

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

HOUSE BILL 2555

AN ACT

AMENDING SECTIONS 15-119, 15-181, 15-203, 15-213.01, 15-213.03, 15-341, 15-342, 15-481, 15-491, 15-907, 15-964, 15-995, 15-996, 15-1021 AND 15-1107, ARIZONA REVISED STATUTES; REPEALING SECTION 15-2003, ARIZONA REVISED STATUTES; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 35-185.01, 35-313, 37-221, 37-521, 41-2632, 41-3022.18 AND 41-3026.01, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 56, ARTICLE 1, 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; RELATING TO SCHOOL CAPITAL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-119, Arizona Revised Statutes, is amended to
3 read:

4 15-119. Vacant and partially used buildings; list; sale or
5 lease; equipment; definitions

6 A. The DIVISION OF school facilities ~~board, in conjunction with~~
7 ~~WITHIN~~ the department of administration, shall annually publish a list of
8 vacant buildings and partially used buildings that are owned by this state
9 or by school districts in this state and that may be suitable for the
10 operation of a school. The DIVISION OF school facilities ~~board~~ shall make
11 the list publicly available on the website of the DIVISION OF school
12 facilities ~~board~~ and on request to applicants for charter schools, to
13 applicants applying to the DIVISION OF school facilities ~~board~~ for
14 additional space and to existing district and charter schools. The list
15 shall include the address of each building, a short description of the
16 building, the name of the owner of the building and any other pertinent
17 information related to the vacancy and capacity of the building. The
18 DIVISION OF school facilities ~~board~~ shall annually submit the list to the
19 governor, the president of the senate and the speaker of the house of
20 representatives and provide a copy of the list to the secretary of state
21 and the state board for charter schools.

22 B. If a school district decides to sell or lease a vacant building
23 or partially used building, the school district may not prohibit a charter
24 school or a private school from negotiating to buy or lease the property
25 in the same manner as other potential buyers or lessees. A school
26 district may not accept an offer for the sale or lease of the vacant
27 building or partially used building from a potential buyer or lessee that
28 is less than an offer from a charter school or private school. This
29 section does not require the owner of a building on the list to sell or
30 lease the building or a portion of the building to a charter school, to
31 any other school or to any other prospective buyer or tenant, except that
32 the owner of a building on the list may not withdraw the property from
33 sale or lease solely because a charter school or private school is the
34 highest bidder. At the conclusion of a lease for an existing tenant that
35 is a public school or that is providing services to public school
36 students, the lease may be terminated, renewed according to the terms of
37 the existing agreement, or renewed with a negotiated increase. The
38 building owner must provide the rationale for a proposed increase to the
39 lessee, which may include considerations for the percentage of revenue
40 that should be dedicated to educational facilities, inflators related to
41 student enrollment increases or the annual GDP price deflator as defined
42 in section 41-563, or expenses for building and parking lot maintenance
43 and upgrades.

1 C. A school district may sell used equipment to a charter school or
2 private school before the school district attempts to sell or dispose of
3 the equipment by other means.

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

10 E. For the purposes of this section:

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

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

15 Sec. 2. Section 15-181, Arizona Revised Statutes, is amended to
16 read:

17 15-181. Charter schools; purpose; scope

18 A. Charter schools may be established pursuant to this article to
19 provide a learning environment that will improve pupil achievement.
20 Charter schools provide additional academic choices for parents and
21 pupils. Charter schools may consist of new schools or all or any portion
22 of an existing school. Charter schools are public schools that serve as
23 alternatives to traditional public schools and charter schools are not
24 subject to the requirements of article XI, section 1, Constitution of
25 Arizona, or TITLE 41, chapter ~~16 of this title~~ 56.

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

28 Sec. 3. Section 15-203, Arizona Revised Statutes, is amended to
29 read:

30 15-203. Powers and duties

31 A. The state board of education shall:

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

35 2. Keep a record of its proceedings.

36 3. Make rules for its own government.

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

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

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

41 7. Delegate to the superintendent of public instruction the
42 execution of board policies and rules.

43 8. Recommend to the legislature changes or additions to the
44 statutes pertaining to schools.

- 1 9. Prepare, publish and distribute reports concerning the
2 educational welfare of this state.
- 3 10. Prepare a budget for expenditures necessary for proper
4 maintenance of the board and accomplishment of its purposes and present
5 the budget to the legislature.
- 6 11. Aid in the enforcement of laws relating to schools.
- 7 12. Prescribe a minimum course of study in the common schools,
8 minimum competency requirements for the promotion of pupils from the third
9 grade and minimum course of study and competency requirements for the
10 promotion of pupils from the eighth grade. The state board of education
11 shall prepare a fiscal impact statement of any proposed changes to the
12 minimum course of study or competency requirements and, on completion,
13 shall send a copy to the director of the joint legislative budget
14 committee and the ~~executive~~ director of the ~~school facilities board~~ SCHOOL
15 FACILITIES DIVISION WITHIN THE DEPARTMENT OF ADMINISTRATION. The state
16 board of education shall not adopt any changes in the minimum course of
17 study or competency requirements in effect on July 1, 1998 that will have
18 a fiscal impact on school capital costs.
- 19 13. Prescribe minimum course of study and competency requirements
20 for the graduation of pupils from high school. The state board of
21 education shall prepare a fiscal impact statement of any proposed changes
22 to the minimum course of study or competency requirements and, on
23 completion, shall send a copy to the director of the joint legislative
24 budget committee and the ~~executive~~ director of the ~~school facilities board~~
25 SCHOOL FACILITIES DIVISION WITHIN THE DEPARTMENT OF ADMINISTRATION. The
26 state board of education shall not adopt any changes in the minimum course
27 of study or competency requirements in effect on July 1, 1998 that will
28 have a fiscal impact on school capital costs.
- 29 14. Pursuant to section 15-501.01, supervise and control the
30 certification of persons engaged in instructional work directly as any
31 classroom, laboratory or other teacher or indirectly as a supervisory
32 teacher, speech therapist, principal or superintendent in a school
33 district, including school district preschool programs, or any other
34 educational institution below the community college, college or university
35 level, and prescribe rules for certification.
- 36 15. Adopt a list of approved tests for determining special
37 education assistance to gifted pupils as defined in and as provided in
38 chapter 7, article 4.1 of this title. The adopted tests shall provide
39 separate scores for quantitative reasoning, verbal reasoning and nonverbal
40 reasoning and shall be capable of providing reliable and valid scores at
41 the highest ranges of the score distribution.
- 42 16. Adopt rules governing the methods for the administration of all
43 proficiency examinations.
- 44 17. Adopt proficiency examinations for its use and determine the
45 passing score for the proficiency examinations.

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

4 19. Supervise and control the qualifications of professional
5 nonteaching school personnel and prescribe standards relating to
6 qualifications. The standards shall not require the business manager of a
7 school district to obtain certification from the state board of education.

8 20. Impose such disciplinary action, including the issuance of a
9 letter of censure, suspension, suspension with conditions or revocation of
10 a certificate, on a finding of immoral or unprofessional conduct.

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

15 22. Adopt a rule to promote braille literacy pursuant to section
16 15-214.

17 23. Adopt rules prescribing procedures for the investigation by the
18 department of education of every written complaint alleging that a
19 certificated person has engaged in immoral conduct.

20 24. For purposes of federal law, serve as the state board for
21 vocational and technological education and meet at least four times each
22 year solely to execute the powers and duties of the state board for
23 vocational and technological education.

24 25. Develop and maintain a handbook for use in the schools of this
25 state that provides guidance for the teaching of moral, civic and ethical
26 education. The handbook shall promote existing curriculum frameworks and
27 shall encourage school districts to recognize moral, civic and ethical
28 values within instructional and programmatic educational development
29 programs for the general purpose of instilling character and ethical
30 principles in pupils in kindergarten programs and grades one through
31 twelve.

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

37 We hold these truths to be self-evident, that all men
38 are created equal, that they are endowed by their creator with
39 certain unalienable rights, that among these are life, liberty
40 and the pursuit of happiness. That to secure these rights,
41 governments are instituted among men, deriving their just
42 powers from the consent of the governed. . . .

43 27. Adopt rules that provide for certification reciprocity pursuant
44 to section 15-501.01.

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

4 (a) Currently resides in this state.

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

9 29. Cooperate with the Arizona-Mexico commission in the governor's
10 office and with researchers at universities in this state to collect data
11 and conduct projects in the United States and Mexico on issues that are
12 within the scope of the duties of the department of education and that
13 relate to quality of life, trade and economic development in this state in
14 a manner that will help the Arizona-Mexico commission to assess and
15 enhance the economic competitiveness of this state and of the
16 Arizona-Mexico region.

17 30. Adopt rules to define and provide guidance to schools as to the
18 activities that would constitute immoral or unprofessional conduct of
19 certificated persons.

20 31. Adopt guidelines to encourage pupils in grades nine, ten,
21 eleven and twelve to volunteer for twenty hours of community service
22 before graduation from high school. A school district that complies with
23 the guidelines adopted pursuant to this paragraph is not liable for
24 damages resulting from a pupil's participation in community service unless
25 the school district is found to have demonstrated wanton or reckless
26 disregard for the safety of the pupil and other participants in community
27 service. For the purposes of this paragraph, "community service" may
28 include service learning. The guidelines shall include the following:

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

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

33 (c) A consideration of risk assessment for community service
34 projects.

35 (d) Orientation and notification procedures of community service
36 opportunities for pupils entering grade nine, including the development of
37 a notification form. The notification form shall be signed by the pupil
38 and the pupil's parent or guardian, except that a pupil shall not be
39 required to participate in community service if the parent or guardian
40 notifies the principal of the pupil's school in writing that the parent or
41 guardian does not wish the pupil to participate in community service.

42 (e) Procedures for a pupil in grade nine to prepare a written
43 proposal that outlines the type of community service that the pupil would
44 like to perform and the goals that the pupil hopes to achieve as a result
45 of community service. The pupil's written proposal shall be reviewed by a

1 faculty advisor, a guidance counselor or any other school employee who is
2 designated as the community service program coordinator for that school.
3 The pupil may alter the written proposal at any time before performing
4 community service.

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

9 32. To facilitate the transfer of military personnel and their
10 dependents to and from the public schools of this state, pursue, in
11 cooperation with the Arizona board of regents, reciprocity agreements with
12 other states concerning the transfer credits for military personnel and
13 their dependents. A reciprocity agreement entered into pursuant to this
14 paragraph shall:

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

16 (i) The transfer of student records.

17 (ii) Awarding credit for completed coursework.

18 (iii) Permitting a student to satisfy the graduation requirements
19 prescribed in section 15-701.01 through the successful performance on
20 comparable exit-level assessment instruments administered in another
21 state.

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

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

30 34. For each of the alternative textbook formats of human-voiced
31 audio, large-print and braille, designate alternative media producers to
32 adapt existing standard print textbooks or to provide specialized
33 textbooks, or both, for pupils with disabilities in this state. Each
34 alternative media producer shall be capable of producing alternative
35 textbooks in all relevant subjects in at least one of the alternative
36 textbook formats. The board shall post the designated list of alternative
37 media producers on its website.

38 35. Adopt a list of approved professional development training
39 providers for use by school districts as provided in section 15-107,
40 subsection J. The professional development training providers shall meet
41 the training curriculum requirements determined by the state board of
42 education in at least the areas of school finance, governance, employment,
43 staffing, inventory and human resources, internal controls and
44 procurement.

1 36. Adopt rules to prohibit a person who violates the notification
2 requirements prescribed in section 15-183, subsection C, paragraph 8 or
3 section 15-550, subsection C from certification pursuant to this title
4 until the person is no longer charged or is acquitted of any offenses
5 listed in section 41-1758.03, subsection B. The state board shall also
6 adopt rules to prohibit a person who violates the notification
7 requirements, certification surrender requirements or fingerprint
8 clearance card surrender requirements prescribed in section 15-183,
9 subsection C, paragraph 9 or section 15-550, subsection D from
10 certification pursuant to this title for at least ten years after the date
11 of the violation.

12 37. Adopt rules for the alternative certification of teachers of
13 nontraditional foreign languages that allow for the passing of a
14 nationally accredited test to substitute for the education coursework
15 required for certification.

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

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

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

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

28 39. In consultation with the department of health services, the
29 department of education, medical professionals, school health
30 professionals, school administrators and an organization that represents
31 school nurses in this state, adopt rules that prescribe the following for
32 school districts and charter schools:

33 (a) Annual training in the administration of auto-injectable
34 epinephrine for designated medical and nonmedical school personnel. The
35 annual training prescribed in this subdivision is optional during any
36 fiscal year in which a school does not stock epinephrine auto-injectors at
37 the school during that fiscal year.

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

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

1 (d) Procedures for annually requesting a standing order for
2 epinephrine auto-injectors pursuant to section 15-157 from the chief
3 medical officer of the department of health services, the chief medical
4 officer of a county health department, a doctor of medicine licensed
5 pursuant to title 32, chapter 13 or a doctor of osteopathic medicine
6 licensed pursuant to title 32, chapter 17.

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

9 40. In consultation with the department of education, medical
10 professionals, school health professionals, school administrators and an
11 organization that represents school nurses in this state, adopt rules that
12 prescribe the following for school districts and charter schools that
13 elect to administer inhalers:

14 (a) Annual training in the recognition of respiratory distress
15 symptoms and the procedures to follow when respiratory distress occurs, in
16 accordance with good clinical practice, and the administration of
17 inhalers, as directed on the prescription protocol, by designated medical
18 and nonmedical school personnel.

19 (b) Requirements for school districts and charter schools that
20 elect to administer inhalers to designate at least two employees at each
21 school to be trained in the recognition of respiratory distress symptoms
22 and the procedures to follow when respiratory distress occurs, in
23 accordance with good clinical practice, and at least two employees at each
24 school to be trained in the administration of inhalers, as directed on the
25 prescription protocol.

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

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

33 (e) Procedures for notifying a parent once an inhaler has been
34 administered.

35 41. Adopt rules for certification that allow substitute teachers
36 who can demonstrate primary teaching responsibility in a classroom as
37 defined by the state board of education to use the time spent in that
38 classroom toward the required capstone experience for standard teaching
39 certification.

40 42. For the purposes of Sandra Day O'Connor civics celebration day
41 instruction under section 15-710.01, develop a list of recommended
42 resources relating to civics education that align with the academic
43 standards prescribed by the state board of education in social studies
44 pursuant to sections 15-701 and 15-701.01. The state board shall

1 establish a process that allows public schools to recommend resources for
2 addition to the list.

3 B. The state board of education may:

4 1. Contract.

5 2. Sue and be sued.

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

8 4. Provide for an advisory committee to conduct hearings and
9 screenings to determine whether grounds exist to impose disciplinary
10 action against a certificated person, whether grounds exist to reinstate a
11 revoked or surrendered certificate and whether grounds exist to approve or
12 deny an initial application for certification or a request for renewal of
13 a certificate. The board may delegate its responsibility to conduct
14 hearings and screenings to its advisory committee. Hearings shall be
15 conducted pursuant to title 41, chapter 6, article 6.

16 5. Proceed with the disposal of any complaint requesting
17 disciplinary action or with any disciplinary action against a person
18 holding a certificate as prescribed in subsection A, paragraph 14 of this
19 section after the suspension or expiration of the certificate or surrender
20 of the certificate by the holder.

21 6. Assess costs and reasonable attorney fees against a person who
22 files a frivolous complaint or who files a complaint in bad faith. Costs
23 assessed pursuant to this paragraph shall not exceed the expenses incurred
24 by the department of education in the investigation of the complaint.

25 Sec. 4. Section 15-213.01, Arizona Revised Statutes, is amended to
26 read:

27 15-213.01. Procurement practices; guaranteed energy cost
28 savings contracts; definitions

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

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

43 C. The school district shall use objective criteria in selecting
44 the qualified provider, including the cost of the contract, the energy
45 cost savings, the net projected energy savings, the quality of the

1 technical approach, the quality of the project management plan, the
2 financial solvency of the qualified provider and the experience of the
3 qualified provider with projects of similar size and scope. The school
4 district shall set forth each criterion with its respective numerical
5 weighting in the request for proposal.

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

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

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

- 28 1. Changes in utility rates.
- 29 2. Changes in the number of days in the utility billing cycle.
- 30 3. Changes in the square footage of the facility.
- 31 4. Changes in the operational schedule of the facility.
- 32 5. Changes in facility temperature.
- 33 6. Significant changes in the weather.
- 34 7. Significant changes in the amount of equipment or lighting used
35 in the facility.
- 36 8. Significant changes in the nature or intensity of energy use,
37 such as the change of classroom space to laboratory space.

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

44 H. At the qualified provider's expense, the proposal shall include
45 an independent third-party validation of cost savings calculations

1 associated with each proposed energy cost savings measure by a licensed,
2 registered professional engineer, with credentials from the national
3 association of energy engineers, who has demonstrated experience in energy
4 analysis. The school district must approve the selection of the
5 credentialed engineer.

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

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

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

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

32 3. Use the international performance and measurement and
33 verification protocol standards or the federal energy management program
34 standards to validate the savings guarantee.

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

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

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

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

- 3 1. The name of the project.
- 4 2. The name of the qualified provider.
- 5 3. The total cost of the project.
- 6 4. The expected energy cost savings and relevant escalators.
- 7 5. The agreed-on baseline in the measurement and verification
- 8 agreement in both kilowatt hours and dollars.

9 O. This section does not apply to the construction of new
10 buildings.

11 P. A school district may use a simplified energy performance
12 contract for projects that are less than ~~five hundred thousand dollars~~
13 **\$500,000**. Simplified energy performance contracts are not required to
14 include an energy savings guarantee and shall comply with all requirements
15 in this section except for the requirements that are specifically related
16 to the energy savings guarantee and the measurement and verification of
17 the guaranteed savings.

18 Q. For the purposes of this section:

19 1. "Construction" means the process of building, altering,
20 repairing, improving or demolishing any school district structure or
21 building, or other public improvements of any kind to any school district
22 real property. Construction does not include the routine operation,
23 routine repair or routine maintenance of existing structures, buildings or
24 real property.

25 2. "Energy baseline" means a calculation of the amount of energy
26 used in an existing facility before the installation or implementation of
27 the energy cost savings measures.

28 3. "Energy cost savings measure" means a training program or
29 facility alteration designed to reduce energy consumption and may include
30 one or more of the following, and any related meters or other measuring
31 devices:

32 (a) Insulating the building structure or systems in the building.

33 (b) Storm windows or doors, caulking or weather stripping,
34 multiglazed windows or door systems, additional glazing, reductions in
35 glass area, or other window and door system modifications that reduce
36 energy consumption.

37 (c) Automated or computerized energy control systems.

38 (d) Heating, ventilating or air conditioning system modifications
39 or replacements, including geothermal.

40 (e) Replacing or modifying lighting fixtures to increase the energy
41 efficiency of the lighting system without increasing the overall
42 illumination of a facility unless an increase in illumination is necessary
43 to conform to the applicable state or local building code for the lighting
44 system after the proposed modifications are made.

- 1 (f) Indoor air quality improvements to increase air quality that
2 conform to the applicable state or local building code requirements.
- 3 (g) Energy recovery systems.
- 4 (h) Installing a new or retrofitting an existing day lighting
5 system.
- 6 (i) Procurement of low-cost utility supplies of all types,
7 including electricity, natural gas, propane and water.
- 8 (j) Devices that reduce water consumption and water costs or that
9 reduce sewer charges.
- 10 (k) Rainwater harvesting systems.
- 11 (l) Combined heat and power systems.
- 12 (m) Renewable and alternative energy projects and renewable energy
13 power service agreements.
- 14 (n) Self-generation systems.
- 15 (o) Any additional building systems and infrastructure that produce
16 energy, or that provide utility cost savings not specifically mentioned in
17 this paragraph, if the improvements meet the life-cycle cost requirement
18 and enhance building system performance or occupant comfort and safety,
19 excluding those systems that fall under section 15-213.02.
- 20 (p) Geothermal.
- 21 4. "Guaranteed energy cost savings contract" means a contract for
22 implementing one or more energy cost savings measures.
- 23 5. "Life-cycle cost" means the sum of present values of investment
24 costs, capital costs, installation costs, energy costs, operating costs,
25 maintenance costs and disposal costs and utility rebates over the life of
26 the project, product or measure as provided by federal life-cycle cost
27 rules, regulations and criteria contained in the United States department
28 of energy federal energy management program "guidance on life-cycle cost
29 analysis" required by executive order 13423, January 2007.
- 30 6. "Qualified provider" means a person or a business that is
31 experienced in designing, implementing or installing energy cost savings
32 measures, that has a record of established projects or measures of similar
33 size and scope, that has demonstrated technical, operational, financial
34 and managerial capabilities to design and operate energy cost savings
35 measures and projects and that has the financial ability to satisfy
36 guarantees for energy cost savings.
- 37 Sec. 5. Section 15-213.03, Arizona Revised Statutes, is amended to
38 read:
- 39 15-213.03. Procurement practices; guaranteed energy
40 production contracts; definitions
- 41 A. Notwithstanding section 15-213, subsection A, a school district
42 may ~~contract for the procurement of~~ PROCURE a guaranteed energy production
43 contract with a qualified provider through a competitive sealed proposal
44 process as provided by the procurement practices adopted by the state
45 board of education.

1 B. The school district shall use objective criteria in selecting
2 the qualified provider, including the guaranteed energy price, the
3 guaranteed energy production, the quality of the technical approach, the
4 quality of the project management plan, the financial solvency of the
5 qualified provider and the experience of the qualified provider with
6 projects of similar size and scope. The school district shall set forth
7 each criterion with its respective numerical weighting in the request for
8 proposal.

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

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

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

28 1. Prepare a measurement and verification report on an annual basis
29 in addition to an annual reconciliation of any guaranteed energy
30 production shortfall.

31 2. Reimburse the school district for any guaranteed energy
32 production shortfall on an annual basis by multiplying any energy
33 production shortfall by either the difference between the guaranteed
34 energy price and the effective utility rate, or an alternative method as
35 mutually agreed on by the school district and the **QUALIFIED** provider.

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

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

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

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

- 4 1. The name of the project.
- 5 2. The NAME OF THE qualified provider.
- 6 3. The total cost of the project.
- 7 4. The expected guaranteed energy production and guaranteed energy
8 price, including relevant escalators, if applicable, over the term of the
9 guaranteed energy production contract.

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

14 K. For the purposes of this section:

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

18 2. "Construction" means the process of building, altering,
19 repairing, improving or demolishing any school district structure or
20 building, or other public improvements of any kind to any school district
21 real property. Construction does not include the routine operation,
22 routine repair or routine maintenance of existing structures, buildings or
23 real property.

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

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

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

34 6. "Guaranteed energy production" means the amount of energy,
35 measured in kilowatt hours alternating current, that the qualified
36 provider guarantees for each year of the guaranteed energy production
37 contract.

38 7. "Guaranteed energy production contract" means a contract for
39 implementing one or more energy production measures between one or more
40 qualified providers and a school district.

41 8. "Guaranteed energy production shortfall" means the amount, if
42 any, that the actual energy production is less than the guaranteed energy
43 production in any given year.

44 9. "Qualified provider" means a person or a business that is
45 experienced in designing, implementing or installing energy cost savings

1 measures, that has demonstrated technical, operational, financial and
2 managerial capabilities to design and operate cost savings measures and
3 projects and that has the financial ability to satisfy guarantees for
4 guaranteed energy production, financial solvency and experience for
5 projects of similar size and scope.

6 Sec. 6. Section 15-341, Arizona Revised Statutes, is amended to
7 read:

8 15-341. General powers and duties; immunity; delegation

9 A. The governing board shall:

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

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

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

23 4. Acquire school furniture, apparatus, equipment, library books
24 and supplies for ~~the use of the~~ schools TO USE.

25 5. Prescribe the curricula and criteria for ~~the promotion~~ PROMOTING
26 and ~~graduation of~~ GRADUATING pupils as provided in sections 15-701 and
27 15-701.01.

28 6. Furnish, repair and insure, at full insurable value, the school
29 property of the district.

30 7. Construct school buildings on approval by a vote of the district
31 electors.

32 8. ~~Make~~ In the name of the district, ~~conveyances of~~ CONVEY property
33 belonging to the district and sold by the board.

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

41 10. Construct, improve and furnish buildings used for school
42 purposes when such buildings or premises are leased from the national park
43 service.

1 11. Purchase school sites or construct, improve and furnish school
2 buildings from the proceeds of the sale of school property only on
3 approval by a vote of the district electors.

4 12. Hold pupils to strict account for disorderly conduct on school
5 property.

6 13. Discipline students for disorderly conduct on the way to and
7 from school.

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

18 15. Provide that, if a parent or legal guardian chooses not to
19 accept a decision of the teacher as provided in paragraph 42 of this
20 subsection, the parent or legal guardian may request in writing that the
21 governing board review the teacher's decision. This paragraph does not
22 release school districts from any liability relating to a child's
23 promotion or retention.

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

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

30 18. ~~Make an annual~~ ANNUALLY report to the county school
31 superintendent on or before October 1 in the manner and form and on the
32 blanks prescribed by the superintendent of public instruction or county
33 school superintendent. The board shall also make reports directly to the
34 county school superintendent or the superintendent of public instruction
35 whenever required.

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

42 20. Establish bank accounts in which the board during a month may
43 deposit miscellaneous monies received directly by the district. The board
44 shall remit monies deposited in the bank accounts at least monthly to the

1 county treasurer for deposit as provided in paragraph 19 of this
2 subsection and in accordance with the uniform system of financial records.

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

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

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

34 24. Prescribe and enforce policies and procedures relating to the
35 health and safety of all pupils participating in district-sponsored
36 practice sessions or games or other interscholastic athletic activities,
37 including:

38 (a) The provision of water.

39 (b) Guidelines, information and forms, developed in consultation
40 with a statewide private entity that supervises interscholastic
41 activities, to inform and educate coaches, pupils and parents of the
42 dangers of concussions and head injuries and the risks of continued
43 participation in athletic activity after a concussion. The policies and
44 procedures shall require that, before a pupil participates in an athletic
45 activity, the pupil and the pupil's parent must sign an information form

1 at least once each school year that states that the parent is aware of the
2 nature and risk of concussion. The policies and procedures shall require
3 that a pupil who is suspected of sustaining a concussion in a practice
4 session, game or other interscholastic athletic activity be immediately
5 removed from the athletic activity and that the pupil's parent or guardian
6 be notified. A coach from the pupil's team or an official or a licensed
7 health care provider may remove a pupil from play. A team parent may also
8 remove the parent's own child from play. A pupil may return to play on
9 the same day if a health care provider rules out a suspected concussion at
10 the time the pupil is removed from play. On a subsequent day, the pupil
11 may return to play if the pupil has been evaluated by and received written
12 clearance to resume participation in athletic activity from a health care
13 provider who has been trained in the evaluation and management of
14 concussions and head injuries. A health care provider who is a volunteer
15 and who provides clearance to participate in athletic activity on the day
16 of the suspected injury or on a subsequent day is immune from civil
17 liability with respect to all decisions made and actions taken that are
18 based on good faith implementation of the requirements of this
19 subdivision, except in cases of gross negligence or wanton or wilful
20 neglect. A school district, school district employee, team coach,
21 official or team volunteer or a parent or guardian of a team member is not
22 subject to civil liability for any act, omission or policy undertaken in
23 good faith to comply with the requirements of this subdivision or for a
24 decision made or an action taken by a health care provider. A group or
25 organization that uses property or facilities owned or operated by a
26 school district for athletic activities shall comply with the requirements
27 of this subdivision. A school district and its employees and volunteers
28 are not subject to civil liability for any other person or organization's
29 failure or alleged failure to comply with the requirements of this
30 subdivision. This subdivision does not apply to teams that are based in
31 another state and that participate in an athletic activity in this state.
32 For the purposes of this subdivision, athletic activity does not include
33 dance, rhythmic gymnastics, competitions or exhibitions of academic skills
34 or knowledge or other similar forms of physical noncontact activities,
35 civic activities or academic activities, whether engaged in for the
36 purposes of competition or recreation. For the purposes of this
37 subdivision, "health care provider" means a physician who is licensed
38 pursuant to title 32, chapter 13 or 17, an athletic trainer who is
39 licensed pursuant to title 32, chapter 41, a nurse practitioner who is
40 licensed pursuant to title 32, chapter 15, and a physician assistant who
41 is licensed pursuant to title 32, chapter 25.

42 (c) Guidelines, information and forms that are developed in
43 consultation with a statewide private entity that supervises
44 interscholastic activities to inform and educate coaches, pupils and
45 parents of the dangers of heat-related illnesses, sudden cardiac death and

1 prescription opioid use. Before a pupil participates in any
2 district-sponsored practice session or game or other interscholastic
3 athletic activity, the pupil and the pupil's parent must be provided with
4 information at least once each school year on the risks of heat-related
5 illnesses, sudden cardiac death and prescription opioid addiction.

