

REFERENCE TITLE: K-12; school funding; revisions

State of Arizona  
Senate  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **SB 1075**

Introduced by  
Senator Bennett

### AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 6; AMENDING SECTIONS 15-808 AND 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.04; AMENDING SECTIONS 15-924 AND 15-947, ARIZONA REVISED STATUTES; AMENDING SECTION 15-971, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2022, CHAPTER 285, SECTION 9; AMENDING SECTION 15-971, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2022, CHAPTER 317, SECTION 13; AMENDING SECTIONS 15-992, 15-2402 AND 41-1276, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to  
3 read:

4 15-185. Charter schools; financing; civil penalties;  
5 transportation; definition

6 A. A school district is not financially responsible for any charter  
7 school that is sponsored by the state board of education, the state board  
8 for charter schools, a university under the jurisdiction of the Arizona  
9 board of regents, a community college district or a group of community  
10 college districts.

11 B. Financial provisions for a charter school that is sponsored by  
12 the state board of education, the state board for charter schools, a  
13 university, a community college district or a group of community college  
14 districts are as follows:

15 1. The charter school shall ~~calculate a base support level as~~  
16 ~~prescribed in section 15-943~~ USE THE STATE STUDENT FUNDING FORMULA  
17 PRESCRIBED IN SECTION 15-901.04, except that:

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

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

27 (i) The organizational structure or management agreement of the  
28 charter holder requires the charter holder or charter school to contract  
29 with a specific management company.

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

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

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

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

39 2. Notwithstanding paragraph 1 of this subsection, the student  
40 count shall be determined initially using an estimated student count based  
41 on actual registration of pupils before the beginning of the school year.  
42 Notwithstanding section 15-1042, subsection F, student level data  
43 submitted to the department may be used to determine estimated student  
44 counts. After the first forty days, one hundred days or two hundred days  
45 in session, as applicable, the charter school shall revise the student

1 count to be equal to the actual average daily membership, as defined in  
2 section 15-901, of the charter school. Before the fortieth day, one  
3 hundredth day or two hundredth day in session, as applicable, the state  
4 board of education, the state board for charter schools, the sponsoring  
5 university, the sponsoring community college district or the sponsoring  
6 group of community college districts may require a charter school to  
7 report periodically regarding pupil enrollment and attendance, and the  
8 department of education may revise its computation of equalization  
9 assistance based on the report. A charter school shall revise its student  
10 count, base support level and ~~charter~~ STATE additional assistance before  
11 May 15. A charter school that overestimated its student count shall  
12 revise its budget before May 15. A charter school that underestimated its  
13 student count may revise its budget before May 15.

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

17 ~~4. Equalization assistance for the charter school shall be~~  
18 ~~determined by adding the amount of the base support level and charter~~  
19 ~~additional assistance. The amount of the charter additional assistance is~~  
20 ~~\$2,049.12 per student count in preschool programs for children with~~  
21 ~~disabilities, kindergarten programs and grades one through eight and~~  
22 ~~\$2,388.21 per student count in grades nine through twelve.~~

23 ~~5.~~ 4. The state board of education shall apportion state aid from  
24 the appropriations made for such purposes to the state treasurer for  
25 disbursement to the charter schools in each county in an amount as  
26 determined by this paragraph. The apportionments shall be made as  
27 prescribed in section 15-973, subsection B.

28 ~~6.~~ 5. The charter school shall not charge tuition for pupils who  
29 reside in this state, levy taxes or issue bonds. A charter school may  
30 admit pupils who are not residents of this state and shall charge tuition  
31 for those pupils in the same manner prescribed in section 15-823.

32 ~~7.~~ 6. Not later than noon on the day preceding each apportionment  
33 date established pursuant to paragraph ~~5~~ 4 of this subsection, the  
34 superintendent of public instruction shall furnish to the state treasurer  
35 an abstract of the apportionment and shall certify the apportionment to  
36 the department of administration, which shall draw its warrant in favor of  
37 the charter schools for the amount apportioned.

38 C. If a pupil is enrolled in both a charter school and a public  
39 school that is not a charter school, the sum of the daily membership,  
40 which includes enrollment as prescribed in section 15-901, subsection A,  
41 paragraph 1, subdivisions (a) and (b) and daily attendance as prescribed  
42 in section 15-901, subsection A, paragraph 5, for that pupil in the school  
43 district and the charter school shall not exceed 1.0. If a pupil is  
44 enrolled in both a charter school and a public school that is not a  
45 charter school, the department of education shall direct the average daily

1 membership to the school with the most recent enrollment date. On  
 2 validation of actual enrollment in both a charter school and a public  
 3 school that is not a charter school and if the sum of the daily membership  
 4 or daily attendance for that pupil is greater than 1.0, the sum shall be  
 5 reduced to 1.0 and shall be apportioned between the public school and the  
 6 charter school based on the percentage of total time that the pupil is  
 7 enrolled or in attendance in the public school and the charter school.  
 8 The uniform system of financial records shall include guidelines to  
 9 apportion the pupil enrollment and attendance as provided in this section.

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

- 23 1. Equalization assistance shall not be less than zero.
- 24 2. For a charter school sponsored by the state board of education,  
 25 the state board for charter schools, a university, a community college  
 26 district or a group of community college districts, the total of the base  
 27 support level and the ~~charter~~ STATE additional assistance shall not be  
 28 less than zero.

29 ~~E. If a charter school was a district public school in the prior~~  
 30 ~~year and sponsored by the state board of education, the state board for~~  
 31 ~~charter schools, a university, a community college district or a group of~~  
 32 ~~community college districts, the reduction in subsection D of this section~~  
 33 ~~applies. The reduction to the base support level of the charter school~~  
 34 ~~shall equal the sum of the base support level and the charter additional~~  
 35 ~~assistance received in the current year for those pupils who were enrolled~~  
 36 ~~in the traditional public school in the prior year and are now enrolled in~~  
 37 ~~the charter school in the current year.~~

38 ~~F.~~ E. Equalization assistance for charter schools shall be  
 39 provided as a single amount based on average daily membership without  
 40 categorical distinctions between maintenance and operations or capital.

41 ~~G.~~ F. At the request of a charter school, the county school  
 42 superintendent of the county where the charter school is located may  
 43 provide the same educational services to the charter school as prescribed  
 44 in section 15-308, subsection A. The county school superintendent may

1 charge a fee to recover costs for providing educational services to  
2 charter schools.

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

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

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

44 ~~K~~ J. If a school district transports or contracts to transport  
45 pupils to the Arizona state schools for the deaf and the blind during any

1 fiscal year, the school district may transport or contract with a charter  
2 school to transport sensory impaired pupils during that same fiscal year  
3 to a charter school if requested by the parent of the pupil and if the  
4 distance from the pupil's place of actual residence within the school  
5 district to the charter school is less than the distance from the pupil's  
6 place of actual residence within the school district to the campus of the  
7 Arizona state schools for the deaf and the blind.

8 ~~K.~~ K. Notwithstanding any other law, a university under the  
9 jurisdiction of the Arizona board of regents, a community college district  
10 or a group of community college districts shall not include any student in  
11 the student count of the university, community college district or group  
12 of community college districts for state funding purposes if that student  
13 is enrolled in and attending a charter school sponsored by the university,  
14 community college district or group of community college districts.

15 ~~M.~~ L. The governing body of a charter school shall transmit a copy  
16 of its proposed budget or the summary of the proposed budget and a notice  
17 of the public hearing to the department of education for posting on the  
18 department of education's website not later than ten days before the  
19 hearing and meeting. If the charter school maintains a website, the  
20 charter school governing body shall post on its website a copy of its  
21 proposed budget or the summary of the proposed budget and a notice of the  
22 public hearing.

23 ~~N.~~ M. The governing body of a charter school shall collaborate  
24 with the private organization that is approved by the state board of  
25 education pursuant to section 15-792.02 to provide approved board  
26 examination systems for the charter school.

27 ~~O.~~ N. If allowed by federal law, a charter school may opt out of  
28 federal grant opportunities if the charter holder or the appropriate  
29 governing body of the charter school determines that the federal  
30 requirements impose unduly burdensome reporting requirements.

31 ~~P.~~ O. For the purposes of this section, "monies intended for the  
32 basic maintenance and operations of the school" means monies intended to  
33 provide support for the educational program of the school, except that it  
34 does not include supplemental assistance for a specific purpose or title  
35 VIII of the elementary and secondary education act of 1965 monies. The  
36 auditor general shall determine which federal or state monies meet this  
37 definition.

38 Sec. 2. Title 15, chapter 4, Arizona Revised Statutes, is amended  
39 by adding article 6, to read:

40 ARTICLE 6. STATE STUDENT FUNDING FORMULA

41 15-495. School districts; state student funding formula;  
42 election; reversion to standard school finance  
43 formula

44 A. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT THAT PROVIDES  
45 INSTRUCTION TO STUDENTS IN ANY COMBINATION OF KINDERGARTEN PROGRAMS AND

1 GRADES ONE THROUGH TWELVE MAY ELECT TO USE THE STATE STUDENT FUNDING  
2 FORMULA PRESCRIBED IN SECTION 15-901.04 TO DETERMINE THE SCHOOL DISTRICT'S  
3 DISTRICT SUPPORT LEVEL IF THE SCHOOL DISTRICT DOES NOT HAVE AN OVERRIDE IN  
4 PLACE PURSUANT TO SECTION 15-481 OR 15-482 AND EITHER OF THE FOLLOWING  
5 APPLIES:

6 1. THE SCHOOL DISTRICT DOES NOT OWE ANY DEBT SERVICE PAYMENTS ON  
7 ANY CLASS A OR CLASS B BOND.

8 2. THE SCHOOL DISTRICT HAS FOUR OR FEWER REMAINING FISCAL YEARS IN  
9 WHICH IT IS SCHEDULED TO MAKE PAYMENTS ON ANY CLASS A OR CLASS B BOND.

10 B. A SCHOOL DISTRICT THAT IS ELIGIBLE UNDER SUBSECTION A OF THIS  
11 SECTION MAY ELECT TO USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN  
12 SECTION 15-901.04 PURSUANT TO THE FOLLOWING:

13 1. IF THE ESTIMATED TOTAL SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE  
14 WILL BE LESS THAN OR EQUAL TO THE PRIOR YEAR TOTAL SCHOOL DISTRICT PRIMARY  
15 PROPERTY TAX RATE, THE SCHOOL DISTRICT GOVERNING BOARD MAY DO EITHER OF  
16 THE FOLLOWING:

17 (a) VOTE AT A GOVERNING BOARD MEETING TO USE THE STATE STUDENT  
18 FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04.

19 (b) CALL AN ELECTION TO SUBMIT TO THE VOTERS THE QUESTION OF  
20 WHETHER THE SCHOOL DISTRICT SHOULD USE THE STATE STUDENT FUNDING FORMULA  
21 PRESCRIBED IN SECTION 15-901.04.

22 2. IF THE ESTIMATED TOTAL SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE  
23 WILL BE GREATER THAN THE PRIOR YEAR TOTAL SCHOOL DISTRICT PRIMARY PROPERTY  
24 TAX RATE, THE SCHOOL DISTRICT GOVERNING BOARD MAY CALL AN ELECTION TO  
25 SUBMIT TO THE VOTERS THE QUESTION OF WHETHER THE SCHOOL DISTRICT SHOULD  
26 USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04.

27 3. IF THE SCHOOL DISTRICT GOVERNING BOARD CALLS AN ELECTION  
28 PURSUANT TO PARAGRAPH 1 OR 2 OF THIS SUBSECTION, THE QUESTION MUST BE  
29 SUBMITTED TO A VOTE OF THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS  
30 PRESCRIBED IN SECTION 15-401 AND SUBJECT TO SECTION 15-402. THE QUESTION  
31 SUBMITTED TO THE QUALIFIED ELECTORS MUST DESCRIBE THE TAX RATE THAT IS  
32 ASSOCIATED WITH USING THE STATE STUDENT FUNDING FORMULA AND THE ESTIMATED  
33 COST OF THAT TAX RATE FOR THE OWNER OF A SINGLE-FAMILY HOME THAT IS VALUED  
34 AT \$200,000. THE SCHOOL DISTRICT GOVERNING BOARD SHALL ORDER THE ELECTION  
35 TO BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER AS  
36 PRESCRIBED IN SECTION 16-204, SUBSECTION F.

