

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

Senate Engrossed

K-12 education; budget reconciliation; 2021-2022

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SENATE BILL 1826

AN ACT

AMENDING SECTIONS 5-568, 15-119, 15-181 AND 15-185, ARIZONA REVISED STATUTES; AMENDING SECTION 15-203, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 2; AMENDING SECTIONS 15-213.01 AND 15-213.03, ARIZONA REVISED STATUTES; REPEALING SECTION 15-240, ARIZONA REVISED STATUTES; AMENDING SECTION 15-251, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 3; AMENDING SECTION 15-341, ARIZONA REVISED STATUTES; AMENDING SECTION 15-342, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 3, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-342.05; AMENDING SECTION 15-350, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 4; AMENDING SECTIONS 15-393, 15-393.01, 15-481 AND 15-491, ARIZONA REVISED STATUTES; AMENDING SECTION 15-505, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2021, CHAPTER 2, SECTION 5; AMENDING SECTION 15-512, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 6; AMENDING SECTION 15-514, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 2, SECTION 7; AMENDING TITLE 15, CHAPTER 7, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-711.01 AND 15-717.02; AMENDING SECTION 15-746, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 7, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-747; AMENDING SECTIONS 15-774, 15-816, 15-816.01 AND 15-901, ARIZONA REVISED STATUTES; AMENDING SECTION 15-901.08, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2021, CHAPTER 299, SECTION 4; AMENDING SECTIONS 15-907 AND 15-911, ARIZONA REVISED STATUTES;

AMENDING TITLE 15, CHAPTER 9, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-924; AMENDING SECTIONS 15-943, 15-945, 15-964, 15-973, 15-995, 15-996, 15-1021, 15-1043 AND 15-1107, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 10, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 13; AMENDING TITLE 15, CHAPTER 10.1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1286; AMENDING SECTION 15-1304, ARIZONA REVISED STATUTES; REPEALING SECTION 15-2003, ARIZONA REVISED STATUTES; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTIONS 15-2401, 15-2402, 15-2403, 35-185.01, 35-212, 35-313, 37-221, 37-521, 41-1092.02, 41-1276, 41-1750, 41-2632, 41-3022.18 AND 41-3026.01, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 56, ARTICLE 1, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED, BY ADDING SECTIONS 41-5701 AND 41-5701.01; AMENDING SECTIONS 41-5701.02, 41-5702, 41-5703, 41-5704, 41-5705, 41-5711, 41-5721, 41-5731, 41-5741, 41-5751, 41-5752, 41-5753, 41-5754, 41-5755, 41-5757, 41-5758, 41-5759, 41-5760, 41-5761, 41-5763, 41-5764, 41-5781, 41-5782, 41-5783, 41-5784, 41-5785, 41-5787, 41-5788, 41-5789, 41-5790, 41-5791, 41-5793, 41-5794, 41-5805, 41-5810, 41-5832, 41-5841, 41-5851, 41-5853, 41-5854, 41-5857 AND 41-5858, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS ~~42-5029,~~ 42-5030.01 AND 43-1089.02, ARIZONA REVISED STATUTES; AMENDING LAWS 2020, CHAPTER 26, SECTION 1; APPROPRIATING MONIES; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-568, Arizona Revised Statutes, is amended to
3 read:

4 5-568. Disposition of unclaimed prize money

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

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

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

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

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

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

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

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

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

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

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

36 E. For the purposes of this section:

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

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

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

43 15-181. Charter schools; purpose; scope

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 15-203. Powers and duties; definition

4 A. The state board of education shall:

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

8 2. Keep a record of its proceedings.

9 3. Make rules for its own government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44 25. Develop and maintain a handbook for use in the schools of this
45 state that provides guidance for the teaching of moral, civic and ethical

1 education. The handbook shall promote existing curriculum frameworks and
2 shall encourage school districts to recognize moral, civic and ethical
3 values within instructional and programmatic educational development
4 programs for the general purpose of instilling character and ethical
5 principles in pupils in kindergarten programs and grades one through
6 twelve.

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

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

18 27. Adopt rules that provide for certification reciprocity pursuant
19 to section 15-501.01.

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

23 (a) Currently resides in this state.

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

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

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

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

1 service. For the purposes of this paragraph, "community service" may
2 include service learning. The guidelines shall include the following:

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

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

7 (c) A consideration of risk assessment for community service
8 projects.

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

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

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

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

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

35 (i) The transfer of student records.

36 (ii) Awarding credit for completed coursework.

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

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

43 33. Adopt guidelines that school district governing boards shall
44 use in identifying pupils who are eligible for gifted programs and in
45 providing gifted education programs and services. The state board of

1 education shall adopt any other guidelines and rules that it deems
2 necessary in order to carry out the purposes of chapter 7, article 4.1 of
3 this title.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (b) Requirements for school districts and charter schools that
38 elect to administer inhalers to designate at least two employees at each
39 school to be trained in the recognition of respiratory distress symptoms
40 and the procedures to follow when respiratory distress occurs, in
41 accordance with good clinical practice, and at least two employees at each
42 school to be trained in the administration of inhalers, as directed on the
43 prescription protocol.

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

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

6 (e) Procedures for notifying a parent once an inhaler has been
7 administered.

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

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

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

25 B. The state board of education may:

26 1. Contract.

27 2. Sue and be sued.

28 3. Distribute and score the tests prescribed in chapter 7, article
29 3 of this title.

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

40 5. Proceed with the disposal of any complaint requesting
41 disciplinary action against a noncertificated person after the board has
42 imposed disciplinary action pursuant to section 15-505 or AGAINST a person
43 holding a certificate as prescribed in subsection A, paragraph 14 of this
44 section after the suspension or expiration of the certificate or surrender
45 of the certificate by the holder.

1 6. Assess costs and reasonable attorney fees against a person who
2 files a frivolous complaint or who files a complaint in bad faith. Costs
3 assessed pursuant to this paragraph shall not exceed the expenses incurred
4 by the ~~department~~ STATE BOARD of education in the investigation of the
5 complaint.

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

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

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

18 15-213.01. Procurement practices; guaranteed energy cost
19 savings contracts; definitions

20 A. Notwithstanding section 15-213, subsection A, a school district
21 may contract for the procurement of a guaranteed energy cost savings
22 contract with a qualified provider through a competitive sealed proposal
23 process as provided by the procurement practices adopted by the state
24 board of education.

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

34 C. The school district shall use objective criteria in selecting
35 the qualified provider, including the cost of the contract, the energy
36 cost savings, the net projected energy savings, the quality of the
37 technical approach, the quality of the project management plan, the
38 financial solvency of the qualified provider and the experience of the
39 qualified provider with projects of similar size and scope. The school
40 district shall set forth each criterion with its respective numerical
41 weighting in the request for proposal.

42 D. In selecting a contractor to perform any construction work
43 related to performing the guaranteed energy cost savings contract, the
44 qualified provider may develop and use a prequalification process for
45 contractors. These prequalifications may require the contractor to

1 demonstrate that the contractor is adequately bonded to perform the work
2 and that the contractor has not failed to perform on a prior job.

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

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

- 19 1. Changes in utility rates.
- 20 2. Changes in the number of days in the utility billing cycle.
- 21 3. Changes in the square footage of the facility.
- 22 4. Changes in the operational schedule of the facility.
- 23 5. Changes in facility temperature.
- 24 6. Significant changes in the weather.
- 25 7. Significant changes in the amount of equipment or lighting used
26 in the facility.
- 27 8. Significant changes in the nature or intensity of energy use,
28 such as the change of classroom space to laboratory space.

29 G. The information to develop the energy baseline shall be derived
30 from historical energy costs or actual energy measurements or shall be
31 calculated from energy measurements at the facility where energy cost
32 savings measures are to be installed or implemented. The baseline shall
33 be established before the installation or implementation of energy cost
34 savings measures.

35 H. At the qualified provider's expense, the proposal shall include
36 an independent third-party validation of cost savings calculations
37 associated with each proposed energy cost savings measure by a licensed,
38 registered professional engineer, with credentials from the national
39 association of energy engineers, who has demonstrated experience in energy
40 analysis. The school district must approve the selection of the
41 credentialed engineer.

42 I. A school district, or two or more school districts, may enter
43 into a financing agreement with a qualified provider or the financial
44 institution, trustee or paying agent for the purchase and installation or
45 implementation of energy cost savings measures. The guaranteed energy

1 cost savings contract may provide for payments over a period of not more
2 than the expected life, according to the manufacturer's equipment
3 standards, of the energy cost savings measures implemented, the term of
4 the financial agreement or twenty-five years, whichever is shortest. The
5 contract shall provide that all payments, except obligations on
6 termination of the contract before its expiration, shall be made pursuant
7 to the terms of the financing agreement. If a school district purchases
8 the energy cost savings measure, the qualified provider shall guarantee
9 that the energy cost savings meet or exceed the school district's total
10 cost of the energy savings project purchase.

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

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

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

23 3. Use the international performance and measurement and
24 verification protocol standards or the federal energy management program
25 standards to validate the savings guarantee.

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

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

32 M. The qualified provider is required to make public the
33 information in the subcontractor's bids only if the qualified provider is
34 awarded the guaranteed energy cost savings contract by the school
35 district.

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

- 38 1. The name of the project.
- 39 2. The name of the qualified provider.
- 40 3. The total cost of the project.
- 41 4. The expected energy cost savings and relevant escalators.
- 42 5. The agreed-on baseline in the measurement and verification
- 43 agreement in both kilowatt hours and dollars.

44 O. This section does not apply to the construction of new
45 buildings.

1 P. A school district may use a simplified energy performance
2 contract for projects that are less than ~~five hundred thousand dollars~~
3 **\$500,000**. Simplified energy performance contracts are not required to
4 include an energy savings guarantee and shall comply with all requirements
5 in this section except for the requirements that are specifically related
6 to the energy savings guarantee and the measurement and verification of
7 the guaranteed savings.

8 Q. For the purposes of this section:

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

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

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

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

23 (b) Storm windows or doors, caulking or weather stripping,
24 multiglazed windows or door systems, additional glazing, reductions in
25 glass area, or other window and door system modifications that reduce
26 energy consumption.

27 (c) Automated or computerized energy control systems.

28 (d) Heating, ventilating or air conditioning system modifications
29 or replacements, including geothermal.

30 (e) Replacing or modifying lighting fixtures to increase the energy
31 efficiency of the lighting system without increasing the overall
32 illumination of a facility unless an increase in illumination is necessary
33 to conform to the applicable state or local building code for the lighting
34 system after the proposed modifications are made.

35 (f) Indoor air quality improvements to increase air quality that
36 conform to the applicable state or local building code requirements.

37 (g) Energy recovery systems.

38 (h) Installing a new or retrofitting an existing day lighting
39 system.

40 (i) Procurement of low-cost utility supplies of all types,
41 including electricity, natural gas, propane and water.

42 (j) Devices that reduce water consumption and water costs or that
43 reduce sewer charges.

44 (k) Rainwater harvesting systems.

45 (l) Combined heat and power systems.

1 (m) Renewable and alternative energy projects and renewable energy
2 power service agreements.

3 (n) Self-generation systems.

4 (o) Any additional building systems and infrastructure that produce
5 energy, or that provide utility cost savings not specifically mentioned in
6 this paragraph, if the improvements meet the life-cycle cost requirement
7 and enhance building system performance or occupant comfort and safety,
8 excluding those systems that fall under section 15-213.02.

9 (p) Geothermal.

10 4. "Guaranteed energy cost savings contract" means a contract for
11 implementing one or more energy cost savings measures.

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

19 6. "Qualified provider" means a person or a business that is
20 experienced in designing, implementing or installing energy cost savings
21 measures, that has a record of established projects or measures of similar
22 size and scope, that has demonstrated technical, operational, financial
23 and managerial capabilities to design and operate energy cost savings
24 measures and projects and that has the financial ability to satisfy
25 guarantees for energy cost savings.

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

28 15-213.03. Procurement practices; guaranteed energy
29 production contracts; definitions

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

35 B. The school district shall use objective criteria in selecting
36 the qualified provider, including the guaranteed energy price, the
37 guaranteed energy production, the quality of the technical approach, the
38 quality of the project management plan, the financial solvency of the
39 qualified provider and the experience of the qualified provider with
40 projects of similar size and scope. The school district shall set forth
41 each criterion with its respective numerical weighting in the request for
42 proposal.

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

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

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

20 1. Prepare a measurement and verification report on an annual basis
21 in addition to an annual reconciliation of any guaranteed energy
22 production shortfall.

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

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

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

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

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

- 40 1. The name of the project.
- 41 2. The **NAME OF THE** qualified provider.
- 42 3. The total cost of the project.
- 43 4. The expected guaranteed energy production and guaranteed energy
44 price, including relevant escalators, if applicable, over the term of the
45 guaranteed energy production contract.

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

5 K. For the purposes of this section:

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

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

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

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

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

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

29 7. "Guaranteed energy production contract" means a contract for
30 implementing one or more energy production measures between one or more
31 qualified providers and a school district.

32 8. "Guaranteed energy production shortfall" means the amount, if
33 any, that the actual energy production is less than the guaranteed energy
34 production in any given year.

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

42 Sec. 8. Repeal

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

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

3 15-251. Powers and duties

4 The superintendent of public instruction shall:

5 1. Superintend the schools of this state.

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

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

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

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

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

24 ~~7.~~ 6. Provide information to the state board of education related
25 to the powers and duties set forth in section 15-203.

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

28 15-341. General powers and duties; immunity; delegation

29 A. The governing board shall:

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

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

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

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

1 5. Prescribe the curricula and criteria for the promotion and
2 graduation of pupils as provided in sections 15-701 and 15-701.01.

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

5 7. Construct school buildings on approval by a vote of the district
6 electors.

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

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

16 10. Construct, improve and furnish buildings used for school
17 purposes when such buildings or premises are leased from the national park
18 service.

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

22 12. Hold pupils to strict account for disorderly conduct on school
23 property.

24 13. Discipline students for disorderly conduct on the way to and
25 from school.

26 14. Except as provided in section 15-1224, deposit all monies
27 received by the district as gifts, grants and devises with the county
28 treasurer who shall credit the deposits as designated in the uniform
29 system of financial records. If not inconsistent with the terms of the
30 gifts, grants and devises given, any balance remaining after expenditures
31 for the intended purpose of the monies have been made shall be used for
32 reduction of school district taxes for the budget year, except that in the
33 case of accommodation schools the county treasurer shall carry the balance
34 forward for use by the county school superintendent for accommodation
35 schools for the budget year.

36 15. Provide that, if a parent or legal guardian chooses not to
37 accept a decision of the teacher as provided in paragraph 42 of this
38 subsection, the parent or legal guardian may request in writing that the
39 governing board review the teacher's decision. This paragraph does not
40 release school districts from any liability relating to a child's
41 promotion or retention.

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

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

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

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

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

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

32 22. Prescribe and enforce policies and procedures for disciplinary
33 action against an administrator who engages in conduct that is a violation
34 of the policies of the governing board regarding duties of administrators
35 but that is not cause for dismissal of the administrator or for revocation
36 of the certificate of the administrator. Disciplinary action may include
37 suspension without pay for a period of time not to exceed ten school days.
38 Disciplinary action shall not include suspension with pay or suspension
39 without pay for a period of time longer than ten school days. The
40 procedures shall include notice, hearing and appeal provisions for
41 violations that are cause for disciplinary action. The governing board
42 may designate a person or persons to act on behalf of the board on these
43 matters. For violations that are cause for dismissal, the provisions of
44 notice, hearing and appeal in chapter 5, article 3 of this title shall
45 apply. The filing of a timely request for a hearing suspends the

1 imposition of a suspension without pay or a dismissal pending completion
2 of the hearing.

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

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

11 (a) The provision of water.

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

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

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

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

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

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

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

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

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

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

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

37 33. Incorporate instruction on Native American history into
38 appropriate existing curricula.

39 34. Prescribe and enforce policies and procedures:

40 (a) Allowing pupils who have been diagnosed with anaphylaxis by a
41 health care provider licensed pursuant to title 32, chapter 13, 14, 17 or
42 25 or by a registered nurse practitioner licensed and certified pursuant
43 to title 32, chapter 15 to carry and self-administer emergency
44 medications, including epinephrine auto-injectors, while at school and at
45 school-sponsored activities. The pupil's name on the prescription label

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

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

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

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

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

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

43 (c) A requirement that, at the beginning of each school year,
44 school officials provide all pupils with a written copy of the rights,

1 protections and support services available to a pupil who is an alleged
2 victim of an incident reported pursuant to this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (d) Describe both of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 **15-342. Discretionary powers**

17 The governing board may:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 22. Require students to wear uniforms.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 15-342.05. Face coverings; requirement prohibition

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

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

10 15-350. Investigation of immoral or unprofessional conduct:
11 confidentiality; definition

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

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

26 1. Any school or school district that currently employs the
27 certificated or noncertificated person.

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

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

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

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

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

43 D. An investigator who is regularly employed and paid by the
44 ~~department~~ STATE BOARD of education has the authority to access criminal

1 history records and criminal history record information, as defined in
2 section 41-1750, from law enforcement agencies.

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

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

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

12 15-393. Career technical education district governing board;
13 report; definitions

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

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

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

44 3. A person who is a registered voter of this state and who is a
45 resident of the single member district is eligible for election to the

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

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

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

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

- 32 1. Chapter 1, articles 1 through 6.
- 33 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 34 3. Articles 2, 3 and 5 of this chapter.
- 35 4. Section 15-361.
- 36 5. Chapter 4, articles 1, 2 and 5.
- 37 6. Chapter 5, articles 1 and 3.
- 38 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728,
 39 15-729 and 15-730.
- 40 8. Chapter 7, article 5.
- 41 9. Chapter 8, articles 1, 3 and 4.
- 42 10. Sections 15-828 and 15-829.
- 43 11. Chapter 9, article 1, article 6, except for section 15-995, and
 44 article 7.
- 45 12. Sections 15-941, 15-943.01, 15-952, 15-953 and 15-973.

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

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

3 D. Notwithstanding subsection C of this section, the following
4 apply to a career technical education district:

5 1. A career technical education district may issue bonds for the
6 purposes specified in section 15-1021 and in chapter 4, article 5 of this
7 title to an amount in the aggregate, including the existing indebtedness,
8 not exceeding one percent of the net assessed value of the full cash value
9 of the property within the career technical education district. For the
10 purposes of this paragraph, "full cash value" and "net assessed value"
11 have the same meanings prescribed in section 42-11001.

12 2. The number of governing board members for a career technical
13 education district shall be as prescribed in subsection A of this section.

14 3. The student count for the first year of operation of a career
15 technical education district as provided in this article shall be
16 determined as follows:

17 (a) Determine the estimated student count for career technical
18 education district classes that will operate in the first year of
19 operation. This estimate shall be based on actual registration of pupils
20 as of March 30 scheduled to attend classes that will be operated by the
21 career technical education district. The student count for the school
22 district of residence of the pupils registered at the career technical
23 education district shall be adjusted. The adjustment shall cause the
24 school district of residence to reduce the student count for the pupil to
25 reflect the courses to be taken at the career technical education
26 district. The school district of residence shall review and approve the
27 adjustment of its own student count as provided in this subdivision before
28 the pupils from the school district can be added to the student count of
29 the career technical education district.

30 (b) The student count for the new career technical education
31 district shall be the student count as determined in subdivision (a) of
32 this paragraph.

33 (c) For the first year of operation, the career technical education
34 district shall revise the student count to the actual average daily
35 membership as prescribed in section 15-901, subsection A, paragraph 1 for
36 students attending classes in the career technical education district. A
37 career technical education district shall revise its student count, the
38 base support level as provided in section 15-943.02, the revenue control
39 limit as provided in section 15-944.01 and the district additional
40 assistance as provided in section 15-962.01 before May 15. A career
41 technical education district that overestimated its student count shall
42 revise its budget before May 15. A career technical education district
43 that underestimated its student count may revise its budget before May 15.

44 (d) After March 15 of the first year of operation, the school
45 district of residence shall adjust its student count by reducing it to

reflect the courses actually taken at the career technical education district. The school district of residence shall revise its student count, the base support level as provided in section 15-943, the revenue control limit as provided in section 15-944 and the district additional assistance as provided in section 15-962.01 prior to May 15. A district that underestimated the student count for students attending the career technical education district shall revise its budget before May 15. A district that overestimated the student count for students attending the career technical education district may revise its budget before May 15.

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

~~(f) Pupils in an approved career technical education district centralized program may generate an average daily membership of 1.0 during any day of the week and at any time between July 1 and June 30 of each fiscal year.~~ For the purposes of this paragraph, "school district of residence" means the school district that included the pupil in its average daily membership for the year before the first year of operation of the career technical education district and that would have included the pupil in its student count for the purposes of computing its base support level for the fiscal year of the first year of operation of the career technical education district if the pupil had not enrolled in the career technical education district.

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

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

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

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

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

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

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

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

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

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

41 E. The career technical education board shall appoint a
42 superintendent as the executive officer of the career technical education
43 district.

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

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

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

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

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

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

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

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

42 2. The accountability provisions of the intergovernmental agreement
43 or other written contract.

1 3. The responsibilities of each career technical education
2 district, each school district, each charter school and each community
3 college district that is a party to the intergovernmental agreement or
4 other written contract.

5 4. The type of instruction that will be provided under the
6 intergovernmental agreement or other written contract, including
7 individualized education programs pursuant to section 15-763.

8 5. The quality of the instruction that will be provided under the
9 intergovernmental agreement or other written contract.

10 6. The transportation services that will be provided under the
11 intergovernmental agreement or other written contract and the manner in
12 which transportation costs will be paid.

13 7. The amount that the career technical education district will
14 contribute to a course and the amount of support required by the school
15 district, ~~THE CHARTER SCHOOL~~ or the community college.

16 8. That the services provided by the career technical education
17 district, the school district, the charter school or the community college
18 district be proportionally calculated in the cost of delivering the
19 service.

20 9. That the payment for services shall not exceed the cost of the
21 services provided.

22 10. That the career technical education district will provide the
23 following minimum services for all member districts:

24 (a) Professional development of career and technical teachers in
25 the career technical education district who are teaching programs or
26 courses at a satellite campus.

27 (b) Ongoing evaluation and support of satellite campus programs and
28 courses to ensure quality and compliance.

29 11. An itemized listing of other goods and services that are
30 provided to the member district and that are paid for by the retention of
31 satellite campus student funding.

32 M. A member school district or charter school may not submit
33 requests ~~for the approval~~ ~~TO APPROVE~~ or ~~addition of~~ ~~ADD~~ satellite campus
34 career technical education district programs or courses directly to the
35 career and technical education division of the department of education,
36 but shall submit all appropriate application documentation and materials
37 for programs or courses to the career technical education district. On
38 approval from the career technical education board, a career technical
39 education district shall only submit requests ~~for the approval~~ ~~TO APPROVE~~
40 or ~~addition of~~ ~~ADD~~ satellite campus career technical education district
41 programs or courses directly to the career and technical education
42 division of the department of education, which shall determine whether the
43 criteria prescribed in section 15-391, paragraphs 2 and 4 have been met.
44 If the career and technical education division of the department of
45 education determines that a course does not meet the criteria for approval

1 as a career technical education course, the governing board of the career
2 technical education district may appeal this decision to the state board
3 of education acting as the state board of vocational education.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44 (a) AVERAGE DAILY MEMBERSHIP.

45 (b) THE ACTUAL STUDENT COUNT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 3. The following statement:

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

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

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

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

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

9 (i)

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

19 (ii)

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

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

33 (i)

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

$$\begin{array}{rclclcl}
 & (ii) & & & & & \\
 & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} & & \\
 & \text{Student} & \text{for Small} & & \text{Reduction} & & \\
 & \text{Count} & \text{School Districts} & & \text{Factor} & & \\
 & \text{Count Limit} & \text{Base Level} & & & & \\
 \hline
 & - 100 & \times 1.398 + (0.0004 \times & \times \$ & = \$ & & \\
 & & (500 - \text{Student Count})) & & & & \\
 & & & & \text{Small} & & \\
 & \text{Phase Down} & \text{Phase Down} & & \text{School District} & & \\
 & \text{Base} & \text{Reduction Factor} & & \text{Secondary Limit} & & \\
 \hline
 & \$350,000 & - \$ & = \$ & & &
 \end{array}$$

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15-491. Elections on school property; exceptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 1. The ballot shall include the following statement:

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

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

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

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

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

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

9 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

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

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

16 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

6 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

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

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

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

6 F. For the purposes of this section:

7 1. "Noncertificated person":

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

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

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

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

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

17 (ii) A food service employee or contractor.

18 (iii) A maintenance worker.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 Sec. 21. Title 15, chapter 7, article 1, Arizona Revised Statutes,
6 is amended by adding sections 15-711.01 and 15-717.02, to read:

7 15-711.01. Instruction; child assault awareness; abuse
8 prevention

9 NOTWITHSTANDING ANY OTHER LAW, AGE-APPROPRIATE AND GRADE-APPROPRIATE
10 CLASSROOM INSTRUCTION REGARDING CHILD ASSAULT AWARENESS AND ABUSE
11 PREVENTION IS ALLOWED.

12 15-717.02. Prohibited instruction; disciplinary action; legal
13 action; civil penalty

14 A. A TEACHER, ADMINISTRATOR OR OTHER EMPLOYEE OF A SCHOOL DISTRICT,
15 CHARTER SCHOOL OR STATE AGENCY WHO IS INVOLVED WITH STUDENTS AND TEACHERS
16 IN GRADES PRESCHOOL THROUGH THE TWELFTH GRADE MAY NOT REQUIRE INSTRUCTION
17 IN OR MAKE PART OF A COURSE THE FOLLOWING CONCEPTS:

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

20 2. AN INDIVIDUAL, BY VIRTUE OF THE INDIVIDUAL'S RACE, ETHNICITY OR
21 SEX, IS INHERENTLY RACIST, SEXIST OR OPPRESSIVE, WHETHER CONSCIOUSLY OR
22 UNCONSCIOUSLY.

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

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

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

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

34 7. ACADEMIC ACHIEVEMENT, MERITOCRACY OR TRAITS SUCH AS A HARD WORK
35 ETHIC ARE RACIST OR SEXIST OR WERE CREATED BY MEMBERS OF A PARTICULAR
36 RACE, ETHNIC GROUP OR SEX TO OPPRESS MEMBERS OF ANOTHER RACE, ETHNIC GROUP
37 OR SEX.

38 B. AN ATTORNEY ACTING ON BEHALF OF A PUBLIC SCHOOL MAY REQUEST A
39 LEGAL OPINION OF THE COUNTY ATTORNEY OR ATTORNEY GENERAL AS TO WHETHER A
40 PROPOSED USE OF SCHOOL DISTRICT RESOURCES WOULD VIOLATE THIS SECTION.

41 C. A TEACHER WHO VIOLATES THIS SECTION SHALL BE SUBJECT TO
42 DISCIPLINARY ACTION, INCLUDING THE SUSPENSION OR REVOCATION OF THE
43 TEACHER'S CERTIFICATE, AS THE STATE BOARD DEEMS APPROPRIATE.

44 D. THE ATTORNEY GENERAL OR THE COUNTY ATTORNEY FOR THE COUNTY IN
45 WHICH AN ALLEGED VIOLATION OF THIS SECTION OCCURS MAY INITIATE A SUIT IN

1 THE SUPERIOR COURT IN THE COUNTY IN WHICH THE SCHOOL DISTRICT, CHARTER
2 SCHOOL OR STATE AGENCY IS LOCATED FOR THE PURPOSE OF COMPLYING WITH THIS
3 SECTION.

4 E. FOR EACH VIOLATION OF THIS SECTION, INCLUDING SUBSEQUENT OR
5 CONTINUED VIOLATIONS, THE COURT MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED
6 \$5,000 PER SCHOOL DISTRICT, CHARTER SCHOOL OR STATE AGENCY WHERE THE
7 VIOLATION OCCURS.

8 F. THIS SECTION DOES NOT PRECLUDE ANY TRAINING ON SEXUAL HARASSMENT
9 OR LESSONS ON RECOGNIZING AND REPORTING ABUSE.

10 Sec. 22. Section 15-746, Arizona Revised Statutes, is amended to
11 read:

12 15-746. School report cards

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

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

17 2. A description of the SCHOOL'S current academic goals ~~of the~~
18 ~~school~~.

19 3. A summary of EACH OF THE FOLLOWING:

20 (a) The results achieved by pupils enrolled at the school during
21 the prior three school years as measured by the statewide assessment and
22 the nationally standardized norm-referenced achievement test as designated
23 by the state board and as reported in the annual report prescribed by
24 section 15-743. ~~;~~

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

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

32 4. The attendance rate of pupils enrolled at the school as
33 reflected in the school's average daily membership as defined in section
34 15-901.

35 5. The total number of incidents that occurred on the school
36 grounds, at school bus stops, on school buses and at school-sponsored
37 events and that required the contact of a local, county, tribal, state or
38 federal law enforcement officer pursuant to section 13-3411, subsection F,
39 section 13-3620, section 15-341, subsection A, paragraph 30 or section
40 15-515. The total number of incidents reported shall only include reports
41 that law enforcement officers report to the school THAT are supported by
42 probable cause. For the purposes of this paragraph, a certified peace
43 officer who serves as a school resource officer is a law enforcement
44 officer. A school may provide clarifying information if the school has a
45 school resource officer on campus.

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

3 7. A description of the social services available at the school
4 site.

5 8. The school calendar, including the length of the school day and
6 hours of operations.

7 9. The total number of pupils enrolled at the school during the
8 previous school year.

9 10. The transportation services available.

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

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

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

17 14. For the most recent year available, the average current
18 expenditure per pupil for administrative functions compared to the
19 predicted average current expenditure per pupil for administrative
20 functions according to an analysis of administrative cost data by the
21 joint legislative budget committee staff.

22 15. If the school provides instruction to pupils in kindergarten
23 programs and grades one through three, the ratio of pupils to teachers in
24 each classroom where instruction is provided in kindergarten programs and
25 grades one through three.

26 16. The average class size per grade level for all grade levels,
27 kindergarten programs and grades one through eight. For the purposes of
28 this paragraph, "average class size" means the weighted average of each
29 class.

30 B. The department of education shall develop a standardized report
31 card format that meets the requirements of subsection A of this section.
32 The department shall modify the standardized report card as necessary on
33 an annual basis. The department shall distribute to each school in this
34 state a copy of the standardized report card that includes the required
35 test scores for each school. Additional copies of the standardized report
36 card shall be available on request.

37 C. After each school has completed the report card distributed to
38 it by the department of education, the school, in addition to distributing
39 the report card as prescribed in subsection A of this section, shall send
40 a copy of the report card to the department. The department shall prepare
41 an annual report that contains the report card from each school in this
42 state.

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

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

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

18 Sec. 23. Title 15, chapter 7, article 3, Arizona Revised Statutes,
19 is amended by adding section 15-747, to read:

20 15-747. School financial transparency; portal; required
21 information; third-party contractor

22 A. BEGINNING IN FISCAL YEAR 2021-2022, THE DEPARTMENT OF
23 ADMINISTRATION SHALL DEVELOP A TRANSPARENT AND EASILY ACCESSIBLE SCHOOL
24 FINANCIAL TRANSPARENCY PORTAL THAT INCLUDES THE FOLLOWING SCHOOL LEVEL
25 DATA FOR CHARTER SCHOOLS, INDIVIDUAL SCHOOLS OPERATED BY A SCHOOL DISTRICT
26 AND SCHOOL DISTRICTS:

- 27 1. THE DETAILED TOTAL REVENUES GENERATED BY WEIGHTED STUDENT COUNT.
28 2. THE TOTAL ALLOCATED FEDERAL, STATE AND LOCAL REVENUES.
29 3. THE ALLOCATION OF CLASSROOM SITE FUND MONIES
30 4. THE AMOUNTS ALLOCATED FOR TEACHER PAY AND BENEFITS, CLASSROOM
31 SUPPLIES, STUDENT SUPPORT AND OTHER EXPENDITURES.

32 5. A COMPARISON OF THE FUNDING INFORMATION FOR EACH SCHOOL IN
33 RELATION TO THE FUNDING INFORMATION FOR OTHER SCHOOLS IN THE SAME LOCAL
34 EDUCATION AGENCY.

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

38 B. THE DEPARTMENT OF EDUCATION AND THE STATE BOARD FOR CHARTER
39 SCHOOLS SHALL PROVIDE AND ASSIST WITH ANY NECESSARY DATA OR FINANCIAL
40 INFORMATION THE DEPARTMENT OF ADMINISTRATION OR THE CONTRACTOR SELECTED
41 PURSUANT TO SUBSECTION C OF THIS SECTION REQUESTS TO COMPLY WITH AND
42 IMPLEMENT SUBSECTION A OF THIS SECTION. THE AUDITOR GENERAL MAY PROVIDE
43 ASSISTANCE RELATED TO THIS SECTION.

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

4 1. HAVE EXPERIENCE IN BUILDING EDUCATION FINANCE PLATFORMS TO SHOW
5 SCHOOL FINANCIAL INFORMATION IN A TRANSPARENT AND EASILY UNDERSTANDABLE
6 FORMAT.

7 2. BE INCORPORATED FOR AT LEAST FIVE YEARS.

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

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

11 5. HAVE EXPERIENCE INTEGRATING WITH THE UNIFORM SYSTEM OF FINANCIAL
12 RECORDS.

13 Sec. 24. Section 15-774, Arizona Revised Statutes, is amended to
14 read:

15 15-774. Extraordinary special education needs fund; claim
16 application; criteria; revisions; policies and
17 procedures; annual report

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

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

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

37 1. ~~Demonstration of~~ DEMONSTRATE extraordinary needs, including
38 ~~a description~~ DESCRIBING and ~~documentation of pupil~~ DOCUMENTING STUDENT
39 services required and ~~evidence~~ SHOWING that the district or charter school
40 is not able to absorb the costs of these services.

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

43 2. DEMONSTRATE TOTAL COSTS INCURRED IN THE CURRENT YEAR BY THE
44 STUDENT FOR WHOM THE SCHOOL DISTRICT OR CHARTER SCHOOL IS APPLYING. A
45 SCHOOL DISTRICT OR CHARTER SCHOOL MAY SUBMIT A CLAIM FOR UP TO THE FULL

1 FISCAL YEAR IF THE EXPENSE INCURRED AT THE TIME OF FILING WILL CONTINUE TO
2 BE INCURRED IN SUBSEQUENT QUARTERS UNTIL THE END OF THE SAME FISCAL YEAR.
3 TOTAL COSTS SUBMITTED SHALL BE ITEMIZED AND ATTRIBUTABLE TO THE STUDENT
4 FOR WHOM THE CLAIM IS BEING SUBMITTED. A SCHOOL DISTRICT OR CHARTER
5 SCHOOL MAY SUBMIT A CLAIM FOR EXPENSES INCURRED AS A RESULT OF AN
6 INDEPENDENT EDUCATIONAL EVALUATION.

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

13 ~~C. Extraordinary special education needs grants shall be used in~~
14 ~~the current year. All unspent grant monies shall be returned to the~~
15 ~~department of education at the end of the fiscal year for deposit,~~
16 ~~pursuant to sections 35-146 and 35-147, in the extraordinary special~~
17 ~~education needs fund.~~

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

27 E. IF A SCHOOL DISTRICT OR CHARTER SCHOOL INCURS AN ADDITIONAL
28 EXPENSE FOR A STUDENT WHO RECEIVED FUNDING FOR A CLAIM FROM THE FUND IN
29 THE SAME FISCAL YEAR, THE SCHOOL DISTRICT OR CHARTER SCHOOL MAY REVISE THE
30 CLAIM AND MAY RECEIVE FUNDING AT THE END OF THE QUARTER IN WHICH THE CLAIM
31 IS SUBMITTED, SUBJECT TO AVAILABLE MONIES IN THE FUND. THE DEPARTMENT
32 SHALL PRIORITIZE REVISIONS IN THE SAME MANNER AS OTHER CLAIMS PURSUANT TO
33 SUBSECTION D OF THIS SECTION.

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

39 G. ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DEPARTMENT OF
40 EDUCATION SHALL SUBMIT A REPORT THAT OUTLINES ALL OF THE FOLLOWING TO THE
41 GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF
42 REPRESENTATIVES, THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S
43 OFFICE OF STRATEGIC PLANNING AND BUDGETING AND PROVIDE A COPY OF THIS
44 REPORT TO THE SECRETARY OF STATE:

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

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

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

5 Sec. 25. Section 15-816, Arizona Revised Statutes, is amended to
6 read:

7 15-816. Definitions

8 In this article, unless the context otherwise requires:

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

12 2. "Open enrollment" means a policy **THAT IS** adopted and implemented
13 by a school district governing board to allow resident transfer pupils to
14 enroll in any school within the school district, to allow resident pupils
15 to enroll in any school located within other school districts in this
16 state and to allow nonresident pupils to enroll in any school within the
17 district pursuant to section 15-816.01.

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

20 ~~3.~~ 4. "Resident school" means a school **THAT IS** within the
21 designated attendance area in which a pupil resides.

22 ~~4.~~ 5. "Resident transfer pupil" means a resident pupil who is
23 enrolled in or seeking enrollment in a school that is within the school
24 district but outside the attendance area of the pupil's residence.

25 Sec. 26. Section 15-816.01, Arizona Revised Statutes, is amended to
26 read:

27 15-816.01. Open enrollment policies; preference; selection
28 process; transportation; reporting requirements;
29 public awareness effort

30 A. School district governing boards shall establish policies and
31 shall implement an open enrollment policy without charging
32 tuition. Tuition may be charged to nonresident pupils only if the tuition
33 is authorized under section 15-764, subsection C, section 15-797,
34 subsection C, section 15-823, subsection A, section 15-824, subsection A
35 or section 15-825 or if two school districts have entered into a voluntary
36 agreement for the payment of tuition for certain pupils. These policies
37 shall include ~~admission criteria, application procedures and~~
38 ~~transportation provisions~~ **THE INFORMATION REQUIRED BY SUBSECTION I OF THIS**
39 **SECTION, BASIC INFORMATION THAT IS NEEDED TO REQUEST ENROLLMENT AND THAT**
40 **IS CONSISTENT WITH GUIDANCE AND STATE AND FEDERAL LAW REGARDING PUPIL**
41 **PRIVACY AND CIVIL RIGHTS, AND INFORMATION REGARDING THE PROVISION OF**
42 **TRANSPORTATION OR RESOURCES FOR TRANSPORTATION. THE POLICIES MUST BE**
43 **EASILY ACCESSIBLE FROM THE HOME PAGE ON EACH SCHOOL'S WEBSITE AND BE**
44 **AVAILABLE IN ENGLISH AND IN SPANISH OR IN ANY OTHER LANGUAGE USED BY A**
45 **MAJORITY OF THE POPULATIONS SERVED BY THE SCHOOL OR SCHOOL DISTRICT. A**

1 SCHOOL DISTRICT SHALL UPDATE ON EACH SCHOOL'S WEBSITE THE SCHOOL'S
2 CAPACITY AND WHETHER THE SCHOOL IS CURRENTLY ACCEPTING OPEN ENROLLMENT
3 STUDENTS, BY GRADE LEVEL, AT LEAST ONCE EVERY TWELVE WEEKS UNLESS THERE
4 ARE NO CHANGES TO REPORT FOR THE INDIVIDUAL SCHOOL. IF A SCHOOL HAS ANY
5 OTHER SEPARATE CAPACITY BY SPECIALIZED PROGRAM, THE INFORMATION REQUIRED
6 PURSUANT TO THIS SUBSECTION SHALL ALSO BE POSTED BY SPECIALIZED
7 PROGRAM. SCHOOLS SHALL ACCEPT PUPILS THROUGHOUT THE SCHOOL YEAR AS
8 CAPACITY ALLOWS. PUPILS WHO ARE DENIED ACCESS DUE TO CAPACITY SHALL BE
9 INFORMED THAT THEY ARE ON A WAIT LIST AND OF THE DETAILS REGARDING THE
10 PROCESS PRESCRIBED IN SUBSECTION E OF THIS SECTION. PUPILS SHALL BE
11 SELECTED AS SEATS BECOME AVAILABLE.

