

House Engrossed

school districts; lease agreements; requirements

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2384

AN ACT

AMENDING SECTIONS 15-342, 15-491, 15-1102 AND 15-1105, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 56, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-5702.01; AMENDING SECTIONS 42-11104 AND 42-11133, ARIZONA REVISED STATUTES; RELATING TO SCHOOL PROPERTIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-342, Arizona Revised Statutes, is amended to
3 read:

4 15-342. Discretionary powers

5 The governing board OF A SCHOOL DISTRICT may:

6 1. Expel pupils for misconduct.

7 2. Exclude from grades one through eight children WHO ARE under six
8 years of age.

9 3. Make such separation of groups of pupils as ~~it~~ THE GOVERNING
10 BOARD deems advisable.

11 4. Maintain such special schools during vacation as deemed
12 necessary for the benefit of the pupils of the school district.

13 5. Allow a superintendent or principal or representatives of the
14 superintendent or principal to travel for a school purpose, as determined
15 by a majority vote of the board. The board may allow members and
16 members-elect of the board to travel within or without the school district
17 for a school purpose and receive reimbursement. Any expenditure for
18 travel and subsistence pursuant to this paragraph shall be as provided in
19 title 38, chapter 4, article 2. The designated post of duty referred to
20 in section 38-621 shall be construed, for school district governing board
21 members, to be the member's actual place of residence, as opposed to the
22 school district office or the school district boundaries. Such
23 expenditures shall be a charge against the budgeted school district funds.
24 The governing board of a school district shall prescribe procedures and
25 amounts for reimbursement of lodging and subsistence expenses.
26 Reimbursement amounts shall not exceed the maximum amounts established
27 pursuant to section 38-624, subsection C.

28 6. Construct or provide in rural districts housing facilities for
29 teachers and other school employees that the board determines are
30 necessary to operate the school.

31 7. Sell or lease to the state, a county, a city, another school
32 district or a tribal government agency any school property required for a
33 public purpose if the sale or lease of the property will not affect the
34 normal operations of a school within the school district. A LEASE THAT A
35 SCHOOL DISTRICT ENTERS INTO PURSUANT TO THIS PARAGRAPH MUST BE FOR A TERM
36 OF NOT MORE THAN TEN YEARS WITHOUT VOTER APPROVAL OR NOT MORE THAN
37 NINETY-NINE YEARS WITH VOTER APPROVAL.

38 8. Annually budget and spend monies for membership in an
39 association of school districts within this state.

40 9. Enter into leases or lease-purchase agreements for school
41 buildings or grounds, or both, as lessor or as lessee, for periods of less
42 than twenty years subject to voter approval for construction of school
43 buildings as prescribed in section 15-341, subsection A, paragraph 7 AND
44 VOTER APPROVAL FOR A LEASE FOR A PERIOD OF AT LEAST TEN YEARS. A SCHOOL
45 DISTRICT MAY ENTER INTO A LEASE-PURCHASE AGREEMENT AS LESSEE PURSUANT TO

1 THIS PARAGRAPH ONLY IF THE SCHOOL BUILDINGS OR GROUNDS ARE LOCATED WITHIN
2 THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.

3 10. Subject to title 41, chapter 56, sell school sites or enter
4 into leases or lease-purchase agreements for school buildings and grounds,
5 as lessor or as lessee, for a period of twenty years or more, but not to
6 exceed ninety-nine years ~~if~~. A SCHOOL DISTRICT MAY ENTER INTO A LEASE OR
7 LEASE-PURCHASE AGREEMENT AS LESSEE PURSUANT TO THIS PARAGRAPH ONLY IF THE
8 SCHOOL BUILDINGS OR GROUNDS ARE LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES
9 OF THE SCHOOL DISTRICT. BEFORE ANY SALE, LEASE OR LEASE-PURCHASE
10 AGREEMENT IS EXECUTED PURSUANT TO THIS PARAGRAPH, THE PROPOSAL MUST BE
11 authorized by a vote of the school district electors in an election called
12 by the governing board as provided in section 15-491, except that
13 authorization by the school district electors in an election is not
14 required if THE LEASE OR LEASE-PURCHASE AGREEMENT IS FOR A PERIOD OF NOT
15 MORE THAN TEN YEARS OR one of the following requirements is met:

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

21 (b) The buildings and sites are completely funded with monies
22 distributed by the ~~school facilities~~ division OF SCHOOL FACILITIES within
23 the department of administration or at the direction of the school
24 facilities oversight board, or its predecessor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 17. Enter into option agreements for the purchase of school sites
27 ONLY IF THE SCHOOL SITES ARE LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF
28 THE SCHOOL DISTRICT.

