

REFERENCE TITLE: school security projects; capital finance

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1639

Introduced by
Senator Payne

AN ACT

AMENDING SECTIONS 15-342, 41-5731 AND 41-5741, ARIZONA REVISED STATUTES;
RELATING TO SCHOOL FACILITIES.

(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 ~~tt~~ 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.

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

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

41 10. Subject to title 41, chapter 56, sell school sites or enter
42 into leases or lease-purchase agreements for school buildings and grounds,
43 as lessor or as lessee, for a period of twenty years or more, but not to
44 exceed ninety-nine years, if authorized by a vote of the school district
45 electors in an election called by the governing board as provided in

1 section 15-491, except that authorization by the school district electors
2 in an election is not required if one of the following requirements is
3 met:

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

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

13 (c) The transaction involves the sale of improved or unimproved
14 property pursuant to an agreement with the school facilities oversight
15 board in which the school district agrees to sell the improved or
16 unimproved property and transfer the proceeds of the sale to the school
17 facilities oversight board in exchange for monies from the school
18 facilities oversight board for the acquisition of a more suitable school
19 site. For a sale of property acquired by a school district before July 9,
20 1998, a school district shall transfer to the school facilities oversight
21 board that portion of the proceeds that equals the cost of the acquisition
22 of a more suitable school site. If there are any remaining proceeds after
23 the transfer of monies to the school facilities oversight board, a school
24 district shall only use those remaining proceeds for future land purchases
25 approved by the school facilities oversight board, or for capital
26 improvements not funded by the school facilities oversight board for any
27 existing or future facility.

28 (d) The transaction involves the sale of improved or unimproved
29 property pursuant to a formally adopted plan and the school district uses
30 the proceeds of this sale to purchase other property that will be used for
31 similar purposes as the property that was originally sold if the sale
32 proceeds of the improved or unimproved property are used within two years
33 after the date of the original sale to purchase the replacement
34 property. If the sale proceeds of the improved or unimproved property are
35 not used within two years after the date of the original sale to purchase
36 replacement property, the sale proceeds shall be used toward paying any
37 outstanding bonded indebtedness. If any sale proceeds remain after paying
38 for outstanding bonded indebtedness, or if the district has no outstanding
39 bonded indebtedness, sale proceeds shall be used to reduce the district's
40 primary tax levy. A school district shall not use this subdivision unless
41 all of the following conditions exist:

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

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

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

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

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

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

14. Include in the curricula ~~tt~~ **THE GOVERNING BOARD** prescribes for high schools in the school district career and technical education, vocational education and technology education programs and career and technical, vocational and technology program improvement services for the high schools, subject to approval by the state board of education. The

governing board may contract for the provision of career and technical, vocational and technology education as provided in section 15-789.

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

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

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

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

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

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

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

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

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

22. Require students to wear uniforms.

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

1 (a) Unimproved or improved property of equal or greater value.
 2 (b) Unimproved property that the owner contracts to improve if the
 3 value of the property ultimately received by the school district is of
 4 equal or greater value.

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

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

28 (a) Monies in the unrestricted capital outlay fund, except that the
 29 estimated cost shall not exceed \$250,000 for a district that uses section
 30 15-949.

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

35 (c) Monies specifically donated for the purpose of constructing
 36 school buildings.

37 This paragraph does not eliminate the requirement for an election to raise
 38 revenues for a capital outlay override pursuant to section 15-481 or a
 39 bond election pursuant to section 15-491.

40 26. Conduct a background investigation that includes a fingerprint
 41 check conducted pursuant to section 41-1750, subsection G for certificated
 42 personnel and personnel who are not paid employees of the school district,
 43 as a condition of employment. A school district may release the results
 44 of a background check to another school district for employment purposes.
 45 The school district may charge the costs of fingerprint checks to its

1 fingerprinted employee, except that the school district may not charge the
2 costs of fingerprint checks for personnel who are not paid employees of
3 the school district.

