

REFERENCE TITLE: **ASDB; capital improvements; financing; authority.**

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

HB 4077

Introduced by
Representatives Gutierrez: Blattman, Cavero, Contreras P, De Los Santos,
Garcia, Simacek, Villegas

AN ACT

**AMENDING SECTIONS 15-1301 AND 15-1323, ARIZONA REVISED STATUTES; RELATING
TO THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-1301, Arizona Revised Statutes, is amended to read:

15-1301. Definitions

In this chapter, unless the context otherwise requires:

1. "BOARD" MEANS THE BOARD OF DIRECTORS FOR THE SCHOOLS.

~~2.~~ 2. "Employee classifications" means one of the following:

(a) Management and supervisory staff WHO ARE on a ~~twelve-month~~ TWELVE-MONTH schedule.

(b) Teachers, ~~AND~~ AND credentialed and noncredentialed specialists, ~~WHO ARE~~ WHO ARE on an academic schedule.

(c) Clerical, accounting, maintenance workers and others WHO ARE on a ~~twelve-month~~ TWELVE-MONTH schedule.

(d) Food service WORKERS and bus drivers WHO ARE on an academic schedule.

~~3.~~ 3. "Hearing impairment" ~~means hearing impairment as defined HAS~~ THE SAME MEANING PRESCRIBED in section 15-761.

~~4.~~ 4. "Schools":

(a) Means the Arizona state schools for the deaf and the blind. ~~and~~

(b) Includes programs and services offered for ~~the~~ deaf and ~~the~~ blind STUDENTS by the schools in conjunction with other educational institutions.

~~5.~~ 5. "Sensory impairment" means the following conditions, as defined in section 15-761:

(a) Visual impairment.

(b) Hearing impairment.

(c) Both a visual IMPAIRMENT and A hearing impairment.

(d) Multiple disabilities, if at least one of the disabilities is a visual or a hearing impairment.

~~6.~~ 6. "Visual impairment" ~~means visual impairment as defined HAS~~ THE SAME MEANING PRESCRIBED in section 15-761.

Sec. 2. Section 15-1323, Arizona Revised Statutes, is amended to read:

15-1323. Board of directors; enterprise fund; powers and duties; capital improvement and school facilities fund; public records; definitions

A. The board may bring actions and proceedings necessary to protect the interests of the schools. THE BOARD SHALL INSTITUTE such proceedings ~~shall be instituted~~ in the name of the Arizona state schools for the deaf and the blind.

B. The board ~~shall be~~ IS trustee of all donations of lands, monies or other things of value for the benefit of the schools. Notwithstanding title 35, chapters 1 and 2, the board may invest monies donated to the ~~school~~ SCHOOLS through a contract with an investment specialist. The

1 superintendent of the schools shall annually report to the board on the
2 use of monies received as donations or income from donations.

3 C. The board shall:

4 1. Maintain an enterprise fund ~~in which shall be~~ CONSISTING OF
5 retained fees, rentals and other charges received for the use of school
6 facilities for nonschool events.

7 ~~D. The board shall:~~

8 ~~1.~~ 2. Provide from the ~~funds~~ MONIES appropriated for the schools
9 all the necessary staff, services, supplies and equipment.

10 ~~2.~~ 3. Prescribe the system of records and accounts for the
11 schools.

12 ~~3.~~ 4. Cause to be kept a record of all important papers.

13 ~~4.~~ 5. Cause to be kept a set of books and accounts that show every
14 transaction made, every appropriation by the legislature for the schools,
15 the purchase, storage and consumption of supplies for subsistence,
16 construction and other purposes, receipts from all sources and all
17 expenditures made.

18 D. THE BOARD MAY:

19 1. SUBJECT TO REVIEW BY THE JOINT COMMITTEE ON CAPITAL REVIEW:

20 (a) ACQUIRE A PROJECT OR COMBINATION OF PROJECTS.

21 (b) SECURE INDIRECT OR THIRD-PARTY FINANCING TO ACQUIRE OR IMPROVE
22 A PROJECT OR COMBINATION OF PROJECTS IF THE TERM OF THE INDIRECT OR
23 THIRD-PARTY FINANCING DOES NOT EXCEED FORTY YEARS OR THE USEFUL LIFE OF
24 THE CAPITAL IMPROVEMENT FOR WHICH INDIRECT OR THIRD-PARTY FINANCING IS
25 SECURED, WHICHEVER OCCURS EARLIER. A PRIVATE ENTITY IS NOT REQUIRED TO
26 DIVULGE PROPRIETARY INFORMATION TO THE JOINT COMMITTEE ON CAPITAL REVIEW
27 FOR THE PURPOSES OF THE REVIEW REQUIRED BY THIS SUBDIVISION.