29 18. Donate surplus or outdated learning materials, educational
30 equipment and furnishings to nonprofit community organizations if the
31 governing board determines that the anticipated cost of selling the
32 learning materials, educational equipment or furnishings equals or exceeds
33 the estimated market value of the materials.

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

40 20. Establish alternative education programs that are consistent
41 with the laws of this state to educate pupils, including pupils who have
42 been reassigned pursuant to section 15-841, subsection E or F.

43 21. Require a period of silence to be observed at the commencement
44 of the first class of the day in the schools. If a governing board
45 chooses to require a period of silence to be observed, the teacher in

1 charge of the room in which the first class is held shall announce that a
2 period of silence not to exceed one minute in duration will be observed
3 for meditation, and during that time no activities shall take place and
4 silence shall be maintained.

5 22. Require students to wear uniforms.

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

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

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

18 24. For common and high school pupils, assess reasonable fees for
19 optional extracurricular activities and programs conducted when the common
20 or high school is not in session, except that fees shall not be charged
21 for pupils' access to or use of computers or related materials. For high
22 school pupils, the governing board may assess reasonable fees for fine
23 arts and vocational education courses and for optional services, equipment
24 and materials offered to the pupils beyond those required to successfully
25 complete the basic requirements of any other course, except that fees
26 shall not be charged for pupils' access to or use of computers or related
27 materials. Fees assessed pursuant to this paragraph shall be adopted at a
28 public meeting after notice has been given to all parents of pupils
29 enrolled at schools in the district and shall not exceed the actual costs
30 of the activities, programs, services, equipment or materials. The
31 governing board shall authorize principals to waive the assessment of all
32 or part of a fee assessed pursuant to this paragraph if it creates an
33 economic hardship for a pupil. For the purposes of this paragraph,
34 "extracurricular activity" means any optional, noncredit, educational or
35 recreational activity that supplements the education program of the
36 school, whether offered before, during or after regular school hours.

37 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and
38 9, construct school buildings and purchase or lease school sites **FOR A**
39 **TERM OF NOT MORE THAN TEN YEARS**, without a vote of the school district
40 electors, if the buildings and sites are **LOCATED WITHIN THE GEOGRAPHIC**
41 **BOUNDARIES OF THE SCHOOL DISTRICT AND ARE** totally funded from one or more
42 of the following:

43 (a) Monies in the unrestricted capital outlay fund, except that the
44 estimated cost shall not exceed \$250,000 for a district that uses section
45 15-949.

1 (b) Monies distributed at the direction of the school facilities
2 oversight board established by section 41-5701.02 or by the ~~school~~
3 ~~facilities~~ division OF SCHOOL FACILITIES within the department of
4 administration pursuant to title 41, chapter 56.

5 (c) Monies specifically donated for the purpose of constructing
6 school buildings.

7 This paragraph does not eliminate the requirement for an election to raise
8 revenues for a capital outlay override pursuant to section 15-481 or a
9 bond election pursuant to section 15-491. A SCHOOL DISTRICT GOVERNING
10 BOARD MAY PURCHASE A SCHOOL SITE PURSUANT TO THIS PARAGRAPH ONLY IF THE
11 SCHOOL SITE IS LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL
12 DISTRICT.

13 26. Conduct a background investigation that includes a fingerprint
14 check conducted pursuant to section 41-1750, subsection G for certificated
15 personnel and personnel who are not paid employees of the school district,
16 as a condition of employment. A school district may release the results
17 of a background check to another school district for employment purposes.
18 The school district may charge the costs of fingerprint checks to its
19 fingerprinted employee, except that the school district may not charge the
20 costs of fingerprint checks for personnel who are not paid employees of
21 the school district.

22 27. Unless otherwise prohibited by law, sell advertising as
23 follows:

24 (a) Advertisements shall be age appropriate and not promote any
25 substance that is illegal for minors such as alcohol, tobacco and drugs or
26 gambling. Advertisements shall comply with the state sex education policy
27 of abstinence.

