cost per square foot is ~~\$90~~  
15 \$270.24 for preschool children with disabilities, kindergarten programs  
16 and grades one through six, ~~\$95~~ \$285.30 for grades seven and eight and  
17 ~~\$110~~ \$330.30 for grades nine through twelve. The cost per square foot  
18 shall be adjusted annually for construction market considerations based on  
19 an index identified or developed by the joint legislative budget committee  
20 as necessary but not less than once each year. EACH ANNUAL CONSTRUCTION  
21 MARKET ADJUSTMENT APPLIES TO ALL PROJECTS APPROVED BY THE SCHOOL  
22 FACILITIES BOARD UNDER THIS SUBSECTION DURING THAT YEAR. The ~~school~~  
23 ~~facilities~~ board shall multiply the cost per square foot by 1.05 for any  
24 school district located in a rural area. The ~~school facilities~~ board may  
25 only modify the base cost per square foot prescribed in this subdivision  
26 for particular schools based on geographic conditions or site  
27 conditions. ANY EXTRA MONIES RECEIVED AS A RESULT OF A MODIFICATION BASED  
28 ON GEOGRAPHIC CONDITIONS OR SITE CONDITIONS MAY BE USED TO ADDRESS  
29 UNFORESEEN COSTS AT ANY STAGE OF A PROJECT UNDER THIS SECTION. For the  
30 purposes of this subdivision, "rural area" means an area outside a  
31 thirty-five-mile radius of a boundary of a municipality with a population  
32 of more than fifty thousand persons.

33 (d) Once the school district governing board obtains approval from  
34 the ~~school facilities~~ board for new facility construction monies,  
35 additional portable or modular square footage created for the express  
36 purpose of providing temporary space for pupils until the completion of  
37 the new facility and any additional space funded by the school district  
38 shall not be included by the ~~school facilities~~ board for the purpose of  
39 new construction funding calculations. On completion of the new facility  
40 construction project, any additional space funded by the school district  
41 shall be included as prescribed by this chapter and, if the portable or  
42 modular facilities continue in use, the portable or modular facilities  
43 shall be included as prescribed by this chapter, unless the ~~school~~  
44 ~~facilities~~ board approves their continued use for the purpose of providing

1 temporary space for pupils until the completion of the next new facility  
2 that has been approved for funding from the new school facilities fund.

3 4. For projects approved after December 31, 2001, and  
4 notwithstanding paragraph 3 of this subsection, a unified school district  
5 that does not have a high school is not eligible to receive high school  
6 space as prescribed by section ~~15-2011~~ 41-5711 and this section unless the  
7 unified district qualifies for geographic factors prescribed by paragraph  
8 3, subdivision (b), item (ii) of this subsection.

9 5. If a career technical education district leases a building from  
10 a school district, that building shall be included in the school  
11 district's square footage calculation for the purposes of new construction  
12 pursuant to this section.

13 6. If a school district leases a building to another entity, that  
14 building shall be included in the school district's square footage  
15 calculation for purposes of new construction pursuant to this section.

16 7. A school district shall qualify for monies from the new school  
17 facilities fund for additional square footage in a fiscal year only if the  
18 ~~school facilities~~ board has approved or revised its enrollment projection  
19 under paragraph 1 of this subsection on or before December 15 of the prior  
20 fiscal year.

21 E. Monies for architectural and engineering fees, project  
22 management services and preconstruction services shall be distributed on  
23 the completion of the analysis by the ~~school facilities~~ board of the  
24 school district's request. After receiving monies pursuant to this  
25 subsection, the school district shall submit a design development plan for  
26 the school or addition to the ~~school facilities~~ board before any monies  
27 for construction are distributed. If the school district's request meets  
28 the building adequacy standards, the ~~school facilities~~ board may review  
29 and comment on the district's plan with respect to the efficiency and  
30 effectiveness of the plan in meeting state square footage and facility  
31 standards before ~~distributing~~ DIRECTING THE DISTRIBUTION OF the remainder  
32 of the monies. If the ~~school facilities~~ board modifies the cost per  
33 square foot as prescribed in subsection D, paragraph 3, subdivision (c) of  
34 this section, the ~~school facilities~~ board may deduct the cost of project  
35 management services and preconstruction services from the required cost  
36 per square foot. The ~~school facilities~~ board may decline to fund the  
37 project if the square footage is no longer required due to revised  
38 enrollment projections. The ~~school facilities~~ board may decline a portion  
39 of the funding if a portion of the square footage is no longer needed due  
40 to revised enrollment projections.

41 F. AT THE DIRECTION OF the ~~school facilities~~ board, THE DIVISION  
42 shall distribute the monies needed for land for new schools so that land  
43 may be purchased at a price that is less than or equal to fair market  
44 value and in advance of the construction of the new school. If necessary,  
45 the ~~school facilities~~ board may DIRECT THE DIVISION TO distribute monies

1 for land to be leased for new schools if the duration of the lease exceeds  
2 the life expectancy of the school facility by at least fifty percent. A  
3 school district shall not use land purchased or partially purchased with  
4 monies provided ~~by~~ AT THE DIRECTION OF the ~~school facilities~~ board for a  
5 purpose other than a site for a school facility without obtaining prior  
6 written approval from the ~~school facilities~~ board. A school district  
7 shall not lease, sell or take any action that would diminish the value of  
8 land purchased or partially purchased with monies provided ~~by~~ AT THE  
9 DIRECTION OF the ~~school facilities~~ board without obtaining prior written  
10 approval from the ~~school facilities~~ board. The proceeds derived through  
11 the sale of any land purchased or partially purchased, or the sale of  
12 buildings funded or partially funded, with monies provided ~~by~~ AT THE  
13 DIRECTION OF the ~~school facilities~~ board shall be returned to the state  
14 fund from which it was appropriated and to any other participating entity  
15 on a proportional basis. Except as provided in section 15-342, paragraph  
16 33, if a school district acquires real property by donation at an  
17 appropriate school site approved by the ~~school facilities~~ board, the  
18 ~~school facilities~~ board shall DIRECT THE DIVISION TO distribute an amount  
19 equal to twenty percent of the fair market value of the donated real  
20 property that can be used for academic purposes. The school district  
21 shall place the monies in the unrestricted capital outlay fund and  
22 increase the unrestricted capital budget limit by the amount of monies  
23 placed in the fund. Monies distributed under this subsection shall be  
24 distributed from the new school facilities fund. A school district that  
25 receives monies from the new school facilities fund for a donation of land  
26 pursuant to section 15-342, paragraph 33 shall not receive monies from the  
27 ~~school facilities~~ board OR THE DIVISION for the donation of real property  
28 pursuant to this subsection. A school district shall not pay a consultant  
29 a percentage of the value of any of the following:

30 1. Donations of real property, services or cash from any of the  
31 following:

32 (a) Entities that have offered to provide construction services to  
33 the school district.

34 (b) Entities that have been contracted to provide construction  
35 services to the school district.

36 (c) Entities that build residential units in that school district.

37 (d) Entities that develop land for residential use in that school  
38 district.

39 2. Monies received ~~from the school facilities board~~ UNDER THIS  
40 CHAPTER on behalf of the school district.

41 3. Monies paid by OR AT THE DIRECTION OF the ~~school facilities~~  
42 board on behalf of the school district.

43 G. In addition to distributions to school districts based on pupil  
44 growth projections, a school district may submit an application to the  
45 ~~school facilities~~ board for monies from the new school facilities fund if



1 one or more school buildings have outlived their useful life OR HAVE BEEN  
2 CONDEMNED. If the ~~school facilities~~ board determines that the school  
3 district needs to build a new school building for these reasons, the  
4 ~~school facilities~~ board shall remove the square footage computations that  
5 represent the building from the computation of the school district's total  
6 square footage for purposes of this section. If the square footage  
7 recomputation reflects that the school district no longer meets building  
8 adequacy standards, the school district qualifies for a distribution of  
9 monies from the new school construction formula in an amount determined  
10 pursuant to subsection D of this section. The ~~school facilities~~ board may  
11 only modify the base cost per square foot prescribed in this subsection  
12 under extraordinary circumstances for geographic factors or site  
13 conditions.

14 H. School districts that receive monies from the new school  
15 facilities fund shall establish a district new school facilities fund and  
16 shall use the monies in the district new school facilities fund only for  
17 the purposes prescribed in this section. By October 15 of each year, each  
18 school district shall report to the ~~school facilities~~ board the projects  
19 funded at each school in the previous fiscal year with monies from the  
20 district new school facilities fund and shall provide an accounting of the  
21 monies remaining in the new school facilities fund at the end of the  
22 previous fiscal year.

23 I. If a school district has surplus monies received from the new  
24 school facilities fund, the school district may use the surplus monies  
25 only for capital purposes for the project for up to one year after  
26 completion of the project. If the school district possesses surplus  
27 monies from the new school construction project that have not been  
28 expended within one year of the completion of the project, the school  
29 district shall return the surplus monies to the ~~school facilities board~~  
30 DIVISION for deposit in the new school facilities fund.

31 J. The board's consideration of any application filed after  
32 December 31 of the year in which the property becomes territory in the  
33 vicinity of a military airport or ancillary military facility as defined  
34 in section 28-8461 for monies to fund the construction of new school  
35 facilities proposed to be located in territory in the vicinity of a  
36 military airport or ancillary military facility shall include, if after  
37 notice is transmitted to the military airport pursuant to section ~~15-2002~~  
38 41-5702 and before the public hearing the military airport provides  
39 comments and an analysis concerning compatibility of the proposed school  
40 facilities with the high noise or accident potential generated by military  
41 airport or ancillary military facility operations that may have an adverse  
42 effect on public health and safety, consideration and an analysis of the  
43 comments and an analysis provided by the military airport before making a  
44 final determination.



1 K. If a school district uses its own project manager for new school  
2 construction, the members of the school district governing board and the  
3 project manager shall sign an affidavit stating that the members and the  
4 project manager understand and will follow the minimum adequacy  
5 requirements prescribed in section ~~15-2011~~ 41-5711.

6 L. The ~~school facilities board~~ DIVISION shall establish a separate  
7 account in the new school facilities fund designated as the litigation  
8 account to pay attorney fees, expert witness fees and other costs  
9 associated with litigation in which the ~~school facilities~~ board pursues  
10 the recovery of damages for deficiencies correction that resulted from  
11 alleged construction defects or design defects that the ~~school facilities~~  
12 board believes caused or contributed to a failure of the school building  
13 to conform to the building adequacy requirements prescribed in section  
14 ~~15-2011~~ 41-5711. Attorney fees paid pursuant to this subsection shall not  
15 exceed the market rate for similar types of litigation. On or before  
16 December 1 of each year, the ~~school facilities~~ board shall report to the  
17 joint committee on capital review the costs associated with current and  
18 potential litigation that may be paid from the litigation account.

19 M. Until the state board of education and the auditor general adopt  
20 rules pursuant to section 15-213, subsection J, the ~~school facilities~~  
21 board may allow school districts to contract for construction services and  
22 materials through the qualified select bidders list method of project  
23 delivery for new school facilities pursuant to this section.

24 N. The ~~school facilities~~ board shall submit electronically a report  
25 on project management services and preconstruction services to the  
26 governor, the president of the senate and the speaker of the house of  
27 representatives by December 31 of each year. The report shall compare  
28 projects that use project management and preconstruction services with  
29 those that do not. The report shall address cost, schedule and other  
30 measurable components of a construction project. School districts,  
31 construction-manager-at-risk firms and project management firms that  
32 participate in a ~~school facilities board funded~~ BOARD-FUNDED project shall  
33 provide the information required by the ~~school facilities~~ board in  
34 relation to this report.

35 O. If a school district constructs new square footage according to  
36 section 15-342, paragraph 33, the ~~school facilities~~ board shall review the  
37 design plans and location of any new school facility submitted by school  
38 districts and another party to determine whether the design plans comply  
39 with the adequacy standards prescribed in section ~~15-2011~~ 41-5711 and the  
40 square footage per pupil requirements pursuant to subsection D, paragraph  
41 3, subdivision (b) of this section. When the school district qualifies  
42 for a distribution of monies from the new school facilities fund according  
43 to this section, the ~~school facilities~~ board shall DIRECT THE DIVISION TO  
44 distribute monies to the school district from the new school facilities  
45 fund for the square footage constructed under section 15-342, paragraph 33

1 at the same cost per square foot established by this section that was in  
2 effect at the time of the beginning of the construction of the school  
3 facility. Before the ~~school facilities~~ board ~~distributes~~ DIRECTS THE  
4 DIVISION TO DISTRIBUTE any monies pursuant to this subsection, the school  
5 district shall demonstrate to the ~~school facilities~~ board that the  
6 facilities to be funded pursuant to this section meet the minimum adequacy  
7 standards prescribed in section ~~15-2011~~ 41-5711. The agreement entered  
8 into pursuant to section 15-342, paragraph 33 shall set forth the  
9 procedures for the allocation of these funds to the parties that  
10 participated in the agreement.

