

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1576

AN ACT

AMENDING SECTIONS 9-121, 9-122, 9-524 AND 9-528, ARIZONA REVISED STATUTES; AMENDING SECTION 9-571, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 239, SECTION 2; AMENDING SECTIONS 9-824, 11-269.02, 11-671, 15-365, 15-393, 15-403 AND 15-450, ARIZONA REVISED STATUTES; AMENDING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 217, SECTION 4; AMENDING SECTION 15-491, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 217, SECTION 5; AMENDING SECTIONS 15-913, 15-913.01, 15-971 AND 15-974, ARIZONA REVISED STATUTES; REPEALING SECTION 15-994, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1465, ARIZONA REVISED STATUTES; AMENDING SECTION 16-204, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 5; AMENDING SECTIONS 35-452, 35-453, 37-521, 41-1276, 42-1116, 42-5001, 42-5010, 42-5029 AND 42-5069, ARIZONA REVISED STATUTES; AMENDING SECTION 35-454, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 217, SECTION 7; REPEALING SECTION 42-5077, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-5201 AND 42-5202, ARIZONA REVISED STATUTES; REPEALING TITLE 42, CHAPTER 5, ARTICLE 9, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-17051, 42-17201, 42-17202, 42-17203, 43-1011 AND 43-1022, ARIZONA REVISED STATUTES; AMENDING SECTION 48-707, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 132, SECTION 2; AMENDING SECTION 48-719, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 132, SECTION 5; AMENDING SECTION 48-723, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 132, SECTION 6; AMENDING SECTIONS 48-1037, 48-1045, 48-1409, 48-1413, 48-1416, 48-1612, 48-1615, 48-1793, 48-1907, 48-1912, 48-2011.01, 48-2020, 48-2214, 48-2223, 48-2442, 48-2635, 48-2708, 48-2709, 48-2751, 48-2773, 48-3189, 48-3190, 48-3618, 48-3620, 48-4021, 48-4543, 48-5501.01 AND 48-5566, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-121, Arizona Revised Statutes, is amended to
3 read:

4 9-121. Consolidation of towns

5 A. When the common councils of two incorporated towns having a common
6 boundary and located in a county having a population of less than one hundred
7 fifty thousand PERSONS each pass a resolution requesting an election for the
8 purpose of consolidating the two towns into one incorporated town, the board
9 of supervisors of the county shall, within sixty days after certified copies
10 of the resolutions of the two towns are filed with the clerk of the board of
11 supervisors, adopt a resolution calling an election upon the question of the
12 consolidation, and the question of the name of the new proposed town, which
13 election shall be held on a date prescribed by section 16-204 but not more
14 than one hundred eighty days after the county resolution is filed. The
15 resolution shall set forth the following:

- 16 1. The date on which the election is to be held.
- 17 2. The places where votes may be cast, and at least one place shall be
18 designated within the corporate limits of each of the two towns.
- 19 3. The hours between which the polling places will be open.
- 20 4. The name of the proposed consolidated town listing two to four
21 choices.

22 B. The election resolution shall be published in full at least once,
23 not less than fifteen nor more than thirty days prior to the date of the
24 election in a newspaper published in the county. If there is no such
25 newspaper, the resolution shall be posted in five conspicuous places in each
26 of the municipalities not less than fifteen nor more than thirty days prior
27 to the date of the election.

28 C. At the election, the ballot shall contain and may be limited to the
29 following:

30 1. The phrases "for the consolidation" and "against the
31 consolidation". To the right of and opposite each phrase shall be placed a
32 square approximately the size of squares placed opposite the names of
33 candidates on ballots. The voter shall indicate his vote for the
34 consolidation or against the consolidation by inserting the mark "X" in the
35 square opposite the appropriate phrase. No other question, word nor figure
36 need be printed on the ballot. The ballot need not be any particular size
37 nor need sample ballots be printed, posted or distributed.

38 2. The phrase "if consolidation is approved, choose one of the
39 following as the name of the new proposed town." To the right of and
40 opposite each suggested name shall be placed a square approximately the size
41 of squares placed opposite the names of candidates on ballots. The voter
42 shall indicate the vote for the name of the new proposed town by inserting
43 the mark "X" in one square only opposite the name chosen.

44 D. Only qualified electors of the towns shall vote on the question. If
45 a majority of the qualified electors voting thereon, in each incorporated

1 town, votes for consolidation, then the board of supervisors shall by an
2 order entered of record by the board declare the two incorporated towns
3 consolidated into one incorporated town, and the order of the board shall
4 designate the name of the town, which shall be the name chosen by the most
5 voters in the election as set forth in the resolution calling the election.

6 E. Except as otherwise provided in this article, the manner of
7 conducting the registration and election, keeping the poll lists, making the
8 returns, declaring the results and doing all acts relating to the election
9 shall conform to the procedure provided by law for the registration and
10 qualification of electors and holding ~~special~~ elections wherein the question
11 of issuance of bonds of municipal corporations is submitted to an election.

12 F. The first common council for the new town shall be appointed by the
13 board of supervisors in the manner provided in section 9-231, for towns newly
14 incorporated.

15 G. The incorporated limits of the new town shall be the combined
16 corporate limits of the two former incorporated towns at the time of the
17 election. The ordinances and resolutions of the former towns shall continue
18 in force unless repealed or changed by the new common council. In case of
19 conflict between ordinances or resolutions, the ordinance or resolution of
20 the former town having the largest population at the last federal decennial
21 census shall prevail. The new town shall be liable for all debts and
22 liabilities of the two former towns, and shall be entitled to receive all
23 property and rights of action belonging to the former towns.

24 H. Towns incorporated pursuant to ~~the provisions of~~ this article shall
25 have all powers, duties, rights and privileges granted to incorporated towns
26 under the laws and constitution of the state of Arizona.

27 Sec. 2. Section 9-122, Arizona Revised Statutes, is amended to read:
28 9-122. Unification of a city and a town

29 A. If the common council of a city and the common council of a town
30 whose boundaries are within five miles of each other at one or more points
31 pass a resolution requesting an election for the purpose of unifying the city
32 and the town into one incorporated city, and a petition is received from the
33 unincorporated areas ~~which~~ **THAT** separate the city or town boundaries or are
34 contiguous to the boundaries and is signed by at least ten per cent of the
35 qualified electors in such unincorporated area, within sixty days, the board
36 of supervisors of the county shall adopt a resolution calling an election on
37 the question of the unification and the question of the name of the new
38 proposed city. The election shall be held on a date prescribed by section
39 16-204 but not more than one hundred eighty days after the county resolution
40 is filed. The resolution shall set forth the following:

41 1. The date on which the election is to be held.