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

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

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

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

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

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

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

1 28. Assess reasonable damage deposits to pupils in grades seven
2 through twelve for using textbooks, musical instruments, band uniforms or
3 other equipment required for academic courses. The governing board shall
4 adopt policies on any damage deposits assessed pursuant to this paragraph
5 at a public meeting called for this purpose after providing notice to all
6 parents of pupils in grades seven through twelve in the school district.
7 Principals of individual schools within the district may waive the damage
8 deposit requirement for any textbook or other item if the payment of the
9 damage deposit would create an economic hardship for the pupil. The
10 school district shall return the full amount of the damage deposit for any
11 textbook or other item if the pupil returns the textbook or other item in
12 reasonably good condition within the time period prescribed by the
13 governing board. For the purposes of this paragraph, "in reasonably good
14 condition" means the textbook or other item is in the same or a similar
15 condition as it was when the pupil received it, plus ordinary wear and
16 tear.

17 29. Notwithstanding section 15-1105, ~~expend~~ SPEND surplus monies in
18 the civic center school fund for maintenance and operations or
19 unrestricted capital outlay if sufficient monies are available in the fund
20 after meeting the needs of programs established pursuant to section
21 15-1105.

22 30. Notwithstanding section 15-1143, spend surplus monies in the
23 community school program fund for maintenance and operations or
24 unrestricted capital outlay if sufficient monies are available in the fund
25 after meeting the needs of programs established pursuant to section
26 15-1142.

27 31. Adopt guidelines to standardize the format of the school report
28 cards required by section 15-746 for schools within the district.

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

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

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

43 33. Enter into voluntary partnerships with any party to finance
44 with monies other than school district monies and cooperatively design
45 school facilities that comply with the adequacy standards prescribed in

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

1 (a) A county, city or town to require as a condition of any land
2 use approval that a landowner or landowners that entered into a
3 partnership pursuant to this paragraph provide any contribution, donation
4 or gift, other than a site donation, to a school district. This
5 subdivision only applies to the property in the voluntary partnership
6 agreement pursuant to this paragraph.

7 (b) A county, city or town to require as a condition of any land
8 use approval that the landowner or landowners located within the
9 geographic boundaries of the school subject to the voluntary partnership
10 pursuant to this paragraph provide any donation or gift to the school
11 district except as provided in the voluntary partnership agreement
12 pursuant to this paragraph.

13 (c) A community facilities district established pursuant to title
14 48, chapter 4, article 6 to be used for reimbursement of financing the
15 construction of a school pursuant to this paragraph.

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

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

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

42 36. If the school district is a small school district as defined in
43 section 15-901, and if allowed by federal law, opt out of federal grant
44 opportunities if the governing board determines that the federal
45 requirements impose unduly burdensome reporting requirements.

1 37. Prescribe and enforce policies and procedures for the emergency
2 administration of inhalers by trained employees of the school district and
3 nurses who are under contract with the school district pursuant to section
4 15-158.

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

7 39. Subject to article IX, section 7, Constitution of Arizona, the
8 laws pertaining to travel and subsistence, gifts, grants, including
9 federal grants, or devises and policies adopted by the department of
10 education, provide food and beverages at school district events, including
11 official school functions and trainings.

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

14 15-491. Elections on school property; exceptions

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

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

20 2. To purchase or sell school sites or buildings or sell school
21 sites pursuant to section 15-342 or to build school buildings, but the
22 authorization by vote of the school district shall not necessarily specify
23 the site to be purchased. **A SCHOOL DISTRICT GOVERNING BOARD MAY NOT
24 PURCHASE A SCHOOL SITE OR BUILDING THAT IS LOCATED OUTSIDE THE GEOGRAPHIC
25 BOUNDARIES OF THE SCHOOL DISTRICT.**

26 3. To decide whether the bonds of the school district shall be
27 issued and sold for the purpose of raising monies for purchasing or
28 leasing school lots, for building or renovating school buildings, for
29 supplying school buildings with furniture, equipment and technology, for
30 improving school grounds, for purchasing pupil transportation vehicles or
31 for liquidating any indebtedness already incurred for such purposes. Bonds
32 issued for furniture, equipment and technology, other than fixtures, shall
33 mature not later than the July 1 that follows the fifth year after the
34 bonds were issued. A school district shall not issue class B bonds until
35 the school district has obligated in contract the entire proceeds of any
36 class A bonds issued by the school district. The total amount of class A
37 and class B bonds issued by a school district shall not exceed the debt
38 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
39 Arizona.