12 B. A SCHOOL DISTRICT SHALL ENROLL AT ANY TIME ANY RESIDENT PUPIL
13 WHO APPLIES FOR ENROLLMENT TO THE SCHOOL DISTRICT PURSUANT TO THIS
14 SECTION. A SCHOOL DISTRICT SHALL GIVE ENROLLMENT PREFERENCE TO AND
15 RESERVE CAPACITY FOR ALL OF THE FOLLOWING:

- 16 1. RESIDENT PUPILS.
- 17 2. PUPILS RETURNING TO THE SCHOOL FROM THE PRIOR YEAR.
- 18 3. SIBLINGS OF PUPILS ALREADY ENROLLED.

19 C. A school district may give enrollment preference to children
20 who:

- 21 1. Are in foster care.
- 22 2. MEET THE DEFINITION OF UNACCOMPANIED YOUTH PRESCRIBED IN THE
23 MCKINNEY-VENTO HOMELESS ASSISTANCE ACT (P.L. 100-77; 101 STAT. 482; 42
24 UNITED STATES CODE SECTION 11434a).

- 25 3. ATTEND A SCHOOL THAT IS CLOSING.

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

- 28 1. Pupils who are children of persons who are employed by or at a
29 school in the school district. ~~A copy of the district policies for open~~
30 ~~enrollment shall be posted on the district's website and shall be~~
31 ~~available to the public on request.~~

- 32 2. RESIDENT TRANSFER PUPILS AND THEIR SIBLINGS.

33 3. PUPILS WHO MEET ADDITIONAL CRITERIA ESTABLISHED AND PUBLISHED BY
34 THE SCHOOL DISTRICT GOVERNING BOARD PURSUANT TO SUBSECTION A OF THIS
35 SECTION.

36 E. IF REMAINING CAPACITY AT A SCHOOL, AS DETERMINED BY THE SCHOOL
37 DISTRICT GOVERNING BOARD, IS INSUFFICIENT TO ENROLL ALL PUPILS WHO SUBMIT
38 A TIMELY REQUEST, THE SCHOOL OR SCHOOL DISTRICT SHALL SELECT PUPILS
39 THROUGH AN EQUITABLE SELECTION PROCESS SUCH AS A LOTTERY, EXCEPT THAT
40 PREFERENCE SHALL BE GIVEN TO THE SIBLINGS OF A PUPIL SELECTED THROUGH AN
41 EQUITABLE SELECTION PROCESS SUCH AS A LOTTERY.

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

- 45 1. ETHNICITY OR RACE.

2. NATIONAL ORIGIN.

3. SEX.

4. INCOME LEVEL.

5. DISABILITY.

6. PROFICIENCY IN THE ENGLISH LANGUAGE.

7. ATHLETIC ABILITY.

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

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

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

J. THE DEPARTMENT OF EDUCATION SHALL PROVIDE AN ANNUAL REPORT THAT INFORMS THE PUBLIC AND POLICYMAKERS OF THE OPEN ENROLLMENT PARTICIPATION RATE BY SCHOOL DISTRICT, SCHOOL AND COUNTY, INCLUDING THE NUMBER OF PUPILS, BY STUDENT SUBGROUP DESIGNATION, IN EACH SCHOOL AND SCHOOL DISTRICT THAT ARE OPEN ENROLLED AS RESIDENT PUPILS, RESIDENT TRANSFER PUPILS OR NONRESIDENT PUPILS FOR EACH SCHOOL DISTRICT AND THE SCHOOL DISTRICTS AND ZIP CODES FROM WHICH STUDENTS ARE ENROLLING. BY FISCAL YEAR

1 2022-2023, THIS PARTICIPATION REPORT SHALL ALSO INCLUDE THE NUMBER OF
2 PUPILS ENROLLED IN CHARTER SCHOOLS AND THE SCHOOL DISTRICTS FROM WHICH
3 THOSE PUPILS ARE ENROLLING.

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

7 1. COMMUNICATE TO THE PUBLIC THE ABILITY TO CHOOSE ANY PUBLIC
8 SCHOOL IN THIS STATE.

9 2. DIRECT THE PUBLIC TO RESOURCES TO LEARN ABOUT SCHOOL CHOICE
10 OPTIONS IN THIS STATE.

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

12 L. THE STATE BOARD OF EDUCATION MAY INCLUDE OTHER OPTIONS IN ITS
13 INFORMATIONAL MATERIALS AND MESSAGING DEVELOPED UNDER SUBSECTION K OF THIS
14 SECTION.

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

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

20 2. THE DEPARTMENT OF EDUCATION IN PROVIDING PARENTS AND THE PUBLIC
21 WITH INFORMATIONAL RESOURCES.

22 Sec. 27. Section 15-901, Arizona Revised Statutes, is amended to
23 read:

24 15-901. Definitions

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

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

38 (a) "Fractional student" means:

39 (i) For common schools, a preschool child who is enrolled in a
40 program for preschool children with disabilities of at least three hundred
41 sixty minutes each week that meets at least two hundred sixteen hours over
42 the minimum number of days or a kindergarten student who is at least five
43 years of age before January 1 of the school year and enrolled in a school
44 kindergarten program that meets at least three hundred fifty-six hours for
45 a one hundred eighty-day school year, or the instructional hours

1 prescribed in this section. In computing the average daily membership,
2 preschool children with disabilities and kindergarten students shall be
3 counted as one-half of a full-time student. For common schools, a
4 part-time student is a student enrolled for less than the total time for a
5 full-time student as defined in this section. A part-time common school
6 student shall be counted as one-fourth, one-half or three-fourths of a
7 full-time student if the student is enrolled in an instructional program
8 that is at least one-fourth, one-half or three-fourths of the time a
9 full-time student is enrolled as defined in subdivision (b) of this
10 paragraph. The hours in which a student is scheduled to attend a common
11 school during the regular school day shall be included in the calculation
12 of the average daily membership for that student.

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

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

35 (i) For common schools, a student who is at least six years of age
36 before January 1 of a school year, who has not graduated from the highest
37 grade taught in the school district and who is regularly enrolled in a
38 course of study required by the state board of education. First, second
39 and third grade students or ungraded group B children with disabilities
40 who are at least five, but under six, years of age by September 1 must be
41 enrolled in an instructional program that meets for a total of at least
42 seven hundred twelve hours for a one hundred eighty-day school year, or
43 the instructional hours prescribed in this section. Fourth, fifth, sixth,
44 seventh and eighth grade students must be enrolled in an instructional
45 program that meets for a total of at least eight hundred ninety hours for

1 a one hundred eighty-day school year, or the instructional hours
 2 prescribed in this section, including the equivalent number of
 3 instructional hours for schools that operate on a one hundred
 4 forty-four-day school year. The hours in which a student is scheduled to
 5 attend a common school during the regular school day shall be included in
 6 the calculation of the average daily membership for that student.

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

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

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

38 (v) Except as otherwise provided by law, for any student who is
 39 concurrently enrolled in a school district and a charter school, the
 40 average daily membership shall be apportioned between the school district
 41 and the charter school and shall not exceed 1.0. The apportionment shall
 42 be based on the percentage of total time that the student is enrolled in
 43 or in attendance at the school district and the charter school.

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

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

12 (c) "Regular school day" means the regularly scheduled class
13 periods intended for instructional purposes. Instructional purposes may
14 include core subjects, elective subjects, lunch, study halls, music
15 instruction, and other classes that advance the academic instruction of
16 pupils, except that instructional purposes shall not include athletic
17 practices or extracurricular clubs and activities.

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

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

23 (a) Grades one through eight.

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

25 4. "Current year" means the fiscal year in which a school district
26 is operating.

27 5. "Daily attendance" means:

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

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

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

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

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

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

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

12 (ii) If attendance for all pupils in the school is based on half
13 days, the attendance of at least three-quarters of the instructional time
14 scheduled for the day shall be counted as a full day's attendance and
15 attendance at a minimum of one-half but less than three-quarters of the
16 instructional time scheduled for the day equals one-half day of
17 attendance.

18 (c) For common schools, the attendance of a preschool child with
19 disabilities shall be counted as one-fourth day's attendance for each
20 thirty-six minutes of attendance, except as provided in paragraph 1,
21 subdivision (a), item (i) of this subsection for children with
22 disabilities up to a maximum of three hundred sixty minutes each week.

23 (d) For high schools, the attendance of a pupil shall not be
24 counted as a full day unless the pupil is actually and physically in
25 attendance and enrolled in and carrying four subjects, each of which, if
26 taught each school day for the minimum number of days required in a school
27 year, would meet a minimum of one hundred twenty-three hours a year, or
28 the equivalent, that count toward graduation in a recognized high school
29 except as provided in section 15-797 and subdivision (e) of this
30 paragraph. Attendance of a pupil carrying less than the load prescribed
31 shall be prorated.

32 (e) For high schools, the attendance of a pupil may be counted as
33 one-fourth of a day's attendance for each sixty minutes of instructional
34 time in a subject that counts toward graduation, except that attendance
35 for a pupil shall not exceed the pupil's full or fractional membership.

36 (f) For homebound or hospitalized, a full day of attendance may be
37 counted for each day during a week in which the student receives at least
38 four hours of instruction.

39 (g) For school districts that maintain school for an approved
40 year-round school year operation, attendance shall be based on a
41 computation, as prescribed by the superintendent of public instruction, of
42 the one hundred eighty days' equivalency or two hundred days' equivalency,
43 as applicable, of instructional time as approved by the superintendent of
44 public instruction during which each pupil is enrolled.

1 6. "Daily route mileage" means the sum of:

2 (a) The total number of miles driven daily by all buses of a school
3 district while transporting eligible students from their residence to the
4 school of attendance and from the school of attendance to their residence
5 on scheduled routes approved by the superintendent of public instruction.

6 (b) The total number of miles driven daily on routes approved by
7 the superintendent of public instruction for which a private party, a
8 political subdivision or a common or a contract carrier is reimbursed for
9 bringing an eligible student from the place of the student's residence to
10 a school transportation pickup point or to the school of attendance and
11 from the school transportation scheduled return point or from the school
12 of attendance to the student's residence. Daily route mileage includes
13 the total number of miles necessary to drive to transport eligible
14 students from and to their residence as provided in this paragraph.

15 7. "District support level" means the base support level plus the
16 transportation support level.

17 8. "Eligible students" means:

18 (a) Students who are transported by or for a school district and
19 who qualify as full-time students or fractional students, except students
20 for whom transportation is paid by another school district or a county
21 school superintendent, and:

22 (i) For common school students, whose place of actual residence
23 within the school district is more than one mile from the school facility
24 of attendance or students who are admitted pursuant to section 15-816.01
25 and who meet the economic eligibility requirements established under the
26 national school lunch and child nutrition acts (42 United States Code
27 sections 1751 through 1793) for free or reduced-price lunches and whose
28 actual place of residence outside the school district boundaries is more
29 than one mile from the school facility of attendance.

30 (ii) For high school students, whose place of actual residence
31 within the school district is more than one and one-half miles from the
32 school facility of attendance or students who are admitted pursuant to
33 section 15-816.01 and who meet the economic eligibility requirements
34 established under the national school lunch and child nutrition acts
35 (42 United States Code sections 1751 through 1793) for free or
36 reduced-price lunches and whose actual place of residence outside the
37 school district boundaries is more than one and one-half miles from the
38 school facility of attendance.

39 (b) Kindergarten students, for purposes of computing the number of
40 eligible students under subdivision (a), item (i) of this paragraph, shall
41 be counted as full-time students, notwithstanding any other provision of
42 law.

43 (c) Children with disabilities, as defined by section 15-761, who
44 are transported by or for the school district or who are admitted pursuant
45 to chapter 8, article 1.1 of this title and who qualify as full-time

1 students or fractional students regardless of location or residence within
2 the school district or children with disabilities whose transportation is
3 required by the pupil's individualized education program.

4 (d) Students whose residence is outside the school district and who
5 are transported within the school district on the same basis as students
6 who reside in the school district.

7 9. "Enrolled" or "enrollment" means that a pupil is currently
8 registered in the school district.

9 10. "GDP price deflator" means the average of the four implicit
10 price deflators for the gross domestic product reported by the United
11 States department of commerce for the four quarters of the calendar year.

12 11. "High school district" means a political subdivision of this
13 state offering instruction to students for grades nine through twelve or
14 that portion of the budget of a common school district that is allocated
15 to teaching high school subjects with permission of the state board of
16 education.

17 12. "Revenue control limit" means the base revenue control limit
18 plus the transportation revenue control limit.

19 13. "Student count" means average daily membership as prescribed in
20 this subsection for the fiscal year before the current year, except that
21 for the purpose of budget preparation student count means average daily
22 membership as prescribed in this subsection for the current year.

23 14. "Submit electronically" means submitted in a format and in a
24 manner prescribed by the department of education.

25 15. "Total bus mileage" means the total number of miles driven by
26 all buses of a school district during the school year.

27 16. "Total students transported" means all eligible students
28 transported from their place of residence to a school transportation
29 pickup point or to the school of attendance and from the school of
30 attendance or from the school transportation scheduled return point to
31 their place of residence.

32 17. "Unified school district" means a political subdivision of this
33 state offering instruction to students in programs for preschool children
34 with disabilities and kindergarten programs and grades one through twelve.

35 B. In this title, unless the context otherwise requires:

36 1. "Base" means the revenue level per student count specified by
37 the legislature.

38 2. "Base level" means the following amounts plus the percentage
39 increases to the base level as provided in sections 15-902.04 and 15-952,
40 except that if a school district or charter school is eligible for an
41 increase in the base level as provided in two or more of these sections,
42 the base level amount shall be calculated by compounding rather than
43 adding the sum of one plus the percentage of the increase from those
44 different sections:

45 ~~(a) For fiscal year 2018-2019, \$3,960.07.~~

1 ~~(b)~~ (a) For fiscal year 2019-2020, \$4,150.43.

2 ~~(c)~~ (b) For fiscal year 2020-2021, \$4,305.73.

3 (c) FOR FISCAL YEAR 2021-2022, \$4,390.65.

4 3. "Base revenue control limit" means the base revenue control
5 limit computed as provided in section 15-944.

6 4. "Base support level" means the base support level as provided in
7 section 15-943.

8 5. "Certified teacher" means a person who is certified as a teacher
9 pursuant to the rules adopted by the state board of education, who renders
10 direct and personal services to schoolchildren in the form of instruction
11 related to the school district's educational course of study and who is
12 paid from the maintenance and operation section of the budget.

13 6. "DD" means programs for children with developmental delays who
14 are at least three years of age but under ten years of age. A preschool
15 child who is categorized under this paragraph is not eligible to receive
16 funding pursuant to section 15-943, paragraph 2, subdivision (b).

17 7. "ED, MIID, SLD, SLI and OHI" means programs for children with
18 emotional disabilities, mild intellectual disabilities, a specific
19 learning disability, a speech/language impairment and other health
20 impairments. A preschool child who is categorized as SLI under this
21 paragraph is not eligible to receive funding pursuant to section 15-943,
22 paragraph 2, subdivision (b).

23 8. "ED-P" means programs for children with emotional disabilities
24 who are enrolled in private special education programs as prescribed in
25 section 15-765, subsection D, paragraph 1 or in an intensive school
26 district program as provided in section 15-765, subsection D, paragraph 2.

27 9. "ELL" means English learners who do not speak English or whose
28 native language is not English, who are not currently able to perform
29 ordinary classroom work in English and who are enrolled in an English
30 language education program pursuant to sections 15-751, 15-752 and 15-753.

31 10. "Full-time equivalent certified teacher" or "FTE certified
32 teacher" means for a certified teacher the following:

33 (a) If employed full time as defined in section 15-501, 1.00.

34 (b) If employed less than full time, multiply 1.00 by the
35 percentage of a full school day, or its equivalent, or a full class load,
36 or its equivalent, for which the teacher is employed as determined by the
37 governing board.

38 11. "G" MEANS EDUCATIONAL PROGRAMS FOR GIFTED PUPILS WHO SCORE AT
39 OR ABOVE THE NINETY-SEVENTH PERCENTILE, BASED ON NATIONAL NORMS, ON A TEST
40 ADOPTED BY THE STATE BOARD OF EDUCATION.

41 ~~11.~~ 12. "Group A" means educational programs for career
42 exploration, a specific learning disability, an emotional disability, a
43 mild intellectual disability, remedial education, a speech/language
44 impairment, developmental delay, homebound, ~~PUPILS~~, bilingual, ~~PUPILS~~
45 AND PUPILS WITH other health impairments ~~and gifted pupils~~.

~~12.~~ 13. "Group B" means educational improvements for pupils in kindergarten programs and grades one through three, educational programs for autism, a hearing impairment, a moderate intellectual disability, multiple disabilities, multiple disabilities with severe sensory impairment, orthopedic impairments, preschool severe delay, a severe intellectual disability and emotional disabilities for school age pupils enrolled in private special education programs or in school district programs for children with severe disabilities or visual impairment and English learners enrolled in a program to promote English language proficiency pursuant to section 15-752.

~~13.~~ 14. "HI" means programs for pupils with hearing impairment.

~~14.~~ 15. "Homebound" or "hospitalized" means a pupil who is capable of profiting from academic instruction but is unable to attend school due to illness, disease, accident or other health conditions, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for a period of not less than three school months or a pupil who is capable of profiting from academic instruction but is unable to attend school regularly due to chronic or acute health problems, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for intermittent periods of time totaling three school months during a school year. The medical certification shall state the general medical condition, such as illness, disease or chronic health condition, that is the reason that the pupil is unable to attend school. Homebound or hospitalized includes a student who is unable to attend school for a period of less than three months due to a pregnancy if a competent medical doctor, after an examination, certifies that the student is unable to attend regular classes due to risk to the pregnancy or to the student's health.

~~15.~~ 16. "K-3" means kindergarten programs and grades one through three.

~~16.~~ 17. "K-3 reading" means reading programs for pupils in kindergarten programs and grades one, two and three.

~~17.~~ 18. "MD-R, A-R and SID-R" means resource programs for pupils with multiple disabilities, autism and severe intellectual disability.

~~18.~~ 19. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils with multiple disabilities, autism and severe intellectual disability.

~~19.~~ 20. "MD-SSI" means a program for pupils with multiple disabilities with severe sensory impairment.

~~20.~~ 21. "MOID" means programs for pupils with moderate intellectual disability.

~~21.~~ 22. "OI-R" means a resource program for pupils with orthopedic impairments.

~~22.~~ 23. "OI-SC" means a self-contained program for pupils with orthopedic impairments.

~~23.~~ 24. "PSD" means preschool programs for children with disabilities as provided in section 15-771.

~~24.~~ 25. "P-SD" means programs for children who meet the definition of preschool severe delay as provided in section 15-771.

~~25.~~ 26. "Qualifying tax rate" means the qualifying tax rate specified in section 15-971 applied to the assessed valuation used for primary property taxes.

~~26.~~ 27. "Small isolated school district" means a school district that meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains no school that is fewer than thirty miles by the most reasonable route from another school, or, if road conditions and terrain make the driving slow or hazardous, fifteen miles from another school that teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small isolated school district by the superintendent of public instruction.

~~27.~~ 28. "Small school district" means a school district that meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains at least one school that is fewer than thirty miles by the most reasonable route from another school that teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small school district by the superintendent of public instruction.

~~28.~~ 29. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.

~~29.~~ 30. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

~~30.~~ 31. "VI" means programs for pupils with visual impairments.

Sec. 28. Section 15-901.08, Arizona Revised Statutes, as added by Laws 2021, chapter 299, section 4, is amended to read:

15-901.08. School year; school month; instructional time models; requirements; funding; definition

A. Except as may be otherwise authorized by the superintendent of public instruction to accommodate a year-round school operation or as otherwise prescribed under an instructional time model adopted pursuant to this section, the school year begins July 1 and ends June 30, and a school month is twenty school days or four weeks of five days each.

1 B. Notwithstanding any other law, for the purposes of meeting the
2 instructional time and instructional hours requirements prescribed in
3 sections 15-808 and 15-901, a school district governing board, after at
4 least two public hearings in the school district, or a charter school
5 governing body for one or more schools may adopt any instructional time
6 models as prescribed in this section to meet the minimum annual
7 instructional time and instructional hours requirements prescribed in
8 sections 15-808 and 15-901 for all of the following purposes:

- 9 1. Determining average daily membership.
- 10 2. Determining daily attendance.
- 11 3. Determining student count.
- 12 4. Any other purpose relating to instructional time or
13 instructional hours prescribed in section 15-808 or 15-901.

14 C. Notwithstanding any other law, all of the following apply to an
15 instructional time model adopted by a school district governing board or
16 charter school governing body for one or more schools pursuant to this
17 section:

18 1. Students shall receive the minimum instructional time or
19 instructional hours required under section 15-808 or 15-901, as
20 applicable, for the full school year in any day, week and course length
21 increments adopted by the school district governing board or charter
22 school governing body.

23 2. A school ~~district or charter school~~ may deliver the annual
24 required instructional time or instructional hours to students through any
25 combination of the following:

- 26 (a) Direct instruction.
- 27 (b) Project-based learning.
- 28 (c) Independent learning.
- 29 (d) Mastery-based learning, which may be delivered in a blended
30 classroom serving multiple grade levels or providing blended grade level
31 content.

32 3. A school ~~district or charter school~~ may define instructional
33 time and instructional hours to include any combination of the following:

- 34 (a) In-person instruction.
- 35 (b) Remote instruction, subject to all of the following:
 - 36 (i) During school year 2021-2022, ~~each A school district and~~
37 ~~charter school~~ may provide up to fifty percent of its total instructional
38 time in a remote setting without any impact ~~on~~ ^{to} the ~~school district's or~~
39 ~~charter~~ school's funding. Beginning in school year 2022-2023 and each
40 school year thereafter, ~~each A school district and charter school~~ may
41 provide up to forty percent of its total instructional time in a remote
42 setting without any impact ~~on~~ ^{to} the ~~school district's or charter~~ school's
43 funding.

1 (ii) If a school ~~district or charter school~~ provides instructional
2 time in a remote setting beyond the threshold prescribed in item (i) of
3 this subdivision in any school year, the department of education shall
4 calculate funding as prescribed in subsection D of this section.

5 (iii) The department of education shall annually provide a list of
6 ~~school districts~~ **SCHOOLS** that provide more than the allowed instructional
7 time in a remote setting to the state board of education. The state board
8 of education shall determine whether the school ~~district~~ must apply to
9 become an online school under section 15-808.

10 (iv) The department of education shall annually provide a list of
11 charter schools that provide more than the allowed instructional time in a
12 remote setting to the state board for charter schools. The state board
13 for charter schools shall determine whether the charter school must apply
14 to become an online school under section 15-808.

15 4. A school ~~district or charter school~~ may reallocate any minimum
16 instructional time or instructional hours per course required under
17 section 15-808 or 15-901 or any other statute to other courses on a
18 per-student basis so that students are able to spend more of their
19 required instructional time or instructional hours on courses of greater
20 depth or courses that require additional learning time to catch up to
21 grade level or to stay on pace.

22 5. A school ~~district or charter school~~ may stagger learning times
23 and schedules for students and may offer courses and other instructional
24 time options on the weekend or in the evenings so that all students are
25 not expected to attend or complete their school day or instructional time
26 at the same time.

27 6. A school ~~district or charter school~~ shall align its attendance
28 policies to reflect the instructional time and instructional hours
29 policies prescribed under the adopted instructional time model.

30 D. If a school ~~district or charter school~~ provides remote
31 instructional time beyond the threshold prescribed in subsection C,
32 paragraph 3, subdivision (b), item (i) of this section in any school year,
33 the department of education shall calculate funding as follows:

34 1. Calculate the total percentage of instructional time provided by
35 the school ~~district or charter school~~ in a remote setting.

36 2. Subtract the allowable threshold prescribed in subsection C,
37 paragraph 3, subdivision (b), item (i) of this section from the amount
38 calculated pursuant to paragraph 1 of this subsection.

39 3. Fund the percentage of the base support level equal to the
40 percentage calculated in paragraph 2 of this subsection at ninety-five
41 percent of the base support level that would otherwise be calculated for
42 the school ~~district or charter school~~.

1 E. For the purposes of this section, "mastery-based learning" means
2 a system in which students advance to higher levels of learning when they
3 demonstrate mastery of concepts and skills regardless of time, place or
4 pace.

5 Sec. 29. Section 15-907, Arizona Revised Statutes, is amended to
6 read:

7 15-907. Incurring liabilities in excess of school district
8 budget; petition; approval; procedure for
9 expenditures

10 A. In the event of excessive and unexpected legal expenses or for
11 an emergency for which the school district did not receive funding ~~from~~
12 ~~the school facilities board~~ pursuant to section ~~15-2022~~ 41-5721 because
13 there were insufficient monies in the emergency deficiencies correction
14 fund, the governing board of the school district may petition the county
15 school superintendent, or in the case of an accommodation school, the
16 county school superintendent may petition the county board of supervisors,
17 requesting authority to incur liabilities in excess of the school district
18 budget, in an amount the governing board deems necessary. The governing
19 board of the school district shall follow the procedures for the truth in
20 taxation notice and hearing prescribed in section 15-905.01, subsection B.

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

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

27 D. If the petition is allowed in whole or in part, the governing
28 board shall be authorized to incur liabilities in accordance with the
29 petition, and a copy of the order of the board of supervisors authorizing
30 the incurring of such liabilities shall be filed with the county school
31 superintendent. The county school superintendent, ~~upon~~ ON presentation of
32 proper vouchers, shall draw warrants against the additional allowance.
33 Any liability so incurred shall be in addition to the aggregate budget
34 estimate of the school district for the succeeding year.

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

39 Sec. 30. Section 15-911, Arizona Revised Statutes, is amended to
40 read:

41 15-911. Aggregate expenditure limitation; aggregate
42 expenditures of local revenues; adjustments

43 A. ON OR BEFORE JUNE 1 OF EACH YEAR, the legislature shall ~~on or~~
44 ~~before June 1 of each year~~ transmit to the state board of education the
45 aggregate expenditure limitation for all school districts for the

1 following fiscal year ~~which~~ THAT the economic estimates commission
2 determines as provided in section 41-563, subsection C.

3 B. On or before November 1 of each year, the state board of
4 education shall determine and report to the president of the senate, the
5 speaker of the house of representatives, ~~and~~ the chairman of the joint
6 legislative budget committee AND THE GOVERNOR'S OFFICE OF STRATEGIC
7 PLANNING AND BUDGETING the aggregate expenditures of local revenues as
8 defined in article IX, section 21, subsection (4), Constitution of
9 Arizona, for all school districts for the current year.

10 C. If the aggregate expenditures of local revenues ~~which~~ THAT the
11 state board determines as provided in subsection B of this section ~~are in~~
12 ~~excess of~~ EXCEED the expenditure limitation determined as provided in
13 section 41-563, subsection C:

14 1. On or before November 1 the state board shall notify each school
15 district that may be affected by subsections D and E of this section and
16 inform it of the amount by which it may have to reduce its expenditures of
17 local revenues.

18 2. On or before March 1 the legislature, on approval of two-thirds
19 of the membership of each house of the legislature, may authorize the
20 expenditures of local revenues in excess of the expenditure limitation for
21 the current fiscal year.

22 D. The state board of education shall:

23 1. Determine the amount of the expenditures of local revenues ~~in~~
24 ~~excess of~~ THAT EXCEED the expenditure limitation.

25 2. Determine the amount of expenditures of local revenues for each
26 school district and the total amount for all of the school districts.

27 3. Divide the amount determined in paragraph 1 of this subsection
28 by the total amount determined in paragraph 2 of this subsection.

29 4. Multiply the quotient determined in paragraph 3 of this
30 subsection by the amount determined in paragraph 2 of this subsection for
31 each school district.

32 E. If the legislature fails to authorize the expenditures of local
33 revenues ~~in excess of~~ THAT EXCEED the expenditure limitation as provided
34 in subsection C, paragraph 2 of this section, on or before March 5 the
35 state board of education shall inform each school district of the amount
36 it is to reduce its expenditures of local revenues, and each school
37 district shall reduce its expenditures of local revenues by the amount
38 determined in subsection D, paragraph 4 of this section. ON OR BEFORE
39 APRIL 1, the governing board of each school district ~~shall on or before~~
40 ~~April 1~~, after it gives notice and holds a public meeting in a similar
41 manner as provided in section 15-905, subsections C and D, SHALL adopt a
42 revised budget for the current year ~~which shall~~ THAT DOES not exceed the
43 previously adopted budget for the current year, ~~less~~ MINUS the amount
44 ~~which~~ the state board of education specifies for reduction in expenditures

1 of local revenues. Not later than April 4, the budget as revised shall be
2 submitted electronically to the superintendent of public instruction.

3 Sec. 31. Title 15, chapter 9, article 2, Arizona Revised Statutes,
4 is amended by adding section 15-924, to read:

5 15-924. In lieu of transportation grants

6 A. NOTWITHSTANDING ANY OTHER LAW, BEGINNING IN THE 2021-2022 SCHOOL
7 YEAR, A SCHOOL DISTRICT MAY USE A PORTION OF ITS TRANSPORTATION FUNDING
8 ALLOCATED PURSUANT TO SECTIONS 15-945 AND 15-946 TO PROVIDE IN LIEU OF
9 TRANSPORTATION GRANTS TO PARENTS OF STUDENTS WHO ATTEND THE SCHOOL
10 DISTRICT PURSUANT TO A PLAN SUBMITTED TO THE DEPARTMENT OF EDUCATION.
11 SCHOOL DISTRICTS MAY ISSUE GRANTS TO SUPPORT INDIVIDUAL PARENTS OR
12 NEIGHBORHOOD CARPOOLS IN TRANSPORTING STUDENTS TO SCHOOL. A SCHOOL
13 DISTRICT'S TRANSPORTATION FUNDING ALLOCATION MAY NOT BE REDUCED OR
14 OTHERWISE DIMINISHED DUE TO THE SCHOOL DISTRICT AWARDING GRANTS PURSUANT
15 TO THIS SECTION.

16 B. NOTWITHSTANDING ANY OTHER LAW, BEGINNING IN THE 2021-2022 SCHOOL
17 YEAR, A CHARTER SCHOOL MAY USE A PORTION OF ITS CHARTER ADDITIONAL
18 ASSISTANCE FUNDING ALLOCATED PURSUANT TO SECTION 15-185 TO PROVIDE IN LIEU
19 OF TRANSPORTATION GRANTS TO PARENTS OF STUDENTS WHO ATTEND THE CHARTER
20 SCHOOL PURSUANT TO A PLAN SUBMITTED TO THE DEPARTMENT OF EDUCATION.
21 CHARTER SCHOOLS MAY ISSUE GRANTS TO SUPPORT INDIVIDUAL PARENTS OR
22 NEIGHBORHOOD CARPOOLS IN TRANSPORTING STUDENTS TO SCHOOL. PARTICIPATING
23 CHARTER SCHOOLS SHALL REPORT TO THE DEPARTMENT REGARDING THE MONIES
24 AWARDED TO PARENTS AS REQUIRED BY THE DEPARTMENT.

25 C. THE DEPARTMENT OF EDUCATION SHALL ADOPT POLICIES AND PROCEDURES
26 TO ACCOUNT FOR EXPENDITURES UNDER THIS SECTION AND TO REQUIRE PROOF OF
27 ATTENDANCE FOR STUDENTS WHOSE TRANSPORTATION IS SUPPORTED THROUGH GRANTS
28 UNDER THIS SECTION.

29 Sec. 32. Section 15-943, Arizona Revised Statutes, is amended to
30 read:

31 15-943. Base support level

32 The base support level for each school district shall be computed as
33 follows:

34 1. The following support level weights shall be used in
35 paragraph 2, subdivision (a) of this section for the following school
36 districts:

37 (a) For school districts whose student count in kindergarten
38 programs and grades one through eight is classified in column 1 of this
39 subdivision, the support level weight for kindergarten programs and grades
40 one through eight is the corresponding support level weight prescribed in
41 column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.559	1.399
100-499	$1.358 + [0.0005 \times (500 - \text{student count})]$	$1.278 + [0.0003 \times (500 - \text{student count})]$
500-599	$1.158 + [0.002 \times (600 - \text{student count})]$	$1.158 + [0.0012 \times (600 - \text{student count})]$

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.669	1.559
100-499	$1.468 + [0.0005 \times (500 - \text{student count})]$	$1.398 + [0.0004 \times (500 - \text{student count})]$
500-599	$1.268 + [0.002 \times (600 - \text{student count})]$	$1.268 + [0.0013 \times (600 - \text{student count})]$

2. Subject to paragraph 1 of this section, determine the weighted student count as follows:

(a)					Support Level Weight	Student Count	Weighted Student Count
<u>Grade</u>	<u>Base</u>		<u>Group A</u>		<u>Weight</u>	<u>Count</u>	<u>Count</u>
PSD	1.000	+	0.450	=	1.450	x	
K-8	1.000	+	0.158	=	1.158	x	
9-12	1.163	+	0.105	=	1.268	x	
					Subtotal		A

(b)					Support Level Weight	Student Count	Weighted Student Count
<u>Funding Category</u>					<u>Weight</u>	<u>Count</u>	<u>Count</u>
HI					4.771	x	
K-3					0.060	x	
K-3 reading					0.040	x	
ELL					0.115	x	
MD-R, A-R and							
SID-R					6.024	x	

1	MD-SC, A-SC and					
2	SID-SC	5.833	x	_____	=	_____
3		5.988				
4	MD-SSI	7.947	x	_____	=	_____
5	OI-R	3.158	x	_____	=	_____
6	OI-SC	6.773	x	_____	=	_____
7	P-SD	3.595	x	_____	=	_____
8	DD, ED, MIID, SLD,					
9	SLI and OHI	0.003	x	_____	=	_____
10		0.093				
11	ED-P	4.822	x	_____	=	_____
12	MOID	4.421	x	_____	=	_____
13	VI	4.806	x	_____	=	_____
14	G	0.007	x	_____	=	_____
15				Subtotal	B	_____

16 (c) Total of subtotals A and B: _____

17 3. Multiply the total determined in paragraph 2 of this section by
18 the base level.

19 4. Multiply the teacher experience index of the district or 1.00,
20 whichever is greater, by the product obtained in paragraph 3 of this
21 section.

22 5. For the purposes of this section, the student count is the
23 average daily membership as prescribed in section 15-901 for the current
24 year, except that for the purposes of computing the base support level
25 used in determining school district rollover allocations and school
26 district budget override amounts, the student count is the average daily
27 membership as prescribed in section 15-901 for the prior year.

28 Sec. 33. Section 15-945, Arizona Revised Statutes, is amended to
29 read:

30 15-945. Transportation support level

31 A. The support level for to and from school for each school
32 district for the current year shall be computed as follows:

33 1. Determine the approved daily route mileage of the school
34 district for the fiscal year prior to the current year.

35 2. Multiply the figure obtained in paragraph 1 of this subsection
36 by one hundred eighty, or for a school district that elects to provide two
37 hundred days of instruction pursuant to section 15-902.04, multiply the
38 figure obtained in paragraph 1 of this subsection by two hundred.

39 3. Determine the number of eligible students transported in the
40 fiscal year prior to the current year.

41 4. Divide the amount determined in paragraph 1 of this subsection
42 by the amount determined in paragraph 3 of this subsection to determine
43 the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year 2020-2021 2021-2022
0.5 or less	2.74 2.77
More than 0.5 through 1.0	2.24 2.27
More than 1.0	2.74 2.77

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route Mileage per Eligible Student Transported	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year services for pupils with disabilities is computed as follows:

1. Determine the sum of the following:

1 (a) The total number of miles driven by all buses of a school
2 district while transporting eligible pupils with disabilities on scheduled
3 routes from their residence to the school of attendance and from the
4 school of attendance to their residence on routes for extended school year
5 services in accordance with section 15-881.

6 (b) The total number of miles driven on routes approved by the
7 superintendent of public instruction for which a private party, a
8 political subdivision or a common or a contract carrier is reimbursed for
9 bringing an eligible pupil with a disability from the place of the pupil's
10 residence to a school transportation pickup point or to the school
11 facility of attendance and from the school transportation scheduled return
12 point or from the school facility to the pupil's residence for extended
13 school year services in accordance with section 15-881.

14 2. Multiply the sum determined in paragraph 1 of this subsection by
15 the state support level for the district determined as provided in
16 subsection A, paragraph 5 of this section.

17 D. The transportation support level for each school district for
18 the current year is the sum of the support level for to and from school as
19 determined in subsection A of this section, the support level for academic
20 education, career and technical education, vocational education and
21 athletic trips as determined in subsection B of this section and the
22 support level for extended school year services for pupils with
23 disabilities as determined in subsection C of this section.

24 E. The state support level for each approved route mile, as
25 provided in subsection A, paragraph 5 of this section, shall be adjusted
26 by the growth rate prescribed by law, subject to appropriation.

27 F. School districts must provide the odometer reading for each bus
28 as of the end of the current year and the total bus mileage during the
29 current year.

30 Sec. 34. Section 15-964, Arizona Revised Statutes, is amended to
31 read:

32 15-964. Federal impact adjustment

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

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

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

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

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

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

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

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

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

16 C. If the governing board underestimated the amount of the federal
17 impact adjustment for the current year, the board may adjust the
18 unrestricted capital budget limit and the budget before May 15. If the
19 board overestimated the amount of the federal impact adjustment for the
20 current year, the board shall adjust the unrestricted capital budget limit
21 and the budget before May 15. Not later than May 18, the budget as
22 revised shall be submitted electronically to the superintendent of public
23 instruction.

24 Sec. 35. Section 15-973, Arizona Revised Statutes, is amended to
25 read:

26 15-973. Apportionment of funds; expenditure limitation

27 A. The state board of education shall apportion state aid from
28 appropriations made for that purpose to the several counties on the basis
29 of state aid entitlement for the school districts in each county. An
30 allowance shall not be made for nonresident alien children or for wards of
31 the United States for whom tuition is paid, but attendance of a student in
32 a school of a county adjoining the county of the student's residence
33 outside the state under a certificate of educational convenience as
34 provided by section 15-825 shall be deemed to be enrollment in the school
35 of the county or school district of the student's residence.

36 B. Apportionments shall be made as follows:

37 1. BY THE CLOSE OF BUSINESS ON THE FIFTEENTH DAY OF BUSINESS OF
38 JULY, ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL
39 YEAR.

40 ~~1.~~ 2. By the close of business on the ~~first~~ FIFTEENTH day of
41 business of August, one-twelfth of the total amount to be apportioned
42 during the fiscal year.

43 ~~2.~~ 3. By the close of business on the ~~first~~ FIFTEENTH day of
44 business of September, one-twelfth of the total amount to be apportioned
45 during the fiscal year.

1 ~~3.~~ 4. By the close of business on the ~~first~~ FIFTEENTH day of
2 business of October, one-twelfth of the total amount to be apportioned
3 during the fiscal year.

4 ~~4.~~ 5. By the close of business on the ~~first~~ FIFTEENTH day of
5 business of November, one-twelfth of the total amount to be apportioned
6 during the fiscal year.

7 ~~5.~~ 6. By the close of business on the ~~first~~ FIFTEENTH day of
8 business of December, one-twelfth of the total amount to be apportioned
9 during the fiscal year.

10 ~~6.~~ 7. By the close of business on the ~~first~~ FIFTEENTH day of
11 business of January, one-twelfth of the total amount to be apportioned
12 during the fiscal year.