11 P. Accommodation schools are not eligible for monies from the new  
12 school facilities fund.

13 Q. If the ~~school facilities~~ board approves a school district for  
14 funding from the new school facilities fund and the full legislative  
15 appropriation is not available to the school district in the fiscal year  
16 following the approval by the ~~school facilities~~ board, the school district  
17 may use any legally available monies to pay for the land or the new  
18 construction project approved by the ~~school facilities~~ board and may  
19 reimburse the fund from which the monies were used in subsequent years  
20 with legislative appropriations when those appropriations are made  
21 available by this state.

22 Sec. 69. Section 41-5751, Arizona Revised Statutes, as transferred  
23 and renumbered, is amended to read:

24 41-5751. Authorization of state school facilities revenue  
25 bonds

26 A. The ~~school facilities~~ board may issue negotiable revenue bonds  
27 pursuant to this article. If authorized by the legislature, bonds may be  
28 issued under this article in a principal amount not exceeding ~~two hundred~~  
29 ~~million dollars~~ \$200,000,000 in a fiscal year to:

30 1. Provide monies to pay the cost of:  
31 (a) Acquiring real property and constructing new school facilities  
32 as provided by section ~~15-2041~~ 41-5741.

33 (b) Bond related expenses including any expenses incurred by the  
34 ~~school facilities~~ board to issue and administer its bonds including  
35 underwriting fees and costs, trustee fees, financial consultant fees,  
36 printing and advertising costs, paying agent fees, transfer agent fees,  
37 legal, accounting, feasibility consultant and other professional fees and  
38 expenses, bond insurance or other credit enhancements or liquidity  
39 facilities, attorney and accounting fees and expenses related to credit  
40 enhancement, bond insurance or liquidity enhancement, remarketing fees,  
41 rating agency fees and costs, travel and telephone expenses and all other  
42 fees considered necessary by the ~~school facilities~~ board in order to  
43 market and administer the bonds.

44 2. Fully or partially fund any reserves or sinking accounts  
45 established by the bond resolution.

1 B. The ~~school facilities~~ board shall authorize the bonds by  
2 resolution. The resolution shall prescribe:  
3 1. The fixed or variable rate or rates of interest, the date or  
4 dates on which interest is payable and the denominations of the bonds.  
5 2. The date or dates of the bonds and maturity, within ten years  
6 after the date of issuance.  
7 3. The form of the bonds.  
8 4. The manner of executing the bonds.  
9 5. The medium and place of payment.  
10 6. The terms of redemption, which may provide for a premium for  
11 early redemption.  
12 C. The bonds issued pursuant to this article shall be known as  
13 state school facilities revenue bonds.  
14 Sec. 70. Section 41-5752, Arizona Revised Statutes, as transferred  
15 and renumbered, is amended to read:  
16 41-5752. Issuance and sale of revenue bonds  
17 A. The ~~school facilities~~ board shall issue the bonds in the number  
18 and amount provided in the resolution.  
19 B. The bonds shall be sold at public or private sale at the price  
20 and on the terms prescribed in the resolution at, above or below par.  
21 C. The net proceeds of the sale of the bonds shall be deposited in  
22 the revenue bond proceeds fund established pursuant to section ~~15-2053~~  
23 41-5753.  
24 Sec. 71. Section 41-5753, Arizona Revised Statutes, as transferred  
25 and renumbered, is amended to read:  
26 41-5753. School facilities revenue bond proceeds fund; use  
27 for new school facilities  
28 A. If the ~~school facilities~~ board issues revenue bonds under this  
29 article, the board shall establish a school facilities revenue bond  
30 proceeds fund consisting of the net proceeds received from the sale of the  
31 bonds.  
32 B. The ~~school facilities~~ board may use monies in the school  
33 facilities revenue bond proceeds fund only for the purposes provided in  
34 section ~~15-2051~~ 41-5751, subsection A. Monies in the revenue bond  
35 proceeds fund are exempt from lapsing under section 35-190.  
36 C. The state treasurer or bond trustee shall administer and account  
37 for the school facilities revenue bond proceeds fund.  
38 Sec. 72. Section 41-5754, Arizona Revised Statutes, as transferred  
39 and renumbered, is amended to read:  
40 41-5754. School facilities revenue bond debt service fund  
41 A. The ~~school facilities~~ board shall establish a school facilities  
42 revenue bond debt service fund consisting of monies transferred to the  
43 fund pursuant to sections 37-521 and 42-5030.01.  
44 B. Monies in the school facilities revenue bond debt service fund  
45 may be used only for the purposes authorized by this article.

1 C. The state treasurer or bond trustee shall administer and account  
2 for the school facilities revenue bond debt service fund.

3 Sec. 73. Section 41-5755, Arizona Revised Statutes, as transferred  
4 and renumbered, is amended to read:

5 41-5755. Securing principal and interest

6 A. In connection with issuing bonds authorized by this article and  
7 to secure the principal and interest on the bonds, the ~~school facilities~~  
8 board by resolution may:

9 1. Segregate the school facilities revenue bond debt service fund  
10 into one or more accounts and subaccounts and provide that bonds issued  
11 under this article may be secured by a lien on all or part of the monies  
12 paid into the school facilities revenue bond debt service fund or into any  
13 account or subaccount in the fund.

14 2. Provide that the bonds issued under this article are secured by  
15 a first lien on the monies paid into the school facilities revenue bond  
16 debt service fund as provided by section 37-521, subsection B, paragraph 1  
17 and section 42-5030.01, and pledge and assign to or in trust for the  
18 benefit of the holder or holders of the bonds all or part of the monies in  
19 the school facilities revenue bond debt service fund, any account or  
20 subaccount in the fund or in the school facilities revenue bond proceeds  
21 fund as is necessary to secure and pay the principal, the interest and any  
22 premium on the bonds as they come due.

23 3. Establish priorities among bondholders based on criteria adopted  
24 by the board.

25 4. Set aside, regulate and dispose of reserves and sinking  
26 accounts.

27 5. Prescribe the procedure, if any, by which the terms of any  
28 contract with bondholders may be amended or abrogated, the amount of bonds  
29 the holders of which must consent to and the manner in which the consent  
30 may be given.

31 6. Provide for payment of bond related expenses from the proceeds  
32 of the sale of the bonds or other revenues authorized by this article and  
33 available to the board.

34 7. Provide for the services of trustees, cotrustees, agents and  
35 consultants and other specialized services with respect to the bonds.

36 8. Take any other action that in any way may affect the security  
37 and protection of the bonds or interest on the bonds.

38 9. Refund any bonds issued by the board, if these bonds are secured  
39 from the same source of revenues as the bonds authorized by this article,  
40 by issuing new bonds.

41 10. Issue bonds partly to refund outstanding bonds and partly for  
42 any other purpose consistent with this article.

1 B. Bonds issued to refund any bonds issued by the board as provided  
2 by subsection A, paragraphs 9 and 10 of this section are not subject to  
3 legislative authorization or the ~~two hundred million dollar limitation~~  
4 ~~\$200,000,000~~ LIMIT prescribed by section ~~15-2051~~ 41-5751, subsection A.

5 Sec. 74. Section 41-5757, Arizona Revised Statutes, as transferred  
6 and renumbered, is amended to read:

7 41-5757. Bond purchase; cancellation

8 The ~~school facilities~~ board may purchase bonds for cancellation out  
9 of any monies available for the purchase, at a price of not more than  
10 either of the following:

11 1. If the bonds are redeemable at the time of the purchase, the  
12 applicable redemption price plus accrued interest to the next interest  
13 payment date on the bonds.

14 2. If the bonds are not redeemable at the time of the purchase, the  
15 applicable redemption price on the first date after the purchase on which  
16 the bonds become subject to redemption plus accrued interest to that date.

17 Sec. 75. Section 41-5758, Arizona Revised Statutes, as transferred  
18 and renumbered, is amended to read:

19 41-5758. Payment of revenue bonds

20 A. The revenue bonds shall be paid solely from monies from the  
21 school facilities revenue bond debt service fund established by section  
22 ~~15-2054~~ 41-5754 and other monies that are credited to the school  
23 facilities revenue bond debt service fund.

24 B. The state treasurer or the paying agent for the revenue bonds  
25 shall cancel all revenue bonds when paid.

26 Sec. 76. Section 41-5759, Arizona Revised Statutes, as transferred  
27 and renumbered, is amended to read:

28 41-5759. Investment of monies in school facilities revenue  
29 bond proceeds fund

30 A. As provided by section ~~15-2062~~ 41-5761, the ~~school facilities~~  
31 board may authorize the state treasurer or bond trustee to invest monies  
32 in the school facilities revenue bond proceeds fund established by section  
33 ~~15-2053~~ 41-5753.

34 B. The order directing an investment shall state a specified time  
35 when the proceeds from the sale of the bonds will be used. The state  
36 treasurer or bond trustee shall make the investment in such a way as to  
37 mature at the specified date.

38 C. All monies earned as interest or otherwise derived from the  
39 investment of the monies in the school facilities revenue bond proceeds  
40 fund shall be credited to the school facilities revenue bond debt service  
41 fund established by section ~~15-2054~~ 41-5754.

1           Sec. 77. Section 41-5760, Arizona Revised Statutes, as transferred  
2 and renumbered, is amended to read:

3           41-5760. Investment of monies in school facilities revenue  
4                                   bond debt service fund

5           A. The ~~school facilities~~ board may authorize the state treasurer or  
6 bond trustee to invest and reinvest any monies in the school facilities  
7 revenue bond debt service fund as provided by section ~~15-2062~~ 41-5761.

8           B. All monies earned as interest or otherwise derived from the  
9 investment of the monies in the school facilities revenue bond debt  
10 service fund shall be credited to that fund.

11          Sec. 78. Section 41-5761, Arizona Revised Statutes, as transferred  
12 and renumbered, is amended to read:

13          41-5761. Authorized investments of fund monies

14          A. On notice from the ~~school facilities~~ board, the state treasurer  
15 or bond trustee shall invest and divest monies in either the school  
16 facilities revenue bond proceeds fund or the school facilities revenue  
17 debt service fund in any of the following:

18           1. Obligations issued or guaranteed by the United States or any of  
19 the senior debt of its agencies, sponsored agencies, corporations,  
20 sponsored corporations or instrumentalities.

21           2. State, county or municipal bonds issued in this state on which  
22 the payments of interest have not been deferred.

23           3. Investment agreements and repurchase agreements collateralized  
24 by investments described in paragraph 1 **OF THIS SUBSECTION**.

25          B. The purchase of the securities shall be made by the state  
26 treasurer or bond trustee on authority of a resolution of the board. The  
27 treasurer or bond trustee shall act as custodian of all securities  
28 purchased. The securities may be sold on an order of the board.

29          Sec. 79. Section 41-5763, Arizona Revised Statutes, as transferred  
30 and renumbered, is amended to read:

31          41-5763. Effect of changing circumstances on bonds; agreement  
32                                   of state

33          A. Bonds issued under this article remain valid and binding  
34 obligations of the board notwithstanding that, before the delivery of the  
35 bonds, any of the persons whose signatures appear on the bonds cease to be  
36 members of the ~~school facilities~~ board.

37          B. An amendment of any provision of this article does not diminish  
38 or impair the validity of bonds issued under this article or the remedies  
39 and rights of bondholders.

40          C. This state pledges to and agrees with the holders of the bonds  
41 authorized by this article that this state will not limit, alter or impair  
42 the rights and remedies of the bondholders, until all bonds issued under  
43 this article, together with interest on the bonds, interest on any unpaid  
44 installments of principal or interest and all costs and expenses in  
45 connection with any action or proceedings by or on behalf of the

1 bondholders, are fully met and discharged. The board, as agent for this  
2 state, may include this pledge and undertaking in its resolutions and  
3 indentures authorizing and securing the bonds.

4 Sec. 80. Section 41-5764, Arizona Revised Statutes, as transferred  
5 and renumbered, is amended to read:

6 41-5764. Validity of bonds; certification by attorney general

7 A. This article constitutes full authority for authorizing and  
8 issuing bonds without reference to any other law of this state. No other  
9 law with regard to authorizing or issuing obligations or that in any way  
10 impedes or restricts performing the acts authorized by this article may be  
11 construed to apply to any proceedings taken or acts done pursuant to this  
12 article.

13 B. The validity of bonds issued under this article does not depend  
14 on and is not affected by the legality of any proceeding relating to any  
15 action by the ~~school facilities~~ board in granting or lending monies or the  
16 acquisition, construction or improvement of any facility paid with monies  
17 provided by the board.