4 27. Unless otherwise prohibited by law, sell advertising as
5 follows:

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

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

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

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

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

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

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

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

26 28. Assess reasonable damage deposits to pupils in grades seven
27 through twelve for using textbooks, musical instruments, band uniforms or
28 other equipment required for academic courses. The governing board shall
29 adopt policies on any damage deposits assessed pursuant to this paragraph
30 at a public meeting called for this purpose after providing notice to all
31 parents of pupils in grades seven through twelve in the school district.
32 Principals of individual schools within the district may waive the damage
33 deposit requirement for any textbook or other item if the payment of the
34 damage deposit would create an economic hardship for the pupil. The
35 school district shall return the full amount of the damage deposit for any
36 textbook or other item if the pupil returns the textbook or other item in
37 reasonably good condition within the time period prescribed by the
38 governing board. For the purposes of this paragraph, "in reasonably good
39 condition" means the textbook or other item is in the same or a similar
40 condition as it was when the pupil received it, plus ordinary wear and
41 tear.

42 29. Notwithstanding section 15-1105, ~~expend~~ SPEND surplus monies in
43 the civic center school fund for maintenance and operations or
44 unrestricted capital outlay if sufficient monies are available in the fund

1 after meeting the needs of programs established pursuant to section
2 15-1105.

3 30. Notwithstanding section 15-1143, spend surplus monies in the
4 community school program fund for maintenance and operations or
5 unrestricted capital outlay if sufficient monies are available in the fund
6 after meeting the needs of programs established pursuant to section
7 15-1142.

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

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

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

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

24 33. Enter into voluntary partnerships with any party to finance
25 with monies other than school district monies and cooperatively design
26 school facilities that comply with the adequacy standards prescribed in
27 section 41-5711, ~~and~~ **AND THAT COMPLY WITH** the square footage per pupil
28 requirements pursuant to section 41-5741, subsection D, paragraph 3,
29 subdivision (b) **AND THAT INCLUDE SECURITY EQUIPMENT AND FEATURES THAT ARE**
30 **DESIGNED TO PREVENT INDIVIDUALS FROM ENTERING A SCHOOL BUILDING WITHOUT**
31 **AUTHORIZATION.** The design plans and location of any such school facility
32 shall be submitted to the school facilities oversight board for approval
33 pursuant to section 41-5741, subsection O. If the school facilities
34 oversight board approves the design plans and location of any such school
35 facility, the party in partnership with the school district may cause to
36 be constructed and the district may begin operating the school facility
37 before monies are distributed at the direction of the school facilities
38 oversight board pursuant to section 41-5741. Monies distributed from the
39 new school facilities fund to a school district in a partnership with
40 another party to finance and design the school facility shall be paid to
41 the school district pursuant to section 41-5741. The school district
42 shall reimburse the party in partnership with the school district from the
43 monies paid to the school district pursuant to section 41-5741, in
44 accordance with the voluntary partnership agreement. Before the school
45 facilities oversight board directs the distribution of any monies pursuant

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

29 (a) A county, city or town to require as a condition of any land
30 use approval that a landowner or landowners that entered into a
31 partnership pursuant to this paragraph provide any contribution, donation
32 or gift, other than a site donation, to a school district. This
33 subdivision only applies to the property in the voluntary partnership
34 agreement pursuant to this paragraph.

35 (b) A county, city or town to require as a condition of any land
36 use approval that the landowner or landowners located within the
37 geographic boundaries of the school subject to the voluntary partnership
38 pursuant to this paragraph provide any donation or gift to the school
39 district except as provided in the voluntary partnership agreement
40 pursuant to this paragraph.

41 (c) A community facilities district established pursuant to title
42 48, chapter 4, article 6 to be used for reimbursement of financing the
43 construction of a school pursuant to this paragraph.

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

16 34. Enter into an intergovernmental agreement with a presiding
17 judge of the juvenile court to implement a law-related education program
18 as defined in section 15-154. The presiding judge of the juvenile court
19 may assign juvenile probation officers to participate in a law-related
20 education program in any school district in the county. The cost of
21 juvenile probation officers who participate in the program implemented
22 pursuant to this paragraph shall be funded by the school district.

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

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

31 37. Prescribe and enforce policies and procedures for the emergency
32 administration of inhalers by trained employees of the school district and
33 nurses who are under contract with the school district pursuant to section
34 15-158.