42 2. The places where votes may be cast. At least one place shall be
43 designated within the corporate limits of the city and the town and the
44 unincorporated area proposing the unification.

45 3. The hours between which the polling places will be open.

1 4. The name of the proposed unified city.

2 B. The election resolution shall be published in full at least once,
3 not less than thirty nor more than sixty days before the date of the
4 election, in a newspaper published in the county. If there is no such
5 newspaper, the resolution shall be posted in five conspicuous places in each
6 of the municipalities and the affected unincorporated areas not less than
7 thirty nor more than sixty days before the date of the election.

8 C. At the election, the ballot shall contain and may be limited to the
9 phrases "for the unification" and "against the unification". A square
10 approximately the size of the squares placed opposite the names of candidates
11 on ballots shall be placed to the right of and opposite each phrase. A voter
12 shall indicate a vote for the unification or against the unification by
13 marking the ballot pursuant to the ballot instructions. The ballot is not
14 required to be any particular size, and sample ballots are not required.

15 D. Only qualified electors of the city, the town and the
16 unincorporated areas shall vote on the question. If a majority of the
17 qualified electors voting on the question in each area votes for unification,
18 the board of supervisors shall declare by an order entered of record the
19 city, town and unincorporated areas unified into one incorporated city. The
20 order of the board shall designate the name of the city.

21 E. Except as otherwise provided in this article, the manner of
22 conducting the registration and election, keeping the poll lists, making the
23 returns, declaring the results and doing all acts relating to the election
24 shall conform to the procedure provided by law for the registration and
25 qualification of electors and holding ~~special~~ elections in which the question
26 of issuance of bonds of municipal corporations is submitted to an election.

27 F. The board of supervisors shall appoint the first common council for
28 the new city. The board of supervisors shall appoint seven members at least
29 two of whom shall be from each of the three areas unified. Following
30 appointment, the council shall designate one of its members to serve as
31 mayor. At the earliest possible date following the formation of the new
32 city, the new city shall be divided by the appointed council into six
33 districts, and an election shall be called to fill the six council districts
34 and elect at large a directly elected mayor. The mayor and council members
35 shall serve four year staggered terms. At the first election, the three
36 council members with the highest vote shall serve four year terms and the
37 three other council members elected shall serve two year terms in order to
38 accomplish staggered terms for future elections.

39 G. The incorporated limits of the new city shall be those shown on the
40 resolutions from the incorporated city and town and shall be their combined
41 corporate limits plus the unincorporated areas that appear on the petition
42 submitted pursuant to subsection A of this section and that are between or
43 adjacent to the city and the town. In no event shall any such petition
44 include land or improvements utilized for mining, metallurgical or related
45 environmental remediation purposes without written consent of the

1 landowner. The ordinances and resolutions of the former city, town and
2 county shall continue in force unless repealed or changed by the new common
3 council, including franchises and transaction privilege taxes. In the case
4 of conflict between ordinances or resolutions, the ordinances or resolutions
5 of the former city or town with the larger population shall prevail, except
6 that zoning regulations applying to property at the time of unification shall
7 remain in effect until the council of the new unified city adopts a zoning
8 ordinance applying to the property. The new city shall be liable for all
9 debts and liabilities of the former city and town and shall be entitled to
10 receive all property and rights of action belonging to the former city and
11 town.

12 H. A city incorporated pursuant to this ~~article~~ SECTION has all
13 powers, duties, rights and privileges granted to incorporated cities and
14 towns under the laws and constitution of this state. For purposes of state
15 shared revenues, including state ~~sales~~ TRANSACTION PRIVILEGE tax, state
16 income tax, vehicle license taxes, highway user revenues and local
17 transportation assistance fund monies, a combined amount ~~which~~ THAT would
18 have been distributed to the former town and city unified shall be
19 distributed to the new city until a combined census count including the
20 unincorporated areas can be obtained. Once the combined census count is
21 obtained, the updated census count shall be used for the distribution of the
22 state shared revenues retroactive to the first of the month following
23 unification. The annual population estimate of the unified city prepared by
24 the department of economic security shall be used for distribution of local
25 transportation assistance fund monies.

26 I. The unified city shall have a property tax levy limit calculated as
27 the combined maximum allowable levy limit of the town and city unless another
28 levy limit is approved by the voters of the unified city at a regularly
29 scheduled election. The expenditure limit of the unified city shall be the
30 alternative expenditure limitation of the largest city until the fiscal year
31 following the unified city's first general election. At such election, the
32 council may propose an alternative expenditure limitation or permanent base
33 adjustment and if not approved the unified city's expenditure limitation
34 shall be calculated using the formula provided for a newly incorporated city
35 unless subsequently changed by the voters.

36 Sec. 3. Section 9-524, Arizona Revised Statutes, is amended to read:
37 9-524. Election order and call; publication; posting

38 A. The governing body shall order and call an election upon the
39 question of the issuance of bonds. The order and call shall state in
40 substance:

- 41 1. The maximum amount of bonds to be issued.
- 42 2. The purpose for which the bonds are to be issued.
- 43 3. The maximum rate of interest which the bonds are to bear.
- 44 4. A brief concise statement, which need not include any detail other
45 than the mere statement of the fact, showing that the bonds will be payable

1 solely from revenues unless the bonds are to be tax secured bonds in which
2 case the order and call shall state in substance that the bonds shall be
3 payable from revenues and shall additionally be payable from taxes levied
4 upon all taxable property in the municipality.

5 5. The date on which the election is to be held AS PRESCRIBED BY
6 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

7 6. The places where votes may be cast.

8 7. The hours between which polling places will be open.

9 B. The order and call of election shall be published in full at least
10 once, not less than fifteen nor more than thirty days prior to the date of
11 the election, in a newspaper published in the county and of general
12 circulation in the municipality. If there is no such newspaper, the order
13 and call shall be printed in full and posted in five conspicuous places in
14 the municipality not less than fifteen nor more than thirty days prior to the
15 date of the election.

16 C. If the bonds are to be tax secured bonds, the order and call of
17 election shall state, in addition to the requirements of subsection A OF THIS
18 SECTION, the matters required by title 35, chapter 3, article 3 and shall be
19 posted and published as required by that article rather than as provided in
20 subsection B OF THIS SECTION.