37 4. IF THE SCHOOL DISTRICT IS AUTHORIZED TO USE THE STATE STUDENT  
38 FUNDING FORMULA PURSUANT TO PARAGRAPH 1 OR 2 OF THIS SUBSECTION, THE  
39 SCHOOL DISTRICT SHALL USE THE STATE STUDENT FUNDING FORMULA PRESCRIBED IN  
40 SECTION 15-901.04 AND SHALL NO LONGER USE THE STANDARD SCHOOL FINANCE  
41 FORMULA BEGINNING IN THE NEXT FISCAL YEAR FOLLOWING THE AUTHORIZATION.

1 C. A SCHOOL DISTRICT THAT IS USING THE STATE STUDENT FUNDING  
2 FORMULA MAY NOT:

3 1. USE ANY OTHER SOURCE OF PROPERTY TAX-GENERATED FUNDING OTHER  
4 THAN THE STATE STUDENT FUNDING FORMULA, INCLUDING FUNDING GENERATED  
5 PURSUANT TO ANY OF THE FOLLOWING:

- 6 (a) SECTION 15-481.
- 7 (b) SECTION 15-482.
- 8 (c) SECTION 15-910.
- 9 (d) SECTION 15-946.
- 10 (e) SECTION 15-949.
- 11 (f) SECTION 15-954.
- 12 (g) SECTION 15-995.
- 13 (h) CHAPTER 9, ARTICLE 7 OF THIS TITLE.

14 2. APPLY FOR OR RECEIVE ANY FUNDING FROM THE DIVISION OF SCHOOL  
15 FACILITIES WITHIN THE DEPARTMENT OF ADMINISTRATION OR THE SCHOOL  
16 FACILITIES OVERSIGHT BOARD, EXCEPT THAT A SCHOOL DISTRICT MAY RECEIVE  
17 FUNDING FOR NEW SCHOOL FACILITIES PURSUANT TO SECTION 41-5741.

18 3. RECEIVE DISTRICT ADDITIONAL ASSISTANCE PURSUANT TO SECTION  
19 15-961.

20 D. IF A SCHOOL DISTRICT APPROVES THE USE OF THE STATE STUDENT  
21 FUNDING FORMULA AS PRESCRIBED IN SUBSECTION B OF THIS SECTION AND THE  
22 SCHOOL DISTRICT GOVERNING BOARD SUBSEQUENTLY DECIDES BY A MAJORITY VOTE OF  
23 ITS MEMBERS TO REVERT TO THE STANDARD SCHOOL FINANCE FORMULA, THE SCHOOL  
24 DISTRICT GOVERNING BOARD SHALL CALL AN ELECTION TO DETERMINE THE QUESTION  
25 OF WHETHER TO NO LONGER USE THE STATE STUDENT FUNDING FORMULA AS  
26 PRESCRIBED IN SECTION 15-901.04 AND TO REVERT TO THE STANDARD SCHOOL  
27 FINANCE FORMULA. THE QUESTION SHALL BE SUBMITTED TO A VOTE OF THE  
28 QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS PRESCRIBED IN SECTION 15-401  
29 AND SUBJECT TO SECTION 15-402. THE SCHOOL DISTRICT GOVERNING BOARD SHALL  
30 ORDER THE ELECTION TO BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY  
31 IN NOVEMBER AS PRESCRIBED IN SECTION 16-204, SUBSECTION F. IF A MAJORITY  
32 OF THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT WHO VOTE ON THE QUESTION  
33 VOTE TO NO LONGER USE THE STATE STUDENT FUNDING FORMULA AS PRESCRIBED IN  
34 SECTION 15-901.04 AND TO REVERT TO THE STANDARD SCHOOL FINANCE FORMULA,  
35 THE SCHOOL DISTRICT MAY USE ALL OTHER AVAILABLE FUNDING AUTHORIZED BY LAW  
36 IN THE NEXT FISCAL YEAR FOLLOWING THE ELECTION HELD PURSUANT TO THIS  
37 SUBSECTION. A SCHOOL DISTRICT MAY NOT SUBMIT A QUESTION FOR AN OVERRIDE  
38 OR CLASS A OR CLASS B BOND ALONG WITH A QUESTION TO OPT OUT OF THE STATE  
39 STUDENT FUNDING FORMULA IN THE SAME ELECTION.

40 E. FOR THE PURPOSES OF THIS SECTION, SCHOOL DISTRICT DOES NOT  
41 INCLUDE A CAREER TECHNICAL EDUCATION DISTRICT AS DEFINED IN SECTION  
42 15-391.



1           Sec. 3. Section 15-808, Arizona Revised Statutes, is amended to  
2 read:

3           15-808. Arizona online instruction; reports; definitions

4           A. Arizona online instruction shall be instituted to meet the needs  
5 of pupils in the information age. The state board of education shall  
6 select district public schools and state-approved charter authorizers  
7 shall sponsor charter schools to be online course providers or online  
8 schools. The state board of education and state-approved charter  
9 authorizers shall develop standards for the approval of online course  
10 providers and online schools based on the following criteria:

11           1. The depth and breadth of curriculum choices.

12           2. The variety of educational methodologies employed by the school  
13 and the means of addressing the unique needs and learning styles of  
14 targeted pupil populations, including computer-assisted learning systems,  
15 virtual classrooms, virtual laboratories, electronic field trips, ~~e-mail~~  
16 EMAIL, virtual tutoring, online help desk, group chat sessions and  
17 noncomputer-based activities performed under the direction of a  
18 certificated teacher.

19           3. The availability of an intranet or private network to safeguard  
20 pupils against predatory and pornographic elements of the internet.

21           4. The availability of filtered research access to the internet.

22           5. The availability of private individual ~~e-mail~~ EMAIL between  
23 pupils, teachers, administrators and parents in order to protect the  
24 confidentiality of pupil records and information.

25           6. The availability of faculty members who are experienced with  
26 computer networks, the internet and computer animation.

27           7. The extent to which the school intends to develop partnerships  
28 with universities, community colleges and private businesses.

29           8. The services offered to populations with developmental  
30 disabilities.

31           9. The grade levels that will be served.

32           B. Each new school that provides online instruction shall provide  
33 online instruction on a probationary status. After a new school that  
34 provides online instruction has clearly demonstrated the academic  
35 integrity of its instruction through the actual improvement of the  
36 academic performance of its students, the school may apply to be removed  
37 from probationary status. The state board of education or the  
38 state-approved charter authorizer that sponsored the charter school shall  
39 remove from Arizona online instruction any probationary school that fails  
40 to clearly demonstrate improvement in academic performance within three  
41 years measured against goals in the approved application and the state's  
42 accountability system. All pupils who participate in Arizona online  
43 instruction shall reside in this state. Pupils who participate in Arizona  
44 online instruction are subject to the testing requirements prescribed in  
45 chapter 7, article 3 of this title. On enrollment, the school shall

1 notify the parents or guardians of the pupil of the state testing  
2 requirements. If a pupil fails to comply with the testing requirements  
3 and the school administers the tests pursuant to this subsection to less  
4 than ninety-five percent of the pupils in Arizona online instruction, the  
5 pupil shall not be allowed to participate in Arizona online instruction.

6 C. The state board of education and state-approved charter  
7 authorizers shall develop annual reporting mechanisms for schools that  
8 participate in Arizona online instruction.

9 D. The department of education shall compile the information  
10 submitted in the annual reports by schools participating in Arizona online  
11 instruction. The department of education shall submit the compiled report  
12 to the governor, the speaker of the house of representatives and the  
13 president of the senate by November 15 of each year.

14 E. Each school selected for Arizona online instruction shall ensure  
15 that a daily log is maintained for each pupil who participates in Arizona  
16 online instruction. The daily log shall describe the amount of time spent  
17 by each pupil participating in Arizona online instruction pursuant to this  
18 section on academic tasks. The daily log shall be used by the school  
19 district or charter school to qualify the pupils who participate in  
20 Arizona online instruction in the school's average daily attendance  
21 calculations pursuant to subsection F of this section.

22 F. If a pupil is enrolled in a school district or charter school  
23 and also participates in Arizona online instruction, the sum of the  
24 average daily membership, which includes enrollment as prescribed in  
25 section 15-901, subsection A, paragraph 1, subdivisions (a) and (b) and  
26 daily attendance as prescribed in section 15-901, subsection A, paragraph  
27 5, for that pupil in the school district or charter school and in Arizona  
28 online instruction shall not exceed 1.0. If the pupil is enrolled in a  
29 school district or a charter school and also participates in Arizona  
30 online instruction and the sum of the daily membership or daily attendance  
31 for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and  
32 shall be apportioned between the school district, unless the school  
33 district is a career technical education district subject to the  
34 apportionment requirements of section 15-393, or charter school and  
35 Arizona online instruction based on the percentage of total time that the  
36 pupil is enrolled or in attendance in the school district or charter  
37 school and Arizona online instruction. The uniform system of financial  
38 records shall include guidelines for the apportionment of the pupil  
39 enrollment and attendance as provided in this subsection. Pupils in  
40 Arizona online instruction do not incur absences for purposes of this  
41 subsection and may generate an average daily attendance of 1.0 for  
42 attendance hours during any hour of the day, during any day of the week  
43 and at any time between July 1 and June 30 of each fiscal year. For  
44 kindergarten programs and grades one through eight, average daily  
45 membership shall be calculated by dividing the instructional hours as

1 reported in the daily log required in subsection E of this section by the  
2 applicable hourly requirements prescribed in section 15-901. For grades  
3 nine through twelve, average daily membership shall be calculated by  
4 dividing the instructional hours as reported in the daily log required in  
5 subsection E of this section by nine hundred. The average daily  
6 membership of a pupil who participates in online instruction shall not  
7 exceed 1.0. Average daily membership shall not be calculated on the one  
8 hundredth day of instruction for the purposes of this section. Funding  
9 shall be determined as follows:

10 1. A pupil who is enrolled ~~full-time~~ FULL TIME in Arizona online  
11 instruction shall be funded for online instruction at ninety-five percent  
12 of the base support level that would be calculated for that pupil if that  
13 pupil were enrolled as a full-time student in a school district or charter  
14 school that does not participate in Arizona online instruction. ~~Charter~~  
15 STATE additional assistance and district additional assistance shall be  
16 calculated in the same manner they would be calculated if the student were  
17 enrolled in a district or charter school that does not participate in  
18 Arizona online instruction.

19 2. A pupil who is enrolled ~~part-time~~ PART TIME in Arizona online  
20 instruction shall be funded for online instruction at eighty-five percent  
21 of the base support level that would be calculated for that pupil if that  
22 pupil were enrolled as a part-time student in a school district or charter  
23 school that does not participate in Arizona online instruction. ~~Charter~~  
24 STATE additional assistance and district additional assistance shall be  
25 calculated in the same manner they would be calculated if the student were  
26 enrolled in a district or charter school that does not participate in  
27 Arizona online instruction.

28 G. If the academic achievement of a pupil declines while the pupil  
29 is participating in Arizona online instruction, the pupil's parents, the  
30 pupil's teachers and the principal or head teacher of the school shall  
31 confer to evaluate whether the pupil should be allowed to continue to  
32 participate in Arizona online instruction.

33 H. To ensure the academic integrity of pupils who participate in  
34 online instruction, Arizona online instruction shall include multiple  
35 diverse assessment measures and the proctored administration of required  
36 state standardized tests.

37 I. A school district or charter school may not charge a fee to a  
38 pupil who takes an examination in a particular course to obtain academic  
39 credit, pursuant to section 15-701.01, subsection I, from the school  
40 district or charter school if the academic credit for a course was  
41 previously earned in an Arizona online instruction course or at any public  
42 school in this state. Any test administered pursuant to this subsection  
43 shall be an assessment that is aligned to the course-relevant state  
44 academic standards.

1 J. For the purposes of this section:

2 1. "Full-time student" means:

3 (a) A student who is at least five years of age before September 1  
4 of a school year and who is enrolled in a school kindergarten program that  
5 meets at least three hundred forty-six hours during the school year.