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

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

1 Sec. 2. Section 41-5731, Arizona Revised Statutes, is amended to
2 read:

3 41-5731. Building renewal grant fund; primary building
4 renewal projects; school building security
5 projects; rules; annual report; definitions

6 A. The building renewal grant fund is established consisting of
7 monies appropriated to the fund by the legislature. The division shall
8 administer the fund and distribute monies to school districts for the
9 ~~purpose~~ PURPOSES of maintaining the adequacy of existing school facilities
10 AND IMPROVING THE SECURITY OF SCHOOL BUILDINGS. Monies in the fund are
11 exempt from the provisions of section 35-190 relating to lapsing of
12 appropriations.

13 B. The division shall distribute monies from the building renewal
14 grant fund based on grant requests from school districts AND SHALL
15 PRIORITIZE REQUESTS FROM SCHOOL DISTRICTS FOR GRANTS to fund primary
16 building renewal projects. ~~THE DIVISION SHALL PRIORITIZE project requests~~
17 ~~shall be prioritized by the division, with priority given to~~ FOR PRIMARY
18 BUILDING RENEWAL PROJECTS BY school districts that have provided routine
19 preventive maintenance on the facility. A school district must submit a
20 preventive maintenance plan to the division to be eligible to receive
21 monies from the building renewal grant fund FOR A PRIMARY BUILDING RENEWAL
22 PROJECT. IF SUFFICIENT MONIES ARE AVAILABLE AFTER AWARDED GRANTS FOR ALL
23 ELIGIBLE PRIMARY BUILDING RENEWAL PROJECTS, THE DIVISION MAY AWARD GRANTS
24 TO FUND SCHOOL BUILDING SECURITY PROJECTS AND SHALL PRIORITIZE A REQUEST
25 FOR A SCHOOL BUILDING SECURITY PROJECT FOR A SCHOOL DISTRICT THAT IS
26 SUBMITTED AFTER THE SCHOOL DISTRICT CONSULTS WITH A LAW ENFORCEMENT
27 AGENCY. The division shall approve only projects that will be completed
28 within twelve months, unless similar projects on average take longer to
29 complete. A grant issued under this section expires twelve months after
30 the grant request is approved unless the division issues an extension,
31 except that if the division approves a project and determines that similar
32 projects on average take longer than twelve months to complete, the
33 division shall extend the grant expiration date based on the average
34 amount of time that similar projects take to complete. The division shall
35 establish a process by which a school district may request an extension
36 under this subsection. On expiration of a grant, a school district shall
37 return any building renewal grant fund monies that the school district has
38 not spent to the division for deposit in the building renewal grant fund.
39 The division may spend monies from the fund for assessments to determine
40 whether a grant from the fund is warranted under this section.

41 C. School districts that receive monies from the building renewal
42 grant fund shall use these monies on projects for buildings or any part of
43 a building in the division's database for THE FOLLOWING PURPOSES:

44 1. IF THE SCHOOL DISTRICT RECEIVES MONIES FOR A PRIMARY BUILDING
45 RENEWAL PROJECT, FOR any of the following:

1 ~~1.~~ (a) Major renovations and repairs to a building that is used
2 for student instruction or other academic purposes.

3 ~~2.~~ (b) Upgrading systems and areas that will maintain or extend
4 the useful life of the building.

5 ~~3.~~ (c) Infrastructure costs.

6 2. IF THE SCHOOL DISTRICT RECEIVES MONIES FOR A SCHOOL BUILDING
7 SECURITY PROJECT, FOR SECURITY EQUIPMENT OR IMPROVEMENTS, OR A COMBINATION
8 OF SECURITY EQUIPMENT AND IMPROVEMENTS, THAT ARE DESIGNED TO PREVENT
9 INDIVIDUALS FROM ENTERING A SCHOOL BUILDING WITHOUT AUTHORIZATION.

10 D. Monies received from the fund shall not be used for any of the
11 following purposes:

- 12 1. New construction.
- 13 2. Remodeling interior space for aesthetic or preferential reasons.
- 14 3. Exterior beautification.
- 15 4. Demolition.
- 16 5. Routine preventive maintenance.
- 17 6. Any project in a building, or part of a building, that is being
18 leased to another entity.

19 E. Accommodation schools are not eligible for monies from the
20 building renewal grant fund.

21 F. If the division or a court of competent jurisdiction determines
22 that a school district received monies from the building renewal grant
23 fund that must be reimbursed to the division due to legal action
24 associated with improper construction by a hired contractor, the school
25 district shall reimburse the division an agreed-on amount for deposit ~~into~~
26 ~~IN~~ the building renewal grant fund.