21 Sec. 4. Section 9-528, Arizona Revised Statutes, is amended to read:
22 9-528. Application of election laws

23 Except as otherwise provided in this article, the manner of conducting
24 the registration and election, keeping the poll lists, making the returns,
25 declaring the results and doing all acts relating to the election shall
26 conform to the procedure provided by law for the registration and
27 qualification of electors and holding ~~special~~ elections wherein the question
28 of issuance of bonds of municipal corporations is submitted to an election.

29 Sec. 5. Section 9-571, Arizona Revised Statutes, as amended by Laws
30 2006, chapter 239, section 2, is amended to read:

31 9-571. Wastewater treatment and drinking water treatment
32 facilities and nonpoint source projects; financial
33 assistance loan repayment agreements; definitions

34 A. Notwithstanding any other law, a city or town may construct,
35 acquire from a willing seller or improve a wastewater treatment facility,
36 drinking water facility or nonpoint source project with monies borrowed from
37 or financial assistance including forgivable principal provided by the water
38 infrastructure finance authority of Arizona.

39 B. To repay financial assistance from the water infrastructure finance
40 authority of Arizona a city or town may enter into a financial assistance
41 loan repayment agreement with the authority. A financial assistance loan
42 repayment agreement is payable from any revenues otherwise authorized by law
43 to be used to repay long-term obligations. If revenue from a property tax
44 assessment is the designated source of repayment under the agreement, the

1 property tax assessed and levied is a secondary property tax levy for
2 purposes of article IX, Constitution of Arizona.

3 C. For any city or town with a population of more than fifty thousand
4 persons, the governing body of the city or town shall submit the question of
5 entering and performing a financial assistance loan repayment agreement to
6 the qualified electors voting at a regular or special election in the city or
7 town, **EXCEPT THAT IF REVENUE FROM A SECONDARY PROPERTY TAX LEVY IS THE**
8 **DESIGNATED SOURCE OF REPAYMENT OR IF THE PROJECT IS CONSTRUCTED WITH AN**
9 **IMPROVEMENT DISTRICT, THE QUESTION SHALL BE SUBMITTED TO THE QUALIFIED**
10 **ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY**
11 **IN NOVEMBER.** For a city or town with a population of fifty thousand persons
12 or less, the revenues of the city's or town's utility system or systems may
13 be pledged to the payment of the repayment agreement without an election, if
14 the pledge of revenues does not violate any covenant pertaining to the
15 utility system or systems or the revenues pledged to secure outstanding bonds
16 or other obligations of the city or town. An election is not required if
17 voter approval has previously been obtained for substantially the same
18 project with another funding source ~~or if the project is constructed with an~~
19 ~~improvement district~~. If a majority of the qualified electors voting on the
20 question:

21 1. Approves, the governing body may execute, deliver and perform the
22 financial assistance loan repayment agreement.

23 2. Disapproves, the governing body shall not execute a financial
24 assistance loan repayment agreement.

25 D. Payments made pursuant to a financial assistance loan repayment
26 agreement are not subject to section 42-17106.

27 E. A financial assistance loan repayment agreement entered into
28 pursuant to this section shall contain the covenants and conditions
29 pertaining to the construction, acquisition or improvement of a wastewater
30 treatment or drinking water facility or nonpoint source project and repayment
31 of the loan as the water infrastructure finance authority of Arizona deems
32 proper. Financial assistance loan repayment agreements may provide for the
33 payment of interest on the unpaid principal balance of such agreement at the
34 rates established in the agreement. The agreement may also provide for
35 payment of the city's or town's proportionate share of the expenses of
36 administering the clean water and drinking water revolving funds established
37 by sections 49-1221 and 49-1241 and may provide that the city or town pay
38 financing and loan administration fees approved by the water infrastructure
39 finance authority. These costs may be included in the levy or assessment
40 amounts pledged to repay the financial assistance. Cities and towns are
41 bound by and shall fully perform the loan repayment agreements, and the
42 agreements are incontestable after the loan is funded by the water
43 infrastructure finance authority of Arizona. The city or town shall also
44 agree to pay the authority's costs in issuing bonds or otherwise borrowing to
45 fund a loan.

1 F. A financial assistance loan repayment agreement under this section
2 does not create a debt of the city or town, and the authority shall not
3 require that payment of a financial assistance loan repayment agreement be
4 made from other than those sources permitted in subsection B of this section
5 and as prescribed by sections 49-1225 and 49-1245.

6 G. A city or town may employ attorneys, accountants, financial
7 consultants and such other experts in their field as deemed necessary to
8 perform services with respect to the financial assistance loan repayment
9 agreement.

10 H. This section is supplemental and alternative to any other law under
11 which a city or town may borrow money or issue bonds. This section shall not
12 be construed as the exclusive authorization to enter into loan agreements
13 with the authority.

14 I. A city or town may borrow additional monies or enter into
15 additional financial assistance loan repayment agreements with the water
16 infrastructure finance authority in an amount up to the amount approved by
17 the voters pursuant to subsection C of this section less the amount that the
18 city or town is already obligated to repay to the water infrastructure
19 finance authority pursuant to a financial assistance loan repayment
20 agreement.

21 J. For the purposes of this section:

22 1. "City" includes both cities formed pursuant to this title and
23 charter cities.

24 2. "Nonpoint source project" has the same meaning prescribed in
25 section 49-1201.

26 Sec. 6. Section 9-824, Arizona Revised Statutes, is amended to read:
27 9-824. Registration for elections

28 ~~A. In special elections where the question of issuing bonds of the~~
29 ~~municipal corporation is submitted to the qualified electors thereof, who are~~
30 ~~the owners of real property subject to taxation within the municipal~~
31 ~~corporation, the governing body may by resolution MAY require a registration~~
32 ~~of all persons to vote at the special elections, who possess such~~
33 ~~qualifications. The resolution shall be passed at least thirty days prior to~~
34 ~~holding the election, and the registration shall begin at least thirty days~~
35 ~~before and close ten days prior to holding the election, and no person shall~~
36 ~~be permitted to vote unless the real property of the person offering to vote~~
37 ~~which is subject to taxation within the corporation appears on the last~~
38 ~~assessment or tax roll of the municipal corporation.~~

39 ~~B. The assessor or tax collector of the corporation shall enter on the~~
40 ~~assessment or tax roll the property of persons owning real property subject~~
41 ~~to taxation within the corporation at any time prior to the day on which the~~
42 ~~election is held upon application of such persons.~~