6 (b) A student who is at least six years of age before September 1  
7 of a school year, who has not graduated from the highest grade taught in  
8 the school and who is regularly enrolled in a course of study required by  
9 the state board of education. For first, second and third grade students,  
10 the instructional program shall meet at least seven hundred twelve  
11 hours. For fourth, fifth and sixth grade students, the instructional  
12 program shall meet at least eight hundred ninety hours during the school  
13 year.

14 (c) Seventh and eighth grade students or ungraded students who are  
15 at least twelve, but under fourteen, years of age on or before September 1  
16 and who are enrolled in an instructional program of courses that meets at  
17 least one thousand sixty-eight hours during the school year.

18 (d) For high schools, a student who has not graduated from the  
19 highest grade taught in the school district, or an ungraded student who is  
20 at least fourteen years of age on or before September 1, and who is  
21 enrolled in at least four courses throughout the year that meet at least  
22 nine hundred hours during the school year. A full-time student shall not  
23 be counted more than once for computation of average daily membership.

24 2. "Online course provider" means a school other than an online  
25 school that is selected by the state board of education or a  
26 state-approved charter authorizer to participate in Arizona online  
27 instruction pursuant to this section and that provides at least one online  
28 academic course that is approved by the state board of education.

29 3. "Online school" means a school that provides at least four  
30 online academic courses or one or more online courses for the equivalent  
31 of at least five hours each day for one hundred eighty school days and  
32 that is a charter school that is sponsored by a state-approved charter  
33 authorizer or a district public school that is selected by the state board  
34 of education to participate in Arizona online instruction.

35 4. "Part-time student" means:

36 (a) Any student who is enrolled in a program that does not meet the  
37 definition in paragraph 1 of this subsection shall be funded at  
38 eighty-five percent of the base support level that would be calculated for  
39 that pupil if that pupil were enrolled as a part-time student in a school  
40 district or charter school that does not participate in Arizona online  
41 instruction.

42 (b) A part-time student of seventy-five percent average daily  
43 membership shall be enrolled in at least three subjects throughout the  
44 year that offer for first, second and third grade students at least five  
45 hundred thirty-four instructional hours in a school year and for fourth,

1 fifth and sixth grade students at least six hundred sixty-eight  
 2 instructional hours in a school year. A part-time student of fifty  
 3 percent average daily membership shall be enrolled in at least two  
 4 subjects throughout the year that offer for first, second and third grade  
 5 students at least three hundred fifty-six instructional hours in a school  
 6 year and for fourth, fifth and sixth grade students at least four hundred  
 7 forty-five instructional hours in a school year. A part-time student of  
 8 twenty-five percent average daily membership shall be enrolled in at least  
 9 one subject throughout the year that offers for first, second and third  
 10 grade students at least one hundred seventy-eight instructional hours in a  
 11 school year and for fourth, fifth and sixth grade students at least two  
 12 hundred twenty-three instructional hours in a school year.

13 (c) For seventh and eighth grade students, a part-time student of  
 14 seventy-five percent average daily membership shall be enrolled in at  
 15 least three subjects throughout the year that offer at least eight hundred  
 16 one instructional hours in a school year. A part-time student of fifty  
 17 percent average daily membership shall be enrolled in at least two  
 18 subjects throughout the year that offer at least five hundred thirty-four  
 19 instructional hours in a school year. A part-time student of twenty-five  
 20 percent average daily membership shall be enrolled in at least one subject  
 21 throughout the year that offers at least two hundred sixty-seven  
 22 instructional hours in a school year.

23 (d) For high school students, a part-time student of seventy-five  
 24 percent average daily membership shall be enrolled in at least three  
 25 subjects throughout the year that offer at least six hundred seventy-five  
 26 instructional hours in a school year. A part-time student of fifty  
 27 percent average daily membership shall be enrolled in at least two  
 28 subjects throughout the year that offer at least four hundred fifty  
 29 instructional hours in a school year. A part-time student of twenty-five  
 30 percent average daily membership shall be enrolled in at least one subject  
 31 throughout the year that offers at least two hundred twenty-five  
 32 instructional hours in a school year.

33 5. "State-approved charter authorizer" means any charter school  
 34 sponsor authorized pursuant to section 15-183.

35 Sec. 4. Heading changes

36 A. The chapter heading of title 15, chapter 9, Arizona Revised  
 37 Statutes, is changed from "SCHOOL DISTRICT BUDGETING AND FINANCIAL  
 38 ASSISTANCE" to "SCHOOL BUDGETING AND FINANCIAL ASSISTANCE".

39 B. The article heading of title 15, chapter 9, article 1, Arizona  
 40 Revised Statutes, is changed from "GENERAL PROVISIONS FOR SCHOOL DISTRICT  
 41 BUDGETS" to "GENERAL PROVISIONS".

1           Sec. 5. Section 15-901, Arizona Revised Statutes, is amended to  
2 read:

3           15-901. Definitions

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

5           1. "Average daily membership" means the total enrollment of  
6 fractional students and full-time students, minus withdrawals, of each  
7 school day through the first one hundred days or two hundred days in  
8 session, as applicable, for the current year. For the purposes of this  
9 paragraph, "withdrawals" means students who are formally withdrawn from  
10 schools or students who are absent for ten consecutive school days, except  
11 for excused absences identified by the department of education. For  
12 computation purposes, a student who is absent for nine or fewer  
13 consecutive school days, including the last day of the school year, is not  
14 a withdrawal and may not be subtracted from the total enrollment of  
15 fractional students and full-time students. For the purposes of this  
16 section, school districts and charter schools shall report student absence  
17 data to the department of education at least once every sixty days in  
18 session. For computation purposes, the effective date of withdrawal shall  
19 be retroactive to the last day of actual attendance of the student or  
20 excused absence. A school district or charter school may satisfy any of  
21 the time and hours requirements prescribed in this subsection in any  
22 manner prescribed in the school district's or charter school's  
23 instructional time model adopted under section 15-901.08.

24           (a) "Fractional student" means:

25           (i) For common schools, a preschool child who is enrolled in a  
26 program for preschool children with disabilities of at least three hundred  
27 sixty minutes each week that meets at least two hundred sixteen hours over  
28 the minimum number of days or a kindergarten student who is at least five  
29 years of age before January 1 of the school year and enrolled in a school  
30 kindergarten program that meets at least three hundred fifty-six hours for  
31 a one hundred eighty-day school year, or the instructional hours  
32 prescribed in this section. In computing the average daily membership,  
33 preschool children with disabilities and kindergarten students shall be  
34 counted as one-half of a full-time student. For common schools, a  
35 part-time student is a student enrolled for less than the total time for a  
36 full-time student as defined in this section. A part-time common school  
37 student shall be counted as one-fourth, one-half or three-fourths of a  
38 full-time student if the student is enrolled in an instructional program  
39 that is at least one-fourth, one-half or three-fourths of the time a  
40 full-time student is enrolled as defined in subdivision (b) of this  
41 paragraph. The hours in which a student is scheduled to attend a common  
42 school during the regular school day shall be included in the calculation  
43 of the average daily membership for that student.

1 (ii) For high schools, a part-time student who is enrolled in less  
2 than four subjects that count toward graduation as defined by the state  
3 board of education, each of which, if taught each school day for the  
4 minimum number of days required in a school year, would meet a minimum of  
5 one hundred twenty-three hours a year, or the equivalent, in a recognized  
6 high school. The average daily membership of a part-time high school  
7 student shall be 0.75 if the student is enrolled in an instructional  
8 program of three subjects that meet at least five hundred forty hours for  
9 a one hundred eighty-day school year, or the instructional hours  
10 prescribed in this section. The average daily membership of a part-time  
11 high school student shall be 0.5 if the student is enrolled in an  
12 instructional program of two subjects that meet at least three hundred  
13 sixty hours for a one hundred eighty-day school year, or the instructional  
14 hours prescribed in this section. The average daily membership of a  
15 part-time high school student shall be 0.25 if the student is enrolled in  
16 an instructional program of one subject that meets at least one hundred  
17 eighty hours for a one hundred eighty-day school year, or the  
18 instructional hours prescribed in this section. The hours in which a  
19 student is scheduled to attend a high school during the regular school day  
20 shall be included in the calculation of the average daily membership for  
21 that student.

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

23 (i) For common schools, a student who is at least six years of age  
24 before January 1 of a school year, who has not graduated from the highest  
25 grade taught in the school district and who is regularly enrolled in a  
26 course of study required by the state board of education. First, second  
27 and third grade students or ungraded group B children with disabilities  
28 who are at least five, but under six, years of age by September 1 must be  
29 enrolled in an instructional program that meets for a total of at least  
30 seven hundred twelve hours for a one hundred eighty-day school year, or  
31 the instructional hours prescribed in this section. Fourth, fifth, sixth,  
32 seventh and eighth grade students must be enrolled in an instructional  
33 program that meets for a total of at least eight hundred ninety hours for  
34 a one hundred eighty-day school year, or the instructional hours  
35 prescribed in this section, including the equivalent number of  
36 instructional hours for schools that operate on a one hundred  
37 forty-four-day school year. The hours in which a student is scheduled to  
38 attend a common school during the regular school day shall be included in  
39 the calculation of the average daily membership for that student.

40 (ii) For high schools, a student who has not graduated from the  
41 highest grade taught in the school district and who is enrolled in at  
42 least an instructional program of four or more subjects that count toward  
43 graduation as defined by the state board of education, each of which, if  
44 taught each school day for the minimum number of days required in a school  
45 year, would meet a minimum of one hundred twenty-three hours a year, or

1 the equivalent, that meets for a total of at least seven hundred twenty  
2 hours for a one hundred eighty-day school year, or the instructional hours  
3 prescribed in this section in a recognized high school. A full-time  
4 student shall not be counted more than once for computation of average  
5 daily membership. The average daily membership of a full-time high school  
6 student shall be 1.0 if the student is enrolled in at least four subjects  
7 that meet at least seven hundred twenty hours for a one hundred eighty-day  
8 school year, or the equivalent instructional hours prescribed in this  
9 section. The hours in which a student is scheduled to attend a high  
10 school during the regular school day shall be included in the calculation  
11 of the average daily membership for that student.

12 (iii) If a child who has not reached five years of age before  
13 September 1 of the current school year is admitted to kindergarten and  
14 repeats kindergarten in the following school year, a school district or  
15 charter school is not eligible to receive basic state aid on behalf of  
16 that child during the child's second year of kindergarten. If a child who  
17 has not reached five years of age before September 1 of the current school  
18 year is admitted to kindergarten but does not remain enrolled, a school  
19 district or charter school may receive a portion of basic state aid on  
20 behalf of that child in the subsequent year. A school district or charter  
21 school may charge tuition for any child who is ineligible for basic state  
22 aid pursuant to this item.

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

26 (v) Except as otherwise provided by law, for any student who is  
27 concurrently enrolled in a school district and a charter school, the  
28 average daily membership shall be apportioned between the school district  
29 and the charter school and shall not exceed 1.0. The apportionment shall  
30 be based on the percentage of total time that the student is enrolled in  
31 or in attendance at the school district and the charter school.

32 (vi) Except as otherwise provided by law, for any student who is  
33 concurrently enrolled, pursuant to section 15-808, in a school district  
34 and Arizona online instruction or a charter school and Arizona online  
35 instruction, the average daily membership shall be apportioned between the  
36 school district and Arizona online instruction or the charter school and  
37 Arizona online instruction and shall not exceed 1.0. The apportionment  
38 shall be based on the percentage of total time that the student is  
39 enrolled in or in attendance at the school district and Arizona online  
40 instruction or the charter school and Arizona online instruction.

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

43 (c) "Regular school day" means the regularly scheduled class  
44 periods intended for instructional purposes. Instructional purposes may  
45 include core subjects, elective subjects, lunch, study halls, music



1 instruction and other classes that advance the academic instruction of  
2 pupils. Instructional purposes do not include athletic practices or  
3 extracurricular clubs and activities.

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

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

9 (a) Grades one through eight.

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

11 4. "Current year" means the fiscal year in which a school district  
12 is operating.