27 G. The division shall categorize each PRIMARY BUILDING RENEWAL
28 project that is eligible for monies from the building renewal grant fund
29 as either critical or noncritical. The division shall adopt policies and
30 procedures to prioritize critical projects and to designate critical
31 projects as projects that immediately impact student safety or building
32 closures or that result in operational disruptions. Critical projects
33 have priority over any previously approved noncritical projects.

34 H. If the division determines that sufficient monies are not
35 available for a noncritical project that the division has approved, the
36 division shall notify the school district that submitted the project
37 request that monies will be distributed from the building renewal grant
38 fund for the project only if the legislature appropriates sufficient
39 monies. If sufficient monies are not available in the fiscal year in
40 which the project is awarded for a noncritical project, the noncritical
41 project does not receive priority in the next fiscal year.

42 I. Building renewal grants pursuant to this section shall be used
43 only for PRIMARY BUILDING RENEWAL projects that serve an academic purpose
44 OR FOR SCHOOL BUILDING SECURITY PROJECTS.

1 J. The division shall do both of the following:

2 1. Implement policies and procedures to require a school district
3 to report the preventive maintenance activities completed during the
4 previous twelve months for the facility for which the monies are being
5 requested.

6 2. Submit a monthly report to the school facilities oversight board
7 that details how monies from the building renewal grant fund have been
8 distributed.

9 K. In addition to establishing a project eligibility assessment
10 under section 41-5702, subsection A, paragraph 5, subdivision (b), the
11 division shall adopt rules regarding both of the following:

12 1. The approval of building renewal grants pursuant to this
13 section.

14 2. Time frames for the division regarding all of the following with
15 respect to this section:

16 (a) Approving or denying grant requests for critical projects.

17 (b) Notifying an applicant if the applicant's application is
18 incomplete.

19 (c) Providing regular updates to applicants regarding completed
20 applications.

21 (d) Distributing monies from the building renewal grant fund.

22 L. The board shall review all policies and procedures that the
23 division develops to administer this section.

24 M. The division may spend monies from the fund for assessments to
25 determine ~~if~~ **WHETHER** a grant from the fund is warranted under this
26 section.

27 N. On or before June 30 of each year, the division shall submit a
28 report to the joint legislative budget committee and the governor's office
29 of strategic planning and budgeting on any unobligated monies in the
30 building renewal grant fund.

31 O. For the purposes of this section:

32 1. "Primary building renewal projects" means projects that are
33 necessary for buildings owned by school districts that are required to
34 meet the minimum adequacy standards for student capacity and that fall
35 below the minimum school facility adequacy guidelines, as adopted by the
36 board pursuant to section 41-5711, for school districts that have provided
37 routine preventive maintenance to the school facility.

38 2. "Routine preventive maintenance" means services that are
39 performed on a regular schedule at intervals ranging from four times a
40 year to once every three years, or on the schedule of services recommended
41 by the manufacturer of the specific building system or equipment, and that
42 are intended to extend the useful life of a building system and reduce the
43 need for major repairs.

44 3. "Student capacity" has the same meaning prescribed in section
45 41-5711.

1 Sec. 3. Section 41-5741, Arizona Revised Statutes, is amended to
2 read:

3 41-5741. New school facilities fund; capital plan; reporting
4 requirements

5 A. The new school facilities fund is established consisting of
6 monies appropriated by the legislature and monies credited to the new
7 school facilities fund pursuant to section 37-221. The division shall
8 administer the new school facilities fund and, at the direction of the
9 school facilities oversight board, shall distribute monies, as a
10 continuing appropriation, to school districts for the purpose of
11 constructing new school facilities and for contracted expenses pursuant to
12 section 41-5702, subsection B, paragraphs 2, 3 and 4.

13 B. The school facilities oversight board shall prescribe a uniform
14 format for use by the school district governing board in developing and
15 annually updating a capital plan that consists of each of the following:

16 1. Enrollment projections for the next five years for elementary
17 schools and eight years for middle and high schools, including a
18 description of the methods used to make the projections.