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

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

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

13 28. Ensure that insurance coverage is secured for all construction
14 projects for purposes of general liability, property damage and workers'
15 compensation and secure performance and payment bonds for all construction
16 projects.

17 29. Keep in the personnel file of all current and former employees
18 who provide instruction to pupils at a school information about the
19 employee's educational and teaching background and experience in a
20 particular academic content subject area. A school district shall inform
21 parents and guardians of the availability of the information and shall
22 make the information available for inspection on request of parents and
23 guardians of pupils enrolled at a school. This paragraph does not require
24 any school to release personally identifiable information in relation to
25 any teacher or employee, including the teacher's or employee's address,
26 salary, social security number or telephone number.

27 30. Report to local law enforcement agencies any suspected crime
28 against a person or property that is a serious offense as defined in
29 section 13-706 or that involves a deadly weapon or dangerous instrument or
30 serious physical injury and any conduct that poses a threat of death or
31 serious physical injury to employees, students or anyone on the property
32 of the school. This paragraph does not limit or preclude the reporting by
33 a school district or an employee of a school district of suspected crimes
34 other than those required to be reported by this paragraph. For the
35 purposes of this paragraph, "dangerous instrument", "deadly weapon" and
36 "serious physical injury" have the same meanings prescribed in section
37 13-105.

38 31. In conjunction with local law enforcement agencies and
39 emergency response agencies, develop an emergency response plan for each
40 school in the school district in accordance with minimum standards
41 developed jointly by the department of education and the division of
42 emergency management within the department of emergency and military
43 affairs.

44 32. Provide written notice to the parents or guardians of all
45 students enrolled in the school district at least ten days before a public

1 meeting to discuss closing a school within the school district. The
2 notice shall include the reasons for the proposed closure and the time and
3 place of the meeting. The governing board shall fix a time for a public
4 meeting on the proposed closure not less than ten days before voting in a
5 public meeting to close the school. The school district governing board
6 shall give notice of the time and place of the meeting. At the time and
7 place designated in the notice, the school district governing board shall
8 hear reasons for or against closing the school. The school district
9 governing board is exempt from this paragraph if the governing board
10 determines that the school shall be closed because it poses a danger to
11 the health or safety of the pupils or employees of the school. A
12 governing board may consult with the **DIVISION OF school facilities board**
13 **WITHIN THE DEPARTMENT OF ADMINISTRATION** for technical assistance and for
14 information on the impact of closing a school. The information provided
15 from the **DIVISION OF school facilities board WITHIN THE DEPARTMENT OF**
16 **ADMINISTRATION** shall not require the governing board to take or not take
17 any action.

18 33. Incorporate instruction on Native American history into
19 appropriate existing curricula.

20 34. Prescribe and enforce policies and procedures:

21 (a) Allowing pupils who have been diagnosed with anaphylaxis by a
22 health care provider licensed pursuant to title 32, chapter 13, 14, 17 or
23 25 or by a registered nurse practitioner licensed and certified pursuant
24 to title 32, chapter 15 to carry and self-administer emergency
25 medications, including epinephrine auto-injectors, while at school and at
26 school-sponsored activities. The pupil's name on the prescription label
27 on the medication container or on the medication device and annual written
28 documentation from the pupil's parent or guardian to the school that
29 authorizes possession and self-administration is sufficient proof that the
30 pupil is entitled to the possession and self-administration of the
31 medication. The policies shall require a pupil who uses an epinephrine
32 auto-injector while at school and at school-sponsored activities to notify
33 the nurse or the designated school staff person of the use of the
34 medication as soon as practicable. A school district and its employees
35 are immune from civil liability with respect to all decisions made and
36 actions taken that are based on good faith implementation of the
37 requirements of this subdivision, except in cases of wanton or wilful
38 neglect.

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

41 35. Allow the possession and self-administration of prescription
42 medication for breathing disorders in handheld inhaler devices by pupils
43 who have been prescribed that medication by a health care professional
44 licensed pursuant to title 32. The pupil's name on the prescription label
45 on the medication container or on the handheld inhaler device and annual

1 written documentation from the pupil's parent or guardian to the school
2 that authorizes possession and self-administration shall be sufficient
3 proof that the pupil is entitled to the possession and self-administration
4 of the medication. A school district and its employees are immune from
5 civil liability with respect to all decisions made and actions taken that
6 are based on a good faith implementation of the requirements of this
7 paragraph.

8 36. Prescribe and enforce policies and procedures to prohibit
9 pupils from harassing, intimidating and bullying other pupils on school
10 grounds, on school property, on school buses, at school bus stops, at
11 school-sponsored events and activities and through the use of electronic
12 technology or electronic communication on school computers, networks,
13 forums and mailing lists that include the following components:

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

19 (b) A requirement that school district employees report in writing
20 suspected incidents of harassment, intimidation or bullying to the
21 appropriate school official and a description of appropriate disciplinary
22 procedures for employees who fail to report suspected incidents that are
23 known to the employee.

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

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

32 (e) A formal process for the documentation of reported incidents of
33 harassment, intimidation or bullying and for the confidentiality,
34 maintenance and disposition of this documentation. School districts shall
35 maintain documentation of all incidents reported pursuant to this
36 paragraph for at least six years. The school shall not use that
37 documentation to impose disciplinary action unless the appropriate school
38 official has investigated and determined that the reported incidents of
39 harassment, intimidation or bullying occurred. If a school provides
40 documentation of reported incidents to persons other than school officials
41 or law enforcement, all individually identifiable information shall be
42 redacted.

43 (f) A formal process for the investigation by the appropriate
44 school officials of suspected incidents of harassment, intimidation or
45 bullying, including procedures for notifying the alleged victim and the

1 alleged victim's parent or guardian when a school official or employee
2 becomes aware of the suspected incident of harassment, intimidation or
3 bullying.

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

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

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

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

13 37. Prescribe and enforce policies and procedures regarding
14 changing or adopting attendance boundaries that include the following
15 components:

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

18 (b) A procedure to notify the parents or guardians of the students
19 affected.

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

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

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

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

31 (g) A formal process for updating attendance boundaries on the
32 school district's website within ninety days of an adopted boundary
33 change. The school district shall send a direct link to the school
34 district's attendance boundaries website to the department of real estate.

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

41 39. Ensure that the contract for the superintendent is structured
42 in a manner in which up to twenty percent of the total annual salary
43 included for the superintendent in the contract is classified as
44 performance pay. This paragraph does not require school districts to
45 increase total compensation for superintendents. Unless the school

1 district governing board votes to implement an alternative procedure at a
2 public meeting called for this purpose, the performance pay portion of the
3 superintendent's total annual compensation shall be determined as follows:

4 (a) Twenty-five percent of the performance pay shall be determined
5 based on the percentage of academic gain determined by the department of
6 education of pupils who are enrolled in the school district compared to
7 the academic gain achieved by the highest ranking of the fifty largest
8 school districts in this state. For the purposes of this subdivision, the
9 department of education shall determine academic gain by the academic
10 growth achieved by each pupil who has been enrolled at the same school in
11 a school district for at least five consecutive months measured against
12 that pupil's academic results in the 2008-2009 school year. For the
13 purposes of this subdivision, of the fifty largest school districts in
14 this state, the school district with pupils who demonstrate the highest
15 statewide percentage of overall academic gain measured against academic
16 results for the 2008-2009 school year shall be assigned a score of 100 and
17 the school district with pupils who demonstrate the lowest statewide
18 percentage of overall academic gain measured against academic results for
19 the 2008-2009 school year shall be assigned a score of 0.

20 (b) Twenty-five percent of the performance pay shall be determined
21 by the percentage of parents of pupils who are enrolled at the school
22 district who assign a letter grade of "A" to the school on a survey of
23 parental satisfaction with the school district. The parental satisfaction
24 survey shall be administered and scored by an independent entity that is
25 selected by the governing board and that demonstrates sufficient expertise
26 and experience to accurately measure the results of the survey. The
27 parental satisfaction survey shall use standard random sampling procedures
28 and provide anonymity and confidentiality to each parent who participates
29 in the survey. The letter grade scale used on the parental satisfaction
30 survey shall direct parents to assign one of the following letter grades:

- 31 (i) A letter grade of "A" if the school district is excellent.
- 32 (ii) A letter grade of "B" if the school district is above average.
- 33 (iii) A letter grade of "C" if the school district is average.
- 34 (iv) A letter grade of "D" if the school district is below average.
- 35 (v) A letter grade of "F" if the school district is a failure.

36 (c) Twenty-five percent of the performance pay shall be determined
37 by the percentage of teachers who are employed at the school district and
38 who assign a letter grade of "A" to the school on a survey of teacher
39 satisfaction with the school. The teacher satisfaction survey shall be
40 administered and scored by an independent entity that is selected by the
41 governing board and that demonstrates sufficient expertise and experience
42 to accurately measure the results of the survey. The teacher satisfaction
43 survey shall use standard random sampling procedures and provide anonymity
44 and confidentiality to each teacher who participates in the survey. The

1 letter grade scale used on the teacher satisfaction survey shall direct
2 teachers to assign one of the following letter grades:

- 3 (i) A letter grade of "A" if the school district is excellent.
- 4 (ii) A letter grade of "B" if the school district is above average.
- 5 (iii) A letter grade of "C" if the school district is average.
- 6 (iv) A letter grade of "D" if the school district is below average.
- 7 (v) A letter grade of "F" if the school district is a failure.

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

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

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

21 (a) Are designed to improve principal performance and improve
22 student achievement.

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

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

28 (d) Describe both of the following:

29 (i) The methods used to evaluate the performance of principals,
30 including the data used to measure student performance and job
31 effectiveness.

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

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

40 43. Prescribe and enforce policies and procedures for the emergency
41 administration by an employee of a school district pursuant to section
42 36-2267 of naloxone hydrochloride or any other opioid antagonist approved
43 by the United States food and drug administration.

44 44. In addition to the notification requirements prescribed in
45 paragraph 36 of this subsection, prescribe and enforce reasonable and

1 appropriate policies to notify a pupil's parent or guardian if any person
2 engages in harassing, threatening or intimidating conduct against that
3 pupil. A school district and its officials and employees are immune from
4 civil liability with respect to all decisions made and actions taken that
5 are based on good faith implementation of the requirements of this
6 paragraph, except in cases of gross negligence or wanton or wilful
7 neglect. A person engages in threatening or intimidating if the person
8 threatens or intimidates by word or conduct to cause physical injury to
9 another person or serious damage to the property of another on school
10 grounds. A person engages in harassment if, with intent to harass or with
11 knowledge that the person is harassing another person, the person
12 anonymously or otherwise contacts, communicates or causes a communication
13 with another person by verbal, electronic, mechanical, telephonic or
14 written means in a manner that harasses on school grounds or substantially
15 disrupts the school environment.

16 B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this
17 section, the county school superintendent may construct, improve and
18 furnish school buildings or purchase or sell school sites in the conduct
19 of an accommodation school.

20 C. If any school district acquires real or personal property,
21 whether by purchase, exchange, condemnation, gift or otherwise, the
22 governing board shall pay to the county treasurer any taxes on the
23 property that were unpaid as of the date of acquisition, including
24 penalties and interest. The lien for unpaid delinquent taxes, penalties
25 and interest on property acquired by a school district:

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

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

29 D. The governing board may not locate a school on property that is
30 less than one-fourth mile from agricultural land regulated pursuant to
31 section 3-365, except that the owner of the agricultural land may agree to
32 comply with the buffer zone requirements of section 3-365. If the owner
33 agrees in writing to comply with the buffer zone requirements and records
34 the agreement in the office of the county recorder as a restrictive
35 covenant running with the title to the land, the school district may
36 locate a school within the affected buffer zone. The agreement may
37 include any stipulations regarding the school, including conditions for
38 future expansion of the school and changes in the operational status of
39 the school that will result in a breach of the agreement.

40 E. A school district, its governing board members, its school
41 council members and its employees are immune from civil liability for the
42 consequences of adoption and implementation of policies and procedures
43 pursuant to subsection A of this section and section 15-342. This waiver
44 does not apply if the school district, its governing board members, its

1 school council members or its employees are guilty of gross negligence or
2 intentional misconduct.

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

6 G. Notwithstanding any other provision of this title, a school
7 district governing board shall not take any action that would result in a
8 reduction of pupil square footage unless the governing board notifies the
9 school facilities **OVERSIGHT** board established by section ~~15-2001~~
10 **41-5701.02** of the proposed action and receives written approval from the
11 school facilities **OVERSIGHT** board to take the action. A reduction
12 includes an increase in administrative space that results in a reduction
13 of pupil square footage or sale of school sites or buildings, or both. A
14 reduction includes a reconfiguration of grades that results in a reduction
15 of pupil square footage of any grade level. This subsection does not
16 apply to temporary reconfiguration of grades to accommodate new school
17 construction if the temporary reconfiguration does not exceed one
18 year. The sale of equipment that results in a reduction that falls below
19 the equipment requirements prescribed in section ~~15-2011~~ **41-5711**,
20 subsection B is subject to commensurate withholding of school district
21 district additional assistance monies pursuant to the direction of the
22 school facilities **OVERSIGHT** board. Except as provided in section 15-342,
23 paragraph 10, proceeds from the sale of school sites, buildings or other
24 equipment shall be deposited in the school plant fund as provided in
25 section 15-1102.

26 H. Subsections C through G of this section apply to a county board
27 of supervisors and a county school superintendent when operating and
28 administering an accommodation school.

29 I. A school district governing board may delegate authority in
30 writing to the superintendent of the school district to submit plans for
31 new school facilities to the school facilities **OVERSIGHT** board for the
32 purpose of certifying that the plans meet the minimum school facility
33 adequacy guidelines prescribed in section ~~15-2011~~ **41-5711**.

34 Sec. 7. Section 15-342, Arizona Revised Statutes, is amended to
35 read:

36 **15-342. Discretionary powers**

37 The governing board may:

- 38 1. Expel pupils for misconduct.
- 39 2. Exclude from grades one through eight children under six years
40 of age.
- 41 3. Make such separation of groups of pupils as it deems advisable.
- 42 4. Maintain such special schools during vacation as deemed
43 necessary for the benefit of the pupils of the school district.
- 44 5. ~~Permit~~ **ALLOW** a superintendent or principal or representatives of
45 the superintendent or principal to travel for a school purpose, as

1 determined by a majority vote of the board. The board may ~~permit~~ ALLOW
2 members and members-elect of the board to travel within or without the
3 school district for a school purpose and receive reimbursement. Any
4 expenditure for travel and subsistence pursuant to this paragraph shall be
5 as provided in title 38, chapter 4, article 2. The designated post of
6 duty referred to in section 38-621 shall be construed, for school district
7 governing board members, to be the member's actual place of residence, as
8 opposed to the school district office or the school district boundaries.
9 Such expenditures shall be a charge against the budgeted school district
10 funds. The governing board of a school district shall prescribe
11 procedures and amounts for reimbursement of lodging and subsistence
12 expenses. Reimbursement amounts shall not exceed the maximum amounts
13 established pursuant to section 38-624, subsection C.

14 6. Construct or provide in rural districts housing facilities for
15 teachers and other school employees that the board determines are
16 necessary ~~for the operation of~~ TO OPERATE the school.

17 7. Sell or lease to the state, a county, a city, another school
18 district or a tribal government agency any school property required for a
19 public purpose, ~~provided~~ IF the sale or lease of the property will not
20 affect the normal operations of a school within the school district.

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

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

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

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

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

1 (c) The transaction involves the sale of improved or unimproved
2 property pursuant to an agreement with the school facilities OVERSIGHT
3 board in which the school district agrees to sell the improved or
4 unimproved property and transfer the proceeds of the sale to the school
5 facilities OVERSIGHT board in exchange for monies from the school
6 facilities OVERSIGHT board for the acquisition of a more suitable school
7 site. For a sale of property acquired by a school district ~~prior to~~
8 BEFORE July 9, 1998, a school district shall transfer to the school
9 facilities OVERSIGHT board that portion of the proceeds that equals the
10 cost of the acquisition of a more suitable school site. If there are any
11 remaining proceeds after the transfer of monies to the school facilities
12 OVERSIGHT board, a school district shall only use those remaining proceeds
13 for future land purchases approved by the school facilities OVERSIGHT
14 board, or for capital improvements not funded by the school facilities
15 OVERSIGHT board for any existing or future facility.

16 (d) The transaction involves the sale of improved or unimproved
17 property pursuant to a formally adopted plan and the school district uses
18 the proceeds of this sale to purchase other property that will be used for
19 similar purposes as the property that was originally sold, ~~provided that~~
20 IF the sale proceeds of the improved or unimproved property are used
21 within two years after the date of the original sale to purchase the
22 replacement property. If the sale proceeds of the improved or unimproved
23 property are not used within two years after the date of the original sale
24 to purchase replacement property, the sale proceeds shall be used ~~towards~~
25 ~~payment of~~ TOWARD PAYING any outstanding bonded indebtedness. If any sale
26 proceeds remain after paying for outstanding bonded indebtedness, or if
27 the district has no outstanding bonded indebtedness, sale proceeds shall
28 be used to reduce the district's primary tax levy. A school district
29 shall not use this subdivision unless all of the following conditions
30 exist:

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

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

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

38 11. Review the decision of a teacher to promote a pupil to a grade
39 or retain a pupil in a grade in a common school or to pass or fail a pupil
40 in a course in high school. The pupil has the burden of proof to overturn
41 the decision of a teacher to promote, retain, pass or fail the pupil. In
42 order to sustain the burden of proof, the pupil shall demonstrate to the
43 governing board that the pupil has mastered the academic standards adopted
44 by the state board of education pursuant to sections 15-701 and 15-701.01.
45 If the governing board overturns the decision of a teacher pursuant to

1 this paragraph, the governing board shall adopt a written finding that the
2 pupil has mastered the academic standards. Notwithstanding title 38,
3 chapter 3, article 3.1, the governing board shall review the decision of a
4 teacher to promote a pupil to a grade or retain a pupil in a grade in a
5 common school or to pass or fail a pupil in a course in high school in
6 executive session unless a parent or legal guardian of the pupil or the
7 pupil, if emancipated, disagrees that the review should be conducted in
8 executive session and then the review shall be conducted in an open
9 meeting. If the review is conducted in executive session, the board shall
10 notify the teacher of the date, time and place of the review and shall
11 allow the teacher to be present at the review. If the teacher is not
12 present at the review, the board shall consult with the teacher before
13 making its decision. Any request, including the written request as
14 provided in section 15-341, the written evidence presented at the review
15 and the written record of the review, including the decision of the
16 governing board to accept or reject the teacher's decision, shall be
17 retained by the governing board as part of its permanent records.

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

21 13. Enter into intergovernmental agreements and contracts with
22 school districts or other governing bodies as provided in section 11-952.
23 Intergovernmental agreements and contracts between school districts or
24 between a school district and other governing bodies as provided in
25 section 11-952 are exempt from competitive bidding under the procurement
26 rules adopted by the state board of education pursuant to section 15-213.

27 14. Include in the curricula it prescribes for high schools in the
28 school district career and technical education, vocational education and
29 technology education programs and career and technical, vocational and
30 technology program improvement services for the high schools, subject to
31 approval by the state board of education. The governing board may
32 contract for the provision of career and technical, vocational and
33 technology education as provided in section 15-789.

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

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

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

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

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

4 18. Donate surplus or outdated learning materials, educational
5 equipment and furnishings to nonprofit community organizations ~~where~~ IF
6 the governing board determines that the anticipated cost of selling the
7 learning materials, educational equipment or furnishings equals or exceeds
8 the estimated market value of the materials.

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

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

18 21. Require a period of silence to be observed at the commencement
19 of the first class of the day in the schools. If a governing board
20 chooses to require a period of silence to be observed, the teacher in
21 charge of the room in which the first class is held shall announce that a
22 period of silence not to exceed one minute in duration will be observed
23 for meditation, and during that time no activities shall take place and
24 silence shall be maintained.

25 22. Require students to wear uniforms.

26 23. Exchange unimproved property or improved property, including
27 school sites, ~~where~~ IF the governing board determines that the improved
28 property is unnecessary for the continued operation of the school district
29 without requesting authorization by a vote of the school district electors
30 AND if the governing board determines that the exchange is necessary to
31 protect the health, safety or welfare of pupils or ~~when~~ IF the governing
32 board determines that the exchange is based on sound business principles
33 for either:

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

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

38 24. For common and high school pupils, assess reasonable fees for
39 optional extracurricular activities and programs conducted when the common
40 or high school is not in session, except that ~~no~~ fees shall NOT be charged
41 for pupils' access to or use of computers or related materials. For high
42 school pupils, the governing board may assess reasonable fees for fine
43 arts and vocational education courses and for optional services, equipment
44 and materials offered to the pupils beyond those required to successfully
45 complete the basic requirements of any other course, except that ~~no~~ fees

1 shall NOT be charged for pupils' access to or use of computers or related
2 materials. Fees assessed pursuant to this paragraph shall be adopted at a
3 public meeting after notice has been given to all parents of pupils
4 enrolled at schools in the district and shall not exceed the actual costs
5 of the activities, programs, services, equipment or materials. The
6 governing board shall authorize principals to waive the assessment of all
7 or part of a fee assessed pursuant to this paragraph if it creates an
8 economic hardship for a pupil. For the purposes of this paragraph,
9 "extracurricular activity" means any optional, noncredit, educational or
10 recreational activity that supplements the education program of the
11 school, whether offered before, during or after regular school hours.

12 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and
13 9, construct school buildings and purchase or lease school sites, without
14 a vote of the school district electors, if the buildings and sites are
15 totally funded from one or more of the following:

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

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

23 (c) Monies specifically donated for the purpose of constructing
24 school buildings.

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

28 26. Conduct a background investigation that includes a fingerprint
29 check conducted pursuant to section 41-1750, subsection G for certificated
30 personnel and personnel who are not paid employees of the school district,
31 as a condition of employment. A school district may release the results
32 of a background check to another school district for employment purposes.
33 The school district may charge the costs of fingerprint checks to its
34 fingerprinted employee, except that the school district may not charge the
35 costs of fingerprint checks for personnel who are not paid employees of
36 the school district.

37 27. Unless otherwise prohibited by law, sell advertising as
38 follows:

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

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

- 1 (i) The signs shall be below the seat level rub rail and not extend
2 above the bottom of the side windows.
- 3 (ii) The signs shall be at least three inches from any required
4 lettering, lamp, wheel well or reflector behind the service door or stop
5 signal arm.
- 6 (iii) The signs shall not extend from the body of the bus so as to
7 allow a handhold or present a danger to pedestrians.
- 8 (iv) The signs shall not interfere with the operation of any door
9 or window.
- 10 (v) The signs shall not be placed on any emergency doors.
- 11 (c) The school district shall establish an advertisement fund that
12 is composed of revenues from the sale of advertising. The monies in an
13 advertisement fund are not subject to reversion.
- 14 28. Assess reasonable damage deposits to pupils in grades seven
15 through twelve for ~~the use of~~ USING textbooks, musical instruments, band
16 uniforms or other equipment required for academic courses. The governing
17 board shall adopt policies on any damage deposits assessed pursuant to
18 this paragraph at a public meeting called for this purpose after providing
19 notice to all parents of pupils in grades seven through twelve in the
20 school district. Principals of individual schools within the district may
21 waive the damage deposit requirement for any textbook or other item if the
22 payment of the damage deposit would create an economic hardship for the
23 pupil. The school district shall return the full amount of the damage
24 deposit for any textbook or other item if the pupil returns the textbook
25 or other item in reasonably good condition within the time period
26 prescribed by the governing board. For the purposes of this paragraph,
27 "in reasonably good condition" means the textbook or other item is in the
28 same or a similar condition as it was when the pupil received it, plus
29 ordinary wear and tear.
- 30 29. Notwithstanding section 15-1105, expend surplus monies in the
31 civic center school fund for maintenance and operations or unrestricted
32 capital outlay, if sufficient monies are available in the fund after
33 meeting the needs of programs established pursuant to section 15-1105.
- 34 30. Notwithstanding section 15-1143, ~~expend~~ SPEND surplus monies in
35 the community school program fund for maintenance and operations or
36 unrestricted capital outlay, if sufficient monies are available in the
37 fund after meeting the needs of programs established pursuant to section
38 15-1142.
- 39 31. Adopt guidelines ~~for standardization of~~ TO STANDARDIZE the
40 format of the school report cards required by section 15-746 for schools
41 within the district.
- 42 32. Adopt policies that require parental notification when a law
43 enforcement officer interviews a pupil on school grounds. Policies
44 adopted pursuant to this paragraph shall not impede a peace officer from
45 ~~the performance of~~ PERFORMING the peace officer's duties. If the school

1 district governing board adopts a policy that requires parental
2 notification:

3 (a) The policy may provide reasonable exceptions to the parental
4 notification requirement.

5 (b) The policy shall set forth whether and under what circumstances
6 a parent may be present when a law enforcement officer interviews the
7 pupil, including reasonable exceptions to the circumstances under which a
8 parent may be present when a law enforcement officer interviews the pupil,
9 and shall specify a reasonable maximum time after a parent is notified
10 that an interview of a pupil by a law enforcement officer may be delayed
11 to allow the parent to be present.

12 33. Enter into voluntary partnerships with any party to finance
13 with ~~funds~~ MONIES other than school district ~~funds~~ MONIES and
14 cooperatively design school facilities that comply with the adequacy
15 standards prescribed in section ~~15-2011~~ 41-5711 and the square footage per
16 pupil requirements pursuant to section ~~15-2041~~ 41-5741, subsection D,
17 paragraph 3, subdivision (b). The design plans and location of any such
18 school facility shall be submitted to the school facilities OVERSIGHT
19 board for approval pursuant to section ~~15-2041~~ 41-5741, subsection 0. If
20 the school facilities OVERSIGHT board approves the design plans and
21 location of any such school facility, the party in partnership with the
22 school district may cause to be constructed and the district may begin
23 operating the school facility before monies are distributed ~~from~~ AT THE
24 DIRECTION OF the school facilities OVERSIGHT board pursuant to section
25 ~~15-2041~~ 41-5741. Monies distributed from the new school facilities fund to
26 a school district in a partnership with another party to finance and
27 design the school facility shall be paid to the school district pursuant
28 to section ~~15-2041~~ 41-5741. The school district shall reimburse the party
29 in partnership with the school district from the monies paid to the school
30 district pursuant to section ~~15-2041~~ 41-5741, in accordance with the
31 voluntary partnership agreement. Before the school facilities OVERSIGHT
32 board ~~distributes~~ DIRECTS THE DISTRIBUTION OF any monies pursuant to this
33 subsection, the school district shall demonstrate to the school facilities
34 OVERSIGHT board that the facilities to be funded pursuant to section
35 ~~15-2041~~ 41-5741, subsection 0 meet the minimum adequacy standards
36 prescribed in section ~~15-2011~~ 41-5711. If the cost to construct the
37 school facility exceeds the amount that the school district receives from
38 the new school facilities fund, the partnership agreement between the
39 school district and the other party shall specify that, except as
40 otherwise provided by the other party, any such excess costs shall be the
41 responsibility of the school district. The school district governing
42 board shall adopt a resolution in a public meeting that an analysis has
43 been conducted on the prospective effects of the decision to operate a new
44 school with existing monies from the school district's maintenance and
45 operations budget and how this decision may affect other schools in the

1 school district. If a school district acquires land by donation at an
2 appropriate school site approved by the school facilities OVERSIGHT board
3 and a school facility is financed and built on the land pursuant to this
4 paragraph, the school facilities OVERSIGHT board shall ~~distribute~~ DIRECT
5 THE DISTRIBUTION OF an amount equal to twenty percent of the fair market
6 value of the land that can be used for academic purposes. The school
7 district shall place the monies in the unrestricted capital outlay fund
8 and increase the unrestricted capital budget limit by the amount of the
9 monies placed in the fund. Monies distributed under this paragraph shall
10 be distributed from the new school facilities fund pursuant to section
11 ~~15-2041~~ 41-5741. If a school district acquires land by donation at an
12 appropriate school site approved by the school facilities OVERSIGHT board
13 and a school facility is financed and built on the land pursuant to this
14 paragraph, the school district shall not receive monies ~~from the school~~
15 ~~facilities board~~ for the donation of real property pursuant to section
16 ~~15-2041~~ 41-5741, subsection F. It is unlawful for:

17 (a) A county, city or town to require as a condition of any land
18 use approval that a landowner or landowners that entered into a
19 partnership pursuant to this paragraph provide any contribution, donation
20 or gift, other than a site donation, to a school district. This
21 subdivision only applies to the property in the voluntary partnership
22 agreement pursuant to this paragraph.