13 5. "Daily attendance" means:

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

15 (i) Of a kindergarten program or ungraded, but not group B children  
16 with disabilities, who is at least five, but under six, years of age by  
17 September 1 attends at least three-quarters of the instructional time  
18 scheduled for the day. If the total instruction time scheduled for the  
19 year is at least three hundred fifty-six hours but is less than seven  
20 hundred twelve hours, such attendance shall be counted as one-half day of  
21 attendance. If the instructional time scheduled for the year is at least  
22 six hundred ninety-two hours, "daily attendance" means days in which a  
23 pupil attends at least one-half of the instructional time scheduled for  
24 the day. Such attendance shall be counted as one-half day of attendance.  
25 A school district or charter school may satisfy any of the time and hours  
26 requirements prescribed in this item in any manner prescribed in the  
27 school district's or charter school's instructional time model adopted  
28 under section 15-901.08.

29 (ii) Of the first, second or third grades attends more than  
30 three-quarters of the instructional time scheduled for the day. A school  
31 district or charter school may satisfy any of the time and hours  
32 requirements prescribed in this item in any manner prescribed in the  
33 school district's or charter school's instructional time model adopted  
34 under section 15-901.08.

35 (iii) Of the fourth, fifth or sixth grades attends more than  
36 three-quarters of the instructional time scheduled for the day, except as  
37 provided in section 15-797. A school district or charter school may  
38 satisfy any of the time and hours requirements prescribed in this item in  
39 any manner prescribed in the school district's or charter school's  
40 instructional time model adopted under section 15-901.08.

41 (iv) Of the seventh or eighth grades attends more than  
42 three-quarters of the instructional time scheduled for the day, except as  
43 provided in section 15-797. A school district or charter school may  
44 satisfy any of the time and hours requirements prescribed in this item in

1 any manner prescribed in the school district's or charter school's  
2 instructional time model adopted under section 15-901.08.

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

8 (i) If attendance for all pupils in the school is based on quarter  
9 days, the attendance of a pupil shall be counted as one-fourth of a day's  
10 attendance for each one-fourth of full-time instructional time attended.  
11 A school district or charter school may satisfy any of the time and hours  
12 requirements prescribed in this item in any manner prescribed in the  
13 school district's or charter school's instructional time model adopted  
14 under section 15-901.08.

15 (ii) If attendance for all pupils in the school is based on half  
16 days, the attendance of at least three-quarters of the instructional time  
17 scheduled for the day shall be counted as a full day's attendance and  
18 attendance at a minimum of one-half but less than three-quarters of the  
19 instructional time scheduled for the day equals one-half day of  
20 attendance. A school district or charter school may satisfy any of the  
21 time and hours requirements prescribed in this item in any manner  
22 prescribed in the school district's or charter school's instructional time  
23 model adopted under section 15-901.08.

24 (c) For common schools, the attendance of a preschool child with  
25 disabilities shall be counted as one-fourth day's attendance for each  
26 thirty-six minutes of attendance, except as provided in paragraph 1,  
27 subdivision (a), item (i) of this subsection for children with  
28 disabilities up to a maximum of three hundred sixty minutes each week. A  
29 school district or charter school may satisfy any of the time and hours  
30 requirements prescribed in this subdivision in any manner prescribed in  
31 the school district's or charter school's instructional time model adopted  
32 under section 15-901.08.

33 (d) For high schools, the attendance of a pupil shall not be  
34 counted as a full day unless the pupil is actually and physically in  
35 attendance and enrolled in and carrying four subjects, each of which, if  
36 taught each school day for the minimum number of days required in a school  
37 year, would meet a minimum of one hundred twenty-three hours a year, or  
38 the equivalent, that count toward graduation in a recognized high school  
39 except as provided in section 15-797 and subdivision (e) of this  
40 paragraph. Attendance of a pupil carrying less than the load prescribed  
41 shall be prorated. A school district or charter school may satisfy any of  
42 the time and hours requirements prescribed in this subdivision in any  
43 manner prescribed in the school district's or charter school's  
44 instructional time model adopted under section 15-901.08.

1 (e) For high schools, the attendance of a pupil may be counted as  
2 one-fourth of a day's attendance for each sixty minutes of instructional  
3 time in a subject that counts toward graduation, except that attendance  
4 for a pupil shall not exceed the pupil's full or fractional membership. A  
5 school district or charter school may satisfy any of the time and hours  
6 requirements prescribed in this subdivision in any manner prescribed in  
7 the school district's or charter school's instructional time model adopted  
8 under section 15-901.08.

9 (f) For homebound or hospitalized, a full day of attendance may be  
10 counted for each day during a week in which the student receives at least  
11 four hours of instruction. A school district or charter school may  
12 satisfy any of the time and hours requirements prescribed in this  
13 subdivision in any manner prescribed in the school district's or charter  
14 school's instructional time model adopted under section 15-901.08.

15 (g) For school districts that maintain school for an approved  
16 year-round school year operation, attendance shall be based on a  
17 computation, as prescribed by the superintendent of public instruction, of  
18 the one hundred eighty days' equivalency or two hundred days' equivalency,  
19 as applicable, of instructional time as approved by the superintendent of  
20 public instruction during which each pupil is enrolled. A school district  
21 or charter school may satisfy any of the time and hours requirements  
22 prescribed in this subdivision in any manner prescribed in the school  
23 district's or charter school's instructional time model adopted under  
24 section 15-901.08.

25 6. "Daily route mileage" means the sum of:

26 (a) The total number of miles driven daily by all buses of a school  
27 district while transporting eligible students from their residence to the  
28 school of attendance and from the school of attendance to their residence  
29 on scheduled routes approved by the superintendent of public instruction.

30 (b) The total number of miles driven daily on routes approved by  
31 the superintendent of public instruction for which a private party, a  
32 political subdivision or a common or a contract carrier is reimbursed for  
33 bringing an eligible student from the place of the student's residence to  
34 a school transportation pickup point or to the school of attendance and  
35 from the school transportation scheduled return point or from the school  
36 of attendance to the student's residence. Daily route mileage includes  
37 the total number of miles necessary to drive to transport eligible  
38 students from and to their residence as provided in this paragraph.

39 7. "District support level" means:

40 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE  
41 FORMULA, the base support level plus the transportation support level.

42 (b) FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT  
43 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE SUPPORT LEVEL.

1           8. "Eligible students" means:

2           (a) Students who are transported by or for a school district and  
3 who qualify as full-time students or fractional students, except students  
4 for whom transportation is paid by another school district or a county  
5 school superintendent, and:

6           (i) For common school students, whose place of actual residence  
7 within the school district is more than one mile from the school facility  
8 of attendance or students who are admitted pursuant to section 15-816.01  
9 and who meet the economic eligibility requirements established under the  
10 national school lunch and child nutrition acts (42 United States Code  
11 sections 1751 through 1793) for free or reduced-price lunches and whose  
12 actual place of residence outside the school district boundaries is more  
13 than one mile from the school facility of attendance.

14           (ii) For high school students, whose place of actual residence  
15 within the school district is more than one and one-half miles from the  
16 school facility of attendance or students who are admitted pursuant to  
17 section 15-816.01 and who meet the economic eligibility requirements  
18 established under the national school lunch and child nutrition acts  
19 (42 United States Code sections 1751 through 1793) for free or  
20 reduced-price lunches and whose actual place of residence outside the  
21 school district boundaries is more than one and one-half miles from the  
22 school facility of attendance.

23           (b) Kindergarten students, for purposes of computing the number of  
24 eligible students under subdivision (a), item (i) of this paragraph, shall  
25 be counted as full-time students, notwithstanding any other provision of  
26 law.

27           (c) Children with disabilities, as defined by section 15-761, who  
28 are transported by or for the school district or who are admitted pursuant  
29 to chapter 8, article 1.1 of this title and who qualify as full-time  
30 students or fractional students regardless of location or residence within  
31 the school district or children with disabilities whose transportation is  
32 required by the pupil's individualized education program.

33           (d) Students whose residence is outside the school district and who  
34 are transported within the school district on the same basis as students  
35 who reside in the school district.

36           9. "Enrolled" or "enrollment" means that a pupil is currently  
37 registered in the school district.

38           10. "GDP price deflator" means the average of the four implicit  
39 price deflators for the gross domestic product reported by the United  
40 States department of commerce for the four quarters of the calendar year.

41           11. "High school district" means a political subdivision of this  
42 state offering instruction to students for grades nine through twelve or  
43 that portion of the budget of a common school district that is allocated  
44 to teaching high school subjects with permission of the state board of  
45 education.

1 12. "Instructional hours" or "instructional time" means hours or  
2 time spent pursuant to an instructional time model adopted under section  
3 15-901.08.

4 13. "Revenue control limit" means:

5 (a) FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE  
6 FORMULA, the base revenue control limit plus the transportation revenue  
7 control limit.

8 (b) FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT  
9 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE REVENUE CONTROL  
10 LIMIT.

11 14. "Student count" means average daily membership as prescribed in  
12 this subsection for the fiscal year before the current year, except that  
13 for the purpose of budget preparation student count means average daily  
14 membership as prescribed in this subsection for the current year.

15 15. "Submit electronically" means submitted in a format and in a  
16 manner prescribed by the department of education.

17 16. "Total bus mileage" means the total number of miles driven by  
18 all buses of a school district during the school year.

19 17. "Total students transported" means all eligible students  
20 transported from their place of residence to a school transportation  
21 pickup point or to the school of attendance and from the school of  
22 attendance or from the school transportation scheduled return point to  
23 their place of residence.

24 18. "Unified school district" means a political subdivision of this  
25 state offering instruction to students in programs for preschool children  
26 with disabilities and kindergarten programs and grades one through twelve.

27 B. In this title, unless the context otherwise requires:

28 1. "Base" means the revenue level per student count specified by  
29 the legislature.

30 2. "Base level" means the following amounts plus the percentage  
31 increase to the base level as provided in section 15-902.04:

32 (a) For fiscal year 2021-2022, \$4,390.65.

33 (b) For fiscal year 2022-2023, \$4,775.27.

34 (c) For fiscal year 2023-2024, \$4,914.71.

35 3. "Base revenue control limit" means the base revenue control  
36 limit computed as provided in section 15-944.

37 4. "Base support level" means the base support level as provided in  
38 section 15-943.

39 5. "Certified teacher" means a person who is certified as a teacher  
40 pursuant to the rules adopted by the state board of education, who renders  
41 direct and personal services to schoolchildren in the form of instruction  
42 related to the school district's educational course of study and who is  
43 paid from the maintenance and operation section of the budget.

44 6. "DD" means programs for children with developmental delays who  
45 are at least three years of age but under ten years of age. A preschool

1 child who is categorized under this paragraph is not eligible to receive  
2 funding pursuant to section 15-943, paragraph 2, subdivision (b).

3 7. "ED, MIID, SLD, SLI and OHI" means programs for children with  
4 emotional disabilities, mild intellectual disabilities, a specific  
5 learning disability, a speech/language impairment and other health  
6 impairments. A preschool child who is categorized as SLI under this  
7 paragraph is not eligible to receive funding pursuant to section 15-943,  
8 paragraph 2, subdivision (b).

9 8. "ED-P" means programs for children with emotional disabilities  
10 who are enrolled in private special education programs as prescribed in  
11 section 15-765, subsection D, paragraph 1 or in an intensive school  
12 district program as provided in section 15-765, subsection D, paragraph 2.

13 9. "ELL" means English learners who do not speak English or whose  
14 native language is not English, who are not currently able to perform  
15 ordinary classroom work in English and who are enrolled in an English  
16 language education program pursuant to sections 15-751, 15-752 and 15-753.

17 10. "FRPL" means students who meet the eligibility requirements  
18 established under the national school lunch and child nutrition acts  
19 (42 United States Code sections 1751 through 1793) for free or  
20 reduced-price lunches, or an equivalent measure recognized for  
21 participating in the federal free and reduced-price lunch program and  
22 other school programs dependent on a poverty measure, including the  
23 community eligibility provision for which free and reduced-price lunch  
24 data is not available.

25 11. "Full-time equivalent certified teacher" or "FTE certified  
26 teacher" means for a certified teacher the following:

27 (a) If employed full time as defined in section 15-501, 1.00.

28 (b) If employed less than full time, multiply 1.00 by the  
29 percentage of a full school day, or its equivalent, or a full class load,  
30 or its equivalent, for which the teacher is employed as determined by the  
31 governing board.