18 C. The ~~school facilities~~ board may submit to the attorney general  
19 revenue bonds to be issued under this article after all proceedings for  
20 authorizing the bonds have been completed. Within fifteen days after  
21 submission, the attorney general shall examine the bonds and pass on the  
22 validity of the bonds and the regularity of the proceedings. If the bonds  
23 and proceedings comply with the Constitution of Arizona and this article,  
24 and if the bonds when delivered and paid for will constitute binding and  
25 legal obligations of the board, the attorney general shall certify in  
26 substance that the bonds are issued according to the constitution and laws  
27 of this state. The certificate shall also state that the bonds are also  
28 validly secured by the obligation to transfer monies from designated  
29 sources of revenue, including income on the permanent state school fund  
30 established by section 37-521, to cover any insufficiencies.

31 D. The bonds shall recite that they are regularly issued pursuant  
32 to this article. That recital, together with the certification by the  
33 attorney general under subsection C of this section, constitutes prima  
34 facie evidence of the legality and validity of the bonds. From and after  
35 the sale and delivery of the bonds, they are incontestable by the ~~school~~  
36 ~~facilities~~ board or this state.

37 Sec. 81. Section 41-5781, Arizona Revised Statutes, as transferred  
38 and renumbered, is amended to read:

39 41-5781. Authorization of state school improvement revenue  
40 bonds; expiration

41 A. The ~~school facilities~~ board may issue revenue bonds in a  
42 principal amount not to exceed ~~eight hundred million dollars~~ \$800,000,000  
43 pursuant to this article. The ~~school facilities~~ board may also issue  
44 qualified zone academy bonds within the meaning of section 1397e of the  
45 United States internal revenue code of 1986 or successor provisions

1 pursuant to this article in a principal amount not to exceed ~~twenty~~  
2 ~~million dollars~~ \$20,000,000. The qualified zone academy bonds shall be  
3 separately accounted for within the school improvement revenue bond  
4 proceeds fund established by section ~~15-2083~~ 41-5783. All bonds  
5 authorized by this section may be issued for the following purposes:

6 1. To provide monies to pay the cost of:

7 ~~(a) Correcting existing deficiencies as prescribed by section~~  
8 ~~15-2021.~~

9 ~~(b) Bond related~~ BOND-RELATED expenses, including any expenses  
10 incurred by the ~~school facilities~~ board to issue and administer its bonds,  
11 including underwriting fees and costs, trustee fees, financial consultant  
12 fees, printing and advertising costs, paying agent fees, transfer agent  
13 fees, legal, accounting, feasibility consultant and other professional  
14 fees and expenses, bond insurance or other credit enhancements or  
15 liquidity facilities, attorney and accounting fees and expenses related to  
16 credit enhancement, bond insurance or liquidity enhancement, remarketing  
17 fees, rating agency fees and costs, travel and telephone expenses and all  
18 other fees considered necessary by the ~~school facilities~~ board in order to  
19 market and administer the bonds.

20 2. To fully or partially fund any reserves or sinking accounts  
21 established by the bond resolution.

22 B. The ~~school facilities~~ board shall authorize the bonds by  
23 resolution. The resolution shall prescribe:

24 1. The fixed or variable rate or rates of interest, the date or  
25 dates on which interest is payable and the denominations of the bonds.

26 2. The date or dates of the bonds and maturity, within twenty years  
27 after the date of issuance.

28 3. The form of the bonds.

29 4. The manner of executing the bonds.

30 5. The medium and place of payment.

31 6. The terms of redemption, which may provide for a premium for  
32 early redemption.

33 C. The bonds issued pursuant to this article shall be known as  
34 state school improvement revenue bonds.

35 D. The authority of the ~~school facilities~~ board to issue school  
36 improvement revenue bonds pursuant to this article expires from and after  
37 June 30, 2003, except for bonds issued to refund any bonds issued by the  
38 board.

39 Sec. 82. Section 41-5782, Arizona Revised Statutes, as transferred  
40 and renumbered, is amended to read:

41 41-5782. Issuance and sale of school improvement revenue  
42 bonds

43 A. The ~~school facilities~~ board shall issue the school improvement  
44 revenue bonds in the number and amount provided in the resolution.



1 B. The bonds shall be sold at public or private sale at the price  
2 and on the terms prescribed in the resolution at, above or below par.

3 C. The net proceeds of the sale of the bonds shall be deposited in  
4 the school improvement revenue bond proceeds fund established pursuant to  
5 section ~~15-2083~~ 41-5783.

6 Sec. 83. Section 41-5783, Arizona Revised Statutes, as transferred  
7 and renumbered, is amended to read:

8 41-5783. School improvement revenue bond proceeds fund; use  
9 for school improvements

10 A. If the ~~school facilities~~ board issues revenue bonds under this  
11 article, the board shall establish a school improvement revenue bond  
12 proceeds fund consisting of the net proceeds received from the sale of the  
13 bonds.

14 B. The ~~school facilities~~ board may use monies in the school  
15 improvement revenue bond proceeds fund only for the purposes provided in  
16 section ~~15-2081~~ 41-5781, subsection A. Monies in the school improvement  
17 revenue bond proceeds fund are exempt from lapsing under section 35-190.

18 C. The state treasurer or bond trustee shall administer and account  
19 for the school improvement revenue bond proceeds fund.

20 Sec. 84. Section 41-5784, Arizona Revised Statutes, as transferred  
21 and renumbered, is amended to read:

22 41-5784. School improvement revenue bond debt service fund

23 A. The ~~school facilities~~ board shall establish a school improvement  
24 revenue bond debt service fund consisting of monies received by the ~~school~~  
25 ~~facilities~~ board pursuant to section 42-5029, subsection E, ~~section~~  
26 ~~42-5029.02, subsection A, paragraph 1~~ and section 37-521, subsection B,  
27 paragraph 1. All monies received pursuant to section 42-5029,  
28 subsection E ~~and section 42-5029.02, subsection A, paragraph 1~~ shall be  
29 accounted for separately and shall be used only for debt service of school  
30 improvement revenue bonds. All monies received pursuant to section  
31 37-521, subsection B, paragraph 1 shall be accounted for separately and  
32 shall be used only for debt service of qualified zone academy bonds.

33 B. Monies in the school improvement revenue bond debt service fund  
34 may be used only for the purposes authorized by this article.

35 C. The state treasurer or bond trustee shall administer and account  
36 for the school improvement revenue bond debt service fund.

37 Sec. 85. Section 41-5785, Arizona Revised Statutes, as transferred  
38 and renumbered, is amended to read:

39 41-5785. Securing principal and interest

40 A. In connection with issuing bonds authorized by this article and  
41 to secure the principal and interest on the bonds, the ~~school facilities~~  
42 board by resolution may:

43 1. Segregate the school improvement revenue bond debt service fund  
44 into one or more accounts and subaccounts and provide that bonds issued  
45 under this article may be secured by a lien on all or part of the monies

1 paid into the revenue bond debt service fund or into any account or  
2 subaccount in the fund.

3 2. Provide that the bonds issued under this article ~~are~~ BE secured  
4 by a first lien on the monies paid into the school improvement revenue  
5 bond debt service fund as provided by section 42-5029, subsection E,  
6 paragraph 1 ~~and section 42-5029.02, subsection A, paragraph 1~~ and pledge  
7 and assign to or in trust for the benefit of the holder or holders of the  
8 bonds all or part of the monies in the school improvement revenue bond  
9 debt service fund, in any account or subaccount in the fund or in the  
10 school improvement revenue bond proceeds fund as is necessary to secure  
11 and pay the principal, the interest and any premium on the bonds as they  
12 come due.

13 3. Establish priorities among bondholders based on criteria adopted  
14 by the board.

15 4. Set aside, regulate and dispose of reserves and sinking  
16 accounts.

17 5. Prescribe the procedure, if any, by which the terms of any  
18 contract with bondholders may be amended or abrogated, the amount of bonds  
19 the holders of which must consent to and the manner in which the consent  
20 may be given.

21 6. Provide for payment of ~~bond-related~~ BOND-RELATED expenses from  
22 the proceeds of the sale of the bonds or other revenues authorized by this  
23 article and available to the board.

24 7. Provide for the services of trustees, cotrustees, agents and  
25 consultants and other specialized services with respect to the bonds.

26 8. Take any other action that in any way may affect the security  
27 and protection of the bonds or interest on the bonds.

28 9. Refund any bonds issued by the board, if these bonds are secured  
29 from the same source of revenues as the bonds authorized by this article,  
30 by issuing new bonds, whether at or before maturity of the bonds being  
31 refunded.

32 10. Issue bonds partly to refund outstanding bonds and partly for  
33 any other purpose consistent with this article.

34 B. Bonds issued to refund any bonds THAT ARE issued by the board as  
35 provided by subsection A, paragraphs 9 and 10 of this section are not  
36 subject to legislative authorization or subject to the ~~eight-hundred~~  
37 ~~million-dollar-limitation~~ \$800,000,000 LIMIT prescribed by section ~~15-2081~~  
38 ~~41-5781~~, subsection A.

39 Sec. 86. Section 41-5787, Arizona Revised Statutes, as transferred  
40 and renumbered, is amended to read:

41 41-5787. Bond purchase; cancellation

42 The ~~school facilities~~ board may purchase bonds for cancellation out  
43 of any monies available for the purchase at a price of not more than  
44 either of the following:

1           1. If the bonds are redeemable at the time of the purchase, the  
2 applicable redemption price plus accrued interest to the next interest  
3 payment date on the bonds.

4           2. If the bonds are not redeemable at the time of the purchase, the  
5 applicable redemption price on the first date after the purchase on which  
6 the bonds become subject to redemption plus accrued interest to that date.

7           Sec. 87. Section 41-5788, Arizona Revised Statutes, as transferred  
8 and renumbered, is amended to read:

9           41-5788. Payment of revenue bonds

10          A. The revenue bonds shall be paid solely from monies from the  
11 school improvement revenue bond debt service fund established pursuant to  
12 section ~~15-2084~~ 41-5784 and other monies that are credited to the school  
13 improvement revenue bond debt service fund.

14          B. The state treasurer or the paying agent for the revenue bonds  
15 shall cancel all revenue bonds when paid.

16           Sec. 88. Section 41-5789, Arizona Revised Statutes, as transferred  
17 and renumbered, is amended to read:

18           41-5789. Investment of monies in school improvement revenue  
19 bond proceeds fund

20          A. As provided by section ~~15-2091~~ 41-5791, the ~~school facilities~~  
21 board may authorize the state treasurer or bond trustee to invest monies  
22 in the school improvement revenue bond proceeds fund established pursuant  
23 to section ~~15-2083~~ 41-5783.

24          B. The order directing an investment shall state a specified time  
25 when the proceeds from the sale of the bonds will be used. The state  
26 treasurer or bond trustee shall make the investment in such a way as to  
27 mature at the specified date.

28          C. All monies earned as interest or otherwise derived from the  
29 investment of the monies in the school improvement revenue bond proceeds  
30 fund shall be credited to the school improvement revenue bond debt service  
31 fund established by section ~~15-2084~~ 41-5784.

32           Sec. 89. Section 41-5790, Arizona Revised Statutes, as transferred  
33 and renumbered, is amended to read:

34           41-5790. Investment of monies in school improvement revenue  
35 bond debt service fund

36          A. The ~~school facilities~~ board may authorize the state treasurer or  
37 bond trustee to invest and reinvest any monies in the school improvement  
38 revenue bond debt service fund as provided by section ~~15-2091~~ 41-5791.

39          B. All monies earned as interest or otherwise derived from the  
40 investment of the monies in the school improvement revenue bond debt  
41 service fund shall be credited to that fund.



1 construed to apply to any proceedings taken or acts done pursuant to this  
2 article.

3 B. The validity of bonds issued under this article does not depend  
4 on and is not affected by the legality of any proceeding relating to any  
5 action by the ~~school facilities~~ board in granting or lending monies or the  
6 acquisition, construction or improvement of any facility paid with monies  
7 provided by the board.

8 C. The ~~school facilities~~ board may submit to the attorney general  
9 revenue bonds to be issued under this article after all proceedings for  
10 authorizing the bonds have been completed. Within fifteen days after  
11 submission, the attorney general shall examine the bonds and pass on the  
12 validity of the bonds and the regularity of the proceedings. If the bonds  
13 and proceedings comply with the Constitution of Arizona and this article,  
14 and if the bonds when delivered and paid for will constitute binding and  
15 legal obligations of the board, the attorney general shall certify in  
16 substance that the bonds are issued according to the constitution and laws  
17 of this state.