40 4. To lease for ~~twenty or more~~ **AT LEAST TEN YEARS BUT NOT MORE THAN
41 NINETY-NINE** years, as lessor or as lessee, school buildings or grounds.
42 Approval by a majority of the school district electors voting authorizes
43 the governing board to negotiate for and enter into a lease. The ballot
44 shall list the school buildings or grounds for which a lease is sought.
45 If the governing board does not enter into a lease ~~of twenty or more~~ **THAT**

1 IS AT LEAST TEN YEARS BUT NOT MORE THAN NINETY-NINE years of the school
2 buildings or grounds listed on the ballot within ~~twenty~~ TEN years after
3 the date of the election and the board continues to seek such a lease, the
4 governing board shall call a special election to reauthorize the board to
5 negotiate for and to enter into a lease ~~of twenty or more~~ THAT IS AT LEAST
6 TEN YEARS BUT NOT MORE THAN NINETY-NINE years.

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

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

13 B. A petition is not required for holding the first election to be
14 held in a joint common school district for any of the purposes specified
15 in subsection A of this section. The certification of election results
16 required by section 15-493 shall be made to the board of supervisors of
17 the jurisdictional county.

18 C. When the election is called to determine whether or not bonds of
19 the school district shall be issued and sold for the purposes enumerated
20 in the call for the election, the question shall be submitted to the vote
21 of the qualified electors of the school district as defined in section
22 15-401 and subject to section 15-402.

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

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

42 F. Subsection A, paragraph 2 of this section does not apply to the
43 sale of school property if the market value of the school property is less
44 than \$50,000.

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

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

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

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

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

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

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

26 3. The ballot shall conform to the requirements of title 35,
27 chapter 3, article 3.

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

40 5. Not later than thirty-five days before a class B bond election
41 conducted pursuant to this section, the school district shall mail an
42 informational pamphlet prepared by the county school superintendent to
43 each household that contains a qualified elector in the school district.
44 The informational pamphlet shall contain, at a minimum, the following
45 information:

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

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

8 (c) The tax rate associated with each of the proposed capital
9 improvements and the estimated cost of each capital improvement for the
10 owner of a single family home that is valued at \$100,000.

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

13 1. The ballot shall include the following statement:

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

17 _____ school district is proposing to issue impact
18 aid revenue bonds totaling \$_____ to fund capital
19 improvements over and above those funded by the state. Under
20 the students first capital funding system, _____ school
21 district is entitled to state monies for new construction and
22 renovation of school buildings in accordance with state law.

23 2. The ballot shall contain the words "bond approval, yes" and
24 "bond approval, no", and the voter shall signify the voter's desired
25 choice.

26 3. At least eighty-five days before the election, the school
27 district shall submit proposed ballot language to the director of the
28 legislative council. The director of the legislative council shall review
29 the proposed ballot language to determine whether the proposed ballot
30 language complies with this section. If the director of the legislative
31 council determines that the proposed ballot language does not comply with
32 this section, the director, within ten calendar days after receiving the
33 proposed ballot language, shall notify the school district of the
34 director's objections, and the school district shall resubmit revised
35 ballot language to the director for approval.

36 4. Not later than thirty-five days before an impact aid revenue
37 bond election conducted pursuant to this section, the school district
38 shall mail an informational pamphlet prepared by the county school
39 superintendent to each household that contains a qualified elector in the
40 school district. The informational pamphlet shall contain, at a minimum,
41 the following information:

42 (a) The date of the election.

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

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

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

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

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

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

17 J. If the voters approve the issuance of school district class B
18 bonds or impact aid revenue bonds, the school district shall not use the
19 bond proceeds for any purposes other than the proposed capital
20 improvements listed in the informational pamphlet, except that up to ten
21 percent of the bond proceeds may be used for general capital expenses,
22 including cost overruns of proposed capital improvements. The proposed
23 capital improvements may be changed by a subsequent election as provided
24 by this section.

25 K. Each school district that issues bonds under this section shall
26 hold a public meeting each year between September 1 and October 31, until
27 the bond proceeds are spent, at which an update of the progress of capital
28 improvements financed through bonding is discussed and at which the public
29 is allowed an opportunity to comment. At a minimum, the update shall
30 include a comparison of the current status and the original projections on
31 the construction of capital improvements, the costs of capital
32 improvements and the costs of capital improvements in progress or
33 completed since the prior meeting and the future capital bonding plans of
34 the school district. The school district shall include in the public
35 meeting a discussion of the school district's use of state capital aid and
36 voter-approved capital overrides in funding capital improvements, if any.