32 12. "G" means educational programs for gifted pupils who score at  
33 or above the ninety-seventh percentile, based on national norms, on a test  
34 adopted by the state board of education.

35 13. "Group A" means educational programs for career exploration, a  
36 specific learning disability, an emotional disability, a mild intellectual  
37 disability, remedial education, a speech/language impairment,  
38 developmental delay, homebound pupils, bilingual pupils and pupils with  
39 other health impairments.

40 14. "Group B" means educational improvements for pupils in  
41 kindergarten programs and grades one through three, educational programs  
42 for autism, a hearing impairment, a moderate intellectual disability,  
43 multiple disabilities, multiple disabilities with severe sensory  
44 impairment, orthopedic impairments, preschool severe delay, a severe  
45 intellectual disability and emotional disabilities for school age pupils

1 enrolled in private special education programs or in school district  
2 programs for children with severe disabilities or visual impairment,  
3 English learners enrolled in a program to promote English language  
4 proficiency pursuant to section 15-752 and students who meet the  
5 eligibility requirements established under the national school lunch and  
6 child nutrition acts (42 United States Code sections 1751 through 1793)  
7 for free or reduced-price lunches, or an equivalent measure recognized for  
8 participating in the federal free and reduced-price lunch program and  
9 other school programs dependent on a poverty measure, including the  
10 community eligibility provision for which free and reduced-price lunch  
11 data is not available.

12 15. "HI" means programs for pupils with hearing impairment.

13 16. "Homebound" or "hospitalized" means a pupil who is capable of  
14 profiting from academic instruction but is unable to attend school due to  
15 illness, disease, accident or other health conditions, who has been  
16 examined by a competent medical doctor and who is certified by that doctor  
17 as being unable to attend regular classes for a period of not less than  
18 three school months or a pupil who is capable of profiting from academic  
19 instruction but is unable to attend school regularly due to chronic or  
20 acute health problems, who has been examined by a competent medical doctor  
21 and who is certified by that doctor as being unable to attend regular  
22 classes for intermittent periods of time totaling three school months  
23 during a school year. The medical certification shall state the general  
24 medical condition, such as illness, disease or chronic health condition,  
25 that is the reason that the pupil is unable to attend school. Homebound  
26 or hospitalized includes a student who is unable to attend school for a  
27 period of less than three months due to a pregnancy if a competent medical  
28 doctor, after an examination, certifies that the student is unable to  
29 attend regular classes due to risk to the pregnancy or to the student's  
30 health.

31 17. "K-3" means kindergarten programs and grades one through three.

32 18. "K-3 reading" means reading programs for pupils in kindergarten  
33 programs and grades one, two and three.

34 19. "MD-R, A-R and SID-R" means resource programs for pupils with  
35 multiple disabilities, autism and severe intellectual disability.

36 20. "MD-SC, A-SC and SID-SC" means self-contained programs for  
37 pupils with multiple disabilities, autism and severe intellectual  
38 disability.

39 21. "MD-SSI" means a program for pupils with multiple disabilities  
40 with severe sensory impairment.

41 22. "MOID" means programs for pupils with moderate intellectual  
42 disability.

43 23. "OI-R" means a resource program for pupils with orthopedic  
44 impairments.

1           24. "OI-SC" means a self-contained program for pupils with  
2 orthopedic impairments.

3           25. "PSD" means preschool programs for children with disabilities  
4 as provided in section 15-771.

5           26. "P-SD" means programs for children who meet the definition of  
6 preschool severe delay as provided in section 15-771.

7           27. "Qualifying tax rate" means the qualifying tax rate specified  
8 in section 15-971 applied to the assessed valuation used for primary  
9 property taxes.

10          28. "Small isolated school district" means a school district that  
11 meets all of the following:

12           (a) Has a student count of fewer than six hundred in kindergarten  
13 programs and grades one through eight or grades nine through twelve.

14           (b) Contains no school that is fewer than thirty miles by the most  
15 reasonable route from another school, or, if road conditions and terrain  
16 make the driving slow or hazardous, fifteen miles from another school that  
17 teaches one or more of the same grades and is operated by another school  
18 district in this state.

19           (c) Is designated as a small isolated school district by the  
20 superintendent of public instruction.

21          29. "Small school district" means a school district that meets all  
22 of the following:

23           (a) Has a student count of fewer than six hundred in kindergarten  
24 programs and grades one through eight or grades nine through twelve.

25           (b) Contains at least one school that is fewer than thirty miles by  
26 the most reasonable route from another school that teaches one or more of  
27 the same grades and is operated by another school district in this state.

28           (c) Is designated as a small school district by the superintendent  
29 of public instruction.

30          30. "Transportation revenue control limit" means the transportation  
31 revenue control limit computed as prescribed in section 15-946.

32          31. "Transportation support level" means the support level for  
33 pupil transportation operating expenses as provided in section 15-945.

34          32. "VI" means programs for pupils with visual impairments.

35          Sec. 6. Title 15, chapter 9, article 1, Arizona Revised Statutes,  
36 is amended by adding section 15-901.04, to read:

37           15-901.04. State student funding formula; calculation

38           A. THE STATE STUDENT FUNDING FORMULA IS ESTABLISHED FOR SCHOOL  
39 DISTRICTS THAT ELECT TO USE THIS FUNDING FORMULA PURSUANT TO SECTION  
40 15-495 AND FOR CHARTER SCHOOLS. EACH SCHOOL DISTRICT THAT USES THE STATE  
41 STUDENT FUNDING FORMULA AND EACH CHARTER SCHOOL SHALL:

42           1. CALCULATE A BASE SUPPORT LEVEL AS PRESCRIBED IN SECTION 15-943.

43           2. ADD THE BASE SUPPORT LEVEL AMOUNT CALCULATED UNDER PARAGRAPH 1  
44 OF THIS SUBSECTION AND STATE ADDITIONAL ASSISTANCE. THE AMOUNT OF STATE  
45 ADDITIONAL ASSISTANCE IS:



1 (a) \$2,025.29 PER STUDENT COUNT IN PRESCHOOL PROGRAMS FOR CHILDREN  
2 WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT.

3 (b) \$2,360.44 PER STUDENT COUNT IN GRADES NINE THROUGH TWELVE.

4 B. FOR CHARTER SCHOOLS, THE AMOUNT CALCULATED UNDER SUBSECTION A OF  
5 THIS SECTION IS THE EQUALIZATION ASSISTANCE FOR THE CHARTER SCHOOL.

6 Sec. 7. Section 15-924, Arizona Revised Statutes, is amended to  
7 read:

8 15-924. In lieu of transportation grants

9 A. Notwithstanding any other law, ~~beginning in the 2021-2022 school~~  
10 ~~year~~, a school district may use a portion of its transportation funding  
11 allocated pursuant to sections 15-945 and 15-946 to provide in lieu of  
12 transportation grants to parents of students who attend the school  
13 district pursuant to a plan submitted to the department of education.  
14 School districts may issue grants to support individual parents or  
15 neighborhood carpools in transporting students to school. A school  
16 district's transportation funding allocation may not be reduced or  
17 otherwise diminished due to the school district awarding grants pursuant  
18 to this section.

19 B. Notwithstanding any other law, ~~beginning in the 2021-2022 school~~  
20 ~~year~~, a charter school may use a portion of its ~~charter~~ STATE additional  
21 assistance funding allocated pursuant to section ~~15-185~~ 15-901.04 to  
22 provide in lieu of transportation grants to parents of students who attend  
23 the charter school pursuant to a plan submitted to the department of  
24 education. Charter schools may issue grants to support individual parents  
25 or neighborhood carpools in transporting students to school.  
26 Participating charter schools shall report to the department regarding the  
27 monies awarded to parents as required by the department.

28 C. The department of education shall adopt policies and procedures  
29 to account for expenditures under this section and to require proof of  
30 attendance for students whose transportation is supported through grants  
31 under this section.

32 Sec. 8. Section 15-947, Arizona Revised Statutes, is amended to  
33 read:

34 15-947. Revenue control limit; district support level;  
35 general budget limit; unrestricted total capital  
36 budget limit; district additional assistance limit;  
37 state additional assistance limit

38 A. The revenue control limit ~~for a school district~~ is equal to:

39 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE  
40 FORMULA, the sum of the base revenue control limit determined in section  
41 15-944 and the transportation revenue control limit determined in section  
42 15-946.

43 2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT  
44 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE REVENUE CONTROL  
45 LIMIT.

- 1           B. The district support level ~~for a school district~~ is equal to:
- 2           1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE
- 3 FORMULA, the sum of the base support level determined in section 15-943
- 4 and the transportation support level determined in section 15-945.
- 5           2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT
- 6 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE BASE SUPPORT LEVEL
- 7 DETERMINED IN SECTION 15-943.
- 8           C. The general budget limit for each school district, for each
- 9 fiscal year, is the sum of the following:
- 10          1. The maintenance and operations portion of the revenue control
- 11 limit for the budget year.
- 12          2. The maintenance and operation portion of the following amounts:
- 13           (a) Amounts that are fully funded by revenues other than a levy of
- 14 taxes on the taxable property within the school district, as listed below:
- 15           (i) Amounts budgeted as the budget balance carryforward as provided
- 16 in section 15-943.01.
- 17           (ii) Tuition revenues for attendance of nonresident pupils.
- 18           (iii) State assistance as provided in section 15-976.
- 19           (iv) Special education revenues as provided in section 15-825,
- 20 subsection D and section 15-1204.
- 21           (v) Title VIII of the elementary and secondary education act of
- 22 1965 assistance determined for children with disabilities, children with
- 23 specific learning disabilities, children residing on Indian lands and
- 24 children residing within the boundaries of an accommodation school that is
- 25 located on a military reservation and that is classified as a heavily
- 26 impacted local educational agency pursuant to 20 United States Code
- 27 section 7703 as provided in section 15-905, subsections K and O.
- 28           (vi) Title VIII of the elementary and secondary education act of
- 29 1965 administrative costs as provided in section 15-905, subsection P.
- 30           (vii) State assistance for excess tuition as provided in section
- 31 15-825.01.
- 32           (viii) Transportation revenues for attendance of nonresident
- 33 pupils.
- 34           (b) Amounts approved pursuant to an override election as provided
- 35 in section 15-481 for the applicable fiscal year.
- 36           (c) Amounts authorized by the county school superintendent pursuant
- 37 to section 15-974, subsection B.
- 38           (d) Expenditures for complying with a court order of desegregation
- 39 as provided in section 15-910.
- 40           (e) Interest on registered warrants or tax anticipation notes as
- 41 provided in section 15-910.
- 42           (f) Amounts budgeted for a jointly owned and operated career and
- 43 technical education and vocational education center as provided in section
- 44 15-910.01.

1           3. The maintenance and operations portion of district additional  
2 assistance **OR STATE ADDITIONAL ASSISTANCE** for the budget year.

3           4. Any other budget item that is budgeted in the maintenance and  
4 operation section of the budget and that is specifically exempt from the  
5 revenue control limit or district additional assistance.

6           D. The unrestricted capital budget limit, for each school district  
7 for each fiscal year, is the sum of the following:

8           1. The federal impact adjustment as determined in section 15-964  
9 for the budget year.

10           2. Any other budget item that is budgeted in the capital outlay  
11 section of the budget and that is specifically exempt from district  
12 additional assistance.

13           3. The unrestricted capital portion of the amounts contained in  
14 subsection C of this section.

15           4. The unexpended budget balance in the unrestricted capital outlay  
16 fund from the previous fiscal year.

17           5. The net interest earned in the unrestricted capital outlay fund  
18 from the previous fiscal year.

19           Sec. 9. Section 15-971, Arizona Revised Statutes, as amended by  
20 Laws 2022, chapter 285, section 9, is amended to read:

21           15-971. Determination of equalization assistance payments  
22 from county and state funds for school districts

23           A. Equalization assistance for education is computed by determining  
24 the total of the following:

25           1. The lesser of a school district's revenue control limit or  
26 district support level as determined in section 15-947.