1 Sec. 7. Section 11-269.02, Arizona Revised Statutes, is amended to
2 read:

3 11-269.02. Public facilities; voter approval; exemptions

4 A. Notwithstanding any other law, a county with a population of more
5 than one million five hundred thousand persons according to the most recent
6 United States decennial census shall not spend public monies, grant tax
7 concessions or relief, incur debt or exchange property in any combined amount
8 or value totaling more than three million dollars to construct or aid in the
9 construction of an amphitheater, a sports facility, arena or complex or a
10 convention facility, arena or complex without presenting the proposed
11 expenditure to the ~~qualifying~~ QUALIFIED electors of the county with a
12 population of more than one million five hundred thousand persons according
13 to the most recent United States decennial census and approval of the
14 expenditure by a majority of those voting in the election. IF REVENUE FROM A
15 SECONDARY PROPERTY TAX LEVY IS THE DESIGNATED SOURCE OF PAYMENT OR IF THE
16 PROJECT IS CONSTRUCTED WITH AN IMPROVEMENT DISTRICT, THE QUESTION SHALL BE
17 SUBMITTED TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY
18 FOLLOWING THE FIRST MONDAY IN NOVEMBER.

19 B. This section does not apply to an expenditure for a park, parkway,
20 trail, recreational area or playground THAT IS established, maintained or
21 administered by a county with a population of more than one million five
22 hundred thousand persons according to the most recent United States decennial
23 census AND that was not developed primarily for the commercial use of a
24 private enterprise or collection of private enterprises.

25 Sec. 8. Section 11-671, Arizona Revised Statutes, is amended to read:

26 11-671. Financing wastewater treatment facilities and nonpoint
27 source projects; financial assistance loan repayment
28 agreements; definition

29 A. Notwithstanding any other law, a county authorized to operate a
30 sewage system pursuant to section 11-264 may construct or improve a
31 wastewater treatment facility or nonpoint source project with monies borrowed
32 from or financial assistance provided by the water infrastructure finance
33 authority of Arizona.

34 B. To repay financial assistance from the water infrastructure finance
35 authority of Arizona a county may enter into a financial assistance loan
36 repayment agreement with the authority. A financial assistance loan
37 repayment agreement is payable from any revenues otherwise authorized by law
38 to be used to pay long-term obligations. If revenue from a property tax
39 assessment is the designated source of repayment under the agreement, the
40 property tax assessed and levied is a secondary property tax levy for
41 purposes of article IX, Constitution of Arizona.

42 C. The county board of supervisors shall submit the question of
43 entering and performing a financial assistance loan repayment agreement to
44 the qualified electors voting at a regular or special general election in the
45 county, EXCEPT THAT IF REVENUE FROM A SECONDARY PROPERTY TAX LEVY IS THE

1 DESIGNATED SOURCE OF REPAYMENT OR IF THE PROJECT IS CONSTRUCTED WITH AN
2 IMPROVEMENT DISTRICT, THE QUESTION SHALL BE SUBMITTED TO THE QUALIFIED
3 ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY
4 IN NOVEMBER. OTHERWISE, an election is not required if voter approval has
5 previously been obtained for substantially the same project with another
6 funding source. If a majority of the qualified electors voting on the
7 question:

8 1. Approves, the board of supervisors may execute, deliver and perform
9 the financial assistance loan repayment agreement.

10 2. Disapproves, the board of supervisors shall not execute a financial
11 assistance loan repayment agreement.

12 D. Payments made pursuant to a financial assistance loan repayment
13 agreement are not subject to section 42-17106.

14 E. A financial assistance loan repayment agreement entered into
15 pursuant to this section shall contain the covenants and conditions
16 pertaining to the construction of a wastewater treatment facility or nonpoint
17 source project and repayment of the loan as the water infrastructure finance
18 authority of Arizona deems proper. Financial assistance loan repayment
19 agreements may provide for the payment of interest on the unpaid principal
20 balance of such agreement at the rates established in the agreement. The
21 agreement may also provide for payment of the county's proportionate share of
22 the expenses of administering the clean water revolving fund established by
23 section 49-1221 and may provide that the county pay financing and loan
24 administration fees approved by the water infrastructure finance authority.
25 These costs may be included in the levy or assessment amounts pledged to
26 repay the financial assistance. Counties are bound by and shall fully
27 perform the loan repayment agreements, and the agreements are incontestable
28 after the loan is funded by the water infrastructure finance authority of
29 Arizona. The county shall also agree to pay the authority's costs in issuing
30 bonds or otherwise borrowing to fund a loan.

31 F. A financial assistance loan repayment agreement under this section
32 does not create a debt of the county, and the authority shall not require
33 that payment of a financial assistance loan agreement be made from other than
34 those sources permitted in subsection B of this section.

35 G. A county may employ attorneys, accountants, financial consultants
36 and such other experts in their field as deemed necessary to perform services
37 with respect to the financial assistance loan repayment agreement.

38 H. This section is supplemental and alternative to any other law under
39 which a county may borrow money or issue bonds. This section shall not be
40 construed as the exclusive authorization to enter into loan agreements with
41 the authority.

42 I. A county may borrow additional monies or enter into additional
43 financial assistance loan repayment agreements with the water infrastructure
44 finance authority in an amount up to the amount approved by the voters
45 pursuant to subsection C of this section less the amount that the county is

1 already obligated to repay to the water infrastructure finance authority
2 pursuant to a financial assistance loan repayment agreement.

3 J. For purposes of this section, "nonpoint source project" has the
4 same meaning as prescribed in section 49-1201.

5 Sec. 9. Section 15-365, Arizona Revised Statutes, is amended to read:
6 15-365. Service programs operated through the office of a
7 county school superintendent; reports; definitions

8 A. The county school superintendent may establish service programs
9 which shall be available to any local school district governing board
10 officially requesting such programs.

11 B. Both central administrative costs and general service costs shall
12 be shared on a user basis and budgeted and paid as contract costs by the
13 districts using such programs, except as provided in subsections E, F and H
14 of this section.

15 C. Agreements or contracts entered into pursuant to this section shall
16 not be subject to ~~the provisions of~~ title 11, chapter 7, article 3 relating
17 to intergovernmental agreements and contracts.

18 D. Each county school superintendent shall submit to the school
19 districts involved and to the board of supervisors no later than May 31 of
20 each year a program progress report and a fiscal report including actual
21 expenditures through March 31 and estimates for the remainder of the fiscal
22 year on each service program in operation in such county.

23 E. County school superintendents may establish special small district
24 service programs designed to meet the special needs of school districts with
25 a total student count of fewer than six hundred in such areas as
26 administrative assistance and specialized services as follows:

27 1. For counties with seven or more school districts with a student
28 count of fewer than six hundred, the small district service program may serve
29 a single county or two or more counties.