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

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

43 2. Not later than thirty-five days before the election, the school
44 district shall mail an informational pamphlet prepared by the county
45 school superintendent to each household in the school district that

1 contains a qualified elector. The informational pamphlet shall contain, at
2 a minimum, the following information:

3 (a) The date of the election.

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

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

6 (d) A complete list of each proposed capital improvement that is in
7 addition to the initial capital improvements presented in the
8 informational pamphlet when the bonds were approved and the proposed cost
9 of each improvement, including a separate aggregation of capital
10 improvements for administrative purposes as defined by the school
11 facilities oversight board.

12 (e) A complete list of each capital improvement that was presented
13 in the informational pamphlet when the bonds were initially approved and
14 that is proposed to be eliminated or to have its cost reduced, and the
15 proposed cost of each improvement, including a separate aggregation of
16 capital improvements for administrative purposes as defined by the school
17 facilities oversight board.

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

23 3. The ballot shall contain the words "change capital improvements,
24 yes" and "change capital improvements, no", and the voter shall signify
25 the voter's desired choice.

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

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

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

33 2. Not later than thirty-five days before the election, the school
34 district shall mail an informational pamphlet prepared by the county
35 school superintendent to each household in the school district that
36 contains a qualified elector. The informational pamphlet shall contain,
37 at a minimum, the following information:

38 (a) The date of the election.

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

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

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

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

4 Sec. 3. Section 15-1102, Arizona Revised Statutes, is amended to
5 read:

6 15-1102. Disposition of proceeds from sale or lease of school
7 property; school plant monies; payment of bonded
8 indebtedness; definition

9 A. The governing board, or the superintendent or chief
10 administrative officer with the approval of the governing board: ~~;~~

11 1. May ~~expend~~ SPEND the proceeds from the sale ~~or lease~~ of school
12 property for the payment of any outstanding bonded indebtedness of the
13 school district or for the reduction of school district taxes.

14 2. SHALL SPEND THE PROCEEDS FROM THE LEASE OF SCHOOL PROPERTY FOR
15 THE PAYMENT OF ANY OUTSTANDING BONDED INDEBTEDNESS OF THE SCHOOL DISTRICT
16 OR FOR THE REDUCTION OF SCHOOL DISTRICT TAXES.

17 B. A common school district or a high school district that has an
18 outstanding bonded indebtedness of seven percent of the current year's
19 assessed valuation or less or a unified school district that has an
20 outstanding bonded indebtedness of fourteen percent of the current year's
21 assessed valuation or less may ~~expend~~ SPEND the proceeds from the sale ~~or~~
22 ~~lease~~ of school property as follows:

23 1. The total sum of the proceeds from the sale of school property
24 executed before July 1, 2016, ~~for~~ OR the total sum of the proceeds from
25 the sale of property to a school ~~or the total sum of the proceeds from the~~
26 ~~lease of school property to persons or entities other than schools for~~
27 ~~more than one year:~~

28 (a) May be ~~expended~~ SPENT for maintenance and operation in an
29 amount that does not exceed fifteen percent of the revenue control limit
30 for that year as provided in section 15-947, subsection A in any year.

31 (b) May be ~~expended~~ SPENT for capital outlay in any amount.

32 2. From and after June 30, 2016, proceeds from the sale of school
33 property that exceed ~~one hundred thousand dollars~~ \$100,000 per sales
34 transaction to persons or entities other than schools may not be ~~expended~~
35 SPENT for maintenance and operation and may be ~~expended~~ SPENT for capital
36 outlay in any amount.

37 C. A common school district or a high school district that has an
38 outstanding bonded indebtedness of greater than seven percent of the
39 current year's assessed valuation or a unified school district that has an
40 outstanding bonded indebtedness of greater than fourteen percent of the
41 current year's assessed valuation may ~~expend~~ SPEND the proceeds from the
42 ~~lease or~~ sale of school property as follows:

43 1. For the total sum of the proceeds from the sale of school
44 property executed before July 1, 2016, ~~for~~ OR for the total sum of the
45 proceeds from the sale of property to a school ~~or for the total sum of the~~

1 ~~proceeds from the lease of school property to persons or entities other~~
2 ~~than schools for more than one year:~~

3 (a) Up to twenty-five percent of the sales proceeds may be ~~expended~~
4 SPENT for maintenance and operation in an amount that does not exceed
5 fifteen percent of the revenue control limit for that year as provided in
6 section 15-947, subsection A in any year.