19 2. A description of new schools or additions to existing schools
20 needed to meet the building adequacy standards prescribed in section
21 41-5711. The description shall include:

22 (a) The grade levels and the total number of pupils that the school
23 or addition is intended to serve.

24 (b) The year in which it is necessary for the school or addition to
25 begin operations.

26 (c) A timeline that shows the planning and construction process for
27 the school or addition.

28 3. Long-term projections of the need for land for new schools.

29 4. Any other necessary information required by the school
30 facilities oversight board to evaluate a school district's capital plan.

31 5. If a school district pays tuition for all or a portion of the
32 school district's high school pupils to another school district, the
33 capital plan shall indicate the number of pupils for which the district
34 pays tuition to another district. If a school district accepts pupils
35 from another school district pursuant to section 15-824, subsection A, the
36 school district shall indicate the projections for this population
37 separately. This paragraph does not apply to a small isolated school
38 district as defined in section 15-901.

39 C. If the capital plan indicates a need for a new school or an
40 addition to an existing school within the next four years or a need for
41 land within the next ten years, the school district shall submit its plan
42 to the school facilities oversight board on or before September 1 and
43 shall request monies from the new school facilities fund for the new
44 construction or land. The board may require a school district to sell
45 land that was previously purchased entirely with monies provided by the

board if the board determines that the property is no longer needed within the ten-year period specified in this subsection for a new school or no longer needed within that ten-year period for an addition to an existing school. Monies provided for land are in addition to any monies provided pursuant to subsection D of this section.

D. At the direction of the board, the division shall distribute monies from the new school facilities fund for additional square footage as follows:

1. The board shall review and evaluate the enrollment projections. On or before December 15 of each year, following the submission of the enrollment projections, the board shall either approve the projections as submitted or revise the projections. In approving or revising the enrollment projections, the board shall use the average daily membership data available during the current school year. On request from the board, the department of education shall make available the most recent average daily membership data for use in revising the enrollment projections. In determining new construction requirements, the board shall determine the net new growth of pupils that will require additional square footage that exceeds the building adequacy standards prescribed in section 41-5711. If the projected growth and the existing number of pupils exceed three hundred fifty pupils who are served in a school district other than the pupil's resident school district, the board, the receiving school district and the resident school district shall develop a capital facilities plan on how to best serve those pupils. A small isolated school district as defined in section 15-901 is not required to develop a capital facilities plan pursuant to this paragraph.

2. If the average daily membership projections indicate that additional space will not be needed within the next two school years in order to meet the building adequacy standards prescribed in section 41-5711, the request shall be held for consideration by the board for possible future funding and the school district shall annually submit an updated plan until the additional space is needed.

3. If the average daily membership projections indicate that additional space will be needed within the next two school years in order to meet the building adequacy standards prescribed in section 41-5711, the board shall provide an amount as follows:

(a) Determine the number of pupils requiring additional square footage to meet building adequacy standards. This amount for elementary schools shall not be less than the number of new pupils for whom space will be needed in the next year and shall not exceed the number of new pupils for whom space will be needed in the next five years. This amount for middle and high schools shall not be less than the number of new pupils for whom space will be needed in the next four years and shall not exceed the number of new pupils for whom space will be needed in the next eight years.

1 (b) Multiply the number of pupils determined in subdivision (a) of
2 this paragraph by the square footage per pupil. The square footage per
3 pupil is ninety square feet per pupil for preschool children with
4 disabilities, kindergarten programs and grades one through six, one
5 hundred square feet for grades seven and eight, one hundred thirty-four
6 square feet for a school district that provides instruction in grades nine
7 through twelve for fewer than one thousand eight hundred pupils and one
8 hundred twenty-five square feet for a school district that provides
9 instruction in grades nine through twelve for at least one thousand eight
10 hundred pupils. The total number of pupils in grades nine through twelve
11 in the district shall determine the square footage factor to use for net
12 new pupils. The board may modify the square footage requirements
13 prescribed in this subdivision for particular schools based on any of the
14 following factors:

15 (i) The number of pupils served or projected to be served by the
16 school district.

17 (ii) Geographic factors.

18 (iii) Grade configurations other than those prescribed in this
19 subdivision.

20 (iv) Compliance with minimum school facility adequacy requirements
21 established pursuant to section 41-5711.