28 (c) BORROW MONIES TO ACQUIRE OR IMPROVE ANY PROJECT OR COMBINATION
29 OF PROJECTS.

30 (d) ACQUIRE REAL PROPERTY, IMPROVEMENTS OR PERSONAL PROPERTY,
31 INCLUDING AN INTEREST OR RIGHT IN REAL PROPERTY, IMPROVEMENTS OR PERSONAL
32 PROPERTY, BY PURCHASE, CONTRACT, LEASE-PURCHASE, LEASE OR GIFT. ANY
33 LEASE-PURCHASE AGREEMENT EXECUTED BY THE BOARD PURSUANT TO THIS PARAGRAPH
34 FOR LAND ACQUISITION, A CAPITAL PROJECT, AN ENERGY SYSTEM OR AN ENERGY
35 MANAGEMENT SYSTEM MUST INCLUDE THE FOLLOWING PROVISIONS:

36 (i) THE OBLIGATION OF THIS STATE TO MAKE ANY PAYMENT UNDER THE
37 AGREEMENT IS A CURRENT EXPENSE OF THE BOARD AND IS NOT A GENERAL
38 OBLIGATION INDEBTEDNESS OF THIS STATE OR THE BOARD.

39 (ii) IF THE LEGISLATURE FAILS TO APPROPRIATE MONIES OR THE BOARD
40 FAILS TO ALLOCATE MONIES FOR ANY PERIODIC PAYMENT OR RENEWAL TERM OF THE
41 AGREEMENT, THE AGREEMENT TERMINATES AT THE END OF THE CURRENT TERM AND
42 THIS STATE AND THE BOARD ARE RELIEVED OF ANY SUBSEQUENT OBLIGATION UNDER
43 THE AGREEMENT.

1 2. SELL, LEASE AS LESSOR OR OTHERWISE DISPOSE OF REAL PROPERTY,
2 IMPROVEMENTS OR PERSONAL PROPERTY ACQUIRED PURSUANT TO PARAGRAPH 1,
3 SUBDIVISION (d) OF THIS SUBSECTION.

4 3. ACCEPT A GRANT, SUBSIDY OR LOAN OF MONIES FROM ANY PERSON,
5 INCLUDING FROM A FEDERAL AGENCY, ON SUCH TERMS AS MAY BE IMPOSED BY THE
6 PERSON AND PLEDGE THE PROCEEDS PURSUANT TO AN AGREEMENT ENTERED INTO BY
7 THE BOARD AND THE PERSON.

8 4. EXECUTE ANY INSTRUMENT OR PERFORM ANY ACT THAT IS NECESSARY OR
9 CONVENIENT TO IMPLEMENT THIS CHAPTER.

10 5. OBTAIN ONE OR MORE LINES OF CREDIT FOR CASH MANAGEMENT OR
11 LIQUIDITY PURPOSES.

12 E. THE CAPITAL IMPROVEMENT AND SCHOOL FACILITIES FUND IS
13 ESTABLISHED CONSISTING OF PROCEEDS FROM THE SALE OF PROPERTY, GIFTS,
14 GRANTS, DONATIONS, DEVISES AND MONIES FROM ANY OTHER LAWFUL SOURCE. ON
15 NOTICE FROM THE BOARD, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES
16 IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM
17 INVESTMENT SHALL BE CREDITED TO THE FUND. MONIES IN THE FUND ARE EXEMPT
18 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF
19 APPROPRIATIONS. THE BOARD SHALL ADMINISTER THE FUND AND DISTRIBUTE MONIES
20 IN THE FUND TO MAKE PAYMENTS PURSUANT TO LEASE-PURCHASE AGREEMENTS ENTERED
21 INTO BY THE BOARD PURSUANT TO SUBSECTION D OF THIS SECTION. IN ADDITION
22 TO LEASE-PURCHASE AGREEMENT PAYMENTS, THE BOARD MAY USE MONIES IN THE FUND
23 FOR CAPITAL IMPROVEMENTS, INCLUDING NEW CONSTRUCTION, MAINTENANCE, REPAIR,
24 RENOVATIONS AND IMPROVEMENTS OF PROJECTS. IN ADDITION TO THE REQUIREMENTS
25 PRESCRIBED BY SUBSECTION D OF THIS SECTION, LEASE-PURCHASE AGREEMENTS THAT
26 THE BOARD ENTERS INTO PURSUANT TO THIS SECTION ARE SUBJECT TO THE
27 FOLLOWING REQUIREMENTS:

28 1. THE TOTAL AMOUNT OF LEASE-PURCHASE AGREEMENTS ENTERED INTO BY
29 THE BOARD PURSUANT TO THIS SECTION DOES NOT EXCEED \$16,000,000.