27           2. District additional assistance of a school district as  
28 determined in section 15-961 **OR STATE ADDITIONAL ASSISTANCE, IF**  
29 **APPLICABLE, PURSUANT TO SECTION 15-901.04.**

30           B. From the total of the amounts determined in subsection A of this  
31 section subtract:

32           1. The amount that would be produced by levying the applicable  
33 qualifying tax rate determined pursuant to section 41-1276 for a high  
34 school district or a common school district within a high school district  
35 that does not offer instruction in high school subjects as provided in  
36 section 15-447.

37           2. The amount that would be produced by levying the applicable  
38 qualifying tax rate determined pursuant to section 41-1276 for a unified  
39 school district, a common school district not within a high school  
40 district or a common school district within a high school district that  
41 offers instruction in high school subjects as provided in section 15-447.  
42 The qualifying tax rate shall be applied in the following manner:

43           (a) For the purposes of the amount determined in subsection A,  
44 paragraph 1 of this section:

1 (i) Determine separately the percentage that the weighted student  
2 count in preschool programs for children with disabilities, kindergarten  
3 programs and grades one through eight and the weighted student count in  
4 grades nine through twelve is to the weighted student count determined in  
5 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

6 (ii) Apply the percentages determined in item (i) of this  
7 subdivision to the amount determined in subsection A, paragraph 1 of this  
8 section.

9 (b) For the purposes of the amounts determined in subsection A,  
10 paragraph 2 of this section, determine separately the amount of the  
11 district additional assistance attributable to the student count in  
12 preschool programs for children with disabilities, kindergarten programs  
13 and grades one through eight and grades nine through twelve.

14 (c) From the amounts determined in subdivisions (a) and (b) of this  
15 paragraph, subtract the levy that would be produced by the current  
16 qualifying tax rate for a high school district or a common school district  
17 within a high school district that does not offer instruction in high  
18 school subjects as provided in section 15-447. If the qualifying tax rate  
19 generates a levy that is in excess of the total determined in subsection A  
20 of this section, the school district is not eligible for equalization  
21 assistance. For the purposes of this subsection, "assessed valuation"  
22 includes the values used to determine voluntary contributions collected  
23 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article  
24 8 and the assessed value of all property subject to the government  
25 property lease excise tax pursuant to title 42, chapter 6, article 5.

26 3. The amount that would be produced by levying a qualifying tax  
27 rate in a career technical education district, which shall be \$.05 per  
28 \$100 assessed valuation unless the legislature sets a lower rate by law.

29 C. County aid for equalization assistance for education shall be  
30 computed as follows:

31 1. Determine the total equalization assistance for all school  
32 districts in the county as provided in subsections A and B of this  
33 section.

34 2. Determine the total amount of state equalization assistance  
35 collected for all school districts in the county as provided in section  
36 15-994 and the monies collected pursuant to section 15-992, subsection F.

37 3. Divide the amount determined in paragraph 2 of this subsection  
38 by the amount determined in paragraph 1 of this subsection.

39 4. Multiply the amount determined in subsections A and B of this  
40 section by the quotient determined in paragraph 3 of this subsection for  
41 each school district.

1           5. The amount determined in paragraph 4 of this subsection shall be  
2 the county aid for equalization assistance for education for a school  
3 district.

4           D. State aid for equalization assistance for education for a school  
5 district shall be computed as follows:

6           1. Determine the equalization assistance for education for a school  
7 district as provided in subsections A and B of this section.

8           2. For each county, determine the levy that would be produced by  
9 the state equalization assistance property tax rate prescribed in section  
10 15-994, subsection A.

11           3. Prorate the amount determined in paragraph 2 of this subsection  
12 to each school district in the county as prescribed by subsection C of  
13 this section.

14           4. Subtract the amount determined in paragraph 3 of this subsection  
15 from the amount determined in paragraph 1 of this subsection.

16           E. Equalization assistance for education shall be paid from  
17 appropriations for that purpose to the school districts as provided in  
18 section 15-973.

19           F. A school district shall report expenditures on approved career  
20 and technical education and vocational education programs in the annual  
21 financial report according to uniform guidelines prescribed by the uniform  
22 system of financial records and in order to facilitate compliance with  
23 sections 15-255 and 15-904.

24           G. The additional weight for state aid purposes given to special  
25 education as provided in section 15-943 shall be given to school districts  
26 only if special education programs comply with chapter 7, article 4 of  
27 this title and the conditions and standards prescribed by the  
28 superintendent of public instruction pursuant to rules of the state board  
29 of education for pupil identification and placement pursuant to sections  
30 15-766 and 15-767.

31           H. In addition to state general fund appropriations, all amounts  
32 received pursuant to section 37-521, subsection B, paragraph 3, section  
33 42-5029, subsection E, paragraph 5 and section 42-5029.02, subsection A,  
34 paragraph 5 and from any other source for the purposes of this section are  
35 appropriated for state aid to schools as provided in this section.

36           I. The total amount of state monies that may be spent in any fiscal  
37 year for state equalization assistance shall not exceed the amount  
38 appropriated or authorized by section 35-173 for that purpose. This  
39 section does not impose a duty on an officer, agent or employee of this  
40 state to discharge a responsibility or create any right in a person or  
41 group if the discharge or right would require an expenditure of state  
42 monies in excess of the expenditure authorized by legislative  
43 appropriation for that specific purpose.

1           Sec. 10. Section 15-971, Arizona Revised Statutes, as amended by  
2 Laws 2022, chapter 317, section 13, is amended to read:

3           15-971. Determination of equalization assistance payments  
4           from state funds for school districts

5           A. Equalization assistance for education is computed by determining  
6 the total of the following:

7           1. The lesser of a school district's revenue control limit or  
8 district support level as determined in section 15-947 ~~or 15-951~~.

9           2. District additional assistance of a school district as  
10 determined in section ~~15-951 or~~ 15-961 **OR STATE ADDITIONAL ASSISTANCE, IF**  
11 **APPLICABLE, PURSUANT TO SECTION 15-901.04.**

12           B. From the total of the amounts determined in subsection A of this  
13 section subtract:

14           1. The amount that would be produced by levying the applicable  
15 qualifying tax rate determined pursuant to section 41-1276 for a high  
16 school district or a common school district within a high school district  
17 that does not offer instruction in high school subjects as provided in  
18 section 15-447.

19           2. The amount that would be produced by levying the applicable  
20 qualifying tax rate determined pursuant to section 41-1276 for a unified  
21 school district, a common school district not within a high school  
22 district or a common school district within a high school district that  
23 offers instruction in high school subjects as provided in section 15-447.  
24 The qualifying tax rate shall be applied in the following manner:

25           (a) For the purposes of the amount determined in subsection A,  
26 paragraph 1 of this section:

27           (i) Determine separately the percentage that the weighted student  
28 count in preschool programs for children with disabilities, kindergarten  
29 programs and grades one through eight and the weighted student count in  
30 grades nine through twelve is to the weighted student count determined in  
31 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

32           (ii) Apply the percentages determined in item (i) of this  
33 subdivision to the amount determined in subsection A, paragraph 1 of this  
34 section.

35           (b) For the purposes of the amounts determined in subsection A,  
36 paragraph 2 of this section, determine separately the amount of the  
37 district additional assistance attributable to the student count in  
38 preschool programs for children with disabilities, kindergarten programs  
39 and grades one through eight and grades nine through twelve.

40           (c) From the amounts determined in subdivisions (a) and (b) of this  
41 paragraph, subtract the levy that would be produced by the current  
42 qualifying tax rate for a high school district or a common school district  
43 within a high school district that does not offer instruction in high  
44 school subjects as provided in section 15-447. If the qualifying tax rate  
45 generates a levy that is in excess of the total determined in subsection A

1 of this section, the school district is not eligible for equalization  
2 assistance. For the purposes of this subsection, "assessed valuation"  
3 includes the values used to determine voluntary contributions collected  
4 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article  
5 8 and the assessed value of all property subject to the government  
6 property lease excise tax pursuant to title 42, chapter 6, article 5.

7 3. The amount that would be produced by levying a qualifying tax  
8 rate in a career technical education district, which shall be \$.05 per  
9 \$100 assessed valuation unless the legislature sets a lower rate by law.

10 C. State aid for equalization assistance for education for a school  
11 district shall be the equalization assistance for education for a school  
12 district as provided in subsections A and B of this section.

13 D. Equalization assistance for education shall be paid from  
14 appropriations for that purpose to the school districts as provided in  
15 section 15-973.

16 E. A school district shall report expenditures on approved career  
17 and technical education and vocational education programs in the annual  
18 financial report according to uniform guidelines prescribed by the uniform  
19 system of financial records and in order to facilitate compliance with  
20 sections 15-255 and 15-904.

21 F. The additional weight for state aid purposes given to special  
22 education as provided in section 15-943 shall be given to school districts  
23 only if special education programs comply with chapter 7, article 4 of  
24 this title and the conditions and standards prescribed by the  
25 superintendent of public instruction pursuant to rules of the state board  
26 of education for pupil identification and placement pursuant to sections  
27 15-766 and 15-767.

28 G. In addition to state general fund appropriations, all amounts  
29 received pursuant to section 37-521, subsection B, paragraph 3, section  
30 42-5029, subsection E, paragraph 5 and section 42-5029.02, subsection A,  
31 paragraph 5 and from any other source for the purposes of this section are  
32 appropriated for state aid to schools as provided in this section.

33 H. The total amount of state monies that may be spent in any fiscal  
34 year for state equalization assistance shall not exceed the amount  
35 appropriated or authorized by section 35-173 for that purpose. This  
36 section does not impose a duty on an officer, agent or employee of this  
37 state to discharge a responsibility or create any right in a person or  
38 group if the discharge or right would require an expenditure of state  
39 monies in excess of the expenditure authorized by legislative  
40 appropriation for that specific purpose.

1           Sec. 11. Section 15-992, Arizona Revised Statutes, is amended to  
2 read:

3           15-992. School district tax levy; additional tax in districts  
4                   ineligible for equalization assistance; definition

5           A. The board of supervisors of each county, at the time of levying  
6 other taxes, shall annually levy school district taxes on the property in  
7 any school district in which additional amounts are required, which shall  
8 be at rates prescribed in this section. A delinquency factor for  
9 estimated uncollected taxes may not be included in the computation of the  
10 primary tax rate for school district taxes. Local property taxes may not  
11 be levied for any deficit in the classroom site fund. The taxes shall be  
12 added to and collected in the same manner as other county taxes on the  
13 property within the school district. The amount of the school district  
14 taxes levied on the property in a particular school district shall be paid  
15 into the school fund of that school district.

16           B. At the same time of levying taxes as provided in subsection A of  
17 this section, the county board of supervisors shall annually levy an  
18 additional tax in each school district that is not eligible for  
19 equalization assistance as provided in section 15-971 in an amount  
20 determined as follows:

21           1. Determine the levy that would be produced by fifty percent of  
22 the applicable qualifying tax rate, ~~prescribed in section 15-971,~~  
23 ~~subsection B~~, per \$100 assessed valuation. **THE APPLICABLE QUALIFYING TAX**  
24 **RATE:**

25           (a) **FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE**  
26 **FORMULA IS THE APPLICABLE QUALIFYING TAX RATE PRESCRIBED IN SECTION**  
27 **15-971, SUBSECTION B.**

28           (b) **FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT**  
29 **FUNDING FORMULA PURSUANT TO SECTION 15-495, NOTWITHSTANDING SECTION**  
30 **15-971, SUBSECTION B, IS THE APPLICABLE QUALIFYING TAX RATE PRESCRIBED IN**  
31 **SECTION 41-1276, SUBSECTION I, PARAGRAPH 1.**

32           2. Subtract the amount determined in section 15-971, subsection A  
33 from the levy determined in paragraph 1 of this subsection. This  
34 difference is the additional amount levied or collected as voluntary  
35 contributions pursuant to title 48, chapter 1, article 8, except that if  
36 the difference is zero or is a negative number, there shall be no levy.

37           C. Monies collected pursuant to subsection B of this section shall  
38 be transmitted to the state treasurer for deposit in the state general  
39 fund to aid in school financial assistance.

40           D. The additional tax prescribed in subsection B of this section is  
41 considered to be primary property tax for purposes of section 15-972,  
42 subsection B, except that this state is not required to make the payments  
43 prescribed in section 15-972, subsection H for these reductions in taxes.