23 (b) A county, city or town to require as a condition of any land
24 use approval that the landowner or landowners located within the
25 geographic boundaries of the school subject to the voluntary partnership
26 pursuant to this paragraph provide any donation or gift to the school
27 district except as provided in the voluntary partnership agreement
28 pursuant to this paragraph.

29 (c) A community facilities district established pursuant to title
30 48, chapter 4, article 6 to be used for reimbursement of financing the
31 construction of a school pursuant to this paragraph.

32 (d) A school district to enter into an agreement pursuant to this
33 paragraph with any party other than a master planned community party. Any
34 land area consisting of at least three hundred twenty acres that is the
35 subject of a development agreement with a county, city or town entered
36 into pursuant to section 9-500.05 or 11-1101 shall be deemed to be a
37 master planned community. For the purposes of this subdivision, "master
38 planned community" means a land area consisting of at least three hundred
39 twenty acres, which may be noncontiguous, that is the subject of a zoning
40 ordinance approved by the governing body of the county, city or town in
41 which the land is located that establishes the use of the land area as a
42 planned area development or district, planned community development or
43 district, planned unit development or district or other land use category
44 or district that is recognized in the local ordinance of such county, city

1 or town and that specifies the use of such land is for a master planned
2 development.

3 34. Enter into an intergovernmental agreement with a presiding
4 judge of the juvenile court to implement a law-related education program
5 as defined in section 15-154. The presiding judge of the juvenile court
6 may assign juvenile probation officers to participate in a law-related
7 education program in any school district in the county. The cost of
8 juvenile probation officers who participate in the program implemented
9 pursuant to this paragraph shall be funded by the school district.

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

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

18 37. Prescribe and enforce policies and procedures for the emergency
19 administration of inhalers by trained employees of the school district and
20 nurses who are under contract with the school district pursuant to section
21 15-158.

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

24 Sec. 8. Section 15-481, Arizona Revised Statutes, is amended to
25 read:

26 15-481. Override election; budget increases; informational
27 pamphlet; notice; ballot; effect

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

1 disapprove the proposed budget, the governing board shall follow the
2 procedures prescribed in section 15-905 for adopting a budget that does
3 not include the proposed increase or the portion of the proposed increase
4 that exceeds the amount authorized by a previously approved budget
5 increase as prescribed in subsection P of this section.

6 B. The county school superintendent shall prepare an informational
7 pamphlet on the proposed increase in the budget and a sample ballot and,
8 at least forty days ~~prior to~~ BEFORE the election, shall transmit the
9 informational pamphlet and the sample ballot to the governing board of the
10 school district. The governing board, on receipt of the informational
11 pamphlet and the ballot, shall mail or distribute the informational
12 pamphlet and the ballot to the households in which qualified electors
13 reside within the school district at least thirty-five days ~~prior to~~
14 BEFORE the election. Any distribution of material concerning the proposed
15 increase in the budget shall not be conducted by children enrolled in the
16 school district. The informational pamphlet shall contain the following
17 information:

18 1. The date of the election.

19 2. The voter's polling place and the times it is open.

20 3. The proposed total increase in the budget that exceeds the
21 amount permitted pursuant to section 15-905.

22 4. The total amount of the current year's budget, the total amount
23 of the proposed budget and the total amount of the alternate budget.

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

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

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

37 8. The dollar amount and the purpose for which the proposed
38 increase in the budget is to be expended for the first year for which the
39 budget increase was adopted. The purpose statement shall only present
40 factual information in a neutral manner. Advocacy for the expenditures is
41 strictly limited to the arguments submitted pursuant to paragraph 9 of
42 this subsection.

43 9. At least two arguments, if submitted, but ~~no~~ NOT more than ten
44 arguments for and two arguments, if submitted, but ~~no~~ NOT more than ten
45 arguments against the proposed increase in the budget. The arguments

1 shall be in a form prescribed by the county school superintendent, and
2 each argument shall not exceed two hundred words. Arguments for the
3 proposed increase in the budget shall be provided in writing and signed by
4 the governing board. The ballot arguments for the proposed increase in
5 the budget shall be signed as the governing board of the school district
6 without listing any member's individual name for the arguments for the
7 proposed increase. If submitted, additional arguments in favor of the
8 proposed increase in the budget shall be provided in writing and signed by
9 those in favor. Arguments against the proposed increase in the budget
10 shall be provided in writing and signed by those in opposition. The names
11 of persons and entities submitting written arguments shall be included in
12 the informational pamphlet. The county school superintendent shall review
13 all factual statements contained in the written arguments and correct any
14 inaccurate statements of fact. The superintendent shall not review and
15 correct any portion of the written arguments that are identified as
16 statements of the author's opinion. The county school superintendent
17 shall make the written arguments available to the public as provided in
18 title 39, chapter 1, article 2. A deadline for submitting arguments to be
19 included in the informational pamphlet shall be set by the county school
20 superintendent.

21 10. A statement that the alternate budget shall be adopted by the
22 governing board if the proposed budget is not adopted by the qualified
23 electors of the school district.

24 11. The current limited property value and the net assessed
25 valuation provided by the department of revenue, the first year tax rate
26 for the proposed override and the estimated amount of the secondary
27 property taxes if the proposed budget is adopted for each of the
28 following:

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

33 (b) An owner-occupied residence whose assessed valuation is
34 one-half of the assessed valuation of the residence in subdivision (a) of
35 this paragraph.

36 (c) An owner-occupied residence whose assessed valuation is twice
37 the assessed valuation of the residence in subdivision (a) of this
38 paragraph.

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

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

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

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

9 (c) The tax rate associated with each of the proposed capital
10 improvements and the estimated cost of each capital improvement for the
11 owner of a single family home that is valued at ~~eighty thousand dollars~~
12 \$80,000.

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

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

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

36 2. Ballots shall be counted pursuant to title 16, chapter 4,
37 article 10.

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

1 limit in future years, if applicable, as provided in subsection P of this
2 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 would
12 require an estimated tax rate of \$ _____ ~~dollar~~ per
13 ~~one hundred dollars~~ \$100 of net assessed valuation used for
14 secondary property tax purposes and is in addition to the
15 school district's tax rate that will be levied to fund the
16 school district's revenue control limit allowed by law.

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

23 1. The amount of the proposed increase of the proposed budget over
24 the alternate budget.

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

28 3. The following statement:

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

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

1 of the revenue control limit as provided in section 15-947, subsection A
 2 for the budget year.

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

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

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

15 (i)

16	Small School	Support Level Weight		Phase Down
17	Student	for Small Isolated		Reduction
18	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
19	- <u>125</u>	x 1.358 + (0.0005 x	x \$ _____	= \$ _____
20		(500 - Student Count))		
21			Small Isolated	
22	Phase Down	Phase Down	School District	
23	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
24	\$150,000	- \$ _____	= \$ _____	

25 (ii)

26	Small School	Support Level Weight		Phase Down
27	Student	for Small		Reduction
28	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
29	- <u>125</u>	x 1.278 + (0.0003 x	x \$ _____	= \$ _____
30		(500 - Student Count))		
31			Small	
32	Phase Down	Phase Down	School District	
33	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
34	\$150,000	- \$ _____	= \$ _____	

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

39 (i)

40	Small School	Support Level Weight		Phase Down
41	Student	for Small Isolated		Reduction
42	<u>Count</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
43	- <u>100</u>	x 1.468 + (0.0005 x	x \$ _____	= \$ _____
44		(500 - Student Count))		

$$\begin{array}{r}
 1 \\
 2 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{Small Isolated} \\
 3 \quad \text{Base} \quad \text{Reduction Factor} \quad \text{District} \\
 4 \quad \$350,000 \quad - \quad \$ \quad = \quad \$ \\
 5 \quad (ii) \\
 6 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 7 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 8 \quad \text{Count} \quad \text{Count Limit} \quad \text{School Districts} \quad \text{Base Level} \quad \text{Factor} \\
 9 \quad \text{---} \quad - \quad \text{100} \quad \times \quad 1.398 + (0.0004 \times \quad \times \quad \$ \quad = \quad \$ \\
 10 \quad \quad \quad \quad \quad \quad \quad \quad (500 - \text{Student Count})) \\
 11 \\
 12 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{Small} \\
 13 \quad \text{Base} \quad \text{Reduction Factor} \quad \text{School District} \\
 14 \quad \$350,000 \quad - \quad \$ \quad = \quad \$ \\
 15
 \end{array}$$

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

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

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

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

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

41 I. If the election is to exceed the revenue control limit as
 42 provided in section 15-482 and if the proposed increase will be fully
 43 funded by a levy of taxes on the taxable property within the school
 44 district, the ballot shall contain the words "budget increase, yes" and
 45 "budget increase, no", and the voter shall signify the voter's desired

1 choice. The ballot shall also contain the amount of the proposed increase
2 of the budget over the alternate budget, a statement that the amount of
3 the proposed increase will be based on a percentage of the school
4 district's revenue control limit in future years, if applicable, as
5 provided in subsection Q of this section, and the following statement:

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

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

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

39 K. The maximum budget increase that may be requested and authorized
40 as provided in subsection I or J of this section, or a combination of both
41 of these subsections, is five percent of the revenue control limit as
42 provided in section 15-947, subsection A for the budget year. For a
43 common school district not within a high school district or a common
44 school district within a high school district that offers instruction in
45 high school subjects as provided in section 15-447, five percent of the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 V. The governing board may request that any override election be
44 cancelled if any change in chapter 9 of this title changes the amount of
45 the aggregate budget limit as provided in section 15-905. The request to

1 cancel the override election shall be made to the county school
2 superintendent at least eighty days ~~prior to~~ BEFORE the date of the
3 scheduled override election.

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

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

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

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

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

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

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

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

42 1. If the increase is pursuant to subsection L or M of this
43 section, at a minimum, the update shall include the progress of capital
44 improvements financed through the override, a comparison of the current
45 status and the original projections on the construction of capital

1 improvements, the costs of capital improvements and the costs of capital
2 improvements in progress or completed since the prior meeting and the
3 future capital plans of the school district. The school district shall
4 include in the public meeting a discussion of the school district's use of
5 state capital aid and voter-approved bonding in funding capital
6 improvements, if any.

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

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

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

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

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

1 property tax purposes and is in addition to the school
2 district's tax rate that will be levied to fund the school
3 district's revenue control limit allowed by law.

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

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

30 Sec. 9. Section 15-491, Arizona Revised Statutes, is amended to
31 read:

32 15-491. Elections on school property: exceptions

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

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

38 2. To purchase or sell school sites or buildings or sell school
39 sites pursuant to section 15-342 or to build school buildings, but the
40 authorization by vote of the school district shall not necessarily specify
41 the site to be purchased.

42 3. To decide whether the bonds of the school district shall be
43 issued and sold for the purpose of raising ~~money~~ MONIES for purchasing or
44 leasing school lots, for building or renovating school buildings, for
45 supplying school buildings with furniture, equipment and technology, for

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 3. The ballot shall conform to the requirements of title 35,
40 chapter 3, article 3.

41 4. At least eighty-five days before the election, the school
42 district shall submit proposed ballot language to the county school
43 superintendent and the director of the Arizona legislative council. The
44 director of the Arizona legislative council shall review the proposed
45 ballot language to determine whether the proposed ballot language complies

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

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

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

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

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

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

27 1. The ballot shall include the following statement:

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

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

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

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

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

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

11 (a) The date of the election.

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

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

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

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

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

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

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

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

1 costs of capital improvements and the costs of capital improvements in
2 progress or completed since the prior meeting and the future capital
3 bonding plans of the school district. The school district shall include
4 in the public meeting a discussion of the school district's use of state
5 capital aid and voter-approved capital overrides in funding capital
6 improvements, if any.

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

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

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

18 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

8 (a) The date of the election.

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

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

11 (d) Arguments for and against the proposed change, if submitted, as
12 provided in section 15-481, subsection B, paragraph 9. The ballot
13 arguments for the proposed change shall be signed as the governing board
14 of the school district without listing any member's individual name for
15 the arguments for the proposed change.

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

19 Sec. 10. Section 15-907, Arizona Revised Statutes, is amended to
20 read:

21 15-907. Incurring liabilities in excess of school district
22 budget; petition; approval; procedure for
23 expenditures

24 A. In the event of excessive and unexpected legal expenses or for
25 an emergency for which the school district did not receive funding ~~from~~
26 ~~the school facilities board~~ pursuant to section ~~15-2022~~ 41-5721 because
27 there were insufficient monies in the emergency deficiencies correction
28 fund, the governing board of the school district may petition the county
29 school superintendent, or in the case of an accommodation school, the
30 county school superintendent may petition the county board of supervisors,
31 requesting authority to incur liabilities in excess of the school district
32 budget, in an amount the governing board deems necessary. The governing
33 board of the school district shall follow the procedures for the truth in
34 taxation notice and hearing prescribed in section 15-905.01, subsection B.

35 B. The county school superintendent shall forward the petition
36 together with the superintendent's recommendation and a copy of the budget
37 of the school district to the board of supervisors.

38 C. The board of supervisors shall hold a hearing on the petition
39 within twenty days after receipt and shall determine whether the petition
40 shall be allowed, allowed after revision or denied.

41 D. If the petition is allowed in whole or in part, the governing
42 board shall be authorized to incur liabilities in accordance with the
43 petition, and a copy of the order of the board of supervisors authorizing
44 the incurring of such liabilities shall be filed with the county school
45 superintendent. The county school superintendent, ~~upon~~ ON presentation of

1 proper vouchers, shall draw warrants against the additional allowance.
2 Any liability so incurred shall be in addition to the aggregate budget
3 estimate of the school district for the succeeding year.

4 E. The portion of the primary tax rate to fund these liabilities in
5 excess of the school district budget as provided in this section shall not
6 be included in the computation of additional state aid for education
7 prescribed in section 15-972.

8 Sec. 11. Section 15-964, Arizona Revised Statutes, is amended to
9 read:

10 15-964. Federal impact adjustment

11 A. The governing board of a school district may compute a federal
12 impact adjustment to the unrestricted capital budget limit. The maximum
13 amount of the federal impact adjustment is the sum of the following:

14 1. Twenty-five ~~per cent~~ PERCENT of the monies received from forest
15 reserve funds by the school district in the prior fiscal year as provided
16 in section 41-736.

17 2. For a school district that is not an accommodation school, the
18 lesser of:

19 (a) Twenty-five ~~per cent~~ PERCENT of the title VIII of the
20 elementary and secondary education act of 1965 revenues received in the
21 prior fiscal year.

22 (b) The total amount of title VIII of the elementary and secondary
23 education act of 1965 revenues received in the prior fiscal year minus the
24 sum of the following:

25 (i) The amount of title VIII of the elementary and secondary
26 education act of 1965 assistance used to increase the general budget limit
27 as provided in section 15-905, subsections K and O for the prior fiscal
28 year.

29 (ii) The amount budgeted for title VIII of the elementary and
30 secondary education act of 1965 administrative costs as provided in
31 section 15-905, subsection P for the current year.

32 (iii) The amount budgeted for principal and interest on impact aid
33 revenue bonds pursuant to section ~~15-2104~~ 41-5804 for the current year.

34 B. The federal impact adjustment shall only be budgeted and
35 expended for new construction, major renovation of buildings or
36 expenditures that may be budgeted in the unrestricted capital fund.

37 C. If the governing board underestimated the amount of the federal
38 impact adjustment for the current year, the board may adjust the
39 unrestricted capital budget limit and the budget before May 15. If the
40 board overestimated the amount of the federal impact adjustment for the
41 current year, the board shall adjust the unrestricted capital budget limit
42 and the budget before May 15. Not later than May 18, the budget as
43 revised shall be submitted electronically to the superintendent of public
44 instruction.

1 Sec. 12. Section 15-995, Arizona Revised Statutes, is amended to
2 read:

3 15-995. Special district assessment for adjacent ways by
4 school district

5 A. The governing board of a school district may contract for
6 constructing, maintaining or otherwise improving any public way adjacent
7 to any parcel of land owned by the school district or leased for school
8 purposes by the school district, or an intersection of any public way
9 adjoining a quarter block in which the parcel of land is situated, and for
10 ~~the construction of~~ CONSTRUCTING sidewalks, sewers, utility lines,
11 roadways and other related improvements in or along such streets and
12 intersections, and to pay for such improvements by ~~the levy of~~ LEVYING a
13 special assessment on the taxable property in the school district. A
14 school district shall not use any portion of the monies generated from the
15 special assessment for any construction, maintenance or other improvements
16 to the school district's property except improvements necessary to ensure
17 the safe ingress to and egress from public school property directly
18 adjacent to the public way for buses and fire equipment. The assessment
19 shall be made a part of the itemized statement that is regularly filed
20 with the county school superintendent and that shows the amount of monies
21 needed for the expenses of schools within the school district for the
22 ensuing year. Each adjacent ways project proposal to be funded through
23 this special assessment must be filed with the DIVISION OF school
24 facilities ~~board~~ WITHIN THE DEPARTMENT OF ADMINISTRATION and include the
25 project cost estimate. If the entire project cost for the adjacent ways
26 project is greater than ~~fifty thousand dollars~~ \$50,000, the ~~school~~
27 ~~facilities board~~ DIVISION shall approve or deny the project within sixty
28 days after ~~receipt of~~ RECEIVING the filing of the project proposal by the
29 school district and the expenditure shall not be made unless the ~~school~~
30 ~~facilities board~~ DIVISION validates both of the following within sixty
31 days after ~~receipt of~~ RECEIVING the filing of the proposal:

32 1. The project that is proposed to be funded by the assessment ~~is~~
33 ~~in compliance~~ COMPLIES with state laws relating to adjacent ways projects.

34 2. The proposal selected by the school district does not contain
35 additional work that is not listed in the adjacent ways proposal submitted
36 by the school district.

37 B. If any property that is owned by a school district or leased by
38 a school district for school purposes from any city or county, the state
39 or the United States is included within the assessment district to be
40 assessed to pay the costs and expenses of any public improvements
41 initiated by a city, in order to make the assessments thereon payable by
42 the city in which the improvement is initiated, the governing board may
43 contract with the municipality or its improvement district to reimburse it
44 for the amount of the assessment against the property and to pay the

1 amount so contracted for by the levy of a special assessment as provided
2 by subsection A of this section.

3 C. The governing board of the school district shall follow the
4 truth in taxation notice and hearing requirements prescribed in section
5 15-905.01, subsection B.

6 D. The portion of the primary tax rate to fund adjacent ways as
7 provided in this section shall not be included in the computation of
8 additional state aid for education as prescribed in section 15-972.

9 Sec. 13. Section 15-996, Arizona Revised Statutes, is amended to
10 read:

11 15-996. Duties of county treasurer relating to school
12 district's monies

13 The county treasurer shall:

14 1. Receive and hold all school district monies and keep a separate
15 account for each school district and for the special county school reserve
16 fund. The county treasurer may maintain separate accounts for each fund
17 of a school district or the county treasurer may maintain only two
18 accounts for each school district's monies in addition to the funds
19 provided for in sections 15-1024, 15-1025 and ~~15-2041~~ 41-5741. If only
20 two accounts are maintained, the first account shall consist of
21 maintenance and operation, unrestricted capital outlay and adjacent ways
22 monies and the classroom site fund prescribed in section 15-977 and the
23 second account shall consist of federal and state grant monies and all
24 other monies.

25 2. Pool school district monies for investment except as provided in
26 sections 15-1024 and 15-1025. Interest earned on the monies pooled for
27 investment shall be apportioned at least quarterly to the appropriate
28 school district based on an average monthly balance as prescribed in the
29 uniform system of accounting for county treasurers as provided in section
30 41-1279.21.

31 3. Notwithstanding section 11-605, register warrants only as
32 follows:

33 (a) If separate accounts are maintained for each fund, warrants may
34 only be registered on the maintenance and operation, unrestricted capital
35 outlay and adjacent ways accounts and the classroom site fund prescribed
36 in section 15-977 and only if the total cash balance of all three accounts
37 is insufficient to pay the warrants, except that, during the period of
38 time when a school district is under receivership pursuant to section
39 15-103, a warrant may be registered on the debt service account for which
40 the cash balance in the debt service account is insufficient to cover the
41 debt service payment if there are not sufficient monies in the debt
42 service account to cover the debt.

43 (b) If the county treasurer maintains only two accounts as provided
44 in paragraph 1 of this section:

1 (i) The county treasurer may register warrants only on the first
2 account and only if the balance of that account is insufficient to pay the
3 warrants.

4 (ii) The county treasurer may honor warrants for any federal or
5 state grant fund with a negative balance as long as the total balance in
6 the second account is positive. If the second account total balance is
7 negative, the warrant for a federal or state grant fund shall be charged
8 to the maintenance and operation fund. Any interest charged to the
9 federal or state grant fund as a result of a negative balance that is in
10 excess of interest earned on the fund shall be transferred to the
11 maintenance and operation fund at the end of the fiscal year or the end of
12 the grant year. If a federal or state grant fund has a negative balance
13 at the end of the fiscal year or grant year, sufficient expenditures shall
14 be transferred to the maintenance and operation fund to eliminate the
15 negative balance.

16 4. Notify the county school superintendent by the fifteenth day of
17 each calendar month of the month end balances of each school district
18 account.

19 5. Pay warrants issued by the county school superintendent and duly
20 endorsed by the person entitled to receive the monies.

21 6. On each property tax bill and each property tax statement
22 prepared, separately state and identify by name each school district's
23 primary property tax rate, the secondary property tax rate that is
24 associated with overrides, the secondary property tax rate that is
25 associated with class A bonds and the secondary property tax rate that is
26 associated with class B bonds. For the purposes of this paragraph, "class
27 A bonds" and "class B bonds" have the same meanings prescribed in section
28 15-101.

29 Sec. 14. Section 15-1021, Arizona Revised Statutes, is amended to
30 read:

31 15-1021. Limit on bonded indebtedness; limit on authorization
32 and issuance of bonds; definitions

33 A. Until December 31, 1999, a school district may issue class A
34 bonds for the purposes specified in this section and chapter 4, article 5
35 of this title to an amount in the aggregate, including the existing
36 indebtedness, not exceeding fifteen percent of the taxable property used
37 for secondary property tax purposes, as determined pursuant to title 42,
38 chapter 15, article 1, within a school district as ascertained by the last
39 property tax assessment previous to issuing the bonds.

40 B. From and after December 31, 1998, a school district may issue
41 class B bonds for the purposes specified in this section and chapter 4,
42 article 5 of this title to an amount in the aggregate, including the
43 existing class B indebtedness, not exceeding ten percent of the net
44 assessed value of the full cash value of the property in that school
45 district, or ~~one thousand five hundred dollars~~ \$1,500 per student count

1 pursuant to section 15-901, subsection A, paragraph 13, whichever amount
2 is greater. A school district shall not issue class B bonds until the
3 proceeds of any class A bonds issued by the school district have been
4 obligated in contract. The total amount of class A and class B bonds
5 issued by a school district shall not exceed the debt limitations
6 prescribed in article IX, section 8, Constitution of Arizona.

7 C. Until December 31, 1999, a unified school district, as defined
8 under article IX, section 8.1, Constitution of Arizona, may issue class A
9 bonds for the purposes specified in this section and chapter 4, article 5
10 of this title to an amount in the aggregate, including the existing
11 indebtedness, not exceeding thirty percent of the taxable property used
12 for secondary property tax purposes, as determined pursuant to title 42,
13 chapter 15, article 1, within a unified school district as ascertained by
14 the last property tax assessment previous to issuing the bonds.

15 D. From and after December 31, 1998, a unified school district, as
16 defined under article IX, section 8.1, Constitution of Arizona, may issue
17 class B bonds for the purposes specified in this section and chapter 4,
18 article 5 of this title to an amount in the aggregate, including the
19 existing class B indebtedness, not exceeding twenty percent of the net
20 assessed value of the full cash value of the property in that school
21 district, or ~~one thousand five hundred dollars~~ \$1,500 per student count
22 pursuant to section 15-901, subsection A, paragraph 13, whichever amount
23 is greater. A unified school district shall not issue class B bonds until
24 the proceeds of any class A bonds issued by the unified school district
25 have been obligated in contract. The total amount of class A and class B
26 bonds issued by a unified school district shall not exceed the debt
27 limitations prescribed in article IX, section 8.1, Constitution of
28 Arizona.

29 E. Bonds authorized to be issued by an election held after July 1,
30 1980 and before November 24, 2009 may not be issued more than six years
31 after the date of the election, except that the time period may be
32 extended to ten years pursuant to an election conducted pursuant to
33 section 15-491, subsection A, paragraph 6 and except that class A bonds
34 shall not be issued after December 31, 1999. Bonds authorized to be
35 issued by an election held after November 24, 2009 may not be issued more
36 than ten years after the date of the election.

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

41 G. A career technical education district shall not spend class B
42 bond proceeds to construct or renovate a facility located on the campus of
43 a school in a school district that participates in the career technical
44 education district unless the facility is only used to provide career and
45 technical education and is available to all pupils who live within the

1 career technical education district. If the facility is not owned by the
2 career technical education district, an intergovernmental agreement or a
3 written contract shall be executed for ten years or the duration of the
4 bonded indebtedness, whichever is greater. The intergovernmental
5 agreement or written contract shall include provisions:

6 1. That preserve the usage of the facility renovated or
7 constructed, or both, only for career and technology programs operated by
8 the career technical education district.

9 2. That include the process to be used by the participating
10 district to compensate the career technical education district in the
11 event that the facility is no longer used only for career and technical
12 education programs offered by the career technical education district
13 during the life of the bond.

14 H. A school district shall not authorize, issue or sell bonds
15 pursuant to this section if the school district has any existing
16 indebtedness from impact aid revenue bonds pursuant to **TITLE 41**, chapter
17 ~~16~~ **56**, article 8 ~~of this title~~, except for bonds issued to refund any
18 bonds issued by the governing board.

19 I. For the purposes of this section, "full cash value" and "net
20 assessed value" have the same meanings prescribed in section 42-11001.

21 Sec. 15. Section 15-1107, Arizona Revised Statutes, is amended to
22 read:

23 **15-1107. Litigation recovery fund; disposition of proceeds**

24 A. Monies received for and derived from settlement of legal
25 controversies or from recovery of costs, attorney fees or damages by a
26 school district in litigation by or against the school district shall be
27 deposited with the county treasurer who shall credit the deposits to the
28 litigation recovery fund of the school district. The litigation recovery
29 fund is a continuing fund that is not subject to reversion.

30 B. If a school district receives monies as provided in subsection A
31 of this section for the purpose of replacing or repairing school buildings
32 or other school property, the governing board, or the superintendent or
33 chief administrative officer with the approval of the governing board, may
34 apply the proceeds only to:

35 1. Reimburse the ~~school facilities board~~ building renewal grant
36 fund established by section ~~15-2032~~ **41-5731** or the emergency deficiencies
37 correction fund established by section ~~15-2022~~ **41-5721** to the extent that
38 monies were received ~~by the school district from the school facilities~~
39 ~~board~~, **FROM THOSE FUNDS** for replacing or repairing school buildings or
40 other school property that was the subject of the dispute and the monies
41 recovered by the school district pursuant to subsection A of this section
42 are designated for the replacement or repair. The school district shall
43 prioritize the reimbursement ~~of the school facilities board~~ **AS DESCRIBED**
44 **IN THIS PARAGRAPH**, if applicable.

1 2. Pay any outstanding bonded indebtedness of the school district
2 that is payable from the levy of taxes on property within the school
3 district.

4 3. Construct, acquire, improve, repair or furnish school buildings
5 after notice. If the proceeds are applied to a project that costs more
6 than ~~two hundred fifty thousand dollars~~ \$250,000, the governing board, or
7 the superintendent or chief administrative officer with the approval of
8 the governing board, may apply the proceeds after notice and a hearing.

9 4. Replace or repair the school property other than school
10 buildings.

11 C. Except as provided in subsection B of this section, the
12 governing board, or the superintendent or chief administrative officer
13 with the approval of the governing board, may apply the proceeds of
14 litigation recoveries to procure legal services or for the costs of
15 litigation.