13 ~~7.~~ 8. By the close of business on the ~~first~~ FIFTEENTH day of
14 business of February, one-twelfth of the total amount to be apportioned
15 during the fiscal year.

16 ~~8.~~ 9. By the close of business on the ~~first~~ FIFTEENTH day of
17 business of March, one-twelfth of the total amount to be apportioned
18 during the fiscal year.

19 ~~9.~~ 10. By the close of business on the ~~first~~ FIFTEENTH day of
20 business of April, one-twelfth of the total amount to be apportioned
21 during the fiscal year.

22 ~~10.~~ 11. By the close of business on the ~~first~~ FIFTEENTH day of
23 business of May, one-twelfth of the total amount to be apportioned during
24 the fiscal year.

25 ~~11.~~ 12. By the close of business on the ~~first~~ FIFTEENTH day of
26 business of June, one-twelfth of the total amount to be apportioned during
27 the fiscal year.

28 ~~12. By the close of business on the last day of business of~~
29 ~~June, one-twelfth of the total amount to be apportioned during the fiscal~~
30 ~~year.~~

31 The superintendent of public instruction shall furnish to the county
32 treasurer and the county school superintendent an abstract of the
33 apportionment and shall certify the apportionment to the department of
34 administration, which shall draw its warrant in favor of the county
35 treasurer of each county for the amount apportioned. On receipt of the
36 warrant, the county treasurer shall notify the county school
37 superintendent of the amount, together with any other monies standing to
38 the credit of that school district, in the county school fund.

39 C. Notwithstanding subsection B of this section, if sufficient
40 appropriated monies are available and on a showing by a school district
41 that additional state monies are necessary for current expenses, an
42 apportionment or part of an apportionment of state aid may be paid to the
43 school district ~~prior to~~ BEFORE the date set for that apportionment by
44 subsection B of this section. A school district may not receive more than
45 three-fourths of its total apportionment before May 1 of the fiscal year.

1 Early payments pursuant to this subsection must be approved by the state
2 treasurer, the director of the department of administration and the
3 superintendent of public instruction.

4 D. The superintendent of public instruction shall not make
5 application to the federal government to utilize title VIII of the
6 elementary and secondary education act of 1965 monies in determining the
7 apportionment prescribed in this section.

8 E. If a school district that is eligible to receive monies pursuant
9 to this article is unable to meet a scheduled payment on any lawfully
10 incurred long-term obligation for debt service as provided in section
11 15-1022, the county treasurer shall use any amount distributed pursuant to
12 this section to make the payment. The county treasurer shall keep a
13 record of all the instances in which a payment is made pursuant to this
14 subsection. Any monies subsequently collected by the district to make the
15 scheduled payment shall be used to replace the amount diverted pursuant to
16 this subsection. When determining the total amount to be funded by a levy
17 of secondary taxes on property within the school district for the
18 following fiscal year, the county board of supervisors shall add to the
19 amounts budgeted to be expended during the following fiscal year an amount
20 equal to the total of all payments pursuant to this subsection during the
21 current fiscal year that were not repaid during the current year.

22 F. The total amount of state monies that may be spent in any fiscal
23 year by the state board of education for apportionment of state aid for
24 education shall not exceed the amount appropriated or authorized by
25 section 35-173 for that purpose. This section does not impose a duty on
26 an officer, agent or employee of this state to discharge a responsibility
27 or create any right in a person or group if the discharge or right would
28 require an expenditure of state monies in excess of the expenditure
29 authorized by legislative appropriation for that specific purpose.

30 G. THE DEPARTMENT OF EDUCATION MAY REQUIRE LOCAL EDUCATION AGENCIES
31 TO SUBMIT THE STUDENT LEVEL DATA NECESSARY TO DETERMINE THE APPORTIONMENT
32 OF STATE AID PURSUANT TO THIS SECTION ON OR BEFORE JULY 1 AND ON OR BEFORE
33 THE FIRST DAY OF EACH MONTH THEREAFTER.

34 Sec. 36. Section 15-995, Arizona Revised Statutes, is amended to
35 read:

36 15-995. Special district assessment for adjacent ways by
37 school district

38 A. The governing board of a school district may contract for
39 constructing, maintaining or otherwise improving any public way adjacent
40 to any parcel of land owned by the school district or leased for school
41 purposes by the school district, or an intersection of any public way
42 adjoining a quarter block in which the parcel of land is situated, and for
43 ~~the construction of~~ CONSTRUCTING sidewalks, sewers, utility lines,
44 roadways and other related improvements in or along such streets and
45 intersections, and to pay for such improvements by ~~the levy of~~ LEVYING a

1 special assessment on the taxable property in the school district. A
 2 school district shall not use any portion of the monies generated from the
 3 special assessment for any construction, maintenance or other improvements
 4 to the school district's property except improvements necessary to ensure
 5 the safe ingress to and egress from public school property directly
 6 adjacent to the public way for buses and fire equipment. The assessment
 7 shall be made a part of the itemized statement that is regularly filed
 8 with the county school superintendent and that shows the amount of monies
 9 needed for the expenses of schools within the school district for the
 10 ensuing year. Each adjacent ways project proposal to be funded through
 11 this special assessment must be filed with the ~~DIVISION OF~~ school
 12 facilities ~~board~~ ~~WITHIN THE DEPARTMENT OF ADMINISTRATION~~ and include the
 13 project cost estimate. If the entire project cost for the adjacent ways
 14 project is greater than ~~fifty thousand dollars~~ \$50,000, the ~~school~~
 15 ~~facilities board~~ ~~DIVISION~~ shall approve or deny the project within sixty
 16 days after ~~receipt of~~ ~~RECEIVING~~ the filing of the project proposal by the
 17 school district and the expenditure shall not be made unless the ~~school~~
 18 ~~facilities board~~ ~~DIVISION~~ validates both of the following within sixty
 19 days after ~~receipt of~~ ~~RECEIVING~~ the filing of the proposal:

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

22 2. The proposal selected by the school district does not contain
 23 additional work that is not listed in the adjacent ways proposal submitted
 24 by the school district.

25 B. If any property that is owned by a school district or leased by
 26 a school district for school purposes from any city or county, the state
 27 or the United States is included within the assessment district to be
 28 assessed to pay the costs and expenses of any public improvements
 29 initiated by a city, in order to make the assessments thereon payable by
 30 the city in which the improvement is initiated, the governing board may
 31 contract with the municipality or its improvement district to reimburse it
 32 for the amount of the assessment against the property and to pay the
 33 amount so contracted for by the levy of a special assessment as provided
 34 by subsection A of this section.

35 C. The governing board of the school district shall follow the
 36 truth in taxation notice and hearing requirements prescribed in section
 37 15-905.01, subsection B.

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

1 Sec. 37. Section 15-996, Arizona Revised Statutes, is amended to
2 read:

3 15-996. Duties of county treasurer relating to school
4 district's monies

5 The county treasurer shall:

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

17 2. Pool school district monies for investment except as provided in
18 sections 15-1024 and 15-1025. Interest earned on the monies pooled for
19 investment shall be apportioned at least quarterly to the appropriate
20 school district based on an average monthly balance as prescribed in the
21 uniform system of accounting for county treasurers as provided in section
22 41-1279.21.

23 3. Notwithstanding section 11-605, register warrants only as
24 follows:

25 (a) If separate accounts are maintained for each fund, warrants may
26 only be registered on the maintenance and operation, unrestricted capital
27 outlay and adjacent ways accounts and the classroom site fund prescribed
28 in section 15-977 and only if the total cash balance of all three accounts
29 is insufficient to pay the warrants, except that, during the period of
30 time when a school district is under receivership pursuant to section
31 15-103, a warrant may be registered on the debt service account for which
32 the cash balance in the debt service account is insufficient to cover the
33 debt service payment if there are not sufficient monies in the debt
34 service account to cover the debt.

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

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

40 (ii) The county treasurer may honor warrants for any federal or
41 state grant fund with a negative balance as long as the total balance in
42 the second account is positive. If the second account total balance is
43 negative, the warrant for a federal or state grant fund shall be charged
44 to the maintenance and operation fund. Any interest charged to the
45 federal or state grant fund as a result of a negative balance that is in

1 excess of interest earned on the fund shall be transferred to the
2 maintenance and operation fund at the end of the fiscal year or the end of
3 the grant year. If a federal or state grant fund has a negative balance
4 at the end of the fiscal year or grant year, sufficient expenditures shall
5 be transferred to the maintenance and operation fund to eliminate the
6 negative balance.

7 4. Notify the county school superintendent by the fifteenth day of
8 each calendar month of the month end balances of each school district
9 account.

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

12 6. On each property tax bill and each property tax statement
13 prepared, separately state and identify by name each school district's
14 primary property tax rate, the secondary property tax rate that is
15 associated with overrides, the secondary property tax rate that is
16 associated with class A bonds and the secondary property tax rate that is
17 associated with class B bonds. For the purposes of this paragraph, "class
18 A bonds" and "class B bonds" have the same meanings prescribed in section
19 15-101.

20 Sec. 38. Section 15-1021, Arizona Revised Statutes, is amended to
21 read:

22 15-1021. Limit on bonded indebtedness; limit on authorization
23 and issuance of bonds; definitions

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

31 B. From and after December 31, 1998, a school district may issue
32 class B bonds for the purposes specified in this section and chapter 4,
33 article 5 of this title to an amount in the aggregate, including the
34 existing class B indebtedness, not exceeding ten percent of the net
35 assessed value of the full cash value of the property in that school
36 district, or ~~one thousand five hundred dollars~~ \$1,500 per student count
37 pursuant to section 15-901, subsection A, paragraph 13, whichever amount
38 is greater. A school district shall not issue class B bonds until the
39 proceeds of any class A bonds issued by the school district have been
40 obligated in contract. The total amount of class A and class B bonds
41 issued by a school district shall not exceed the debt limitations
42 prescribed in article IX, section 8, Constitution of Arizona.

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

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

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

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

35 G. A career technical education district shall not spend class B
36 bond proceeds to construct or renovate a facility located on the campus of
37 a school in a school district that participates in the career technical
38 education district unless the facility is only used to provide career and
39 technical education and is available to all pupils who live within the
40 career technical education district. If the facility is not owned by the
41 career technical education district, an intergovernmental agreement or a
42 written contract shall be executed for ten years or the duration of the
43 bonded indebtedness, whichever is greater. The intergovernmental
44 agreement or written contract shall include provisions:

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

4 2. That include the process to be used by the participating
5 district to compensate the career technical education district in the
6 event that the facility is no longer used only for career and technical
7 education programs offered by the career technical education district
8 during the life of the bond.

9 H. A school district shall not authorize, issue or sell bonds
10 pursuant to this section if the school district has any existing
11 indebtedness from impact aid revenue bonds pursuant to TITLE 41, chapter
12 ~~16~~ 56, article 8 ~~of this title~~, except for bonds issued to refund any
13 bonds issued by the governing board.

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

16 Sec. 39. Section 15-1043, Arizona Revised Statutes, is amended to
17 read:

18 15-1043. Student level data; allowable disclosure; policies

19 A. Any disclosure of educational records compiled by the department
20 of education pursuant to this article shall comply with the family
21 educational rights and privacy act (20 United States Code section 1232g).

22 B. Student level data may not be updated unless the change is
23 authorized by the school district, career technical education district or
24 charter school.

25 C. The department of education shall adopt policies and procedures
26 to BOTH:

27 1. Allow access of student level data for currently enrolled
28 students to ALL OF THE FOLLOWING:

29 (a) School districts. ,

30 (b) Career technical education districts. and

31 (c) Charter schools.

32 2. ALLOW ACCESS OF STUDENT LEVEL DATA TO ALL OF THE FOLLOWING:

33 (a) COUNTY SCHOOL SUPERINTENDENTS FOR STUDENTS CURRENTLY ENROLLED
34 IN A SCHOOL DISTRICT LOCATED IN THE SUPERINTENDENT'S COUNTY OF
35 JURISDICTION.

36 (b) THE STATE BOARD OF EDUCATION FOR STUDENTS CURRENTLY ENROLLED IN
37 A SCHOOL DISTRICT OR CHARTER SCHOOL IN THIS STATE.

38 (c) THE STATE BOARD FOR CHARTER SCHOOLS FOR STUDENTS CURRENTLY
39 ENROLLED IN A CHARTER SCHOOL SPONSORED BY THE STATE BOARD FOR CHARTER
40 SCHOOLS.

41 D. THE DEPARTMENT OF EDUCATION SHALL DEVELOP, PUBLISH AND MAKE
42 PUBLICLY AVAILABLE POLICIES AND PROCEDURES TO COMPLY WITH THE FAMILY
43 EDUCATIONAL RIGHTS AND PRIVACY ACT OF 19 (20 UNITED STATES CODE SECTION
44 1232g) AND OTHER RELEVANT PRIVACY LAWS AND POLICIES, INCLUDING POLICIES
45 THAT MANAGE ACCESS TO PERSONALLY IDENTIFIABLE INFORMATION, TO BE

1 IMPLEMENTED BY THE DEPARTMENT OF EDUCATION, COUNTY SCHOOL SUPERINTENDENTS,
2 THE STATE BOARD OF EDUCATION AND THE STATE BOARD FOR CHARTER SCHOOLS
3 PURSUANT TO THIS SECTION AND AS PRESCRIBED BY INTERAGENCY DATA-SHARING
4 AGREEMENTS. THE POLICIES AND PROCEDURES MUST COMPLY WITH ALL OF THE
5 FOLLOWING:

6 1. CONTAIN A DETAILED DATA SECURITY PLAN THAT INCLUDES ALL OF THE
7 FOLLOWING:

8 (a) GUIDELINES FOR AUTHORIZING ACCESS TO THE SYSTEMS HOUSING
9 STUDENT LEVEL DATA AND TO INDIVIDUAL STUDENT DATA, INCLUDING GUIDELINES
10 FOR AUTHENTICATING AUTHORIZED ACCESS.

11 (b) PRIVACY COMPLIANCE STANDARDS.

12 (c) PRIVACY AND SECURITY AUDITS.

13 (d) SECURITY BREACH PLANNING, NOTICE AND PROCEDURES.

14 (e) DATA RETENTION AND DISPOSITION POLICIES, WHICH MUST INCLUDE
15 SPECIFIC CRITERIA FOR IDENTIFYING WHEN AND HOW THE DATA WILL BE DESTROYED.

16 (f) GUIDANCE FOR SCHOOL DISTRICTS, CHARTER SCHOOLS AND STAFF
17 REGARDING DATA USE.

18 (g) CONSEQUENCES FOR SECURITY BREACHES.

19 (h) STAFF TRAINING REGARDING THE GUIDELINES.

20 2. ENSURE THAT WRITTEN AGREEMENTS INVOLVING THE DISCLOSURE OF
21 STUDENT LEVEL DATA TO THE DEPARTMENT OF EDUCATION, COUNTY SCHOOL
22 SUPERINTENDENTS, THE STATE BOARD OF EDUCATION AND THE STATE BOARD FOR
23 CHARTER SCHOOLS COMPLY WITH ALL OF THE FOLLOWING:

24 (a) MEET THE MINIMUM CONDITIONS PRESCRIBED BY THE FAMILY
25 EDUCATIONAL RIGHTS AND PRIVACY ACT FOR EXCEPTIONS TO WRITTEN PARENTAL
26 CONSENT AS OUTLINED IN 20 UNITED STATES CODE SECTION 1232g(b) AND (h)
27 THROUGH (j) AND 34 CODE OF FEDERAL REGULATIONS SECTION 99.31.

28 (b) SPECIFY THE PURPOSE, SCOPE AND DURATION OF THE DISCLOSURE AND
29 THE INFORMATION TO BE DISCLOSED.

30 (c) REQUIRE THE ORGANIZATION TO USE PERSONALLY IDENTIFIABLE
31 INFORMATION FROM EDUCATIONAL RECORDS ONLY TO MEET THE PURPOSE OR PURPOSES
32 OF THE DISCLOSURE AS STATED IN THE WRITTEN AGREEMENT.

33 (d) REQUIRE THE ORGANIZATION TO CONDUCT THE DISCLOSURE IN A MANNER
34 THAT DOES NOT ALLOW ACCESS TO THE PERSONALLY IDENTIFIABLE INFORMATION OF
35 PARENTS AND STUDENTS BY ANYONE OTHER THAN REPRESENTATIVES OF THE
36 ORGANIZATION WITH LEGITIMATE INTERESTS.

37 (e) REQUIRE THE ORGANIZATION TO DESTROY ALL PERSONALLY IDENTIFIABLE
38 INFORMATION WHEN THE INFORMATION IS NO LONGER NEEDED FOR THE PURPOSES FOR
39 WHICH THE DISCLOSURE WAS CONDUCTED AND TO SPECIFY THE TIME PERIOD IN WHICH
40 THE INFORMATION MUST BE DESTROYED.

41 3. ENSURE THAT ANY WORK PRODUCTS FROM THE USE OF STUDENT LEVEL DATA
42 BY THE DEPARTMENT OF EDUCATION, COUNTY SCHOOL SUPERINTENDENTS, THE STATE
43 BOARD OF EDUCATION OR THE STATE BOARD FOR CHARTER SCHOOLS ARE NOT IN
44 CONFLICT WITH ANY STATE AND FEDERAL REPORTING THAT MEETS STATE AND FEDERAL
45 LAW.

1 4. PROVIDE ACCESS TO STUDENT LEVEL DATA THROUGH AN ONLINE PLATFORM
2 WITHIN THE PARAMETERS OF FEDERAL LAW AND PURSUANT TO THE WRITTEN
3 AGREEMENTS WITH THE CONSENT OF THE REQUIRED PARTIES.

4 E. THIS SECTION DOES NOT APPLY TO A HOMESCHOOL STUDENT WITH AN
5 AFFIDAVIT ON FILE PURSUANT TO SECTION 15-802.

6 Sec. 40. Section 15-1107, Arizona Revised Statutes, is amended to
7 read:

8 15-1107. Litigation recovery fund; disposition of proceeds

9 A. Monies received for and derived from settlement of legal
10 controversies or from recovery of costs, attorney fees or damages by a
11 school district in litigation by or against the school district shall be
12 deposited with the county treasurer who shall credit the deposits to the
13 litigation recovery fund of the school district. The litigation recovery
14 fund is a continuing fund that is not subject to reversion.

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

20 1. Reimburse the ~~school facilities board~~ building renewal grant
21 fund established by section ~~15-2032~~ 41-5731 or the emergency deficiencies
22 correction fund established by section ~~15-2022~~ 41-5721 to the extent that
23 monies were received ~~by the school district from the school facilities~~
24 ~~board,~~ FROM THOSE FUNDS for replacing or repairing school buildings or
25 other school property that was the subject of the dispute and the monies
26 recovered by the school district pursuant to subsection A of this section
27 are designated for the replacement or repair. The school district shall
28 prioritize the reimbursement ~~of the school facilities board~~ AS DESCRIBED
29 IN THIS PARAGRAPH, if applicable.

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

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

38 4. Replace or repair the school property other than school
39 buildings.

40 C. Except as provided in subsection B of this section, the
41 governing board, or the superintendent or chief administrative officer
42 with the approval of the governing board, may apply the proceeds of
43 litigation recoveries to procure legal services or for the costs of
44 litigation.

1 Sec. 41. Title 15, chapter 10, Arizona Revised Statutes, is amended
2 by adding article 13, to read:

3 ARTICLE 13. INDUSTRY-RECOGNIZED CERTIFICATION
4 AND LICENSURE REIMBURSEMENT FUND

5 15-1265. Industry-recognized certification and licensure
6 reimbursement fund; exemption; qualifications

7 A. THE INDUSTRY-RECOGNIZED CERTIFICATION AND LICENSURE
8 REIMBURSEMENT FUND IS ESTABLISHED AND CONSISTS OF LEGISLATIVE
9 APPROPRIATIONS, GIFTS, GRANTS AND OTHER DONATIONS. THE DEPARTMENT OF
10 EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY
11 APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING
12 TO LAPSING OF APPROPRIATIONS.

13 B. THE DEPARTMENT SHALL USE MONIES IN THE FUND TO ELIMINATE OR
14 REDUCE EXAM COSTS TO OBTAIN INDUSTRY-RECOGNIZED CERTIFICATES AND LICENSES
15 FOR LOW-INCOME STUDENTS. TO QUALIFY FOR REIMBURSEMENT, A STUDENT SHALL:

16 1. SUCCESSFULLY PASS A CERTIFICATE OR LICENSE EXAM RELATED TO A
17 CAREER AND TECHNICAL EDUCATION PROGRAM.

18 2. MEET ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER THE NATIONAL
19 SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751
20 THROUGH 1793) FOR FREE OR REDUCED-PRICE LUNCHES.

21 3. APPLY TO THE CAREER AND TECHNICAL EDUCATION DISTRICT TO RECEIVE
22 REIMBURSEMENT FOR THE COST OF THE EXAM. THE CAREER AND TECHNICAL
23 EDUCATION DISTRICT SHALL APPLY TO THE DEPARTMENT TO RECEIVE REIMBURSEMENT
24 FOR THE COST OF THE EXAM.

25 C. IF THE AVAILABLE FUND MONIES ARE NOT SUFFICIENT TO COVER THE
26 COSTS OF ALL QUALIFIED APPLICANTS, THE DEPARTMENT SHALL REDUCE THE REWARD
27 AMOUNT FOR EACH STUDENT IN PROPORTION TO THE EXAM COST.

28 Sec. 42. Title 15, chapter 10.1, article 1, Arizona Revised
29 Statutes, is amended by adding section 15-1286, to read:

30 15-1286. State treasurer; annual reports; distributions from
31 funds

32 A. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE STATE TREASURER SHALL
33 REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE
34 OF STRATEGIC PLANNING AND BUDGETING ON DISTRIBUTIONS MADE FROM THE STUDENT
35 SUPPORT AND SAFETY FUND ESTABLISHED BY SECTION 15-1281 TO THE STATE
36 TREASURER, AUDITOR GENERAL, DEPARTMENT OF EDUCATION, DEPARTMENT OF REVENUE
37 AND STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-1281, SUBSECTION B.
38 THE REPORT SHALL INCLUDE ACTUAL DISTRIBUTIONS MADE TO EACH ENTITY IN THE
39 PRIOR FISCAL YEAR AND ESTIMATED DISTRIBUTIONS FOR THE CURRENT FISCAL YEAR.

40 B. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE STATE TREASURER SHALL
41 REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE
42 OF STRATEGIC PLANNING AND BUDGETING ON DISTRIBUTIONS MADE FROM THE CAREER
43 TRAINING AND WORKFORCE FUND ESTABLISHED BY SECTION 15-1282 TO THE STATE
44 TREASURER AND THE DEPARTMENT OF EDUCATION PURSUANT TO SECTION 15-1282,
45 SUBSECTION B. THE REPORT SHALL INCLUDE ACTUAL DISTRIBUTIONS MADE TO EACH

1 ENTITY IN THE PRIOR FISCAL YEAR AND ESTIMATED DISTRIBUTIONS FOR THE
2 CURRENT FISCAL YEAR.

3 Sec. 43. Section 15-1304, Arizona Revised Statutes, is amended to
4 read:

5 15-1304. Land reserved for use and benefit of school; schools
6 for the deaf and the blind fund; cooperative
7 services fund; definition

8 A. The grant of one hundred thousand acres of land for schools for
9 the deaf and the blind made by the enabling act approved June 20, 1910, or
10 the proceeds of such lands as are sold or otherwise disposed of, is
11 forever reserved for the use and benefit of the school for the deaf and
12 the blind.

13 B. ~~No~~ Land exchanges or sales or commercial leases in excess of ten
14 years of land of the grant by the United States for the use and benefit of
15 the school for the deaf and the blind shall NOT be disposed of except by
16 majority approval of the voting members of the board of directors of the
17 school.

18 C. The superintendent of the school shall annually report to the
19 board on the use of monies that are the proceeds of or income from the
20 proceeds of land of the grant by the United States for the use and benefit
21 of the school.

22 D. The schools for the deaf and the blind fund is established
23 consisting of monies from expendable earnings of the grant in subsection A
24 of this section, monies from the department of education for special
25 educational vouchers for deaf and blind students pursuant to section
26 15-1202, except for monies dedicated to regional school cooperatives,
27 which ~~are continuously appropriated~~ SHALL INSTEAD BE DEPOSITED IN THE
28 COOPERATIVE SERVICES FUND PURSUANT TO SUBSECTION E OF THIS SECTION, and
29 overage and nonresident student monies collected pursuant to section
30 15-1345. Monies in the fund are subject to legislative appropriation and
31 are exempt from the provisions of section 35-190 relating to lapsing of
32 appropriations.

33 E. THE COOPERATIVE SERVICES FUND IS ESTABLISHED CONSISTING OF
34 MONIES FROM THE DEPARTMENT OF EDUCATION FOR SPECIAL EDUCATION
35 INSTITUTIONAL VOUCHERS FOR DEAF AND BLIND STUDENTS PURSUANT TO SECTION
36 15-1202 WHO ARE ENROLLED IN REGIONAL SCHOOL COOPERATIVES, MEMBERSHIP FEES
37 PAID BY SCHOOL DISTRICTS AND CHARTER SCHOOLS PARTICIPATING IN REGIONAL
38 SCHOOL COOPERATIVES AND FEE-FOR-SERVICE PAYMENTS MADE BY SCHOOL DISTRICTS
39 AND CHARTER SCHOOLS ON BEHALF OF STUDENTS ENROLLED IN REGIONAL SCHOOL
40 COOPERATIVES FOR WHOM THE SCHOOLS DO NOT RECEIVE A SPECIAL EDUCATION
41 INSTITUTIONAL VOUCHER PURSUANT TO SECTION 15-1202. THE ARIZONA STATE
42 SCHOOLS FOR THE DEAF AND THE BLIND SHALL ADMINISTER THE FUND. MONIES IN
43 THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE EXEMPT FROM THE
44 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

F. FOR THE PURPOSES OF THIS SECTION, "REGIONAL SCHOOL COOPERATIVES" MEANS REGIONAL PROGRAMS AND SERVICES OFFERED BY THE SCHOOLS IN CONJUNCTION WITH OTHER SCHOOL DISTRICTS AND CHARTER SCHOOLS FOR STUDENTS WITH A HEARING IMPAIRMENT, SENSORY IMPAIRMENT OR VISUAL IMPAIRMENT WHO ATTEND A SCHOOL OPERATED BY A SCHOOL DISTRICT OR A CHARTER SCHOOL IN THIS STATE.

Sec. 44. Repeal

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

Sec. 45. Transfer and renumber

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

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

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

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

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

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

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

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

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

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

The following sections are transferred and renumbered for placement in title 41, chapter 56, article 6:

<u>Former Sections</u>	<u>New Sections</u>
15-2051	41-5751
15-2052	41-5752
15-2053	41-5753
15-2054	41-5754

1	15-2055	41-5755
2	15-2056	41-5756
3	15-2057	41-5757
4	15-2059	41-5758
5	15-2060	41-5759
6	15-2061	41-5760
7	15-2062	41-5761
8	15-2064	41-5762
9	15-2065	41-5763
10	15-2066	41-5764

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

13	<u>Former Sections</u>	<u>New Sections</u>
14	15-2081	41-5781
15	15-2082	41-5782
16	15-2083	41-5783
17	15-2084	41-5784
18	15-2085	41-5785
19	15-2086	41-5786
20	15-2087	41-5787
21	15-2088	41-5788
22	15-2089	41-5789
23	15-2090	41-5790
24	15-2091	41-5791
25	15-2093	41-5792
26	15-2094	41-5793
27	15-2095	41-5794

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

30	<u>Former Sections</u>	<u>New Sections</u>
31	15-2101	41-5801
32	15-2102	41-5802
33	15-2103	41-5803
34	15-2104	41-5804
35	15-2105	41-5805
36	15-2106	41-5806
37	15-2107	41-5807
38	15-2108	41-5808
39	15-2109	41-5809
40	15-2110	41-5810
41	15-2111	41-5811
42	15-2112	41-5812
43	15-2113	41-5813
44	15-2114	41-5814
45	15-2115	41-5815

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

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

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

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

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

<u>Former Sections</u>	<u>New Sections</u>
15-2151	41-5851
15-2152	41-5852
15-2153	41-5853
15-2154	41-5854
15-2155	41-5855
15-2156	41-5856
15-2157	41-5857
15-2158	41-5858

Sec. 46. Section 15-2401, Arizona Revised Statutes, is amended to read:

15-2401. Definitions

In this chapter, unless the context otherwise requires:

1. "Annual education plan" means an initial individualized evaluation and subsequent annual reviews that are developed for a qualified student who meets the criteria specified in paragraph ~~7~~ 8, subdivision (a), item (i), (ii) or (iii) of this section to determine ongoing annual eligibility through the school year in which the qualified student reaches twenty-two years of age and whether the student may be eligible pursuant to section 36-2981 and should be referred for eligibility determination.

2. "CHILD WHO RECEIVES FREE OR REDUCED-PRICE LUNCHES UNDER THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS" INCLUDES AN INCOMING KINDERGARTENER OR ANY OTHER STUDENT WHO MEETS THE ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751 THROUGH 1793) FOR FREE OR REDUCED-PRICE LUNCHES, OR AN EQUIVALENT MEASURE RECOGNIZED FOR PARTICIPATING IN THE FEDERAL FREE AND REDUCED-PRICE LUNCH PROGRAM AND OTHER SCHOOL PROGRAMS DEPENDENT ON A POVERTY MEASURE.

~~2.~~ 3. "Curriculum" means a course of study for content areas or grade levels, including any supplemental materials required or recommended by the curriculum, approved by the department.

~~3.~~ 4. "Department" means the department of education.

1 ~~4.~~ 5. "Eligible postsecondary institution" means a community
2 college as defined in section 15-1401, a university under the jurisdiction
3 of the Arizona board of regents or an accredited private postsecondary
4 institution.

5 ~~5.~~ 6. "Parent" means a resident of this state who is the parent,
6 stepparent or legal guardian of a qualified student.

7 ~~6.~~ 7. "Qualified school" means a nongovernmental primary or
8 secondary school or a preschool for pupils with disabilities that is
9 located in this state or, for qualified students who reside within the
10 boundaries of an Indian reservation in this state, that is located in an
11 adjacent state and that is within two miles of the border of the state in
12 which the qualified student resides, and that does not discriminate on the
13 basis of race, color or national origin.

14 ~~7.~~ 8. "Qualified student" means a resident of this state who:

15 (a) Is any of the following:

16 (i) Identified as having a disability under section 504 of the
17 rehabilitation act of 1973 (29 United States Code section 794).

18 (ii) Identified by a school district or by an independent third
19 party pursuant to section 15-2403, subsection I as a child with a
20 disability as defined in section 15-731 or 15-761.

21 (iii) A child with a disability who is eligible to receive services
22 from a school district under section 15-763.

23 (iv) Attending a school or school district that ~~has been~~ WAS
24 assigned a letter grade of D or F pursuant to section 15-241 FOR THE MOST
25 RECENT YEAR IN WHICH LETTER GRADES WERE ASSIGNED or who is currently
26 eligible to attend kindergarten and who resides within the attendance
27 boundary of a school that ~~has been~~ WAS assigned a letter grade of D or F
28 pursuant to section 15-241 FOR THE MOST RECENT YEAR IN WHICH LETTER GRADES
29 WERE ASSIGNED.

30 (v) A previous recipient of a scholarship issued pursuant to
31 section 15-891 or this section, unless the qualified student's parent has
32 been removed from eligibility in the program for failure to comply
33 pursuant to section 15-2403, subsection C.

34 (vi) A child of a parent who is a member of the armed forces of the
35 United States and who is on active duty, ~~or~~ WHO was killed in the line of
36 duty OR WHO IS A VETERAN OF THE ARMED FORCES OF THE UNITED STATES. A child
37 who meets the requirements of this item is not subject to subdivision (b)
38 of this paragraph.

39 (vii) A child who is a ward of the juvenile court and who is
40 residing with a prospective permanent placement pursuant to section 8-862
41 and the case plan is adoption or permanent guardianship.

42 (viii) A child who was a ward of the juvenile court and who
43 achieved permanency through adoption or permanent guardianship.

44 (ix) A child who is the sibling of a current or previous Arizona
45 empowerment scholarship account recipient or of an eligible qualified

1 student who accepts the terms of and enrolls in an Arizona empowerment
2 scholarship account.

3 (x) A child who resides within the boundaries of an Indian
4 reservation in this state as determined by the department of education or
5 a tribal government.

6 (xi) A child of a parent who is legally blind or deaf or hard of
7 hearing as defined in section 36-1941.

8 (xii) A CHILD WHO RECEIVES FREE OR REDUCED-PRICE LUNCHES UNDER THE
9 NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS.

10 (b) And, except as provided in subdivision (a), item (vi) of this
11 paragraph, who meets any of the following requirements:

12 (i) Attended a governmental primary or secondary school as a
13 full-time student as defined in section 15-901 for at least ~~the first one~~
14 ~~hundred~~ THIRTY days of the CURRENT OR prior fiscal year and who
15 transferred from a governmental primary or secondary school under a
16 contract to participate in an Arizona empowerment scholarship account.
17 First, second and third grade students who are enrolled in Arizona online
18 instruction must receive four hundred hours of logged instruction to be
19 eligible pursuant to this item. Fourth, fifth and sixth grade students
20 who are enrolled in Arizona online instruction must receive five hundred
21 hours of logged instruction to be eligible pursuant to this item. Seventh
22 and eighth grade students who are enrolled in Arizona online instruction
23 must receive five hundred fifty hours of logged instruction to be eligible
24 pursuant to this item. High school students who are enrolled in Arizona
25 online instruction must receive five hundred hours of logged instruction
26 to be eligible pursuant to this item.

27 (ii) Previously participated in an Arizona empowerment scholarship
28 account.

29 (iii) Received a scholarship under section 43-1505 and who
30 continues to attend a qualified school if the student attended a
31 governmental primary or secondary school as a full-time student as defined
32 in section 15-901 for at least ninety days of the prior fiscal year or one
33 full semester before attending a qualified school.

34 (iv) Was eligible for an Arizona scholarship for pupils with
35 disabilities and received monies from a school tuition organization
36 pursuant to section 43-1505 or received an Arizona scholarship for pupils
37 with disabilities but did not receive monies from a school tuition
38 organization pursuant to section 43-1505 and who continues to attend a
39 qualified school if the student attended a governmental primary or
40 secondary school as a full-time student as defined in section 15-901 for
41 at least ninety days of the prior fiscal year or one full semester ~~prior~~
42 ~~to~~ BEFORE attending a qualified school.

1 (v) Has not previously attended a governmental primary or secondary
2 school but is currently eligible to enroll in a kindergarten program in a
3 school district or charter school in this state or attended a program for
4 preschool children with disabilities.

5 (vi) Has not previously attended a governmental primary or
6 secondary school but is currently eligible to enroll in a program for
7 preschool children with disabilities in this state.

8 (vii) WAS COUNTED AMONG THE AVERAGE DAILY MEMBERSHIP FOR THE
9 PURPOSES OF DETERMINING STATE FUNDING AT ANY GOVERNMENTAL PRIMARY OR
10 SECONDARY SCHOOL IN THIS STATE IN THE PRIOR FISCAL YEAR, INCLUDING AS AN
11 ARIZONA ONLINE INSTRUCTION STUDENT.

12 ~~8.~~ 9. "Treasurer" means the office of the state treasurer.

13 Sec. 47. Section 15-2402, Arizona Revised Statutes, is amended to
14 read:

15 15-2402. Arizona empowerment scholarship accounts; funds

16 A. Arizona empowerment scholarship accounts are established to
17 provide options for the education of students in this state.

18 B. To enroll a qualified student for an Arizona empowerment
19 scholarship account, the parent of the qualified student must sign an
20 agreement to do all of the following:

21 1. Use a portion of the Arizona empowerment scholarship account
22 monies allocated annually to provide an education for the qualified
23 student in at least the subjects of reading, grammar, mathematics, social
24 studies and science, unless the Arizona empowerment scholarship account is
25 allocated monies according to a transfer schedule other than quarterly
26 transfers pursuant to section 15-2403, subsection F.

27 2. Not enroll the qualified student in a school district or charter
28 school and release the school district from all obligations to educate the
29 qualified student. This paragraph does not relieve the school district or
30 charter school that the qualified student previously attended from the
31 obligation to conduct an evaluation pursuant to section 15-766.

32 3. Not accept a scholarship from a school tuition organization
33 pursuant to title 43 concurrently with an Arizona empowerment scholarship
34 account for the qualified student in the same year a parent signs the
35 agreement pursuant to this section.

36 4. Use monies deposited in the qualified student's Arizona
37 empowerment scholarship account only for the following expenses of the
38 qualified student:

39 (a) Tuition or fees at a qualified school.

40 (b) Textbooks required by a qualified school.

41 (c) If the qualified student meets any of the criteria specified in
42 section 15-2401, paragraph ~~7~~ 8, subdivision (a), item (i), (ii) or (iii)
43 as determined by a school district or by an independent third party
44 pursuant to section 15-2403, subsection I, the qualified student may use
45 the following additional services:

1 (i) Educational therapies from a licensed or accredited
2 practitioner or provider, INCLUDING AND UP TO ANY AMOUNT NOT COVERED BY
3 INSURANCE IF THE EXPENSE IS PARTIALLY PAID BY A HEALTH INSURANCE POLICY
4 FOR THE QUALIFIED STUDENT.

5 (ii) A licensed or accredited paraprofessional or educational aide.

6 (iii) Tuition for vocational and life skills education approved by
7 the department.

8 (iv) Associated goods and services that include educational and
9 psychological evaluations, assistive technology rentals and braille
10 translation goods and services approved by the department.

11 (d) Tutoring or teaching services provided by an individual or
12 facility accredited by a state, regional or national accrediting
13 organization.

14 (e) Curricula and supplementary materials.

15 (f) Tuition or fees for a nonpublic online learning program.

16 (g) Fees for a nationally standardized norm-referenced achievement
17 test, an advanced placement examination or any exams related to college or
18 university admission.

19 (h) Tuition or fees at an eligible postsecondary institution.

20 (i) Textbooks required by an eligible postsecondary institution.

21 (j) Fees to manage the Arizona empowerment scholarship account.

22 (k) Services provided by a public school, including individual
23 classes and extracurricular programs.

24 (l) Insurance or surety bond payments.

25 (m) Uniforms purchased from or through a qualified school.

26 (n) If the qualified student meets the criteria specified in
27 section 15-2401, paragraph ~~7~~ 8, subdivision (a), item (i), (ii) or (iii)
28 and if the qualified student is in the second year prior to the final year
29 of a contract executed pursuant to this article, costs associated with an
30 annual education plan conducted by an independent evaluation team. The
31 department shall prescribe minimum qualifications for independent
32 evaluation teams pursuant to this subdivision and factors that teams must
33 use to determine whether the qualified student shall be eligible to
34 continue to receive monies pursuant to this article through the school
35 year in which the qualified student reaches twenty-two years of age. An
36 independent evaluation team that provides an annual education plan
37 pursuant to this subdivision shall submit a written report that summarizes
38 the results of the evaluation to the parent of the qualified student and
39 to the department on or before July 31. The written report submitted by
40 the independent evaluation team is valid for one year. If the department
41 determines that the qualified student meets the eligibility criteria
42 prescribed in the annual education plan, the qualified student is eligible
43 to continue to receive monies pursuant to this article until the qualified
44 student reaches twenty-two years of age, subject to annual review. A
45 parent may appeal the department's decision pursuant to title 41,

1 chapter 6, article 10. As an addendum to a qualified student's final-year
2 contract, the department shall provide the following written information
3 to the parent of the qualified student:

4 (i) That the qualified student will not be eligible to continue to
5 receive monies pursuant to this article unless the results of an annual
6 education plan conducted pursuant to this subdivision demonstrate that the
7 qualified student meets the eligibility criteria prescribed in the annual
8 education plan.