18 D. The bonds shall recite that they are regularly issued pursuant  
19 to this article. That recital, together with the certification by the  
20 attorney general under subsection C of this section, constitutes prima  
21 facie evidence of the legality and validity of the bonds. From and after  
22 the sale and delivery of the bonds, they are incontestable by the ~~school~~  
23 ~~facilities~~ board or this state.

24 Sec. 93. Section 41-5805, Arizona Revised Statutes, as transferred  
25 and renumbered, is amended to read:

26 41-5805. Securing principal and interest

27 To secure the principal and interest on the impact aid revenue  
28 bonds, the SCHOOL DISTRICT governing board by resolution may:

29 1. Segregate the impact aid revenue bond debt service fund into one  
30 or more accounts and subaccounts and provide that bonds issued under this  
31 article may be secured by a lien on all or part of the monies paid into  
32 the impact aid revenue bond debt service fund or into any account or  
33 subaccount in the fund.

34 2. Provide that the bonds issued under this article ~~are~~ BE secured  
35 by a first lien on the monies paid in the impact aid revenue bond debt  
36 service fund as provided by section ~~15-2104~~ 41-5804 and pledge and assign  
37 to or in trust for the benefit of the holder or holders of the bonds all  
38 or part of the monies in the impact aid revenue bond debt service fund or  
39 an account or subaccount as is necessary to secure and pay the principal,  
40 the interest and any premium on the bonds as they come due.

41 3. Establish priorities among bondholders based on criteria adopted  
42 by the governing board.

43 4. Set aside, regulate and dispose of reserves and sinking  
44 accounts.

1           5. Prescribe the procedure, if any, by which the terms of any  
2 contract with bondholders may be amended or abrogated, the amount of bonds  
3 the holders of which must consent to and the manner in which the consent  
4 may be given.

5           6. Provide for payment of bond related expenses from the proceeds  
6 of the sale of the bonds or other revenues authorized by this article  
7 available to the school district.

8           7. Provide for the services of trustees, cotrustees, agents and  
9 consultants and other specialized services with respect to the bonds.

10          8. Take any other action that in any way may affect the security  
11 and protection of the bonds or interest on the bonds.

12          9. Refund any bonds issued by the school district, if these bonds  
13 are secured from the same source of revenues as the bonds authorized by  
14 this article, by issuing new bonds.

15          10. Issue bonds partly to refund outstanding bonds and partly for  
16 any other purpose consistent with this article.

17          Sec. 94. Section 41-5810, Arizona Revised Statutes, as transferred  
18 and renumbered, is amended to read:

19           41-5810. Authorized investments of fund monies

20           A. The monies in either the impact aid revenue bond building fund  
21 or debt service fund may be invested and reinvested at the direction of  
22 the SCHOOL DISTRICT governing board in any of the investments authorized  
23 by section ~~15-2062~~ 41-5761.

24           B. The purchase of the securities shall be made by the county  
25 treasurer or the treasurer's designated agent on authority of a resolution  
26 of the governing board. The county treasurer shall act as custodian of  
27 all securities purchased. The securities may be sold on an order of the  
28 governing board.

29          Sec. 95. Section 41-5832, Arizona Revised Statutes, as transferred  
30 and renumbered, is amended to read:

31           41-5832. Indoor air quality requirements

32           A. When the ~~school facilities~~ board OR THE DIVISION approves the  
33 construction of a school building, the ~~school facilities board~~ DIVISION  
34 shall conduct an environmental site assessment. The ~~board~~ DIVISION shall  
35 consider site assessment standards in accordance with the American society  
36 for testing and materials standard E1527, standard practice for  
37 environmental site assessments: phase I environmental site assessment  
38 process.

39           B. The ~~school facilities~~ board OR THE DIVISION shall not approve a  
40 school building project if any of the following conditions ~~exist~~ EXISTS:

41           1. The environmental site assessment indicates that the site cannot  
42 meet, within reasonable expenditures, the same criteria established for  
43 residential properties.

44           2. The plans incorporate flat roof construction that does not have  
45 adequate pitch towards drains in order to prevent pooling of water.

1           3. The plans do not incorporate indoor air quality guidelines that  
2 are acceptable to the ~~board~~ DIVISION. The ~~board~~ DIVISION shall consider  
3 indoor air quality guidelines in accordance with the sheet metal and air  
4 conditioning contractors national association's publication entitled  
5 "indoor air quality guidelines for occupied buildings under construction".

6           C. Each school district governing board that installed or renovated  
7 its HVAC system on or after ~~the effective date of this article~~ AUGUST 12,  
8 2005 shall ensure that its HVAC system meets both of the following  
9 requirements:

10           1. Is maintained and operated in a manner consistent with  
11 ventilation standards acceptable to the ~~board~~ DIVISION. The ~~board~~  
12 DIVISION shall consider ventilation standards in accordance with  
13 standard 62.

14           2. Is operated continuously during school activity hours except  
15 during scheduled maintenance and emergency repairs and except during  
16 periods for which school officials can demonstrate to the governing  
17 board's satisfaction that the quantity of outdoor air supplied by an air  
18 supply system that is not mechanically driven meets the requirements for  
19 air changes per hour acceptable to the board.

20           D. Each school district governing board that installed or renovated  
21 its HVAC system before ~~the effective date of this article~~ AUGUST 12, 2005  
22 shall ensure that its HVAC system is maintained and operated in accordance  
23 with the prevailing maintenance and standards at the time of the  
24 installation or renovation of the HVAC system.

25           Sec. 96. Section 41-5841, Arizona Revised Statutes, as transferred  
26 and renumbered, is amended to read:

27           41-5841. Achievement district school application

28           A. The credit enhancement eligibility board established by section  
29 ~~15-2152~~ 41-5852 shall establish an application process, application forms  
30 and selection criteria for a public school or charter school to qualify as  
31 an achievement district school for the purposes of article 11 of this  
32 chapter.

33           B. A public school or charter school that meets all of the  
34 following criteria is eligible to qualify as an achievement district  
35 school:

36           1. Has been assigned a letter grade of A, or an equivalent  
37 successor classification, pursuant to section 15-241.

38           2. Has proven instructional strategies and curricula that  
39 demonstrate high academic outcomes.

40           3. Has a verifiable enrollment demand, including the placement of  
41 prospective pupils on a waiting list.

42           4. Has a sound financial plan that contemplates operational costs  
43 and future enrollment growth.

1           5. Has shown a commitment to provide technical assistance,  
2 including business services, curriculum development and teacher training,  
3 to an underperforming school in the state.

4           6. Meets any other criteria established by the credit enhancement  
5 eligibility board.

6           C. The credit enhancement eligibility board shall meet regularly to  
7 evaluate achievement district school applications and shall either approve  
8 or deny each application submitted. The board shall report its decision  
9 on each application to the public school or charter school within ten  
10 business days after the board's decision.

11           D. If a school's application is approved pursuant to this section,  
12 the school qualifies as an achievement district school and is eligible to  
13 apply for participation in the Arizona public school credit enhancement  
14 program established by section ~~15-2155~~ 41-5855.

15           Sec. 97. Section 41-5851, Arizona Revised Statutes, as transferred  
16 and renumbered, is amended to read:

17           41-5851. Definitions

18           In this article, unless the context otherwise requires:

19           1. "Achievement district school" means a public school or a charter  
20 school that has qualified as an achievement district school pursuant to  
21 article 10 of this chapter and that has submitted an application with the  
22 board pursuant to this article to obtain guaranteed financing.

23           2. "Board" means the credit enhancement eligibility board  
24 established by section ~~15-2152~~ 41-5852.

25           3. "Fund" means the Arizona public school credit enhancement fund  
26 established by section ~~15-2154~~ 41-5854.

27           4. "Guaranteed financing" means debt obligations that are issued by  
28 or on behalf of a public school or a charter school to acquire, construct,  
29 renovate, equip, refinance or improve capital facilities and for which the  
30 board has approved a guarantee of all or a portion of the principal and  
31 interest payments pursuant to the program.

32           5. "Program" means the Arizona public school credit enhancement  
33 program established by section ~~15-2155~~ 41-5855.

34           6. "Program funding obligations" means program funding obligations  
35 approved and issued by the board pursuant to section ~~15-2157~~ 41-5857.

36           7. "Program leverage ratio" means the ratio at any time between the  
37 aggregate principal amount of guaranteed financings outstanding and the  
38 amounts on deposit in the fund.

39           Sec. 98. Section 41-5853, Arizona Revised Statutes, as transferred  
40 and renumbered, is amended to read:

41           41-5853. Powers and duties of the board

42           A. The board is a body corporate and politic and may have an  
43 official seal that is judicially noticed.

44           B. The board may:

45           1. Sue and be sued in its own name.





1 B. Monies and other assets of the fund shall be held and disbursed  
2 separate and apart from all other monies or assets of this state or  
3 political subdivisions of this state.

4 C. Monies in the fund shall be used for the following purposes:

5 1. By the state treasurer to make payments of principal or interest  
6 on guaranteed financings pursuant to section ~~15-2156~~ 41-5856.

7 2. By the board at its direction:

8 (a) To pay any operational or administrative expenses of the board,  
9 including fees for advisers, rating agencies and professionals retained by  
10 the board.

11 (b) To make payments to bond insurers to provide municipal bond  
12 insurance guaranteeing the timely payment of all or a portion of any  
13 guaranteed financing.

14 (c) To make payments of principal and interest in connection with  
15 any program funding obligations.

16 D. The state treasurer shall administer the fund and shall disburse  
17 monies in the fund as required by subsection C, paragraph 1 of this  
18 section and as directed by the board pursuant to subsection C, paragraph 2  
19 of this section. The state treasurer shall separately account for monies  
20 received from each source listed in subsection A of this section and may  
21 establish accounts and subaccounts as necessary to properly account for  
22 and use monies in the fund.

23 E. Monies received pursuant to subsection A of this section may not  
24 be used for any purpose except guaranteeing or making payments of  
25 principal and interest on guaranteed financings approved by the board and  
26 any costs and expenses of the program or the board as provided in this  
27 article.

28 F. The state treasurer shall invest and divest monies in the fund  
29 as provided in section 35-313, and monies earned from investment shall be  
30 credited to the fund. Monies in the fund are exempt from the provisions  
31 of section 35-190 relating to lapsing of appropriations.

32 Sec. 100. Section 41-5857, Arizona Revised Statutes, as transferred  
33 and renumbered, is amended to read:

34 ~~41-5857.~~ Program funding obligations; immunity

35 A. The board may deliver nonnegotiable program funding obligations  
36 in one or more series in an aggregate principal amount of not more than  
37 ~~eighty million dollars~~ \$80,000,000.

38 B. The board shall sell any program funding obligations prescribed  
39 in subsection A of this section to the state treasurer, and the state  
40 treasurer shall buy such obligations as an allowable investment of the  
41 fund. The total principal amount of program funding obligations  
42 outstanding at any one time may not exceed ~~eighty million dollars~~  
43 \$80,000,000. The board may reissue to the state treasurer any called  
44 program funding obligations on the same terms as the obligations that were

1 called and in a principal amount that does not exceed the principal amount  
2 called.

3 C. The board shall authorize each program funding obligation by a  
4 resolution that sets forth:

5 1. The rate or rates of interest.

6 2. The date or dates of maturity.

7 3. The terms of redemption.

8 4. The form and manner of execution of the program funding  
9 obligation.

10 5. Any terms necessary to secure credit enhancement or other  
11 sources of payment or security.

12 6. Any other terms deemed necessary or advisable by the board.

13 D. The interest rate to be paid on program funding obligations  
14 authorized by the board pursuant to subsection C of this section shall be  
15 equal to the sum of the following:

16 1. The actual rate of interest earned by the state treasurer on the  
17 investment of the proceeds from the sale of the program funding  
18 obligations.

19 2. For any period during which guaranteed financings are  
20 outstanding, an additional interest rate of at least one hundred basis  
21 points as determined by the board.

22 E. The principal of and interest on the program funding obligations  
23 shall be secured by and paid from monies deposited in the fund, on the  
24 terms set forth in the resolution, and are subordinate to any payments  
25 that are necessary to be made for guaranteed financings. Principal  
26 payments shall be paid on a basis proportional to the reduction in  
27 outstanding principal of guaranteed financings under the program.  
28 Interest shall be paid on an annual or more frequent basis as set forth in  
29 the resolution of the board. The monies pledged under this section to the  
30 program funding obligations are immediately subject to the lien of the  
31 pledge without any future physical delivery or further act. A lien of any  
32 pledge is valid and binding against all parties having claims of any kind  
33 in tort, contract or otherwise against the board irrespective of whether  
34 the parties have notice of the lien. When placed in the board's records,  
35 the resolution by which the pledge is created is notice to all concerned  
36 of the creation of the pledge.