16 Sec. 16. Repeal

17 Section 15-2003, Arizona Revised Statutes, is repealed.

18 Sec. 17. Transfer and renumber

19 Title 15, chapter 16, Arizona Revised Statutes, is transferred and
20 renumbered for placement in title 41, Arizona Revised Statutes, as a new
21 chapter 56. Title 15, chapter 16, articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
22 and 11, Arizona Revised Statutes, are transferred and renumbered for
23 placement in title 41, chapter 56, Arizona Revised Statutes, as added by
24 this act, as new articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11,
25 respectively. The following sections are transferred and renumbered for
26 placement in title 41, chapter 56, article 1:

<u>Former Sections</u>	<u>New Sections</u>
27 15-2001	41-5701.02
28 15-2002	41-5702
29 15-2004	41-5703
30 15-2005	41-5704
31 15-2006	41-5705

32 The following section is transferred and renumbered for placement in
33 title 41, chapter 56, article 2:

<u>Former Section</u>	<u>New Section</u>
34 15-2011	41-5711

35 The following section is transferred and renumbered for placement in
36 title 41, chapter 56, article 3:

<u>Former Section</u>	<u>New Section</u>
37 15-2022	41-5721

38 The following section is transferred and renumbered for placement in
39 title 41, chapter 56, article 4:

<u>Former Section</u>	<u>New Section</u>
40 15-2032	41-5731

1 The following section is transferred and renumbered for placement in
2 title 41, chapter 56, article 5:

<u>Former Section</u>	<u>New Section</u>
15-2041	41-5741

5 The following sections are transferred and renumbered for placement
6 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
15-2055	41-5755
15-2056	41-5756
15-2057	41-5757
15-2059	41-5758
15-2060	41-5759
15-2061	41-5760
15-2062	41-5761
15-2064	41-5762
15-2065	41-5763
15-2066	41-5764

22 The following sections are transferred and renumbered for placement
23 in title 41, chapter 56, article 7:

<u>Former Sections</u>	<u>New Sections</u>
15-2081	41-5781
15-2082	41-5782
15-2083	41-5783
15-2084	41-5784
15-2085	41-5785
15-2086	41-5786
15-2087	41-5787
15-2088	41-5788
15-2089	41-5789
15-2090	41-5790
15-2091	41-5791
15-2093	41-5792
15-2094	41-5793
15-2095	41-5794

39 The following sections are transferred and renumbered for placement
40 in title 41, chapter 56, article 8:

<u>Former Sections</u>	<u>New Sections</u>
15-2101	41-5801
15-2102	41-5802
15-2103	41-5803

1	15-2104	41-5804
2	15-2105	41-5805
3	15-2106	41-5806
4	15-2107	41-5807
5	15-2108	41-5808
6	15-2109	41-5809
7	15-2110	41-5810
8	15-2111	41-5811
9	15-2112	41-5812
10	15-2113	41-5813
11	15-2114	41-5814
12	15-2115	41-5815

13 The following sections are transferred and renumbered for placement
14 in title 41, chapter 56, article 9:

15	<u>Former Sections</u>	<u>New Sections</u>
16	15-2131	41-5831
17	15-2132	41-5832

18 The following section is transferred and renumbered for placement in
19 title 41, chapter 56, article 10:

20	<u>Former Section</u>	<u>New Section</u>
21	15-2141	41-5841

22 The following sections are transferred and renumbered for placement
23 in title 41, chapter 56, article 11:

24	<u>Former Sections</u>	<u>New Sections</u>
25	15-2151	41-5851
26	15-2152	41-5852
27	15-2153	41-5853
28	15-2154	41-5854
29	15-2155	41-5855
30	15-2156	41-5856
31	15-2157	41-5857
32	15-2158	41-5858

33 Sec. 18. Section 35-185.01, Arizona Revised Statutes, is amended to
34 read:

35 35-185.01. Treasurer's warrant notes; form; redemption;
36 exception

37 A. If monies are not available to pay warrants, checks or
38 substitute checks, or electronic funds transfer vouchers of the department
39 of administration presented to the state treasurer pursuant to section
40 35-185, the treasurer, in lieu of payment, shall issue and shall exchange
41 or sell a treasurer's warrant note or notes in the amount or amounts equal
42 to the sum of the face value of the warrants, checks or substitute checks,
43 or electronic funds transfer vouchers presented for payment. Treasurer's
44 warrant notes shall be issued in lieu of payment of state general fund
45 warrants, checks or substitute checks, or electronic funds transfer

1 vouchers only or in exchange for previously issued treasurer's warrant
2 notes. Before issuing warrant notes, the state treasurer is not required
3 to divest from program funding obligations issued pursuant to section
4 ~~15-2157~~ 41-5857, board funding obligations issued pursuant to section
5 28-7678, monies in the budget stabilization fund or operating monies
6 invested in securities that are earning a rate of interest greater than
7 the cost of issuing warrant notes. For the purposes of this subsection,
8 "monies are not available" means an operating cash balance is not
9 available to pay warrants, checks or substitute checks, or electronic
10 funds transfer vouchers except for those operating monies invested in
11 program funding obligations issued pursuant to section ~~15-2157~~ 41-5857,
12 board funding obligations issued pursuant to section 28-7678, monies in
13 the budget stabilization fund or operating monies invested in securities
14 that are earning a rate of interest greater than the total cost of issuing
15 any warrant notes.

16 B. The face value of a treasurer's warrant note may be equal to the
17 sum of any combination of warrants, checks or substitute checks, and
18 electronic funds transfer vouchers presented for payment. The treasurer
19 may sell warrant notes at public or private sale and shall use the
20 proceeds of the sale to pay warrants, checks or substitute checks, and
21 electronic funds transfer vouchers previously presented pursuant to
22 section 35-185. Treasurer's warrant notes shall not be sold at a price
23 below their face value.

24 C. Each treasurer's warrant note sold or exchanged shall be dated
25 the date the respective warrants are presented for payment. If the date
26 of delivery of a treasurer's warrant note that is sold is later than the
27 date of presentment of the respective warrant or warrants, the purchaser
28 of the treasurer's warrant note shall pay the accrued interest as an
29 additional purchase price. The accrued interest shall be paid to the
30 holder of the respective unpaid warrant or warrants, which shall be deemed
31 to bear interest at the same rate as the respective treasurer's warrant
32 note from presentment to payment from the proceeds of warrant notes sold.

33 D. The treasurer shall establish a maturity date for each
34 treasurer's warrant note of not longer than ninety days from the date of
35 initial issue. The treasurer may specify that treasurer's warrant notes
36 may be called for redemption at any time before the specified maturity
37 date.

38 E. The treasurer shall pay interest from the treasurer's warrant
39 note redemption fund on the face value of each warrant note at the rate
40 established by the state treasurer at the time of issuing the warrant
41 note. Interest shall be paid from the date of the treasurer's warrant
42 note until the maturity date or redemption date. The treasurer shall
43 establish the interest rate before the exchange or sale of warrant notes
44 at a rate of not more than the maximum rate permitted by the state loan
45 commissioners.

1 F. The state loan commissioners, at a meeting called and chaired by
2 the state treasurer, shall fix or change the maximum rate of interest that
3 may be paid on warrant notes. Any change of the maximum allowable rate of
4 interest as established by the state loan commissioners shall not affect
5 warrant notes issued before the date of the change.

6 G. Each treasurer's warrant note shall be signed by the treasurer
7 or the treasurer's designated agent and countersigned by the director of
8 the department of administration or the director's designated agent. The
9 required signatures may be electronic signatures. All treasurer's warrant
10 notes shall be substantially in the following form:

11 Treasurer's warrant note
12 (20__ to ____ fiscal year)
13 Number _____
14 Phoenix, Arizona _____, 20__
15 On _____, 20__, the treasurer of the state of
16 Arizona will pay to the order of _____ at
17 _____ \$_____ with interest at
18 _____ per annum from the date of issuance until paid
19 (calculated on a 365/366 day basis).
20 (insert early redemption provisions)

21 _____
22 _____
23 (Countersigned) State Treasurer
24 Director of the department
25 of administration

26 H. Treasurer's warrant notes may be exchanged or sold for the
27 combined face value of any number of treasurer's warrant notes previously
28 issued. Except for those treasurer's warrant notes issued in exchange for
29 or to redeem treasurer's warrant notes previously issued, treasurer's
30 warrant notes may not be issued, exchanged or sold except in payment of or
31 to provide monies to pay warrants, checks or substitute checks, and
32 electronic funds transfer vouchers presented for payment as provided in
33 section 35-185.

34 I. Treasurer's warrant notes issued in any fiscal year shall be
35 numbered consecutively beginning with the number one. Treasurer's warrant
36 notes shall be redeemed in numerical order. If the treasurer has
37 sufficient monies to pay only a portion of the lowest numbered outstanding
38 warrant note, the treasurer may deposit the monies with the paying agent
39 pursuant to subsection K of this section or call in the lowest numbered
40 warrant note, before maturity according to its terms, and pay the bearer
41 the amount available and issue to the bearer a new warrant note bearing a
42 number that will preserve, for the new warrant note, the priority of the
43 partially paid warrant note and bearing a value equal to the amount of
44 principal and interest remaining unpaid. The new warrant note and the
45 partial payment of principal and interest on the partially paid warrant

1 note shall be exchanged for the partially paid warrant note. The new
2 warrant note shall pay interest at the same rate as the partially paid
3 warrant note. The treasurer may make the changes in the form and date of
4 the new warrant note as necessary to reflect the amount of unpaid interest
5 on the partially paid warrant note.

6 J. The treasurer may include in the form of the treasurer's warrant
7 notes provisions regarding the redemption and payment of treasurer's
8 warrant notes before maturity as are consistent with subsections I and K
9 of this section and section 35-185.02. If prior redemption is to be a
10 provision of a treasurer's warrant note, the note shall provide a method
11 to notify the holder of the note by publication or written, telegraphic or
12 electronic means as chosen by the treasurer.

13 K. The treasurer may appoint a paying agent to facilitate the
14 redemption and payment of treasurer's warrant notes. Monies deposited
15 with the paying agent shall be allocated to pay the principal of, interest
16 on and any prior redemption premiums associated with treasurer's warrant
17 notes in numerical order. A treasurer's warrant note is deemed paid for
18 all purposes of this section and section 35-185.02 when there is deposited
19 with the paying agent sufficient monies to pay all amounts when due on the
20 treasurer's warrant note and all amounts when due on all outstanding
21 treasurer's warrant notes bearing a lower number. A paying agent
22 appointed pursuant to this subsection shall provide security deposits as
23 required by the treasurer.

24 L. When the treasurer or the paying agent, if payment is made to a
25 paying agent, pursuant to subsection K of this section, pays treasurer's
26 warrant notes or when the warrant notes are redeemed, the treasurer or
27 paying agent shall mark on the face of the treasurer's warrant notes the
28 word "cancelled" or shall cancel the warrant notes by electronic means
29 indicating the date of cancellation and shall promptly present the notes
30 to the director of the department of administration who shall give the
31 state treasurer a receipt therefor.

32 M. If the state loan commissioners determine that it will result in
33 a lower net effective interest rate on one, some or all warrant notes to
34 be issued by the treasurer during the current fiscal year, the
35 commissioners may authorize the treasurer to purchase letters of credit
36 and to incur and pay insurance premiums, attorney fees or other related
37 costs incurred with respect to treasurer's warrant notes. All such
38 payments shall be treated in the same manner as interest to be paid on
39 treasurer's warrant notes and shall be paid from the treasurer's warrant
40 note redemption fund.

41 N. If treasurer's warrant notes are to be exchanged for warrants,
42 checks or substitute checks, or electronic funds transfer vouchers held by
43 banks or savings and loan associations, the treasurer may enter into
44 agreements with such banks or savings and loan associations to provide for
45 the issuance, reissuance and custody of treasurer's warrant notes, the

1 fixing of the interest rates on the treasurer's warrant notes and the
2 method of giving notice to the holders of the notes. Such agreements may
3 provide for a book entry system for the treasurer's warrant notes or may
4 provide for the issuance of one note with an appropriate grid on the
5 reverse, which shall show the advancements made by the banks or savings
6 and loan associations and also the payments of interest and reductions of
7 principal. Such agreements may be continuing in nature, may be executed
8 at any time and may apply to any treasurer's warrant notes exchanged for
9 either warrants, checks or substitute checks, or electronic funds transfer
10 vouchers or treasurer's warrant notes at any time during the remainder of
11 the fiscal year in which the agreement is made. The agreements shall
12 provide a method to preserve the priority of, interest rate on and other
13 terms of each treasurer's warrant note exchanged pursuant to the
14 agreement. Any such agreement shall not become effective until approved
15 by the state loan commissioners.

16 Sec. 19. Section 35-313, Arizona Revised Statutes, is amended to
17 read:

18 35-313. Investment of trust and treasury monies; loan of
19 securities

20 A. The state treasurer shall invest and reinvest trust and treasury
21 monies in any of the following items:

22 1. Obligations issued or guaranteed by the United States or any of
23 its agencies, sponsored agencies, corporations, sponsored corporations or
24 instrumentalities.

25 2. Repurchase agreements collateralized with securities that are
26 authorized for investment pursuant to state law and that are purchased
27 from authorized counterparties that have adequate capital and liquidity as
28 determined by the state treasurer.

29 3. Bonds or other evidences of indebtedness of this state or any of
30 the counties or incorporated cities, towns or duly organized school
31 districts.

32 4. Commercial paper whose issuer is investment grade for short-term
33 obligations by any two nationally recognized statistical rating
34 organizations.

35 5. Bills of exchange or time drafts known as banker's acceptances
36 that are drawn on and accepted by a commercial bank.

37 6. Negotiable certificates of deposit issued by a nationally or
38 state-chartered bank or savings and loan association.

39 7. Bonds, debentures, notes or other evidences of indebtedness that
40 are denominated in United States dollars and that carry an investment
41 grade rating by a nationally recognized bond rating agency.

42 8. Securities of or any other interests in any open-end or
43 closed-end management type investment company or investment trust,
44 including exchange traded products whose underlying investments are
45 invested in securities allowed by state law, registered under the

1 investment company act of 1940 (54 Stat. 789; 15 United States Code
2 sections 80a-1 through 80a-64), as amended. For any treasurer investment
3 pool that seeks to maintain a constant share price, both of the following
4 apply:

5 (a) The investment company or investment trust takes delivery of
6 the collateral for any repurchase agreement either directly or through an
7 authorized custodian.

8 (b) The investment policy of the investment company or investment
9 trust includes seeking to maintain a constant share price.

10 9. Certificates of deferred property taxes as provided by section
11 42-17309.

12 10. Treasurer's warrant notes issued pursuant to section 35-185.01
13 or registered warrants of a county issued pursuant to section 11-605, if
14 the yield is equal to or greater than yields on eligible investment
15 instruments of comparable maturities.

16 11. Shares in the treasurer's local government investment pools
17 pursuant to section 35-326 if investment policies of the pool seek to
18 maintain a constant share price.

19 12. Shares in the treasurer's long-term local government investment
20 pools, the terms of which are determined by the state board of investment,
21 pursuant to section 35-326.01.

22 13. Subject to subsection D of this section, state transportation
23 board funding obligations delivered pursuant to section 28-7678.

24 14. Deposits placed in accordance with the procedures prescribed in
25 section 35-323.01.

26 15. Institutional common trust funds whose underlying investments
27 are invested in securities allowed by state law.

28 16. Program funding obligations delivered by the credit enhancement
29 eligibility board pursuant to section ~~15-2157~~ 41-5857.

30 B. In case of default or failure to honor a county treasurer's
31 warrant, the state treasurer may withhold the first state shared revenues
32 that would otherwise be distributed to the defaulting county in the amount
33 necessary to honor the note, including accrued interest to and beyond the
34 date of default.

35 C. The state treasurer may contract to loan securities owned by the
36 trust funds and operating monies deposited in the investment pools
37 pursuant to section 35-316, subsection B to the financial or dealer
38 community through one or more of the entities listed in section 35-317,
39 subsection A, or authorized by the board of investment pursuant to section
40 35-311, subsection E, if the borrower transfers collateral to the state
41 treasurer or acting agent of the state in the form of cash or securities
42 authorized for investment pursuant to state law. Collateral posted in the
43 form of cash shall be in an amount equal to at least one hundred percent
44 of the market value of the loaned securities as agreed. Collateral posted
45 in the form of securities shall be in an amount of at least one hundred

1 two percent of the market value of the loaned securities as established
2 from time to time by the board of investment. The loaned securities shall
3 be valued as to market value daily, and, if necessary, the borrower shall
4 post additional collateral, as agreed, to ensure that the required margin
5 is maintained. The state treasurer may collect from the borrower all
6 dividends, interest, premiums, rights and other distributions to which the
7 lender of securities would otherwise be entitled. The state treasurer may
8 terminate the contract on at least five business days' notice, as agreed,
9 and the borrower may terminate the contract on at least two business days'
10 notice, as agreed.

11 D. The state treasurer shall invest operating monies in state
12 transportation board funding obligations delivered pursuant to section
13 28-7678 pursuant to the following:

14 1. The state treasurer shall liquidate investments of operating
15 monies if necessary to invest in state transportation board funding
16 obligations, except that if operating monies in the state general fund
17 fall below an \$800,000,000 average over the previous twelve consecutive
18 months, the state treasurer is not required to purchase state
19 transportation board funding obligations pursuant to this subsection.

20 2. Each series of state transportation board funding obligations
21 shall bear interest at a fixed interest rate equal to the mean bid-ask
22 price of the United States treasury obligation with a maturity date
23 closest to the maturity date of the state transportation board funding
24 obligation as determined by the pricing system used by the state treasurer
25 before the date the state treasurer receives a certificate from the state
26 transportation board that states the board's determination to deliver an
27 obligation to the state treasurer and the anticipated delivery date of the
28 obligation. The delivery date shall be between fifteen and sixty days
29 after the day the state treasurer receives the certificate.

30 3. The state treasurer shall notify the state transportation board
31 and the director of the department of transportation in writing when the
32 operating monies fall below \$400,000,000. If operating monies fall below
33 \$200,000,000, the state treasurer may call the investment in the state
34 transportation board funding obligations in \$25,000,000 increments up to
35 the amount that the operating monies are below \$200,000,000. The state
36 treasurer shall give the state transportation board and the director of
37 the department of transportation at least fifteen days' notice of the
38 call.

39 Sec. 20. Section 37-221, Arizona Revised Statutes, is amended to
40 read:

41 37-221. Sale or lease of state lands for public education
42 purposes

43 A. Notwithstanding any other law, school districts may enter into
44 leases of state land for more than ten years if the land is to be used for
45 public education purposes. These leases shall be granted according to the

1 constitution of this state and department rules. School districts shall
2 ~~make all applications~~ APPLY for leases for educational purposes on forms
3 prepared and furnished by the department, and an authorized agent of the
4 governing board of the school district shall sign and swear to the
5 application. A school district shall not use lands leased to it under
6 this section except for public ~~educational~~ EDUCATION purposes.

7 B. The department shall develop procedures to give priority to the
8 procedures used for school districts to lease state lands for public
9 education purposes. The department shall develop procedures to simplify
10 the procedures used for school districts to lease state lands for public
11 education purposes. The procedures shall specify that any leases entered
12 into and any improvements made to properties leased pursuant to this
13 section using state monies shall comply with the requirements of title ~~15~~
14 41, chapter ~~16~~ 56.

15 C. The department shall develop procedures to give priority to the
16 procedures used for school districts to purchase state lands for public
17 education purposes. The department shall develop procedures to simplify
18 the procedures used for school districts to purchase state lands for
19 public education purposes. The procedures shall specify that any purchase
20 of school lands by school districts using state monies shall comply with
21 the requirements of title ~~15~~ 41, chapter ~~16~~ 56.

22 D. Any monies received by the department from the lease of state
23 public school land for public education purposes pursuant to this section
24 shall be transferred ~~to the school facilities board~~ for deposit in the new
25 school facilities fund established by section ~~15-2041~~ 41-5741.

26 E. For the purposes of this section, a school district shall be
27 considered to have abandoned a lease when leased property and any
28 improvements are no longer being used for public education purposes.

29 Sec. 21. Section 37-521, Arizona Revised Statutes, is amended to
30 read:

31 37-521. Permanent state school fund; composition; use

32 A. After any appropriation pursuant to section 37-527, the
33 permanent state school fund shall consist of:

34 1. The proceeds of all lands granted to the state by the United
35 States for the support of common schools.

36 2. All property which accrues to the state by escheat or
37 forfeiture.

38 3. All property donated for the benefit of the common schools,
39 unless the terms of the donation otherwise provide.

40 4. All unclaimed shares and dividends of any corporation
41 incorporated under the laws of this state.

42 5. The proceeds of sale of timber, mineral, gravel or other natural
43 products or property from school lands and state lands other than those
44 granted for specific purposes.

1 6. The residue of the lands granted for payment of the bonds and
2 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,
3 after the purpose of the grant has been satisfied, and the five per cent
4 of the proceeds of sales of public lands lying within this state sold by
5 the United States subsequent to admission of this state into the union, as
6 granted by the enabling act.

7 B. The fund shall be and remain a perpetual fund and distributions
8 from the fund pursuant to article X, section 7, Constitution of Arizona,
9 plus monies derived from the rental of the lands and property, interest
10 and accrued rent for that year credited pursuant to section 37-295 and
11 interest paid on installment sales, shall be used as follows:

12 1. If there are outstanding state school facilities revenue bonds
13 pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6, outstanding qualified
14 zone academy bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 7 or
15 outstanding state school trust revenue bonds issued to correct existing
16 deficiencies, the state treasurer and the state land department shall
17 annually transfer to the state school facilities revenue bond debt service
18 fund established in section ~~15-2054~~ 41-5754, the state school improvement
19 revenue bond debt service fund established in section ~~15-2084~~ 41-5784 and
20 the state school trust revenue bond debt service fund the amount that is
21 necessary to pay that fiscal year's debt service on outstanding state
22 school facilities revenue bonds, qualified zone academy bonds and state
23 school trust revenue bonds, before transferring amounts for any other
24 uses.

25 2. If there are no outstanding state school facilities revenue
26 bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6 or if the amount
27 of monies available under this subsection exceeds the amount required
28 under paragraph 1 of this subsection, the monies are subject to
29 legislative appropriation to the new school facilities fund established by
30 section ~~15-2041~~ 41-5741.

31 3. If the amount of monies available under this subsection exceeds
32 the amount required under paragraphs 1 and 2 of this subsection, the
33 legislature may annually appropriate an amount to be used as provided in
34 section 15-971, subsection H, except that the amount appropriated may not
35 exceed the amount appropriated from the permanent state school fund and
36 from the rent and interest paid on installment sales for this purpose in
37 fiscal year 2000-2001.

38 4. Notwithstanding paragraphs 1, 2 and 3 of this subsection, from
39 and after June 30, 2001, any expendable earnings under this subsection
40 that exceed the fiscal year 2000-2001 expendable earnings shall be
41 deposited in the classroom site fund established by section 15-977.

1 Sec. 22. Section 41-2632, Arizona Revised Statutes, is amended to
2 read:

3 41-2632. Cooperative purchasing authorized; definitions

4 A. Any public procurement unit may either participate in, sponsor,
5 conduct or administer a cooperative purchasing agreement ~~for the~~
6 ~~procurement of~~ TO PROCURE any materials, services, professional services,
7 construction or construction services with one or more public procurement
8 units or external procurement activities in accordance with an agreement
9 entered into between the participants. The cooperative purchasing may
10 include joint or multiparty contracts between public procurement units and
11 open-ended public procurement unit contracts that ~~shall be~~ ARE available
12 to local public procurement units. A nonprofit corporation may enter into
13 an agreement pursuant to this section if one or more of the parties
14 involved is a public procurement unit. An agreement entered into as
15 provided in this article is exempt from section 11-952, subsection D.
16 Parties under a cooperative purchasing agreement may:

17 1. Sponsor, conduct or administer a cooperative agreement ~~for the~~
18 ~~procurement~~ TO PROCURE or ~~dispose~~ DISPOSE of any materials, services or
19 construction.

20 2. Cooperatively use materials or services.

21 3. Commonly use or share warehousing facilities, capital equipment
22 and other facilities.

23 4. Provide personnel, except that the requesting public procurement
24 unit shall pay the public procurement unit providing the personnel the
25 direct and indirect cost of providing the personnel, in accordance with
26 the agreement.

27 5. On request, make available to other public procurement units
28 informational, technical or other services or software that may assist in
29 improving the efficiency or economy of procurement. The public
30 procurement unit furnishing the informational, technical or other services
31 or software has the right to request reimbursement for the reasonable and
32 necessary costs of providing these services or software.

33 6. Pursuant to the rules for cooperative purchasing adopted by the
34 director, purchase materials, services, professional services,
35 construction or construction services under the terms of a contract
36 between a vendor and a public procurement unit or an external procurement
37 activity without complying with the requirements of sections 41-2533,
38 41-2534 and 41-2535.

39 B. The DIVISION OF school facilities ~~board~~ WITHIN THE DEPARTMENT OF
40 ADMINISTRATION or school districts, or both, may enter into an agreement
41 with a public procurement unit pursuant to this section for the purpose of
42 procuring materials and services needed to correct deficiencies in school
43 facilities.

44 C. The activities described in this section do not limit what
45 parties may do under a cooperative purchasing agreement.

1 D. A nonprofit corporation operating as a public procurement unit
2 under this section, on request of the auditor general, shall provide to
3 the auditor general all documentation concerning any cooperative
4 purchasing transaction the public procurement unit administers under this
5 section.

6 E. A nonprofit corporation operating as a public procurement unit
7 under this section shall comply with all procurement laws applicable to
8 the public procurement unit participating in a cooperative purchasing
9 transaction that the nonprofit corporation administers.

10 F. This section does not abrogate the responsibility of each public
11 procurement unit to ensure compliance with procurement laws that apply to
12 the particular public procurement, notwithstanding the fact that the
13 cooperative purchase is administered by a nonprofit corporation operating
14 under this section.

15 G. Any public procurement unit conducting or administering a
16 cooperative purchasing agreement ~~for the procurement of~~ TO PROCURE
17 construction services or professional services shall comply with the
18 requirements of section 34-603 or 41-2578.

19 H. For the purposes of this section:

20 1. "Construction services" has the same meaning prescribed in
21 section 41-2503.

22 2. "Professional services" has the same meaning prescribed in
23 section 41-2578.

24 Sec. 23. Section 41-3022.18, Arizona Revised Statutes, is amended
25 to read:

26 41-3022.18. School facilities oversight board; termination
27 July 1, 2022

28 A. The school facilities OVERSIGHT board terminates on July 1,
29 2022.

30 B. Title ~~15~~ 41, chapter ~~16~~ 56, articles 1, 2, 3, 4, 5, 6, 7, 8 and
31 9 and this section are repealed on January 1, 2023 only if either:

32 1. The board has no outstanding state school facilities revenue
33 bonds issued pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6, no
34 outstanding state school improvement revenue bonds issued pursuant to
35 title ~~15~~ 41, chapter ~~16~~ 56, article 7 and no outstanding lease-to-own
36 transactions pursuant to sections ~~15-2004~~ 41-5703, ~~15-2005~~ 41-5704 and
37 ~~15-2006~~ 41-5705.

38 2. The legislature has otherwise provided for paying or retiring
39 any outstanding state school facilities revenue bonds, any outstanding
40 state school improvement revenue bonds and any outstanding lease-to-own
41 transactions.

42 C. If neither of the conditions in subsection B of this section
43 ~~have~~ HAS occurred on or before January 1, 2023, title ~~15~~ 41, chapter ~~16~~
44 56, articles 1, 2, 3, 4, 5, 6, 7, 8 and 9 and this section are repealed
45 thirty days after the retirement of all revenue bonds issued pursuant to

1 title ~~15~~ 41, chapter ~~16~~ 56, articles 6 and 7 and any outstanding
2 lease-to-own transactions issued pursuant to sections ~~15-2004~~ 41-5703,
3 ~~15-2005~~ 41-5704 and ~~15-2006~~ 41-5705.

4 Sec. 24. Section 41-3026.01, Arizona Revised Statutes, is amended
5 to read:

6 41-3026.01. Credit enhancement eligibility board; termination
7 July 1, 2026

8 A. The credit enhancement eligibility board terminates on
9 July 1, 2026.

10 B. Title ~~15~~ 41, chapter ~~16~~ 56, articles 10 and 11 are repealed on
11 January 1, 2027 only if both of the following apply:

12 1. The board has no outstanding program funding obligations issued
13 pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 11 or the legislature has
14 otherwise provided for paying or retiring any outstanding program funding
15 obligations issued pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 11.

16 2. There are no outstanding guaranteed financings approved pursuant
17 to title ~~15~~ 41, chapter ~~16~~ 56, article 11.

18 C. If both of the conditions in subsection B of this section do not
19 exist on January 1, 2027, title ~~15~~ 41, chapter ~~16~~ 56, articles 10 and 11
20 are repealed thirty days after both of the conditions in subsection B of
21 this section are met.

22 Sec. 25. Heading change

23 The article heading of title 41, chapter 56, article 1, as
24 transferred and renumbered, is changed from "SCHOOL FACILITIES BOARD" to
25 "SCHOOL FACILITIES".

26 Sec. 26. Title 41, chapter 56, article 1, Arizona Revised Statutes,
27 as transferred and renumbered, is amended by adding sections 41-5701 and
28 41-5701.01, to read:

29 41-5701. Definitions

30 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

31 1. "BOARD" MEANS THE SCHOOL FACILITIES OVERSIGHT BOARD.