9 (ii) That the parent is entitled to obtain an annual education plan
10 pursuant to this subdivision to determine whether the qualified student
11 meets the eligibility criteria prescribed in the annual education plan.

12 (iii) A list of independent evaluation teams that meet the minimum
13 qualifications prescribed by the department pursuant to this subdivision.

14 (o) PUBLIC TRANSPORTATION SERVICES IN THIS STATE, INCLUDING A
15 COMMUTER PASS FOR THE QUALIFIED STUDENT, OR TRANSPORTATION NETWORK
16 SERVICES AS DEFINED IN SECTION 28-9551 BETWEEN THE QUALIFIED STUDENT'S
17 RESIDENCE AND A QUALIFIED SCHOOL IN WHICH THE QUALIFIED STUDENT IS
18 ENROLLED.

19 5. Not file an affidavit of intent to homeschool pursuant to
20 section 15-802, subsection B, paragraph 2 or 3.

21 6. Not use monies deposited in the qualified student's account for
22 any of the following:

23 (a) Computer hardware or other technological devices, except as
24 otherwise allowed under paragraph 4, subdivision (c) of this subsection.

25 (b) Transportation of the pupil, EXCEPT FOR TRANSPORTATION SERVICES
26 AS DESCRIBED IN PARAGRAPH 4, SUBDIVISION (o) OF THIS SUBSECTION.

27 (c) Consumable educational supplies, including paper, pens or
28 markers.

29 C. In exchange for the parent's agreement pursuant to subsection B
30 of this section, the department shall transfer from the monies that would
31 otherwise be allocated to a recipient's prior school district, or if the
32 child is currently eligible to attend kindergarten, the monies that the
33 department determines would otherwise be allocated to a recipient's
34 expected school district of attendance, to the treasurer for deposit into
35 an Arizona empowerment scholarship account an amount that is equivalent to
36 ninety percent of the sum of the base support level and additional
37 assistance prescribed in sections 15-185 and 15-943 for that particular
38 student if that student were attending a charter school.

39 D. A CHILD WHO PARTICIPATES IN AN ARIZONA EMPOWERMENT SCHOLARSHIP
40 ACCOUNT CONTINUES TO BE ENTITLED TO AN EQUITABLE SHARE OF THE FUNDING THAT
41 WOULD OTHERWISE BE ALLOCATED TO A SCHOOL DISTRICT OR CHARTER SCHOOL FOR
42 THAT CHILD FROM THE CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977. TO
43 ENSURE THIS EQUITY, AND IN RECOGNITION OF THE FACT A CHILD'S PRIMARY
44 INSTRUCTION MAY TAKE PLACE IN A VARIETY OF SETTINGS:

1 1. NOTWITHSTANDING ANY OTHER LAW, A CHILD WHO IS PARTICIPATING IN
2 AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT SHALL BE INCLUDED IN THE
3 ESTIMATED STATEWIDE WEIGHTED STUDENT COUNT FOR THE PURPOSES OF CALCULATING
4 THE PER PUPIL AMOUNT FROM THE CLASSROOM SITE FUND PURSUANT TO SECTION
5 15-977, SUBSECTION G, PARAGRAPH 1 AS LONG AS THAT STUDENT CONTINUES TO
6 PARTICIPATE IN AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT.

7 2. IN ADDITION TO ANY AMOUNTS TRANSFERRED FROM THE CLASSROOM SITE
8 FUND TO A SCHOOL DISTRICT OR CHARTER SCHOOL, THE DEPARTMENT SHALL ANNUALLY
9 TRANSFER FROM THE FUND TO THE TREASURER FOR DEPOSIT IN EACH ARIZONA
10 EMPOWERMENT SCHOLARSHIP ACCOUNT AN AMOUNT THAT IS EQUIVALENT TO THE PER
11 PUPIL AMOUNT MULTIPLIED BY THE STUDENT'S WEIGHTED COUNT THAT WOULD BE
12 CALCULATED IF THAT STUDENT WERE ATTENDING THE STUDENT'S PRIOR SCHOOL
13 DISTRICT OR CHARTER SCHOOL OR, IF THE CHILD IS AN INCOMING KINDERGARTENER,
14 THE CHILD'S EXPECTED SCHOOL DISTRICT OF ATTENDANCE.

15 3. NOTWITHSTANDING ANY OTHER LAW, THE AMOUNT TRANSFERRED TO EACH
16 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PURSUANT TO PARAGRAPH 2 OF THIS
17 SUBSECTION SHALL COUNT TOWARD THE TOTAL AMOUNT THE DEPARTMENT IS REQUIRED
18 TO ALLOCATE AND TRANSFER TO EACH ACCOUNT PURSUANT TO SUBSECTION C OF THIS
19 SECTION AND MAY BE USED FOR ANY ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT
20 EXPENDITURE ALLOWED PURSUANT TO SUBSECTION B OF THIS SECTION,
21 NOTWITHSTANDING ANY OTHER LAW.

22 ~~E.~~ E. The department of education empowerment scholarship account
23 fund is established consisting of monies appropriated by the legislature.
24 The department shall administer the fund. Monies in the fund are subject
25 to legislative appropriation. Monies in the fund shall be used for the
26 department's costs in administering Arizona empowerment scholarship
27 accounts under this chapter. Monies in the fund are exempt from the
28 provisions of section 35-190 relating to lapsing of appropriations. If
29 the number of Arizona empowerment scholarship accounts significantly
30 increases after fiscal year 2020-2021, the department may request an
31 increase in the amount appropriated to the fund in any subsequent fiscal
32 year in the budget estimate submitted pursuant to section 35-113. The
33 department shall list monies in the fund as a separate line item in its
34 budget estimate.

35 ~~F.~~ F. The state treasurer empowerment scholarship account fund is
36 established consisting of monies appropriated by the legislature. The
37 state treasurer shall administer the fund. Monies in the fund shall be
38 used for the state treasurer's costs in administering the Arizona
39 empowerment scholarship accounts under this chapter. If the number of
40 Arizona empowerment scholarship accounts significantly increases after
41 fiscal year 2020-2021, the state treasurer may request an increase in the
42 amount appropriated to the fund in any subsequent fiscal year in the
43 budget estimate submitted pursuant to section 35-113. Monies in the fund
44 are subject to legislative appropriation. Monies in the fund are exempt
45 from the provisions of section 35-190 relating to lapsing of

1 appropriations. The state treasurer shall list monies in the fund as a
2 separate line item in its budget estimate.

3 ~~F.~~ G. A parent must renew the qualified student's Arizona
4 empowerment scholarship account on an annual basis.

5 ~~G.~~ H. Notwithstanding any changes to the student's
6 multidisciplinary evaluation team plan, a student who has previously
7 qualified for an Arizona empowerment scholarship account remains eligible
8 to apply for renewal until the student finishes high school.

9 ~~H.~~ I. If a parent does not renew the qualified student's Arizona
10 empowerment scholarship account for a period of three academic years, the
11 department shall notify the parent that the qualified student's account
12 will be closed in sixty calendar days. The notification must be sent
13 through certified mail, email and telephone, if applicable. The parent
14 has sixty calendar days to renew the qualified student's Arizona
15 empowerment scholarship account. If the parent chooses not to renew or
16 does not respond in sixty calendar days, the department shall close the
17 account and any remaining monies shall be returned to the state.

18 ~~I.~~ J. A signed agreement under this section constitutes school
19 attendance required by section 15-802.

20 ~~J.~~ K. A qualified school or a provider of services purchased
21 pursuant to subsection B, paragraph 4 of this section may not share,
22 refund or rebate any Arizona empowerment scholarship account monies with
23 the parent or qualified student in any manner.

24 ~~K.~~ L. NOTWITHSTANDING SUBSECTION I OF THIS SECTION, on the
25 qualified student's graduation from a postsecondary institution or after
26 any period of four consecutive years after high school graduation in which
27 the student is not enrolled in an eligible postsecondary institution, BUT
28 NOT AS LONG AS THE ACCOUNT HOLDER CONTINUES USING A PORTION OF ACCOUNT
29 MONIES FOR ELIGIBLE EXPENSES EACH YEAR AND IS IN GOOD STANDING, the
30 qualified student's Arizona empowerment scholarship account shall be
31 closed and any remaining monies shall be returned to the state.

32 ~~L.~~ M. Monies received pursuant to this article do not constitute
33 taxable income to the parent of the qualified student.

34 Sec. 48. Section 15-2403, Arizona Revised Statutes, is amended to
35 read:

36 15-2403. Arizona empowerment scholarship accounts:
37 administration; appeals; audit; rules; policy
38 handbook

39 A. The treasurer may contract with private financial management
40 firms to manage Arizona empowerment scholarship accounts.

41 B. The department shall conduct or contract for annual audits of
42 Arizona empowerment scholarship accounts to ensure compliance with section
43 15-2402, subsection B, paragraph 4. The department shall also conduct or
44 contract for random, quarterly and annual audits of Arizona empowerment

1 scholarship accounts as needed to ensure compliance with section 15-2402,
2 subsection B, paragraph 4.

3 C. The department may remove any parent or qualified student from
4 eligibility for an Arizona empowerment scholarship account if the parent
5 or qualified student fails to comply with the terms of the contract or
6 applicable laws, rules or orders or knowingly misuses monies or knowingly
7 fails to comply with the terms of the contract with intent to defraud and
8 shall notify the treasurer. The department shall notify the treasurer to
9 suspend the account of a parent or qualified student and shall notify the
10 parent or qualified student in writing that the account has been suspended
11 and that no further transactions will be allowed or disbursements made.
12 The notification shall specify the reason for the suspension and state
13 that the parent or qualified student has ten days, not including weekends,
14 to respond and take corrective action. If the parent or qualified student
15 refuses or fails to contact the department, furnish any information or
16 make any report that may be required for reinstatement within the ten-day
17 period, the department may remove the parent or qualified student pursuant
18 to this subsection.

19 D. A parent may appeal to the state board of education any
20 administrative decision the department makes pursuant to this article,
21 including determinations of allowable expenses, removal from the program
22 or enrollment eligibility. The department shall notify the parent in
23 writing that the parent may appeal any administrative decision under this
24 article and the process by which the parent may appeal at the same time
25 the department notifies the parent of an administrative decision under
26 this article. The state board of education shall establish an appeals
27 process, and the department shall post this information on the
28 department's website in the same location as the policy handbook developed
29 pursuant to subsection J of this section.

30 E. The state board of education may refer cases of substantial
31 misuse of monies to the attorney general for the purpose of collection or
32 for the purpose of a criminal investigation if the state board of
33 education obtains evidence of fraudulent use of an account.

34 F. The department shall make quarterly transfers of the amount
35 calculated pursuant to section 15-2402, subsection C to the treasurer for
36 deposit in the Arizona empowerment scholarship account of each qualified
37 student, except the department may make transfers according to another
38 transfer schedule if the department determines a transfer schedule other
39 than quarterly transfers is necessary to operate the Arizona empowerment
40 scholarship account.

41 G. The department shall accept applications between July 1 and June
42 30 of each year. The department shall enroll and issue an award letter to
43 eligible applicants within ~~forty-five~~ THIRTY days after receipt of a
44 completed application and all required documentation. On or before May 30
45 of each year, the department shall furnish to the joint legislative budget

1 committee an estimate of the amount required to fund Arizona empowerment
2 scholarship accounts for the following fiscal year. The department shall
3 include in its budget request for the following fiscal year the amount
4 estimated pursuant to section 15-2402, subsection C for each qualified
5 student.

6 H. The state board of education may adopt rules and policies
7 necessary to administer Arizona empowerment scholarship accounts,
8 including rules and policies:

9 1. For establishing an appeals process pursuant to subsection D of
10 this section.

11 2. For conducting or contracting for examinations of the use of
12 account monies.

13 3. For conducting or contracting for random, quarterly and annual
14 reviews of accounts.

15 4. For establishing or contracting for the establishment of an
16 online anonymous fraud reporting service.

17 5. For establishing an anonymous telephone hotline for fraud
18 reporting.

19 6. That require a surety bond or insurance for account holders.

20 I. The department shall contract with an independent third party
21 for the purposes of determining whether a qualified student is eligible to
22 receive educational therapies or services pursuant to section 15-2402,
23 subsection B, paragraph 4, subdivision (c).

24 J. On or before July 1 of each year, the department shall develop
25 an applicant and participant handbook that includes information relating
26 to policies and processes of Arizona empowerment scholarship accounts.
27 The policy handbook shall comply with the rules adopted by the state board
28 of education pursuant to this section. the department shall post the
29 handbook on its website.

30 K. EXCEPT FOR CASES IN WHICH THE ATTORNEY GENERAL DETERMINES THAT A
31 PARENT OR ACCOUNT HOLDER HAS COMMITTED FRAUD, ANY EXPENDITURE FROM AN
32 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT FOR A PURCHASE THAT IS DEEMED
33 INELIGIBLE PURSUANT TO SECTION 15-2402 AND THAT IS SUBSEQUENTLY REPAID BY
34 THE PARENT OR ACCOUNT HOLDER SHALL BE CREDITED BACK TO THE ARIZONA
35 EMPOWERMENT SCHOLARSHIP ACCOUNT BALANCE WITHIN THIRTY DAYS AFTER THE
36 RECEIPT OF PAYMENT.

37 Sec. 49. Section 35-185.01, Arizona Revised Statutes, is amended to
38 read:

39 35-185.01. Treasurer's warrant notes; form; redemption;
40 exception

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

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

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

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

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

42 E. The treasurer shall pay interest from the treasurer's warrant
43 note redemption fund on the face value of each warrant note at the rate
44 established by the state treasurer at the time of issuing the warrant
45 note. Interest shall be paid from the date of the treasurer's warrant

1 note until the maturity date or redemption date. The treasurer shall
2 establish the interest rate before the exchange or sale of warrant notes
3 at a rate of not more than the maximum rate permitted by the state loan
4 commissioners.

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

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

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

(Countersigned) State Treasurer
Director of the department
of administration

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

38 I. Treasurer's warrant notes issued in any fiscal year shall be
39 numbered consecutively beginning with the number one. Treasurer's warrant
40 notes shall be redeemed in numerical order. If the treasurer has
41 sufficient monies to pay only a portion of the lowest numbered outstanding
42 warrant note, the treasurer may deposit the monies with the paying agent
43 pursuant to subsection K of this section or call in the lowest numbered
44 warrant note, before maturity according to its terms, and pay the bearer
45 the amount available and issue to the bearer a new warrant note bearing a

1 number that will preserve, for the new warrant note, the priority of the
2 partially paid warrant note and bearing a value equal to the amount of
3 principal and interest remaining unpaid. The new warrant note and the
4 partial payment of principal and interest on the partially paid warrant
5 note shall be exchanged for the partially paid warrant note. The new
6 warrant note shall pay interest at the same rate as the partially paid
7 warrant note. The treasurer may make the changes in the form and date of
8 the new warrant note as necessary to reflect the amount of unpaid interest
9 on the partially paid warrant note.

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

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

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

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

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

Sec. 50. Section 35-212, Arizona Revised Statutes, is amended to read:

35-212. Injunctive and civil remedies; time limit; definition

A. The attorney general in the attorney general's discretion may bring an action in the name of ~~the~~ THIS state to:

1. Enjoin the illegal payment of public monies, including violations of section 11-952 and title 41, chapter 23.

2. Recover illegally paid public monies plus twenty percent of that amount together with interest and costs, including reasonable attorney fees, to be paid to the state treasurer or other appropriate official, ~~or~~, or, in the case of public monies of a political subdivision that did not originate or were not received from this state, to the political subdivision, to the credit of the fund from which the payment was made.

B. The attorney general may bring an action to recover illegally paid public monies against:

1. Any person who received the illegal payment.

2. The public body or the public officer acting in the officer's official capacity who ordered or caused the illegal payment or has supervisory authority over the person that ordered or caused the illegal payment.

1 3. The public official, employee or agent who ordered or caused the
2 illegal payment, including a payment ordered or caused to be made without
3 authorization of law.

4 4. THE PUBLIC OFFICIAL, EMPLOYEE OR AGENT OF THIS STATE, A
5 POLITICAL SUBDIVISION OF THIS STATE OR A BUDGET UNIT WHO KNOWINGLY USES
6 PUBLIC MONIES OR OTHER PUBLIC RESOURCES, INCLUDING EMAIL, EQUIPMENT OR
7 COMPENSATED WORK TIME, TO ORGANIZE, PLAN OR EXECUTE ANY ACTIVITY THAT
8 IMPEDES OR PREVENTS A PUBLIC SCHOOL FROM OPERATING FOR ANY PERIOD OF TIME,
9 UNLESS THE PUBLIC OFFICIAL, EMPLOYEE OR AGENT IS ACTING IN GOOD FAITH AND
10 IN FURTHERANCE OF THE OFFICIAL'S, EMPLOYEE'S OR AGENT'S OFFICIAL DUTIES.

11 5. THE TEACHER, ADMINISTRATOR OR OTHER EMPLOYEE OF A SCHOOL
12 DISTRICT OR CHARTER SCHOOL OR THE STATE EMPLOYEE WHOSE VIOLATION OF
13 SECTION 15-717.02 RESULTED IN AN ILLEGAL USE OF PUBLIC MONIES.

14 C. A public official, employee or agent of this state, a political
15 subdivision of this state or a budget unit who is charged with collecting,
16 receiving, safekeeping, transferring or disbursing public monies may be
17 held personally liable for an illegal payment of public monies, including
18 payment made without authorization of law.

19 D. A public official, employee or agent of this state, a political
20 subdivision of this state or a budget unit who is responsible for
21 disbursing, collecting, receiving, safekeeping or transferring public
22 monies pursuant to a warrant, check or substitute check, electronic funds
23 transfer voucher or other form of claim that does not originate from the
24 public official, employee or agent making the disbursement may not be held
25 personally liable for illegal payments made pursuant to such warrants,
26 checks or substitute checks, electronic funds transfer vouchers or other
27 claims unless the public official, employee or agent knew or should have
28 known that a warrant, check or substitute check, electronic funds transfer
29 voucher or other claim would result in an illegal payment of public
30 monies.

31 E. An action brought pursuant to this article is subject to title
32 12, chapter 7, article 2. If the action is brought by the attorney
33 general, the action must be brought within five years after the date an
34 illegal payment was ordered and section 12-821.01 does not apply to the
35 action.

36 F. For the purposes of this section, "public monies" includes all
37 monies coming into the lawful possession, custody or control of budget
38 units, state agencies, boards, commissions or departments or a state
39 officer, employee or agent in an official capacity, and all monies coming
40 into the lawful possession, custody or control of a tax-supported
41 political subdivision or an officer, employee or agent of a tax-supported
42 political subdivision in an official capacity irrespective of the source
43 from which, or the manner in which, the monies are received.

1 Sec. 51. Section 35-313, Arizona Revised Statutes, is amended to
2 read:

3 35-313. Investment of trust and treasury monies; loan of
4 securities

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

7 1. Obligations issued or guaranteed by the United States or any of
8 its agencies, sponsored agencies, corporations, sponsored corporations or
9 instrumentalities.

10 2. Repurchase agreements collateralized with securities that are
11 authorized for investment pursuant to state law and that are purchased
12 from authorized counterparties that have adequate capital and liquidity as
13 determined by the state treasurer.

14 3. Bonds or other evidences of indebtedness of this state or any of
15 the counties or incorporated cities, towns or duly organized school
16 districts.

17 4. Commercial paper whose issuer is investment grade for short-term
18 obligations by any two nationally recognized statistical rating
19 organizations.

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

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

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

27 8. Securities of or any other interests in any open-end or
28 closed-end management type investment company or investment trust,
29 including exchange traded products whose underlying investments are
30 invested in securities allowed by state law, registered under the
31 investment company act of 1940 (54 Stat. 789; 15 United States Code
32 sections 80a-1 through 80a-64), as amended. For any treasurer investment
33 pool that seeks to maintain a constant share price, both of the following
34 apply:

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

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

40 9. Certificates of deferred property taxes as provided by section
41 42-17309.

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

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

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

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

9 14. Deposits placed in accordance with the procedures prescribed in
10 section 35-323.01.

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

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

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

20 C. The state treasurer may contract to loan securities owned by the
21 trust funds and operating monies deposited in the investment pools
22 pursuant to section 35-316, subsection B to the financial or dealer
23 community through one or more of the entities listed in section 35-317,
24 subsection A, or authorized by the board of investment pursuant to section
25 35-311, subsection E, if the borrower transfers collateral to the state
26 treasurer or acting agent of the state in the form of cash or securities
27 authorized for investment pursuant to state law. Collateral posted in the
28 form of cash shall be in an amount equal to at least one hundred percent
29 of the market value of the loaned securities as agreed. Collateral posted
30 in the form of securities shall be in an amount of at least one hundred
31 two percent of the market value of the loaned securities as established
32 from time to time by the board of investment. The loaned securities shall
33 be valued as to market value daily, and, if necessary, the borrower shall
34 post additional collateral, as agreed, to ensure that the required margin
35 is maintained. The state treasurer may collect from the borrower all
36 dividends, interest, premiums, rights and other distributions to which the
37 lender of securities would otherwise be entitled. The state treasurer may
38 terminate the contract on at least five business days' notice, as agreed,
39 and the borrower may terminate the contract on at least two business days'
40 notice, as agreed.

41 D. The state treasurer shall invest operating monies in state
42 transportation board funding obligations delivered pursuant to section
43 28-7678 pursuant to the following:

44 1. The state treasurer shall liquidate investments of operating
45 monies if necessary to invest in state transportation board funding

obligations, except that if operating monies in the state general fund fall below an \$800,000,000 average over the previous twelve consecutive months, the state treasurer is not required to purchase state transportation board funding obligations pursuant to this subsection.

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

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

Sec. 52. Section 37-221, Arizona Revised Statutes, is amended to read:

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

A. Notwithstanding any other law, school districts may enter into leases of state land for more than ten years if the land is to be used for public education purposes. These leases shall be granted according to the constitution of this state and department rules. School districts shall ~~make all applications~~ APPLY for leases for educational purposes on forms prepared and furnished by the department, and an authorized agent of the governing board of the school district shall sign and swear to the application. A school district shall not use lands leased to it under this section except for public ~~educational~~ EDUCATION purposes.

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

1 C. The department shall develop procedures to give priority to the
2 procedures used for school districts to purchase state lands for public
3 education purposes. The department shall develop procedures to simplify
4 the procedures used for school districts to purchase state lands for
5 public education purposes. The procedures shall specify that any purchase
6 of school lands by school districts using state monies shall comply with
7 the requirements of title ~~15~~ 41, chapter ~~16~~ 56.

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

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

15 Sec. 53. Section 37-521, Arizona Revised Statutes, is amended to
16 read:

17 37-521. Permanent state school fund; composition; use

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

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

22 2. All property which accrues to the state by escheat or
23 forfeiture.

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

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

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

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

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

42 1. If there are outstanding state school facilities revenue bonds
43 pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6, outstanding qualified
44 zone academy bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 7 or
45 outstanding state school trust revenue bonds issued to correct existing

1 deficiencies, the state treasurer and the state land department shall
2 annually transfer to the state school facilities revenue bond debt service
3 fund established in section ~~15-2054~~ 41-5754, the state school improvement
4 revenue bond debt service fund established in section ~~15-2064~~ 41-5784 and
5 the state school trust revenue bond debt service fund the amount that is
6 necessary to pay that fiscal year's debt service on outstanding state
7 school facilities revenue bonds, qualified zone academy bonds and state
8 school trust revenue bonds, before transferring amounts for any other
9 uses.

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

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

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

27 Sec. 54. Section 41-1092.02, Arizona Revised Statutes, is amended
28 to read:

29 41-1092.02. Appealable agency actions; application of
30 procedural rules; exemption from article

31 A. This article applies to all contested cases as defined in
32 section 41-1001 and all appealable agency actions, except contested cases
33 with or appealable agency actions of:

- 34 1. The state department of corrections.
- 35 2. The board of executive clemency.
- 36 3. The industrial commission of Arizona.
- 37 4. The Arizona corporation commission.
- 38 5. The Arizona board of regents and institutions under its
39 jurisdiction.
- 40 6. The state personnel board.
- 41 7. The department of juvenile corrections.
- 42 8. The department of transportation, except as provided in title
43 28, chapter 30, article 2.
- 44 9. The department of economic security except as provided in
45 section 46-458.

1 10. The department of revenue regarding:
2 (a) Income tax or withholding tax.
3 (b) Any tax issue related to information associated with the
4 reporting of income tax or withholding tax unless the taxpayer requests in
5 writing that this article apply and waives confidentiality under title 42,
6 chapter 2, article 1.
7 11. The board of tax appeals.
8 12. The state board of equalization.
9 13. The state board of education, but only in connection with
10 contested cases and appealable agency actions related to **EITHER:**
11 (a) Applications for issuance or renewal of a certificate and
12 discipline of certificate holders pursuant to sections 15-203, 15-534,
13 15-534.01, 15-535, 15-545 and 15-550.
14 (b) **THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PROGRAM PURSUANT TO**
15 **TITLE 15, CHAPTER 19.**
16 14. The board of fingerprinting.
17 15. The department of child safety except as provided in sections
18 8-506.01 and 8-811.
19 B. Unless waived by all parties, an administrative law judge shall
20 conduct all hearings under this article, and the procedural rules set
21 forth in this article and rules made by the director apply.
22 C. Except as provided in subsection A of this section:
23 1. A contested case heard by the office of administrative hearings
24 regarding taxes administered under title 42 shall be subject to section
25 42-1251.
26 2. A final decision of the office of administrative hearings
27 regarding taxes administered under title 42 may be appealed by either
28 party to the director of the department of revenue, or a taxpayer may file
29 and appeal directly to the board of tax appeals pursuant to section
30 42-1253.
31 D. Except as provided in subsections A, B, E, F and G of this
32 section and notwithstanding any other administrative proceeding or
33 judicial review process established in statute or administrative rule,
34 this article applies to all appealable agency actions and to all contested
35 cases.
36 E. Except for a contested case or an appealable agency action
37 regarding unclaimed property, sections 41-1092.03, 41-1092.08 and
38 41-1092.09 do not apply to the department of revenue.
39 F. The board of appeals established by section 37-213 is exempt
40 from:
41 1. The time frames for hearings and decisions provided in section
42 41-1092.05, subsection A, section 41-1092.08 and section 41-1092.09.

1 2. The requirement in section 41-1092.06, subsection A to hold an
2 informal settlement conference at the appellant's request if the sole
3 subject of an appeal pursuant to section 37-215 is the estimate of value
4 reported in an appraisal of lands or improvements.

5 G. Auction protest procedures pursuant to title 37, chapter 2,
6 article 4.1 are exempt from this article.

7 Sec. 55. Section 41-1276, Arizona Revised Statutes, is amended to
8 read:

9 41-1276. Truth in taxation levy for equalization assistance
10 to school districts

11 A. On or before February 15 of each year, the joint legislative
12 budget committee shall compute and transmit the truth in taxation rates
13 for equalization assistance for school districts for the following fiscal
14 year to:

15 1. The chairmen of the house of representatives ways and means
16 committee and the senate finance committee, or their successor committees.

17 2. The chairmen of the appropriations committees of the senate and
18 the house of representatives, or their successor committees.

19 B. The truth in taxation rates consist of the qualifying tax rate
20 for a high school district or a common school district within a high
21 school district that does not offer instruction in high school subjects
22 pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax
23 rate for a unified district, a common school district not within a high
24 school district or a common school district within a high school district
25 that offers instruction in high school subjects pursuant to section
26 15-971, subsection B, paragraph 2 and a state equalization assistance
27 property tax rate pursuant to section 15-994 that will offset the change
28 in net assessed valuation of property that was subject to tax in the prior
29 year.

30 C. The joint legislative budget committee shall compute the truth
31 in taxation rates as follows:

32 1. Determine the statewide net assessed value for the preceding tax
33 year as provided in section 42-17151, subsection A, paragraph 3.

34 2. Determine the statewide net assessed value for the current tax
35 year, excluding the net assessed value of property that was not subject to
36 tax in the preceding year.

37 3. Divide the amount determined in paragraph 1 of this subsection
38 by the amount determined in paragraph 2 of this subsection.

39 4. Adjust the qualifying tax rates and the state equalization
40 assistance property tax rate for the current fiscal year by the percentage
41 determined in paragraph 3 of this subsection in order to offset the change
42 in net assessed value.

43 D. Except as provided in subsections E and G of this section, the
44 qualifying tax rate for a high school district or a common school district
45 within a high school district that does not offer instruction in high

1 school subjects, the qualifying tax rate for a unified school district, a
2 common school district not within a high school district or a common
3 school district within a high school district that offers instruction in
4 high school subjects and the state equalization assistance property tax
5 rate for the following fiscal year shall be the rate determined by the
6 joint legislative budget committee pursuant to subsection C of this
7 section. The committee shall transmit the rates to the superintendent of
8 public instruction and the county boards of supervisors by March 15 each
9 year.

10 E. If the legislature proposes either qualifying tax rates or a
11 state equalization assistance property tax rate that exceeds the truth in
12 taxation rate:

13 1. The house of representatives ways and means committee and the
14 senate finance committee, or their successor committees, shall hold a
15 joint hearing on or before February 28 and publish a notice of a truth in
16 taxation hearing subject to the following requirements:

17 (a) The notice shall be published twice in a newspaper of general
18 circulation in this state that is published at the state capital. The
19 first publication shall be at least fourteen but not more than twenty days
20 before the date of the hearing. The second publication shall be at least
21 seven but not more than ten days before the date of the hearing.

22 (b) The notice shall be published in a location other than the
23 classified or legal advertising section of the newspaper.

24 (c) The notice shall be at least one-fourth page in size and shall
25 be surrounded by a solid black border at least one-eighth inch in width.

26 (d) The notice shall be in the following form, with the "truth in
27 taxation hearing - notice of tax increase" headline in at least
28 eighteen-point type:

Truth in Taxation Hearing
Notice of Tax Increase

31 In compliance with section 41-1276, Arizona Revised
32 Statutes, the state legislature is notifying property
33 taxpayers in Arizona of the legislature's intention to raise
34 the property tax levy over last year's level.

35 The proposed tax increase will cause the taxes on a
36 \$100,000 home to be \$(total proposed taxes including the tax
37 increase). Without the proposed tax increase, the total taxes
38 that would be owed on a \$100,000 home would have been
39 \$_____.

40 All interested citizens are invited to attend a public
41 hearing on the tax increase that is scheduled to be held
42 (date and time) at (location).

43 (e) For purposes of computing the tax increase on a \$100,000 home
44 as required by the notice, the joint meeting of the house of
45 representatives ways and means committee and the senate finance committee,

1 or their successor committees, shall consider the difference between the
2 truth in taxation rate and the proposed increased rate.

3 2. The joint meeting of the house of representatives ways and means
4 committee and the senate finance committee, or their successor committees,
5 shall consider any motion to recommend the proposed tax rates to the full
6 legislature by roll call vote.

7 F. In addition to publishing the truth in taxation notice under
8 subsection E, paragraph 1 of this section, the joint meeting of the house
9 of representatives ways and means committee and the senate finance
10 committee, or their successor committees, shall issue a press release
11 containing the truth in taxation notice.

12 G. Notwithstanding any other law, the legislature shall not adopt a
13 state budget that provides for either qualifying tax rates pursuant to
14 section 15-971 or a state equalization assistance property tax rate
15 pursuant to section 15-994 that exceeds the truth in taxation rates
16 computed pursuant to subsection A of this section unless the rates are
17 adopted by a concurrent resolution approved by an affirmative roll call
18 vote of two-thirds of the members of each house of the legislature before
19 the legislature enacts the general appropriations bill. If the resolution
20 is not approved by two-thirds of the members of each house of the
21 legislature, the rates for the following fiscal year shall be the truth in
22 taxation rates determined pursuant to subsection C of this section and
23 shall be transmitted to the superintendent of public instruction and the
24 county boards of supervisors.

25 H. Notwithstanding subsection C of this section and if approved by
26 the qualified electors voting at a statewide general election, the
27 legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a
28 common or high school district or \$4.253 for a unified school district.
29 The legislature shall not set a county equalization assistance for
30 education rate that exceeds \$0.5123.

31 I. Pursuant to subsection C of this section, the qualifying tax
32 rate in tax year ~~2020~~ 2021 for a high school district or a common school
33 district within a high school district that does not offer instruction in
34 high school subjects as provided in section 15-447 is ~~\$1.8371~~ \$1.7694 and
35 for a unified school district, a common school district not within a high
36 school district or a common school district within a high school district
37 that offers instruction in high school subjects as provided in section
38 15-447 is ~~\$3.6742~~ \$3.5388. The state equalization assistance property tax
39 rate in tax year ~~2020~~ 2021 is ~~\$0.4426~~ \$0.4263.

40 Sec. 56. Section 41-1750, Arizona Revised Statutes, is amended to
41 read:

42 41-1750. Central state repository; department of public
43 safety; duties; funds; accounts; definitions

44 A. The department is responsible for the effective operation of the
45 central state repository in order to collect, store and disseminate

1 complete and accurate Arizona criminal history records and related
2 criminal justice information. The department shall:

3 1. Procure from all criminal justice agencies in this state
4 accurate and complete personal identification data, fingerprints, charges,
5 process control numbers and dispositions and such other information as may
6 be pertinent to all persons who have been charged with, arrested for,
7 convicted of or summoned to court as a criminal defendant for a felony
8 offense or an offense involving domestic violence as defined in section
9 13-3601 or a violation of title 13, chapter 14 or title 28, chapter 4.

10 2. Collect information concerning the number and nature of offenses
11 known to have been committed in this state and of the legal steps taken in
12 connection with these offenses, such other information that is useful in
13 the study of crime and in the administration of criminal justice and all
14 other information deemed necessary to operate the statewide uniform crime
15 reporting program and to cooperate with the federal government uniform
16 crime reporting program.

17 3. Collect information concerning criminal offenses that manifest
18 evidence of prejudice based on race, color, religion, national origin,
19 sexual orientation, gender or disability.

20 4. Cooperate with the central state repositories in other states
21 and with the appropriate agency of the federal government in the exchange
22 of information pertinent to violators of the law.

23 5. Ensure the rapid exchange of information concerning the
24 commission of crime and the detection of violators of the law among the
25 criminal justice agencies of other states and of the federal government.

26 6. Furnish assistance to peace officers throughout this state in
27 crime scene investigation for the detection of latent fingerprints and in
28 the comparison of latent fingerprints.

29 7. Conduct periodic operational audits of the central state
30 repository and of a representative sample of other agencies that
31 contribute records to or receive criminal justice information from the
32 central state repository or through the Arizona criminal justice
33 information system.

34 8. Establish and enforce the necessary physical and system
35 safeguards to ensure that the criminal justice information maintained and
36 disseminated by the central state repository or through the Arizona
37 criminal justice information system is appropriately protected from
38 unauthorized inquiry, modification, destruction or dissemination as
39 required by this section.

40 9. Aid and encourage coordination and cooperation among criminal
41 justice agencies through the statewide and interstate exchange of criminal
42 justice information.

1 10. Provide training and proficiency testing on the use of criminal
2 justice information to agencies receiving information from the central
3 state repository or through the Arizona criminal justice information
4 system.

5 11. Operate and maintain the Arizona automated fingerprint
6 identification system established by section 41-2411.

7 12. Provide criminal history record information to the
8 fingerprinting division for the purpose of screening applicants for
9 fingerprint clearance cards.

10 B. The director may establish guidelines for the submission and
11 retention of criminal justice information as deemed useful for the study
12 or prevention of crime and for the administration of criminal justice.

13 C. The chief officers of criminal justice agencies of this state or
14 its political subdivisions shall provide to the central state repository
15 fingerprints and information concerning personal identification data,
16 descriptions, crimes for which persons are arrested, process control
17 numbers and dispositions and such other information as may be pertinent to
18 all persons who have been charged with, arrested for, convicted of or
19 summoned to court as criminal defendants for felony offenses or offenses
20 involving domestic violence as defined in section 13-3601 or violations of
21 title 13, chapter 14 or title 28, chapter 4 that have occurred in this
22 state.

23 D. The chief officers of law enforcement agencies of this state or
24 its political subdivisions shall provide to the department such
25 information as necessary to operate the statewide uniform crime reporting
26 program and to cooperate with the federal government uniform crime
27 reporting program.

28 E. The chief officers of criminal justice agencies of this state or
29 its political subdivisions shall comply with the training and proficiency
30 testing guidelines as required by the department to comply with the
31 federal national crime information center mandates.

32 F. The chief officers of criminal justice agencies of this state or
33 its political subdivisions also shall provide to the department
34 information concerning crimes that manifest evidence of prejudice based on
35 race, color, religion, national origin, sexual orientation, gender or
36 disability.

37 G. The director shall authorize the exchange of criminal justice
38 information between the central state repository, or through the Arizona
39 criminal justice information system, whether directly or through any
40 intermediary, only as follows:

41 1. With criminal justice agencies of the federal government, Indian
42 tribes, this state or its political subdivisions and other states, on
43 request by the chief officers of such agencies or their designated
44 representatives, specifically for the purposes of the administration of
45 criminal justice and for evaluating the fitness of current and prospective

1 criminal justice employees. The department may conduct periodic state and
 2 federal criminal history records checks for the purpose of updating the
 3 status of current criminal justice employees or volunteers and may notify
 4 the criminal justice agency of the results of the records check. The
 5 department is authorized to submit fingerprints to the federal bureau of
 6 investigation to be retained for the purpose of being searched by future
 7 submissions to the federal bureau of investigation including latent
 8 fingerprint searches.

9 2. With any noncriminal justice agency pursuant to a statute,
 10 ordinance or executive order that specifically authorizes the noncriminal
 11 justice agency to receive criminal history record information for the
 12 purpose of evaluating the fitness of current or prospective licensees,
 13 employees, contract employees or volunteers, on submission of the
 14 subject's fingerprints and the prescribed fee. Each statute, ordinance,
 15 or executive order that authorizes noncriminal justice agencies to receive
 16 criminal history record information for these purposes shall identify the
 17 specific categories of licensees, employees, contract employees or
 18 volunteers, and shall require that fingerprints of the specified
 19 individuals be submitted in conjunction with such requests for criminal
 20 history record information. The department may conduct periodic state and
 21 federal criminal history records checks for the purpose of updating the
 22 status of current licensees, employees, contract employees or volunteers
 23 and may notify the noncriminal justice agency of the results of the
 24 records check. The department is authorized to submit fingerprints to the
 25 federal bureau of investigation to be retained for the purpose of being
 26 searched by future submissions to the federal bureau of investigation
 27 including latent fingerprint searches.

28 3. With the board of fingerprinting for the purpose of conducting
 29 good cause exceptions pursuant to section 41-619.55 and central registry
 30 exceptions pursuant to section 41-619.57.

31 4. With any individual for any lawful purpose on submission of the
 32 subject of record's fingerprints and the prescribed fee.

33 5. With the governor, if the governor elects to become actively
 34 involved in the investigation of criminal activity or the administration
 35 of criminal justice in accordance with the governor's constitutional duty
 36 to ensure that the laws are faithfully executed or as needed to carry out
 37 the other responsibilities of the governor's office.

38 6. With regional computer centers that maintain authorized
 39 computer-to-computer interfaces with the department, that are criminal
 40 justice agencies or under the management control of a criminal justice
 41 agency and that are established by a statute, ordinance or executive order
 42 to provide automated data processing services to criminal justice agencies
 43 specifically for the purposes of the administration of criminal justice or
 44 evaluating the fitness of regional computer center employees who have

1 access to the Arizona criminal justice information system and the national
2 crime information center system.