7 (b) The sales ~~or lease~~ proceeds may be ~~expended~~ SPENT for capital
8 outlay in any amount.

9 2. From and after June 30, 2016, for proceeds from the sale of
10 school property that exceed ~~one hundred thousand dollars~~ \$100,000 per
11 sales transaction to persons or entities other than schools:

12 (a) The sales proceeds may not be ~~expended~~ SPENT for maintenance
13 and operation.

14 (b) THE SCHOOL DISTRICT SHALL USE at least thirty-eight percent of
15 the sales proceeds ~~shall be used~~ for the payment of any outstanding bonded
16 indebtedness of the school district or for the reduction of school
17 district taxes.

18 (c) The remainder of the sales proceeds that are not obligated
19 pursuant to subdivision (b) of this paragraph may be ~~expended~~ SPENT for
20 capital outlay in any amount.

21 D. The governing board, or the superintendent or chief
22 administrative officer with the approval of the governing board, shall
23 promptly deposit monies received for and derived from the sale or lease of
24 school property with the county treasurer who shall establish a school
25 plant fund. Monies placed to the credit of the school plant fund may be
26 expended as provided in this section. The school plant fund is a
27 continuing fund that is not subject to reversion.

28 E. Proceeds from sales by condemnation or sales under threat of
29 condemnation may be deposited with the county treasurer for deposit in the
30 condemnation fund or the school plant fund of the school district. The
31 condemnation fund is a continuing fund that is not subject to reversion,
32 except that after ten years any unspent monies shall be placed in the
33 school plant fund to be used as prescribed in this section. The governing
34 board, or the superintendent or chief administrative officer with the
35 approval of the governing board, may apply the proceeds in the
36 condemnation fund to:

37 1. The payment of any outstanding bonded indebtedness of the school
38 district that is payable from the levy of taxes on property within the
39 school district.

40 2. Construct, acquire, improve, repair or furnish school facilities
41 or sites after notice and a hearing.

42 F. Proceeds from a right-of-way settlement shall be deposited with
43 the county treasurer for deposit in the condemnation fund of the school
44 district. The governing board, or the superintendent or chief
45 administrative officer with the approval of the governing board, shall

1 apply those proceeds in the condemnation fund to construct, acquire,
2 improve, repair or furnish school facilities or sites after notice and a
3 hearing.

4 G. The restrictions prescribed in subsections B and C of this
5 section do not apply to the proceeds from:—

- 6 ~~1. Leases of school property to other schools.~~
- 7 ~~2. Leases of school property for less than one year.~~
- 8 ~~3. sales of school property of less than one hundred thousand~~
9 ~~dollars \$100,000 per transaction.~~

10 ~~H. A lease of school property for less than one year that includes~~
11 ~~an automatic lease renewal resulting in a total lease duration that~~
12 ~~exceeds one year is considered a lease for more than one year for the~~
13 ~~purposes of this section.~~

14 ~~i. H.~~ For the purposes of this section, "capital outlay" means
15 unrestricted capital outlay as prescribed in section 15-903, subsection C.

16 Sec. 4. Section 15-1105, Arizona Revised Statutes, is amended to
17 read:

18 15-1105. Lease of school property; immunity; fee schedule;
19 use of monies; prohibition; tax exemption;
20 definitions

21 A. The SCHOOL DISTRICT governing board, or the superintendent or
22 chief administrative officer with the approval of the governing board, may
23 lease school property, including school buildings, grounds, buses and
24 equipment, FOR A TERM OF NOT MORE THAN TEN YEARS WITHOUT VOTER APPROVAL OR
25 NOT MORE THAN NINETY-NINE YEARS WITH VOTER APPROVAL to any person, group
26 or organization for any lawful purpose, including ANY recreational,
27 educational, political, economic, artistic, moral, scientific, social,
28 religious or other civic or governmental purpose in the interest of the
29 community, including extended day resource programs. The governing board,
30 superintendent or chief administrative officer shall charge a reasonable
31 use fee for the lease of the school property, which may include goods
32 contributed or services rendered by the person, group or organization to
33 the school district.

34 B. The governing board, or the superintendent or chief
35 administrative officer with the approval of the governing board, may
36 ~~permit~~ ALLOW the uncompensated use of school buildings, grounds, buses,
37 equipment and other school property by any ~~school-related~~ SCHOOL-RELATED
38 group, including student political organizations, or by any organization
39 whose membership is open to the public and whose activities promote the
40 educational function of the school district as determined in good faith by
41 the school district's governing board, or the superintendent or chief
42 administrative officer with the approval of the governing board, including
43 extended day resource programs, except as provided in section 15-511.