32 2. "DIVISION" MEANS THE DIVISION OF SCHOOL FACILITIES WITHIN THE
33 DEPARTMENT OF ADMINISTRATION.

34 41-5701.01. Division of school facilities

35 A. THE DIVISION OF SCHOOL FACILITIES IS ESTABLISHED WITHIN THE
36 DEPARTMENT OF ADMINISTRATION.

37 B. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL APPOINT
38 THE DIRECTOR OF THE DIVISION.

39 Sec. 27. Section 41-5701.02, Arizona Revised Statutes, as
40 transferred and renumbered, is amended to read:

41 41-5701.02. School facilities oversight board; members;
42 conflict of interest; violation;
43 classification; change orders; notification

44 A. The school facilities OVERSIGHT board is established WITHIN THE
45 DIVISION consisting of the following members who ~~shall be~~ ARE appointed by

1 the governor pursuant to section 38-211 in such a manner as to provide for
2 approximate geographic balance and approximate balance between public and
3 private members:

4 ~~1. One member who is an elected member of a school district~~
5 ~~governing board with knowledge and experience in the area of finance.~~

6 ~~2. One private citizen who represents an organization of taxpayers.~~

7 ~~3. One member with knowledge and experience in public procurement.~~

8 ~~4. One member who is a registered professional architect and who~~
9 ~~has current knowledge and experience in school architecture.~~

10 ~~5. One member with knowledge and experience in school facilities~~
11 ~~management in a public school system.~~

12 ~~6. One member with knowledge and experience in demographics.~~

13 ~~7. One member who is a teacher and who currently provides classroom~~
14 ~~instruction.~~

15 ~~8. One member who is a registered professional engineer and who has~~
16 ~~current knowledge and experience in school engineering.~~

17 ~~9. One member who is an owner or officer of a private construction~~
18 ~~company whose business does not include school construction.~~

19 1. ONE MEMBER WHO REPRESENTS A STATEWIDE ORGANIZATION OF TAXPAYERS.

20 2. ONE MEMBER WHO IS A REGISTERED PROFESSIONAL ARCHITECT.

21 3. ONE MEMBER WITH KNOWLEDGE AND EXPERIENCE IN SCHOOL FACILITIES
22 MANAGEMENT IN A PUBLIC SCHOOL SYSTEM.

23 4. ONE MEMBER WHO IS A REGISTERED PROFESSIONAL ENGINEER.

24 5. TWO MEMBERS WHO ARE OWNERS OR OFFICERS OF A PRIVATE CONSTRUCTION
25 COMPANY, WHO HAVE KNOWLEDGE OF AND EXPERIENCE IN CONSTRUCTING LARGE
26 COMMERCIAL OR GOVERNMENT BUILDINGS AND WHOSE BUSINESSES DO NOT INCLUDE
27 SCHOOL CONSTRUCTION.

28 6. ONE PERSON WHO REPRESENTS THE BUSINESS COMMUNITY.

29 B. In addition to the members appointed pursuant to subsection A of
30 this section: ~~;~~

31 1. The superintendent of public instruction or the superintendent's
32 designee shall serve as an advisory nonvoting member of the school
33 facilities OVERSIGHT board.

34 2. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION OR THE
35 DIRECTOR'S DESIGNEE SHALL SERVE AS AN ADVISORY NONVOTING MEMBER OF THE
36 SCHOOL FACILITIES OVERSIGHT BOARD.

37 ~~C. The governor shall appoint a chairperson from members appointed~~
38 ~~pursuant to subsection A of this section.~~

39 ~~D.~~ C. Members of the school facilities OVERSIGHT board serve
40 four-year terms. The school facilities OVERSIGHT board shall meet as
41 often as the members deem necessary. A majority of the members
42 constitutes a quorum for the transaction of business.

1 ~~E.~~ D. The unexcused absence of a member for more than three
2 consecutive meetings is justification for removal by a majority vote of
3 the board. If the member is removed, notice shall be given of the removal
4 pursuant to section 38-292.

5 ~~F.~~ E. The governor shall fill a vacancy by appointment of a
6 qualified person as provided in subsection A of this section.

7 ~~G.~~ F. Members of the board who are employed by government entities
8 are not eligible to receive compensation. Members of the board who are
9 not employed by government entities are entitled to payment of ~~one hundred~~
10 ~~fifty dollars~~ \$150 for each meeting attended, prorated for partial days
11 spent for each meeting, up to ~~two thousand five hundred dollars~~ \$2,500
12 each year. All members are eligible for reimbursement of expenses
13 pursuant to title 38, chapter 4, article 2. These expenses and the
14 payment of compensation are payable to a member from monies appropriated
15 to the board from the new school facilities fund.

16 ~~H.~~ G. Members and employees of the school facilities OVERSIGHT
17 board are subject to title 38, chapter 3, article 8.

18 ~~I.~~ H. In addition to the requirements prescribed in subsection
19 ~~H~~ G of this section, employees of the school facilities OVERSIGHT board
20 may not have a direct or indirect financial interest in any property
21 purchased, facility constructed or contract financed with monies made
22 available by the board or any other public monies. A person who knowingly
23 violates this subsection is guilty of a class 1 misdemeanor.

24 ~~J.~~ I. The ~~school facilities board~~ DIVISION shall establish
25 policies and procedures relating to building renewal grant change orders
26 that include the following:

27 1. The ~~board staff~~ DIVISION shall approve or reject a change order
28 within two business days.

29 2. If a school district approves work referenced in a change order
30 before the ~~board~~ DIVISION approves the change order, the school district
31 is responsible for the cost and construction of the project.

32 ~~K.~~ J. The ~~school facilities board~~ DIVISION shall establish
33 policies and procedures to ensure that it notifies school districts in a
34 uniform manner and at least annually of the services and funding that are
35 available from the board AND THE DIVISION for facility construction,
36 renovation and repair projects. The ~~board~~ DIVISION shall update and post
37 this information on its website on or before July 1 of each year.

38 ~~L.~~ K. The ~~school facilities board~~ DIVISION shall establish and
39 maintain a list of the persons who are responsible for facilities
40 management at each school district in this state. A school district shall
41 promptly notify the ~~board~~ DIVISION of any change to persons who are
42 responsible for facilities management at that school district. The ~~board~~
43 DIVISION shall update and post this information on its website on or
44 before July 1 of each year.

1 ~~M.~~ L. Members of the school facilities OVERSIGHT board may not
2 solicit, accept or provide gifts that are prohibited by state law.

3 Sec. 28. Section 41-5702, Arizona Revised Statutes, as transferred
4 and renumbered, is amended to read:

5 41-5702. Powers and duties; staffing; reporting requirements

6 A. The ~~school facilities board~~ DIVISION shall:

7 1. ~~Make assessments of~~ ASSESS school facilities and equipment
8 deficiencies and approve the distribution of grants as appropriate.

9 2. Maintain a database of school facilities to ~~administer~~ ALLOW FOR
10 THE ADMINISTRATION OF the ~~building renewal grant fund and~~ new school
11 facilities formula AND THE BUILDING RENEWAL GRANT FUND. The facilities
12 listed in the database must include all buildings that are owned by school
13 districts. The ~~school facilities board~~ DIVISION shall ensure that the
14 database is updated on at least an annual basis. Each school district
15 shall report to the ~~school facilities board~~ no DIVISION NOT later than
16 September 1 of each year information as required by the ~~school facilities~~
17 ~~board for the administration of~~ DIVISION TO ADMINISTER the building
18 renewal grant fund and ~~computation of~~ BY THE SCHOOL FACILITIES OVERSIGHT
19 BOARD TO COMPUTE new school facilities formula distributions, including
20 the nature and cost of major repairs, renovations or physical improvements
21 to or replacement of building systems or equipment that were made in the
22 previous year and that were paid for either with local monies or monies
23 provided ~~by the school facilities board~~ from the building renewal grant
24 fund. Each school district shall report any school or school buildings
25 that have been closed, that are vacant or partially used pursuant to
26 section 15-119 and that have been leased to another entity or that operate
27 as a charter school. The ~~school facilities board~~ DIVISION shall develop
28 guidelines and definitions for the reporting prescribed in this paragraph
29 and may review or audit the information, or both, to confirm the
30 information submitted by a school district. Notwithstanding any other
31 provision of this chapter, if a school district converts space that is
32 listed in the database maintained pursuant to this paragraph to space that
33 will be used for administrative purposes, the school district is
34 responsible for any costs associated with ~~the conversion~~ CONVERTING,
35 ~~maintenance~~ MAINTAINING and ~~replacement of~~ REPLACING that space. If a
36 building is significantly upgraded or remodeled, the ~~school facilities~~
37 ~~board~~ DIVISION shall adjust the age of that school facility in the
38 database as follows:

39 (a) Determine the building capacity value as follows:

40 (i) Multiply the student capacity of the building by the per pupil
41 square foot capacity established by section ~~15-2041~~ 41-5741.

42 (ii) Multiply the product determined in item (i) of this
43 subdivision by the cost per square foot established by section ~~15-2041~~
44 41-5741.

1 (b) Divide the cost of the renovation by the building capacity
2 value determined in subdivision (a) of this paragraph.

3 (c) Multiply the quotient determined in subdivision (b) of this
4 paragraph by the currently listed age of the building in the database.

5 (d) Subtract the product determined in subdivision (c) of this
6 paragraph from the currently listed age of the building in the database,
7 rounded to the nearest whole number. If the result is a negative number,
8 use zero.

9 3. Inspect, ~~CONTRACT WITH A THIRD PARTY TO INSPECT OR CERTIFY~~
10 ~~SCHOOL DISTRICT SELF-INSPECTIONS OF~~ school buildings at least once every
11 five years to ensure compliance with the building adequacy standards
12 prescribed in section ~~15-2011~~ 41-5711, the accuracy of the reporting of
13 vacant and partially used buildings pursuant to this subsection and
14 routine preventive maintenance guidelines as prescribed in this section
15 with respect to ~~construction of~~ ~~CONSTRUCTING~~ new buildings and ~~maintenance~~
16 ~~of~~ ~~MAINTAINING~~ existing buildings. The ~~school facilities board~~ ~~DIVISION~~
17 shall randomly select twenty school districts every thirty months and
18 ~~inspect~~ ~~PROVIDE FOR~~ them ~~TO BE INSPECTED~~ pursuant to this paragraph.

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

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

27 ~~6.~~ 4. Develop prototypical elementary and high school designs.
28 The ~~board~~ ~~DIVISION~~ shall review the design differences between the schools
29 with the highest academic productivity scores and the schools with the
30 lowest academic productivity scores. The ~~board~~ ~~DIVISION~~ shall also review
31 the results of a valid and reliable survey of parent quality rating in the
32 highest performing schools and the lowest performing schools in this
33 state. The survey of parent quality rating shall be administered by the
34 department of education. The ~~board~~ ~~DIVISION~~ shall consider the design
35 elements of the schools with the highest academic productivity scores and
36 parent quality ratings in the development of elementary and high school
37 designs. The ~~board~~ ~~DIVISION~~ shall develop separate school designs for
38 elementary, middle and high schools with varying pupil capacities.

39 ~~7.~~ 5. Develop application forms, reporting forms and procedures to
40 carry out the requirements of this article, including developing and
41 implementing policies and procedures to:

42 (a) Ensure that the ~~DIVISION AND THE SCHOOL FACILITIES OVERSIGHT~~
43 ~~board, AS APPLICABLE, notifies~~ ~~NOTIFY~~ school districts in a uniform manner
44 of the services and funding available for school districts from the board
45 ~~OR THE DIVISION~~ for facility construction, renovation and repair projects.

1 The policies and procedures shall require the DIVISION AND THE board to
2 provide at least one annual communication to school districts in a manner
3 prescribed by the ~~board~~ DIVISION and shall require each school district to
4 develop and maintain a list of persons who are responsible for facilities
5 management at that school district.

6 (b) Establish a project eligibility assessment for all projects
7 submitted for building renewal grant funding or emergency deficiencies
8 correction funding, including establishing standardized criteria for
9 project eligibility. Before the ~~board~~ DIVISION formally approves a
10 project, the staff of the ~~board~~ DIVISION may review the costs and scope of
11 the proposed project with persons and entities that have submitted bids on
12 the project.

13 (c) Ensure that the DIVISION AND THE SCHOOL FACILITIES OVERSIGHT
14 board ~~maintains~~ MAINTAIN standardized documentation of all projects
15 submitted to the board AND THE DIVISION for consideration to receive
16 services or a financial award from the board OR THE DIVISION. The board
17 AND THE DIVISION shall maintain standardized documentation of any project
18 awarded monies by the board OR THE DIVISION, including records of payments
19 to school districts in a manner prescribed by the ~~board~~ DIVISION. The
20 standardized documentation shall include the following as part of the
21 eligibility determination criteria:

22 (i) Whether the problem that the proposed project intends to
23 address caused the building or facility to fall below the minimum school
24 facility adequacy guidelines prescribed in section ~~15-2011~~ 41-5711.

25 (ii) Whether the school district performed the routine preventive
26 maintenance required ~~pursuant to~~ BY section ~~15-2032~~ 41-5731 on the
27 building or facility.

28 (d) Require a school district to submit contact information for
29 each proposed project, including the name, ~~e-mail~~ EMAIL address and
30 telephone number of persons who are responsible for facilities management
31 at the school district.

32 (e) Require a school district to provide justification for each
33 proposed project, including all of the following:

34 (i) The school district's use or planned use of the facility.

35 (ii) A detailed description of the problem and the school
36 district's recommended solution.

37 (iii) Any completed professional study regarding the proposed
38 project.

39 (iv) Any citation or report from government entities.

40 (v) The estimated cost of the proposed project, with documentation.

41 (vi) The project category.

42 (vii) A description of any local funding that will be used for the
43 proposed project.

44 (viii) Documentation on associated insurance coverage, if
45 applicable.

1 ~~(f) If the application is for monies from the building renewal~~
2 ~~grant fund established by section 15-2032, require the school district to~~
3 ~~report the preventive maintenance activities completed during the previous~~
4 ~~twelve months for the facility for which the monies are being requested.~~

5 ~~(g)~~ (f) Require that an initial application not be considered
6 complete until all necessary information is submitted.

7 ~~(h)~~ (g) Allow a school district to submit an incomplete
8 application and request technical assistance from the staff of the board
9 if the school district is unable to provide sufficient information in the
10 initial application.

11 ~~(i)~~ (h) IF APPLICABLE, require that a complete application be
12 received by the board at least fifteen business days before the next
13 regularly scheduled board meeting in order for the application to be
14 considered at that meeting. An incomplete application may be considered
15 at that meeting if both the staff of the board and the superintendent of
16 the school district deem the project critical.

17 ~~(j)~~ (i) Allow the staff of the board OR THE DIVISION, AS
18 APPLICABLE, to notify a school district in writing before review by the
19 board OR DIVISION that the proposed project does not meet eligibility
20 criteria prescribed in this chapter. The written notification shall
21 include documentation to support the ~~staff's~~ determination that the
22 proposed project does not meet the eligibility criteria prescribed in this
23 chapter. The school district may directly appeal the ~~staff's~~
24 determination of ineligibility to the ~~executive~~ director of the ~~board~~
25 DIVISION. The school district may directly appeal the ~~executive~~
26 director's determination of ineligibility to the board.

27 ~~(k)~~ (j) Prohibit the staff of the board OR DIVISION from
28 requesting that a school district withdraw a project application from
29 review by the board OR DIVISION if the initial ~~staff~~ review determines
30 that the proposed project may be ineligible for monies ~~from the board~~
31 PURSUANT TO THIS CHAPTER.

32 ~~8. Review and approve or reject requests submitted by school~~
33 ~~districts to take actions pursuant to section 15-341, subsection G.~~

34 ~~9.~~ 6. Submit electronically an annual report on or before December
35 15 to the speaker of the house of representatives, the president of the
36 senate, the superintendent of public instruction, the secretary of state
37 and the governor that includes the following information:

38 (a) A detailed description of the amount of monies distributed by
39 the ~~school facilities board~~ DIVISION UNDER THIS CHAPTER in the previous
40 fiscal year.

41 (b) A list of each capital project that received monies from the
42 ~~school facilities board~~ DIVISION UNDER THIS CHAPTER during the previous
43 fiscal year, a brief description of each project that was funded and a
44 summary of the ~~board's~~ DIVISION'S reasons for ~~the distribution of~~
45 DISTRIBUTING monies for the project.

1 (c) A summary of the findings and conclusions of the building
2 maintenance inspections conducted pursuant to this article during the
3 previous fiscal year.

4 (d) A summary of the findings of common design elements and
5 characteristics of the highest performing schools and the lowest
6 performing schools based on academic productivity, including the results
7 of the parent quality rating survey. For the purposes of this
8 subdivision, "academic productivity" means academic year advancement per
9 calendar year as measured with student-level data using the statewide
10 nationally standardized norm-referenced achievement test.

11 ~~10.~~ 7. On or before December 1 of each year, report electronically
12 to the joint committee on capital review the amounts necessary to fulfill
13 the requirements of ~~sections 15-2022 and 15-2041~~ SECTION 41-5721 for the
14 following three fiscal years. In developing the amounts necessary for
15 this report, the ~~school facilities board~~ DIVISION shall use the most
16 recent average daily membership data available. On request from the ~~board~~
17 DIVISION, the department of education shall make available the most recent
18 average daily membership data for use in calculating the amounts necessary
19 to fulfill the requirements of section ~~15-2041~~ 41-5721 for the following
20 three fiscal years. The ~~board~~ DIVISION shall provide copies of the report
21 to the president of the senate, the speaker of the house of
22 representatives and the governor.

23 ~~11. Adopt minimum school facility adequacy guidelines to provide~~
24 ~~the minimum quality and quantity of school buildings and the facilities~~
25 ~~and equipment necessary and appropriate to enable pupils to achieve the~~
26 ~~educational goals of the Arizona state schools for the deaf and the blind.~~
27 ~~The school facilities board shall establish minimum school facility~~
28 ~~adequacy guidelines applicable to the Arizona state schools for the deaf~~
29 ~~and the blind.~~

30 ~~12. In each even-numbered year, report electronically to the joint~~
31 ~~committee on capital review the amounts necessary to fulfill the~~
32 ~~requirements of section 15-2041 for the Arizona state schools for the deaf~~
33 ~~and the blind for the following two fiscal years. The Arizona state~~
34 ~~schools for the deaf and the blind shall incorporate the findings of the~~
35 ~~report in any request for new school facilities monies. Any monies~~
36 ~~provided to the Arizona state schools for the deaf and the blind for new~~
37 ~~school facilities are subject to legislative appropriation.~~

38 ~~13.~~ 8. On or before June 15 of each year, submit electronically
39 detailed information regarding demographic assumptions, ~~AND~~ a proposed
40 construction schedule ~~and new school construction cost estimates~~ for
41 individual projects approved in the current fiscal year and expected
42 project approvals for the upcoming fiscal year to the joint committee on
43 capital review for its review. A copy of the report shall also be
44 submitted electronically to the governor's office of strategic planning
45 and budgeting. The joint legislative budget committee staff, the

1 governor's office of strategic planning and budgeting staff and the ~~school~~
2 ~~facilities board~~ DIVISION staff shall agree on the format of the report.

3 ~~14.~~ 9. Every two years, provide school districts with information
4 on improving and maintaining the indoor environmental quality in school
5 buildings.

6 ~~15. On or before December 31 of each year, report to the joint~~
7 ~~legislative budget committee on all class B bond approvals by school~~
8 ~~districts in that year. Each school district shall report to the school~~
9 ~~facilities board on or before December 1 of each year information required~~
10 ~~by the school facilities board for the report prescribed in this~~
11 ~~paragraph.~~

12 ~~16. Validate proposed adjacent ways projects submitted by school~~
13 ~~districts as prescribed in section 15-995.~~

14 10. ADOPT RULES REGARDING THE VALIDATION OF ADJACENT WAYS PROJECTS
15 PURSUANT TO PARAGRAPH 11 OF THIS SUBSECTION.

16 11. VALIDATE PROPOSED ADJACENT WAYS PROJECTS THAT ARE SUBMITTED BY
17 SCHOOL DISTRICTS AS PRESCRIBED IN SECTION 15-995 PURSUANT TO RULES ADOPTED
18 BY THE DIVISION UNDER PARAGRAPH 10 OF THIS SUBSECTION.

19 12. SUBMIT A MONTHLY REPORT TO THE SCHOOL FACILITIES OVERSIGHT
20 BOARD THAT DETAILS EACH ADJACENT WAYS PROJECT VALIDATED PURSUANT TO
21 PARAGRAPH 11 OF THIS SUBSECTION.

22 13. BRIEF THE JOINT COMMITTEE ON CAPITAL REVIEW AT LEAST ONCE EACH
23 YEAR REGARDING THE USE OF MONIES FROM ALL OF THE FOLLOWING:

24 (a) THE EMERGENCY DEFICIENCIES CORRECTION FUND ESTABLISHED BY
25 SECTION 41-5721.

26 (b) THE BUILDING RENEWAL GRANT FUND ESTABLISHED BY SECTION 41-5731.

27 (c) THE NEW SCHOOL FACILITIES FUND ESTABLISHED BY SECTION 41-5741.

28 B. The school facilities OVERSIGHT board OR THE DIVISION may
29 contract for the following services in compliance with the procurement
30 practices prescribed in ~~title 41,~~ chapter 23 OF THIS TITLE:

31 1. Private services.

32 2. Construction project management services.

33 3. Assessments for school buildings to determine if the buildings
34 have outlived their useful life pursuant to section ~~15-2041~~ 41-5741,
35 subsection G OR HAVE BEEN CONDEMNED.

36 4. Services related to land acquisition and development of a school
37 site.

38 C. THE BOARD SHALL:

39 1. REVIEW AND APPROVE STUDENT POPULATION PROJECTIONS SUBMITTED BY
40 SCHOOL DISTRICTS TO DETERMINE TO WHAT EXTENT SCHOOL DISTRICTS ARE ENTITLED
41 TO MONIES TO CONSTRUCT NEW FACILITIES PURSUANT TO SECTION 41-5741. THE
42 SCHOOL FACILITIES OVERSIGHT BOARD SHALL MAKE A FINAL DETERMINATION WITHIN
43 FIVE MONTHS AFTER RECEIVING AN APPLICATION FROM A SCHOOL DISTRICT FOR
44 MONIES FROM THE NEW SCHOOL FACILITIES FUND.

1 2. CERTIFY THAT PLANS FOR NEW SCHOOL FACILITIES MEET THE BUILDING
2 ADEQUACY STANDARDS PRESCRIBED IN SECTION 41-5711.

3 3. REVIEW AND APPROVE OR REJECT REQUESTS SUBMITTED BY SCHOOL
4 DISTRICTS TO TAKE ACTIONS PURSUANT TO SECTION 15-341, SUBSECTION G.

5 4. ON OR BEFORE DECEMBER 15 OF EACH YEAR ELECTRONICALLY SUBMIT A
6 REPORT TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF
7 THE SENATE, THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE SECRETARY OF
8 STATE AND THE GOVERNOR THAT INCLUDES THE FOLLOWING INFORMATION:

9 (a) A DETAILED DESCRIPTION OF THE AMOUNT OF MONIES THE BOARD
10 DISTRIBUTED UNDER THIS CHAPTER IN THE PREVIOUS FISCAL YEAR.

11 (b) A LIST OF EACH CAPITAL PROJECT THAT RECEIVED MONIES FROM THE
12 BOARD UNDER THIS CHAPTER DURING THE PREVIOUS FISCAL YEAR, A BRIEF
13 DESCRIPTION OF EACH PROJECT THAT WAS FUNDED AND A SUMMARY OF THE BOARD'S
14 REASONS FOR DISTRIBUTING MONIES FOR THE PROJECT.

15 (c) A SUMMARY OF THE FINDINGS AND CONCLUSIONS OF THE BUILDING
16 MAINTENANCE INSPECTIONS CONDUCTED PURSUANT TO THIS ARTICLE DURING THE
17 PREVIOUS FISCAL YEAR.

18 5. ON OR BEFORE DECEMBER 1 OF EACH YEAR, ELECTRONICALLY REPORT TO
19 THE JOINT COMMITTEE ON CAPITAL REVIEW THE AMOUNTS NECESSARY TO FULFILL THE
20 REQUIREMENTS OF SECTION 41-5741 FOR THE FOLLOWING THREE FISCAL YEARS. IN
21 DEVELOPING THE AMOUNTS NECESSARY FOR THIS REPORT, THE BOARD SHALL USE THE
22 MOST RECENT AVERAGE DAILY MEMBERSHIP DATA AVAILABLE. ON REQUEST FROM THE
23 BOARD, THE DEPARTMENT OF EDUCATION SHALL MAKE AVAILABLE THE MOST RECENT
24 AVERAGE DAILY MEMBERSHIP DATA FOR USE IN CALCULATING THE AMOUNTS NECESSARY
25 TO FULFILL THE REQUIREMENTS OF SECTION 41-5741 FOR THE FOLLOWING THREE
26 FISCAL YEARS. THE BOARD SHALL PROVIDE COPIES OF THE REPORT TO THE
27 PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND
28 THE GOVERNOR.

29 6. ADOPT MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES TO PROVIDE THE
30 MINIMUM QUALITY AND QUANTITY OF SCHOOL BUILDINGS AND THE FACILITIES AND
31 EQUIPMENT NECESSARY AND APPROPRIATE TO ENABLE PUPILS TO ACHIEVE THE
32 EDUCATIONAL GOALS OF THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.
33 THE BOARD SHALL ESTABLISH MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES
34 APPLICABLE TO THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.

35 7. ON OR BEFORE JUNE 15 OF EACH YEAR, ELECTRONICALLY SUBMIT TO THE
36 JOINT COMMITTEE ON CAPITAL REVIEW FOR ITS REVIEW DETAILED INFORMATION
37 REGARDING DEMOGRAPHIC ASSUMPTIONS, A PROPOSED CONSTRUCTION SCHEDULE AND
38 NEW SCHOOL CONSTRUCTION COST ESTIMATES FOR INDIVIDUAL PROJECTS APPROVED IN
39 THE CURRENT FISCAL YEAR AND EXPECTED PROJECT APPROVALS FOR THE UPCOMING
40 FISCAL YEAR. A COPY OF THE REPORT SHALL ALSO BE SUBMITTED ELECTRONICALLY
41 TO THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING. THE JOINT
42 LEGISLATIVE BUDGET COMMITTEE STAFF, THE GOVERNOR'S OFFICE OF STRATEGIC
43 PLANNING AND BUDGETING STAFF AND THE BOARD STAFF SHALL AGREE ON THE FORMAT
44 OF THE REPORT.

1 8. ON OR BEFORE DECEMBER 31 OF EACH YEAR, REPORT TO THE JOINT
2 LEGISLATIVE BUDGET COMMITTEE ON ALL CLASS B BOND APPROVALS BY SCHOOL
3 DISTRICTS IN THAT YEAR. EACH SCHOOL DISTRICT SHALL REPORT TO THE BOARD ON
4 OR BEFORE DECEMBER 1 OF EACH YEAR INFORMATION REQUIRED BY THE BOARD FOR
5 THE REPORT PRESCRIBED IN THIS PARAGRAPH.

6 ~~C.~~ D. The ~~governor~~ DIRECTOR OF THE DIVISION shall ~~appoint an~~
7 ~~executive~~ SERVE AS THE director of the school facilities OVERSIGHT board
8 ~~pursuant to section 38-211.~~ The ~~executive~~ director is eligible to receive
9 ~~compensation as determined pursuant to section 38-611 and~~ may hire and
10 fire necessary staff subject to ~~title 41,~~ chapter 4, article 4 OF THIS
11 TITLE and as approved by the legislature in the budget. ~~The executive~~
12 ~~director shall have demonstrated competency in school finance, facilities~~
13 ~~design or facilities management, either in private business or government~~
14 ~~service. The executive director serves at the pleasure of the governor.~~
15 The staff of the school facilities OVERSIGHT board is exempt from ~~title~~
16 ~~41,~~ chapter 4, articles 5 and 6 OF THIS TITLE. The ~~executive~~ director:

17 1. Shall analyze applications for monies submitted to the board AND
18 TO THE DIVISION by school districts.

19 2. Shall assist the board AND THE DIVISION in developing forms and
20 procedures for ~~the distribution~~ DISTRIBUTING and ~~review of~~ REVIEWING
21 applications and ~~the distribution of~~ DISTRIBUTING monies to school
22 districts.

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

25 4. Shall assist the board AND THE DIVISION in ~~the preparation of~~
26 PREPARING the board's AND DIVISION'S annual ~~report~~ REPORTS.