22 (c) Multiply the product obtained in subdivision (b) of this
23 paragraph by the cost per square foot. The cost per square foot is
24 \$270.24 for preschool children with disabilities, kindergarten programs
25 and grades one through six, \$285.30 for grades seven and eight and \$330.30
26 for grades nine through twelve. The cost per square foot shall be
27 adjusted annually for construction market considerations based on an index
28 identified or developed by the joint legislative budget committee as
29 necessary but not less than once each year. Each annual construction
30 market adjustment applies to all projects approved by the ~~school~~
31 ~~facilities~~ board under this subsection during that year. The board shall
32 multiply the cost per square foot by 1.05 for any school district located
33 in a rural area. The board may only modify the base cost per square foot
34 prescribed in this subdivision for particular schools based on geographic
35 conditions or site conditions. Any extra monies received as a result of a
36 modification based on geographic conditions or site conditions may be used
37 to address unforeseen costs at any stage of a project under this
38 section. For the purposes of this subdivision, "rural area" means an area
39 outside a thirty-five-mile radius of a boundary of a municipality with a
40 population of more than fifty thousand persons.

41 (d) Once the school district governing board obtains approval from
42 the ~~SCHOOL FACILITIES OVERSIGHT~~ board for new facility construction
43 monies, additional portable or modular square footage created for the
44 express purpose of providing temporary space for pupils until the
45 completion of the new facility and any additional space funded by the

1 school district shall not be included by the SCHOOL FACILITIES OVERSIGHT
2 board for the purpose of new construction funding calculations. On
3 completion of the new facility construction project, any additional space
4 funded by the school district shall be included as prescribed by this
5 chapter and, if the portable or modular facilities continue in use, the
6 portable or modular facilities shall be included as prescribed by this
7 chapter, unless the SCHOOL FACILITIES OVERSIGHT board approves their
8 continued use for the purpose of providing temporary space for pupils
9 until the completion of the next new facility that has been approved for
10 funding from the new school facilities fund.

11 (e) FOR PROJECTS APPROVED AFTER THE EFFECTIVE DATE OF THIS
12 AMENDMENT TO THIS SECTION:

13 (i) REQUIRE ALL PROJECTS THAT ARE FUNDED PURSUANT TO THIS SECTION
14 TO INCLUDE SECURITY EQUIPMENT AND FEATURES THAT ARE DESIGNED TO PREVENT
15 INDIVIDUALS FROM ENTERING A SCHOOL BUILDING WITHOUT AUTHORIZATION.

16 (ii) INCLUDE THE COSTS FOR SECURITY EQUIPMENT AND FEATURES PURSUANT
17 TO THIS SUBDIVISION IN THE NEW FACILITY CONSTRUCTION FUNDING CALCULATIONS
18 PURSUANT TO THIS PARAGRAPH.

19 4. For projects approved after December 31, 2001, and
20 notwithstanding paragraph 3 of this subsection, a unified school district
21 that does not have a high school is not eligible to receive high school
22 space as prescribed by section 41-5711 and this section unless the unified
23 district qualifies for geographic factors prescribed by paragraph 3,
24 subdivision (b), item (ii) of this subsection.

25 5. If a career technical education district leases a building from
26 a school district, that building shall be included in the school
27 district's square footage calculation for the purposes of new construction
28 pursuant to this section.

29 6. If a school district leases a building to another entity, that
30 building shall be included in the school district's square footage
31 calculation for purposes of new construction pursuant to this section.

32 7. A school district shall qualify for monies from the new school
33 facilities fund for additional square footage in a fiscal year only if the
34 board has approved or revised its enrollment projection under paragraph 1
35 of this subsection on or before December 15 of the prior fiscal year.

36 E. Monies for architectural and engineering fees, project
37 management services and preconstruction services shall be distributed on
38 the completion of the analysis by the board of the school district's
39 request. After receiving monies pursuant to this subsection, the school
40 district shall submit a design development plan for the school or addition
41 to the board before any monies for construction are distributed. If the
42 school district's request meets the building adequacy standards, the board
43 may review and comment on the district's plan with respect to the
44 efficiency and effectiveness of the plan in meeting state square footage
45 and facility standards before directing the distribution of the remainder

1 of the monies. If the board modifies the cost per square foot as
2 prescribed in subsection D, paragraph 3, subdivision (c) of this section,
3 the board may deduct the cost of project management services and
4 preconstruction services from the required cost per square foot. The
5 board may decline to fund the project if the square footage is no longer
6 required due to revised enrollment projections. The board may decline a
7 portion of the funding if a portion of the square footage is no longer
8 needed due to revised enrollment projections.