1 C. A school district and its employees, including the governing
2 board, superintendent or chief administrative officer, are immune from
3 civil liability with respect to all decisions made and actions taken to
4 allow the lease or use of school property, unless the school district or
5 its employees are guilty of gross negligence or intentional misconduct.
6 This subsection does not limit any other immunity provisions that are
7 prescribed by law.

8 D. A person, group or organization that is otherwise eligible to
9 lease school property shall not be denied use of or charged differentiated
10 fees for school property on the basis of the person's, group's or
11 organization's beliefs, expression of beliefs or exercise of the rights of
12 association that are protected under the laws of this state, the
13 Constitution of Arizona, the laws of the United States ~~or~~ AND the United
14 States Constitution.

15 E. The governing board shall annually approve a fee schedule for
16 the lease of school property. The fee schedule shall include a
17 designation of the persons, groups or organizations that ~~shall~~ have
18 uncompensated use of the school property, and a procedure for determining
19 the value of goods and services being provided as compensation for the use
20 of school property. The governing board, superintendent or chief
21 administrative officer shall require proof of liability insurance for such
22 use or lease of school property.

23 F. Except as provided in section 15-1102, monies received for and
24 derived from the use or lease of school property under this section shall
25 be promptly deposited with the county treasurer, who shall credit the
26 deposits to the civic center school fund of the respective school
27 district. Monies placed to the credit of a civic center school fund may
28 be ~~expended~~ SPENT for civic center school purposes by warrants drawn ~~upon~~
29 ON AN order of the school district governing board, or the superintendent
30 or chief administrative officer with the approval of the governing board.
31 The civic center school fund of a school district or multiple school
32 district civic center school program is a continuing fund not subject to
33 reversion, except ~~upon~~ ON termination of a civic center school program.
34 ~~Upon~~ ON termination of a civic center school program, any remaining ~~funds~~
35 ~~shall~~ MONIES revert to the school plant fund of the school district or
36 districts.

37 G. NOTWITHSTANDING SECTIONS 15-342, 15-491, 15-789 AND 41-5704 AND
38 SUBSECTION A OF THIS SECTION, A SCHOOL DISTRICT GOVERNING BOARD MAY NOT
39 LEASE, OR APPROVE THE LEASE, OF SCHOOL PROPERTY TO ANY PERSON OR FOR ANY
40 PERSON IF THE SCHOOL DISTRICT LEASED THAT PROPERTY, IN WHOLE OR IN PART,
41 FROM ANOTHER PERSON.

42 H. PROPERTY AND BUILDINGS THAT ARE LEASED FROM A SCHOOL DISTRICT
43 PURSUANT TO SECTION 15-342, 15-491, 15-789 OR 41-5704 OR THIS SECTION ARE:

44 1. ELIGIBLE FOR A TAX EXEMPTION PURSUANT TO SECTION 42-11104 ONLY
45 IF THE PROPERTY AND BUILDINGS ARE USED FOR EDUCATION PURPOSES.

1 (d) THE TOTAL AMOUNT THAT WAS RECEIVED OR PAID BY THE SCHOOL
2 DISTRICT PURSUANT TO THE LEASE AGREEMENT DURING THE IMMEDIATELY PRECEDING
3 SCHOOL YEAR.

4 B. THE DIVISION SHALL COMPILE THE REPORTS RECEIVED FROM EACH SCHOOL
5 DISTRICT PURSUANT TO SUBSECTION A OF THIS SECTION INTO A SINGLE
6 COMPREHENSIVE REPORT FOR THE PREVIOUS SCHOOL YEAR AND, ON OR BEFORE
7 DECEMBER 1, 2026 AND EACH YEAR THEREAFTER, SHALL SUBMIT THIS REPORT TO THE
8 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
9 REPRESENTATIVES AND SHALL PROVIDE A COPY TO THE SECRETARY OF STATE.

10 C. FOR THE PURPOSES OF THIS SECTION, "REAL ESTATE HOLDING" MEANS
11 ANY REAL PROPERTY IF THE SCHOOL DISTRICT EITHER OWNS THE PROPERTY OR
12 LEASES THE PROPERTY AS LESSEE AND ANY OF THE FOLLOWING APPLIES:

13 1. THE SCHOOL DISTRICT LEASES THE PROPERTY AS LESSOR.