37 F. Program funding obligations shall be sold at private sale to the  
38 state treasurer at a price and on terms provided by the board in its  
39 resolution pursuant to this section. The proceeds from the sale of  
40 program funding obligations shall be deposited into the fund and may be  
41 used for the purposes of the fund as set forth in section ~~15-2154~~ 41-5854.

42 G. Program funding obligations are:

43 1. Special obligations of the board.

- 1           2. Not obligations that are general, special or otherwise of this  
2 state.
- 3           3. Not a legal debt of this state.
- 4           4. Payable and enforceable only from the monies and fund pledged  
5 and assigned by the board in its resolution.
- 6           H. Any member of the board or a person executing a program funding  
7 obligation is not personally liable for the payment of the program funding  
8 obligation.
- 9           Sec. 101. Section 41-5858, Arizona Revised Statutes, as transferred  
10 and renumbered, is amended to read:
- 11           41-5858. Quarterly reports
- 12           Within thirty days after the last day of each calendar quarter, the  
13 ~~school facilities board~~ DIVISION staff, in collaboration with the ~~credit~~  
14 ~~enhancement eligibility~~ board, shall submit to the speaker of the house of  
15 representatives, the president of the senate, the director of the joint  
16 legislative budget committee and the director of the governor's office of  
17 strategic planning and budgeting a quarterly report on the implementation  
18 of the program pursuant to this article. The quarterly report shall  
19 include at least the following information:
- 20           1. A listing of all outstanding guaranteed financings approved by  
21 the board, including the following information for each financing:
- 22           (a) The name of the public school or charter school by or on behalf  
23 of which the debt obligation was issued.
- 24           (b) The date of the issuance.
- 25           (c) The original amount of the issuance.
- 26           (d) The interest rate of the issuance.
- 27           (e) The term length of the issuance.
- 28           (f) The credit rating of the issuance.
- 29           (g) The amount of principal and interest due on the debt obligation  
30 in the current fiscal year.
- 31           (h) The purpose for which the debt obligation was issued,  
32 separately delineated for obligations to construct new capital facilities,  
33 renovate existing capital facilities or refinance existing debt  
34 obligations.
- 35           (i) The current outstanding principal of the debt obligation.
- 36           2. A listing of all guaranteed financings subject to section  
37 ~~15-2156~~ 41-5856 in the prior quarter, including the amounts disbursed for  
38 payment of principal and interest for the guaranteed financing and the  
39 terms and conditions the school is subject to under section ~~15-2156~~  
40 41-5856, subsections C, D and E.
- 41           3. The current balance of the Arizona public school credit  
42 enhancement fund.
- 43           4. The current program leverage ratio.

1           ~~Sec. 102. Subject to the requirements of article IV, part 1,~~  
2 ~~section 1, Constitution of Arizona, section 42 5029, Arizona Revised~~  
3 ~~Statutes, is amended to read:~~

4           ~~42 5029. Remission and distribution of monies; withholding;~~  
5           ~~definition~~

6           ~~A. The department shall deposit, pursuant to sections 35 146 and~~  
7 ~~35 147, all revenues collected under this article and articles 4, 5 and 8~~  
8 ~~of this chapter pursuant to section 42 1116, separately accounting for:~~

9           ~~1. Payments of estimated tax under section 42 5014, subsection D.~~

10           ~~2. Revenues collected pursuant to section 42 5070.~~

11           ~~3. Revenues collected under this article and article 5 of this~~  
12 ~~chapter from and after June 30, 2000 from sources located on Indian~~  
13 ~~reservations in this state.~~

14           ~~4. Revenues collected pursuant to section 42 5010, subsection G and~~  
15 ~~section 42 5155, subsection D.~~

16           ~~5. Revenues collected pursuant to section 42 5010.01 and section~~  
17 ~~42 5155, subsection E.~~

18           ~~B. The department shall credit payments of estimated tax to an~~  
19 ~~estimated tax clearing account and each month shall transfer all monies in~~  
20 ~~the estimated tax clearing account to a fund designated as the transaction~~  
21 ~~privilege and severance tax clearing account. The department shall credit~~  
22 ~~all other payments to the transaction privilege and severance tax clearing~~  
23 ~~account, separately accounting for the monies designated as distribution~~  
24 ~~base under sections 42 5010, 42 5164 and 42 5205. Each month the~~  
25 ~~department shall report to the state treasurer the amount of monies~~  
26 ~~collected pursuant to this article and articles 4, 5 and 8 of this~~  
27 ~~chapter.~~

28           ~~C. On notification by the department, the state treasurer shall~~  
29 ~~distribute the monies deposited in the transaction privilege and severance~~  
30 ~~tax clearing account in the manner prescribed by this section and by~~  
31 ~~sections 42 5164 and 42 5205, after deducting warrants drawn against the~~  
32 ~~account pursuant to sections 42 1118 and 42 1254.~~

33           ~~D. Of the monies designated as distribution base, and subject to~~  
34 ~~the requirements of section 42 5041, the department shall:~~

35           ~~1. Pay twenty five percent to the various incorporated~~  
36 ~~municipalities in this state in proportion to their population to be used~~  
37 ~~by the municipalities for any municipal purpose.~~

38           ~~2. Pay 38.08 percent to the counties in this state by averaging the~~  
39 ~~following proportions:~~

40           ~~(a) The proportion that the population of each county bears to the~~  
41 ~~total state population.~~

42           ~~(b) The proportion that the distribution base monies collected~~  
43 ~~during the calendar month in each county under this article, section~~  
44 ~~42 5164, subsection B and section 42 5205, subsection B bear to the total~~  
45 ~~distribution base monies collected under this article, section 42 5164,~~

1 ~~subsection B and section 42 5205, subsection B throughout the state for~~  
2 ~~the calendar month.~~

3 ~~3. Pay an additional 2.43 percent to the counties in this state as~~  
4 ~~follows:~~

5 ~~(a) Average the following proportions:~~

6 ~~(i) The proportion that the assessed valuation used to determine~~  
7 ~~secondary property taxes of each county, after deducting that part of the~~  
8 ~~assessed valuation that is exempt from taxation at the beginning of the~~  
9 ~~month for which the amount is to be paid, bears to the total assessed~~  
10 ~~valuations used to determine secondary property taxes of all the counties~~  
11 ~~after deducting that portion of the assessed valuations that is exempt~~  
12 ~~from taxation at the beginning of the month for which the amount is to be~~  
13 ~~paid. Property of a city or town that is not within or contiguous to the~~  
14 ~~municipal corporate boundaries and from which water is or may be withdrawn~~  
15 ~~or diverted and transported for use on other property is considered to be~~  
16 ~~taxable property in the county for purposes of determining assessed~~  
17 ~~valuation in the county under this item.~~

18 ~~(ii) The proportion that the distribution base monies collected~~  
19 ~~during the calendar month in each county under this article, section~~  
20 ~~42 5164, subsection B and section 42 5205, subsection B bear to the total~~  
21 ~~distribution base monies collected under this article, section 42 5164,~~  
22 ~~subsection B and section 42 5205, subsection B throughout the THIS state~~  
23 ~~for the calendar month.~~

24 ~~(b) If the proportion computed under subdivision (a) of this~~  
25 ~~paragraph for any county is greater than the proportion computed under~~  
26 ~~paragraph 2 of this subsection, the department shall compute the~~  
27 ~~difference between the amount distributed to that county under paragraph 2~~  
28 ~~of this subsection and the amount that would have been distributed under~~  
29 ~~paragraph 2 of this subsection using the proportion computed under~~  
30 ~~subdivision (a) of this paragraph and shall pay that difference to the~~  
31 ~~county from the amount available for distribution under this paragraph.~~  
32 ~~Any monies remaining after all payments under this subdivision shall be~~  
33 ~~distributed among the counties according to the proportions computed under~~  
34 ~~paragraph 2 of this subsection.~~

35 ~~4. After any distributions required by sections 42 5030,~~  
36 ~~42 5030.01, 42 5031, 42 5032, 42 5032.01 and 42 5032.02, and after making~~  
37 ~~any transfer to the water quality assurance revolving fund as required by~~  
38 ~~section 49 282, subsection B, credit the remainder of the monies~~  
39 ~~designated as distribution base to the state general fund. From this~~  
40 ~~amount the legislature shall annually appropriate to:~~

41 ~~(a) The department of revenue sufficient monies to administer and~~  
42 ~~enforce this article and articles 5 and 8 of this chapter.~~

43 ~~(b) The department of economic security monies to be used for the~~  
44 ~~purposes stated in title 46, chapter 1.~~

1           ~~(c) The firearms safety and ranges fund established by section~~  
2 ~~17 273, fifty thousand dollars \$50,000 derived from the taxes collected~~  
3 ~~from the retail classification pursuant to section 42 5061 for the current~~  
4 ~~fiscal year.~~

5           ~~E. If approved by the qualified electors voting at a statewide~~  
6 ~~general election, all monies collected pursuant to section 42 5010,~~  
7 ~~subsection G and section 42 5155, subsection D shall be distributed each~~  
8 ~~fiscal year pursuant to this subsection. The monies distributed pursuant~~  
9 ~~to this subsection are in addition to any other appropriation, transfer or~~  
10 ~~other allocation of public or private monies from any other source and~~  
11 ~~shall not supplant, replace or cause a reduction in other school district,~~  
12 ~~charter school, university or community college funding sources. The~~  
13 ~~monies shall be distributed as follows.~~

14           ~~1. If there are outstanding state school facilities revenue bonds~~  
15 ~~pursuant to title 15 41, chapter 16 56, article 7, each month one twelfth~~  
16 ~~of the amount that is necessary to pay the fiscal year's debt service on~~  
17 ~~outstanding state school improvement revenue bonds for the current fiscal~~  
18 ~~year shall be transferred each month to the school improvement revenue~~  
19 ~~bond debt service fund established by section 15 2084 41 5784. The total~~  
20 ~~amount of bonds for which these monies may be allocated for the payment of~~  
21 ~~debt service shall not exceed a principal amount of eight hundred million~~  
22 ~~dollars \$800,000,000 exclusive of refunding bonds and other refinancing~~  
23 ~~obligations.~~

24           ~~2. After any transfer of monies pursuant to paragraph 1 of this~~  
25 ~~subsection, twelve per cent PERCENT of the remaining monies collected~~  
26 ~~during the preceding month shall be transferred to the technology and~~  
27 ~~research initiative fund established by section 15 1648 to be distributed~~  
28 ~~among the universities for the purpose of investment in technology and~~  
29 ~~research based initiatives.~~

30           ~~3. After the transfer of monies pursuant to paragraph 1 of this~~  
31 ~~subsection, three per cent PERCENT of the remaining monies collected~~  
32 ~~during the preceding month shall be transferred to the workforce~~  
33 ~~development account established in each community college district~~  
34 ~~pursuant to section 15 1472 for the purpose of investment in workforce~~  
35 ~~development programs.~~

36           ~~4. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~  
37 ~~this subsection, one twelfth of the amount a community college that is~~  
38 ~~owned, operated or chartered by a qualifying Indian tribe on its own~~  
39 ~~Indian reservation would receive pursuant to section 15 1472, subsection~~  
40 ~~D, paragraph 2 if it were a community college district shall be~~  
41 ~~distributed each month to the treasurer or other designated depository of~~  
42 ~~a qualifying Indian tribe. Monies distributed pursuant to this paragraph~~  
43 ~~are for the exclusive purpose of providing support to one or more~~  
44 ~~community colleges owned, operated or chartered by a qualifying Indian~~  
45 ~~tribe and shall be used in a manner consistent with section 15 1472,~~

1 ~~subsection B. For the purposes of this paragraph, "qualifying Indian~~  
2 ~~tribe" has the same meaning as defined in section 42-5031.01,~~  
3 ~~subsection D.~~

4 ~~5. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~  
5 ~~this subsection, one twelfth of the following amounts shall be transferred~~  
6 ~~each month to the department of education for the increased cost of basic~~  
7 ~~state aid under section 15-971 due to added school days and associated~~  
8 ~~teacher salary increases enacted in 2000.~~

9 ~~(a) In fiscal year 2001-2002, \$15,305,900.~~

10 ~~(b) In fiscal year 2002-2003, \$31,530,100.~~

11 ~~(c) In fiscal year 2003-2004, \$48,727,700.~~

12 ~~(d) In fiscal year 2004-2005, \$66,957,200.~~

13 ~~(e) In fiscal year 2005-2006 and each fiscal year thereafter,~~  
14 ~~\$86,280,500.~~