27 5. Shall research and provide reports on issues of general interest
28 to the board AND THE DIVISION.

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

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

35 8. Shall assist the board AND THE DIVISION in any other appropriate
36 matter or method as directed by the DIVISION AND THE members of the board.

37 9. Shall establish procedures to ensure compliance with the notice
38 and hearing requirements prescribed in section 15-905. The notice and
39 hearing procedures adopted by the board shall include the requirement,
40 with respect to the board's consideration of any application filed after
41 July 1, 2001 or after December 31 of the year in which the property
42 becomes territory in the vicinity of a military airport or ancillary
43 military facility as defined in section 28-8461 for monies to fund the
44 construction of new school facilities proposed to be located in territory
45 in the vicinity of a military airport or ancillary military facility, that

1 the military airport receive notification of the application by first
2 class mail at least thirty days before any hearing concerning the
3 application.

4 10. May expedite any request for monies in which the local match
5 was not obtained for a project that received preliminary approval by the
6 state board for school capital facilities.

7 11. Shall expedite any request for monies in which the school
8 district governing board submits an application that shows an immediate
9 need for a new school facility.

10 12. Shall ~~make a determination as to~~ DETERMINE administrative
11 ~~completion~~ COMPLETENESS within one month after ~~the receipt of~~ RECEIVING an
12 application ~~by~~ FROM a school district for monies from the new school
13 facilities fund.

14 13. Shall provide technical support to school districts as
15 requested by school districts in connection with ~~the construction of~~
16 CONSTRUCTING new school facilities and ~~the maintenance of~~ MAINTAINING
17 existing school facilities and may contract directly with construction
18 project managers pursuant to subsection B of this section. This paragraph
19 does not restrict a school district from contracting with a construction
20 project manager using district or state resources.

21 ~~D.~~ E. When appropriate, the ~~school facilities~~ board AND THE
22 DIVISION shall review and use the statewide school facilities inventory
23 and needs assessment conducted by the joint committee on capital review
24 and issued in July, 1995.

25 ~~E.~~ F. The school facilities OVERSIGHT board shall contract with
26 one or more private building inspectors to complete an initial assessment
27 of school facilities and equipment and shall inspect each school building
28 in this state at least once every five years to ensure compliance with
29 section ~~15-2011~~ 41-5711. A copy of the inspection report, together with
30 any recommendations for building maintenance, shall be provided to the
31 school facilities OVERSIGHT board and the governing board of the school
32 district.

33 ~~F.~~ G. The ~~school facilities~~ DIVISION OR THE board, AS APPLICABLE,
34 may consider appropriate combinations of facilities or uses in ~~making~~
35 ~~assessments of~~ ASSESSING and curing deficiencies pursuant to subsection A,
36 paragraph 1 of this section and in certifying plans for new school
37 facilities pursuant to subsection ~~A~~ C, paragraph ~~5~~ 2 of this section.

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

40 ~~H.~~ I. The board OR THE DIVISION shall not distribute monies to a
41 school district for ~~replacement~~ REPLACING or ~~repair of~~ REPAIRING
42 facilities if the costs associated with the replacement or repair are
43 covered by insurance or a performance or payment bond.

44 ~~I.~~ J. The ~~board~~ DIVISION may contract for construction services
45 and materials that are necessary to correct existing deficiencies in

1 school district facilities. The ~~board~~ DIVISION may procure the
2 construction services necessary pursuant to this subsection by any method,
3 including construction-manager-at-risk, design-build, design-bid-build or
4 job-order-contracting as provided by ~~title 41~~, chapter 23 OF THIS TITLE.
5 The construction planning and services performed pursuant to this
6 subsection are exempt from section 41-791.01.

7 ~~J.~~ K. The ~~school facilities board~~ DIVISION may enter into
8 agreements with school districts to allow ~~school facilities board~~ DIVISION
9 staff and contractors access to school property for the purposes of
10 performing the construction services necessary pursuant to subsection ~~I~~ J
11 of this section.

12 ~~K.~~ L. Each school district shall develop routine preventive
13 maintenance guidelines for its facilities. The guidelines shall include
14 plumbing systems, electrical systems, heating, ventilation and air
15 conditioning systems, special equipment and other systems and for roofing
16 systems shall recommend visual inspections performed by district staff for
17 signs of structural stress and weakness. The guidelines shall be
18 submitted to the ~~school facilities board~~ DIVISION for review and approval.
19 If on inspection by the ~~school facilities board~~ DIVISION it is determined
20 that a school district facility was inadequately maintained pursuant to
21 the school district's routine preventive maintenance guidelines, the
22 school district shall return the building to compliance with the school
23 district's routine preventive maintenance guidelines.

24 ~~L.~~ M. The ~~school facilities~~ board AND THE DIVISION may temporarily
25 transfer monies, OR, IF APPLICABLE, DIRECT THE DIVISION TO TRANSFER
26 MONIES, between ~~the capital reserve fund established by section 15-2003~~,
27 the emergency deficiencies correction fund established by section ~~15-2022~~
28 ~~41-5721~~ and the new school facilities fund established by section ~~15-2041~~
29 ~~41-5741~~ if all of the following conditions are met:

30 1. The transfer is necessary to avoid a temporary shortfall in the
31 fund into which the monies are transferred.

32 2. The transferred monies are restored to the fund where the monies
33 originated as soon as practicable after the temporary shortfall in the
34 other fund has been addressed.

35 3. The ~~school facilities~~ board ~~reports~~ AND THE DIVISION REPORT to
36 the joint committee on capital review the amount of and the reason for any
37 monies transferred.

38 ~~M.~~ N. After notifying each school district, and if a written
39 objection from the school district is not received by the ~~school~~
40 ~~facilities~~ board OR THE DIVISION within thirty days ~~of~~ AFTER the
41 notification, the ~~school facilities~~ board OR THE DIVISION may access
42 public utility company records of power, water, natural gas, telephone and
43 broadband usage to assemble consistent and accurate data on utility
44 consumption at school facilities to determine the effectiveness of
45 facility design, operation and maintenance measures intended to reduce

1 energy and water consumption and costs. Any public utility that provides
2 service to a school district in this state shall provide the data
3 requested by the ~~school facilities~~ board OR THE DIVISION pursuant to this
4 subsection.

5 ~~N.~~ 0. The ~~school facilities~~ DIVISION OR THE board shall not
6 require a common school district that provides instruction to pupils in
7 grade nine to obtain approval from the ~~school facilities~~ DIVISION OR THE
8 board to reconfigure its school facilities. A common school district that
9 provides instruction to pupils in grade nine is not entitled to additional
10 monies from the ~~school facilities~~ DIVISION OR THE board for facilities to
11 educate pupils in grade nine.

12 ~~O.~~ P. A school district may appeal the denial of a request for
13 monies pursuant to this chapter or any other appealable agency action by
14 the ~~school facilities~~ DIVISION OR THE board pursuant to ~~title 41,~~ chapter
15 6, article 10 OF THIS TITLE. For the purposes of this subsection,
16 "appealable agency action" has the same meaning prescribed in section
17 41-1092.

18 Sec. 29. Section 41-5703, Arizona Revised Statutes, as transferred
19 and renumbered, is amended to read:

20 41-5703. School facilities oversight board lease-to-own;
21 fund; expiration

22 A. In order to fulfill the requirements of section ~~15-2041~~ 41-5741,
23 the ~~school facilities~~ board may acquire school facilities for the use of
24 one or more school districts by entering into one or more lease-to-own
25 transactions in accordance with this section. For THE purposes of this
26 section, providing school facilities includes land acquisition, related
27 infrastructure, fixtures, furnishings, equipment and costs of the
28 lease-to-own transaction. The ~~school facilities~~ board may provide monies
29 to provide school facilities in part pursuant to section ~~15-2041~~ 41-5741
30 and in part through a lease-to-own transaction.

31 B. A lease-to-own transaction may provide for:

32 1. The ground lease of the land for the facilities to a private
33 entity for the term of the lease-to-own transaction or for a term of up to
34 one and one-half times the term of the lease-to-own transaction, subject
35 to earlier termination on completion of performance of the lease-to-own
36 agreement. The ground lessor may either be the school district or the
37 ~~school facilities~~ board, whichever holds title to the land.

38 2. The lease of the completed school facilities by a private entity
39 to the ~~school facilities~~ board for an extended term of years pursuant to a
40 lease-to-own agreement.

41 3. The sublease of the completed school facilities by the ~~school~~
42 ~~facilities~~ board to the school district during the term of the
43 lease-to-own agreement. The sublease shall provide for the use,
44 maintenance and operation of the school facilities by the school district

1 and for the transfer of ownership of the school facilities to the school
2 district on completion of performance of the lease-to-own agreement.

3 4. The option for the ~~school facilities~~ board's purchase of the
4 school facilities and transfer of ownership of the school facilities to
5 the school district before the expiration of the lease-to-own agreement.

6 5. The services of trustees, financial advisors, paying agents,
7 transfer agents, underwriters, lawyers and other professional service
8 providers, credit enhancements or liquidity facilities and all other
9 services considered necessary by the ~~school facilities~~ board in connection
10 with the lease-to-own transaction, and related agreements and arrangements
11 including arrangements for the creation and sale of certificates of
12 participation evidencing proportionate interests in the lease payments to
13 be made by the ~~school facilities~~ board pursuant to the lease-to-own
14 agreement.

15 C. The sublease of the school facilities to the school district is
16 subject to this section and to the provisions of the lease-to-own
17 agreement. Neither a ground lease by the school district as lessor nor a
18 sublease of the school facilities to the school district is required to be
19 authorized by a vote of the school district electors. A ground lease is
20 not subject to any limitations or requirements applicable to leases or
21 lease-purchase agreements pursuant to section 15-342 or any other section
22 of TITLE 15 OR this ~~title~~ CHAPTER.

23 D. Any school facility that is constructed through a lease-to-own
24 agreement shall meet the minimum building adequacy standards set forth in
25 section ~~15-2011~~ 41-5711.

26 E. School districts may use local monies to exceed the minimum
27 adequacy standards and to build athletic fields and any other capital
28 project for leased-to-own facilities.

29 F. The ~~school facilities~~ board shall include any square footage of
30 new school facilities constructed through lease-to-own agreements in the
31 computations prescribed in section ~~15-2011~~ 41-5711.

32 G. ~~A~~ THE lease-to-own fund is established consisting of monies
33 appropriated by the legislature. The ~~school facilities~~ board shall
34 administer the fund and distribute monies in the fund to make payments
35 pursuant to lease-to-own agreements entered into by the ~~school facilities~~
36 board pursuant to this section, to make payments to or for the benefit of
37 school districts pursuant to local lease-to-own agreements entered into by
38 school districts pursuant to section ~~15-2005~~ 41-5704 and to pay costs
39 considered necessary by the ~~school facilities~~ board in connection with
40 lease-to-own transactions and local lease-to-own transactions. Payments
41 by the ~~school facilities~~ board pursuant to a lease-to-own agreement or
42 local lease-to-own agreement shall be made only from the lease-to-own
43 fund. On notice from the ~~school facilities~~ board, the state treasurer
44 shall invest and divest monies in the fund as provided by section 35-313,

1 and monies earned from investment shall be credited to the lease-to-own
2 fund.

3 H. A lease-to-own agreement entered into by the ~~school facilities~~
4 board pursuant to this section shall provide that:

5 1. At the completion of the lease-to-own agreement, ownership of
6 the school facilities and land associated with the lease-to-own agreement
7 shall be transferred to the school district as specified in the agreement.

8 2. The obligation of the ~~school facilities~~ board to make any
9 payment under the lease-to-own agreement is a current expense, payable
10 exclusively from appropriated monies, and is not a general obligation
11 indebtedness of this state or the ~~school facilities~~ board. The obligation
12 of a school district to make expenditures under a sublease pursuant to
13 subsection B, paragraph 3 of this section is a current expense, payable
14 exclusively from budgeted monies, and is not a general obligation
15 indebtedness of the school district.

16 3. If the legislature fails to appropriate monies or the ~~school~~
17 ~~facilities~~ board fails to allocate such monies for any periodic payment or
18 renewal term of the lease-to-own agreement, the lease-to-own agreement
19 terminates at the end of the current term and this state and the ~~school~~
20 ~~facilities~~ board are relieved of any subsequent obligation under the
21 agreement and the school district is relieved of any subsequent obligation
22 under the sublease.

23 4. The lease-to-own agreement shall be reviewed and approved by the
24 attorney general before the agreement may take effect.

25 5. Before the agreement takes effect and after review by the
26 attorney general, the project or projects related to the agreement shall
27 be submitted for review by the joint committee on capital review.

28 I. The ~~school facilities~~ board may covenant to use its best efforts
29 to budget, obtain, allocate and maintain sufficient appropriated monies to
30 make payments under a lease-to-own agreement, but the lease-to-own
31 agreement shall acknowledge that appropriating state monies is a
32 legislative act and is beyond the control of the ~~school facilities~~ board
33 or of any other party to the lease-to-own agreement.

34 J. The land and the school facilities on the land are exempt from
35 taxation during the term of the lease-to-own agreement and during
36 construction and subsequent occupancy by the school district pursuant to
37 the sublease.

38 K. The powers prescribed in this section are in addition to the
39 powers conferred by any other law. Without reference to any other
40 provision of TITLE 15, this ~~title~~ CHAPTER or ~~to~~ any other law, this
41 section is authority for the completion of the purposes prescribed in this
42 section for the ~~school facilities~~ board to provide school facilities for
43 use by school districts through lease-to-own transactions pursuant to this
44 section without regard to the procedure required by any other law. Except
45 as otherwise provided in this section, the provisions of TITLE 15 AND this

1 ~~title~~ CHAPTER that relate to the matters contained in this section are
2 superseded because this section is the exclusive law on these matters.

3 L. The ~~school facilities~~ board shall not enter into lease-to-own
4 transactions, including any refinancings or refundings, pursuant to this
5 section from and after May 15, 2006.

6 Sec. 30. Section 41-5704, Arizona Revised Statutes, as transferred
7 and renumbered, is amended to read:

8 41-5704. Local lease-to-own by school districts; expiration

9 A. In order to fulfill the requirements of section ~~15-2041~~ 41-5741,
10 with the approval of the ~~school facilities~~ board, a school district may
11 acquire school facilities by entering into a local lease-to-own
12 transaction in accordance with this section. For purposes of this
13 section, providing school facilities includes land acquisition, related
14 infrastructure, fixtures, furnishings, equipment and costs of the local
15 lease-to-own transaction. The ~~school facilities~~ board may provide monies
16 to provide school facilities in part pursuant to section ~~15-2041~~ 41-5741
17 and in part through payments to or for the benefit of a school district
18 for a local lease-to-own transaction.

19 B. A local lease-to-own transaction may provide for:

20 1. The ground lease of the land for the facilities to a private
21 entity for the term of the local lease-to-own transaction or for a term of
22 up to one and one-half times the term of the local lease-to-own
23 transaction, subject to earlier termination on completion of performance
24 of the local lease-to-own agreement. The ground lessor may either be the
25 school district or the ~~school facilities~~ board, whichever holds title to
26 the land.

27 2. The lease of the completed school facilities by a private entity
28 to the school district for an extended term of years pursuant to a local
29 lease-to-own agreement. The local lease-to-own agreement shall provide
30 for the use, maintenance and operation of the school facilities by the
31 school district and for the transfer of ownership of the school facilities
32 to the school district on completion of performance of the local
33 lease-to-own agreement.

34 3. The option for the school district's purchase of the school
35 facilities and transfer of ownership of the school facilities to the
36 school district before the expiration of the local lease-to-own agreement.

37 4. The services of trustees, financial advisors, paying agents,
38 transfer agents, underwriters, lawyers and other professional service
39 providers, credit enhancements or liquidity facilities and all other
40 services considered necessary by the school district or the ~~school~~
41 ~~facilities~~ board in connection with the local lease-to-own transaction,
42 and related agreements and arrangements including arrangements for the
43 creation and sale of certificates of participation evidencing
44 proportionate interests in the lease payments to be made by the school
45 district pursuant to the local lease-to-own agreement.

1 C. Neither a ground lease by the school district as lessor nor a
2 local lease-to-own agreement is required to be authorized by a vote of the
3 school district electors. A ground lease is not subject to any
4 limitations or requirements applicable to leases or lease-purchase
5 agreements pursuant to section 15-342 or any other section of TITLE 15 OR
6 this ~~title~~ CHAPTER.

7 D. The ~~school facilities~~ board may make payments to or for the
8 benefit of the school district from the lease-to-own fund established by
9 section ~~15-2004~~ 41-5703 for the payment of amounts payable under the local
10 lease-to-own agreement.

11 E. Any school facility that is constructed through a lease-to-own
12 agreement shall meet the minimum building adequacy standards set forth in
13 section ~~15-2011~~ 41-5711.

14 F. School districts may use local monies to exceed the minimum
15 adequacy standards and to build athletic fields and any other capital
16 project for leased-to-own facilities.

17 G. The ~~school facilities~~ board shall include any square footage of
18 new school facilities constructed through lease-to-own agreements in the
19 computations prescribed in section ~~15-2011~~ 41-5711.

20 H. A local lease-to-own agreement entered into by a school district
21 pursuant to this section shall provide that:

22 1. At the completion of the lease-to-own agreement, ownership of
23 the school facilities and land associated with the lease-to-own agreement
24 shall be transferred to the school district as specified in the agreement.

25 2. The obligation of the school district to make any payment or
26 expenditure under the local lease-to-own agreement is a current expense,
27 payable exclusively from properly budgeted monies, and is not a general
28 obligation indebtedness of this state, the ~~school facilities~~ board or the
29 school district, and that any payment by the ~~school facilities~~ board to or
30 for the benefit of the school district from the lease-to-own fund
31 established by section ~~15-2004~~ 41-5703 for payments of amounts payable
32 under the local lease-to-own agreement is a current expense, payable
33 exclusively from appropriated monies, and is not a general obligation
34 indebtedness of this state or the ~~school facilities~~ board.

35 3. If the school district fails to properly budget for payments
36 under the local lease-to-own agreement or if the legislature fails to
37 appropriate monies or the ~~school facilities~~ board fails to allocate monies
38 for periodic payment to or for the benefit of the school district for
39 payments under the local lease-to-own agreement, the local lease-to-own
40 agreement terminates at the end of the current term and the school
41 district, the ~~school facilities~~ board and this state are relieved of any
42 subsequent obligation under the local lease-to-own agreement.

43 4. The local lease-to-own agreement shall be reviewed and approved
44 by the attorney general before the agreement may take effect.

1 5. Before the agreement takes effect and after review by the
2 attorney general, the project or projects related to the agreement shall
3 be submitted for review by the joint committee on capital review.

4 I. The school district may covenant to use its best efforts to
5 budget, obtain, allocate and maintain sufficient monies to make payments
6 under a local lease-to-own agreement, but the local lease-to-own agreement
7 shall acknowledge that budgeting school district monies is a governmental
8 act of the school district governing board that may not be contracted
9 away. The school facilities **OVERSIGHT** board is not required to covenant
10 to budget, obtain, allocate or maintain sufficient monies in the
11 lease-to-own fund to make payments to or for the benefit of a school
12 district for payments under a local lease-to-own agreement.

13 J. The land and the school facilities on the land are exempt from
14 taxation during the term of the local lease-to-own agreement and during
15 construction and subsequent occupancy by the school district pursuant to
16 the local lease-to-own agreement.

17 K. The powers prescribed in this section are in addition to the
18 powers conferred by any other law. Without reference to any other
19 provision of **TITLE 15 OR** this ~~title~~ **CHAPTER** or ~~to~~ any other law, this
20 section is authority for the completion of the purposes prescribed in this
21 section for school districts to provide school facilities through local
22 lease-to-own transactions pursuant to this section without regard to the
23 procedure required by any other law. Except as otherwise provided in this
24 section, the provisions of **TITLE 15 OR** this ~~title~~ **CHAPTER** that relate to
25 the matters contained in this section are superseded because this section
26 is the exclusive law on these matters.

27 L. School districts shall not enter into lease-to-own transactions,
28 including any refinancings or refundings, pursuant to this section from
29 and after May 15, 2006.

30 Sec. 31. Section 41-5705, Arizona Revised Statutes, as transferred
31 and renumbered, is amended to read:

32 41-5705. Lease-to-own amount; expiration

33 A. In order to fulfill the requirements of section ~~15-2041~~ **41-5741**,
34 the ~~school facilities~~ board may enter into lease-to-own transactions for
35 up to a maximum of ~~two hundred million dollars~~ **\$200,000,000** in any fiscal
36 year.

37 B. 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. 32. Section 41-5711, Arizona Revised Statutes, as transferred
41 and renumbered, is amended to read:

42 41-5711. Minimum school facility adequacy requirements;
43 definition

44 A. The ~~school facilities~~ board, as determined and prescribed in
45 this chapter, shall provide funding to school districts for new

1 construction as the number of pupils in the district fills the existing
2 school facilities and requires more pupil space.

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

5 1. The buildings contain sufficient and appropriate space and
6 equipment that comply with the minimum school facility adequacy guidelines
7 established pursuant to subsection F of this section. The state shall not
8 fund facilities for elective courses that require the school district
9 facilities to exceed minimum school facility adequacy requirements. The
10 ~~school facilities~~ board shall determine whether a school building meets
11 the requirements of this paragraph by analyzing the total square footage
12 that is available for each pupil in conjunction with the need for
13 specialized spaces and equipment.

14 2. The buildings are in compliance with federal, state and local
15 building and fire codes and laws that ~~are applicable~~ APPLY to the
16 particular building, except that a school with an aggregate area of less
17 than five thousand square feet is subject to permitting and inspection by
18 a local fire marshal and is only subject to regulation or inspection by
19 the office of the state fire marshal if the county, city or town in which
20 the school is located does not employ a local fire marshal. An existing
21 school building is not required to comply with current requirements for
22 new buildings unless this compliance is specifically mandated by law or by
23 the building or fire code of the jurisdiction where the building is
24 located.

25 3. The building systems, including roofs, plumbing, telephone
26 systems, electrical systems, heating systems and cooling systems, are in
27 working order and are capable of being properly maintained.

28 4. The buildings are structurally sound.

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

32 1. For a school district that provides instruction to pupils in
33 programs for preschool children with disabilities, kindergarten programs
34 and grades one through six, eighty square feet per pupil in programs for
35 preschool children with disabilities, kindergarten programs and grades one
36 through six.

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

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

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

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

8 6. For a school district that provides instruction to more than one
9 thousand and up to one thousand eight hundred pupils in grades nine
10 through twelve, one hundred twelve square feet per pupil in grades nine
11 through twelve or one hundred twenty thousand square feet, whichever is
12 more.

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

17 D. The ~~school facilities~~ board may modify the square footage
18 requirements prescribed in subsection C of this section or modify the
19 amount of monies awarded to cure the square footage deficiency pursuant to
20 this section for particular school districts based on extraordinary
21 circumstances for any of the following considerations:

22 1. The number of pupils served by the school district.

23 2. Geographic factors.

24 3. Grade configurations other than those prescribed in subsection C
25 of this section.

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

28 1. Use the projected one hundredth day average daily membership for
29 the current school year.

30 2. For each school, use the lesser of either:

31 (a) Total gross square footage.

32 (b) Student capacity multiplied by the appropriate square footage
33 per pupil prescribed by subsection C of this section.

34 3. Consider the total space available in all schools in use in the
35 school district, except that the ~~school facilities~~ board shall allow an
36 exclusion of the square footage for certain schools and the pupils within
37 the schools' boundaries if the school district demonstrates to the board's
38 satisfaction unusual or excessive busing of pupils or unusual attendance
39 boundary changes between schools.

40 4. Compute the gross square footage of all buildings by measuring
41 from exterior wall to exterior wall. Square footage used solely for
42 district administration, storage of vehicles and other nonacademic
43 purposes shall be excluded from the net square footage.

44 5. Include all portable and modular buildings.

1 6. Include in the net square footage new construction funded wholly
2 or partially by the ~~school facilities~~ board based on the square footage
3 funded by the ~~school facilities~~ board. If the new construction is to
4 exceed the square footage funded by the ~~school facilities~~ board, the
5 excess square footage shall not be included in the net square footage if
6 any of the following applies:

7 (a) The excess square footage was constructed before July 1, 2002
8 or funded by a class B bond, impact aid revenue bond or capital outlay
9 override approved by the voters after August 1, 1998 and before June 30,
10 2002 or funded from unrestricted capital outlay expended before June 30,
11 2002.

12 (b) The excess square footage of new school facilities does not
13 exceed twenty-five percent of the minimum square footage requirements
14 pursuant to subsection C of this section.

15 (c) The excess square footage of expansions to school facilities
16 does not exceed twenty-five percent of the minimum square footage
17 requirements pursuant to subsection C of this section.

18 7. Exclude square footage built under a developer agreement
19 according to section 15-342, paragraph 33 until the ~~school facilities~~
20 board provides funding for the square footage under section ~~15-2041~~
21 ~~41-5741~~, subsection 0.

22 8. Include square footage that a school district has leased to
23 another entity.

24 F. The ~~school facilities~~ board shall adopt rules establishing
25 minimum school facility adequacy guidelines. The guidelines shall provide
26 the minimum quality and quantity of school buildings and facilities and
27 equipment necessary and appropriate to enable pupils to achieve the
28 academic standards pursuant to section 15-203, subsection A, paragraphs 12
29 and 13 and sections 15-701 and 15-701.01. At a minimum, the ~~school~~
30 ~~facilities~~ board shall address all of the following in developing these
31 guidelines:

- 32 1. School sites.
- 33 2. Classrooms.
- 34 3. Libraries and media centers, or both.
- 35 4. Cafeterias.
- 36 5. Auditoriums, multipurpose rooms or other multiuse space.
- 37 6. Technology.
- 38 7. Transportation.
- 39 8. Facilities for science, arts and physical education.
- 40 9. Other facilities and equipment that are necessary and
41 appropriate to achieve the academic standards prescribed pursuant to
42 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
43 15-701.01.
- 44 10. Appropriate combinations of facilities or uses listed in this
45 section.

1 G. THE BOARD MAY CONVENE SUBCOMMITTEES AS NEEDED ON SPECIFIC
2 ISSUES, INCLUDING SCHOOL FACILITY SAFETY STANDARDS. NOTWITHSTANDING ANY
3 OTHER LAW, A SCHOOL DISTRICT THAT RECEIVES GRANT MONIES FROM THE BUILDING
4 RENEWAL GRANT FUND ESTABLISHED BY SECTION 41-5731 OR MONIES FROM THE NEW
5 SCHOOL FACILITIES FUND ESTABLISHED BY SECTION 41-5741 SHALL CONSIDER
6 SCHOOL FACILITY SAFETY STANDARDS WHEN COMPLETING APPROVED PROJECTS OR
7 CONSTRUCTING NEW SCHOOL FACILITIES WITH MONIES RECEIVED FROM THOSE FUNDS.

8 ~~G.~~ H. The board shall consider the facilities and equipment of the
9 schools with the highest academic productivity scores, as prescribed in
10 section ~~15-2002~~ 41-5702, subsection A, paragraph ~~9~~ 6, subdivision (d),
11 and the highest parent quality ratings in the establishment of the
12 guidelines.

13 ~~H.~~ I. The ~~school facilities~~ board may consider appropriate
14 combinations of facilities or uses in ~~making assessments of~~ ASSESSING and
15 curing existing deficiencies pursuant to section ~~15-2002~~ 41-5702,
16 subsection A, paragraph 1 and in certifying plans for new school
17 facilities pursuant to section ~~15-2002~~ 41-5702, subsection ~~A~~ C, paragraph
18 ~~5~~ 2.

19 ~~I.~~ J. If the ~~school facilities~~ board makes any changes to the
20 minimum adequacy requirements prescribed in this section, the board shall
21 provide a fiscal impact statement of the effect of the proposed changes to
22 the joint committee on capital review for review.

23 ~~J.~~ K. For the purposes of this section, "student capacity" means
24 the capacity adjusted to include any additions to or deletions of space,
25 including modular or portable buildings at the school. The ~~school~~
26 ~~facilities~~ board shall determine the student capacity for each school in
27 conjunction with each school district, recognizing each school's
28 allocation of space as of July 1, 1998, to achieve the academic standards
29 prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13
30 and sections 15-701 and 15-701.01.