1 E. The tax levy prescribed in subsection A of this section shall be  
2 a rate equal to:

3 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE  
4 FORMULA, the applicable qualifying tax rate or rates as prescribed in  
5 section 15-971, subsection B or a rate that would result in a levy that  
6 equals the school district equalization assistance base prescribed in  
7 section 15-971 subtracted by any amount received pursuant to section  
8 15-905, subsections K, O and P per \$100 of assessed valuation used for  
9 primary property taxes, whichever is less.

10 2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT  
11 FUNDING FORMULA PURSUANT TO SECTION 15-495, THE APPLICABLE QUALIFYING TAX  
12 RATE OR RATES AS PRESCRIBED IN SECTION 41-1276, SUBSECTION I, PARAGRAPH 1  
13 OR A RATE THAT WOULD RESULT IN A LEVY THAT EQUALS THE SCHOOL DISTRICT  
14 EQUALIZATION ASSISTANCE BASE PRESCRIBED IN SECTION 15-971 SUBTRACTED BY  
15 ANY AMOUNT RECEIVED PURSUANT TO SECTION 15-905, SUBSECTIONS K, O AND P PER  
16 \$100 OF ASSESSED VALUATION USED FOR PRIMARY PROPERTY TAXES, WHICHEVER IS  
17 LESS.

18 F. At the same time of levying taxes as provided in subsection A of  
19 this section, the county board of supervisors shall annually levy an  
20 additional tax in each common school district not within a high school  
21 district that is equal to the countywide average per pupil equalization  
22 base for high school pupils multiplied by the number of resident high  
23 school pupils in the common school district not within a high school  
24 district during the prior school year. The monies collected pursuant to  
25 this subsection shall be added to county aid for equalization assistance  
26 for education pursuant to section 15-971, subsection C. On or before July  
27 1 of each year, the department of education shall provide each county  
28 board of supervisors with the countywide average per pupil equalization  
29 base for high school pupils, the number of resident high school pupils in  
30 the common school district not within a high school district during the  
31 prior school year and any other information requested by the county board  
32 of supervisors for the purposes of levying the tax prescribed in this  
33 subsection.

34 G. At the time of levying taxes as provided in subsection E of this  
35 section, the county school superintendent shall annually validate any  
36 additional primary school district tax levy amount requests from each  
37 school district and levy the sum of the following amounts:

38 1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE  
39 FORMULA:

40 ~~1-~~ (a) A rate that would result in a levy that equals the  
41 difference between the transportation revenue control limit as determined  
42 in section 15-946 and the transportation support level as determined in  
43 section 15-945 or a lesser amount.

44 ~~2-~~ (b) A rate that would result in a levy that equals any amount  
45 pursuant to section 15-910.

1           ~~3.~~ (c) A rate that would result in a levy that equals any amount  
2 for tuition loss as determined in section 15-954.

3           ~~4.~~ (d) A rate that would result in a levy that equals any amount  
4 for the small school adjustment as determined in section 15-949.

5           ~~5.~~ (e) A rate that would result in a levy that equals any amount  
6 for liabilities in excess of the school district budget pursuant to  
7 section 15-907.

8           ~~6.~~ (f) A rate that would result in a levy that equals any amount  
9 for adjacent ways pursuant to section 15-995.

10          ~~7.~~ (g) A rate that would result in a levy that equals the amount  
11 not captured by the qualifying tax rate as a result of property subject to  
12 the government property lease excise tax pursuant to title 42, chapter 6,  
13 article 5 as calculated in section 15-971, subsection B, paragraph 2.

14          ~~8.~~ (h) Following the recommendation of the county school  
15 superintendent and on approval by the county board of supervisors, for a  
16 school district that is not eligible for state aid, a rate that would  
17 result in a levy that equals any legal amount not levied in the current  
18 year as a result of underestimated average daily membership in the current  
19 year or as a result of a judgment in accordance with section 42-16213.

20          ~~9.~~ (i) A rate that would result in a levy that equals any amount  
21 pursuant to a qualifying dropout prevention program that was originally  
22 established by law in 1987.

23          ~~10.~~ (j) On the recommendation of the county school superintendent  
24 and on approval by the county board of supervisors before adoption of tax  
25 rates pursuant to section 42-17151, a rate that would result in a levy  
26 that equals any separately stated cash deficit from the prior fiscal year  
27 resulting from an anticipated or actual deviation in the property tax  
28 roll, including resolutions or judgments pursuant to title 42, chapter 16,  
29 articles 5 and 6.

30           2. FOR A SCHOOL DISTRICT THAT ELECTS TO USE THE STATE STUDENT  
31 FUNDING FORMULA PURSUANT TO SECTION 15-495:

32           (a) A RATE THAT WOULD RESULT IN A LEVY THAT EQUALS THE AMOUNT NOT  
33 CAPTURED BY THE QUALIFYING TAX RATE AS A RESULT OF PROPERTY SUBJECT TO THE  
34 GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO TITLE 42, CHAPTER 6,  
35 ARTICLE 5 AS CALCULATED IN SECTION 15-971, SUBSECTION B, PARAGRAPH 2.

36           (b) FOLLOWING THE RECOMMENDATION OF THE COUNTY SCHOOL  
37 SUPERINTENDENT AND ON APPROVAL BY THE COUNTY BOARD OF SUPERVISORS, FOR A  
38 SCHOOL DISTRICT THAT IS NOT ELIGIBLE FOR STATE AID, A RATE THAT WOULD  
39 RESULT IN A LEVY THAT EQUALS ANY LEGAL AMOUNT NOT LEVIED IN THE CURRENT  
40 YEAR AS A RESULT OF UNDERESTIMATED AVERAGE DAILY MEMBERSHIP IN THE CURRENT  
41 YEAR OR AS A RESULT OF A JUDGMENT IN ACCORDANCE WITH SECTION 42-16213.

42           (c) ON THE RECOMMENDATION OF THE COUNTY SCHOOL SUPERINTENDENT AND  
43 ON APPROVAL BY THE COUNTY BOARD OF SUPERVISORS BEFORE ADOPTION OF TAX  
44 RATES PURSUANT TO SECTION 42-17151, A RATE THAT WOULD RESULT IN A LEVY  
45 THAT EQUALS ANY SEPARATELY STATED CASH DEFICIT FROM THE PRIOR FISCAL YEAR

1 RESULTING FROM AN ANTICIPATED OR ACTUAL DEVIATION IN THE PROPERTY TAX  
2 ROLL, INCLUDING RESOLUTIONS OR JUDGMENTS PURSUANT TO TITLE 42, CHAPTER 16,  
3 ARTICLES 5 AND 6.

4 H. For the purposes of this section, "assessed valuation" includes  
5 the values used to determine voluntary contributions collected pursuant to  
6 title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

7 Sec. 12. Section 15-2402, Arizona Revised Statutes, is amended to  
8 read:

9 15-2402. Arizona empowerment scholarship accounts; funds

10 A. Arizona empowerment scholarship accounts are established to  
11 provide options for the education of students in this state.

12 B. To enroll a qualified student for an Arizona empowerment  
13 scholarship account, the parent of the qualified student must sign an  
14 agreement to do all of the following:

15 1. Use a portion of the Arizona empowerment scholarship account  
16 monies allocated annually to provide an education for the qualified  
17 student in at least the subjects of reading, grammar, mathematics, social  
18 studies and science, unless the Arizona empowerment scholarship account is  
19 allocated monies according to a transfer schedule other than quarterly  
20 transfers pursuant to section 15-2403, subsection G.

21 2. Not enroll the qualified student in a school district or charter  
22 school and release the school district from all obligations to educate the  
23 qualified student. This paragraph does not:

24 (a) Relieve the school district or charter school that the  
25 qualified student previously attended from the obligation to conduct an  
26 evaluation pursuant to section 15-766.

27 (b) Require ~~a~~ THE qualified student to withdraw from ~~a~~ THE school  
28 district or charter school before enrolling for an Arizona empowerment  
29 scholarship account if the qualified student withdraws from the school  
30 district or charter school before receiving any monies in the qualified  
31 student's Arizona empowerment scholarship account.

32 (c) Prevent ~~a~~ THE qualified student from applying in advance for  
33 an Arizona empowerment scholarship account to be funded beginning the  
34 following school year.

35 3. Not accept a scholarship from a school tuition organization  
36 pursuant to title 43 concurrently with an Arizona empowerment scholarship  
37 account for the qualified student in the same year a parent signs the  
38 agreement pursuant to this section.

39 4. Use monies deposited in the qualified student's Arizona  
40 empowerment scholarship account only for the following expenses of the  
41 qualified student:

42 (a) Tuition or fees at a qualified school.

43 (b) Textbooks required by a qualified school.

44 (c) If the qualified student meets any of the criteria specified in  
45 section 15-2401, paragraph 7, subdivision (a), item (i), (ii) or (iii) as

1 determined by a school district or by an independent third party pursuant  
2 to section 15-2403, subsection J, the qualified student may use the  
3 following additional services:

4 (i) Educational therapies from a licensed or accredited  
5 practitioner or provider, including and up to any amount not covered by  
6 insurance if the expense is partially paid by a health insurance policy  
7 for the qualified student.

8 (ii) A licensed or accredited paraprofessional or educational aide.

9 (iii) Tuition for vocational and life skills education approved by  
10 the department.

11 (iv) Associated goods and services that include educational and  
12 psychological evaluations, assistive technology rentals and braille  
13 translation goods and services approved by the department.

14 (d) Tutoring or teaching services provided by an individual or  
15 facility accredited by a state, regional or national accrediting  
16 organization.

17 (e) Curricula and supplementary materials.

18 (f) Tuition or fees for a nonpublic online learning program.

19 (g) Fees for a nationally standardized norm-referenced achievement  
20 test, an advanced placement examination or any exams related to college or  
21 university admission.

22 (h) Tuition or fees at an eligible postsecondary institution.

23 (i) Textbooks required by an eligible postsecondary institution.

24 (j) Fees to manage the Arizona empowerment scholarship account.

25 (k) Services provided by a public school, including individual  
26 classes and extracurricular programs.

27 (l) Insurance or surety bond payments.

28 (m) Uniforms purchased from or through a qualified school.

29 (n) If the qualified student meets the criteria specified in  
30 section 15-2401, paragraph 7, subdivision (a), item (i), (ii) or (iii) and  
31 if the qualified student is in the second year prior to the final year of  
32 a contract executed pursuant to this article, costs associated with an  
33 annual education plan conducted by an independent evaluation team. The  
34 department shall prescribe minimum qualifications for independent  
35 evaluation teams pursuant to this subdivision and factors that teams must  
36 use to determine whether the qualified student shall be eligible to  
37 continue to receive monies pursuant to this article through the school  
38 year in which the qualified student reaches twenty-two years of age. An  
39 independent evaluation team that provides an annual education plan  
40 pursuant to this subdivision shall submit a written report that summarizes  
41 the results of the evaluation to the parent of the qualified student and  
42 to the department on or before July 31. The written report submitted by  
43 the independent evaluation team is valid for one year. If the department  
44 determines that the qualified student meets the eligibility criteria  
45 prescribed in the annual education plan, the qualified student is eligible

1 to continue to receive monies pursuant to this article until the qualified  
2 student reaches twenty-two years of age, subject to annual review. A  
3 parent may appeal the department's decision pursuant to title 41, chapter  
4 6, article 10. As an addendum to a qualified student's final-year  
5 contract, the department shall provide the following written information  
6 to the parent of the qualified student:

7 (i) That the qualified student will not be eligible to continue to  
8 receive monies pursuant to this article unless the results of an annual  
9 education plan conducted pursuant to this subdivision demonstrate that the  
10 qualified student meets the eligibility criteria prescribed in the annual  
11 education plan.

12 (ii) That the parent is entitled to obtain an annual education plan  
13 pursuant to this subdivision to determine whether the qualified student  
14 meets the eligibility criteria prescribed in the annual education plan.

15 (iii) A list of independent evaluation teams that meet the minimum  
16 qualifications prescribed by the department pursuant to this subdivision.

17 (o) Public transportation services in this state, including a  
18 commuter pass for the qualified student, or transportation network  
19 services as defined in section 28-9551 between the qualified student's  
20 residence and a qualified school in which the qualified student is  
21 enrolled.