15 ~~6. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~  
16 ~~this subsection, seven million eight hundred thousand dollars \$7,800,000~~  
17 ~~is appropriated each fiscal year, to be paid in monthly installments, to~~  
18 ~~the department of education to be used for school safety as provided in~~  
19 ~~section 15-154 and two hundred thousand dollars \$200,000 is appropriated~~  
20 ~~each fiscal year, to be paid in monthly installments, to the department of~~  
21 ~~education to be used for the character education matching grant program as~~  
22 ~~provided in section 15-154.01.~~

23 ~~7. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~  
24 ~~this subsection, no NOT more than seven million dollars \$7,000,000 may be~~  
25 ~~appropriated by the legislature each fiscal year to the department of~~  
26 ~~education to be used for accountability purposes as described in section~~  
27 ~~15-241 and title 15, chapter 9, article 8.~~

28 ~~8. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~  
29 ~~this subsection, one million five hundred thousand dollars \$1,500,000 is~~  
30 ~~appropriated each fiscal year, to be paid in monthly installments, to the~~  
31 ~~failing schools tutoring fund established by section 15-241.~~

32 ~~9. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~  
33 ~~this subsection, twenty five million dollars \$25,000,000 shall be~~  
34 ~~transferred each fiscal year to the state general fund to reimburse the~~  
35 ~~STATE general fund for the cost of the income tax credit allowed by~~  
36 ~~section 43-1072.01.~~

37 ~~10. After the payment of monies pursuant to paragraphs 1 through 9~~  
38 ~~of this subsection, the remaining monies collected during the preceding~~  
39 ~~month shall be transferred to the classroom site fund established by~~  
40 ~~section 15-977. The monies shall be allocated as follows in the manner~~  
41 ~~prescribed by section 15-977.~~

42 ~~(a) Forty per cent PERCENT shall be allocated for teacher~~  
43 ~~compensation based on performance.~~

44 ~~(b) Twenty per cent PERCENT shall be allocated for increases in~~  
45 ~~teacher base compensation and employee related expenses.~~



1 ~~(c) Forty per cent PERCENT shall be allocated for maintenance and~~  
2 ~~operation purposes.~~

3 ~~f. The department shall credit the remainder of the monies in the~~  
4 ~~transaction privilege and severance tax clearing account to the state~~  
5 ~~general fund, subject to any distribution required by section 42 5030.01.~~

6 ~~g. Notwithstanding subsection D of this section, if a court of~~  
7 ~~competent jurisdiction finally determines that tax monies distributed~~  
8 ~~under this section were illegally collected under this article or articles~~  
9 ~~5 and 8 of this chapter and orders the monies to be refunded to the~~  
10 ~~taxpayer, the department shall compute the amount of such monies that was~~  
11 ~~distributed to each city, town and county under this section. Each~~  
12 ~~city's, town's and county's proportionate share of the costs shall be~~  
13 ~~based on the amount of the original tax payment each municipality and~~  
14 ~~county received. Each month the state treasurer shall reduce the amount~~  
15 ~~otherwise distributable to the city, town and county under this section by~~  
16 ~~one thirty sixth 1/36 of the total amount to be recovered from the city,~~  
17 ~~town or county until the total amount has been recovered, but the monthly~~  
18 ~~reduction for any city, town or county shall not exceed ten percent of the~~  
19 ~~full monthly distribution to that entity. The reduction shall begin for~~  
20 ~~the first calendar month after the final disposition of the case and shall~~  
21 ~~continue until the total amount, including interest and costs, has been~~  
22 ~~recovered.~~

23 ~~h. On receiving a certificate of default from the greater Arizona~~  
24 ~~development authority pursuant to section 41 2257 or 41 2258 and to the~~  
25 ~~extent not otherwise expressly prohibited by law, the state treasurer~~  
26 ~~shall withhold from the next succeeding distribution of monies pursuant to~~  
27 ~~this section due to the defaulting political subdivision the amount~~  
28 ~~specified in the certificate of default and immediately deposit the amount~~  
29 ~~withheld in the greater Arizona development authority revolving fund. The~~  
30 ~~state treasurer shall continue to withhold and deposit the monies until~~  
31 ~~the greater Arizona development authority certifies to the state treasurer~~  
32 ~~that the default has been cured. In no event may the state treasurer~~  
33 ~~withhold any amount that the defaulting political subdivision certifies to~~  
34 ~~the state treasurer and the authority as being necessary to make any~~  
35 ~~required deposits then due for the payment of principal and interest on~~  
36 ~~bonds of the political subdivision that were issued before the date of the~~  
37 ~~loan repayment agreement or bonds and that have been secured by a pledge~~  
38 ~~of distributions made pursuant to this section.~~

39 ~~i. Except as provided by sections 42 5033 and 42 5033.01, the~~  
40 ~~population of a county, city or town as determined by the most recent~~  
41 ~~United States decennial census plus any revisions to the decennial census~~  
42 ~~certified by the United States bureau of the census shall be used as the~~  
43 ~~basis for apportioning monies pursuant to subsection D of this section.~~

44 ~~j. Except as otherwise provided by this subsection, on notice from~~  
45 ~~the department of revenue pursuant to section 42 6010, subsection B, the~~

1 ~~state treasurer shall withhold from the distribution of monies pursuant to~~  
2 ~~this section to the affected city or town the amount of the penalty for~~  
3 ~~business location municipal tax incentives provided by the city or town to~~  
4 ~~a business entity that locates a retail business facility in the city or~~  
5 ~~town. The state treasurer shall continue to withhold monies pursuant to~~  
6 ~~this subsection until the entire amount of the penalty has been withheld.~~  
7 ~~The state treasurer shall credit any monies withheld pursuant to this~~  
8 ~~subsection to the state general fund as provided by subsection D,~~  
9 ~~paragraph 4 of this section. The state treasurer shall not withhold any~~  
10 ~~amount that the city or town certifies to the department of revenue and~~  
11 ~~the state treasurer as being necessary to make any required deposits or~~  
12 ~~payments for debt service on bonds or other long term obligations of the~~  
13 ~~city or town that were issued or incurred before the location incentives~~  
14 ~~provided by the city or town.~~

15 ~~K. On notice from the auditor general pursuant to section 9-626,~~  
16 ~~subsection D, the state treasurer shall withhold from the distribution of~~  
17 ~~monies pursuant to this section to the affected city the amount computed~~  
18 ~~pursuant to section 9-626, subsection D. The state treasurer shall~~  
19 ~~continue to withhold monies pursuant to this subsection until the entire~~  
20 ~~amount specified in the notice has been withheld. The state treasurer~~  
21 ~~shall credit any monies withheld pursuant to this subsection to the state~~  
22 ~~general fund as provided by subsection D, paragraph 4 of this section.~~

23 ~~L. Except as otherwise provided by this subsection, on notice from~~  
24 ~~the attorney general pursuant to section 41-194.01, subsection B,~~  
25 ~~paragraph 1 that an ordinance, regulation, order or other official action~~  
26 ~~adopted or taken by the governing body of a county, city or town violates~~  
27 ~~state law or the Constitution of Arizona, the state treasurer shall~~  
28 ~~withhold the distribution of monies pursuant to this section to the~~  
29 ~~affected county, city or town and shall continue to withhold monies~~  
30 ~~pursuant to this subsection until the attorney general certifies to the~~  
31 ~~state treasurer that the violation has been resolved. The state treasurer~~  
32 ~~shall redistribute the monies withheld pursuant to this subsection among~~  
33 ~~all other counties, cities and towns in proportion to their population as~~  
34 ~~provided by subsection D of this section. The state treasurer shall not~~  
35 ~~withhold any amount that the county, city or town certifies to the~~  
36 ~~attorney general and the state treasurer as being necessary to make any~~  
37 ~~required deposits or payments for debt service on bonds or other long term~~  
38 ~~obligations of the county, city or town that were issued or incurred~~  
39 ~~before committing the violation.~~

40 ~~M. For the purposes of this section, "community college district"~~  
41 ~~means a community college district that is established pursuant to~~  
42 ~~sections 15-1402 and 15-1403 and that is a political subdivision of this~~  
43 ~~state and, unless otherwise specified, includes a community college~~  
44 ~~tuition financing district established pursuant to section 15-1409.~~

1           Sec. 103. Section 42-5030.01, Arizona Revised Statutes, is amended  
2 to read:

3           42-5030.01. Distribution of revenues for school facilities

4           From and after June 30, 1999, if there are outstanding state school  
5 facilities revenue bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article  
6 6, and if the amount of monies available under section 37-521, subsection  
7 B, paragraph 1 is insufficient to pay the debt service due on the  
8 outstanding bonds in that fiscal year, the state treasurer shall transfer  
9 to the state school facilities revenue bond debt service fund established  
10 pursuant to section ~~15-2054~~ 41-5754 the amount that is necessary to pay  
11 the debt service due in that fiscal year on the outstanding bonds from  
12 state general fund revenues that were collected pursuant to this chapter.

13           Sec. 104. Section 43-1089.02, Arizona Revised Statutes, is amended  
14 to read:

15           43-1089.02. Credit for donation of school site

16           A. A credit is allowed against the taxes imposed by this title in  
17 the amount of thirty percent of the value of real property and  
18 improvements donated by the taxpayer to a school district or a charter  
19 school for use as a school or as a site for the construction of a school.

20           B. To qualify for the credit:

21           1. The real property and improvements must be located in this  
22 state.

23           2. The real property and improvements must be conveyed unencumbered  
24 and in fee simple, except that:

25           (a) The conveyance must include as a deed restriction and  
26 protective covenant running with title to the land the requirement that as  
27 long as the donee holds title to the property the property shall only be  
28 used as a school or as a site for the construction of a school, subject to  
29 subsection I or J of this section.

30           (b) In the case of a donation to a charter school, the donor shall  
31 record a lien on the property as provided by subsection J, paragraph 3 of  
32 this section.

33           3. The conveyance shall not violate section 15-341, subsection D or  
34 section 15-183, subsection U.

35           C. For the purposes of this section, the value of the donated  
36 property is the property's fair market value as determined in an appraisal  
37 as defined in section 32-3601 that is conducted by an independent party  
38 and that is paid for by the donee.

39           D. If the property is donated by co-owners, including individual  
40 partners in a partnership, each donor may claim only the pro rata share of  
41 the allowable credit under this section based on the ownership  
42 interest. If the property is donated by a husband and wife who file  
43 separate returns for a taxable year in which they could have filed a joint  
44 return, they may determine between them the share of the credit each will

1 claim. The total of the credits allowed all co-owner donors may not  
2 exceed the allowable credit.

3 E. If the allowable tax credit exceeds the taxes otherwise due  
4 under this title on the claimant's income, or if there are no taxes due  
5 under this title, the taxpayer may carry the amount of the claim not used  
6 to offset the taxes under this title forward for not more than five  
7 consecutive taxable years' income tax liability.

8 F. The credit under this section is in lieu of any deduction  
9 pursuant to section 170 of the internal revenue code taken for state tax  
10 purposes.

11 G. On written request by the donee, the donor shall disclose in  
12 writing to the donee the amount of the credit allowed pursuant to this  
13 section with respect to the property received by the donee.

14 H. A school district or charter school may refuse the donation of  
15 any property for purposes of this section.

16 I. If the donee is a school district:

17 1. The district shall notify the **DIVISION OF** school facilities  
18 ~~board established by section 15-2001~~ **WITHIN THE DEPARTMENT OF**  
19 **ADMINISTRATION** and furnish the ~~board~~ **DIVISION** with any information the  
20 ~~board~~ **DIVISION** requests regarding the donation. A school district shall  
21 not accept a donation pursuant to this section unless the ~~school~~  
22 ~~facilities board~~ **DIVISION** has reviewed the proposed donation and has  
23 issued a written determination that the real property and improvements are  
24 suitable as a school site or as a school. The ~~school facilities board~~  
25 **DIVISION** shall issue a determination that the real property and  
26 improvements are not suitable as a school site or as a school if the  
27 expenses that would be necessary to make the property suitable as a school  
28 site or as a school exceed the value of the proposed donation.

29 2. The district may sell any donated property pursuant to section  
30 15-342, but the proceeds from the sale shall only be used for capital  
31 projects. The school facilities **OVERSIGHT** board shall **DIRECT THE DIVISION**  
32 **OF SCHOOL FACILITIES WITHIN THE DEPARTMENT OF ADMINISTRATION TO** withhold  
33 an amount that corresponds to the amount of the proceeds from any monies  
34 that would otherwise be due the school district from the ~~school facilities~~  
35 board pursuant to section ~~15-2041~~ **41-5741**.

36 J. If the donee is a charter school:

37 1. The charter school shall:

38 (a) Immediately notify the sponsor of the charter school by  
39 certified mail and shall furnish the sponsor with any information  
40 requested by the sponsor regarding the donation during the ~~ten year~~  
41 **TEN-YEAR** period after the conveyance is recorded.