30 2. Except as provided in subsection I of this section, for counties
31 with fewer than seven school districts with a student count of fewer than six
32 hundred, the small district service program shall serve two or more counties
33 as determined by the superintendent of public instruction.

34 F. The costs of the small district service program are payable in part
35 from the small district service program fund. Costs in excess of the amount
36 available in the small district service program fund shall be shared on a
37 user basis and budgeted and paid as contract costs by the district using such
38 programs. The small district service program fund for each program shall
39 consist of a base amount plus a per district amount for each school district
40 in the county or counties served which has a student count of fewer than six
41 hundred. For fiscal year 1989-1990, the base amount is fifty-six thousand
42 four hundred ninety-four dollars and the per district amount is five thousand
43 eighty-four dollars. Beginning with fiscal year 1990-1991, the base amount
44 and per district amount are the amounts for the prior year adjusted by the
45 growth rate prescribed by law, subject to appropriation. The county

1 treasurer shall pay the appropriate amount into the small district service
2 program fund from ~~monies collected from the tax levy for county equalization~~
3 ~~assistance for education as provided in section 15-994 before the~~ monies THAT
4 are used to provide equalization assistance for education as provided in
5 section 15-971, subsection C, except that for small district service programs
6 which serve two or more counties payment into the fund shall be as provided
7 in subsection H of this section.

8 G. School districts which provide only financing for pupils who are
9 instructed by another district shall be included in determining the number of
10 districts counted for the small district service program fund.

11 H. For each small district service program which serves two or more
12 counties, a county of jurisdiction shall be selected by the superintendent of
13 public instruction. Payment shall be made into the small district service
14 program fund in the county of jurisdiction from ~~monies collected from the tax~~
15 ~~levy for county equalization assistance for education as provided in section~~
16 ~~15-994 before the~~ monies THAT are used to provide equalization assistance FOR
17 EDUCATION as provided in section ~~15-994~~ 15-971, SUBSECTION C by each county
18 participating in the small district service program as follows:

19 1. The county treasurer of each county which is not the county of
20 jurisdiction shall pay to the county of jurisdiction an amount determined as
21 follows:

22 (a) Determine the total amount of the small district service program
23 fund as provided in subsection F of this section.

24 (b) Determine the total number of school districts with a student
25 count of fewer than six hundred in all counties served by the small district
26 service program.

27 (c) Divide the amount determined in subdivision (a) of this paragraph
28 by the amount determined in subdivision (b) of this paragraph.

29 (d) Multiply the number of school districts with a student count of
30 fewer than six hundred in each county by the amount determined in subdivision
31 (c) of this paragraph.

32 (e) The product determined in subdivision (d) of this paragraph is the
33 amount which shall be paid to the county of jurisdiction.

34 2. The county treasurer of the county of jurisdiction shall deposit
35 the monies received from the other counties as provided in paragraph 1 of
36 this subsection into the small district service program fund and shall also
37 pay into the fund an amount equal to the quotient obtained in paragraph 1,
38 subdivision (c) of this subsection multiplied by the number of school
39 districts with a student count of fewer than six hundred in the county of
40 jurisdiction.

41 I. If a small district service program is established before fiscal
42 year 1987-1988, the program may continue to operate as a single county
43 program if the county contains fewer than seven, but at least four, school
44 districts with a student count of fewer than six hundred.

1 J. A school district with a student count of six hundred or more in
2 the current year which participated in a small district service program and
3 which had a student count of fewer than six hundred in the prior year may
4 continue to participate in the program for the current year and one
5 additional year. The amount in the small district service program fund shall
6 be determined as if the district had a student count of fewer than six
7 hundred.

8 K. In this section, unless the context otherwise requires:

9 1. "Central administrative costs" means only those costs which are
10 incurred by the county school superintendent in administering any service
11 program which benefits all the school districts in the program and which are
12 shared on a user basis and budgeted and paid as contract costs by districts,
13 except as provided in subsections E, F and H of this section.

14 2. "General service costs" means those costs which are directly
15 related to each of the service programs, which are shared on a user basis and
16 which are budgeted and paid as contract costs by districts, except as
17 provided in subsections E, F and H of this section.

18 3. "Service programs" means those programs which can be accomplished
19 more efficiently and economically as multidistrict or multicounty operations.

20 4. "Student count" means the student count as defined in section
21 15-901, subsection A, except that it shall not include pupils enrolled in
22 grades nine through twelve to whom the district does not provide instruction
23 if the district is a common school district which is not within a high school
24 district.

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

26 15-393. Joint technological education district governing board:
27 definition

28 A. The management and control of the joint district are vested in the
29 joint technological education district governing board. Unless the governing
30 boards of the school districts participating in the formation of the joint
31 district vote to implement an alternative election system as provided in
32 subsection B of this section, the joint board shall consist of five members
33 elected from five single member districts formed within the joint
34 district. The single member district election system shall be submitted as
35 part of the plan for the joint district pursuant to section 15-392 and shall
36 be established in the plan as follows:

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

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

4 3. A person who is a registered voter of this state and who is a
5 resident of the single member district is eligible for election to the office
6 of joint board member from the single member district. The terms of office
7 of the members of the joint board shall be as prescribed in section 15-427,
8 subsection B.

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

11 B. The governing boards of the school districts participating in the
12 formation of the joint district may vote to implement any other alternative
13 election system for the election of joint district board members. If an
14 alternative election system is selected, it shall be submitted as part of the
15 plan for the joint district pursuant to section 15-392, and the
16 implementation of the system shall be as approved by the United States
17 justice department.

18 C. The joint technological education district shall be subject to the
19 following provisions of this title:

20 1. Chapter 1, articles 1 through 6.

21 2. Sections 15-208, 15-210, 15-213 and 15-234.

22 3. Articles 2, 3 and 5 of this chapter.

23 4. Section 15-361.

24 5. Chapter 4, articles 1, 2 and 5.

25 6. Chapter 5, articles 1, 2 and 3.

26 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
27 and 15-730.

28 8. Chapter 7, article 5.

29 9. Chapter 8, articles 1, 3 and 4.

30 10. Sections 15-828 and 15-829.

31 11. Chapter 9, articles 1, 6 and 7.

32 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.

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

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

35 D. Notwithstanding subsection C of this section, the following apply
36 to a joint technological education district:

37 1. A joint district may issue bonds for the purposes specified in
38 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
39 aggregate, including the existing indebtedness, not exceeding one per cent of
40 the taxable property used for secondary tax purposes, as determined pursuant
41 to title 42, chapter 15, article 1, within the joint technological education
42 district as ascertained by the last property tax assessment previous to
43 issuing the bonds.