31 Sec. 33. Section 41-5721, Arizona Revised Statutes, as transferred
32 and renumbered, is amended to read:

33 ~~41-5721.~~ Emergency deficiencies correction fund; definition

34 A. The emergency deficiencies correction fund is established
35 consisting of monies transferred from the new school facilities fund
36 established by section ~~15-2041~~ 41-5741. The ~~school facilities board~~
37 ~~DIVISION~~ shall administer the emergency deficiencies correction fund and
38 distribute monies in accordance with the rules of the ~~school facilities~~
39 ~~board DIVISION~~ to school districts for emergency purposes. The ~~school~~
40 ~~facilities board DIVISION~~ shall not transfer monies from the new school
41 facilities fund if the ~~DIVISION, IN CONJUNCTION WITH THE SCHOOL FACILITIES~~
42 ~~OVERSIGHT BOARD, DETERMINES THAT THE~~ transfer will affect, interfere with,
43 disrupt or reduce any capital projects that the ~~school facilities~~ board
44 has approved pursuant to section ~~15-2041~~ 41-5741. The ~~school facilities~~
45 ~~board DIVISION~~ shall transfer to the emergency deficiencies correction

1 fund the amount necessary each fiscal year to fulfill the requirements of
2 this section. Within thirty days after transferring monies to the
3 emergency deficiencies correction fund, the ~~school facilities board~~
4 DIVISION shall report to the director of the joint legislative budget
5 committee and the director of the governor's office of strategic planning
6 and budgeting the amount and source of the transfer. Monies in the
7 emergency deficiencies correction fund are continuously appropriated and
8 are exempt from the provisions of section 35-190 relating to lapsing of
9 appropriations.

10 B. If the ~~school facilities board~~ DIVISION determines that there
11 are insufficient monies in the emergency deficiencies correction fund to
12 correct an emergency, the school district may correct the emergency
13 pursuant to section 15-907.

14 C. If a school district has an emergency, the school district shall
15 apply to the ~~school facilities board~~ DIVISION for funding for the
16 emergency. The school district's application shall disclose any insurance
17 or building renewal monies available to the school district to pay for the
18 emergency. BEFORE APPLYING TO THE DIVISION FOR FUNDING FOR THE EMERGENCY,
19 THE SCHOOL DISTRICT GOVERNING BOARD SHALL ISSUE AN EMERGENCY DECLARATION
20 OR RESOLUTION TO BE ELIGIBLE FOR MONIES FROM THE EMERGENCY DEFICIENCIES
21 CORRECTION FUND.

22 D. The ~~school facilities board~~ DIVISION staff shall acknowledge
23 receipt of the school district's application for emergency deficiencies
24 funding in writing within five business days after receiving the
25 application. The ~~school facilities board~~ DIVISION staff shall include in
26 the written acknowledgement of receipt to the school district any
27 investigative, study or informational requirements from the school
28 district, along with an estimated timeline to complete the requirements,
29 necessary for the ~~school facilities board~~ DIVISION staff to make a
30 ~~recommendation for~~ DECISION REGARDING funding ~~to the school facilities~~
31 ~~board~~.

32 E. THE BOARD SHALL REVIEW ALL POLICIES AND PROCEDURES THAT THE
33 DIVISION DEVELOPS TO ADMINISTER THIS SECTION.

34 ~~E.~~ F. For the purposes of this section, "emergency":

35 1. Means a serious need for materials, services or construction or
36 expenses ~~in excess of~~ THAT EXCEEDS the school district's adopted budget
37 for the current fiscal year AND that seriously threatens the functioning
38 of the school district, the preservation or protection of property or
39 public health, welfare or safety.

40 2. INCLUDES ALL OF THE FOLLOWING:

41 (a) A SITUATION THAT THREATENS LIFE SERVICES SUCH AS ADEQUATE WATER
42 SUPPLY, ENERGY AND WASTEWATER.

43 (b) A SITUATION IN WHICH A SCHOOL DISTRICT IS UNDER ORDERS FROM AN
44 AUTHORITY HAVING JURISDICTION FOR AN UNSAFE ENVIRONMENT SUCH AS THE

1 DEPARTMENT OF ENVIRONMENTAL QUALITY, THE OCCUPATIONAL SAFETY AND HEALTH
2 ADMINISTRATION OR THE STATE FIRE MARSHAL.

3 (c) THE SCHOOL DISTRICT RECEIVES A PROFESSIONAL AND CERTIFIED
4 ASSESSMENT SHOWING THAT ONE OR MORE FACILITIES OR SYSTEMS ARE STRUCTURALLY
5 UNSAFE AND DIRECTLY IMPACT THE FUNCTIONS OF THE SCHOOL DISTRICT WITH NO
6 ALTERNATIVE OPTION AVAILABLE.

7 Sec. 34. Section 41-5731, Arizona Revised Statutes, as transferred
8 and renumbered, is amended to read:

9 41-5731. Building renewal grant fund; rules; definitions

10 A. The building renewal grant fund is established consisting of
11 monies appropriated to the fund by the legislature. The ~~school facilities~~
12 ~~board~~ DIVISION shall administer the fund and distribute monies to school
13 districts for the purpose of maintaining the adequacy of existing school
14 facilities. Monies in the fund are exempt from the provisions of section
15 35-190 relating to lapsing of appropriations.

16 B. The ~~school facilities board~~ DIVISION shall distribute monies
17 from the BUILDING RENEWAL GRANT fund based on grant requests from school
18 districts to fund primary building renewal projects. Project requests
19 shall be prioritized by the ~~school facilities board~~ DIVISION, with
20 priority given to school districts that have provided routine preventive
21 maintenance on the facility. A SCHOOL DISTRICT MUST SUBMIT A PREVENTIVE
22 MAINTENANCE PLAN TO THE DIVISION TO BE ELIGIBLE TO RECEIVE MONIES FROM THE
23 BUILDING RENEWAL GRANT FUND. The ~~school facilities board~~ DIVISION shall
24 approve only projects that will be completed within twelve months, unless
25 similar projects on average take longer to complete. A GRANT ISSUED UNDER
26 THIS SECTION EXPIRES TWELVE MONTHS AFTER THE GRANT REQUEST IS APPROVED
27 UNLESS THE DIVISION ISSUES AN EXTENSION, EXCEPT THAT IF THE DIVISION
28 APPROVES A PROJECT AND DETERMINES THAT SIMILAR PROJECTS ON AVERAGE TAKE
29 LONGER THAN TWELVE MONTHS TO COMPLETE, THE DIVISION SHALL EXTEND THE GRANT
30 EXPIRATION DATE BASED ON THE AVERAGE AMOUNT OF TIME THAT SIMILAR PROJECTS
31 TAKE TO COMPLETE. THE DIVISION SHALL ESTABLISH A PROCESS BY WHICH A
32 SCHOOL DISTRICT MAY REQUEST AN EXTENSION UNDER THIS SUBSECTION. ON
33 EXPIRATION OF A GRANT, A SCHOOL DISTRICT SHALL RETURN ANY BUILDING RENEWAL
34 GRANT FUND MONIES THAT THE SCHOOL DISTRICT HAS NOT SPENT TO THE DIVISION
35 FOR DEPOSIT IN THE BUILDING RENEWAL GRANT FUND.

36 C. School districts that receive monies from the BUILDING RENEWAL
37 GRANT fund shall use these monies on projects for buildings or any part of
38 a building in the ~~school facilities board's~~ DIVISION'S database for any of
39 the following:

- 40 1. Major renovations and repairs to a building that is used for
41 student instruction or other academic purposes.
- 42 2. Upgrading systems and areas that will maintain or extend the
43 useful life of the building.
- 44 3. Infrastructure costs.

1 D. Monies received from the fund shall not be used for any of the
2 following purposes:

- 3 1. New construction.
- 4 2. Remodeling interior space for aesthetic or preferential reasons.
- 5 3. Exterior beautification.
- 6 4. Demolition.
- 7 5. Routine preventive maintenance.
- 8 6. Any project in a building, or part of a building, that is being
9 leased to another entity.

10 E. Accommodation schools are not eligible for monies from the
11 building renewal grant fund.

12 F. If the ~~school facilities board~~ DIVISION or a court of competent
13 jurisdiction determines that a school district received monies from the
14 building renewal grant fund that must be reimbursed to the ~~school~~
15 ~~facilities board~~ DIVISION due to legal action associated with improper
16 construction by a hired contractor, the school district shall reimburse
17 the ~~school facilities board~~ DIVISION an agreed-on amount for deposit into
18 the building renewal grant fund.

19 G. The ~~school facilities board~~ DIVISION shall categorize each
20 project that is eligible for monies from the building renewal grant fund
21 as either critical or noncritical. The ~~board~~ DIVISION shall adopt
22 policies and procedures to prioritize critical projects and to designate
23 critical projects as projects that immediately impact student safety or
24 building closures or that result in operational disruptions. Critical
25 projects have priority over any previously approved noncritical projects.

26 H. If the ~~school facilities board~~ DIVISION determines that
27 sufficient monies are not available for a noncritical project that the
28 ~~board~~ DIVISION has approved, the ~~board~~ DIVISION shall notify the school
29 district that submitted the project request that monies will be
30 distributed from the building renewal grant fund for the project only if
31 the legislature appropriates sufficient monies. If sufficient monies are
32 not available in the fiscal year in which the project is awarded for a
33 noncritical project, the noncritical project does not receive priority in
34 the next fiscal year.

35 I. Building renewal grants pursuant to this section shall be used
36 only for projects that serve an academic purpose.

37 J. THE DIVISION SHALL DO BOTH OF THE FOLLOWING:

38 1. IMPLEMENT POLICIES AND PROCEDURES TO REQUIRE A SCHOOL DISTRICT
39 TO REPORT THE PREVENTIVE MAINTENANCE ACTIVITIES COMPLETED DURING THE
40 PREVIOUS TWELVE MONTHS FOR THE FACILITY FOR WHICH THE MONIES ARE BEING
41 REQUESTED.

42 2. SUBMIT A MONTHLY REPORT TO THE SCHOOL FACILITIES OVERSIGHT BOARD
43 THAT DETAILS HOW MONIES FROM THE BUILDING RENEWAL GRANT FUND HAVE BEEN
44 DISTRIBUTED.

1 K. IN ADDITION TO ESTABLISHING A PROJECT ELIGIBILITY ASSESSMENT
2 UNDER SECTION 41-5702, SUBSECTION A, PARAGRAPH 5, SUBDIVISION (b), THE
3 DIVISION SHALL ADOPT RULES REGARDING BOTH OF THE FOLLOWING:

4 1. THE APPROVAL OF BUILDING RENEWAL GRANTS PURSUANT TO THIS
5 SECTION.

6 2. TIME FRAMES FOR THE DIVISION REGARDING ALL OF THE FOLLOWING WITH
7 RESPECT TO THIS SECTION:

8 (a) APPROVING OR DENYING GRANT REQUESTS FOR CRITICAL PROJECTS.

9 (b) NOTIFYING AN APPLICANT IF THE APPLICANT'S APPLICATION IS
10 INCOMPLETE.

11 (c) PROVIDING REGULAR UPDATES TO APPLICANTS REGARDING COMPLETED
12 APPLICATIONS.

13 (d) DISTRIBUTING MONIES FROM THE BUILDING RENEWAL GRANT FUND.

14 L. THE BOARD SHALL REVIEW ALL POLICIES AND PROCEDURES THAT THE
15 DIVISION DEVELOPS TO ADMINISTER THIS SECTION.

16 M. THE DIVISION MAY SPEND MONIES FROM THE FUND FOR ASSESSMENTS TO
17 DETERMINE IF A GRANT FROM THE FUND IS WARRANTED UNDER THIS SECTION.

18 ~~J.~~ N. For the purposes of this section:

19 1. "Primary building renewal projects" means projects that are
20 necessary for buildings owned by school districts that are required to
21 meet the minimum adequacy standards for student capacity and that fall
22 below the minimum school facility adequacy guidelines, as adopted by the
23 ~~school facilities~~ board pursuant to section ~~15-2011~~ 41-5711, for school
24 districts that have provided routine preventive maintenance to the school
25 facility.

26 2. "Routine preventive maintenance" means services that are
27 performed on a regular schedule at intervals ranging from four times a
28 year to once every three years, or on the schedule of services recommended
29 by the manufacturer of the specific building system or equipment, and that
30 are intended to extend the useful life of a building system and reduce the
31 need for major repairs.

32 3. "Student capacity" has the same meaning prescribed in section
33 ~~15-2011~~ 41-5711.

34 Sec. 35. Section 41-5741, Arizona Revised Statutes, as transferred
35 and renumbered, is amended to read:

36 41-5741. New school facilities fund; capital plan; reporting
37 requirements

38 A. The new school facilities fund is established consisting of
39 monies appropriated by the legislature and monies credited to the NEW
40 SCHOOL FACILITIES fund pursuant to section 37-221. The ~~school facilities~~
41 ~~board~~ DIVISION shall administer the NEW SCHOOL FACILITIES fund and, AT THE
42 DIRECTION OF THE SCHOOL FACILITIES OVERSIGHT BOARD, SHALL distribute
43 monies, as a continuing appropriation, to school districts for the purpose
44 of constructing new school facilities and for contracted expenses pursuant
45 to section ~~15-2002~~ 41-5702, subsection B, paragraphs 2, 3 and 4. ~~On June~~

1 ~~30 of each fiscal year, any unobligated contract monies in the new school~~
2 ~~facilities fund shall be transferred to the capital reserve fund~~
3 ~~established by section 15-2003.~~

4 B. The school facilities **OVERSIGHT** board shall prescribe a uniform
5 format for use by the school district governing board in developing and
6 annually updating a capital plan that consists of each of the following:

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

10 2. A description of new schools or additions to existing schools
11 needed to meet the building adequacy standards prescribed in section
12 ~~15-2011~~ 41-5711. The description shall include:

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

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

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

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

20 4. Any other necessary information required by the school
21 facilities **OVERSIGHT** board to evaluate a school district's capital plan.

22 5. If a school district pays tuition for all or a portion of the
23 school district's high school pupils to another school district, the
24 capital plan shall indicate the number of pupils for which the district
25 pays tuition to another district. If a school district accepts pupils
26 from another school district pursuant to section 15-824, subsection A, the
27 school district shall indicate the projections for this population
28 separately. This paragraph does not apply to a small isolated school
29 district as defined in section 15-901.

30 C. If the capital plan indicates a need for a new school or an
31 addition to an existing school within the next four years or a need for
32 land within the next ten years, the school district shall submit its plan
33 to the school facilities **OVERSIGHT** board on or before September 1 and
34 shall request monies from the new school facilities fund for the new
35 construction or land. The ~~school facilities~~ board may require a school
36 district to sell land that was previously purchased entirely with monies
37 provided by the ~~school facilities~~ board if the ~~school facilities~~ board
38 determines that the property is no longer needed within the ten-year
39 period specified in this subsection for a new school or no longer needed
40 within that ten-year period for an addition to an existing school. Monies
41 provided for land are in addition to any monies provided pursuant to
42 subsection D of this section.

43 D. **AT THE DIRECTION OF** the ~~school facilities~~ board, **THE DIVISION**
44 shall distribute monies from the new school facilities fund for additional
45 square footage as follows:

1 1. The ~~school facilities~~ board shall review and evaluate the
2 enrollment projections. On or before December 15 of each year, following
3 the submission of the enrollment projections, the ~~school facilities~~ board
4 shall either approve the projections as submitted or revise the
5 projections. In approving or revising the enrollment projections, the
6 ~~school facilities~~ board shall use the average daily membership data
7 available during the current school year. On request from the ~~school~~
8 ~~facilities~~ board, the department of education shall make available the
9 most recent average daily membership data for use in revising the
10 enrollment projections. In determining new construction requirements, the
11 ~~school facilities~~ board shall determine the net new growth of pupils that
12 will require additional square footage that exceeds the building adequacy
13 standards prescribed in section ~~15-2011~~ 41-5711. If the projected growth
14 and the existing number of pupils exceed three hundred fifty pupils who
15 are served in a school district other than the pupil's resident school
16 district, the ~~school facilities~~ board, the receiving school district and
17 the resident school district shall develop a capital facilities plan on
18 how to best serve those pupils. A small isolated school district as
19 defined in section 15-901 is not required to develop a capital facilities
20 plan pursuant to this paragraph.

21 2. If the average daily membership projections indicate that
22 additional space will not be needed within the next two school years in
23 order to meet the building adequacy standards prescribed in section
24 ~~15-2011~~ 41-5711, the request shall be held for consideration by the ~~school~~
25 ~~facilities~~ board for possible future funding and the school district shall
26 annually submit an updated plan until the additional space is needed.

27 3. If the average daily membership projections indicate that
28 additional space will be needed within the next two school years in order
29 to meet the building adequacy standards prescribed in section ~~15-2011~~
30 41-5711, the ~~school facilities~~ board shall provide an amount as follows:

31 (a) Determine the number of pupils requiring additional square
32 footage to meet building adequacy standards. This amount for elementary
33 schools shall not be less than the number of new pupils for whom space
34 will be needed in the next year and shall not exceed the number of new
35 pupils for whom space will be needed in the next five years. This amount
36 for middle and high schools shall not be less than the number of new
37 pupils for whom space will be needed in the next four years and shall not
38 exceed the number of new pupils for whom space will be needed in the next
39 eight years.

40 (b) Multiply the number of pupils determined in subdivision (a) of
41 this paragraph by the square footage per pupil. The square footage per
42 pupil is ninety square feet per pupil for preschool children with
43 disabilities, kindergarten programs and grades one through six, one
44 hundred square feet for grades seven and eight, one hundred thirty-four
45 square feet for a school district that provides instruction in grades nine

1 through twelve for fewer than one thousand eight hundred pupils and one
2 hundred twenty-five square feet for a school district that provides
3 instruction in grades nine through twelve for at least one thousand eight
4 hundred pupils. The total number of pupils in grades nine through twelve
5 in the district shall determine the square footage factor to use for net
6 new pupils. The ~~school facilities~~ board may modify the square footage
7 requirements prescribed in this subdivision for particular schools based
8 on any of the following factors:

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

11 (ii) Geographic factors.

12 (iii) Grade configurations other than those prescribed in this
13 subdivision.

14 (iv) Compliance with minimum school facility adequacy requirements
15 established pursuant to section ~~15-2011~~ 41-5711.

16 (c) Multiply the product obtained in subdivision (b) of this
17 paragraph by the cost per square foot. The cost per square foot is \$90
18 for preschool children with disabilities, kindergarten programs and grades
19 one through six, \$95 for grades seven and eight and \$110 for grades nine
20 through twelve. The cost per square foot shall be adjusted annually for
21 construction market considerations based on an index identified or
22 developed by the joint legislative budget committee as necessary but not
23 less than once each year. The ~~school facilities~~ board shall multiply the
24 cost per square foot by 1.05 for any school district located in a rural
25 area. The ~~school facilities~~ board may only modify the base cost per
26 square foot prescribed in this subdivision for particular schools based on
27 geographic conditions or site conditions. **ANY EXTRA MONIES RECEIVED AS A
28 RESULT OF A MODIFICATION BASED ON GEOGRAPHIC CONDITIONS OR SITE CONDITIONS
29 MAY BE USED TO ADDRESS UNFORESEEN COSTS AT ANY STAGE OF A PROJECT UNDER
30 THIS SECTION.** For the purposes of this subdivision, "rural area" means an
31 area outside a thirty-five-mile radius of a boundary of a municipality
32 with a population 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.

1 G. In addition to distributions to school districts based on pupil
2 growth projections, a school district may submit an application to the
3 ~~school facilities~~ board for monies from the new school facilities fund if
4 one or more school buildings have outlived their useful life **OR HAVE BEEN**
5 **CONDEMNED**. If the ~~school facilities~~ board determines that the school
6 district needs to build a new school building for these reasons, the
7 ~~school facilities~~ board shall remove the square footage computations that
8 represent the building from the computation of the school district's total
9 square footage for purposes of this section. If the square footage
10 recomputation reflects that the school district no longer meets building
11 adequacy standards, the school district qualifies for a distribution of
12 monies from the new school construction formula in an amount determined
13 pursuant to subsection D of this section. The ~~school facilities~~ board may
14 only modify the base cost per square foot prescribed in this subsection
15 under extraordinary circumstances for geographic factors or site
16 conditions.

17 H. School districts that receive monies from the new school
18 facilities fund shall establish a district new school facilities fund and
19 shall use the monies in the district new school facilities fund only for
20 the purposes prescribed in this section. By October 15 of each year, each
21 school district shall report to the ~~school facilities~~ board the projects
22 funded at each school in the previous fiscal year with monies from the
23 district new school facilities fund and shall provide an accounting of the
24 monies remaining in the new school facilities fund at the end of the
25 previous fiscal year.

26 I. If a school district has surplus monies received from the new
27 school facilities fund, the school district may use the surplus monies
28 only for capital purposes for the project for up to one year after
29 completion of the project. If the school district possesses surplus
30 monies from the new school construction project that have not been
31 expended within one year of the completion of the project, the school
32 district shall return the surplus monies to the ~~school facilities board~~
33 **DIVISION** for deposit in the new school facilities fund.

34 J. The board's consideration of any application filed after
35 December 31 of the year in which the property becomes territory in the
36 vicinity of a military airport or ancillary military facility as defined
37 in section 28-8461 for monies to fund the construction of new school
38 facilities proposed to be located in territory in the vicinity of a
39 military airport or ancillary military facility shall include, if after
40 notice is transmitted to the military airport pursuant to section ~~15-2002~~
41 **41-5702** and before the public hearing the military airport provides
42 comments and an analysis concerning compatibility of the proposed school
43 facilities with the high noise or accident potential generated by military
44 airport or ancillary military facility operations that may have an adverse
45 effect on public health and safety, consideration and an analysis of the

1 comments and an analysis provided by the military airport before making a
2 final determination.

3 K. If a school district uses its own project manager for new school
4 construction, the members of the school district governing board and the
5 project manager shall sign an affidavit stating that the members and the
6 project manager understand and will follow the minimum adequacy
7 requirements prescribed in section ~~15-2011~~ 41-5711.

8 L. The ~~school facilities board~~ DIVISION shall establish a separate
9 account in the new school facilities fund designated as the litigation
10 account to pay attorney fees, expert witness fees and other costs
11 associated with litigation in which the ~~school facilities~~ board pursues
12 the recovery of damages for deficiencies correction that resulted from
13 alleged construction defects or design defects that the ~~school facilities~~
14 board believes caused or contributed to a failure of the school building
15 to conform to the building adequacy requirements prescribed in section
16 ~~15-2011~~ 41-5711. Attorney fees paid pursuant to this subsection shall not
17 exceed the market rate for similar types of litigation. On or before
18 December 1 of each year, the ~~school facilities~~ board shall report to the
19 joint committee on capital review the costs associated with current and
20 potential litigation that may be paid from the litigation account.

21 M. Until the state board of education and the auditor general adopt
22 rules pursuant to section 15-213, subsection J, the ~~school facilities~~
23 board may allow school districts to contract for construction services and
24 materials through the qualified select bidders list method of project
25 delivery for new school facilities pursuant to this section.

26 N. The ~~school facilities~~ board shall submit electronically a report
27 on project management services and preconstruction services to the
28 governor, the president of the senate and the speaker of the house of
29 representatives by December 31 of each year. The report shall compare
30 projects that use project management and preconstruction services with
31 those that do not. The report shall address cost, schedule and other
32 measurable components of a construction project. School districts,
33 construction-manager-at-risk firms and project management firms that
34 participate in a ~~school facilities board funded~~ BOARD-FUNDED project shall
35 provide the information required by the ~~school facilities~~ board in
36 relation to this report.

37 O. If a school district constructs new square footage according to
38 section 15-342, paragraph 33, the ~~school facilities~~ board shall review the
39 design plans and location of any new school facility submitted by school
40 districts and another party to determine whether the design plans comply
41 with the adequacy standards prescribed in section ~~15-2011~~ 41-5711 and the
42 square footage per pupil requirements pursuant to subsection D, paragraph
43 3, subdivision (b) of this section. When the school district qualifies
44 for a distribution of monies from the new school facilities fund according
45 to this section, the ~~school facilities~~ board shall DIRECT THE DIVISION TO

1 distribute monies to the school district from the new school facilities
2 fund for the square footage constructed under section 15-342, paragraph 33
3 at the same cost per square foot established by this section that was in
4 effect at the time of the beginning of the construction of the school
5 facility. Before the ~~school facilities~~ board ~~distributes~~ **DIRECTS THE**
6 **DIVISION TO DISTRIBUTE** any monies pursuant to this subsection, the school
7 district shall demonstrate to the ~~school facilities~~ board that the
8 facilities to be funded pursuant to this section meet the minimum adequacy
9 standards prescribed in section ~~15-2011~~ 41-5711. The agreement entered
10 into pursuant to section 15-342, paragraph 33 shall set forth the
11 procedures for the allocation of these funds to the parties that
12 participated in the agreement.

13 P. Accommodation schools are not eligible for monies from the new
14 school facilities fund.

15 Q. If the ~~school facilities~~ board approves a school district for
16 funding from the new school facilities fund and the full legislative
17 appropriation is not available to the school district in the fiscal year
18 following the approval by the ~~school facilities~~ board, the school district
19 may use any legally available monies to pay for the land or the new
20 construction project approved by the ~~school facilities~~ board and may
21 reimburse the fund from which the monies were used in subsequent years
22 with legislative appropriations when those appropriations are made
23 available by this state.

24 Sec. 36. Section 41-5751, Arizona Revised Statutes, as transferred
25 and renumbered, is amended to read:

26 41-5751. Authorization of state school facilities revenue
27 bonds

28 A. The ~~school facilities~~ board may issue negotiable revenue bonds
29 pursuant to this article. If authorized by the legislature, bonds may be
30 issued under this article in a principal amount not exceeding ~~two hundred~~
31 ~~million dollars~~ \$200,000,000 in a fiscal year to:

32 1. Provide monies to pay the cost of:

33 (a) Acquiring real property and constructing new school facilities
34 as provided by section ~~15-2041~~ 41-5741.

35 (b) Bond related expenses including any expenses incurred by the
36 ~~school facilities~~ board to issue and administer its bonds including
37 underwriting fees and costs, trustee fees, financial consultant fees,
38 printing and advertising costs, paying agent fees, transfer agent fees,
39 legal, accounting, feasibility consultant and other professional fees and
40 expenses, bond insurance or other credit enhancements or liquidity
41 facilities, attorney and accounting fees and expenses related to credit
42 enhancement, bond insurance or liquidity enhancement, remarketing fees,
43 rating agency fees and costs, travel and telephone expenses and all other
44 fees considered necessary by the ~~school facilities~~ board in order to
45 market and administer the bonds.

1 2. Fully or partially fund any reserves or sinking accounts
2 established by the bond resolution.

3 B. The ~~school facilities~~ board shall authorize the bonds by
4 resolution. The resolution shall prescribe:

5 1. The fixed or variable rate or rates of interest, the date or
6 dates on which interest is payable and the denominations of the bonds.

7 2. The date or dates of the bonds and maturity, within ten years
8 after the date of issuance.

9 3. The form of the bonds.

10 4. The manner of executing the bonds.

11 5. The medium and place of payment.

12 6. The terms of redemption, which may provide for a premium for
13 early redemption.

14 C. The bonds issued pursuant to this article shall be known as
15 state school facilities revenue bonds.

16 Sec. 37. Section 41-5752, Arizona Revised Statutes, as transferred
17 and renumbered, is amended to read:

18 41-5752. Issuance and sale of revenue bonds

19 A. The ~~school facilities~~ board shall issue the bonds in the number
20 and amount provided in the resolution.

21 B. The bonds shall be sold at public or private sale at the price
22 and on the terms prescribed in the resolution at, above or below par.

23 C. The net proceeds of the sale of the bonds shall be deposited in
24 the revenue bond proceeds fund established pursuant to section ~~15-2053~~
25 41-5753.

26 Sec. 38. Section 41-5753, Arizona Revised Statutes, as transferred
27 and renumbered, is amended to read:

28 41-5753. School facilities revenue bond proceeds fund; use
29 for new school facilities

30 A. If the ~~school facilities~~ board issues revenue bonds under this
31 article, the board shall establish a school facilities revenue bond
32 proceeds fund consisting of the net proceeds received from the sale of the
33 bonds.

34 B. The ~~school facilities~~ board may use monies in the school
35 facilities revenue bond proceeds fund only for the purposes provided in
36 section ~~15-2051~~ 41-5751, subsection A. Monies in the revenue bond
37 proceeds fund are exempt from lapsing under section 35-190.

38 C. The state treasurer or bond trustee shall administer and account
39 for the school facilities revenue bond proceeds fund.

40 Sec. 39. Section 41-5754, Arizona Revised Statutes, as transferred
41 and renumbered, is amended to read:

42 41-5754. School facilities revenue bond debt service fund

43 A. The ~~school facilities~~ board shall establish a school facilities
44 revenue bond debt service fund consisting of monies transferred to the
45 fund pursuant to sections 37-521 and 42-5030.01.

1 B. Monies in the school facilities revenue bond debt service fund
2 may be used only for the purposes authorized by this article.