3 7. With an individual who asserts a belief that criminal history
4 record information relating to the individual is maintained by an agency
5 or in an information system in this state that is subject to this section.
6 On submission of fingerprints, the individual may review this information
7 for the purpose of determining its accuracy and completeness by making
8 application to the agency operating the system. Rules adopted under this
9 section shall include provisions for administrative review and necessary
10 correction of any inaccurate or incomplete information. The review and
11 challenge process authorized by this paragraph is limited to criminal
12 history record information.

13 8. With individuals and agencies pursuant to a specific agreement
14 with a criminal justice agency to provide services required for the
15 administration of criminal justice pursuant to that agreement if the
16 agreement specifically authorizes access to data, limits the use of data
17 to purposes for which given and ensures the security and confidentiality
18 of the data consistent with this section.

19 9. With individuals and agencies for the express purpose of
20 research, evaluative or statistical activities pursuant to an agreement
21 with a criminal justice agency if the agreement specifically authorizes
22 access to data, limits the use of data to research, evaluative or
23 statistical purposes and ensures the confidentiality and security of the
24 data consistent with this section.

25 10. With the auditor general for audit purposes.

26 11. With central state repositories of other states for noncriminal
27 justice purposes for dissemination in accordance with the laws of those
28 states.

29 12. On submission of the fingerprint card, with the department of
30 child safety and a tribal social services agency to provide criminal
31 history record information on prospective adoptive parents for the purpose
32 of conducting the preadoption certification investigation under title 8,
33 chapter 1, article 1 if the department of economic security is conducting
34 the investigation, or with an agency or a person appointed by the court,
35 if the agency or person is conducting the investigation. Information
36 received under this paragraph shall only be used for the purposes of the
37 preadoption certification investigation.

38 13. With the department of child safety, a tribal social services
39 agency and the superior court for the purpose of evaluating the fitness of
40 custodians or prospective custodians of juveniles, including parents,
41 relatives and prospective guardians. Information received under this
42 paragraph shall only be used for the purposes of that evaluation. The
43 information shall be provided on submission of either:

44 (a) The fingerprint card.

1 (b) The name, date of birth and social security number of the
2 person.

3 14. On submission of a fingerprint card, provide criminal history
4 record information to the superior court for the purpose of evaluating the
5 fitness of investigators appointed under section 14-5303 or 14-5407,
6 guardians appointed under section 14-5206 or 14-5304 or conservators
7 appointed under section 14-5401.

8 15. With the supreme court to provide criminal history record
9 information on prospective fiduciaries pursuant to section 14-5651.

10 16. With the department of juvenile corrections to provide criminal
11 history record information pursuant to section 41-2814.

12 17. On submission of the fingerprint card, provide criminal history
13 record information to the Arizona peace officer standards and training
14 board or a board certified law enforcement academy to evaluate the fitness
15 of prospective cadets.

16 18. With the internet sex offender website database established
17 pursuant to section 13-3827.

18 19. With licensees of the United States nuclear regulatory
19 commission for the purpose of determining whether an individual should be
20 granted unescorted access to the protected area of a commercial nuclear
21 generating station on submission of the subject of record's fingerprints
22 and the prescribed fee.

23 20. With the ~~department~~ STATE BOARD of education for the purpose of
24 evaluating the fitness of a certificated ~~teacher or administrator or~~
25 EDUCATOR, an applicant for a teaching or ~~an~~ administrative certificate
26 ~~provided that~~ OR A NONCERTIFICATED PERSON AS DEFINED IN SECTION 15-505 IF
27 the ~~department~~ STATE BOARD of education or its employees or agents have
28 reasonable suspicion that the ~~certificated~~ EDUCATOR OR person engaged in
29 conduct that would be a criminal violation of the laws of this state or
30 was involved in immoral or unprofessional conduct or that the applicant
31 engaged in conduct that would warrant disciplinary action if the applicant
32 were certificated at the time of the alleged conduct. The information
33 shall be provided on the submission of either:

34 (a) The fingerprint card.

35 (b) The name, date of birth and social security number of the
36 person.

37 21. With each school district and charter school in this state.
38 The ~~state board~~ DEPARTMENT of education and the state board for charter
39 schools shall provide the department of public safety with a current list
40 of email addresses for each school district and charter school in this
41 state and shall periodically provide the department of public safety with
42 updated email addresses. If the department of public safety is notified
43 that a person who is required to have a fingerprint clearance card to be
44 employed by or to engage in volunteer activities at a school district or
45 charter school has been arrested for or convicted of an offense listed in

1 section 41-1758.03, subsection B or has been arrested for or convicted of
2 an offense that amounts to unprofessional conduct under section 15-550,
3 the department of public safety shall notify each school district and
4 charter school in this state that the person's fingerprint clearance card
5 has been suspended or revoked.

6 22. With a tribal social services agency and the department of
7 child safety as provided by law, which currently is the Adam Walsh child
8 protection and safety act of 2006 (42 United States Code section 16961),
9 for the purposes of investigating or responding to reports of child abuse,
10 neglect or exploitation. Information received pursuant to this paragraph
11 from the national crime information center, the interstate identification
12 index and the Arizona criminal justice information system network shall
13 only be used for the purposes of investigating or responding as prescribed
14 in this paragraph. The information shall be provided on submission to the
15 department of public safety of either:

16 (a) The fingerprints of the person being investigated.

17 (b) The name, date of birth and social security number of the
18 person.

19 23. With a nonprofit organization that interacts with children or
20 vulnerable adults for the lawful purpose of evaluating the fitness of all
21 current and prospective employees, contractors and volunteers of the
22 organization. The criminal history record information shall be provided
23 on submission of the applicant fingerprint card and the prescribed fee.

24 24. With the superior court for the purpose of determining an
25 individual's eligibility for substance abuse and treatment courts in a
26 family or juvenile case.

27 25. With the governor to provide criminal history record
28 information on prospective gubernatorial nominees, appointees and
29 employees as provided by law.

30 H. The director shall adopt rules necessary to execute this
31 section.

32 I. The director, in the manner prescribed by law, shall remove and
33 destroy records that the director determines are no longer of value in the
34 detection or prevention of crime.

35 J. The director shall establish a fee in an amount necessary to
36 cover the cost of federal noncriminal justice fingerprint processing for
37 criminal history record information checks that are authorized by law for
38 noncriminal justice employment, licensing or other lawful purposes. An
39 additional fee may be charged by the department for state noncriminal
40 justice fingerprint processing. Fees submitted to the department for
41 state noncriminal justice fingerprint processing are not refundable.

42 K. The director shall establish a fee in an amount necessary to
43 cover the cost of processing copies of department reports, eight by ten
44 inch black and white photographs or eight by ten inch color photographs of
45 traffic accident scenes.

1 L. Except as provided in subsection O of this section, each agency
2 authorized by this section may charge a fee, in addition to any other fees
3 prescribed by law, in an amount necessary to cover the cost of state and
4 federal noncriminal justice fingerprint processing for criminal history
5 record information checks that are authorized by law for noncriminal
6 justice employment, licensing or other lawful purposes.

7 M. A fingerprint account within the records processing fund is
8 established for the purpose of separately accounting for the collection
9 and payment of fees for noncriminal justice fingerprint processing by the
10 department. Monies collected for this purpose shall be credited to the
11 account, and payments by the department to the United States for federal
12 noncriminal justice fingerprint processing shall be charged against the
13 account. Monies in the account not required for payment to the United
14 States shall be used by the department in support of the department's
15 noncriminal justice fingerprint processing duties. At the end of each
16 fiscal year, any balance in the account not required for payment to the
17 United States or to support the department's noncriminal justice
18 fingerprint processing duties reverts to the state general fund.

19 N. A records processing fund is established for the purpose of
20 separately accounting for the collection and payment of fees for
21 department reports and photographs of traffic accident scenes processed by
22 the department. Monies collected for this purpose shall be credited to
23 the fund and shall be used by the department in support of functions
24 related to providing copies of department reports and photographs. At the
25 end of each fiscal year, any balance in the fund not required for support
26 of the functions related to providing copies of department reports and
27 photographs reverts to the state general fund.

28 O. The department of child safety may pay from appropriated monies
29 the cost of federal fingerprint processing or federal criminal history
30 record information checks that are authorized by law for employees and
31 volunteers of the department, guardians pursuant to section 8-453,
32 subsection A, paragraph 6, the licensing of foster parents or the
33 certification of adoptive parents.

34 P. The director shall adopt rules that provide for:

- 35 1. The collection and disposition of fees pursuant to this section.
36 2. The refusal of service to those agencies that are delinquent in
37 paying these fees.

38 Q. The director shall ensure that the following limitations are
39 observed regarding dissemination of criminal justice information obtained
40 from the central state repository or through the Arizona criminal justice
41 information system:

- 42 1. Any criminal justice agency that obtains criminal justice
43 information from the central state repository or through the Arizona
44 criminal justice information system assumes responsibility for the
45 security of the information and shall not secondarily disseminate this

1 information to any individual or agency not authorized to receive this
2 information directly from the central state repository or originating
3 agency.

4 2. Dissemination to an authorized agency or individual may be
5 accomplished by a criminal justice agency only if the dissemination is for
6 criminal justice purposes in connection with the prescribed duties of the
7 agency and not in violation of this section.

8 3. Criminal history record information disseminated to noncriminal
9 justice agencies or to individuals shall be used only for the purposes for
10 which it was given. Secondary dissemination is prohibited unless
11 otherwise authorized by law.

12 4. The existence or nonexistence of criminal history record
13 information shall not be confirmed to any individual or agency not
14 authorized to receive the information itself.

15 5. Criminal history record information to be released for
16 noncriminal justice purposes to agencies of other states shall only be
17 released to the central state repositories of those states for
18 dissemination in accordance with the laws of those states.

19 6. Criminal history record information shall be released to
20 noncriminal justice agencies of the federal government pursuant to the
21 terms of the federal security clearance information act (P.L. 99-169).

22 R. This section and the rules adopted under this section apply to
23 all agencies and individuals collecting, storing or disseminating criminal
24 justice information processed by manual or automated operations if the
25 collection, storage or dissemination is funded in whole or in part with
26 monies made available by the law enforcement assistance administration
27 after July 1, 1973, pursuant to title I of the crime control act of 1973,
28 and to all agencies that interact with or receive criminal justice
29 information from or through the central state repository and through the
30 Arizona criminal justice information system.

31 S. This section does not apply to criminal history record
32 information contained in:

33 1. Posters, arrest warrants, announcements or lists for identifying
34 or apprehending fugitives or wanted persons.

35 2. Original records of entry such as police blotters maintained by
36 criminal justice agencies, compiled chronologically and required by law or
37 long-standing custom to be made public if these records are organized on a
38 chronological basis.

39 3. Transcripts or records of judicial proceedings if released by a
40 court or legislative or administrative proceedings.

41 4. Announcements of executive clemency or pardon.

42 5. Computer databases, other than the Arizona criminal justice
43 information system, that are specifically designed for community
44 notification of an offender's presence in the community pursuant to

1 section 13-3825 or for public informational purposes authorized by section
2 13-3827.

3 T. Nothing in this section prevents a criminal justice agency from
4 disclosing to the public criminal history record information that is
5 reasonably contemporaneous to the event for which an individual is
6 currently within the criminal justice system, including information noted
7 on traffic accident reports concerning citations, blood alcohol tests or
8 arrests made in connection with the traffic accident being investigated.

9 U. In order to ensure that complete and accurate criminal history
10 record information is maintained and disseminated by the central state
11 repository:

12 1. The booking agency shall take legible ten-print fingerprints of
13 all persons who are arrested for offenses listed in subsection C of this
14 section. The booking agency shall obtain a process control number and
15 provide to the person fingerprinted a document that indicates proof of the
16 fingerprinting and that informs the person that the document must be
17 presented to the court.

18 2. Except as provided in paragraph 3 of this subsection, if a
19 person is summoned to court as a result of an indictment or complaint for
20 an offense listed in subsection C of this section, the court shall order
21 the person to appear before the county sheriff and provide legible
22 ten-print fingerprints. The county sheriff shall obtain a process control
23 number and provide a document to the person fingerprinted that indicates
24 proof of the fingerprinting and that informs the person that the document
25 must be presented to the court. For the purposes of this paragraph,
26 "summoned" includes a written promise to appear by the defendant on a
27 uniform traffic ticket and complaint.

28 3. If a person is arrested for a misdemeanor offense listed in
29 subsection C of this section by a city or town law enforcement agency, the
30 person shall appear before the law enforcement agency that arrested the
31 defendant and provide legible ten-print fingerprints. The law enforcement
32 agency shall obtain a process control number and provide a document to the
33 person fingerprinted that indicates proof of the fingerprinting and that
34 informs the person that the document must be presented to the court.

35 4. The mandatory fingerprint compliance form shall contain the
36 following information:

37 (a) Whether ten-print fingerprints have been obtained from the
38 person.

39 (b) Whether a process control number was obtained.

40 (c) The offense or offenses for which the process control number
41 was obtained.

42 (d) Any report number of the arresting authority.

43 (e) Instructions on reporting for ten-print fingerprinting,
44 including available times and locations for reporting for ten-print
45 fingerprinting.

1 (f) Instructions that direct the person to provide the form to the
2 court at the person's next court appearance.

3 5. Within ten days after a person is fingerprinted, the arresting
4 authority or agency that took the fingerprints shall forward the
5 fingerprints to the department in the manner or form required by the
6 department.

7 6. On the issuance of a summons for a defendant who is charged with
8 an offense listed in subsection C of this section, the summons shall
9 direct the defendant to provide ten-print fingerprints to the appropriate
10 law enforcement agency.

11 7. At the initial appearance or on the arraignment of a summoned
12 defendant who is charged with an offense listed in subsection C of this
13 section, if the person does not present a completed mandatory fingerprint
14 compliance form to the court or if the court has not received the process
15 control number, the court shall order that within twenty calendar days the
16 defendant be ten-print fingerprinted at a designated time and place by the
17 appropriate law enforcement agency.

18 8. If the defendant fails to present a completed mandatory
19 fingerprint compliance form or if the court has not received the process
20 control number, the court, on its own motion, may remand the defendant
21 into custody for ten-print fingerprinting. If otherwise eligible for
22 release, the defendant shall be released from custody after being
23 ten-print fingerprinted.

24 9. In every criminal case in which the defendant is incarcerated or
25 fingerprinted as a result of the charge, an originating law enforcement
26 agency or prosecutor, within forty days of the disposition, shall advise
27 the central state repository of all dispositions concerning the
28 termination of criminal proceedings against an individual arrested for an
29 offense specified in subsection C of this section. This information shall
30 be submitted on a form or in a manner required by the department.

31 10. Dispositions resulting from formal proceedings in a court
32 having jurisdiction in a criminal action against an individual who is
33 arrested for an offense specified in subsection C of this section or
34 section 8-341, subsection W, paragraph 3 shall be reported to the central
35 state repository within forty days of the date of the disposition. This
36 information shall be submitted on a form or in a manner specified by rules
37 approved by the supreme court.

38 11. The state department of corrections or the department of
39 juvenile corrections, within forty days, shall advise the central state
40 repository that it has assumed supervision of a person convicted of an
41 offense specified in subsection C of this section or section 8-341,
42 subsection W, paragraph 3. The state department of corrections or the
43 department of juvenile corrections shall also report dispositions that
44 occur thereafter to the central state repository within forty days of the

1 date of the dispositions. This information shall be submitted on a form
2 or in a manner required by the department of public safety.

3 12. Each criminal justice agency shall query the central state
4 repository before dissemination of any criminal history record information
5 to ensure the completeness of the information. Inquiries shall be made
6 before any dissemination except in those cases in which time is of the
7 essence and the repository is technically incapable of responding within
8 the necessary time period. If time is of the essence, the inquiry shall
9 still be made and the response shall be provided as soon as possible.

10 V. The director shall adopt rules specifying that any agency that
11 collects, stores or disseminates criminal justice information that is
12 subject to this section shall establish effective security measures to
13 protect the information from unauthorized access, disclosure, modification
14 or dissemination. The rules shall include reasonable safeguards to
15 protect the affected information systems from fire, flood, wind, theft,
16 sabotage or other natural or man-made hazards or disasters.

17 W. The department shall make available to agencies that contribute
18 to, or receive criminal justice information from, the central state
19 repository or through the Arizona criminal justice information system a
20 continuing training program in the proper methods for collecting, storing
21 and disseminating information in compliance with this section.

22 X. Nothing in this section creates a cause of action or a right to
23 bring an action including an action based on discrimination due to sexual
24 orientation.

25 Y. For the purposes of this section:

26 1. "Administration of criminal justice" means performance of the
27 detection, apprehension, detention, pretrial release, posttrial release,
28 prosecution, adjudication, correctional supervision or rehabilitation of
29 criminal offenders. Administration of criminal justice includes
30 enforcement of criminal traffic offenses and civil traffic violations,
31 including parking violations, when performed by a criminal justice agency.
32 Administration of criminal justice also includes criminal identification
33 activities and the collection, storage and dissemination of criminal
34 history record information.

35 2. "Administrative records" means records that contain adequate and
36 proper documentation of the organization, functions, policies, decisions,
37 procedures and essential transactions of the agency and that are designed
38 to furnish information to protect the rights of this state and of persons
39 directly affected by the agency's activities.

40 3. "Arizona criminal justice information system" or "system" means
41 the statewide information system managed by the director for the
42 collection, processing, preservation, dissemination and exchange of
43 criminal justice information and includes the electronic equipment,
44 facilities, procedures and agreements necessary to exchange this
45 information.

1 4. "Booking agency" means the county sheriff or, if a person is
2 booked into a municipal jail, the municipal law enforcement agency.

3 5. "Central state repository" means the central location within the
4 department for the collection, storage and dissemination of Arizona
5 criminal history records and related criminal justice information.

6 6. "Criminal history record information" and "criminal history
7 record" means information that is collected by criminal justice agencies
8 on individuals and that consists of identifiable descriptions and
9 notations of arrests, detentions, indictments and other formal criminal
10 charges, and any disposition arising from those actions, sentencing,
11 formal correctional supervisory action and release. Criminal history
12 record information and criminal history record do not include
13 identification information to the extent that the information does not
14 indicate involvement of the individual in the criminal justice system or
15 information relating to juveniles unless they have been adjudicated as
16 adults.

17 7. "Criminal justice agency" means either:

18 (a) A court at any governmental level with criminal or equivalent
19 jurisdiction, including courts of any foreign sovereignty duly recognized
20 by the federal government.

21 (b) A government agency or subunit of a government agency that is
22 specifically authorized to perform as its principal function the
23 administration of criminal justice pursuant to a statute, ordinance or
24 executive order and that allocates more than fifty percent of its annual
25 budget to the administration of criminal justice. This subdivision
26 includes agencies of any foreign sovereignty duly recognized by the
27 federal government.

28 8. "Criminal justice information" means information that is
29 collected by criminal justice agencies and that is needed for the
30 performance of their legally authorized and required functions, such as
31 criminal history record information, citation information, stolen property
32 information, traffic accident reports, wanted persons information and
33 system network log searches. Criminal justice information does not
34 include the administrative records of a criminal justice agency.

35 9. "Disposition" means information disclosing that a decision has
36 been made not to bring criminal charges or that criminal proceedings have
37 been concluded or information relating to sentencing, correctional
38 supervision, release from correctional supervision, the outcome of an
39 appellate review of criminal proceedings or executive clemency.

40 10. "Dissemination" means the written, oral or electronic
41 communication or transfer of criminal justice information to individuals
42 and agencies other than the criminal justice agency that maintains the
43 information. Dissemination includes the act of confirming the existence
44 or nonexistence of criminal justice information.

1 11. "Management control":

2 (a) Means the authority to set and enforce:

3 (i) Priorities regarding development and operation of criminal
4 justice information systems and programs.

5 (ii) Standards for the selection, supervision and termination of
6 personnel involved in the development of criminal justice information
7 systems and programs and in the collection, maintenance, analysis and
8 dissemination of criminal justice information.

9 (iii) Policies governing the operation of computers, circuits and
10 telecommunications terminals used to process criminal justice information
11 to the extent that the equipment is used to process, store or transmit
12 criminal justice information.

13 (b) Includes the supervision of equipment, systems design,
14 programming and operating procedures necessary for the development and
15 implementation of automated criminal justice information systems.

16 12. "Process control number" means the Arizona automated
17 fingerprint identification system number that attaches to each arrest
18 event at the time of fingerprinting and that is assigned to the arrest
19 fingerprint card, disposition form and other pertinent documents.

20 13. "Secondary dissemination" means the dissemination of criminal
21 justice information from an individual or agency that originally obtained
22 the information from the central state repository or through the Arizona
23 criminal justice information system to another individual or agency.

24 14. "Sexual orientation" means consensual homosexuality or
25 heterosexuality.

26 15. "Subject of record" means the person who is the primary subject
27 of a criminal justice record.

28 Sec. 57. Section 41-2632, Arizona Revised Statutes, is amended to
29 read:

30 41-2632. Cooperative purchasing authorized; definitions

31 A. Any public procurement unit may either participate in, sponsor,
32 conduct or administer a cooperative purchasing agreement ~~for the~~
33 ~~procurement of~~ TO PROCURE any materials, services, professional services,
34 construction or construction services with one or more public procurement
35 units or external procurement activities in accordance with an agreement
36 entered into between the participants. The cooperative purchasing may
37 include joint or multiparty contracts between public procurement units and
38 open-ended public procurement unit contracts that ~~shall be~~ ARE available
39 to local public procurement units. A nonprofit corporation may enter into
40 an agreement pursuant to this section if one or more of the parties
41 involved is a public procurement unit. An agreement entered into as
42 provided in this article is exempt from section 11-952, subsection D.
43 Parties under a cooperative purchasing agreement may:

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

4 2. Cooperatively use materials or services.

5 3. Commonly use or share warehousing facilities, capital equipment
6 and other facilities.

7 4. Provide personnel, except that the requesting public procurement
8 unit shall pay the public procurement unit providing the personnel the
9 direct and indirect cost of providing the personnel, in accordance with
10 the agreement.

11 5. On request, make available to other public procurement units
12 informational, technical or other services or software that may assist in
13 improving the efficiency or economy of procurement. The public
14 procurement unit furnishing the informational, technical or other services
15 or software has the right to request reimbursement for the reasonable and
16 necessary costs of providing these services or software.

17 6. Pursuant to the rules for cooperative purchasing adopted by the
18 director, purchase materials, services, professional services,
19 construction or construction services under the terms of a contract
20 between a vendor and a public procurement unit or an external procurement
21 activity without complying with the requirements of sections 41-2533,
22 41-2534 and 41-2535.

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

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

30 D. A nonprofit corporation operating as a public procurement unit
31 under this section, on request of the auditor general, shall provide to
32 the auditor general all documentation concerning any cooperative
33 purchasing transaction the public procurement unit administers under this
34 section.

35 E. A nonprofit corporation operating as a public procurement unit
36 under this section shall comply with all procurement laws applicable to
37 the public procurement unit participating in a cooperative purchasing
38 transaction that the nonprofit corporation administers.

39 F. This section does not abrogate the responsibility of each public
40 procurement unit to ensure compliance with procurement laws that apply to
41 the particular public procurement, notwithstanding the fact that the
42 cooperative purchase is administered by a nonprofit corporation operating
43 under this section.

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

5 H. For the purposes of this section:

6 1. "Construction services" has the same meaning prescribed in
7 section 41-2503.

8 2. "Professional services" has the same meaning prescribed in
9 section 41-2578.

10 Sec. 58. Section 41-3022.18, Arizona Revised Statutes, is amended
11 to read:

12 41-3022.18. School facilities oversight board; termination
13 July 1, 2022

14 A. The school facilities OVERSIGHT board terminates on July 1,
15 2022.

16 B. Title ~~15~~ 41, chapter ~~16~~ 56, articles 1, 2, 3, 4, 5, 6, 7, 8 and
17 9 and this section are repealed on January 1, 2023 only if either:

18 1. The board has no outstanding state school facilities revenue
19 bonds issued pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 6, no
20 outstanding state school improvement revenue bonds issued pursuant to
21 title ~~15~~ 41, chapter ~~16~~ 56, article 7 and no outstanding lease-to-own
22 transactions pursuant to sections ~~15-2004~~ 41-5703, ~~15-2005~~ 41-5704 and
23 ~~15-2006~~ 41-5705.

24 2. The legislature has otherwise provided for paying or retiring
25 any outstanding state school facilities revenue bonds, any outstanding
26 state school improvement revenue bonds and any outstanding lease-to-own
27 transactions.

28 C. If neither of the conditions in subsection B of this section
29 ~~have~~ HAS occurred on or before January 1, 2023, title ~~15~~ 41, chapter ~~16~~
30 56, articles 1, 2, 3, 4, 5, 6, 7, 8 and 9 and this section are repealed
31 thirty days after the retirement of all revenue bonds issued pursuant to
32 title ~~15~~ 41, chapter ~~16~~ 56, articles 6 and 7 and any outstanding
33 lease-to-own transactions issued pursuant to sections ~~15-2004~~ 41-5703,
34 ~~15-2005~~ 41-5704 and ~~15-2006~~ 41-5705.

35 Sec. 59. Section 41-3026.01, Arizona Revised Statutes, is amended
36 to read:

37 41-3026.01. Credit enhancement eligibility board; termination
38 July 1, 2026

39 A. The credit enhancement eligibility board terminates on
40 July 1, 2026.

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

43 1. The board has no outstanding program funding obligations issued
44 pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 11 or the legislature has

1 otherwise provided for paying or retiring any outstanding program funding
2 obligations issued pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article 11.

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

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

9 Sec. 60. Heading change

10 The article heading of title 41, chapter 56, article 1, as
11 transferred and renumbered, is changed from "SCHOOL FACILITIES BOARD" to
12 "SCHOOL FACILITIES".

13 Sec. 61. Title 41, chapter 56, article 1, Arizona Revised Statutes,
14 as transferred and renumbered, is amended by adding sections 41-5701 and
15 41-5701.01, to read:

16 ~~41-5701.~~ Definitions

17 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

19 2. "DIVISION" MEANS THE DIVISION OF SCHOOL FACILITIES WITHIN THE
20 DEPARTMENT OF ADMINISTRATION.

21 ~~41-5701.01.~~ Division of school facilities

22 A. THE DIVISION OF SCHOOL FACILITIES IS ESTABLISHED WITHIN THE
23 DEPARTMENT OF ADMINISTRATION.

24 B. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL APPOINT
25 THE DIRECTOR OF THE DIVISION.

26 Sec. 62. Section 41-5701.02, Arizona Revised Statutes, as
27 transferred and renumbered, is amended to read:

28 ~~41-5701.02.~~ School facilities oversight board; members;
29 conflict of interest; violation;
30 classification; change orders; notification

31 A. The school facilities OVERSIGHT board is established WITHIN THE
32 DIVISION consisting of the following members who ~~shall be~~ ARE appointed by
33 the governor pursuant to section 38-211 in such a manner as to provide for
34 approximate geographic balance and approximate balance between public and
35 private members:

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

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

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

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

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

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

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

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

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

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

2. ONE MEMBER WHO IS A REGISTERED PROFESSIONAL ARCHITECT.

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

4. ONE MEMBER WHO IS A REGISTERED PROFESSIONAL ENGINEER.

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

6. ONE PERSON WHO REPRESENTS THE BUSINESS COMMUNITY.

B. In addition to the members appointed pursuant to subsection A of this section: ,

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

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

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

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

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

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

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

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

3 ~~F.~~ H. In addition to the requirements prescribed in subsection
4 ~~H.~~ G of this section, employees of the school facilities OVERSIGHT board
5 may not have a direct or indirect financial interest in any property
6 purchased, facility constructed or contract financed with monies made
7 available by the board or any other public monies. A person who knowingly
8 violates this subsection is guilty of a class 1 misdemeanor.

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

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

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

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

23 ~~L.~~ K. The ~~school facilities board~~ DIVISION shall establish and
24 maintain a list of the persons who are responsible for facilities
25 management at each school district in this state. A school district shall
26 promptly notify the ~~board~~ DIVISION of any change to persons who are
27 responsible for facilities management at that school district. The ~~board~~
28 DIVISION shall update and post this information on its website on or
29 before July 1 of each year.

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

32 Sec. 63. Section 41-5702, Arizona Revised Statutes, as transferred
33 and renumbered, is amended to read:

34 41-5702. Powers and duties; staffing; reporting requirements

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

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

38 2. Maintain a database of school facilities to ~~administer~~ ALLOW FOR
39 THE ADMINISTRATION OF the ~~building renewal grant fund and~~ new school
40 facilities formula AND THE BUILDING RENEWAL GRANT FUND. The facilities
41 listed in the database must include all buildings that are owned by school
42 districts. The ~~school facilities board~~ DIVISION shall ensure that the
43 database is updated on at least an annual basis. Each school district
44 shall report to the ~~school facilities board no~~ DIVISION NOT later than
45 September 1 of each year information as required by the ~~school facilities~~

1 ~~board for the administration of~~ DIVISION TO ADMINISTER the building
 2 renewal grant fund and ~~computation of~~ BY THE SCHOOL FACILITIES OVERSIGHT
 3 BOARD TO COMPUTE new school facilities formula distributions, including
 4 the nature and cost of major repairs, renovations or physical improvements
 5 to or replacement of building systems or equipment that were made in the
 6 previous year and that were paid for either with local monies or monies
 7 provided ~~by the school facilities board~~ from the building renewal grant
 8 fund. Each school district shall report any school or school buildings
 9 that have been closed, that are vacant or partially used pursuant to
 10 section 15-119 and that have been leased to another entity or that operate
 11 as a charter school. The ~~school facilities board~~ DIVISION shall develop
 12 guidelines and definitions for the reporting prescribed in this paragraph
 13 and may review or audit the information, or both, to confirm the
 14 information submitted by a school district. Notwithstanding any other
 15 provision of this chapter, if a school district converts space that is
 16 listed in the database maintained pursuant to this paragraph to space that
 17 will be used for administrative purposes, the school district is
 18 responsible for any costs associated with ~~the conversion~~ CONVERTING,
 19 ~~maintenance~~ MAINTAINING and ~~replacement of~~ REPLACING that space. If a
 20 building is significantly upgraded or remodeled, the ~~school facilities~~
 21 ~~board~~ DIVISION shall adjust the age of that school facility in the
 22 database as follows:

- 23 (a) Determine the building capacity value as follows:
 - 24 (i) Multiply the student capacity of the building by the per pupil
 25 square foot capacity established by section ~~15-2041~~ 41-5741.
 - 26 (ii) Multiply the product determined in item (i) of this
 27 subdivision by the cost per square foot established by section ~~15-2041~~
 28 41-5741.
- 29 (b) Divide the cost of the renovation by the building capacity
 30 value determined in subdivision (a) of this paragraph.
- 31 (c) Multiply the quotient determined in subdivision (b) of this
 32 paragraph by the currently listed age of the building in the database.
- 33 (d) Subtract the product determined in subdivision (c) of this
 34 paragraph from the currently listed age of the building in the database,
 35 rounded to the nearest whole number. If the result is a negative number,
 36 use zero.

37 3. Inspect, CONTRACT WITH A THIRD PARTY TO INSPECT OR CERTIFY
 38 SCHOOL DISTRICT SELF-INSPECTIONS OF school buildings at least once every
 39 five years to ensure compliance with the building adequacy standards
 40 prescribed in section ~~15-2011~~ 41-5711, the accuracy of the reporting of
 41 vacant and partially used buildings pursuant to this subsection and
 42 routine preventive maintenance guidelines as prescribed in this section
 43 with respect to ~~construction of~~ CONSTRUCTING new buildings and ~~maintenance~~
 44 ~~of~~ MAINTAINING existing buildings. The ~~school facilities board~~ DIVISION

1 shall randomly select twenty school districts every thirty months and
2 ~~inspect~~ PROVIDE FOR them TO BE INSPECTED pursuant to this paragraph.

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

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

11 ~~6.~~ 4. Develop prototypical elementary and high school designs.
12 The ~~board~~ DIVISION shall review the design differences between the schools
13 with the highest academic productivity scores and the schools with the
14 lowest academic productivity scores. The ~~board~~ DIVISION shall also review
15 the results of a valid and reliable survey of parent quality rating in the
16 highest performing schools and the lowest performing schools in this
17 state. The survey of parent quality rating shall be administered by the
18 department of education. The ~~board~~ DIVISION shall consider the design
19 elements of the schools with the highest academic productivity scores and
20 parent quality ratings in the development of elementary and high school
21 designs. The ~~board~~ DIVISION shall develop separate school designs for
22 elementary, middle and high schools with varying pupil capacities.

23 ~~7.~~ 5. Develop application forms, reporting forms and procedures to
24 carry out the requirements of this article, including developing and
25 implementing policies and procedures to:

26 (a) Ensure that the DIVISION AND THE SCHOOL FACILITIES OVERSIGHT
27 board, AS APPLICABLE, ~~notifies~~ NOTIFY school districts in a uniform manner
28 of the services and funding available for school districts from the board
29 OR THE DIVISION for facility construction, renovation and repair projects.
30 The policies and procedures shall require the DIVISION AND THE board to
31 provide at least one annual communication to school districts in a manner
32 prescribed by the ~~board~~ DIVISION and shall require each school district to
33 develop and maintain a list of persons who are responsible for facilities
34 management at that school district.

35 (b) Establish a project eligibility assessment for all projects
36 submitted for building renewal grant funding or emergency deficiencies
37 correction funding, including establishing standardized criteria for
38 project eligibility. Before the ~~board~~ DIVISION formally approves a
39 project, the staff of the ~~board~~ DIVISION may review the costs and scope of
40 the proposed project with persons and entities that have submitted bids on
41 the project.

42 (c) Ensure that the DIVISION AND THE SCHOOL FACILITIES OVERSIGHT
43 board ~~maintains~~ MAINTAIN standardized documentation of all projects
44 submitted to the board AND THE DIVISION for consideration to receive
45 services or a financial award from the board OR THE DIVISION. The board

1 AND THE DIVISION shall maintain standardized documentation of any project
2 awarded monies by the board OR THE DIVISION, including records of payments
3 to school districts in a manner prescribed by the ~~board~~ DIVISION. The
4 standardized documentation shall include the following as part of the
5 eligibility determination criteria:

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

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

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

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

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

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

21 (iii) Any completed professional study regarding the proposed
22 project.

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

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

25 (vi) The project category.

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

28 (viii) Documentation on associated insurance coverage, if
29 applicable.

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

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

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

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

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

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

~~8. Review and approve or reject requests submitted by school districts to take actions pursuant to section 15-341, subsection 6.~~

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

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

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

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

(d) A summary of the findings of common design elements and characteristics of the highest performing schools and the lowest performing schools based on academic productivity, including the results of the parent quality rating survey. For the purposes of this subdivision, "academic productivity" means academic year advancement per calendar year as measured with student-level data using the statewide nationally standardized norm-referenced achievement test.

~~10.~~ 7. On or before December 1 of each year, report electronically to the joint committee on capital review the amounts necessary to fulfill the requirements of ~~sections 15-2022 and 15-2041~~ SECTION 41-5721 for the following three fiscal years. In developing the amounts necessary for this report, the ~~school facilities board~~ DIVISION shall use the most recent average daily membership data available. On request from the ~~board~~

DIVISION, the department of education shall make available the most recent average daily membership data for use in calculating the amounts necessary to fulfill the requirements of section ~~15-2041~~ 41-5721 for the following three fiscal years. The ~~board~~ DIVISION shall provide copies of the report to the president of the senate, the speaker of the house of representatives and the governor.

~~11. Adopt minimum school facility adequacy guidelines to provide the minimum quality and quantity of school buildings and the facilities and equipment necessary and appropriate to enable pupils to achieve the educational goals of the Arizona state schools for the deaf and the blind. The school facilities board shall establish minimum school facility adequacy guidelines applicable to the Arizona state schools for the deaf and the blind.~~

~~12. In each even-numbered year, report electronically to the joint committee on capital review the amounts necessary to fulfill the requirements of section 15-2041 for the Arizona state schools for the deaf and the blind for the following two fiscal years. The Arizona state schools for the deaf and the blind shall incorporate the findings of the report in any request for new school facilities monies. Any monies provided to the Arizona state schools for the deaf and the blind for new school facilities are subject to legislative appropriation.~~

~~13.~~ 8. On or before June 15 of each year, submit electronically detailed information regarding demographic assumptions, ~~AND~~ a proposed construction schedule ~~and new school construction cost estimates~~ for individual projects approved in the current fiscal year and expected project approvals for the upcoming fiscal year to the joint committee on capital review for its review. A copy of the report shall also be submitted electronically to the governor's office of strategic planning and budgeting. The joint legislative budget committee staff, the governor's office of strategic planning and budgeting staff and the ~~school facilities board~~ DIVISION staff shall agree on the format of the report.

~~14.~~ 9. Every two years, provide school districts with information on improving and maintaining the indoor environmental quality in school buildings.

~~15. On or before December 31 of each year, report to the joint legislative budget committee on all class B bond approvals by school districts in that year. Each school district shall report to the school facilities board on or before December 1 of each year information required by the school facilities board for the report prescribed in this paragraph.~~

~~16. Validate proposed adjacent ways projects submitted by school districts as prescribed in section 15-995.~~

10. ADOPT RULES REGARDING THE VALIDATION OF ADJACENT WAYS PROJECTS PURSUANT TO PARAGRAPH 11 OF THIS SUBSECTION.

1 11. VALIDATE PROPOSED ADJACENT WAYS PROJECTS THAT ARE SUBMITTED BY
2 SCHOOL DISTRICTS AS PRESCRIBED IN SECTION 15-995 PURSUANT TO RULES ADOPTED
3 BY THE DIVISION UNDER PARAGRAPH 10 OF THIS SUBSECTION.

4 12. SUBMIT A MONTHLY REPORT TO THE SCHOOL FACILITIES OVERSIGHT
5 BOARD THAT DETAILS EACH ADJACENT WAYS PROJECT VALIDATED PURSUANT TO
6 PARAGRAPH 11 OF THIS SUBSECTION.

7 13. BRIEF THE JOINT COMMITTEE ON CAPITAL REVIEW AT LEAST ONCE EACH
8 YEAR REGARDING THE USE OF MONIES FROM ALL OF THE FOLLOWING:

9 (a) THE EMERGENCY DEFICIENCIES CORRECTION FUND ESTABLISHED BY
10 SECTION 41-5721.

11 (b) THE BUILDING RENEWAL GRANT FUND ESTABLISHED BY SECTION 41-5731.

12 (c) THE NEW SCHOOL FACILITIES FUND ESTABLISHED BY SECTION 41-5741.

13 B. The school facilities OVERSIGHT board OR THE DIVISION may
14 contract for the following services in compliance with the procurement
15 practices prescribed in ~~title 41,~~ chapter 23 OF THIS TITLE:

16 1. Private services.

17 2. Construction project management services.

18 3. Assessments for school buildings to determine if the buildings
19 have outlived their useful life pursuant to section ~~15-2041~~ 41-5741,
20 subsection G OR HAVE BEEN CONDEMNED.

21 4. Services related to land acquisition and development of a school
22 site.

23 C. THE BOARD SHALL:

24 1. REVIEW AND APPROVE STUDENT POPULATION PROJECTIONS SUBMITTED BY
25 SCHOOL DISTRICTS TO DETERMINE TO WHAT EXTENT SCHOOL DISTRICTS ARE ENTITLED
26 TO MONIES TO CONSTRUCT NEW FACILITIES PURSUANT TO SECTION 41-5741. THE
27 SCHOOL FACILITIES OVERSIGHT BOARD SHALL MAKE A FINAL DETERMINATION WITHIN
28 FIVE MONTHS AFTER RECEIVING AN APPLICATION FROM A SCHOOL DISTRICT FOR
29 MONIES FROM THE NEW SCHOOL FACILITIES FUND.

30 2. CERTIFY THAT PLANS FOR NEW SCHOOL FACILITIES MEET THE BUILDING
31 ADEQUACY STANDARDS PRESCRIBED IN SECTION 41-5711.