42 (b) Notify the sponsor by certified mail, and the sponsor shall  
43 notify the state treasurer, in the event of the charter school's financial  
44 failure or if the charter school:

1 (i) Fails to establish a charter school on the property within  
2 forty-eight months after the conveyance is recorded.

3 (ii) Fails to provide instruction to pupils on the property within  
4 forty-eight months after the conveyance is recorded.

5 (iii) Establishes a charter school on the property but subsequently  
6 ceases to operate the charter school on the property for twenty-four  
7 consecutive months or fails to provide instruction to pupils on the  
8 property for twenty-four consecutive months.

9 2. The charter school, or a successor in interest, shall pay to the  
10 state treasurer the amount of the credit allowed under this section, or if  
11 that amount is unknown, the amount of the allowable credit under this  
12 section, if any of the circumstances listed in paragraph 1, subdivision  
13 (b) of this subsection occurs. If the amount is not paid within one year  
14 after the treasurer receives notice under paragraph 1, subdivision (b) of  
15 this subsection, a penalty and interest shall be added, determined  
16 pursuant to title 42, chapter 1, article 3.

17 3. A tax credit under this section constitutes a lien on the  
18 property, which the donor must record along with the title to the property  
19 to qualify for the credit. The amount of the lien is the amount of the  
20 allowable credit under this section, adjusted according to the average  
21 change in the GDP price deflator, as defined in section 41-563, for each  
22 calendar year since the donation, but not exceeding twelve and one-half  
23 percent more than the allowable credit. The lien is subordinate to any  
24 liens securing the financing of the school construction. The lien is  
25 extinguished on the earliest of the following:

26 (a) Ten years after the lien is recorded. After that date, the  
27 charter school, or a successor in interest, may request the state  
28 treasurer to release the lien.

29 (b) On payment to the state treasurer by the donee charter school,  
30 or by a successor in interest, of the amount of the allowable credit under  
31 this section, either voluntarily or as required by paragraph 2 of this  
32 subsection. After the required amount is paid, the charter school or  
33 successor in interest may request the state treasurer to release the lien.

34 (c) On conveyance of fee simple title to the property to a school  
35 district.

36 (d) On enforcement and satisfaction of the lien pursuant to  
37 paragraph 4 of this subsection.

38 4. The state treasurer shall enforce the lien by foreclosure within  
39 one year after receiving notice of any of the circumstances described in  
40 paragraph 1, subdivision (b) of this subsection.

41 5. Subject to paragraphs 3 and 4 of this subsection, the charter  
42 school may sell any donated property.

1           Sec. 105. Laws 2020, chapter 26, section 1 is amended to read:

2           Section 1. Department of education; crisis management team;  
3                           persistently underperforming school districts;  
4                           reporting requirements; implementation plans;  
5                           delayed repeal

6           A. The department of education shall establish a crisis management  
7 team to recommend necessary changes for any persistently underperforming  
8 school district prescribed pursuant to subsection C of this section to  
9 meet the educational needs of the community in which the school district  
10 is located. ~~The crisis management team shall consist of all of the~~  
11 ~~following members who are appointed by the superintendent of public~~  
12 ~~instruction:~~

- 13           ~~1. Department of education staff persons with expertise and~~  
14 ~~experience in school improvement.~~  
15           ~~2. An expert in tribal consultation and tribal affairs.~~  
16           ~~3. An expert in school improvement for rural schools.~~  
17           ~~4. An employee of the office of Indian education.~~  
18           ~~5. Other persons as deemed appropriate.~~

19           B. The crisis management team shall establish a work plan to  
20 evaluate the local circumstances and needs of a school district prescribed  
21 pursuant to subsection C of this section. The crisis management team  
22 shall consult with tribal stakeholders, school district governing board  
23 members, school district employees, community members, parents and other  
24 relevant persons to determine all of the following:

- 25           1. The impediments to academic success.  
26           2. Barriers to an effective school community, including  
27 relationships between a school district and relevant community  
28 stakeholders, including parents.  
29           3. Specific changes that are needed to increase academic outcomes  
30 and prevent teacher and staff turnover.  
31           4. Outstanding financial impediments and appropriate solutions for  
32 resolution.  
33           5. The long-term plan to sustain a successful school, including  
34 potential changes to governance or boundaries or whether receivership or  
35 consolidation would benefit the school district.

36           C. The crisis management team may intervene as prescribed in this  
37 section on behalf of any school district that operates a school that meets  
38 all of the following criteria:

- 39           1. For school years 2016-2017 and 2018-2019, was assigned a letter  
40 grade of F pursuant to section 15-241, Arizona Revised Statutes.  
41           2. For school year 2018-2019, had less than five percent of pupils  
42 who were proficient on the statewide assessment in English language arts  
43 and mathematics.

44           D. A school district prescribed pursuant to subsection C of this  
45 section shall comply with all requests for information by the crisis

1 management team and provide the information requested within two weeks.  
2 The school district may request additional time to complete the  
3 information request. If the school district requests additional time to  
4 complete an information request pursuant to this subsection, the school  
5 district shall outline the reasons the school district needs more than two  
6 weeks to complete the request.

7 E. The crisis management team shall provide a school district  
8 prescribed pursuant to subsection C of this section with specific  
9 recommendations to implement that will address the issues the crisis  
10 management team identifies within the school district that contribute to  
11 persistent academic underperformance. The crisis management team shall  
12 provide all recommendations in writing to the school district governing  
13 board and superintendent, and the school district shall notify the crisis  
14 management team in writing within two weeks after receiving the  
15 recommendations either outlining the school district's efforts to  
16 implement the recommendations or rejecting a recommendation and providing  
17 the reason for rejection.

~~18 F. The superintendent of public instruction may retain a portion of  
19 state monies that a school district prescribed pursuant to subsection C of  
20 this section would otherwise be entitled to receive to compensate members  
21 of the crisis management team at a reasonable rate, as determined by the  
22 department of education, except that the superintendent of public  
23 instruction may not retain a portion of state monies to compensate  
24 employees of the department of education. The school district shall  
25 reduce its budget limit accordingly.~~

26 ~~G.~~ F. If the crisis management team formally determines that a  
27 school district prescribed pursuant to subsection C of this section is  
28 unable to meet the educational needs of the community in which it is  
29 located without a change in administration, the school district shall  
30 terminate the contract of the school district superintendent in accordance  
31 with the terms of the contract and include appropriate financial  
32 recourse. The crisis management team may assist the school district  
33 governing board in identifying candidates to act as an interim  
34 superintendent.

35 ~~H.~~ G. The crisis management team shall submit a preliminary report  
36 on or before July 1, ~~2020~~ 2021 and submit a final report on or before  
37 December 31, ~~2020~~ 2021 to the governor, the president of the senate, the  
38 speaker of the house of representatives, the department of education and  
39 the chairpersons of the house of representatives and senate education and  
40 appropriations committees and submit a copy to the secretary of state.  
41 The report shall include all of the following:

42 1. The specific recommendations for improvement that the crisis  
43 management team made to school districts pursuant to this section.

1           2. The outcome of any consultations under subsection B of this  
2 section, including suggested actions for improvement by community and  
3 tribal stakeholders, parents and the school district.

4           3. Recommendations on the long-term viability of each school  
5 district prescribed pursuant to subsection C of this section, including  
6 whether the school district requires a change in governance or boundaries  
7 or whether receivership or consolidation would benefit the academic  
8 outcomes of affected pupils.

9           4. A projected implementation timeline for recommended changes.

10          ~~F.~~ H. If the crisis management team determines that a long-term  
11 sustainability plan is viable, the crisis management team may request the  
12 department of education to notify the school district of the  
13 implementation plan for sustainability. The department shall compile all  
14 recommendations of the crisis management team under subsection ~~H.~~ G of  
15 this section and shall establish an implementation plan. The department  
16 shall provide to school districts prescribed pursuant to subsection C of  
17 this section an implementation plan and projected timeline for  
18 implementation. The school district shall evaluate the implementation  
19 plan and respond in writing to the department of education outlining the  
20 adoption of an implementation plan and any modifications deemed necessary.  
21 The school district shall provide regular reports to the department of  
22 education on implementation and may request assistance in community  
23 stakeholder engagement, including tribal consultation, or implementation.

24          ~~G.~~ I. This section is repealed from and after April 1, ~~2021~~ 2022.

25          Sec. 106. Results-based funding; allocation formula; fiscal  
26 year 2021-2022

27          Notwithstanding section 15-249.08, subsection B, paragraph 2,  
28 Arizona Revised Statutes, for fiscal year 2021-2022, the department of  
29 education shall distribute monies from the results-based funding fund  
30 established by section 15-249.08, Arizona Revised Statutes, as follows:

31           1. Each school operated by a school district or charter holder  
32 shall receive \$225 per student count from the fund if both of the  
33 following apply:

34           (a) At the time the test prescribed in subdivision (b) of this  
35 paragraph was administered, fewer than sixty percent of the students who  
36 were enrolled in the school met the eligibility requirements established  
37 under the national school lunch and child nutrition acts (42 United States  
38 Code sections 1751 through 1793) for free or reduced-price lunches, or an  
39 equivalent measure recognized for participating in the federal free and  
40 reduced-price lunch program and other school programs dependent on a  
41 poverty measure, including the community eligibility provision for which  
42 free and reduced-price lunch data is not available.

43           (b) In results achieved during the spring of 2019, the school  
44 performed in the top thirteen percent of all schools statewide as  
45 demonstrated by the average percentage of students who obtained a passing



1 score on the mathematics portions of the statewide assessment and the  
2 average percentage of students who obtained a passing score on the  
3 language arts portions of the statewide assessment.

4 2. Each school operated by a school district or charter holder  
5 shall receive \$400 per student count from the fund if both of the  
6 following apply:

7 (a) At the time the test prescribed in subdivision (b) of this  
8 paragraph was administered, sixty percent or more of the students who were  
9 enrolled in the school met the eligibility requirements established under  
10 the national school lunch and child nutrition acts (42 United States Code  
11 sections 1751 through 1793) for free or reduced-price lunches, or an  
12 equivalent measure recognized for participating in the federal free and  
13 reduced-price lunch program and other school programs dependent on a  
14 poverty measure, including the community eligibility provision for which  
15 free and reduced-price lunch data is not available.

16 (b) In results achieved during the spring of 2019, the school  
17 performed in the top thirteen percent of schools pursuant to subdivision  
18 (a) of this paragraph, as demonstrated by the average percentage of those  
19 students who obtained a passing score on the mathematics portions of the  
20 statewide assessment and the average percentage of students who obtained a  
21 passing score on the language arts portions of the statewide assessment.

22 3. Each school operated by a school district or charter holder  
23 shall receive \$225 per student count from the fund if both of the  
24 following apply:

25 (a) At the time the test prescribed in subdivision (b) of this  
26 paragraph was administered, sixty percent or more of the students who were  
27 enrolled in the school met the eligibility requirements established under  
28 the national school lunch and child nutrition acts (42 United States Code  
29 sections 1751 through 1793) for free or reduced-price lunches, or an  
30 equivalent measure recognized for participating in the federal free and  
31 reduced-price lunch program and other school programs dependent on a  
32 poverty measure, including the community eligibility provision for which  
33 free and reduced-price lunch data is not available.

34 (b) In results achieved during the spring of 2019, the school  
35 performed in the top twenty-seven percent but not in the top thirteen  
36 percent of schools pursuant to subdivision (a) of this paragraph, as  
37 demonstrated by the average percentage of those students who obtained a  
38 passing score on the mathematics portions of the statewide assessment and  
39 the average percentage of students who obtained a passing score on the  
40 language arts portions of the statewide assessment.

41 4. Each alternative high school shall receive \$400 per student  
42 count from the fund if in the results achieved during testing conducted in  
43 the spring of 2019 the school performed in the top twenty-seven percent of  
44 schools identified pursuant to paragraph 3, subdivision (a) of this  
45 section, as demonstrated by the average percentage of those students who

1 obtained a passing score on the mathematics portions of the statewide  
2 assessment and the average percentage of students who obtained a passing  
3 score on the language arts portions of the statewide assessment. An  
4 alternative high school is eligible for funding under this paragraph only  
5 if it reports the average percentage of students who obtained a passing  
6 score on both the mathematics portions of the statewide assessment and the  
7 language arts portions of the statewide assessment during testing  
8 conducted in the spring of 2019.