30 2. THE TOTAL AMOUNT OF LEASE-PURCHASE AGREEMENTS ENTERED INTO BY
31 THE BOARD IN FISCAL YEAR 2026-2027 DOES NOT EXCEED \$8,000,000.

32 3. THE TOTAL AMOUNT OF LEASE-PURCHASE AGREEMENTS ENTERED INTO BY
33 THE BOARD PURSUANT TO THIS SECTION IN FISCAL YEAR 2027-2028 DOES NOT
34 EXCEED \$8,000,000.

35 4. IN ENTERING INTO ANY LEASE-PURCHASE AGREEMENT PURSUANT TO THIS
36 SECTION, THE BOARD DOES NOT OBLIGATE THIS STATE TO PROVIDE ANY ADDITIONAL
37 MONIES ABOVE THE AMOUNTS AUTHORIZED IN THIS SUBSECTION.

38 5. IN ENTERING INTO ANY LEASE-PURCHASE AGREEMENT PURSUANT TO THIS
39 SECTION, THE BOARD DOES NOT OBLIGATE ANY MONIES FROM THE STATE GENERAL
40 FUND.

41 F. FOR THE PURPOSES OF THE REVIEW REQUIRED BY SUBSECTION D,
42 PARAGRAPH 1 OF THIS SECTION, THE BOARD SHALL SUBMIT THE SCOPE, PURPOSE AND
43 ESTIMATED COST OF EACH PROJECT OR ACQUISITION FOR REVIEW BY THE JOINT
44 COMMITTEE ON CAPITAL REVIEW BEFORE TAKING ANY ACTION AUTHORIZED BY
45 SUBSECTION D, PARAGRAPH 1 OF THIS SECTION. THE JOINT COMMITTEE ON CAPITAL

1 REVIEW SHALL HEAR AND REVIEW THE PROJECT OR ACQUISITION NOT LATER THAN THE
2 COMMITTEE'S SECOND MEETING AFTER THE BOARD SUBMITS THE PROJECT OR
3 ACQUISITION TO THE COMMITTEE FOR REVIEW. THE BOARD MAY TAKE AN ACTION
4 AUTHORIZED BY SUBSECTION D, PARAGRAPH 1 OF THIS SECTION RELATING TO A
5 PROJECT OR ACQUISITION THAT THE BOARD SUBMITTED FOR REVIEW PURSUANT TO
6 THIS SUBSECTION IF THE COMMITTEE FAILS TO HEAR AND REVIEW THE PROJECT OR
7 ACQUISITION WITHIN THE TIME PERIOD PRESCRIBED BY THIS SUBSECTION.

8 ~~F.~~ G. Books and records of the schools ~~shall be~~ ARE open to public
9 inspection, unless otherwise restricted by law.

10 H. FOR THE PURPOSES OF THIS SECTION:

11 1. "ACQUIRE" HAS THE SAME MEANING PRESCRIBED IN SECTION 15-1681.

12 2. "FEDERAL AGENCY" HAS THE SAME MEANING PRESCRIBED IN SECTION
13 15-1681.

14 3. "INDIRECT OR THIRD-PARTY FINANCING" HAS THE SAME MEANING
15 PRESCRIBED IN SECTION 15-1681, EXCEPT THAT IT:

16 (a) INCLUDES AN AGREEMENT BETWEEN THE BOARD AND A FINANCIAL
17 INSTITUTION.

18 (b) DOES NOT INCLUDE AN AGREEMENT IN WHICH A PARTY ISSUES BONDS FOR
19 A CAPITAL PROJECT.

20 4. "PROJECT" HAS THE SAME MEANING PRESCRIBED IN SECTION 15-1681,
21 EXCEPT THAT IT:

22 (a) IS FOR THE BENEFIT OF THE SCHOOLS, AS DETERMINED BY THE BOARD.

23 (b) INCLUDES ATHLETIC BUILDINGS.

24 (c) DOES NOT INCLUDE HOUSING FACILITIES FOR FACULTY OR STAFF,
25 STADIUMS OR FACILITIES OR BUILDINGS THAT ARE LEASED TO A FEDERAL AGENCY.