9 F. At the direction of the board, the division shall distribute the
10 monies needed for land for new schools so that land may be purchased at a
11 price that is less than or equal to fair market value and in advance of
12 the construction of the new school. If necessary, the board may direct
13 the division to distribute monies for land to be leased for new schools if
14 the duration of the lease exceeds the life expectancy of the school
15 facility by at least fifty percent. A school district shall not use land
16 purchased or partially purchased with monies provided at the direction of
17 the board for a purpose other than a site for a school facility without
18 obtaining prior written approval from the board. A school district shall
19 not lease, sell or take any action that would diminish the value of land
20 purchased or partially purchased with monies provided at the direction of
21 the board without obtaining prior written approval from the board. The
22 proceeds derived through the sale of any land purchased or partially
23 purchased, or the sale of buildings funded or partially funded, with
24 monies provided at the direction of the board shall be returned to the
25 state fund from which it was appropriated and to any other participating
26 entity on a proportional basis. Except as provided in section 15-342,
27 paragraph 33, if a school district acquires real property by donation at
28 an appropriate school site approved by the board, the board shall direct
29 the division to distribute an amount equal to twenty percent of the fair
30 market value of the donated real property that can be used for academic
31 purposes. The school district shall place the monies in the unrestricted
32 capital outlay fund and increase the unrestricted capital budget limit by
33 the amount of monies placed in the fund. Monies distributed under this
34 subsection shall be distributed from the new school facilities fund. A
35 school district that receives monies from the new school facilities fund
36 for a donation of land pursuant to section 15-342, paragraph 33 shall not
37 receive monies from the board or the division for the donation of real
38 property pursuant to this subsection. A school district shall not pay a
39 consultant a percentage of the value of any of the following:

40 1. Donations of real property, services or cash from any of the
41 following:

42 (a) Entities that have offered to provide construction services to
43 the school district.

44 (b) Entities that have been contracted to provide construction
45 services to the school district.

1 (c) Entities that build residential units in that school district.
2 (d) Entities that develop land for residential use in that school
3 district.
4 2. Monies received under this chapter on behalf of the school
5 district.
6 3. Monies paid by or at the direction of the board on behalf of the
7 school district.
8 G. In addition to distributions to school districts based on pupil
9 growth projections, a school district may submit an application to the
10 board for monies from the new school facilities fund if one or more school
11 buildings have outlived their useful life or have been condemned. If the
12 board determines that the school district needs to build a new school
13 building for these reasons, the board shall remove the square footage
14 computations that represent the building from the computation of the
15 school district's total square footage for purposes of this section. If
16 the square footage recomputation reflects that the school district no
17 longer meets ~~THE~~ building adequacy standards, the school district
18 qualifies for a distribution of monies from the new school construction
19 formula in an amount determined pursuant to subsection D of this section.
20 The board may ~~only~~ modify the base cost per square foot prescribed in this
21 subsection ~~ONLY~~ under extraordinary circumstances for geographic factors
22 or site conditions.
23 H. School districts that receive monies from the new school
24 facilities fund shall establish a district new school facilities fund and
25 shall use the monies in the district new school facilities fund only for
26 the purposes prescribed in this section. ~~By~~ ~~ON OR BEFORE~~ October 15 of
27 each year, each school district shall report to the board the projects
28 funded at each school in the previous fiscal year with monies from the
29 district new school facilities fund and shall provide an accounting of the
30 monies remaining in the new school facilities fund at the end of the
31 previous fiscal year.
32 I. If a school district has surplus monies received from the new
33 school facilities fund, the school district may use the surplus monies
34 only for capital purposes for the project for up to one year after
35 completion of the project. If the school district possesses surplus
36 monies from the new school construction project that have not been
37 ~~expended~~ ~~SPENT~~ within one year ~~of~~ ~~AFTER~~ the completion of the project, the
38 school district shall return the surplus monies to the division for
39 deposit in the new school facilities fund.
40 J. The board's consideration of any application filed after
41 December 31 of the year in which the property becomes territory in the
42 vicinity of a military airport or ancillary military facility as defined
43 in section 28-8461 for monies to fund the construction of new school
44 facilities proposed to be located in territory in the vicinity of a
45 military airport or ancillary military facility shall include, if after