9 Sec. 107. Learning loss; reports; federal monies; allocation

10 A. On or before July 1, 2021, school districts and charter schools  
11 in this state shall report to the department of education whether they  
12 offered in-person, teacher-led instruction for at least one hundred days  
13 of the 2020-2021 school year, except that school districts and charter  
14 schools with fewer than one hundred eighty days of instruction pursuant to  
15 section 15-341.01, Arizona Revised Statutes, shall report whether they  
16 offered in-person, teacher-led instruction for an equivalent proportion of  
17 instructional days. The report shall delineate the number of days of  
18 in-person, teacher-led instruction that was offered by school site.

19 B. On or before August 1, 2021, the department of education shall  
20 submit a report to the joint legislative budget committee and the  
21 governor's office of strategic planning and budgeting that compiles the  
22 information reported by school districts and charter schools pursuant to  
23 subsection A of this section.

24 C. On or before September 1, 2021, the department of education  
25 shall post on its website school district and charter school plans to  
26 address learning loss by spending elementary and secondary school  
27 emergency relief fund monies appropriated to this state by section 2001 of  
28 the American rescue plan act of 2021 (P.L. 117-2).

29 D. The governor's office of strategic planning and budgeting shall  
30 post on its website its allocation of \$350,000,000 of coronavirus state  
31 fiscal recovery fund monies appropriated to this state by section 9901 of  
32 the American rescue plan act of 2021 (P.L. 117-2) to school districts and  
33 charter schools for assistance to supplement monies provided by the  
34 elementary and secondary school emergency relief fund.

35 Sec. 108. School districts; teacher experience index;  
36 submission of corrected data

37 Notwithstanding sections 15-905 and 15-915 and section 15-941,  
38 subsection C, Arizona Revised Statutes, the Buckeye union high school  
39 district may submit corrections not later than August 15, 2021 to teacher  
40 experience index data that are required pursuant to section 15-941,  
41 Arizona Revised Statutes. The school district may use the resulting  
42 teacher experience index in determining its base support level for fiscal  
43 year 2020-2021.

1           Sec. 109. School finance data system replacement;  
2                           expenditures; review; milestones; third-party  
3                           verification; intent

4           A. Before each expenditure of any monies appropriated for school  
5 finance data system replacement, the department of education shall submit  
6 the purpose and estimated costs of the expenditure to the department of  
7 administration and the information technology authorization committee  
8 established by section 18-121, Arizona Revised Statutes, for review and  
9 approval.

10          B. The department of administration shall detail development  
11 milestones for the replacement of the school finance data system within  
12 thirty days after the last day of fiscal year 2020-2021 in consultation  
13 with the department of education. These milestones must, at a minimum,  
14 meet all of the following:

15           1. Specify deliverable dates the department of education must meet  
16 for the entirety of the project's lifecycle.

17           2. Specify deliverables to be provided by the department of  
18 education to the department of administration regarding full system  
19 documentation.

20           3. Define critical deliverables for the project.

21           4. Be derived from the accelerated plan approved on August 19, 2020  
22 by the information technology authorization committee established by  
23 section 18-121, Arizona Revised Statutes.

24          C. To close a milestone and to be eligible to receive funding for  
25 subsequent work on any major milestone or critical deliverable for the  
26 replacement of the school finance data system, as defined by the  
27 department of administration and the information technology authorization  
28 committee established by section 18-121, Arizona Revised Statutes, the  
29 department of education must receive approval from the superintendent of  
30 public instruction and the director of the department of administration.

31          D. The department of education shall submit an expenditure plan on  
32 the staffing of the school finance data system project for review by the  
33 department of administration. This expenditure plan shall be adequate, as  
34 defined by the department of administration, to comply with the project  
35 milestones prescribed in subsection B of this section.

36          E. The department of education shall use a portion of the monies  
37 appropriated for school finance data system replacement to engage with a  
38 third party to conduct independent verification and validation related to  
39 the replacement of the school finance data system.

40          F. Notwithstanding any other law, the department of administration  
41 shall define the terms of any agreement with a third party that conducts  
42 independent verification and validation related to the replacement of the  
43 school finance data system.

1 G. The department of education shall update all current agreements  
2 with third parties that conduct independent verification and validation  
3 related to the replacement of the school finance data system to comply  
4 with subsection E of this section.

5 H. The legislature intends that the department of education work  
6 collaboratively with the department of administration in the replacement  
7 of the school finance data system. This cooperation includes, at a  
8 minimum, providing all materials and information necessary to complete the  
9 project within the milestones outlined in subsection B of this section, as  
10 defined by the department of administration.

11 Sec. 110. Department of administration; public school  
12 transportation modernization grants; delayed  
13 repeal

14 A. The public school transportation modernization grants program is  
15 established in the department of administration. The department shall  
16 select an organization to administer the program. The program  
17 administrator selected by the department must meet all of the following  
18 criteria:

19 1. Be a nonprofit organization that is exempt from taxation under  
20 section 501(c)(3) of the internal revenue code and that has experience  
21 with awarding innovation grants to both school districts and charter  
22 schools in this state that promote expanding educational options for  
23 students or innovative approaches to K-12 education.

24 2. Have previously been awarded funding from this state or the  
25 federal government to grant to school districts or charter schools in the  
26 current or previous fiscal year.

27 3. Demonstrate the ability and history to be able to provide  
28 ongoing evaluation and compliance to entities that are awarded grants  
29 pursuant to this section.

30 B. The program administrator selected pursuant to subsection A of  
31 this section shall distribute grants to school districts, charter schools  
32 or other entities that are determined to be eligible grant recipients and  
33 shall do all of the following:

34 1. Develop a public school transportation modernization grant  
35 application and application procedures that require an applicant to  
36 explain how it would use grant monies to do either of the following:

37 (a) Improve access to reliable and safe transportation for students  
38 who attend school through open enrollment pursuant to title 15, chapter 8,  
39 article 1.1, Arizona Revised Statutes, or who attend charter schools.

40 (b) Support K-12 transportation innovations and efficiency  
41 solutions.

42 2. Make final grant determinations and awards pursuant to this  
43 section.

44 3. Submit an interim report on or before December 31, 2021 to the  
45 department of administration and an annual report on or before June 30 of

1 each year thereafter to the governor, the president of the senate and the  
2 speaker of the house of representatives and provide a copy of these  
3 reports to the secretary of state. The department of education, the  
4 department of administration and any grant recipient shall provide any  
5 information, including student finance and enrollment data, that is deemed  
6 necessary by the program administrator to complete the reports pursuant to  
7 this paragraph. The reports must include all of the following:

8 (a) If applicable, the best practices used by grant recipients to  
9 transport K-12 students to schools outside of attendance boundaries.

10 (b) A list of the grant recipients and the amounts and purposes of  
11 the grants.

12 (c) The number of students impacted per grant recipient.

13 C. The program administrator shall distribute the monies  
14 appropriated for the program based on demand and the most innovative  
15 solutions. The program administrator shall award at least twenty-five  
16 percent of these grants to support rural and remote proposals, except that  
17 if an insufficient number of qualified rural and remote proposals is  
18 submitted, the program administrator may award fewer than twenty-five  
19 percent of these grants to rural and remote proposals. The program  
20 administrator may retain not more than five percent of monies appropriated  
21 each fiscal year to administer the grant program pursuant to this section.  
22 Administrative expenditures may include costs of designing a public  
23 awareness effort to communicate to the public the ability to choose any  
24 public school in this state and how to learn about school choice options  
25 in this state and instructing the public how to request enrollment for  
26 pupils.

27 D. This section is repealed from and after December 31, 2024.

28 Sec. 111. School facilities oversight board; new school  
29 construction rates; applicability

30 Section 41-5741, subsection D, paragraph 3, subdivision (c), Arizona  
31 Revised Statutes, as transferred, renumbered and amended by this act,  
32 applies to new school facilities that were previously approved by the  
33 school facilities board as follows:

34	<u>School District</u>	<u>Project Number</u>
35	Douglas Unified	020227000-9999-001N
36	Liberty Elementary	070425000-9999-005N
37	Maricopa Unified	110220000-9999-022N
38	Queen Creek Unified	070295000-9999-018N
39	Safford Unified	050201000-9999-001N
40	Santa Cruz Valley	120235000-9999-008N
41	Sahuarita Unified	100230000-9999-014N
42	Somerton Elementary	140411000-9999-008N
43	Somerton Elementary	140411000-9999-009N
44	Tanque Verde Unified	100213000-9999-002N
45	Tanque Verde Unified	100213000-9999-003N

1 Vail Unified 100220000-9999-019N  
2 Vail Unified 100220000-9999-020N  
3 Vail Unified 100220000-9999-021N

4 Sec. 112. Statutory or regulatory requirements; enforcement;  
5 2020-2021 school year

6 Notwithstanding any other law, this state shall enforce only those  
7 statutory or regulatory requirements for the 2020-2021 school year that  
8 are consistent with the approved waiver of the accountability, school  
9 identification and related reporting requirements awarded by the United  
10 States department of education for this state, including minimum testing  
11 percentages and local school ratings.

12 Sec. 113. Career technical education; funding following  
13 student graduation; fiscal years 2021-2022  
14 through 2024-2025

15 Notwithstanding section 15-393, subsection Y, Arizona Revised  
16 Statutes, as added by this act, for fiscal years 2021-2022, 2022-2023,  
17 2023-2024 and 2024-2025, a student participating in an approved career  
18 technical education program included on the in-demand regional education  
19 list compiled pursuant to section 15-393, subsection X, Arizona Revised  
20 Statutes, as added by this act, on the date the list is compiled qualifies  
21 for funding in the year immediately following graduation.

22 Sec. 114. Terms of school facilities board members

23 Notwithstanding section 41-5701.02, Arizona Revised Statutes, as  
24 transferred, renumbered and amended by this act, a person who is serving  
25 as a member of the school facilities board on the effective date of this  
26 act is eligible to continue to serve as a member of the school facilities  
27 oversight board until expiration of the current term of office.

28 Sec. 115. Succession

29 A. As provided by this act, the school facilities oversight board  
30 within the school facilities division within the department of  
31 administration and the school facilities division within the department of  
32 administration succeed to the authority, powers, duties and  
33 responsibilities of the school facilities board as provided in this act.

34 B. This act does not alter the effect of any actions that were  
35 taken or impair the valid obligations of the school facilities board in  
36 existence before the effective date of this act.

37 C. Administrative rules and orders that were adopted by the school  
38 facilities board continue in effect until superseded by administrative  
39 action by the school facilities oversight board or the school facilities  
40 division within the department of administration as provided in this act.

41 D. All administrative matters, contracts and judicial and  
42 quasi-judicial actions, whether completed, pending or in process, of the  
43 school facilities board on the effective date of this act are transferred  
44 to and retain the same status with the school facilities oversight board

1 or the school facilities division within the department of administration  
2 as provided in this act.

3 E. All certificates, licenses, registrations, permits and other  
4 indicia of qualification and authority that were issued by the school  
5 facilities board retain their validity for the duration of their terms of  
6 validity as provided by law.

7 F. All equipment, records, furnishings and other property, all data  
8 and investigative findings, all obligations and all appropriated monies  
9 that remain unexpended and unencumbered on the effective date of this act  
10 of the school facilities board are transferred to the school facilities  
11 oversight board or the school facilities division within the department of  
12 administration as provided in this act.

13 G. All personnel who are under the state personnel system and  
14 employed by the school facilities board are transferred to comparable  
15 positions and pay classifications in the respective administrative units  
16 of the school facilities oversight board on the effective date of this  
17 act.

18 Sec. 116. Intent

19 The governor and the legislature intend that school districts  
20 increase the total percentage of classroom spending over the previous  
21 year's percentages in the combined categories of instruction, student  
22 support and instructional support as prescribed by the auditor general.

23 Sec. 117. Retroactivity

24 A. Section 15-342.05, Arizona Revised Statutes, as added by this  
25 act, applies retroactively to from and after June 30, 2021.

26 B. Section 15-747, Arizona Revised Statutes, as added by this act,  
27 applies retroactively to from and after June 30, 2021.

28 C. Laws 2020, chapter 26, section 1, as amended by this act,  
29 applies retroactively to from and after April 1, 2021.

30 Sec. 118. Effective date

31 Section 15-973, Arizona Revised Statutes, as amended by this act, is  
32 effective from and after June 30, 2022.

33 Sec. 119. Conditional enactment

34 Section 15-711.01, Arizona Revised Statutes, as added by this act,  
35 does not become effective unless House Bill 2035, fifty-fifth legislature,  
36 first regular session, relating to parental rights and sex education  
37 instruction, becomes law.

38 ~~Sec. 120. Requirements for enactment, three fourths vote~~

39 ~~Pursuant to article IV, part 1, section 1, Constitution of Arizona,~~  
40 ~~section 42-5029, Arizona Revised Statutes, as amended by this act, is~~  
41 ~~effective only on the affirmative vote of at least three fourths of the~~  
42 ~~members of each house of the legislature.~~