32 3. REVIEW AND APPROVE OR REJECT REQUESTS SUBMITTED BY SCHOOL
33 DISTRICTS TO TAKE ACTIONS PURSUANT TO SECTION 15-341, SUBSECTION G.

34 4. ON OR BEFORE DECEMBER 15 OF EACH YEAR ELECTRONICALLY SUBMIT A
35 REPORT TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF
36 THE SENATE, THE SUPERINTENDENT OF PUBLIC INSTRUCTION, THE SECRETARY OF
37 STATE AND THE GOVERNOR THAT INCLUDES THE FOLLOWING INFORMATION:

38 (a) A DETAILED DESCRIPTION OF THE AMOUNT OF MONIES THE BOARD
39 DISTRIBUTED UNDER THIS CHAPTER IN THE PREVIOUS FISCAL YEAR.

40 (b) A LIST OF EACH CAPITAL PROJECT THAT RECEIVED MONIES FROM THE
41 BOARD UNDER THIS CHAPTER DURING THE PREVIOUS FISCAL YEAR, A BRIEF
42 DESCRIPTION OF EACH PROJECT THAT WAS FUNDED AND A SUMMARY OF THE BOARD'S
43 REASONS FOR 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 5. ON OR BEFORE DECEMBER 1 OF EACH YEAR, ELECTRONICALLY REPORT TO
5 THE JOINT COMMITTEE ON CAPITAL REVIEW THE AMOUNTS NECESSARY TO FULFILL THE
6 REQUIREMENTS OF SECTION 41-5741 FOR THE FOLLOWING THREE FISCAL YEARS. IN
7 DEVELOPING THE AMOUNTS NECESSARY FOR THIS REPORT, THE BOARD SHALL USE THE
8 MOST RECENT AVERAGE DAILY MEMBERSHIP DATA AVAILABLE. ON REQUEST FROM THE
9 BOARD, THE DEPARTMENT OF EDUCATION SHALL MAKE AVAILABLE THE MOST RECENT
10 AVERAGE DAILY MEMBERSHIP DATA FOR USE IN CALCULATING THE AMOUNTS NECESSARY
11 TO FULFILL THE REQUIREMENTS OF SECTION 41-5741 FOR THE FOLLOWING THREE
12 FISCAL YEARS. THE BOARD SHALL PROVIDE COPIES OF THE REPORT TO THE
13 PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND
14 THE GOVERNOR.

15 6. ADOPT MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES TO PROVIDE THE
16 MINIMUM QUALITY AND QUANTITY OF SCHOOL BUILDINGS AND THE FACILITIES AND
17 EQUIPMENT NECESSARY AND APPROPRIATE TO ENABLE PUPILS TO ACHIEVE THE
18 EDUCATIONAL GOALS OF THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.
19 THE BOARD SHALL ESTABLISH MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES
20 APPLICABLE TO THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.

21 7. ON OR BEFORE JUNE 15 OF EACH YEAR, ELECTRONICALLY SUBMIT TO THE
22 JOINT COMMITTEE ON CAPITAL REVIEW FOR ITS REVIEW DETAILED INFORMATION
23 REGARDING DEMOGRAPHIC ASSUMPTIONS, A PROPOSED CONSTRUCTION SCHEDULE AND
24 NEW SCHOOL CONSTRUCTION COST ESTIMATES FOR INDIVIDUAL PROJECTS APPROVED IN
25 THE CURRENT FISCAL YEAR AND EXPECTED PROJECT APPROVALS FOR THE UPCOMING
26 FISCAL YEAR. A COPY OF THE REPORT SHALL ALSO BE SUBMITTED ELECTRONICALLY
27 TO THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING. THE JOINT
28 LEGISLATIVE BUDGET COMMITTEE STAFF, THE GOVERNOR'S OFFICE OF STRATEGIC
29 PLANNING AND BUDGETING STAFF AND THE BOARD STAFF SHALL AGREE ON THE FORMAT
30 OF THE REPORT.

31 8. ON OR BEFORE DECEMBER 31 OF EACH YEAR, REPORT TO THE JOINT
32 LEGISLATIVE BUDGET COMMITTEE ON ALL CLASS B BOND APPROVALS BY SCHOOL
33 DISTRICTS IN THAT YEAR. EACH SCHOOL DISTRICT SHALL REPORT TO THE BOARD ON
34 OR BEFORE DECEMBER 1 OF EACH YEAR INFORMATION REQUIRED BY THE BOARD FOR
35 THE REPORT PRESCRIBED IN THIS PARAGRAPH.

36 ~~c. D. The governor~~ DIRECTOR OF THE DIVISION shall ~~appoint an~~
37 ~~executive~~ SERVE AS THE director of the school facilities OVERSIGHT board
38 ~~pursuant to section 38-211. The executive director is eligible to receive~~
39 ~~compensation as determined pursuant to section 38-611 and~~ may hire and
40 fire necessary staff subject to ~~title 41,~~ chapter 4, article 4 OF THIS
41 TITLE and as approved by the legislature in the budget. ~~The executive~~
42 ~~director shall have demonstrated competency in school finance, facilities~~
43 ~~design or facilities management, either in private business or government~~
44 ~~service. The executive director serves at the pleasure of the governor.~~

1 The staff of the school facilities OVERSIGHT board is exempt from ~~title~~
2 ~~41~~, chapter 4, articles 5 and 6 OF THIS TITLE. The ~~executive~~ director:

3 1. Shall analyze applications for monies submitted to the board AND
4 TO THE DIVISION by school districts.

5 2. Shall assist the board AND THE DIVISION in developing forms and
6 procedures for ~~the distribution~~ DISTRIBUTING and ~~review of~~ REVIEWING
7 applications and ~~the distribution of~~ DISTRIBUTING monies to school
8 districts.

9 3. May review or audit, or both, the expenditure of monies by a
10 school district for deficiencies corrections and new school facilities.

11 4. Shall assist the board AND THE DIVISION in ~~the preparation of~~
12 PREPARING the board's AND DIVISION'S annual ~~report~~ REPORTS.

13 5. Shall research and provide reports on issues of general interest
14 to the board AND THE DIVISION.

15 6. May aid school districts in ~~the development of~~ DEVELOPING
16 reasonable and cost-effective school designs in order to avoid statewide
17 duplicated efforts and unwarranted expenditures in the area of school
18 design.

19 7. May assist school districts in facilitating the development of
20 multijurisdictional facilities.

21 8. Shall assist the board AND THE DIVISION in any other appropriate
22 matter or method as directed by the DIVISION AND THE members of the board.

23 9. Shall establish procedures to ensure compliance with the notice
24 and hearing requirements prescribed in section 15-905. The notice and
25 hearing procedures adopted by the board shall include the requirement,
26 with respect to the board's consideration of any application filed after
27 July 1, 2001 or after December 31 of the year in which the property
28 becomes territory in the vicinity of a military airport or ancillary
29 military facility as defined in section 28-8461 for monies to fund the
30 construction of new school facilities proposed to be located in territory
31 in the vicinity of a military airport or ancillary military facility, that
32 the military airport receive notification of the application by first
33 class mail at least thirty days before any hearing concerning the
34 application.

35 10. May expedite any request for monies in which the local match
36 was not obtained for a project that received preliminary approval by the
37 state board for school capital facilities.

38 11. Shall expedite any request for monies in which the school
39 district governing board submits an application that shows an immediate
40 need for a new school facility.

41 12. Shall ~~make a determination as to~~ DETERMINE administrative
42 ~~completion~~ COMPLETENESS within one month after ~~the receipt of~~ RECEIVING an
43 application ~~by~~ FROM a school district for monies from the new school
44 facilities fund.

13. Shall provide technical support to school districts as requested by school districts in connection with ~~the construction of~~ **CONSTRUCTING** new school facilities and ~~the maintenance of~~ **MAINTAINING** existing school facilities and may contract directly with construction project managers pursuant to subsection B of this section. This paragraph does not restrict a school district from contracting with a construction project manager using district or state resources.

~~D.~~ E. When appropriate, the ~~school facilities~~ board **AND THE DIVISION** shall review and use the statewide school facilities inventory and needs assessment conducted by the joint committee on capital review and issued in July, 1995.

~~F.~~ F. The school facilities **OVERSIGHT** board shall contract with one or more private building inspectors to complete an initial assessment of school facilities and equipment and shall inspect each school building in this state at least once every five years to ensure compliance with section ~~15-2011~~ **41-5711**. A copy of the inspection report, together with any recommendations for building maintenance, shall be provided to the school facilities **OVERSIGHT** board and the governing board of the school district.

~~F.~~ G. The ~~school facilities~~ **DIVISION OR THE** board, **AS APPLICABLE**, may consider appropriate combinations of facilities or uses in ~~making assessments of~~ **ASSESSING** and curing deficiencies pursuant to subsection A, paragraph 1 of this section and in certifying plans for new school facilities pursuant to subsection ~~A~~ **C**, paragraph ~~5~~ **2** of this section.

~~G.~~ H. The board shall not award any monies to fund new facilities that are financed by class A bonds that are issued by the school district.

~~H.~~ I. The board **OR THE DIVISION** shall not distribute monies to a school district for ~~replacement~~ **REPLACING** or ~~repair of~~ **REPAIRING** facilities if the costs associated with the replacement or repair are covered by insurance or a performance or payment bond.

~~I.~~ J. The ~~board~~ **DIVISION** may contract for construction services and materials that are necessary to correct existing deficiencies in school district facilities. The ~~board~~ **DIVISION** may procure the construction services necessary pursuant to this subsection by any method, including construction-manager-at-risk, design-build, design-bid-build or job-order-contracting as provided by ~~title 41~~, chapter 23 **OF THIS TITLE**. The construction planning and services performed pursuant to this subsection are exempt from section 41-791.01.

~~J.~~ K. The ~~school facilities board~~ **DIVISION** may enter into agreements with school districts to allow ~~school facilities board~~ **DIVISION** staff and contractors access to school property for the purposes of performing the construction services necessary pursuant to subsection ~~I~~ **J** of this section.

~~K.~~ L. Each school district shall develop routine preventive maintenance guidelines for its facilities. The guidelines shall include plumbing systems, electrical systems, heating, ventilation and air conditioning systems, special equipment and other systems and for roofing systems shall recommend visual inspections performed by district staff for signs of structural stress and weakness. The guidelines shall be submitted to the ~~school facilities board~~ DIVISION for review and approval. If on inspection by the ~~school facilities board~~ DIVISION it is determined that a school district facility was inadequately maintained pursuant to the school district's routine preventive maintenance guidelines, the school district shall return the building to compliance with the school district's routine preventive maintenance guidelines.

~~L.~~ M. The ~~school facilities~~ board AND THE DIVISION may temporarily transfer monies, OR, IF APPLICABLE, DIRECT THE DIVISION TO TRANSFER MONIES, between ~~the capital reserve fund established by section 15-2003,~~ the emergency deficiencies correction fund established by section ~~15-2022~~ 41-5721 and the new school facilities fund established by section ~~15-2041~~ 41-5741 if all of the following conditions are met:

1. The transfer is necessary to avoid a temporary shortfall in the fund into which the monies are transferred.

2. The transferred monies are restored to the fund where the monies originated as soon as practicable after the temporary shortfall in the other fund has been addressed.

3. The ~~school facilities~~ board ~~reports~~ AND THE DIVISION REPORT to the joint committee on capital review the amount of and the reason for any monies transferred.

~~M.~~ N. After notifying each school district, and if a written objection from the school district is not received by the ~~school facilities~~ board OR THE DIVISION within thirty days ~~of~~ AFTER the notification, the ~~school facilities~~ board OR THE DIVISION may access public utility company records of power, water, natural gas, telephone and broadband usage to assemble consistent and accurate data on utility consumption at school facilities to determine the effectiveness of facility design, operation and maintenance measures intended to reduce energy and water consumption and costs. Any public utility that provides service to a school district in this state shall provide the data requested by the ~~school facilities~~ board OR THE DIVISION pursuant to this subsection.

~~N.~~ O. The ~~school facilities~~ DIVISION OR THE board shall not require a common school district that provides instruction to pupils in grade nine to obtain approval from the ~~school facilities~~ DIVISION OR THE board to reconfigure its school facilities. A common school district that provides instruction to pupils in grade nine is not entitled to additional monies from the ~~school facilities~~ DIVISION OR THE board for facilities to educate pupils in grade nine.

1 ~~0.~~ P. A school district may appeal the denial of a request for
2 monies pursuant to this chapter or any other appealable agency action by
3 the ~~school facilities~~ DIVISION OR THE board pursuant to ~~title 41~~, chapter
4 6, article 10 OF THIS TITLE. For the purposes of this subsection,
5 "appealable agency action" has the same meaning prescribed in section
6 41-1092.

7 Sec. 64. Section 41-5703, Arizona Revised Statutes, as transferred
8 and renumbered, is amended to read:

9 41-5703. School facilities oversight board lease-to-own;
10 fund; expiration

11 A. In order to fulfill the requirements of section ~~15-2041~~ 41-5741,
12 the ~~school facilities~~ board may acquire school facilities for the use of
13 one or more school districts by entering into one or more lease-to-own
14 transactions in accordance with this section. For THE purposes of this
15 section, providing school facilities includes land acquisition, related
16 infrastructure, fixtures, furnishings, equipment and costs of the
17 lease-to-own transaction. The ~~school facilities~~ board may provide monies
18 to provide school facilities in part pursuant to section ~~15-2041~~ 41-5741
19 and in part through a lease-to-own transaction.

20 B. A lease-to-own transaction may provide for:

21 1. The ground lease of the land for the facilities to a private
22 entity for the term of the lease-to-own transaction or for a term of up to
23 one and one-half times the term of the lease-to-own transaction, subject
24 to earlier termination on completion of performance of the lease-to-own
25 agreement. The ground lessor may either be the school district or the
26 ~~school facilities~~ board, whichever holds title to the land.

27 2. The lease of the completed school facilities by a private entity
28 to the ~~school facilities~~ board for an extended term of years pursuant to a
29 lease-to-own agreement.

30 3. The sublease of the completed school facilities by the ~~school~~
31 ~~facilities~~ board to the school district during the term of the
32 lease-to-own agreement. The sublease shall provide for the use,
33 maintenance and operation of the school facilities by the school district
34 and for the transfer of ownership of the school facilities to the school
35 district on completion of performance of the lease-to-own agreement.

36 4. The option for the ~~school facilities~~ board's purchase of the
37 school facilities and transfer of ownership of the school facilities to
38 the school district before the expiration of the lease-to-own agreement.

39 5. The services of trustees, financial advisors, paying agents,
40 transfer agents, underwriters, lawyers and other professional service
41 providers, credit enhancements or liquidity facilities and all other
42 services considered necessary by the ~~school facilities~~ board in connection
43 with the lease-to-own transaction, and related agreements and arrangements
44 including arrangements for the creation and sale of certificates of
45 participation evidencing proportionate interests in the lease payments to

1 be made by the ~~school facilities~~ board pursuant to the lease-to-own
2 agreement.

3 C. The sublease of the school facilities to the school district is
4 subject to this section and to the provisions of the lease-to-own
5 agreement. Neither a ground lease by the school district as lessor nor a
6 sublease of the school facilities to the school district is required to be
7 authorized by a vote of the school district electors. A ground lease is
8 not subject to any limitations or requirements applicable to leases or
9 lease-purchase agreements pursuant to section 15-342 or any other section
10 of TITLE 15 OR this ~~title~~ CHAPTER.

11 D. 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 E. 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 F. 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 G. ~~A~~ THE lease-to-own fund is established consisting of monies
21 appropriated by the legislature. The ~~school facilities~~ board shall
22 administer the fund and distribute monies in the fund to make payments
23 pursuant to lease-to-own agreements entered into by the ~~school facilities~~
24 board pursuant to this section, to make payments to or for the benefit of
25 school districts pursuant to local lease-to-own agreements entered into by
26 school districts pursuant to section ~~15-2005~~ 41-5704 and to pay costs
27 considered necessary by the ~~school facilities~~ board in connection with
28 lease-to-own transactions and local lease-to-own transactions. Payments
29 by the ~~school facilities~~ board pursuant to a lease-to-own agreement or
30 local lease-to-own agreement shall be made only from the lease-to-own
31 fund. On notice from the ~~school facilities~~ board, the state treasurer
32 shall invest and divest monies in the fund as provided by section 35-313,
33 and monies earned from investment shall be credited to the lease-to-own
34 fund.

35 H. A lease-to-own agreement entered into by the ~~school facilities~~
36 board pursuant to this section shall provide that:

37 1. At the completion of the lease-to-own agreement, ownership of
38 the school facilities and land associated with the lease-to-own agreement
39 shall be transferred to the school district as specified in the agreement.

40 2. The obligation of the ~~school facilities~~ board to make any
41 payment under the lease-to-own agreement is a current expense, payable
42 exclusively from appropriated monies, and is not a general obligation
43 indebtedness of this state or the ~~school facilities~~ board. The obligation
44 of a school district to make expenditures under a sublease pursuant to
45 subsection B, paragraph 3 of this section is a current expense, payable

1 exclusively from budgeted monies, and is not a general obligation
2 indebtedness of the school district.

3 3. If the legislature fails to appropriate monies or the ~~school~~
4 ~~facilities~~ board fails to allocate such monies for any periodic payment or
5 renewal term of the lease-to-own agreement, the lease-to-own agreement
6 terminates at the end of the current term and this state and the ~~school~~
7 ~~facilities~~ board are relieved of any subsequent obligation under the
8 agreement and the school district is relieved of any subsequent obligation
9 under the sublease.

10 4. The lease-to-own agreement shall be reviewed and approved by the
11 attorney general before the agreement may take effect.

12 5. Before the agreement takes effect and after review by the
13 attorney general, the project or projects related to the agreement shall
14 be submitted for review by the joint committee on capital review.

15 I. The ~~school facilities~~ board may covenant to use its best efforts
16 to budget, obtain, allocate and maintain sufficient appropriated monies to
17 make payments under a lease-to-own agreement, but the lease-to-own
18 agreement shall acknowledge that appropriating state monies is a
19 legislative act and is beyond the control of the ~~school facilities~~ board
20 or of any other party to the lease-to-own agreement.

21 J. The land and the school facilities on the land are exempt from
22 taxation during the term of the lease-to-own agreement and during
23 construction and subsequent occupancy by the school district pursuant to
24 the sublease.

25 K. The powers prescribed in this section are in addition to the
26 powers conferred by any other law. Without reference to any other
27 provision of **TITLE 15**, this ~~title~~ **CHAPTER** or ~~to~~ any other law, this
28 section is authority for the completion of the purposes prescribed in this
29 section for the ~~school facilities~~ board to provide school facilities for
30 use by school districts through lease-to-own transactions pursuant to this
31 section without regard to the procedure required by any other law. Except
32 as otherwise provided in this section, the provisions of **TITLE 15 AND** this
33 ~~title~~ **CHAPTER** that relate to the matters contained in this section are
34 superseded because this section is the exclusive law on these matters.

35 L. The ~~school facilities~~ board shall not enter into lease-to-own
36 transactions, including any refinancings or refundings, pursuant to this
37 section from and after May 15, 2006.

38 Sec. 65. Section 41-5704, Arizona Revised Statutes, as transferred
39 and renumbered, is amended to read:

40 41-5704. Local lease-to-own by school districts; expiration

41 A. In order to fulfill the requirements of section ~~15-2041~~ **41-5741**,
42 with the approval of the ~~school facilities~~ board, a school district may
43 acquire school facilities by entering into a local lease-to-own
44 transaction in accordance with this section. For purposes of this
45 section, providing school facilities includes land acquisition, related

1 infrastructure, fixtures, furnishings, equipment and costs of the local
2 lease-to-own transaction. The ~~school facilities~~ board may provide monies
3 to provide school facilities in part pursuant to section ~~15-2041~~ 41-5741
4 and in part through payments to or for the benefit of a school district
5 for a local lease-to-own transaction.

6 B. A local lease-to-own transaction may provide for:

7 1. The ground lease of the land for the facilities to a private
8 entity for the term of the local lease-to-own transaction or for a term of
9 up to one and one-half times the term of the local lease-to-own
10 transaction, subject to earlier termination on completion of performance
11 of the local lease-to-own agreement. The ground lessor may either be the
12 school district or the ~~school facilities~~ board, whichever holds title to
13 the land.

14 2. The lease of the completed school facilities by a private entity
15 to the school district for an extended term of years pursuant to a local
16 lease-to-own agreement. The local lease-to-own agreement shall provide
17 for the use, maintenance and operation of the school facilities by the
18 school district and for the transfer of ownership of the school facilities
19 to the school district on completion of performance of the local
20 lease-to-own agreement.

21 3. The option for the school district's purchase of the school
22 facilities and transfer of ownership of the school facilities to the
23 school district before the expiration of the local lease-to-own agreement.

24 4. The services of trustees, financial advisors, paying agents,
25 transfer agents, underwriters, lawyers and other professional service
26 providers, credit enhancements or liquidity facilities and all other
27 services considered necessary by the school district or the ~~school~~
28 ~~facilities~~ board in connection with the local lease-to-own transaction,
29 and related agreements and arrangements including arrangements for the
30 creation and sale of certificates of participation evidencing
31 proportionate interests in the lease payments to be made by the school
32 district pursuant to the local lease-to-own agreement.

33 C. Neither a ground lease by the school district as lessor nor a
34 local lease-to-own agreement is required to be authorized by a vote of the
35 school district electors. A ground lease is not subject to any
36 limitations or requirements applicable to leases or lease-purchase
37 agreements pursuant to section 15-342 or any other section of TITLE 15 OR
38 this ~~title~~ CHAPTER.

39 D. The ~~school facilities~~ board may make payments to or for the
40 benefit of the school district from the lease-to-own fund established by
41 section ~~15-2004~~ 41-5703 for the payment of amounts payable under the local
42 lease-to-own agreement.

43 E. Any school facility that is constructed through a lease-to-own
44 agreement shall meet the minimum building adequacy standards set forth in
45 section ~~15-2011~~ 41-5711.

1 F. School districts may use local monies to exceed the minimum
2 adequacy standards and to build athletic fields and any other capital
3 project for leased-to-own facilities.

4 G. The ~~school facilities~~ board shall include any square footage of
5 new school facilities constructed through lease-to-own agreements in the
6 computations prescribed in section ~~15-2011~~ 41-5711.

7 H. A local lease-to-own agreement entered into by a school district
8 pursuant to this section shall provide that:

9 1. At the completion of the lease-to-own agreement, ownership of
10 the school facilities and land associated with the lease-to-own agreement
11 shall be transferred to the school district as specified in the agreement.

12 2. The obligation of the school district to make any payment or
13 expenditure under the local lease-to-own agreement is a current expense,
14 payable exclusively from properly budgeted monies, and is not a general
15 obligation indebtedness of this state, the ~~school facilities~~ board or the
16 school district, and that any payment by the ~~school facilities~~ board to or
17 for the benefit of the school district from the lease-to-own fund
18 established by section ~~15-2004~~ 41-5703 for payments of amounts payable
19 under the local lease-to-own agreement is a current expense, payable
20 exclusively from appropriated monies, and is not a general obligation
21 indebtedness of this state or the ~~school facilities~~ board.

22 3. If the school district fails to properly budget for payments
23 under the local lease-to-own agreement or if the legislature fails to
24 appropriate monies or the ~~school facilities~~ board fails to allocate monies
25 for periodic payment to or for the benefit of the school district for
26 payments under the local lease-to-own agreement, the local lease-to-own
27 agreement terminates at the end of the current term and the school
28 district, the ~~school facilities~~ board and this state are relieved of any
29 subsequent obligation under the local lease-to-own agreement.

30 4. The local lease-to-own agreement shall be reviewed and approved
31 by the attorney general before the agreement may take effect.

32 5. Before the agreement takes effect and after review by the
33 attorney general, the project or projects related to the agreement shall
34 be submitted for review by the joint committee on capital review.

35 I. The school district may covenant to use its best efforts to
36 budget, obtain, allocate and maintain sufficient monies to make payments
37 under a local lease-to-own agreement, but the local lease-to-own agreement
38 shall acknowledge that budgeting school district monies is a governmental
39 act of the school district governing board that may not be contracted
40 away. The school facilities ~~OVERSIGHT~~ board is not required to covenant
41 to budget, obtain, allocate or maintain sufficient monies in the
42 lease-to-own fund to make payments to or for the benefit of a school
43 district for payments under a local lease-to-own agreement.

1 J. The land and the school facilities on the land are exempt from
2 taxation during the term of the local lease-to-own agreement and during
3 construction and subsequent occupancy by the school district pursuant to
4 the local lease-to-own agreement.

5 K. The powers prescribed in this section are in addition to the
6 powers conferred by any other law. Without reference to any other
7 provision of ~~TITLE 15 OR this title~~ CHAPTER or ~~to~~ any other law, this
8 section is authority for the completion of the purposes prescribed in this
9 section for school districts to provide school facilities through local
10 lease-to-own transactions pursuant to this section without regard to the
11 procedure required by any other law. Except as otherwise provided in this
12 section, the provisions of ~~TITLE 15 OR this title~~ CHAPTER that relate to
13 the matters contained in this section are superseded because this section
14 is the exclusive law on these matters.

15 L. School districts shall not enter into lease-to-own transactions,
16 including any refinancings or refundings, pursuant to this section from
17 and after May 15, 2006.

18 Sec. 66. Section 41-5705, Arizona Revised Statutes, as transferred
19 and renumbered, is amended to read:

20 ~~41-5705.~~ Lease-to-own amount; expiration

21 A. In order to fulfill the requirements of section ~~15-2041~~ 41-5741,
22 the ~~school facilities~~ board may enter into lease-to-own transactions for
23 up to a maximum of ~~two hundred million dollars~~ \$200,000,000 in any fiscal
24 year.

25 B. The ~~school facilities~~ board shall not enter into lease-to-own
26 transactions, including any refinancings or refundings, pursuant to this
27 section from and after May 15, 2006.

28 Sec. 67. Section 41-5711, Arizona Revised Statutes, as transferred
29 and renumbered, is amended to read:

30 ~~41-5711.~~ Minimum school facility adequacy requirements;
31 definition

32 A. The ~~school facilities~~ board, as determined and prescribed in
33 this chapter, shall provide funding to school districts for new
34 construction as the number of pupils in the district fills the existing
35 school facilities and requires more pupil space.

36 B. School buildings in a school district are adequate if all of the
37 following requirements are met:

38 1. The buildings contain sufficient and appropriate space and
39 equipment that comply with the minimum school facility adequacy guidelines
40 established pursuant to subsection F of this section. The state shall not
41 fund facilities for elective courses that require the school district
42 facilities to exceed minimum school facility adequacy requirements. The
43 ~~school facilities~~ board shall determine whether a school building meets
44 the requirements of this paragraph by analyzing the total square footage

1 that is available for each pupil in conjunction with the need for
2 specialized spaces and equipment.

3 2. The buildings are in compliance with federal, state and local
4 building and fire codes and laws that ~~are applicable~~ APPLY to the
5 particular building, except that a school with an aggregate area of less
6 than five thousand square feet is subject to permitting and inspection by
7 a local fire marshal and is only subject to regulation or inspection by
8 the office of the state fire marshal if the county, city or town in which
9 the school is located does not employ a local fire marshal. An existing
10 school building is not required to comply with current requirements for
11 new buildings unless this compliance is specifically mandated by law or by
12 the building or fire code of the jurisdiction where the building is
13 located.

14 3. The building systems, including roofs, plumbing, telephone
15 systems, electrical systems, heating systems and cooling systems, are in
16 working order and are capable of being properly maintained.

17 4. The buildings are structurally sound.

18 C. The standards that shall be used by the ~~school facilities~~ board
19 to determine whether a school building meets the minimum adequate gross
20 square footage requirements are as follows:

21 1. For a school district that provides instruction to pupils in
22 programs for preschool children with disabilities, kindergarten programs
23 and grades one through six, eighty square feet per pupil in programs for
24 preschool children with disabilities, kindergarten programs and grades one
25 through six.

26 2. For a school district that provides instruction to up to eight
27 hundred pupils in grades seven and eight, eighty-four square feet per
28 pupil in grades seven and eight.

29 3. For a school district that provides instruction to more than
30 eight hundred pupils in grades seven and eight, eighty square feet per
31 pupil in grades seven and eight or sixty-seven thousand two hundred square
32 feet, whichever is more.

33 4. For a school district that provides instruction to up to four
34 hundred pupils in grades nine through twelve, one hundred twenty-five
35 square feet per pupil in grades nine through twelve.

36 5. For a school district that provides instruction to more than
37 four hundred and up to one thousand pupils in grades nine through twelve,
38 one hundred twenty square feet per pupil in grades nine through twelve or
39 fifty thousand square feet, whichever is more.

40 6. For a school district that provides instruction to more than one
41 thousand and up to one thousand eight hundred pupils in grades nine
42 through twelve, one hundred twelve square feet per pupil in grades nine
43 through twelve or one hundred twenty thousand square feet, whichever is
44 more.

1 7. For a school district that provides instruction to more than one
2 thousand eight hundred pupils in grades nine through twelve, ninety-four
3 square feet per pupil in grades nine through twelve or two hundred one
4 thousand six hundred square feet, whichever is more.

5 D. The ~~school facilities~~ board may modify the square footage
6 requirements prescribed in subsection C of this section or modify the
7 amount of monies awarded to cure the square footage deficiency pursuant to
8 this section for particular school districts based on extraordinary
9 circumstances for any of the following considerations:

- 10 1. The number of pupils served by the school district.
11 2. Geographic factors.
12 3. Grade configurations other than those prescribed in subsection C
13 of this section.

14 E. In measuring the square footage per pupil requirements of
15 subsection C of this section, the ~~school facilities~~ board shall:

16 1. Use the projected one hundredth day average daily membership for
17 the current school year.

18 2. For each school, use the lesser of either:

- 19 (a) Total gross square footage.
20 (b) Student capacity multiplied by the appropriate square footage
21 per pupil prescribed by subsection C of this section.

22 3. Consider the total space available in all schools in use in the
23 school district, except that the ~~school facilities~~ board shall allow an
24 exclusion of the square footage for certain schools and the pupils within
25 the schools' boundaries if the school district demonstrates to the board's
26 satisfaction unusual or excessive busing of pupils or unusual attendance
27 boundary changes between schools.

28 4. Compute the gross square footage of all buildings by measuring
29 from exterior wall to exterior wall. Square footage used solely for
30 district administration, storage of vehicles and other nonacademic
31 purposes shall be excluded from the net square footage.

32 5. Include all portable and modular buildings.

33 6. Include in the net square footage new construction funded wholly
34 or partially by the ~~school facilities~~ board based on the square footage
35 funded by the ~~school facilities~~ board. If the new construction is to
36 exceed the square footage funded by the ~~school facilities~~ board, the
37 excess square footage shall not be included in the net square footage if
38 any of the following applies:

- 39 (a) The excess square footage was constructed before July 1, 2002
40 or funded by a class B bond, impact aid revenue bond or capital outlay
41 override approved by the voters after August 1, 1998 and before June 30,
42 2002 or funded from unrestricted capital outlay expended before June 30,
43 2002.

1 (b) The excess square footage of new school facilities does not
2 exceed twenty-five percent of the minimum square footage requirements
3 pursuant to subsection C of this section.

4 (c) The excess square footage of expansions to school facilities
5 does not exceed twenty-five percent of the minimum square footage
6 requirements pursuant to subsection C of this section.

7 7. Exclude square footage built under a developer agreement
8 according to section 15-342, paragraph 33 until the ~~school facilities~~
9 board provides funding for the square footage under section ~~15-2041~~
10 ~~41-5741~~, subsection 0.

11 8. Include square footage that a school district has leased to
12 another entity.

13 F. The ~~school facilities~~ board shall adopt rules establishing
14 minimum school facility adequacy guidelines. The guidelines shall provide
15 the minimum quality and quantity of school buildings and facilities and
16 equipment necessary and appropriate to enable pupils to achieve the
17 academic standards pursuant to section 15-203, subsection A, paragraphs 12
18 and 13 and sections 15-701 and 15-701.01. At a minimum, the ~~school~~
19 ~~facilities~~ board shall address all of the following in developing these
20 guidelines:

- 21 1. School sites.
- 22 2. Classrooms.
- 23 3. Libraries and media centers, or both.
- 24 4. Cafeterias.
- 25 5. Auditoriums, multipurpose rooms or other multiuse space.
- 26 6. Technology.
- 27 7. Transportation.
- 28 8. Facilities for science, arts and physical education.
- 29 9. Other facilities and equipment that are necessary and
30 appropriate to achieve the academic standards prescribed pursuant to
31 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
32 15-701.01.
- 33 10. Appropriate combinations of facilities or uses listed in this
34 section.

35 G. THE BOARD MAY CONVENE SUBCOMMITTEES AS NEEDED ON SPECIFIC
36 ISSUES, INCLUDING SCHOOL FACILITY SAFETY STANDARDS. NOTWITHSTANDING ANY
37 OTHER LAW, A SCHOOL DISTRICT THAT RECEIVES GRANT MONIES FROM THE BUILDING
38 RENEWAL GRANT FUND ESTABLISHED BY SECTION 41-5731 OR MONIES FROM THE NEW
39 SCHOOL FACILITIES FUND ESTABLISHED BY SECTION 41-5741 SHALL CONSIDER
40 SCHOOL FACILITY SAFETY STANDARDS WHEN COMPLETING APPROVED PROJECTS OR
41 CONSTRUCTING NEW SCHOOL FACILITIES WITH MONIES RECEIVED FROM THOSE FUNDS.

42 ~~G.~~ H. The board shall consider the facilities and equipment of the
43 schools with the highest academic productivity scores, as prescribed in
44 section ~~15-2002~~ 41-5702, subsection A, paragraph ~~9~~ 6, subdivision (d),

1 and the highest parent quality ratings in the establishment of the
2 guidelines.

3 ~~H.~~ I. The ~~school facilities~~ board may consider appropriate
4 combinations of facilities or uses in ~~making assessments of~~ ASSESSING and
5 curing existing deficiencies pursuant to section ~~15-2002~~ 41-5702,
6 subsection A, paragraph 1 and in certifying plans for new school
7 facilities pursuant to section ~~15-2002~~ 41-5702, subsection ~~A~~ C, paragraph
8 ~~5~~ 2.

9 ~~I.~~ J. If the ~~school facilities~~ board makes any changes to the
10 minimum adequacy requirements prescribed in this section, the board shall
11 provide a fiscal impact statement of the effect of the proposed changes to
12 the joint committee on capital review for review.

13 ~~J.~~ K. For the purposes of this section, "student capacity" means
14 the capacity adjusted to include any additions to or deletions of space,
15 including modular or portable buildings at the school. The ~~school~~
16 ~~facilities~~ board shall determine the student capacity for each school in
17 conjunction with each school district, recognizing each school's
18 allocation of space as of July 1, 1998, to achieve the academic standards
19 prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13
20 and sections 15-701 and 15-701.01.

21 Sec. 68. Section 41-5721, Arizona Revised Statutes, as transferred
22 and renumbered, is amended to read:

23 41-5721. Emergency deficiencies correction fund; definition

24 A. The emergency deficiencies correction fund is established
25 consisting of monies transferred from the new school facilities fund
26 established by section ~~15-2041~~ 41-5741. The ~~school facilities~~ board
27 DIVISION shall administer the emergency deficiencies correction fund and
28 distribute monies in accordance with the rules of the ~~school facilities~~
29 ~~board~~ DIVISION to school districts for emergency purposes. The ~~school~~
30 ~~facilities board~~ DIVISION shall not transfer monies from the new school
31 facilities fund if the DIVISION, IN CONJUNCTION WITH THE SCHOOL FACILITIES
32 OVERSIGHT BOARD, DETERMINES THAT THE transfer will affect, interfere with,
33 disrupt or reduce any capital projects that the ~~school facilities~~ board
34 has approved pursuant to section ~~15-2041~~ 41-5741. The ~~school facilities~~
35 ~~board~~ DIVISION shall transfer to the emergency deficiencies correction
36 fund the amount necessary each fiscal year to fulfill the requirements of
37 this section. Within thirty days after transferring monies to the
38 emergency deficiencies correction fund, the ~~school facilities board~~
39 DIVISION shall report to the director of the joint legislative budget
40 committee and the director of the governor's office of strategic planning
41 and budgeting the amount and source of the transfer. Monies in the
42 emergency deficiencies correction fund are continuously appropriated and
43 are exempt from the provisions of section 35-190 relating to lapsing of
44 appropriations.

1 B. If the ~~school facilities board~~ DIVISION determines that there
2 are insufficient monies in the emergency deficiencies correction fund to
3 correct an emergency, the school district may correct the emergency
4 pursuant to section 15-907.

5 C. If a school district has an emergency, the school district shall
6 apply to the ~~school facilities board~~ DIVISION for funding for the
7 emergency. The school district's application shall disclose any insurance
8 or building renewal monies available to the school district to pay for the
9 emergency. BEFORE APPLYING TO THE DIVISION FOR FUNDING FOR THE EMERGENCY,
10 THE SCHOOL DISTRICT GOVERNING BOARD SHALL ISSUE AN EMERGENCY DECLARATION
11 OR RESOLUTION TO BE ELIGIBLE FOR MONIES FROM THE EMERGENCY DEFICIENCIES
12 CORRECTION FUND.

13 D. The ~~school facilities board~~ DIVISION staff shall acknowledge
14 receipt of the school district's application for emergency deficiencies
15 funding in writing within five business days after receiving the
16 application. The ~~school facilities board~~ DIVISION staff shall include in
17 the written acknowledgement of receipt to the school district any
18 investigative, study or informational requirements from the school
19 district, along with an estimated timeline to complete the requirements,
20 necessary for the ~~school facilities board~~ DIVISION staff to make a
21 ~~recommendation for~~ DECISION REGARDING funding ~~to the school facilities~~
22 ~~board~~.

23 E. THE BOARD SHALL REVIEW ALL POLICIES AND PROCEDURES THAT THE
24 DIVISION DEVELOPS TO ADMINISTER THIS SECTION.

25 ~~E.~~ F. For the purposes of this section, "emergency":

26 1. Means a serious need for materials, services or construction or
27 expenses ~~in excess of~~ THAT EXCEEDS the school district's adopted budget
28 for the current fiscal year AND that seriously threatens the functioning
29 of the school district, the preservation or protection of property or
30 public health, welfare or safety.

31 2. INCLUDES ALL OF THE FOLLOWING:

32 (a) A SITUATION THAT THREATENS LIFE SERVICES SUCH AS ADEQUATE WATER
33 SUPPLY, ENERGY AND WASTEWATER.

34 (b) A SITUATION IN WHICH A SCHOOL DISTRICT IS UNDER ORDERS FROM AN
35 AUTHORITY HAVING JURISDICTION FOR AN UNSAFE ENVIRONMENT SUCH AS THE
36 DEPARTMENT OF ENVIRONMENTAL QUALITY, THE OCCUPATIONAL SAFETY AND HEALTH
37 ADMINISTRATION OR THE STATE FIRE MARSHAL.

38 (c) THE SCHOOL DISTRICT RECEIVES A PROFESSIONAL AND CERTIFIED
39 ASSESSMENT SHOWING THAT ONE OR MORE FACILITIES OR SYSTEMS ARE STRUCTURALLY
40 UNSAFE AND DIRECTLY IMPACT THE FUNCTIONS OF THE SCHOOL DISTRICT WITH NO
41 ALTERNATIVE OPTION AVAILABLE.