44 2. The number of governing board members for a joint district shall be
45 as prescribed in subsection A of this section.

1 3. If a career and technical education and vocational education course
2 or program provided pursuant to this article is provided in a facility owned
3 or operated by a school district in which a pupil is enrolled, including
4 satellite courses, the sum of the daily attendance, as provided in section
5 15-901, subsection A, paragraph 6, for that pupil in both the school district
6 and joint technological education district shall not exceed 1.250 and the sum
7 of the fractional student enrollment, as provided in section 15-901,
8 subsection A, paragraph 2, subdivision (a), shall not exceed 1.250 for the
9 courses taken in the school district and the facility, including satellite
10 courses. The school district and the joint district shall determine the
11 apportionment of the daily attendance and fractional student enrollment for
12 that pupil between the school district and the joint district.

13 4. The student count for the first year of operation of a joint
14 technological education district as provided in this article shall be
15 determined as follows:

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

27 (b) The student count for the new joint district shall be the student
28 count as determined in subdivision (a) [OF THIS PARAGRAPH](#).

29 (c) After the first one hundred days or two hundred days in session,
30 as applicable, for the first year of operation, the joint district shall
31 revise the student count to the actual student count for students attending
32 classes in the joint district. A joint district shall revise its student
33 count, the base support level as provided in section 15-943.02, the revenue
34 control limit as provided in section 15-944.01, the capital outlay revenue
35 limit and the soft capital allocation as provided in section 15-962.01 prior
36 to May 15. A joint district that overestimated its student count shall
37 revise its budget prior to May 15. A joint district that underestimated its
38 student count may revise its budget prior to May 15.

39 (d) After the first one hundred days or two hundred days in session,
40 as applicable, for the first year of operation, the district of residence
41 shall adjust its student count by reducing it to reflect the courses actually
42 taken at the joint district. The district of residence shall revise its
43 student count, the base support level as provided in section 15-943, the
44 revenue control limit as provided in section 15-944, the capital outlay
45 revenue limit as provided in section 15-961 and the soft capital allocation

1 as provided in section 15-962 prior to May 15. A district that
2 underestimated the student count for students attending the joint district
3 shall revise its budget prior to May 15. A district that overestimated the
4 student count for students attending the joint district may revise its budget
5 prior to May 15.

6 (e) A joint district for the first year of operation shall not be
7 eligible for adjustment pursuant to section 15-948.

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

10 (g) If the district of residence utilizes section 15-942 to determine
11 its student count, the district shall reduce its student count as provided in
12 this paragraph by subtracting the appropriate count from the student count
13 determined as provided in section 15-942.

14 For the purposes of this paragraph, "district of residence" means the
15 district that included the pupil in its average daily membership for the year
16 before the first year of operation of the joint district and that would have
17 included the pupil in its student count for the purposes of computing its
18 base support level for the fiscal year of the first year of operation of the
19 joint district if the pupil had not enrolled in the joint district.

20 5. A student includes any person enrolled in the joint district
21 without regard to the person's age or high school graduation status, except
22 that:

23 (a) A student in a kindergarten program or in grades one through eight
24 who enrolls in courses offered by the joint technological education district
25 shall not be included in the joint district's average daily attendance or
26 average daily membership.

27 (b) A student in a kindergarten program or in grades one through six
28 who is enrolled in vocational education courses shall not be funded in whole
29 or in part with monies provided by a joint technological education district.

30 (c) A student who is over twenty-two years of age shall not be
31 included in the student count of the joint district for the purposes of
32 chapter 9, articles 3, 4 and 5 of this title.

33 6. A joint district may operate for more than one hundred seventy-five
34 days per year, with expanded hours of service.

35 7. A joint district may use the excess utility costs provisions of
36 section 15-910 in the same manner as a school district for fiscal years
37 1999-2000 and 2000-2001, except that the base year shall be the first full
38 fiscal year of operations.

39 8. A joint district may use the carryforward provisions of section
40 15-943.01 retroactively to July 1, 1993.

41 9. A school district that is part of a joint district shall use any
42 monies received pursuant to this article to supplement and not supplant base
43 year career and technical education and vocational education courses, and
44 directly related equipment and facilities, except that a school district that
45 is part of a joint technological education district and that has used monies

1 received pursuant to this article to supplant career and technological
2 education and vocational education courses that were offered before the first
3 year that the school district participated in the joint district or the first
4 year that the school district used monies received pursuant to this article
5 or that used the monies for purposes other than for career and technological
6 education and vocational education courses shall:

7 (a) Use at least thirty-three per cent of the monies received pursuant
8 to this article in fiscal year 2005-2006 to supplement and not supplant base
9 year career and technical education and vocational education courses.

10 (b) Use at least sixty-six per cent of the monies received pursuant to
11 this article in fiscal year 2006-2007 to supplement and not supplant base
12 year career and technical education and vocational education courses.

13 (c) Use one hundred per cent of the monies received pursuant to this
14 article in fiscal year 2007-2008 and each fiscal year thereafter to
15 supplement and not supplant base year career and technical education and
16 vocational education courses.

17 10. A joint technological education district shall use any monies
18 received pursuant to this article to enhance career and technical education
19 and vocational education courses, and directly related equipment and
20 facilities.

21 11. A joint technological education district or a school district that
22 is part of a joint district shall only include pupils in grades nine through
23 twelve in the calculation of average daily membership or average daily
24 attendance if the pupils are enrolled in courses that are approved jointly by
25 the governing board of the joint technological education district and each
26 participating school district for satellite courses taught within the
27 participating school district, or approved solely by the joint technological
28 education district for centrally located courses. Average daily membership
29 and average daily attendance from courses that are not part of an approved
30 program for career and technical education shall not be included in average
31 daily membership and average daily attendance of a joint technological
32 education district.

33 E. The joint board shall appoint a superintendent as the executive
34 officer of the joint district.

35 F. Taxes may be levied for the support of the joint district as
36 prescribed in chapter 9, article 6 of this title. ~~Except for the taxes~~
37 ~~levied pursuant to section 15-994, such taxes shall be obtained from a levy~~
38 ~~of taxes on the taxable property used~~ for secondary tax purposes.

39 G. The schools in the joint district are available to all persons who
40 reside in the joint district subject to the rules for admission prescribed by
41 the joint board.