1 notice is transmitted to the military airport pursuant to section 41-5702
2 and before the public hearing the military airport provides comments and
3 an analysis concerning compatibility of the proposed school facilities
4 with the high noise or accident potential generated by military airport or
5 ancillary military facility operations that may have an adverse effect on
6 public health and safety, consideration and an analysis of the comments
7 and an analysis provided by the military airport before making a final
8 determination.

9 K. If a school district uses its own project manager for new school
10 construction, the members of the school district governing board and the
11 project manager shall sign an affidavit stating that the members and the
12 project manager understand and will follow the minimum adequacy
13 requirements prescribed in section 41-5711.

14 L. The division shall establish a separate account in the new
15 school facilities fund designated as the litigation account to pay
16 attorney fees, expert witness fees and other costs associated with
17 litigation in which the board pursues the recovery of damages for
18 deficiencies correction that resulted from alleged construction defects or
19 design defects that the board believes caused or contributed to a failure
20 of the school building to conform to the building adequacy requirements
21 prescribed in section 41-5711. Attorney fees paid pursuant to this
22 subsection shall not exceed the market rate for similar types of
23 litigation. On or before December 1 of each year, the board shall report
24 to the joint committee on capital review the costs associated with current
25 and potential litigation that may be paid from the litigation account.

26 M. Until the state board of education and the auditor general adopt
27 rules pursuant to section 15-213, subsection J, the board may allow school
28 districts to contract for construction services and materials through the
29 qualified select bidders list method of project delivery for new school
30 facilities pursuant to this section.

31 N. The board shall submit electronically a report on project
32 management services and preconstruction services to the governor, the
33 president of the senate and the speaker of the house of representatives by
34 December 31 of each year. The report shall compare projects that use
35 project management and preconstruction services with those that do not.
36 The report shall address cost, schedule and other measurable components of
37 a construction project. School districts, construction-manager-at-risk
38 firms and project management firms that participate in a board-funded
39 project shall provide the information required by the board in relation to
40 this report.

41 O. If a school district constructs new square footage according to
42 section 15-342, paragraph 33, the board shall review the design plans and
43 location of any new school facility submitted by school districts and
44 another party to determine whether the design plans comply with the
45 adequacy standards prescribed in section 41-5711, ~~and~~ COMPLY WITH the

1 square footage per pupil requirements pursuant to subsection D, paragraph
 2 3, subdivision (b) of this section **AND INCLUDE SECURITY EQUIPMENT AND**
 3 **FEATURES THAT ARE DESIGNED TO PREVENT INDIVIDUALS FROM ENTERING A SCHOOL**
 4 **BUILDING WITHOUT AUTHORIZATION.** When the school district qualifies for a
 5 distribution of monies from the new school facilities fund according to
 6 this section, the board shall direct the division to distribute monies to
 7 the school district from the new school facilities fund for the square
 8 footage constructed under section 15-342, paragraph 33 at the same cost
 9 per square foot established by this section that was in effect at the time
 10 of the beginning of the construction of the school facility. Before the
 11 board directs the division to distribute any monies pursuant to this
 12 subsection, the school district shall demonstrate to the board that the
 13 facilities to be funded pursuant to this section meet the minimum adequacy
 14 standards prescribed in section 41-5711. The agreement entered into
 15 pursuant to section 15-342, paragraph 33 shall set forth the procedures
 16 for the allocation of these funds to the parties that participated in the
 17 agreement.

18 P. Accommodation schools are not eligible for monies from the new
 19 school facilities fund.

20 Q. If the board approves a school district for funding from the new
 21 school facilities fund and the full legislative appropriation is not
 22 available to the school district in the fiscal year following the approval
 23 by the board, the school district may use any legally available monies to
 24 pay for the land or the new construction project approved by the board and
 25 may reimburse the fund from which the monies were used in subsequent years
 26 with legislative appropriations when those appropriations are made
 27 available by this state.