1 Sec. 69. Section 41-5731, Arizona Revised Statutes, as transferred
2 and renumbered, is amended to read:

3 41-5731. Building renewal grant fund; rules; definitions

4 A. The building renewal grant fund is established consisting of
5 monies appropriated to the fund by the legislature. The ~~school facilities~~
6 ~~board~~ DIVISION shall administer the fund and distribute monies to school
7 districts for the purpose of maintaining the adequacy of existing school
8 facilities. Monies in the fund are exempt from the provisions of section
9 35-190 relating to lapsing of appropriations.

10 B. The ~~school facilities board~~ DIVISION shall distribute monies
11 from the BUILDING RENEWAL GRANT fund based on grant requests from school
12 districts to fund primary building renewal projects. Project requests
13 shall be prioritized by the ~~school facilities board~~ DIVISION, with
14 priority given to school districts that have provided routine preventive
15 maintenance on the facility. A SCHOOL DISTRICT MUST SUBMIT A PREVENTIVE
16 MAINTENANCE PLAN TO THE DIVISION TO BE ELIGIBLE TO RECEIVE MONIES FROM THE
17 BUILDING RENEWAL GRANT FUND. The ~~school facilities board~~ DIVISION shall
18 approve only projects that will be completed within twelve months, unless
19 similar projects on average take longer to complete. A GRANT ISSUED UNDER
20 THIS SECTION EXPIRES TWELVE MONTHS AFTER THE GRANT REQUEST IS APPROVED
21 UNLESS THE DIVISION ISSUES AN EXTENSION, EXCEPT THAT IF THE DIVISION
22 APPROVES A PROJECT AND DETERMINES THAT SIMILAR PROJECTS ON AVERAGE TAKE
23 LONGER THAN TWELVE MONTHS TO COMPLETE, THE DIVISION SHALL EXTEND THE GRANT
24 EXPIRATION DATE BASED ON THE AVERAGE AMOUNT OF TIME THAT SIMILAR PROJECTS
25 TAKE TO COMPLETE. THE DIVISION SHALL ESTABLISH A PROCESS BY WHICH A
26 SCHOOL DISTRICT MAY REQUEST AN EXTENSION UNDER THIS SUBSECTION. ON
27 EXPIRATION OF A GRANT, A SCHOOL DISTRICT SHALL RETURN ANY BUILDING RENEWAL
28 GRANT FUND MONIES THAT THE SCHOOL DISTRICT HAS NOT SPENT TO THE DIVISION
29 FOR DEPOSIT IN THE BUILDING RENEWAL GRANT FUND. THE DIVISION MAY SPEND
30 MONIES FROM THE FUND FOR ASSESSMENTS TO DETERMINE WHETHER A GRANT FROM THE
31 FUND IS WARRANTED UNDER THIS SECTION.

32 C. School districts that receive monies from the BUILDING RENEWAL
33 GRANT fund shall use these monies on projects for buildings or any part of
34 a building in the ~~school facilities board's~~ DIVISION'S database for any of
35 the following:

36 1. Major renovations and repairs to a building that is used for
37 student instruction or other academic purposes.

38 2. Upgrading systems and areas that will maintain or extend the
39 useful life of the building.

40 3. Infrastructure costs.

41 D. Monies received from the fund shall not be used for any of the
42 following purposes:

43 1. New construction.

44 2. Remodeling interior space for aesthetic or preferential reasons.

45 3. Exterior beautification.

- 1 4. Demolition.
- 2 5. Routine preventive maintenance.
- 3 6. Any project in a building, or part of a building, that is being
- 4 leased to another entity.
- 5 E. Accommodation schools are not eligible for monies from the
- 6 building renewal grant fund.
- 7 F. If the ~~school facilities board~~ DIVISION or a court of competent
- 8 jurisdiction determines that a school district received monies from the
- 9 building renewal grant fund that must be reimbursed to the ~~school~~
- 10 ~~facilities board~~ DIVISION due to legal action associated with improper
- 11 construction by a hired contractor, the school district shall reimburse
- 12 the ~~school facilities board~~ DIVISION an agreed-on amount for deposit into
- 13 the building renewal grant fund.
- 14 G. The ~~school facilities board~~ DIVISION shall categorize each
- 15 project that is eligible for monies from the building renewal grant fund
- 16 as either critical or noncritical. The ~~board~~ DIVISION shall adopt
- 17 policies and procedures to prioritize critical projects and to designate
- 18 critical projects as projects that immediately impact student safety or
- 19 building closures or that result in operational disruptions. Critical
- 20 projects have priority over any previously approved noncritical projects.
- 21 H. If the ~~school facilities board~~ DIVISION determines that
- 22 sufficient monies are not available for a noncritical project that the
- 23 ~~board~~ DIVISION has approved, the ~~board~~ DIVISION shall notify the school
- 24 district that submitted the project request that monies will be
- 25 distributed from the building renewal grant fund for the project only if
- 26 the legislature appropriates sufficient monies. If sufficient monies are
- 27 not available in the fiscal year in which the project is awarded for a
- 28 noncritical project, the noncritical project does not receive priority in
- 29 the next fiscal year.
- 30 I. Building renewal grants pursuant to this section shall be used
- 31 only for projects that serve an academic purpose.
- 32 J. THE DIVISION SHALL DO BOTH OF THE FOLLOWING:
- 33 1. IMPLEMENT POLICIES AND PROCEDURES TO REQUIRE A SCHOOL DISTRICT
- 34 TO REPORT THE PREVENTIVE MAINTENANCE ACTIVITIES COMPLETED DURING THE
- 35 PREVIOUS TWELVE MONTHS FOR THE FACILITY FOR WHICH THE MONIES ARE BEING
- 36 REQUESTED.
- 37 2. SUBMIT A MONTHLY REPORT TO THE SCHOOL FACILITIES OVERSIGHT BOARD
- 38 THAT DETAILS HOW MONIES FROM THE BUILDING RENEWAL GRANT FUND HAVE BEEN
- 39 DISTRIBUTED.
- 40 K. IN ADDITION TO ESTABLISHING A PROJECT ELIGIBILITY ASSESSMENT
- 41 UNDER SECTION 41-5702, SUBSECTION A, PARAGRAPH 5, SUBDIVISION (b), THE
- 42 DIVISION SHALL ADOPT RULES REGARDING BOTH OF THE FOLLOWING:
- 43 1. THE APPROVAL OF BUILDING RENEWAL GRANTS PURSUANT TO THIS
- 44 SECTION.

2. TIME FRAMES FOR THE DIVISION REGARDING ALL OF THE FOLLOWING WITH RESPECT TO THIS SECTION:

(a) APPROVING OR DENYING GRANT REQUESTS FOR CRITICAL PROJECTS.

(b) NOTIFYING AN APPLICANT IF THE APPLICANT'S APPLICATION IS INCOMPLETE.

(c) PROVIDING REGULAR UPDATES TO APPLICANTS REGARDING COMPLETED APPLICATIONS.

(d) DISTRIBUTING MONIES FROM THE BUILDING RENEWAL GRANT FUND.

L. THE BOARD SHALL REVIEW ALL POLICIES AND PROCEDURES THAT THE DIVISION DEVELOPS TO ADMINISTER THIS SECTION.

M. THE DIVISION MAY SPEND MONIES FROM THE FUND FOR ASSESSMENTS TO DETERMINE IF A GRANT FROM THE FUND IS WARRANTED UNDER THIS SECTION.

~~+~~ N. For the purposes of this section:

1. "Primary building renewal projects" means projects that are necessary for buildings owned by school districts that are required to meet the minimum adequacy standards for student capacity and that fall below the minimum school facility adequacy guidelines, as adopted by the ~~school facilities~~ board pursuant to section ~~15-2011~~ 41-5711, for school districts that have provided routine preventive maintenance to the school facility.

2. "Routine preventive maintenance" means services that are performed on a regular schedule at intervals ranging from four times a year to once every three years, or on the schedule of services recommended by the manufacturer of the specific building system or equipment, and that are intended to extend the useful life of a building system and reduce the need for major repairs.

3. "Student capacity" has the same meaning prescribed in section ~~15-2011~~ 41-5711.

Sec. 70. Section 41-5741, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

41-5741. New school facilities fund; capital plan; reporting requirements

A. The new school facilities fund is established consisting of monies appropriated by the legislature and monies credited to the NEW SCHOOL FACILITIES fund pursuant to section 37-221. The ~~school facilities board~~ DIVISION shall administer the NEW SCHOOL FACILITIES fund and, AT THE DIRECTION OF THE SCHOOL FACILITIES OVERSIGHT BOARD, SHALL distribute monies, as a continuing appropriation, to school districts for the purpose of constructing new school facilities and for contracted expenses pursuant to section ~~15-2002~~ 41-5702, subsection B, paragraphs 2, 3 and 4. ~~On June 30 of each fiscal year, any unobligated contract monies in the new school facilities fund shall be transferred to the capital reserve fund established by section 15-2003.~~

1 B. The school facilities **OVERSIGHT** board shall prescribe a uniform
2 format for use by the school district governing board in developing and
3 annually updating a capital plan that consists of each of the following:

4 1. Enrollment projections for the next five years for elementary
5 schools and eight years for middle and high schools, including a
6 description of the methods used to make the projections.

7 2. A description of new schools or additions to existing schools
8 needed to meet the building adequacy standards prescribed in section
9 ~~15-2011~~ 41-5711. The description shall include:

10 (a) The grade levels and the total number of pupils that the school
11 or addition is intended to serve.

12 (b) The year in which it is necessary for the school or addition to
13 begin operations.

14 (c) A timeline that shows the planning and construction process for
15 the school or addition.

16 3. Long-term projections of the need for land for new schools.

17 4. Any other necessary information required by the school
18 facilities **OVERSIGHT** board to evaluate a school district's capital plan.

19 5. If a school district pays tuition for all or a portion of the
20 school district's high school pupils to another school district, the
21 capital plan shall indicate the number of pupils for which the district
22 pays tuition to another district. If a school district accepts pupils
23 from another school district pursuant to section 15-824, subsection A, the
24 school district shall indicate the projections for this population
25 separately. This paragraph does not apply to a small isolated school
26 district as defined in section 15-901.

27 C. If the capital plan indicates a need for a new school or an
28 addition to an existing school within the next four years or a need for
29 land within the next ten years, the school district shall submit its plan
30 to the school facilities **OVERSIGHT** board on or before September 1 and
31 shall request monies from the new school facilities fund for the new
32 construction or land. The ~~school facilities~~ board may require a school
33 district to sell land that was previously purchased entirely with monies
34 provided by the ~~school facilities~~ board if the ~~school facilities~~ board
35 determines that the property is no longer needed within the ten-year
36 period specified in this subsection for a new school or no longer needed
37 within that ten-year period for an addition to an existing school. Monies
38 provided for land are in addition to any monies provided pursuant to
39 subsection D of this section.

40 D. **AT THE DIRECTION OF** the ~~school facilities~~ board, **THE DIVISION**
41 shall distribute monies from the new school facilities fund for additional
42 square footage as follows:

43 1. The ~~school facilities~~ board shall review and evaluate the
44 enrollment projections. On or before December 15 of each year, following
45 the submission of the enrollment projections, the ~~school facilities~~ board

1 shall either approve the projections as submitted or revise the
2 projections. In approving or revising the enrollment projections, the
3 ~~school facilities~~ board shall use the average daily membership data
4 available during the current school year. On request from the ~~school~~
5 ~~facilities~~ board, the department of education shall make available the
6 most recent average daily membership data for use in revising the
7 enrollment projections. In determining new construction requirements, the
8 ~~school facilities~~ board shall determine the net new growth of pupils that
9 will require additional square footage that exceeds the building adequacy
10 standards prescribed in section ~~15-2011~~ 41-5711. If the projected growth
11 and the existing number of pupils exceed three hundred fifty pupils who
12 are served in a school district other than the pupil's resident school
13 district, the ~~school facilities~~ board, the receiving school district and
14 the resident school district shall develop a capital facilities plan on
15 how to best serve those pupils. A small isolated school district as
16 defined in section 15-901 is not required to develop a capital facilities
17 plan pursuant to this paragraph.

18 2. If the average daily membership projections indicate that
19 additional space will not be needed within the next two school years in
20 order to meet the building adequacy standards prescribed in section
21 ~~15-2011~~ 41-5711, the request shall be held for consideration by the ~~school~~
22 ~~facilities~~ board for possible future funding and the school district shall
23 annually submit an updated plan until the additional space is needed.

24 3. If the average daily membership projections indicate that
25 additional space will be needed within the next two school years in order
26 to meet the building adequacy standards prescribed in section ~~15-2011~~
27 41-5711, the ~~school facilities~~ board shall provide an amount as follows:

28 (a) Determine the number of pupils requiring additional square
29 footage to meet building adequacy standards. This amount for elementary
30 schools shall not be less than the number of new pupils for whom space
31 will be needed in the next year and shall not exceed the number of new
32 pupils for whom space will be needed in the next five years. This amount
33 for middle and high schools shall not be less than the number of new
34 pupils for whom space will be needed in the next four years and shall not
35 exceed the number of new pupils for whom space will be needed in the next
36 eight years.

37 (b) Multiply the number of pupils determined in subdivision (a) of
38 this paragraph by the square footage per pupil. The square footage per
39 pupil is ninety square feet per pupil for preschool children with
40 disabilities, kindergarten programs and grades one through six, one
41 hundred square feet for grades seven and eight, one hundred thirty-four
42 square feet for a school district that provides instruction in grades nine
43 through twelve for fewer than one thousand eight hundred pupils and one
44 hundred twenty-five square feet for a school district that provides
45 instruction in grades nine through twelve for at least one thousand eight

1 hundred pupils. The total number of pupils in grades nine through twelve
2 in the district shall determine the square footage factor to use for net
3 new pupils. The ~~school facilities~~ board may modify the square footage
4 requirements prescribed in this subdivision for particular schools based
5 on any of the following factors:

6 (i) The number of pupils served or projected to be served by the
7 school district.

8 (ii) Geographic factors.

9 (iii) Grade configurations other than those prescribed in this
10 subdivision.

11 (iv) Compliance with minimum school facility adequacy requirements
12 established pursuant to section ~~15-2011~~ 41-5711.

13 (c) Multiply the product obtained in subdivision (b) of this
14 paragraph by the cost per square foot. The cost per square foot is ~~\$90~~
15 \$270.24 for preschool children with disabilities, kindergarten programs
16 and grades one through six, ~~\$95~~ \$285.30 for grades seven and eight and
17 ~~\$110~~ \$330.30 for grades nine through twelve. The cost per square foot
18 shall be adjusted annually for construction market considerations based on
19 an index identified or developed by the joint legislative budget committee
20 as necessary but not less than once each year. EACH ANNUAL CONSTRUCTION
21 MARKET ADJUSTMENT APPLIES TO ALL PROJECTS APPROVED BY THE SCHOOL
22 FACILITIES BOARD UNDER THIS SUBSECTION DURING THAT YEAR. The ~~school~~
23 ~~facilities~~ board shall multiply the cost per square foot by 1.05 for any
24 school district located in a rural area. The ~~school facilities~~ board may
25 only modify the base cost per square foot prescribed in this subdivision
26 for particular schools based on geographic conditions or site
27 conditions. ANY EXTRA MONIES RECEIVED AS A RESULT OF A MODIFICATION BASED
28 ON GEOGRAPHIC CONDITIONS OR SITE CONDITIONS MAY BE USED TO ADDRESS
29 UNFORESEEN COSTS AT ANY STAGE OF A PROJECT UNDER THIS SECTION. For the
30 purposes of this subdivision, "rural area" means an area outside a
31 thirty-five-mile radius of a boundary of a municipality with a population
32 of more than fifty thousand persons.

33 (d) Once the school district governing board obtains approval from
34 the ~~school facilities~~ board for new facility construction monies,
35 additional portable or modular square footage created for the express
36 purpose of providing temporary space for pupils until the completion of
37 the new facility and any additional space funded by the school district
38 shall not be included by the ~~school facilities~~ board for the purpose of
39 new construction funding calculations. On completion of the new facility
40 construction project, any additional space funded by the school district
41 shall be included as prescribed by this chapter and, if the portable or
42 modular facilities continue in use, the portable or modular facilities
43 shall be included as prescribed by this chapter, unless the ~~school~~
44 ~~facilities~~ board approves their continued use for the purpose of providing

1 temporary space for pupils until the completion of the next new facility
2 that has been approved for funding from the new school facilities fund.

3 4. For projects approved after December 31, 2001, and
4 notwithstanding paragraph 3 of this subsection, a unified school district
5 that does not have a high school is not eligible to receive high school
6 space as prescribed by section ~~15-2011~~ 41-5711 and this section unless the
7 unified district qualifies for geographic factors prescribed by paragraph
8 3, subdivision (b), item (ii) of this subsection.

9 5. If a career technical education district leases a building from
10 a school district, that building shall be included in the school
11 district's square footage calculation for the purposes of new construction
12 pursuant to this section.

13 6. If a school district leases a building to another entity, that
14 building shall be included in the school district's square footage
15 calculation for purposes of new construction pursuant to this section.

16 7. A school district shall qualify for monies from the new school
17 facilities fund for additional square footage in a fiscal year only if the
18 ~~school facilities~~ board has approved or revised its enrollment projection
19 under paragraph 1 of this subsection on or before December 15 of the prior
20 fiscal year.

21 E. Monies for architectural and engineering fees, project
22 management services and preconstruction services shall be distributed on
23 the completion of the analysis by the ~~school facilities~~ board of the
24 school district's request. After receiving monies pursuant to this
25 subsection, the school district shall submit a design development plan for
26 the school or addition to the ~~school facilities~~ board before any monies
27 for construction are distributed. If the school district's request meets
28 the building adequacy standards, the ~~school facilities~~ board may review
29 and comment on the district's plan with respect to the efficiency and
30 effectiveness of the plan in meeting state square footage and facility
31 standards before ~~distributing~~ DIRECTING THE DISTRIBUTION OF the remainder
32 of the monies. If the ~~school facilities~~ board modifies the cost per
33 square foot as prescribed in subsection D, paragraph 3, subdivision (c) of
34 this section, the ~~school facilities~~ board may deduct the cost of project
35 management services and preconstruction services from the required cost
36 per square foot. The ~~school facilities~~ board may decline to fund the
37 project if the square footage is no longer required due to revised
38 enrollment projections. The ~~school facilities~~ board may decline a portion
39 of the funding if a portion of the square footage is no longer needed due
40 to revised enrollment projections.

41 F. AT THE DIRECTION OF the ~~school facilities~~ board, THE DIVISION
42 shall distribute the monies needed for land for new schools so that land
43 may be purchased at a price that is less than or equal to fair market
44 value and in advance of the construction of the new school. If necessary,
45 the ~~school facilities~~ board may DIRECT THE DIVISION TO distribute monies

1 for land to be leased for new schools if the duration of the lease exceeds
2 the life expectancy of the school facility by at least fifty percent. A
3 school district shall not use land purchased or partially purchased with
4 monies provided ~~by~~ AT THE DIRECTION OF the ~~school facilities~~ board for a
5 purpose other than a site for a school facility without obtaining prior
6 written approval from the ~~school facilities~~ board. A school district
7 shall not lease, sell or take any action that would diminish the value of
8 land purchased or partially purchased with monies provided ~~by~~ AT THE
9 DIRECTION OF the ~~school facilities~~ board without obtaining prior written
10 approval from the ~~school facilities~~ board. The proceeds derived through
11 the sale of any land purchased or partially purchased, or the sale of
12 buildings funded or partially funded, with monies provided ~~by~~ AT THE
13 DIRECTION OF the ~~school facilities~~ board shall be returned to the state
14 fund from which it was appropriated and to any other participating entity
15 on a proportional basis. Except as provided in section 15-342, paragraph
16 33, if a school district acquires real property by donation at an
17 appropriate school site approved by the ~~school facilities~~ board, the
18 ~~school facilities~~ board shall DIRECT THE DIVISION TO distribute an amount
19 equal to twenty percent of the fair market value of the donated real
20 property that can be used for academic purposes. The school district
21 shall place the monies in the unrestricted capital outlay fund and
22 increase the unrestricted capital budget limit by the amount of monies
23 placed in the fund. Monies distributed under this subsection shall be
24 distributed from the new school facilities fund. A school district that
25 receives monies from the new school facilities fund for a donation of land
26 pursuant to section 15-342, paragraph 33 shall not receive monies from the
27 ~~school facilities~~ board OR THE DIVISION for the donation of real property
28 pursuant to this subsection. A school district shall not pay a consultant
29 a percentage of the value of any of the following:

30 1. Donations of real property, services or cash from any of the
31 following:

32 (a) Entities that have offered to provide construction services to
33 the school district.

34 (b) Entities that have been contracted to provide construction
35 services to the school district.

36 (c) Entities that build residential units in that school district.

37 (d) Entities that develop land for residential use in that school
38 district.

39 2. Monies received ~~from the school facilities board~~ UNDER THIS
40 CHAPTER on behalf of the school district.

41 3. Monies paid by OR AT THE DIRECTION OF the ~~school facilities~~
42 board on behalf of the school district.

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. 71. 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. 72. 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. 73. 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. 74. 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. 75. 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. 76. 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. 77. 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. 78. 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. 79. 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. 80. 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. 81. 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. 82. 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. 83. 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. 84. 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. 85. 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. 86. 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. 87. 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. 88. 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. 89. 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. 90. 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. 91. 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.

Sec. 92. Section 41-5791, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

41-5791. Authorized investments of fund monies

A. On notice from the ~~school facilities~~ board, the state treasurer or bond trustee shall invest and divest monies in either the school improvement revenue bond proceeds fund or the school improvement revenue **BOND** debt service fund in any of the following:

1. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.

2. State, county or municipal bonds that are issued in this state and on which the payments of interest have not been deferred.

3. Investment agreements and repurchase agreements collateralized by investments described in paragraph 1 of this subsection.

B. The purchase of the securities shall be made by the state treasurer or bond trustee on authority of a resolution of the board. The treasurer or bond trustee shall act as custodian of all securities purchased. The securities may be sold on an order of the board.

Sec. 93. Section 41-5793, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

41-5793. Effect of changing circumstances on bonds; agreement of state

A. Bonds issued under this article remain valid and binding obligations of the board notwithstanding that before the delivery of the bonds any of the persons whose signatures appear on the bonds cease to be members of the ~~school facilities~~ board.

B. An amendment of any provision of this article does not diminish or impair the validity of bonds issued under this article or the remedies and rights of bondholders.

C. This state pledges to and agrees with the holders of the bonds authorized by this article that this state will not limit, alter or impair the rights and remedies of the bondholders until all bonds issued under this article, together with interest on the bonds, interest on any unpaid installments of principal or interest and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully met and discharged. The board, as agent for this state, may include this pledge and undertaking in its resolutions and indentures authorizing and securing the bonds.

Sec. 94. Section 41-5794, Arizona Revised Statutes, as transferred and renumbered, is amended to read:

41-5794. Validity of bonds; certification by attorney general

A. This article constitutes full authority for authorizing and issuing bonds without reference to any other law of this state. No other law with regard to authorizing or issuing obligations or that in any way impedes or restricts performing the acts authorized by this article may be

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. 95. Section 41-5805, Arizona Revised Statutes, as transferred
25 and renumbered, is amended to read:

26 41-5805. Securing principal and interest

27 To secure the principal and interest on the impact aid revenue
28 bonds, the SCHOOL DISTRICT governing board by resolution may:

29 1. Segregate the impact aid revenue bond debt service fund into one
30 or more accounts and subaccounts and provide that bonds issued under this
31 article may be secured by a lien on all or part of the monies paid into
32 the impact aid revenue bond debt service fund or into any account or
33 subaccount in the fund.

34 2. Provide that the bonds issued under this article ~~are~~ BE secured
35 by a first lien on the monies paid in the impact aid revenue bond debt
36 service fund as provided by section ~~15-2104~~ 41-5804 and pledge and assign
37 to or in trust for the benefit of the holder or holders of the bonds all
38 or part of the monies in the impact aid revenue bond debt service fund or
39 an account or subaccount as is necessary to secure and pay the principal,
40 the interest and any premium on the bonds as they come due.

41 3. Establish priorities among bondholders based on criteria adopted
42 by the governing board.

43 4. Set aside, regulate and dispose of reserves and sinking
44 accounts.

1 5. Prescribe the procedure, if any, by which the terms of any
2 contract with bondholders may be amended or abrogated, the amount of bonds
3 the holders of which must consent to and the manner in which the consent
4 may be given.

5 6. Provide for payment of bond related expenses from the proceeds
6 of the sale of the bonds or other revenues authorized by this article
7 available to the school district.

8 7. Provide for the services of trustees, cotrustees, agents and
9 consultants and other specialized services with respect to the bonds.

10 8. Take any other action that in any way may affect the security
11 and protection of the bonds or interest on the bonds.

12 9. Refund any bonds issued by the school district, if these bonds
13 are secured from the same source of revenues as the bonds authorized by
14 this article, by issuing new bonds.

15 10. Issue bonds partly to refund outstanding bonds and partly for
16 any other purpose consistent with this article.

17 Sec. 96. Section 41-5810, Arizona Revised Statutes, as transferred
18 and renumbered, is amended to read:

19 41-5810. Authorized investments of fund monies

20 A. The monies in either the impact aid revenue bond building fund
21 or debt service fund may be invested and reinvested at the direction of
22 the SCHOOL DISTRICT governing board in any of the investments authorized
23 by section ~~15-2062~~ 41-5761.

24 B. The purchase of the securities shall be made by the county
25 treasurer or the treasurer's designated agent on authority of a resolution
26 of the governing board. The county treasurer shall act as custodian of
27 all securities purchased. The securities may be sold on an order of the
28 governing board.

29 Sec. 97. Section 41-5832, Arizona Revised Statutes, as transferred
30 and renumbered, is amended to read:

31 41-5832. Indoor air quality requirements

32 A. When the ~~school facilities~~ board OR THE DIVISION approves the
33 construction of a school building, the ~~school facilities board~~ DIVISION
34 shall conduct an environmental site assessment. The ~~board~~ DIVISION shall
35 consider site assessment standards in accordance with the American society
36 for testing and materials standard E1527, standard practice for
37 environmental site assessments: phase I environmental site assessment
38 process.

39 B. The ~~school facilities~~ board OR THE DIVISION shall not approve a
40 school building project if any of the following conditions ~~exist~~ EXISTS:

41 1. The environmental site assessment indicates that the site cannot
42 meet, within reasonable expenditures, the same criteria established for
43 residential properties.

44 2. The plans incorporate flat roof construction that does not have
45 adequate pitch towards drains in order to prevent pooling of water.

1 3. The plans do not incorporate indoor air quality guidelines that
2 are acceptable to the ~~board~~ DIVISION. The ~~board~~ DIVISION shall consider
3 indoor air quality guidelines in accordance with the sheet metal and air
4 conditioning contractors national association's publication entitled
5 "indoor air quality guidelines for occupied buildings under construction".

6 C. Each school district governing board that installed or renovated
7 its HVAC system on or after ~~the effective date of this article~~ AUGUST 12,
8 2005 shall ensure that its HVAC system meets both of the following
9 requirements:

10 1. Is maintained and operated in a manner consistent with
11 ventilation standards acceptable to the ~~board~~ DIVISION. The ~~board~~
12 DIVISION shall consider ventilation standards in accordance with
13 standard 62.

14 2. Is operated continuously during school activity hours except
15 during scheduled maintenance and emergency repairs and except during
16 periods for which school officials can demonstrate to the governing
17 board's satisfaction that the quantity of outdoor air supplied by an air
18 supply system that is not mechanically driven meets the requirements for
19 air changes per hour acceptable to the board.

20 D. Each school district governing board that installed or renovated
21 its HVAC system before ~~the effective date of this article~~ AUGUST 12, 2005
22 shall ensure that its HVAC system is maintained and operated in accordance
23 with the prevailing maintenance and standards at the time of the
24 installation or renovation of the HVAC system.

25 Sec. 98. Section 41-5841, Arizona Revised Statutes, as transferred
26 and renumbered, is amended to read:

27 41-5841. Achievement district school application

28 A. The credit enhancement eligibility board established by section
29 ~~15-2152~~ 41-5852 shall establish an application process, application forms
30 and selection criteria for a public school or charter school to qualify as
31 an achievement district school for the purposes of article 11 of this
32 chapter.

33 B. A public school or charter school that meets all of the
34 following criteria is eligible to qualify as an achievement district
35 school:

36 1. Has been assigned a letter grade of A, or an equivalent
37 successor classification, pursuant to section 15-241.

38 2. Has proven instructional strategies and curricula that
39 demonstrate high academic outcomes.

40 3. Has a verifiable enrollment demand, including the placement of
41 prospective pupils on a waiting list.

42 4. Has a sound financial plan that contemplates operational costs
43 and future enrollment growth.

1 5. Has shown a commitment to provide technical assistance,
2 including business services, curriculum development and teacher training,
3 to an underperforming school in the state.

4 6. Meets any other criteria established by the credit enhancement
5 eligibility board.

6 C. The credit enhancement eligibility board shall meet regularly to
7 evaluate achievement district school applications and shall either approve
8 or deny each application submitted. The board shall report its decision
9 on each application to the public school or charter school within ten
10 business days after the board's decision.

11 D. If a school's application is approved pursuant to this section,
12 the school qualifies as an achievement district school and is eligible to
13 apply for participation in the Arizona public school credit enhancement
14 program established by section ~~15-2155~~ 41-5855.

15 Sec. 99. Section 41-5851, Arizona Revised Statutes, as transferred
16 and renumbered, is amended to read:

17 41-5851. Definitions

18 In this article, unless the context otherwise requires:

19 1. "Achievement district school" means a public school or a charter
20 school that has qualified as an achievement district school pursuant to
21 article 10 of this chapter and that has submitted an application with the
22 board pursuant to this article to obtain guaranteed financing.

23 2. "Board" means the credit enhancement eligibility board
24 established by section ~~15-2152~~ 41-5852.

25 3. "Fund" means the Arizona public school credit enhancement fund
26 established by section ~~15-2154~~ 41-5854.

27 4. "Guaranteed financing" means debt obligations that are issued by
28 or on behalf of a public school or a charter school to acquire, construct,
29 renovate, equip, refinance or improve capital facilities and for which the
30 board has approved a guarantee of all or a portion of the principal and
31 interest payments pursuant to the program.

32 5. "Program" means the Arizona public school credit enhancement
33 program established by section ~~15-2155~~ 41-5855.

34 6. "Program funding obligations" means program funding obligations
35 approved and issued by the board pursuant to section ~~15-2157~~ 41-5857.

36 7. "Program leverage ratio" means the ratio at any time between the
37 aggregate principal amount of guaranteed financings outstanding and the
38 amounts on deposit in the fund.

39 Sec. 100. Section 41-5853, Arizona Revised Statutes, as transferred
40 and renumbered, is amended to read:

41 41-5853. Powers and duties of the board

42 A. The board is a body corporate and politic and may have an
43 official seal that is judicially noticed.

44 B. The board may:

45 1. Sue and be sued in its own name.

1 2. Contract and enter into agreements as necessary to carry out its
2 responsibilities under this article.

3 3. Contract with experts, advisers, consultants and agents,
4 including financial experts, legal counsel and other advisers and
5 consultants as may be necessary for services to assist the board.

6 4. Make and execute contracts and other instruments necessary or
7 convenient for the performance of its duties and the exercise of its power
8 and functions.

9 5. Pursuant to section ~~15-2155~~ 41-5855, approve financing for an
10 achievement district school as guaranteed financing under the program.

11 6. Do all acts, whether or not expressly authorized, that may be
12 deemed necessary or proper for the protection of the monies in the Arizona
13 public school credit enhancement fund, except that the board may not take
14 any action that would create a general or moral obligation of this state
15 or any agency of the state.

16 7. Contract with any entity relating to guaranteed financings.

17 8. Issue program funding obligations pursuant to section ~~15-2157~~
18 41-5857.

19 9. Adopt rules governing the operation of the program.

20 10. Take any other action that is necessary or appropriate to carry
21 out this article.

22 C. The ~~school facilities board~~ DIVISION shall provide staff as
23 requested by the board to support the activities of the ~~credit enhancement~~
24 ~~eligibility~~ board.

25 Sec. 101. Section 41-5854, Arizona Revised Statutes, as transferred
26 and renumbered, is amended to read:

27 41-5854. Arizona public school credit enhancement fund;
28 purposes; exemption

29 A. The Arizona public school credit enhancement fund is established
30 consisting of:

31 1. Payments of program participation fees paid by schools that have
32 participated in guaranteed financings pursuant to section ~~15-2155~~ 41-5855.

33 2. Repayments of monies of the fund that are used to make payments
34 of principal and interest on guaranteed financings pursuant to section
35 ~~15-2156~~ 41-5856.

36 3. The proceeds of program funding obligations issued by the board
37 pursuant to section ~~15-2157~~ 41-5857.

38 4. Gifts, grants and donations received from any public or private
39 source to carry out the purposes of this article.

40 5. Interest earnings and investment income earned on monies in the
41 fund.

42 6. Any other monies distributed, paid or deposited to the fund by
43 law or pursuant to contracts arising out of a guaranteed financing.

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. 102. 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
28 program. Interest shall be paid on an annual or more frequent basis as
29 set forth in the resolution of the board. The monies pledged under this
30 section to the program funding obligations are immediately subject to the
31 lien of the pledge without any future physical delivery or further act. A
32 lien of any pledge is valid and binding against all parties having claims
33 of any kind in tort, contract or otherwise against the board irrespective
34 of whether the parties have notice of the lien. When placed in the
35 board's records, the resolution by which the pledge is created is notice
36 to all concerned 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.
- 44 2. Not obligations that are general, special or otherwise of this
45 state.

1 3. Not a legal debt of this state.

2 4. Payable and enforceable only from the monies and fund pledged
3 and assigned by the board in its resolution.

4 H. Any member of the board or a person executing a program funding
5 obligation is not personally liable for the payment of the program funding
6 obligation.

7 Sec. 103. Section 41-5858, Arizona Revised Statutes, as transferred
8 and renumbered, is amended to read:

9 41-5858. Quarterly reports

10 Within thirty days after the last day of each calendar quarter, the
11 ~~school facilities board~~ DIVISION staff, in collaboration with the ~~credit~~
12 ~~enhancement eligibility~~ board, shall submit to the speaker of the house of
13 representatives, the president of the senate, the director of the joint
14 legislative budget committee and the director of the governor's office of
15 strategic planning and budgeting a quarterly report on the implementation
16 of the program pursuant to this article. The quarterly report shall
17 include at least the following information:

18 1. A listing of all outstanding guaranteed financings approved by
19 the board, including the following information for each financing:

20 (a) The name of the public school or charter school by or on behalf
21 of which the debt obligation was issued.

22 (b) The date of the issuance.

23 (c) The original amount of the issuance.

24 (d) The interest rate of the issuance.

25 (e) The term length of the issuance.

26 (f) The credit rating of the issuance.

27 (g) The amount of principal and interest due on the debt obligation
28 in the current fiscal year.

29 (h) The purpose for which the debt obligation was issued,
30 separately delineated for obligations to construct new capital facilities,
31 renovate existing capital facilities or refinance existing debt
32 obligations.

33 (i) The current outstanding principal of the debt obligation.

34 2. A listing of all guaranteed financings subject to section
35 ~~15-2156~~ 41-5856 in the prior quarter, including the amounts disbursed for
36 payment of principal and interest for the guaranteed financing and the
37 terms and conditions the school is subject to under section ~~15-2156~~
38 41-5856, subsections C, D and E.

39 3. The current balance of the Arizona public school credit
40 enhancement fund.

41 4. The current program leverage ratio.