42 H. The joint board may collect tuition for adult students and the
43 attendance of pupils who are residents of school districts that are not
44 participating in the joint district pursuant to arrangements made between the
45 governing board of the district and the joint board.

1 I. The joint board may accept gifts, grants, federal monies, tuition
2 and other allocations of monies to erect, repair and equip buildings and for
3 the cost of operation of the schools of the joint district.

4 J. One member of the joint board shall be selected chairman. The
5 chairman shall be selected annually on a rotation basis from among the
6 participating school districts. The chairman of the joint board shall be a
7 voting member.

8 K. A joint board and a community college district may enter into
9 agreements for the provision of administrative, operational and educational
10 services and facilities.

11 L. For the purposes of this section, "base year" means the complete
12 school year in which voters of a school district elected to join a joint
13 technological education district.

14 Sec. 11. Section 15-403, Arizona Revised Statutes, is amended to read:

15 15-403. Elections; notice; bond election procedure;
16 qualifications of voters; closing of registrations;
17 election precincts; polling places

18 A. The county school superintendent shall cause notices of a special
19 election except a bond election to be posted at least ninety days previous to
20 the date of the election. The notices shall be posted in at least three
21 public places in the school district. One notice shall be posted at the
22 school if there is one. Bond election notices and procedures shall comply
23 with the requirements of title 35, chapter 3, article 3.

24 B. The notices shall specify the day and the polling places of the
25 ~~special~~ election and the time the polls will be open. A special election **OR**
26 **A BOND ELECTION** may be held only on a date prescribed by section 16-204.

27 C. If the county school superintendent fails to give notice as
28 provided in subsections A and B of this section, any two qualified electors
29 who reside within the district may give similar notice of the ~~special~~
30 election at least seventy-five days prior to the ~~special~~ election.

31 D. A person is not entitled to vote at a special election or an
32 election held at a time and place other than a general election in a school
33 district who has not been a qualified elector in a precinct in the boundaries
34 of the school district for twenty-nine days preceding the election, who is
35 not qualified to register to vote as provided in section 16-101 and who has
36 not registered to vote prior to midnight of the twenty-ninth day preceding
37 the date of the election.

38 E. The governing board of a school district shall establish school
39 district election precincts that have the same boundaries as the county
40 election precincts as provided in section 16-411 and designate one polling
41 place within each precinct, except that the governing board of a union high
42 school district may divide a county election precinct along the boundaries of
43 common school districts within the boundaries of the union high school
44 district and establish polling places within each common school district. In
45 those cases where a school district boundary bisects a county election

1 precinct, that portion of the election precinct that is within the school
2 district shall be the school district election precinct. The governing board
3 may consolidate school district election precincts if it deems it necessary
4 for each ~~special~~ election and designate one polling place for the election
5 precincts ~~which~~ THAT it consolidates. If school district election precincts
6 are consolidated, a school district precinct register shall be prepared for
7 the consolidated precinct. Upon a specific finding of the board, included in
8 the order or resolution designating polling places pursuant to this
9 subsection, that no suitable polling place is available within a precinct of
10 the school district, a polling place for such precinct may be designated
11 within an adjacent precinct. The adjacent precinct need not be within the
12 school district. Any such polling places shall be listed in a separate
13 section of the order or resolution.

14 F. All ~~special~~ elections ~~which~~ THAT are called either by the county
15 school superintendent or the governing board of a school district and ~~which~~
16 THAT are held at a time other than the general election shall be conducted by
17 the use of school district precinct registers.

18 Sec. 12. Section 15-450, Arizona Revised Statutes, is amended to read:
19 15-450. Formation of a new joint unified school district;
20 petition; report; election; notice; ballots; canvass
21 of votes; appointment of governing board

22 A. Notwithstanding any other statute, a new joint unified school
23 district may be formed if the formation is approved by the state board of
24 education and if the following requirements are met:

25 1. The boundaries of the proposed new joint unified school district
26 include an incorporated city that is divided by two counties.

27 2. The proposed new joint unified school district includes territory
28 within the boundaries of two or more existing school districts.

29 3. The proposed new joint unified school district would have a student
30 count of not less than six hundred.

31 4. A high school is not located within the boundaries of the proposed
32 new joint unified school district.

33 5. The assessed valuation of the proposed school district is at least
34 two million dollars.

35 6. The governing boards of the districts affected have been given
36 notice of the proposed change and an opportunity to be heard pursuant to
37 section 15-442, subsection B.

38 B. If it is desired that a new joint unified school district be formed
39 pursuant to the provisions of this section, ten per cent or more of the
40 qualified electors residing within the boundaries of the proposed joint
41 unified school district shall file petitions with the county school
42 superintendents of the counties in which the territory of the proposed
43 district is situated. The petitions shall describe the territory to be
44 included in the proposed joint unified school district and shall request that

1 the formation of the proposed district be submitted to the qualified electors
2 who reside within the proposed district.

3 C. Each county school superintendent with whom petitions for the
4 formation of a joint unified school district are filed shall examine the
5 petitions within fifteen days of the date of receipt to determine their
6 sufficiency, including the adequacy of the signatures from the portion of the
7 proposed district within his county. If the petitions are found sufficient,
8 the county school superintendent shall transmit the petitions to the state
9 board of education.

10 D. The state board of education shall promptly schedule a review of
11 the issue of the formation of the proposed joint unified school district
12 after receiving the petitions from the county school superintendents pursuant
13 to subsection C of this section. The board shall approve or reject the
14 formation of the proposed joint unified school district within sixty days of
15 the date of receipt of the petitions. The board shall consider:

- 16 1. Operational costs of the existing and proposed districts.
- 17 2. Travel times and distances.
- 18 3. Climatic conditions.
- 19 4. Local terrain.
- 20 5. The number of pupils.

21 6. The fairness and appropriateness of any redistribution of taxable
22 wealth from an existing school district to a proposed joint unified school
23 district.

24 7. Whether the assessed valuation of the proposed joint unified school
25 district is sufficient to support the district in a manner comparable to
26 other districts of similar size.

27 If the state board after considering all such factors determines that
28 the proposed new district will not cause an undue adverse effect on the
29 operations of any existing school district, jeopardize the operation of
30 the proposed joint common school district or cause a disproportionate
31 amount of taxable wealth to be redistributed, it shall approve the
32 petitions and return them to the respective county school
33 superintendents.