3 C. The state treasurer or bond trustee shall administer and account
4 for the school facilities revenue bond debt service fund.

5 Sec. 40. Section 41-5755, Arizona Revised Statutes, as transferred
6 and renumbered, is amended to read:

7 41-5755. Securing principal and interest

8 A. In connection with issuing bonds authorized by this article and
9 to secure the principal and interest on the bonds, the ~~school facilities~~
10 board by resolution may:

11 1. Segregate the school facilities revenue bond debt service fund
12 into one or more accounts and subaccounts and provide that bonds issued
13 under this article may be secured by a lien on all or part of the monies
14 paid into the school facilities revenue bond debt service fund or into any
15 account or subaccount in the fund.

16 2. Provide that the bonds issued under this article are secured by
17 a first lien on the monies paid into the school facilities revenue bond
18 debt service fund as provided by section 37-521, subsection B, paragraph 1
19 and section 42-5030.01, and pledge and assign to or in trust for the
20 benefit of the holder or holders of the bonds all or part of the monies in
21 the school facilities revenue bond debt service fund, any account or
22 subaccount in the fund or in the school facilities revenue bond proceeds
23 fund as is necessary to secure and pay the principal, the interest and any
24 premium on the bonds as they come due.

25 3. Establish priorities among bondholders based on criteria adopted
26 by the board.

27 4. Set aside, regulate and dispose of reserves and sinking
28 accounts.

29 5. Prescribe the procedure, if any, by which the terms of any
30 contract with bondholders may be amended or abrogated, the amount of bonds
31 the holders of which must consent to and the manner in which the consent
32 may be given.

33 6. Provide for payment of bond related expenses from the proceeds
34 of the sale of the bonds or other revenues authorized by this article and
35 available to the board.

36 7. Provide for the services of trustees, cotrustees, agents and
37 consultants and other specialized services with respect to the bonds.

38 8. Take any other action that in any way may affect the security
39 and protection of the bonds or interest on the bonds.

40 9. Refund any bonds issued by the board, if these bonds are secured
41 from the same source of revenues as the bonds authorized by this article,
42 by issuing new bonds.

1 10. Issue bonds partly to refund outstanding bonds and partly for
2 any other purpose consistent with this article.

3 B. Bonds issued to refund any bonds issued by the board as provided
4 by subsection A, paragraphs 9 and 10 of this section are not subject to
5 legislative authorization or the ~~two hundred million dollar limitation~~
6 ~~\$200,000,000~~ LIMIT prescribed by section ~~15-2051~~ 41-5751, subsection A.

7 Sec. 41. Section 41-5757, Arizona Revised Statutes, as transferred
8 and renumbered, is amended to read:

9 41-5757. Bond purchase; cancellation

10 The ~~school facilities~~ board may purchase bonds for cancellation out
11 of any monies available for the purchase, at a price of not more than
12 either of the following:

13 1. If the bonds are redeemable at the time of the purchase, the
14 applicable redemption price plus accrued interest to the next interest
15 payment date on the bonds.

16 2. If the bonds are not redeemable at the time of the purchase, the
17 applicable redemption price on the first date after the purchase on which
18 the bonds become subject to redemption plus accrued interest to that date.

19 Sec. 42. Section 41-5758, Arizona Revised Statutes, as transferred
20 and renumbered, is amended to read:

21 41-5758. Payment of revenue bonds

22 A. The revenue bonds shall be paid solely from monies from the
23 school facilities revenue bond debt service fund established by section
24 ~~15-2054~~ 41-5754 and other monies that are credited to the school
25 facilities revenue bond debt service fund.

26 B. The state treasurer or the paying agent for the revenue bonds
27 shall cancel all revenue bonds when paid.

28 Sec. 43. Section 41-5759, Arizona Revised Statutes, as transferred
29 and renumbered, is amended to read:

30 41-5759. Investment of monies in school facilities revenue
31 bond proceeds fund

32 A. As provided by section ~~15-2062~~ 41-5761, the ~~school facilities~~
33 board may authorize the state treasurer or bond trustee to invest monies
34 in the school facilities revenue bond proceeds fund established by section
35 ~~15-2053~~ 41-5753.

36 B. The order directing an investment shall state a specified time
37 when the proceeds from the sale of the bonds will be used. The state
38 treasurer or bond trustee shall make the investment in such a way as to
39 mature at the specified date.

40 C. All monies earned as interest or otherwise derived from the
41 investment of the monies in the school facilities revenue bond proceeds
42 fund shall be credited to the school facilities revenue bond debt service
43 fund established by section ~~15-2054~~ 41-5754.

1 Sec. 44. 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. 45. 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. 46. 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. 47. 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. 48. 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. 49. 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. 50. 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. 51. 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. 52. 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. 53. 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. 54. 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. 55. 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. 56. 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. 60. 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.

1 4. Set aside, regulate and dispose of reserves and sinking
2 accounts.

3 5. Prescribe the procedure, if any, by which the terms of any
4 contract with bondholders may be amended or abrogated, the amount of bonds
5 the holders of which must consent to and the manner in which the consent
6 may be given.

7 6. Provide for payment of bond related expenses from the proceeds
8 of the sale of the bonds or other revenues authorized by this article
9 available to the school district.

10 7. Provide for the services of trustees, cotrustees, agents and
11 consultants and other specialized services with respect to the bonds.

12 8. Take any other action that in any way may affect the security
13 and protection of the bonds or interest on the bonds.

14 9. Refund any bonds issued by the school district, if these bonds
15 are secured from the same source of revenues as the bonds authorized by
16 this article, by issuing new bonds.

17 10. Issue bonds partly to refund outstanding bonds and partly for
18 any other purpose consistent with this article.

19 Sec. 61. Section 41-5810, Arizona Revised Statutes, as transferred
20 and renumbered, is amended to read:

21 41-5810. Authorized investments of fund monies

22 A. The monies in either the impact aid revenue bond building fund
23 or debt service fund may be invested and reinvested at the direction of
24 the SCHOOL DISTRICT governing board in any of the investments authorized
25 by section ~~15-2062~~ 41-5761.

26 B. The purchase of the securities shall be made by the county
27 treasurer or the treasurer's designated agent on authority of a resolution
28 of the governing board. The county treasurer shall act as custodian of
29 all securities purchased. The securities may be sold on an order of the
30 governing board.

31 Sec. 62. Section 41-5832, Arizona Revised Statutes, as transferred
32 and renumbered, is amended to read:

33 41-5832. Indoor air quality requirements

34 A. When the ~~school facilities~~ board OR THE DIVISION approves the
35 construction of a school building, the ~~school facilities board~~ DIVISION
36 shall conduct an environmental site assessment. The ~~board~~ DIVISION shall
37 consider site assessment standards in accordance with the American society
38 for testing and materials standard E1527, standard practice for
39 environmental site assessments: phase I environmental site assessment
40 process.

41 B. The ~~school facilities~~ board OR THE DIVISION shall not approve a
42 school building project if any of the following conditions ~~exist~~ EXISTS:

43 1. The environmental site assessment indicates that the site cannot
44 meet, within reasonable expenditures, the same criteria established for
45 residential properties.

1 2. The plans incorporate flat roof construction that does not have
2 adequate pitch towards drains in order to prevent pooling of water.

3 3. The plans do not incorporate indoor air quality guidelines that
4 are acceptable to the ~~board~~ DIVISION. The ~~board~~ DIVISION shall consider
5 indoor air quality guidelines in accordance with the sheet metal and air
6 conditioning contractors national association's publication entitled
7 "indoor air quality guidelines for occupied buildings under construction".

8 C. Each school district governing board that installed or renovated
9 its HVAC system on or after ~~the effective date of this article~~ AUGUST 12,
10 2005 shall ensure that its HVAC system meets both of the following
11 requirements:

12 1. Is maintained and operated in a manner consistent with
13 ventilation standards acceptable to the ~~board~~ DIVISION. The ~~board~~
14 DIVISION shall consider ventilation standards in accordance with
15 standard 62.

16 2. Is operated continuously during school activity hours except
17 during scheduled maintenance and emergency repairs and except during
18 periods for which school officials can demonstrate to the governing
19 board's satisfaction that the quantity of outdoor air supplied by an air
20 supply system that is not mechanically driven meets the requirements for
21 air changes per hour acceptable to the board.

22 D. Each school district governing board that installed or renovated
23 its HVAC system before ~~the effective date of this article~~ AUGUST 12, 2005
24 shall ensure that its HVAC system is maintained and operated in accordance
25 with the prevailing maintenance and standards at the time of the
26 installation or renovation of the HVAC system.

27 Sec. 63. Section 41-5841, Arizona Revised Statutes, as transferred
28 and renumbered, is amended to read:

29 41-5841. Achievement district school application

30 A. The credit enhancement eligibility board established by section
31 ~~15-2152~~ 41-5852 shall establish an application process, application forms
32 and selection criteria for a public school or charter school to qualify as
33 an achievement district school for the purposes of article 11 of this
34 chapter.

35 B. A public school or charter school that meets all of the
36 following criteria is eligible to qualify as an achievement district
37 school:

38 1. Has been assigned a letter grade of A, or an equivalent
39 successor classification, pursuant to section 15-241.

40 2. Has proven instructional strategies and curricula that
41 demonstrate high academic outcomes.

42 3. Has a verifiable enrollment demand, including the placement of
43 prospective pupils on a waiting list.

1 4. Has a sound financial plan that contemplates operational costs
2 and future enrollment growth.

3 5. Has shown a commitment to provide technical assistance,
4 including business services, curriculum development and teacher training,
5 to an underperforming school in the state.

6 6. Meets any other criteria established by the credit enhancement
7 eligibility board.

8 C. The credit enhancement eligibility board shall meet regularly to
9 evaluate achievement district school applications and shall either approve
10 or deny each application submitted. The board shall report its decision
11 on each application to the public school or charter school within ten
12 business days after the board's decision.

13 D. If a school's application is approved pursuant to this section,
14 the school qualifies as an achievement district school and is eligible to
15 apply for participation in the Arizona public school credit enhancement
16 program established by section ~~15-2155~~ 41-5855.

17 Sec. 64. Section 41-5851, Arizona Revised Statutes, as transferred
18 and renumbered, is amended to read:

19 41-5851. Definitions

20 In this article, unless the context otherwise requires:

21 1. "Achievement district school" means a public school or a charter
22 school that has qualified as an achievement district school pursuant to
23 article 10 of this chapter and that has submitted an application with the
24 board pursuant to this article to obtain guaranteed financing.

25 2. "Board" means the credit enhancement eligibility board
26 established by section ~~15-2152~~ 41-5852.

27 3. "Fund" means the Arizona public school credit enhancement fund
28 established by section ~~15-2154~~ 41-5854.

29 4. "Guaranteed financing" means debt obligations that are issued by
30 or on behalf of a public school or a charter school to acquire, construct,
31 renovate, equip, refinance or improve capital facilities and for which the
32 board has approved a guarantee of all or a portion of the principal and
33 interest payments pursuant to the program.

34 5. "Program" means the Arizona public school credit enhancement
35 program established by section ~~15-2155~~ 41-5855.

36 6. "Program funding obligations" means program funding obligations
37 approved and issued by the board pursuant to section ~~15-2157~~ 41-5857.

38 7. "Program leverage ratio" means the ratio at any time between the
39 aggregate principal amount of guaranteed financings outstanding and the
40 amounts on deposit in the fund.

41 Sec. 65. Section 41-5853, Arizona Revised Statutes, as transferred
42 and renumbered, is amended to read:

43 41-5853. Powers and duties of the board

44 A. The board is a body corporate and politic and may have an
45 official seal that is judicially noticed.

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. 67. 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. 68. 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 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.

1 (b) The department of economic security monies to be used for the
2 purposes stated in title 46, chapter 1.

3 (c) The firearms safety and ranges fund established by section
4 17-273, ~~fifty thousand dollars~~ \$50,000 derived from the taxes collected
5 from the retail classification pursuant to section 42-5061 for the current
6 fiscal year.

7 E. If approved by the qualified electors voting at a statewide
8 general election, all monies collected pursuant to section 42-5010,
9 subsection G and section 42-5155, subsection D shall be distributed each
10 fiscal year pursuant to this subsection. The monies distributed pursuant
11 to this subsection are in addition to any other appropriation, transfer or
12 other allocation of public or private monies from any other source and
13 shall not supplant, replace or cause a reduction in other school district,
14 charter school, university or community college funding sources. The
15 monies shall be distributed as follows:

16 1. If there are outstanding state school facilities revenue bonds
17 pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 7, each month one-twelfth
18 of the amount that is necessary to pay the fiscal year's debt service on
19 outstanding state school improvement revenue bonds for the current fiscal
20 year shall be transferred each month to the school improvement revenue
21 bond debt service fund established by section ~~15-2084~~ 41-5784. The total
22 amount of bonds for which these monies may be allocated for the payment of
23 debt service shall not exceed a principal amount of ~~eight hundred million~~
24 ~~dollars~~ \$800,000,000 exclusive of refunding bonds and other refinancing
25 obligations.

26 2. After any transfer of monies pursuant to paragraph 1 of this
27 subsection, twelve ~~per cent~~ PERCENT of the remaining monies collected
28 during the preceding month shall be transferred to the technology and
29 research initiative fund established by section 15-1648 to be distributed
30 among the universities for the purpose of investment in technology and
31 research-based initiatives.

32 3. After the transfer of monies pursuant to paragraph 1 of this
33 subsection, three ~~per cent~~ PERCENT of the remaining monies collected
34 during the preceding month shall be transferred to the workforce
35 development account established in each community college district
36 pursuant to section 15-1472 for the purpose of investment in workforce
37 development programs.

38 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of
39 this subsection, one-twelfth of the amount a community college that is
40 owned, operated or chartered by a qualifying Indian tribe on its own
41 Indian reservation would receive pursuant to section 15-1472, subsection
42 D, paragraph 2 if it were a community college district shall be
43 distributed each month to the treasurer or other designated depository of
44 a qualifying Indian tribe. Monies distributed pursuant to this paragraph
45 are for the exclusive purpose of providing support to one or more

1 community colleges owned, operated or chartered by a qualifying Indian
2 tribe and shall be used in a manner consistent with section 15-1472,
3 subsection B. For the purposes of this paragraph, "qualifying Indian
4 tribe" has the same meaning as defined in section 42-5031.01,
5 subsection D.

6 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of
7 this subsection, one-twelfth of the following amounts shall be transferred
8 each month to the department of education for the increased cost of basic
9 state aid under section 15-971 due to added school days and associated
10 teacher salary increases enacted in 2000:

11 (a) In fiscal year 2001-2002, \$15,305,900.

12 (b) In fiscal year 2002-2003, \$31,530,100.

13 (c) In fiscal year 2003-2004, \$48,727,700.

14 (d) In fiscal year 2004-2005, \$66,957,200.

15 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
16 \$86,280,500.

17 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of
18 this subsection, ~~seven million eight hundred thousand dollars~~ \$7,800,000
19 is appropriated each fiscal year, to be paid in monthly installments, to
20 the department of education to be used for school safety as provided in
21 section 15-154 and ~~two hundred thousand dollars~~ \$200,000 is appropriated
22 each fiscal year, to be paid in monthly installments, to the department of
23 education to be used for the character education matching grant program as
24 provided in section 15-154.01.

25 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of
26 this subsection, ~~no NOT more than seven million dollars~~ \$7,000,000 may be
27 appropriated by the legislature each fiscal year to the department of
28 education to be used for accountability purposes as described in section
29 15-241 and title 15, chapter 9, article 8.

30 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of
31 this subsection, ~~one million five hundred thousand dollars~~ \$1,500,000 is
32 appropriated each fiscal year, to be paid in monthly installments, to the
33 failing schools tutoring fund established by section 15-241.

34 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of
35 this subsection, ~~twenty-five million dollars~~ \$25,000,000 shall be
36 transferred each fiscal year to the state general fund to reimburse the
37 STATE general fund for the cost of the income tax credit allowed by
38 section 43-1072.01.

39 10. After the payment of monies pursuant to paragraphs 1 through 9
40 of this subsection, the remaining monies collected during the preceding
41 month shall be transferred to the classroom site fund established by
42 section 15-977. The monies shall be allocated as follows in the manner
43 prescribed by section 15-977:

44 (a) Forty ~~per cent~~ PERCENT shall be allocated for teacher
45 compensation based on performance.

1 (b) Twenty ~~per cent~~ PERCENT shall be allocated for increases in
2 teacher base compensation and employee related expenses.

3 (c) Forty ~~per cent~~ PERCENT shall be allocated for maintenance and
4 operation purposes.

5 F. The department shall credit the remainder of the monies in the
6 transaction privilege and severance tax clearing account to the state
7 general fund, subject to any distribution required by section 42-5030.01.

8 G. Notwithstanding subsection D of this section, if a court of
9 competent jurisdiction finally determines that tax monies distributed
10 under this section were illegally collected under this article or articles
11 5 and 8 of this chapter and orders the monies to be refunded to the
12 taxpayer, the department shall compute the amount of such monies that was
13 distributed to each city, town and county under this section. Each
14 city's, town's and county's proportionate share of the costs shall be
15 based on the amount of the original tax payment each municipality and
16 county received. Each month the state treasurer shall reduce the amount
17 otherwise distributable to the city, town and county under this section by
18 ~~one thirty-sixth~~ 1/36 of the total amount to be recovered from the city,
19 town or county until the total amount has been recovered, but the monthly
20 reduction for any city, town or county shall not exceed ten percent of the
21 full monthly distribution to that entity. The reduction shall begin for
22 the first calendar month after the final disposition of the case and shall
23 continue until the total amount, including interest and costs, has been
24 recovered.

25 H. On receiving a certificate of default from the greater Arizona
26 development authority pursuant to section 41-2257 or 41-2258 and to the
27 extent not otherwise expressly prohibited by law, the state treasurer
28 shall withhold from the next succeeding distribution of monies pursuant to
29 this section due to the defaulting political subdivision the amount
30 specified in the certificate of default and immediately deposit the amount
31 withheld in the greater Arizona development authority revolving fund. The
32 state treasurer shall continue to withhold and deposit the monies until
33 the greater Arizona development authority certifies to the state treasurer
34 that the default has been cured. In no event may the state treasurer
35 withhold any amount that the defaulting political subdivision certifies to
36 the state treasurer and the authority as being necessary to make any
37 required deposits then due for the payment of principal and interest on
38 bonds of the political subdivision that were issued before the date of the
39 loan repayment agreement or bonds and that have been secured by a pledge
40 of distributions made pursuant to this section.

41 I. Except as provided by sections 42-5033 and 42-5033.01, the
42 population of a county, city or town as determined by the most recent
43 United States decennial census plus any revisions to the decennial census
44 certified by the United States bureau of the census shall be used as the
45 basis for apportioning monies pursuant to subsection D of this section.

1 J. Except as otherwise provided by this subsection, on notice from
2 the department of revenue pursuant to section 42-6010, subsection B, the
3 state treasurer shall withhold from the distribution of monies pursuant to
4 this section to the affected city or town the amount of the penalty for
5 business location municipal tax incentives provided by the city or town to
6 a business entity that locates a retail business facility in the city or
7 town. The state treasurer shall continue to withhold monies pursuant to
8 this subsection until the entire amount of the penalty has been withheld.
9 The state treasurer shall credit any monies withheld pursuant to this
10 subsection to the state general fund as provided by subsection D,
11 paragraph 4 of this section. The state treasurer shall not withhold any
12 amount that the city or town certifies to the department of revenue and
13 the state treasurer as being necessary to make any required deposits or
14 payments for debt service on bonds or other long-term obligations of the
15 city or town that were issued or incurred before the location incentives
16 provided by the city or town.

17 K. On notice from the auditor general pursuant to section 9-626,
18 subsection D, the state treasurer shall withhold from the distribution of
19 monies pursuant to this section to the affected city the amount computed
20 pursuant to section 9-626, subsection D. The state treasurer shall
21 continue to withhold monies pursuant to this subsection until the entire
22 amount specified in the notice has been withheld. The state treasurer
23 shall credit any monies withheld pursuant to this subsection to the state
24 general fund as provided by subsection D, paragraph 4 of this section.

25 L. Except as otherwise provided by this subsection, on notice from
26 the attorney general pursuant to section 41-194.01, subsection B,
27 paragraph 1 that an ordinance, regulation, order or other official action
28 adopted or taken by the governing body of a county, city or town violates
29 state law or the Constitution of Arizona, the state treasurer shall
30 withhold the distribution of monies pursuant to this section to the
31 affected county, city or town and shall continue to withhold monies
32 pursuant to this subsection until the attorney general certifies to the
33 state treasurer that the violation has been resolved. The state treasurer
34 shall redistribute the monies withheld pursuant to this subsection among
35 all other counties, cities and towns in proportion to their population as
36 provided by subsection D of this section. The state treasurer shall not
37 withhold any amount that the county, city or town certifies to the
38 attorney general and the state treasurer as being necessary to make any
39 required deposits or payments for debt service on bonds or other long-term
40 obligations of the county, city or town that were issued or incurred
41 before committing the violation.

42 M. For the purposes of this section, "community college district"
43 means a community college district that is established pursuant to
44 sections 15-1402 and 15-1403 and that is a political subdivision of this

1 state and, unless otherwise specified, includes a community college
2 tuition financing district established pursuant to section 15-1409.

3 Sec. 70. Section 42-5030.01, Arizona Revised Statutes, is amended
4 to read:

5 42-5030.01. Distribution of revenues for school facilities

6 From and after June 30, 1999, if there are outstanding state school
7 facilities revenue bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article
8 6, and if the amount of monies available under section 37-521, subsection
9 B, paragraph 1 is insufficient to pay the debt service due on the
10 outstanding bonds in that fiscal year, the state treasurer shall transfer
11 to the state school facilities revenue bond debt service fund established
12 pursuant to section ~~15-2054~~ 41-5754 the amount that is necessary to pay
13 the debt service due in that fiscal year on the outstanding bonds from
14 state general fund revenues that were collected pursuant to this chapter.

15 Sec. 71. Section 43-1089.02, Arizona Revised Statutes, is amended
16 to read:

17 43-1089.02. Credit for donation of school site

18 A. A credit is allowed against the taxes imposed by this title in
19 the amount of thirty percent of the value of real property and
20 improvements donated by the taxpayer to a school district or a charter
21 school for use as a school or as a site for the construction of a school.

22 B. To qualify for the credit:

23 1. The real property and improvements must be located in this
24 state.

25 2. The real property and improvements must be conveyed unencumbered
26 and in fee simple, except that:

27 (a) The conveyance must include as a deed restriction and
28 protective covenant running with title to the land the requirement that as
29 long as the donee holds title to the property the property shall only be
30 used as a school or as a site for the construction of a school, subject to
31 subsection I or J of this section.

32 (b) In the case of a donation to a charter school, the donor shall
33 record a lien on the property as provided by subsection J, paragraph 3 of
34 this section.

35 3. The conveyance shall not violate section 15-341, subsection D or
36 section 15-183, subsection U.

37 C. For the purposes of this section, the value of the donated
38 property is the property's fair market value as determined in an appraisal
39 as defined in section 32-3601 that is conducted by an independent party
40 and that is paid for by the donee.

41 D. If the property is donated by co-owners, including individual
42 partners in a partnership, each donor may claim only the pro rata share of
43 the allowable credit under this section based on the ownership
44 interest. If the property is donated by a husband and wife who file
45 separate returns for a taxable year in which they could have filed a joint

1 return, they may determine between them the share of the credit each will
2 claim. The total of the credits allowed all co-owner donors may not
3 exceed the allowable credit.

4 E. If the allowable tax credit exceeds the taxes otherwise due
5 under this title on the claimant's income, or if there are no taxes due
6 under this title, the taxpayer may carry the amount of the claim not used
7 to offset the taxes under this title forward for not more than five
8 consecutive taxable years' income tax liability.

9 F. The credit under this section is in lieu of any deduction
10 pursuant to section 170 of the internal revenue code taken for state tax
11 purposes.

12 G. On written request by the donee, the donor shall disclose in
13 writing to the donee the amount of the credit allowed pursuant to this
14 section with respect to the property received by the donee.

15 H. A school district or charter school may refuse the donation of
16 any property for purposes of this section.

17 I. If the donee is a school district:

18 1. The district shall notify the ~~board established by section 15-2001~~ **DIVISION OF** school facilities
19 ~~board~~ **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

1 (b) Notify the sponsor by certified mail, and the sponsor shall
2 notify the state treasurer, in the event of the charter school's financial
3 failure or if the charter school:

4 (i) Fails to establish a charter school on the property within
5 forty-eight months after the conveyance is recorded.

6 (ii) Fails to provide instruction to pupils on the property within
7 forty-eight months after the conveyance is recorded.

8 (iii) Establishes a charter school on the property but subsequently
9 ceases to operate the charter school on the property for twenty-four
10 consecutive months or fails to provide instruction to pupils on the
11 property for twenty-four consecutive months.

12 2. The charter school, or a successor in interest, shall pay to the
13 state treasurer the amount of the credit allowed under this section, or if
14 that amount is unknown, the amount of the allowable credit under this
15 section, if any of the circumstances listed in paragraph 1, subdivision
16 (b) of this subsection occurs. If the amount is not paid within one year
17 after the treasurer receives notice under paragraph 1, subdivision (b) of
18 this subsection, a penalty and interest shall be added, determined
19 pursuant to title 42, chapter 1, article 3.

20 3. A tax credit under this section constitutes a lien on the
21 property, which the donor must record along with the title to the property
22 to qualify for the credit. The amount of the lien is the amount of the
23 allowable credit under this section, adjusted according to the average
24 change in the GDP price deflator, as defined in section 41-563, for each
25 calendar year since the donation, but not exceeding twelve and one-half
26 percent more than the allowable credit. The lien is subordinate to any
27 liens securing the financing of the school construction. The lien is
28 extinguished on the earliest of the following:

29 (a) Ten years after the lien is recorded. After that date, the
30 charter school, or a successor in interest, may request the state
31 treasurer to release the lien.

32 (b) On payment to the state treasurer by the donee charter school,
33 or by a successor in interest, of the amount of the allowable credit under
34 this section, either voluntarily or as required by paragraph 2 of this
35 subsection. After the required amount is paid, the charter school or
36 successor in interest may request the state treasurer to release the lien.

37 (c) On conveyance of fee simple title to the property to a school
38 district.

39 (d) On enforcement and satisfaction of the lien pursuant to
40 paragraph 4 of this subsection.

41 4. The state treasurer shall enforce the lien by foreclosure within
42 one year after receiving notice of any of the circumstances described in
43 paragraph 1, subdivision (b) of this subsection.

44 5. Subject to paragraphs 3 and 4 of this subsection, the charter
45 school may sell any donated property.

1 Sec. 72. Terms of school facilities board members

2 Notwithstanding section 41-5701.02, Arizona Revised Statutes, as
3 transferred, renumbered and amended by this act, a person who is serving
4 as a member of the school facilities board on the effective date of this
5 act is eligible to continue to serve as a member of the school facilities
6 oversight board until expiration of the current term of office.

7 Sec. 73. Succession

8 A. As provided by this act, the school facilities oversight board
9 within the school facilities division within the department of
10 administration and the school facilities division within the department of
11 administration succeed to the authority, powers, duties and
12 responsibilities of the school facilities board as provided in this act.

13 B. This act does not alter the effect of any actions that were
14 taken or impair the valid obligations of the school facilities board in
15 existence before the effective date of this act.

16 C. Administrative rules and orders that were adopted by the school
17 facilities board continue in effect until superseded by administrative
18 action by the school facilities oversight board or the school facilities
19 division within the department of administration as provided in this act.

20 D. All administrative matters, contracts and judicial and
21 quasi-judicial actions, whether completed, pending or in process, of the
22 school facilities board on the effective date of this act are transferred
23 to and retain the same status with the school facilities oversight board
24 or the school facilities division within the department of administration
25 as provided in this act.

26 E. All certificates, licenses, registrations, permits and other
27 indicia of qualification and authority that were issued by the school
28 facilities board retain their validity for the duration of their terms of
29 validity as provided by law.

30 F. All equipment, records, furnishings and other property, all data
31 and investigative findings, all obligations and all appropriated monies
32 that remain unexpended and unencumbered on the effective date of this act
33 of the school facilities board are transferred to the school facilities
34 oversight board or the school facilities division within the department of
35 administration as provided in this act.

36 G. All personnel who are under the state personnel system and
37 employed by the school facilities board are transferred to comparable
38 positions and pay classifications in the respective administrative units
39 of the school facilities oversight board on the effective date of this
40 act.

41 Sec. 74. Requirements for enactment: three-fourths vote

42 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
43 section 42-5029, Arizona Revised Statutes, as amended by this act, is
44 effective only on the affirmative vote of at least three-fourths of the
45 members of each house of the legislature.