14 2. THE PROPERTY, OR ANY PART OF THE PROPERTY, IS USED FOR
15 NONACADEMIC PURPOSES.

16 3. THE PROPERTY, OR ANY PART OF THE PROPERTY, IS LOCATED OUTSIDE
17 THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.

18 Sec. 6. Section 42-11104, Arizona Revised Statutes, is amended to
19 read:

20 42-11104. Exemption for educational and library property

21 A. Libraries, colleges, school buildings and other buildings that
22 are used for education, with their furniture, libraries and equipment and
23 the land that is appurtenant to and used with them, are exempt from
24 taxation if they are used for education and not used or held for profit.

25 B. Property and buildings are exempt from taxation if leased from:

26 1. A school district pursuant to a lease or lease-purchase
27 agreement under section 15-342, paragraph 9 or 10 **IF THE PROPERTY AND
28 BUILDINGS ARE USED FOR EDUCATION PURPOSES.**

29 2. A community college district pursuant to a lease or
30 lease-purchase agreement under section 15-1444.

31 C. Property and buildings, including land, improvements, furniture
32 and equipment, that are owned by a nonprofit organization that is
33 recognized under section 501(c)(3) of the internal revenue code and that
34 operates as:

35 1. A charter school pursuant to section 15-183 are exempt from
36 taxation beginning on the date the nonprofit organization acquires
37 ownership of the property and buildings if the property and buildings are
38 used for education and are not used or held for profit.

39 2. A trap and skeet shooting club that teaches, trains, sponsors,
40 coaches or hosts or sponsors clinics, shooting leagues, competitive
41 tournaments or other events, including hunter and firearm safety classes,
42 are exempt from taxation if the property and buildings are used for
43 education purposes and not used or held for profit.

1 or a single purpose entity that is wholly owned by one or more eligible
2 nonprofit corporations.

3 2. Either of the following applies:

4 (a) The acquisition, rehabilitation, development or operation of
5 the property, or any combination of these factors, is financed with ~~tax~~
6 ~~exempt~~ TAX-EXEMPT mortgage revenue bonds or general obligation bonds or is
7 financed by local, state or federal loans or grants and the amount of rent
8 paid by or on behalf of the occupants does not exceed the amount of rent
9 that is prescribed by deed restrictions or by regulatory agreements
10 pursuant to the property's financing or financial assistance terms.

11 (b) The owner of the property is eligible for and receives tax
12 credits for low-income or moderate-income residential housing established
13 under section 42 of the internal revenue code and the amount of rent paid
14 by or on behalf of the occupants does not exceed the amount that is
15 prescribed by deed restrictions or by regulatory agreements pursuant to
16 the property's financing or financial assistance terms.

17 3. THE PROPERTY IS NOT LEASED FROM A SCHOOL DISTRICT.

18 B. To qualify under this section, the owner of the property must:

19 1. For any claim that is filed in any fiscal year, certify and
20 ensure, subject to paragraph 2 of this subsection, that there is an
21 enforceable and verifiable agreement with a public agency, a recorded deed
22 restriction or any other legal document that restricts the use of the
23 property and requires that the rents do not exceed the terms that are
24 prescribed by the financing or financial assistance terms.

25 2. Certify that the monies that would have been necessary to pay
26 the property taxes are used to maintain the affordability of or otherwise
27 reduce the rents of the units that are occupied by eligible low-income
28 households.

29 C. For the purposes of this section, "eligible nonprofit
30 corporation" means a corporation that is qualified pursuant to section
31 501(c)(3) or 501(c)(4) of the internal revenue code and for which one of
32 its exempt purposes includes providing affordable housing.

33 Sec. 8. Existing leases; applicability; tax exemption

34 A. Sections 15-342, 15-491 and 15-1105, Arizona Revised Statutes,
35 as amended by this act, apply to any lease that is executed, renewed or
36 amended after the effective date of this act.

37 B. Property, buildings and improvements are exempt from taxation
38 pursuant to section 42-11104, subsection B, paragraph 1, Arizona Revised
39 Statutes, if all of the following apply:

40 1. The buildings and improvements are constructed on land that is
41 leased from a school district.

42 2. The lease was executed on or before January 1, 2026.

43 3. The buildings and improvements become the property of the school
44 district on termination of the lease.