22 (p) Computer hardware and technological devices primarily used for  
23 an educational purpose. For the purposes of this subdivision, "computer  
24 hardware and technological devices":

25 (i) Includes calculators, personal computers, laptops, tablet  
26 devices, microscopes, telescopes and printers.

27 (ii) Does not include entertainment and other primarily  
28 noneducational devices, including televisions, telephones, video game  
29 consoles and accessories, and home theatre and audio equipment.

30 5. Not file an affidavit of intent to homeschool pursuant to  
31 section 15-802, subsection B, paragraph 2 or 3.

32 6. Not use monies deposited in the qualified student's account for  
33 any of the following:

34 (a) Computer hardware or other technological devices, except as  
35 otherwise allowed under paragraph 4, subdivision (c) or (p) of this  
36 subsection.

37 (b) Transportation of the pupil, except for transportation services  
38 described in paragraph 4, subdivision (o) of this subsection.

39 C. In exchange for the parent's agreement pursuant to subsection B  
40 of this section, the department shall transfer from the monies that would  
41 otherwise be allocated to a recipient's prior school district, or if the  
42 child is currently eligible to attend a preschool program for children  
43 with disabilities, a kindergarten program or any of grades one through  
44 twelve, the monies that the department determines would otherwise be  
45 allocated to a recipient's expected school district of attendance, to the

1 treasurer for deposit into an Arizona empowerment scholarship account an  
 2 amount that is equivalent to ninety percent of the ~~sum of the base support~~  
 3 ~~level and additional assistance prescribed in sections 15-185 and 15-943~~  
 4 ~~for that particular student if that student were attending a charter~~  
 5 ~~school~~ AMOUNT THAT WOULD BE CALCULATED FOR THAT STUDENT UNDER THE STATE  
 6 STUDENT FUNDING FORMULA PRESCRIBED IN SECTION 15-901.04, SUBSECTION A.

7 D. The department of education empowerment scholarship account fund  
 8 is established consisting of monies appropriated by the legislature. The  
 9 department shall administer the fund. Monies in the fund are subject to  
 10 legislative appropriation. Monies in the fund shall be used for the  
 11 department's costs in administering Arizona empowerment scholarship  
 12 accounts under this chapter. Monies in the fund are exempt from the  
 13 provisions of section 35-190 relating to lapsing of appropriations. If  
 14 the number of Arizona empowerment scholarship accounts significantly  
 15 increases after fiscal year 2020-2021, the department may request an  
 16 increase in the amount appropriated to the fund in any subsequent fiscal  
 17 year in the budget estimate submitted pursuant to section 35-113. The  
 18 department shall list monies in the fund as a separate line item in its  
 19 budget estimate.

20 E. The state treasurer empowerment scholarship account fund is  
 21 established consisting of monies appropriated by the legislature. The  
 22 state treasurer shall administer the fund. Monies in the fund shall be  
 23 used for the state treasurer's costs in administering the Arizona  
 24 empowerment scholarship accounts under this chapter. If the number of  
 25 Arizona empowerment scholarship accounts significantly increases after  
 26 fiscal year 2020-2021, the state treasurer may request an increase in the  
 27 amount appropriated to the fund in any subsequent fiscal year in the  
 28 budget estimate submitted pursuant to section 35-113. Monies in the fund  
 29 are subject to legislative appropriation. Monies in the fund are exempt  
 30 from the provisions of section 35-190 relating to lapsing of  
 31 appropriations. The state treasurer shall list monies in the fund as a  
 32 separate line item in its budget estimate.

33 F. A parent must renew the qualified student's Arizona empowerment  
 34 scholarship account on an annual basis.

35 G. Notwithstanding any changes to the student's multidisciplinary  
 36 evaluation team plan, a student who has previously qualified for an  
 37 Arizona empowerment scholarship account remains eligible to apply for  
 38 renewal until the student finishes high school.

39 H. If a parent does not renew the qualified student's Arizona  
 40 empowerment scholarship account for a period of three academic years, the  
 41 department shall notify the parent that the qualified student's account  
 42 will be closed in sixty calendar days. The notification must be sent  
 43 through certified mail, email and telephone, if applicable. The parent  
 44 has sixty calendar days to renew the qualified student's Arizona  
 45 empowerment scholarship account. If the parent chooses not to renew or

1 does not respond in sixty calendar days, the department shall close the  
2 account and any remaining monies shall be returned to the state.

3 I. A signed agreement under this section constitutes school  
4 attendance required by section 15-802.

5 J. A qualified school or a provider of services purchased pursuant  
6 to subsection B, paragraph 4 of this section may not share, refund or  
7 rebate any Arizona empowerment scholarship account monies with the parent  
8 or qualified student in any manner.

9 K. Notwithstanding subsection H of this section, on the qualified  
10 student's graduation from a postsecondary institution or after any period  
11 of four consecutive years after high school graduation in which the  
12 student is not enrolled in an eligible postsecondary institution, but not  
13 before this time as long as the account holder continues using a portion  
14 of account monies for eligible expenses each year and is in good standing,  
15 the qualified student's Arizona empowerment scholarship account shall be  
16 closed and any remaining monies shall be returned to the state.

17 L. Monies received pursuant to this article do not constitute  
18 taxable income to the parent of the qualified student.

19 Sec. 13. Section 41-1276, Arizona Revised Statutes, is amended to  
20 read:

21 41-1276. Truth in taxation levy for equalization assistance  
22 to school districts

23 A. On or before February 15 of each year, the joint legislative  
24 budget committee shall compute and transmit the truth in taxation rates  
25 for equalization assistance for school districts for the following fiscal  
26 year to:

27 1. The chairpersons of the house of representatives ways and means  
28 committee and the senate finance committee, or their successor committees.

29 2. The chairpersons of the appropriations committees of the senate  
30 and the house of representatives, or their successor committees.

31 B. The truth in taxation rates consist of the qualifying tax rate  
32 for a high school district or a common school district within a high  
33 school district that does not offer instruction in high school subjects  
34 pursuant to section 15-971, subsection B, paragraph 1 and a qualifying tax  
35 rate for a unified 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 pursuant to section  
38 15-971, subsection B, paragraph 2 that will offset the change in net  
39 assessed valuation of property that was subject to tax in the prior year.

40 C. The joint legislative budget committee shall compute the truth  
41 in taxation rates as follows:

42 1. Determine the statewide net assessed value for the preceding tax  
43 year as provided in section 42-17151, subsection A, paragraph 3.

1           2. Determine the statewide net assessed value for the current tax  
2 year, excluding the net assessed value of property that was not subject to  
3 tax in the preceding year.

4           3. Divide the amount determined in paragraph 1 of this subsection  
5 by the amount determined in paragraph 2 of this subsection.

6           4. Adjust the qualifying tax rates for the current fiscal year by  
7 the percentage determined in paragraph 3 of this subsection in order to  
8 offset the change in net assessed value.

9           D. Except as provided in subsections E and G of this section, the  
10 qualifying tax rate for a high school district or a common school district  
11 within a high school district that does not offer instruction in high  
12 school subjects and the qualifying tax rate for a unified school district,  
13 a common school district not within a high school district or a common  
14 school district within a high school district that offers instruction in  
15 high school subjects for the following fiscal year shall be the rate  
16 determined by the joint legislative budget committee pursuant to  
17 subsection C of this section. The committee shall transmit the rates to  
18 the superintendent of public instruction and the county boards of  
19 supervisors by March 15 of each year.

20           E. If the legislature proposes qualifying tax rates that exceed the  
21 truth in taxation rate:

22           1. The house of representatives ways and means committee and the  
23 senate finance committee, or their successor committees, shall hold a  
24 joint hearing on or before February 28 and publish a notice of a truth in  
25 taxation hearing subject to the following requirements:

26           (a) The notice shall be published twice in a newspaper of general  
27 circulation in this state that is published at the state capital. The  
28 first publication shall be at least fourteen but not more than twenty days  
29 before the date of the hearing. The second publication shall be at least  
30 seven but not more than ten days before the date of the hearing.

31           (b) The notice shall be published in a location other than the  
32 classified or legal advertising section of the newspaper.

33           (c) The notice shall be at least one-fourth page in size and shall  
34 be surrounded by a solid black border at least one-eighth inch in width.

35           (d) The notice shall be in the following form, with the "truth in  
36 taxation hearing – notice of tax increase" headline in at least  
37 eighteen-point type:

Truth in Taxation Hearing  
Notice of Tax Increase

In compliance with section 41-1276, Arizona Revised  
Statutes, the state legislature is notifying property  
taxpayers in Arizona of the legislature's intention to raise  
the property tax levy over last year's level.

The proposed tax increase will cause the taxes on a  
\$100,000 home to be \$(total proposed taxes including the tax



1           increase). Without the proposed tax increase, the total taxes  
2           that would be owed on a \$100,000 home would have been  
3           \$\_\_\_\_\_.

4           All interested citizens are invited to attend a public  
5           hearing on the tax increase that is scheduled to be held  
6           (date and time) at (location).

7           (e) For the purposes of computing the tax increase on a \$100,000  
8           home as required by the notice, the joint meeting of the house of  
9           representatives ways and means committee and the senate finance committee,  
10          or their successor committees, shall consider the difference between the  
11          truth in taxation rate and the proposed increased rate.

12          2. The joint meeting of the house of representatives ways and means  
13          committee and the senate finance committee, or their successor committees,  
14          shall consider any motion to recommend the proposed tax rates to the full  
15          legislature by roll call vote.

16          F. In addition to publishing the truth in taxation notice under  
17          subsection E, paragraph 1 of this section, the joint meeting of the house  
18          of representatives ways and means committee and the senate finance  
19          committee, or their successor committees, shall issue a press release  
20          containing the truth in taxation notice.

21          G. ~~Notwithstanding any other law,~~ The legislature shall not adopt a  
22          state budget that provides for qualifying tax rates pursuant to section  
23          15-971 that exceed the truth in taxation rates computed pursuant to  
24          subsection A of this section unless the rates are adopted by a concurrent  
25          resolution approved by an affirmative roll call vote of two-thirds of the  
26          members of each house of the legislature before the legislature enacts the  
27          general appropriations bill. If the resolution is not approved by  
28          two-thirds of the members of each house of the legislature, the rates for  
29          the following fiscal year shall be the truth in taxation rates determined  
30          pursuant to subsection C of this section and shall be transmitted to the  
31          superintendent of public instruction and the county boards of supervisors.

32          H. Notwithstanding subsection C of this section and if approved by  
33          the qualified electors voting at a statewide general election, the  
34          legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a  
35          common or high school district or \$4.253 for a unified school district.  
36          The legislature shall not set a county equalization assistance for  
37          education rate that exceeds \$0.5123.

38          I. Pursuant to subsection C of this section: ~~—~~

39                1. FOR A SCHOOL DISTRICT THAT USES THE STANDARD SCHOOL FINANCE  
40                FORMULA, the qualifying tax rate in tax year 2023:

41                (a) For a high school district or a common school district within a  
42                high school district that does not offer instruction in high school  
43                subjects as provided in section 15-447 is \$1.6549. ~~and~~

1           (b) For a unified school district, a common school district not  
2 within a high school district or a common school district within a high  
3 school district that offers instruction in high school subjects as  
4 provided in section 15-447 is \$3.3098.

5           2. NOTWITHSTANDING SUBSECTION G OF THIS SECTION, FOR A SCHOOL  
6 DISTRICT THAT ELECTS TO USE THE STATE STUDENT FUNDING FORMULA PURSUANT TO  
7 SECTION 15-495, THE QUALIFYING TAX RATE IN TAX YEAR 2023:

8           (a) FOR A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A  
9 HIGH SCHOOL DISTRICT THAT DOES NOT OFFER INSTRUCTION IN HIGH SCHOOL  
10 SUBJECTS AS PROVIDED IN SECTION 15-447 IS \$2.0559.

11           (b) FOR A UNIFIED SCHOOL DISTRICT, A COMMON SCHOOL DISTRICT NOT  
12 WITHIN A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH  
13 SCHOOL DISTRICT THAT OFFERS INSTRUCTION IN HIGH SCHOOL SUBJECTS AS  
14 PROVIDED IN SECTION 15-447 IS \$4.1119.