1 ~~Sec. 104. Subject to the requirements of article IV, part 1,~~
2 ~~section 1, Constitution of Arizona, section 42-5029, Arizona Revised~~
3 ~~Statutes, is amended to read:~~

4 ~~42-5029. Remission and distribution of monies; withholding;~~
5 ~~definition~~

6 ~~A. The department shall deposit, pursuant to sections 35-146 and~~
7 ~~35-147, all revenues collected under this article and articles 4, 5 and 8~~
8 ~~of this chapter pursuant to section 42-1116, separately accounting for:~~

9 ~~1. Payments of estimated tax under section 42-5014, subsection D.~~

10 ~~2. Revenues collected pursuant to section 42-5070.~~

11 ~~3. Revenues collected under this article and article 5 of this~~
12 ~~chapter from and after June 30, 2000 from sources located on Indian~~
13 ~~reservations in this state.~~

14 ~~4. Revenues collected pursuant to section 42-5010, subsection G and~~
15 ~~section 42-5155, subsection D.~~

16 ~~5. Revenues collected pursuant to section 42-5010.01 and section~~
17 ~~42-5155, subsection E.~~

18 ~~B. The department shall credit payments of estimated tax to an~~
19 ~~estimated tax clearing account and each month shall transfer all monies in~~
20 ~~the estimated tax clearing account to a fund designated as the transaction~~
21 ~~privilege and severance tax clearing account. The department shall credit~~
22 ~~all other payments to the transaction privilege and severance tax clearing~~
23 ~~account, separately accounting for the monies designated as distribution~~
24 ~~base under sections 42-5010, 42-5164 and 42-5205. Each month the~~
25 ~~department shall report to the state treasurer the amount of monies~~
26 ~~collected pursuant to this article and articles 4, 5 and 8 of this~~
27 ~~chapter.~~

28 ~~C. On notification by the department, the state treasurer shall~~
29 ~~distribute the monies deposited in the transaction privilege and severance~~
30 ~~tax clearing account in the manner prescribed by this section and by~~
31 ~~sections 42-5164 and 42-5205, after deducting warrants drawn against the~~
32 ~~account pursuant to sections 42-1118 and 42-1254.~~

33 ~~D. Of the monies designated as distribution base, and subject to~~
34 ~~the requirements of section 42-5041, the department shall:~~

35 ~~1. Pay twenty five percent to the various incorporated~~
36 ~~municipalities in this state in proportion to their population to be used~~
37 ~~by the municipalities for any municipal purpose.~~

38 ~~2. Pay 38.08 percent to the counties in this state by averaging the~~
39 ~~following proportions:~~

40 ~~(a) The proportion that the population of each county bears to the~~
41 ~~total state population.~~

42 ~~(b) The proportion that the distribution base monies collected~~
43 ~~during the calendar month in each county under this article, section~~
44 ~~42-5164, subsection B and section 42-5205, subsection B bear to the total~~
45 ~~distribution base monies collected under this article, section 42-5164,~~

~~subsection B and section 42 5205, subsection B throughout the state for the calendar month.~~

~~3. Pay an additional 2.43 percent to the counties in this state as follows:~~

~~(a) Average the following proportions:~~

~~(i) The proportion that the assessed valuation used to determine secondary property taxes of each county, after deducting that part of the assessed valuation that is exempt from taxation at the beginning of the month for which the amount is to be paid, bears to the total assessed valuations used to determine secondary property taxes of all the counties after deducting that portion of the assessed valuations that is exempt from taxation at the beginning of the month for which the amount is to be paid. Property of a city or town that is not within or contiguous to the municipal corporate boundaries and from which water is or may be withdrawn or diverted and transported for use on other property is considered to be taxable property in the county for purposes of determining assessed valuation in the county under this item.~~

~~(ii) The proportion that the distribution base monies collected during the calendar month in each county under this article, section 42 5164, subsection B and section 42 5205, subsection B bear to the total distribution base monies collected under this article, section 42 5164, subsection B and section 42 5205, subsection B throughout the THIS state for the calendar month.~~

~~(b) If the proportion computed under subdivision (a) of this paragraph for any county is greater than the proportion computed under paragraph 2 of this subsection, the department shall compute the difference between the amount distributed to that county under paragraph 2 of this subsection and the amount that would have been distributed under paragraph 2 of this subsection using the proportion computed under subdivision (a) of this paragraph and shall pay that difference to the county from the amount available for distribution under this paragraph. Any monies remaining after all payments under this subdivision shall be distributed among the counties according to the proportions computed under paragraph 2 of this subsection.~~

~~4. After any distributions required by sections 42 5030, 42 5030.01, 42 5031, 42 5032, 42 5032.01 and 42 5032.02, and after making any transfer to the water quality assurance revolving fund as required by section 49 282, subsection B, credit the remainder of the monies designated as distribution base to the state general fund. From this amount the legislature shall annually appropriate to:~~

~~(a) The department of revenue sufficient monies to administer and enforce this article and articles 5 and 8 of this chapter.~~

~~(b) The department of economic security monies to be used for the purposes stated in title 46, chapter 1.~~

1 ~~(c) The firearms safety and ranges fund established by section~~
2 ~~17-273, fifty thousand dollars \$50,000 derived from the taxes collected~~
3 ~~from the retail classification pursuant to section 42-5061 for the current~~
4 ~~fiscal year.~~

5 ~~f. If approved by the qualified electors voting at a statewide~~
6 ~~general election, all monies collected pursuant to section 42-5010,~~
7 ~~subsection G and section 42-5155, subsection D shall be distributed each~~
8 ~~fiscal year pursuant to this subsection. The monies distributed pursuant~~
9 ~~to this subsection are in addition to any other appropriation, transfer or~~
10 ~~other allocation of public or private monies from any other source and~~
11 ~~shall not supplant, replace or cause a reduction in other school district,~~
12 ~~charter school, university or community college funding sources. The~~
13 ~~monies shall be distributed as follows.~~

14 ~~1. If there are outstanding state school facilities revenue bonds~~
15 ~~pursuant to title 15-41, chapter 16-56, article 7, each month one twelfth~~
16 ~~of the amount that is necessary to pay the fiscal year's debt service on~~
17 ~~outstanding state school improvement revenue bonds for the current fiscal~~
18 ~~year shall be transferred each month to the school improvement revenue~~
19 ~~bond debt service fund established by section 15-2004-41-5704. The total~~
20 ~~amount of bonds for which these monies may be allocated for the payment of~~
21 ~~debt service shall not exceed a principal amount of eight hundred million~~
22 ~~dollars \$800,000,000 exclusive of refunding bonds and other refinancing~~
23 ~~obligations.~~

24 ~~2. After any transfer of monies pursuant to paragraph 1 of this~~
25 ~~subsection, twelve per cent PERCENT of the remaining monies collected~~
26 ~~during the preceding month shall be transferred to the technology and~~
27 ~~research initiative fund established by section 15-1648 to be distributed~~
28 ~~among the universities for the purpose of investment in technology and~~
29 ~~research based initiatives.~~

30 ~~3. After the transfer of monies pursuant to paragraph 1 of this~~
31 ~~subsection, three per cent PERCENT of the remaining monies collected~~
32 ~~during the preceding month shall be transferred to the workforce~~
33 ~~development account established in each community college district~~
34 ~~pursuant to section 15-1472 for the purpose of investment in workforce~~
35 ~~development programs.~~

36 ~~4. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~
37 ~~this subsection, one twelfth of the amount a community college that is~~
38 ~~owned, operated or chartered by a qualifying Indian tribe on its own~~
39 ~~Indian reservation would receive pursuant to section 15-1472, subsection~~
40 ~~D, paragraph 2 if it were a community college district shall be~~
41 ~~distributed each month to the treasurer or other designated depository of~~
42 ~~a qualifying Indian tribe. Monies distributed pursuant to this paragraph~~
43 ~~are for the exclusive purpose of providing support to one or more~~
44 ~~community colleges owned, operated or chartered by a qualifying Indian~~
45 ~~tribe and shall be used in a manner consistent with section 15-1472,~~

1 ~~subsection B. For the purposes of this paragraph, "qualifying Indian~~
2 ~~tribe" has the same meaning as defined in section 42-5031.01,~~
3 ~~subsection D.~~

4 ~~5. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~
5 ~~this subsection, one twelfth of the following amounts shall be transferred~~
6 ~~each month to the department of education for the increased cost of basic~~
7 ~~state aid under section 15-971 due to added school days and associated~~
8 ~~teacher salary increases enacted in 2000.~~

9 ~~(a) In fiscal year 2001-2002, \$15,305,900.~~

10 ~~(b) In fiscal year 2002-2003, \$31,530,100.~~

11 ~~(c) In fiscal year 2003-2004, \$48,727,700.~~

12 ~~(d) In fiscal year 2004-2005, \$66,957,200.~~

13 ~~(e) In fiscal year 2005-2006 and each fiscal year thereafter,~~
14 ~~\$66,280,500.~~

15 ~~6. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~
16 ~~this subsection, seven million eight hundred thousand dollars \$7,800,000~~
17 ~~is appropriated each fiscal year, to be paid in monthly installments, to~~
18 ~~the department of education to be used for school safety as provided in~~
19 ~~section 15-154 and two hundred thousand dollars \$200,000 is appropriated~~
20 ~~each fiscal year, to be paid in monthly installments, to the department of~~
21 ~~education to be used for the character education matching grant program as~~
22 ~~provided in section 15-154.01.~~

23 ~~7. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~
24 ~~this subsection, no NOT more than seven million dollars \$7,000,000 may be~~
25 ~~appropriated by the legislature each fiscal year to the department of~~
26 ~~education to be used for accountability purposes as described in section~~
27 ~~15-241 and title 15, chapter 9, article 8.~~

28 ~~8. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~
29 ~~this subsection, one million five hundred thousand dollars \$1,500,000 is~~
30 ~~appropriated each fiscal year, to be paid in monthly installments, to the~~
31 ~~failing schools tutoring fund established by section 15-241.~~

32 ~~9. After transferring monies pursuant to paragraphs 1, 2 and 3 of~~
33 ~~this subsection, twenty five million dollars \$25,000,000 shall be~~
34 ~~transferred each fiscal year to the state general fund to reimburse the~~
35 ~~STATE general fund for the cost of the income tax credit allowed by~~
36 ~~section 43-1072.01.~~

37 ~~10. After the payment of monies pursuant to paragraphs 1 through 9~~
38 ~~of this subsection, the remaining monies collected during the preceding~~
39 ~~month shall be transferred to the classroom site fund established by~~
40 ~~section 15-977. The monies shall be allocated as follows in the manner~~
41 ~~prescribed by section 15-977.~~

42 ~~(a) Forty per cent PERCENT shall be allocated for teacher~~
43 ~~compensation based on performance.~~

44 ~~(b) Twenty per cent PERCENT shall be allocated for increases in~~
45 ~~teacher base compensation and employee related expenses.~~

~~(c) Forty per cent PERCENT shall be allocated for maintenance and operation purposes.~~

~~f. The department shall credit the remainder of the monies in the transaction privilege and severance tax clearing account to the state general fund, subject to any distribution required by section 42-5030.01.~~

~~g. Notwithstanding subsection D of this section, if a court of competent jurisdiction finally determines that tax monies distributed under this section were illegally collected under this article or articles 5 and 8 of this chapter and orders the monies to be refunded to the taxpayer, the department shall compute the amount of such monies that was distributed to each city, town and county under this section. Each city's, town's and county's proportionate share of the costs shall be based on the amount of the original tax payment each municipality and county received. Each month the state treasurer shall reduce the amount otherwise distributable to the city, town and county under this section by one thirty sixth 1/36 of the total amount to be recovered from the city, town or county until the total amount has been recovered, but the monthly reduction for any city, town or county shall not exceed ten percent of the full monthly distribution to that entity. The reduction shall begin for the first calendar month after the final disposition of the case and shall continue until the total amount, including interest and costs, has been recovered.~~

~~h. On receiving a certificate of default from the greater Arizona development authority pursuant to section 41-2257 or 41-2258 and to the extent not otherwise expressly prohibited by law, the state treasurer shall withhold from the next succeeding distribution of monies pursuant to this section due to the defaulting political subdivision the amount specified in the certificate of default and immediately deposit the amount withheld in the greater Arizona development authority revolving fund. The state treasurer shall continue to withhold and deposit the monies until the greater Arizona development authority certifies to the state treasurer that the default has been cured. In no event may the state treasurer withhold any amount that the defaulting political subdivision certifies to the state treasurer and the authority as being necessary to make any required deposits then due for the payment of principal and interest on bonds of the political subdivision that were issued before the date of the loan repayment agreement or bonds and that have been secured by a pledge of distributions made pursuant to this section.~~

~~i. Except as provided by sections 42-5033 and 42-5033.01, the population of a county, city or town as determined by the most recent United States decennial census plus any revisions to the decennial census certified by the United States bureau of the census shall be used as the basis for apportioning monies pursuant to subsection D of this section.~~

~~j. Except as otherwise provided by this subsection, on notice from the department of revenue pursuant to section 42-6010, subsection B, the~~

~~state treasurer shall withhold from the distribution of monies pursuant to this section to the affected city or town the amount of the penalty for business location municipal tax incentives provided by the city or town to a business entity that locates a retail business facility in the city or town. The state treasurer shall continue to withhold monies pursuant to this subsection until the entire amount of the penalty has been withheld. The state treasurer shall credit any monies withheld pursuant to this subsection to the state general fund as provided by subsection D, paragraph 4 of this section. The state treasurer shall not withhold any amount that the city or town certifies to the department of revenue and the state treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long term obligations of the city or town that were issued or incurred before the location incentives provided by the city or town.~~

~~K. On notice from the auditor general pursuant to section 9-626, subsection D, the state treasurer shall withhold from the distribution of monies pursuant to this section to the affected city the amount computed pursuant to section 9-626, subsection D. The state treasurer shall continue to withhold monies pursuant to this subsection until the entire amount specified in the notice has been withheld. The state treasurer shall credit any monies withheld pursuant to this subsection to the state general fund as provided by subsection D, paragraph 4 of this section.~~

~~L. Except as otherwise provided by this subsection, on notice from the attorney general pursuant to section 41-194.01, subsection B, paragraph 1 that an ordinance, regulation, order or other official action adopted or taken by the governing body of a county, city or town violates state law or the Constitution of Arizona, the state treasurer shall withhold the distribution of monies pursuant to this section to the affected county, city or town and shall continue to withhold monies pursuant to this subsection until the attorney general certifies to the state treasurer that the violation has been resolved. The state treasurer shall redistribute the monies withheld pursuant to this subsection among all other counties, cities and towns in proportion to their population as provided by subsection D of this section. The state treasurer shall not withhold any amount that the county, city or town certifies to the attorney general and the state treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long term obligations of the county, city or town that were issued or incurred before committing the violation.~~

~~M. For the purposes of this section, "community college district" means a community college district that is established pursuant to sections 15-1402 and 15-1403 and that is a political subdivision of this state and, unless otherwise specified, includes a community college tuition financing district established pursuant to section 15-1409.~~

1 Sec. 105. Section 42-5030.01, Arizona Revised Statutes, is amended
2 to read:

3 42-5030.01. Distribution of revenues for school facilities

4 From and after June 30, 1999, if there are outstanding state school
5 facilities revenue bonds pursuant to title ~~15~~ 41, chapter ~~16~~ 56, article
6 6, and if the amount of monies available under section 37-521, subsection
7 B, paragraph 1 is insufficient to pay the debt service due on the
8 outstanding bonds in that fiscal year, the state treasurer shall transfer
9 to the state school facilities revenue bond debt service fund established
10 pursuant to section ~~15-2054~~ 41-5754 the amount that is necessary to pay
11 the debt service due in that fiscal year on the outstanding bonds from
12 state general fund revenues that were collected pursuant to this chapter.

13 Sec. 106. Section 43-1089.02, Arizona Revised Statutes, is amended
14 to read:

15 43-1089.02. Credit for donation of school site

16 A. A credit is allowed against the taxes imposed by this title in
17 the amount of thirty percent of the value of real property and
18 improvements donated by the taxpayer to a school district or a charter
19 school for use as a school or as a site for the construction of a school.

20 B. To qualify for the credit:

21 1. The real property and improvements must be located in this
22 state.

23 2. The real property and improvements must be conveyed unencumbered
24 and in fee simple, except that:

25 (a) The conveyance must include as a deed restriction and
26 protective covenant running with title to the land the requirement that as
27 long as the donee holds title to the property the property shall only be
28 used as a school or as a site for the construction of a school, subject to
29 subsection I or J of this section.

30 (b) In the case of a donation to a charter school, the donor shall
31 record a lien on the property as provided by subsection J, paragraph 3 of
32 this section.

33 3. The conveyance shall not violate section 15-341, subsection D or
34 section 15-183, subsection U.

35 C. For the purposes of this section, the value of the donated
36 property is the property's fair market value as determined in an appraisal
37 as defined in section 32-3601 that is conducted by an independent party
38 and that is paid for by the donee.

39 D. If the property is donated by co-owners, including individual
40 partners in a partnership, each donor may claim only the pro rata share of
41 the allowable credit under this section based on the ownership
42 interest. If the property is donated by a husband and wife who file
43 separate returns for a taxable year in which they could have filed a joint
44 return, they may determine between them the share of the credit each will

1 claim. The total of the credits allowed all co-owner donors may not
2 exceed the allowable credit.

3 E. If the allowable tax credit exceeds the taxes otherwise due
4 under this title on the claimant's income, or if there are no taxes due
5 under this title, the taxpayer may carry the amount of the claim not used
6 to offset the taxes under this title forward for not more than five
7 consecutive taxable years' income tax liability.

8 F. The credit under this section is in lieu of any deduction
9 pursuant to section 170 of the internal revenue code taken for state tax
10 purposes.

11 G. On written request by the donee, the donor shall disclose in
12 writing to the donee the amount of the credit allowed pursuant to this
13 section with respect to the property received by the donee.

14 H. A school district or charter school may refuse the donation of
15 any property for purposes of this section.

16 I. If the donee is a school district:

17 1. The district shall notify the ~~board established by section 15-2001~~ **DIVISION OF** school facilities
18 ~~board~~ **ADMINISTRATION** and furnish the ~~board~~ **DIVISION** with any information the
19 ~~board~~ **DIVISION** requests regarding the donation. A school district shall
20 not accept a donation pursuant to this section unless the ~~school~~
21 ~~facilities board~~ **DIVISION** has reviewed the proposed donation and has
22 issued a written determination that the real property and improvements are
23 suitable as a school site or as a school. The ~~school facilities board~~
24 **DIVISION** shall issue a determination that the real property and
25 improvements are not suitable as a school site or as a school if the
26 expenses that would be necessary to make the property suitable as a school
27 site or as a school exceed the value of the proposed donation.

28 2. The district may sell any donated property pursuant to section
29 15-342, but the proceeds from the sale shall only be used for capital
30 projects. The school facilities **OVERSIGHT** board shall **DIRECT THE DIVISION**
31 **OF SCHOOL FACILITIES WITHIN THE DEPARTMENT OF ADMINISTRATION** TO withhold
32 an amount that corresponds to the amount of the proceeds from any monies
33 that would otherwise be due the school district from the ~~school facilities~~
34 board pursuant to section ~~15-2041~~ **41-5741**.

35 J. If the donee is a charter school:

36 1. The charter school shall:

37 (a) Immediately notify the sponsor of the charter school by
38 certified mail and shall furnish the sponsor with any information
39 requested by the sponsor regarding the donation during the ~~ten year~~
40 **TEN-YEAR** period after the conveyance is recorded.

41 (b) Notify the sponsor by certified mail, and the sponsor shall
42 notify the state treasurer, in the event of the charter school's financial
43 failure or if the charter school:
44

1 (i) Fails to establish a charter school on the property within
2 forty-eight months after the conveyance is recorded.

3 (ii) Fails to provide instruction to pupils on the property within
4 forty-eight months after the conveyance is recorded.

5 (iii) Establishes a charter school on the property but subsequently
6 ceases to operate the charter school on the property for twenty-four
7 consecutive months or fails to provide instruction to pupils on the
8 property for twenty-four consecutive months.

9 2. The charter school, or a successor in interest, shall pay to the
10 state treasurer the amount of the credit allowed under this section, or if
11 that amount is unknown, the amount of the allowable credit under this
12 section, if any of the circumstances listed in paragraph 1, subdivision
13 (b) of this subsection occurs. If the amount is not paid within one year
14 after the treasurer receives notice under paragraph 1, subdivision (b) of
15 this subsection, a penalty and interest shall be added, determined
16 pursuant to title 42, chapter 1, article 3.

17 3. A tax credit under this section constitutes a lien on the
18 property, which the donor must record along with the title to the property
19 to qualify for the credit. The amount of the lien is the amount of the
20 allowable credit under this section, adjusted according to the average
21 change in the GDP price deflator, as defined in section 41-563, for each
22 calendar year since the donation, but not exceeding twelve and one-half
23 percent more than the allowable credit. The lien is subordinate to any
24 liens securing the financing of the school construction. The lien is
25 extinguished on the earliest of the following:

26 (a) Ten years after the lien is recorded. After that date, the
27 charter school, or a successor in interest, may request the state
28 treasurer to release the lien.

29 (b) On payment to the state treasurer by the donee charter school,
30 or by a successor in interest, of the amount of the allowable credit under
31 this section, either voluntarily or as required by paragraph 2 of this
32 subsection. After the required amount is paid, the charter school or
33 successor in interest may request the state treasurer to release the lien.

34 (c) On conveyance of fee simple title to the property to a school
35 district.

36 (d) On enforcement and satisfaction of the lien pursuant to
37 paragraph 4 of this subsection.

38 4. The state treasurer shall enforce the lien by foreclosure within
39 one year after receiving notice of any of the circumstances described in
40 paragraph 1, subdivision (b) of this subsection.

41 5. Subject to paragraphs 3 and 4 of this subsection, the charter
42 school may sell any donated property."

1 Sec. 107. Laws 2020, chapter 26, section 1 is amended to read:

2 Section 1. Department of education; crisis management team;
3 persistently underperforming school districts;
4 reporting requirements; implementation plans;
5 delayed repeal

6 A. The department of education shall establish a crisis management
7 team to recommend necessary changes for any persistently underperforming
8 school district prescribed pursuant to subsection C of this section to
9 meet the educational needs of the community in which the school district
10 is located. ~~The crisis management team shall consist of all of the~~
11 ~~following members who are appointed by the superintendent of public~~
12 ~~instruction:~~

- 13 ~~1. Department of education staff persons with expertise and~~
14 ~~experience in school improvement.~~
15 ~~2. An expert in tribal consultation and tribal affairs.~~
16 ~~3. An expert in school improvement for rural schools.~~
17 ~~4. An employee of the office of Indian education.~~
18 ~~5. Other persons as deemed appropriate.~~

19 B. The crisis management team shall establish a work plan to
20 evaluate the local circumstances and needs of a school district prescribed
21 pursuant to subsection C of this section. The crisis management team
22 shall consult with tribal stakeholders, school district governing board
23 members, school district employees, community members, parents and other
24 relevant persons to determine all of the following:

- 25 1. The impediments to academic success.
26 2. Barriers to an effective school community, including
27 relationships between a school district and relevant community
28 stakeholders, including parents.
29 3. Specific changes that are needed to increase academic outcomes
30 and prevent teacher and staff turnover.
31 4. Outstanding financial impediments and appropriate solutions for
32 resolution.
33 5. The long-term plan to sustain a successful school, including
34 potential changes to governance or boundaries or whether receivership or
35 consolidation would benefit the school district.

36 C. The crisis management team may intervene as prescribed in this
37 section on behalf of any school district that operates a school that meets
38 all of the following criteria:

- 39 1. For school years 2016-2017 and 2018-2019, was assigned a letter
40 grade of F pursuant to section 15-241, Arizona Revised Statutes.
41 2. For school year 2018-2019, had less than five percent of pupils
42 who were proficient on the statewide assessment in English language arts
43 and mathematics.

44 D. A school district prescribed pursuant to subsection C of this
45 section shall comply with all requests for information by the crisis

1 management team and provide the information requested within two weeks.
 2 The school district may request additional time to complete the
 3 information request. If the school district requests additional time to
 4 complete an information request pursuant to this subsection, the school
 5 district shall outline the reasons the school district needs more than two
 6 weeks to complete the request.

7 E. The crisis management team shall provide a school district
 8 prescribed pursuant to subsection C of this section with specific
 9 recommendations to implement that will address the issues the crisis
 10 management team identifies within the school district that contribute to
 11 persistent academic underperformance. The crisis management team shall
 12 provide all recommendations in writing to the school district governing
 13 board and superintendent, and the school district shall notify the crisis
 14 management team in writing within two weeks after receiving the
 15 recommendations either outlining the school district's efforts to
 16 implement the recommendations or rejecting a recommendation and providing
 17 the reason for rejection.

18 ~~F. The superintendent of public instruction may retain a portion of~~
 19 ~~state monies that a school district prescribed pursuant to subsection C of~~
 20 ~~this section would otherwise be entitled to receive to compensate members~~
 21 ~~of the crisis management team at a reasonable rate, as determined by the~~
 22 ~~department of education, except that the superintendent of public~~
 23 ~~instruction may not retain a portion of state monies to compensate~~
 24 ~~employees of the department of education. The school district shall~~
 25 ~~reduce its budget limit accordingly.~~

26 ~~G.~~ F. If the crisis management team formally determines that a
 27 school district prescribed pursuant to subsection C of this section is
 28 unable to meet the educational needs of the community in which it is
 29 located without a change in administration, the school district shall
 30 terminate the contract of the school district superintendent in accordance
 31 with the terms of the contract and include appropriate financial
 32 recourse. The crisis management team may assist the school district
 33 governing board in identifying candidates to act as an interim
 34 superintendent.

35 ~~H.~~ G. The crisis management team shall submit a preliminary report
 36 on or before July 1, ~~2020~~ 2021 and submit a final report on or before
 37 December 31, ~~2020~~ 2021 to the governor, the president of the senate, the
 38 speaker of the house of representatives, the department of education and
 39 the chairpersons of the house of representatives and senate education and
 40 appropriations committees and submit a copy to the secretary of state.
 41 The report shall include all of the following:

42 1. The specific recommendations for improvement that the crisis
 43 management team made to school districts pursuant to this section.

1 2. The outcome of any consultations under subsection B of this
2 section, including suggested actions for improvement by community and
3 tribal stakeholders, parents and the school district.

4 3. Recommendations on the long-term viability of each school
5 district prescribed pursuant to subsection C of this section, including
6 whether the school district requires a change in governance or boundaries
7 or whether receivership or consolidation would benefit the academic
8 outcomes of affected pupils.

9 4. A projected implementation timeline for recommended changes.

10 ~~F.~~ H. If the crisis management team determines that a long-term
11 sustainability plan is viable, the crisis management team may request the
12 department of education to notify the school district of the
13 implementation plan for sustainability. The department shall compile all
14 recommendations of the crisis management team under subsection ~~H~~ G of
15 this section and shall establish an implementation plan. The department
16 shall provide to school districts prescribed pursuant to subsection C of
17 this section an implementation plan and projected timeline for
18 implementation. The school district shall evaluate the implementation
19 plan and respond in writing to the department of education outlining the
20 adoption of an implementation plan and any modifications deemed necessary.
21 The school district shall provide regular reports to the department of
22 education on implementation and may request assistance in community
23 stakeholder engagement, including tribal consultation, or implementation.

24 ~~F.~~ I. This section is repealed from and after April 1, ~~2021~~ 2022.

25 Sec. 108. Results-based funding; allocation formula; fiscal
26 year 2021-2022

27 Notwithstanding section 15-249.08, subsection B, paragraph 2,
28 Arizona Revised Statutes, for fiscal year 2021-2022, the department of
29 education shall distribute monies from the results-based funding fund
30 established by section 15-249.08, Arizona Revised Statutes, as follows:

31 1. Each school operated by a school district or charter holder
32 shall receive \$225 per student count from the fund if both of the
33 following apply:

34 (a) At the time the test prescribed in subdivision (b) of this
35 paragraph was administered, fewer than sixty percent of the students who
36 were enrolled in the school met the eligibility requirements established
37 under the national school lunch and child nutrition acts (42 United States
38 Code sections 1751 through 1793) for free or reduced-price lunches, or an
39 equivalent measure recognized for participating in the federal free and
40 reduced-price lunch program and other school programs dependent on a
41 poverty measure, including the community eligibility provision for which
42 free and reduced-price lunch data is not available.

43 (b) In results achieved during the spring of 2019, the school
44 performed in the top thirteen percent of all schools statewide as
45 demonstrated by the average percentage of students who obtained a passing

1 score on the mathematics portions of the statewide assessment and the
2 average percentage of students who obtained a passing score on the
3 language arts portions of the statewide assessment.

4 2. Each school operated by a school district or charter holder
5 shall receive \$400 per student count from the fund if both of the
6 following apply:

7 (a) At the time the test prescribed in subdivision (b) of this
8 paragraph was administered, sixty percent or more of the students who were
9 enrolled in the school met the eligibility requirements established under
10 the national school lunch and child nutrition acts (42 United States Code
11 sections 1751 through 1793) for free or reduced-price lunches, or an
12 equivalent measure recognized for participating in the federal free and
13 reduced-price lunch program and other school programs dependent on a
14 poverty measure, including the community eligibility provision for which
15 free and reduced-price lunch data is not available.

16 (b) In results achieved during the spring of 2019, the school
17 performed in the top thirteen percent of schools pursuant to subdivision
18 (a) of this paragraph, as demonstrated by the average percentage of those
19 students who obtained a passing score on the mathematics portions of the
20 statewide assessment and the average percentage of students who obtained a
21 passing score on the language arts portions of the statewide assessment.

22 3. Each school operated by a school district or charter holder
23 shall receive \$225 per student count from the fund if both of the
24 following apply:

25 (a) At the time the test prescribed in subdivision (b) of this
26 paragraph was administered, sixty percent or more of the students who were
27 enrolled in the school met the eligibility requirements established under
28 the national school lunch and child nutrition acts (42 United States Code
29 sections 1751 through 1793) for free or reduced-price lunches, or an
30 equivalent measure recognized for participating in the federal free and
31 reduced-price lunch program and other school programs dependent on a
32 poverty measure, including the community eligibility provision for which
33 free and reduced-price lunch data is not available.

34 (b) In results achieved during the spring of 2019, the school
35 performed in the top twenty-seven percent but not in the top thirteen
36 percent of schools pursuant to subdivision (a) of this paragraph, as
37 demonstrated by the average percentage of those students who obtained a
38 passing score on the mathematics portions of the statewide assessment and
39 the average percentage of students who obtained a passing score on the
40 language arts portions of the statewide assessment.

41 4. Each alternative high school shall receive \$400 per student
42 count from the fund if in the results achieved during testing conducted in
43 the spring of 2019 the school performed in the top twenty-seven percent of
44 schools identified pursuant to paragraph 3, subdivision (a) of this
45 section, as demonstrated by the average percentage of those students who

1 obtained a passing score on the mathematics portions of the statewide
2 assessment and the average percentage of students who obtained a passing
3 score on the language arts portions of the statewide assessment. An
4 alternative high school is eligible for funding under this paragraph only
5 if it reports the average percentage of students who obtained a passing
6 score on both the mathematics portions of the statewide assessment and the
7 language arts portions of the statewide assessment during testing
8 conducted in the spring of 2019.

9 Sec. 109. Learning loss; reports; federal monies; allocation

10 A. On or before July 1, 2021, school districts and charter schools
11 in this state shall report to the department of education whether they
12 offered in-person, teacher-led instruction for at least one hundred days
13 of the 2020-2021 school year, except that school districts and charter
14 schools with fewer than one hundred eighty days of instruction pursuant to
15 section 15-341.01, Arizona Revised Statutes, shall report whether they
16 offered in-person, teacher-led instruction for an equivalent proportion of
17 instructional days. The report shall delineate the number of days of in-
18 person, teacher-led instruction that was offered by school site.

19 B. On or before August 1, 2021, the department of education shall
20 submit a report to the joint legislative budget committee and the
21 governor's office of strategic planning and budgeting that compiles the
22 information reported by school districts and charter schools pursuant to
23 subsection A of this section.

24 C. On or before September 1, 2021, the department of education
25 shall post on its website school district and charter school plans to
26 address learning loss by spending elementary and secondary school
27 emergency relief fund monies appropriated to this state by section 2001 of
28 the American rescue plan act of 2021 (P.L. 117-2).

29 D. The governor's office of strategic planning and budgeting shall
30 post on its website its allocation of \$350,000,000 of coronavirus state
31 fiscal recovery fund monies appropriated to this state by section 9901 of
32 the American rescue plan act of 2021 (P.L. 117-2) to school districts and
33 charter schools for assistance to supplement monies provided by the
34 elementary and secondary school emergency relief fund.

35 Sec. 110. School districts; teacher experience index;
36 submission of corrected data

37 Notwithstanding sections 15-905 and 15-915 and section 15-941,
38 subsection C, Arizona Revised Statutes, the Buckeye union high school
39 district may submit corrections not later than August 15, 2021 to teacher
40 experience index data that are required pursuant to section 15-941,
41 Arizona Revised Statutes. The school district may use the resulting
42 teacher experience index in determining its base support level for fiscal
43 year 2020-2021.

1 Sec. 111. School finance data system replacement;
2 expenditures; review; milestones; third-party
3 verification; intent

4 A. Before each expenditure of any monies appropriated for school
5 finance data system replacement, the department of education shall submit
6 the purpose and estimated costs of the expenditure to the department of
7 administration and the information technology authorization committee
8 established by section 18-121, Arizona Revised Statutes, for review and
9 approval.

10 B. The department of administration shall detail development
11 milestones for the replacement of the school finance data system within
12 thirty days after the last day of fiscal year 2020-2021 in consultation
13 with the department of education. These milestones must, at a minimum,
14 meet all of the following:

15 1. Specify deliverable dates the department of education must meet
16 for the entirety of the project's lifecycle.

17 2. Specify deliverables to be provided by the department of
18 education to the department of administration regarding full system
19 documentation.

20 3. Define critical deliverables for the project.

21 4. Be derived from the accelerated plan approved on August 19, 2020
22 by the information technology authorization committee established by
23 section 18-121, Arizona Revised Statutes.

24 C. To close a milestone and to be eligible to receive funding for
25 subsequent work on any major milestone or critical deliverable for the
26 replacement of the school finance data system, as defined by the
27 department of administration and the information technology authorization
28 committee established by section 18-121, Arizona Revised Statutes, the
29 department of education must receive approval from the superintendent of
30 public instruction and the director of the department of administration.

31 D. The department of education shall submit an expenditure plan on
32 the staffing of the school finance data system project for review by the
33 department of administration. This expenditure plan shall be adequate, as
34 defined by the department of administration, to comply with the project
35 milestones prescribed in subsection B of this section.

36 E. The department of education shall use a portion of the monies
37 appropriated for school finance data system replacement to engage with a
38 third party to conduct independent verification and validation related to
39 the replacement of the school finance data system.

40 F. Notwithstanding any other law, the department of administration
41 shall define the terms of any agreement with a third party that conducts
42 independent verification and validation related to the replacement of the
43 school finance data system.

1 G. The department of education shall update all current agreements
2 with third parties that conduct independent verification and validation
3 related to the replacement of the school finance data system to comply
4 with subsection E of this section.

5 H. The legislature intends that the department of education work
6 collaboratively with the department of administration in the replacement
7 of the school finance data system. This cooperation includes, at a
8 minimum, providing all materials and information necessary to complete the
9 project within the milestones outlined in subsection B of this section, as
10 defined by the department of administration.

11 Sec. 112. Department of administration; public school
12 transportation modernization grants; delayed
13 repeal

14 A. The public school transportation modernization grants program is
15 established in the department of administration. The department shall
16 select an organization to administer the program. The program
17 administrator selected by the department must meet all of the following
18 criteria:

19 1. Be a nonprofit organization that is exempt from taxation under
20 section 501(c)(3) of the internal revenue code and that has experience
21 with awarding innovation grants to both school districts and charter
22 schools in this state that promote expanding educational options for
23 students or innovative approaches to K-12 education.

24 2. Have previously been awarded funding from this state or the
25 federal government to grant to school districts or charter schools in the
26 current or previous fiscal year.

27 3. Demonstrate the ability and history to be able to provide
28 ongoing evaluation and compliance to entities that are awarded grants
29 pursuant to this section.

30 B. The program administrator selected pursuant to subsection A of
31 this section shall distribute grants to school districts, charter schools
32 or other entities that are determined to be eligible grant recipients and
33 shall do all of the following:

34 1. Develop a public school transportation modernization grant
35 application and application procedures that require an applicant to
36 explain how it would use grant monies to do either of the following:

37 (a) Improve access to reliable and safe transportation for students
38 who attend school through open enrollment pursuant to title 15, chapter 8,
39 article 1.1, Arizona Revised Statutes, or who attend charter schools.

40 (b) Support K-12 transportation innovations and efficiency
41 solutions.

42 2. Make final grant determinations and awards pursuant to this
43 section.

3. Submit an interim report on or before December 31, 2021 to the department of administration and an annual report on or before June 30 of each year thereafter to the governor, the president of the senate and the speaker of the house of representatives and provide a copy of these reports to the secretary of state. The department of education, the department of administration and any grant recipient shall provide any information, including student finance and enrollment data, that is deemed necessary by the program administrator to complete the reports pursuant to this paragraph. The reports must include all of the following:

(a) If applicable, the best practices used by grant recipients to transport K-12 students to schools outside of attendance boundaries.

(b) A list of the grant recipients and the amounts and purposes of the grants.

(c) The number of students impacted per grant recipient.

C. The program administrator shall distribute the monies appropriated for the program based on demand and the most innovative solutions. The program administrator shall award at least twenty-five percent of these grants to support rural and remote proposals, except that if an insufficient number of qualified rural and remote proposals is submitted, the program administrator may award fewer than twenty-five percent of these grants to rural and remote proposals. The program administrator may retain not more than five percent of monies appropriated each fiscal year to administer the grant program pursuant to this section. Administrative expenditures may include costs of designing a public awareness effort to communicate to the public the ability to choose any public school in this state and how to learn about school choice options in this state and instructing the public how to request enrollment for pupils.

D. This section is repealed from and after December 31, 2024.

Sec. 113. School facilities oversight board; new school construction rates; applicability

Section 41-5741, subsection D, paragraph 3, subdivision (c), Arizona Revised Statutes, as transferred, renumbered and amended by this act, applies to new school facilities that were previously approved by the school facilities board as follows:

<u>School District</u>	<u>Project Number</u>
Douglas Unified	020227000-9999-001N
Liberty Elementary	070425000-9999-005N
Maricopa Unified	110220000-9999-022N
Queen Creek Unified	070295000-9999-018N
Safford Unified	050201000-9999-001N
Santa Cruz Valley	120235000-9999-008N
Sahuarita Unified	100230000-9999-014N
Somerton Elementary	140411000-9999-008N
Somerton Elementary	140411000-9999-009N

1 Tanque Verde Unified 100213000-9999-002N
 2 Tanque Verde Unified 100213000-9999-003N
 3 Vail Unified 100220000-9999-019N
 4 Vail Unified 100220000-9999-020N
 5 Vail Unified 100220000-9999-021N

6 Sec. 114. Statutory or regulatory requirements; enforcement;
 7 2020-2021 school year

8 Notwithstanding any other law, this state shall enforce only those
 9 statutory or regulatory requirements for the 2020-2021 school year that
 10 are consistent with the approved waiver of the accountability, school
 11 identification and related reporting requirements awarded by the United
 12 States department of education for this state, including minimum testing
 13 percentages and local school ratings.

14 Sec. 115. Career technical education; funding following
 15 student graduation; fiscal years 2021-2022
 16 through 2024-2025

17 Notwithstanding section 15-393, subsection Y, Arizona Revised
 18 Statutes, as added by this act, for fiscal years 2021-2022, 2022-2023,
 19 2023-2024 and 2024-2025, a student participating in an approved career
 20 technical education program included on the in-demand regional education
 21 list compiled pursuant to section 15-393, subsection X, Arizona Revised
 22 Statutes, as added by this act, on the date the list is compiled qualifies
 23 for funding in the year immediately following graduation.

24 Sec. 116. Terms of school facilities board members

25 Notwithstanding section 41-5701.02, Arizona Revised Statutes, as
 26 transferred, renumbered and amended by this act, a person who is serving
 27 as a member of the school facilities board on the effective date of this
 28 act is eligible to continue to serve as a member of the school facilities
 29 oversight board until expiration of the current term of office.

30 Sec. 117. Succession

31 A. As provided by this act, the school facilities oversight board
 32 within the school facilities division within the department of
 33 administration and the school facilities division within the department of
 34 administration succeed to the authority, powers, duties and
 35 responsibilities of the school facilities board as provided in this act.

36 B. This act does not alter the effect of any actions that were
 37 taken or impair the valid obligations of the school facilities board in
 38 existence before the effective date of this act.

39 C. Administrative rules and orders that were adopted by the school
 40 facilities board continue in effect until superseded by administrative
 41 action by the school facilities oversight board or the school facilities
 42 division within the department of administration as provided in this act.

43 D. All administrative matters, contracts and judicial and
 44 quasi-judicial actions, whether completed, pending or in process, of the
 45 school facilities board on the effective date of this act are transferred

1 to and retain the same status with the school facilities oversight board
2 or the school facilities division within the department of administration
3 as provided in this act.

4 E. All certificates, licenses, registrations, permits and other
5 indicia of qualification and authority that were issued by the school
6 facilities board retain their validity for the duration of their terms of
7 validity as provided by law.

8 F. All equipment, records, furnishings and other property, all data
9 and investigative findings, all obligations and all appropriated monies
10 that remain unexpended and unencumbered on the effective date of this act
11 of the school facilities board are transferred to the school facilities
12 oversight board or the school facilities division within the department of
13 administration as provided in this act.

14 G. All personnel who are under the state personnel system and
15 employed by the school facilities board are transferred to comparable
16 positions and pay classifications in the respective administrative units
17 of the school facilities oversight board on the effective date of this
18 act.

19 Sec. 118. Classroom site fund; per pupil calculation;
20 recalculation; fiscal year 2021-2022;
21 retroactivity

22 A. Notwithstanding section 15-977, subsection G, paragraph 1,
23 Arizona Revised Statutes, within ten days after the effective date of this
24 act, the staff of the joint legislative budget committee shall revise its
25 calculation of the per pupil amount from the classroom site fund
26 established by section 15-977, Arizona Revised Statutes, for fiscal year
27 2021-2022 to include children participating in an Arizona empowerment
28 scholarship account as prescribed in section 15-2402, subsection D,
29 Arizona Revised Statutes, as added by this act.

30 B. Subsection A of this section applies retroactively to from and
31 after March 29, 2021.

32 Sec. 119. Intent

33 The governor and the legislature intend that school districts
34 increase the total percentage of classroom spending over the previous
35 year's percentages in the combined categories of instruction, student
36 support and instructional support as prescribed by the auditor general.

37 Sec. 120. Retroactivity

38 A. Section 15-342.05, Arizona Revised Statutes, as added by this
39 act, applies retroactively to from and after June 30, 2021.

40 B. Section 15-747, Arizona Revised Statutes, as added by this act,
41 applies retroactively to from and after June 30, 2021.

42 C. Laws 2020, chapter 26, section 1, as amended by this act,
43 applies retroactively to from and after April 1, 2021.

1 Sec. 121. Effective date

2 Section 15-973, Arizona Revised Statutes, as amended by this act, is
3 effective from and after June 30, 2022.

4 Sec. 122. Conditional enactment

5 Section 15-711.01, Arizona Revised Statutes, as added by this act,
6 does not become effective unless House Bill 2035, fifty-fifth legislature,
7 first regular session, relating to parental rights and sex education
8 instruction, becomes law.

9 ~~Sec. 123. Requirements for enactment, three fourths vote~~

10 ~~Pursuant to article IV, part 1, section 1, Constitution of Arizona,~~
11 ~~section 42-5029, Arizona Revised Statutes, as amended by this act, is~~
12 ~~effective only on the affirmative vote of at least three fourths of the~~
13 ~~members of each house of the legislature.~~