34 E. On approval from the state board of education, the county school
35 superintendent of each county whose territory or a portion of whose territory
36 will be included in the proposed joint unified school district shall submit
37 the question of the formation of the proposed joint unified school district
38 to the voters at a general election or at a special election to be held for
39 that purpose. If no general election is scheduled to be held within sixty
40 days after the date the county school superintendent receives the approved
41 petitions from the state board of education, he shall promptly call a special
42 election to be held within sixty days after receipt of the approved
43 petitions. Notice of the election shall be given by the county school
44 superintendent to the boards of supervisors. At least ten days before the
45 election, the county school superintendent shall cause notice of the proposed

1 election to be posted in not less than three public places in the proposed
2 district and to be published at least once in a newspaper of general
3 circulation in the proposed district. The notice shall state the following:

4 1. The question to be voted on and the boundaries of the proposed
5 joint unified school district with sufficient definiteness to make them
6 readily ascertainable.

7 2. A description of voter qualifications, including requirements that
8 the voters shall be residents of the proposed district.

9 3. The location of voting places within the proposed district, at
10 least one of which shall be in each county.

11 F. Within ten days after the election, the county school
12 superintendent and the chairman of the board of supervisors of each county
13 shall canvass the vote. If a majority of the votes cast in each county of
14 persons who reside within the proposed district favors formation of the
15 proposed joint unified school district, the boards of supervisors shall
16 jointly declare the election and the joint unified school district shall
17 become operative from and after June 30 next following the election.

18 G. If the joint unified school district includes territory located in
19 two or more counties, the county of jurisdiction is the county in which the
20 largest number of qualified electors of the joint unified school district
21 resides, except that if all of the existing school buildings are located in
22 one county, that county is the county of jurisdiction. The county school
23 superintendent of the jurisdictional county shall perform all duties for and
24 with respect to the joint unified school district required to be performed by
25 county school superintendents. The board of supervisors of the
26 jurisdictional county shall perform all duties for and with respect to the
27 joint unified school district required to be performed by boards of
28 supervisors, except that school district taxes to be levied on property in
29 the portion of the joint unified school district lying in another county
30 shall be levied by the board of supervisors of the other county or counties
31 and on receipt shall be transferred to the county of jurisdiction.

32 H. If a new joint unified school district is authorized, the governing
33 boards of the existing school districts shall prepare a projected list of
34 assets for the existing districts prior to the end of the fiscal year in
35 which the election is held. The governing boards of the original school
36 districts and the new joint unified school district shall prepare a final
37 statement of assets for the formerly existing school districts as of the end
38 of the fiscal year in which the election was held and shall have the
39 statement of cash and bonded indebtedness certified by the county treasurers
40 by August 30 of the year in which the new school district becomes
41 operative. The governing boards of the original school districts and the new
42 joint unified school district shall set aside sufficient assets or provide
43 other means to satisfy the liabilities of the former existing districts
44 except for bonded indebtedness and approve the final division of all assets
45 by September 15 of the year in which the new school district becomes

1 operative. If one or more of the governing boards fail to provide for
2 satisfying the liabilities and fail to approve the division of assets by
3 September 15, the county attorney or attorneys shall determine the means to
4 satisfy the liabilities and final division of assets by October 1 of the
5 fiscal year in which the new school district becomes operative.

6 I. The division of bonded indebtedness of the original school
7 districts shall be in accordance with the provisions of section 15-457,
8 subsection B. In addition, any debt due to lease-purchase agreements shall
9 be handled in a similar manner as outlined for bonded indebtedness in section
10 15-457, subsection B.

11 J. Sections 15-457, 15-975 and 15-997 apply to joint unified school
12 districts formed under this section.

13 K. A joint unified school district shall not be formed if any of the
14 resulting school districts would have a student count for the current year of
15 less than six hundred.

16 L. The governing board of the joint unified school district shall
17 prepare policies, curricula and budgets for the new school district. These
18 policies shall require that:

19 1. The base salary of each teacher for the first year of operation of
20 the new school district shall not be lower than the teacher's base salary for
21 the prior year in the previously existing school district.

22 2. The teacher's years of employment in the previously existing school
23 district shall be included in determining the teacher's years of employment
24 in the new joint unified school district.

25 M. If a new joint unified school district is authorized, the governing
26 board of a district ~~which~~ THAT will have its boundaries reduced by creation
27 of the new joint unified district may hold an override election for the year
28 beginning July 1 after the election that authorized the formation of the new
29 joint unified district. The governing board of a school district ~~which~~ THAT
30 will have its boundaries reduced by creation of the new joint unified
31 district may hold a bond election for bonds applicable to and paid solely by
32 the school district as it will exist after the formation of the new joint
33 unified school district. VERRIDE ELECTIONS AND BOND ELECTIONS UNDER THIS
34 SUBSECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
35 NOVEMBER AS PRESCRIBED BY SECTION 16-204. The electors who reside in an area
36 ~~which~~ THAT property will not be subject to taxation for operation or payment
37 of the bonds of the school district calling the override or bond election
38 after creation of the new joint unified school district are not eligible to
39 vote in such an override or bond election.

40 Sec. 13. Section 15-481, Arizona Revised Statutes, as amended by Laws
41 2006, chapter 217, section 4, is amended to read:

42 15-481. ~~Override election; budget increases; notice; ballot;~~
43 effect

44 A. If the proposed budget of a school district exceeds the aggregate
45 budget limit for the budget year, the governing board shall order an override

1 election to be held ~~not less than ninety days from the date of the order~~ ON
2 THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY
3 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d) for the purpose of
4 presenting the proposed budget to the qualified electors of the school
5 district who shall by a majority of those voting either affirm or reject the
6 budget. In addition, the governing board shall prepare an alternate budget
7 which does not include an increase in the budget of more than the amount
8 permitted as provided in section 15-905. If the qualified electors approve
9 the proposed budget, the governing board of the school district shall follow
10 the procedures prescribed in section 15-905 for adopting a budget that
11 includes the authorized increase. If the qualified electors disapprove the
12 proposed budget, the governing board shall follow the procedures prescribed
13 in section 15-905 for adopting a budget that does not include the proposed
14 increase or the portion of the proposed increase that exceeds the amount
15 authorized by a previously approved budget increase as prescribed in
16 subsection P of this section.

17 B. The county school superintendent shall prepare an informational
18 report on the proposed increase in the budget and a sample ballot and, at
19 least thirty-five days prior to the election, shall transmit the report and
20 the ballot to the governing board of the school district. The governing
21 board, upon receipt of the report and the ballot, shall mail or distribute
22 the report and the ballot to the households, in which qualified electors
23 reside, within the school district at least thirty days prior to the
24 election. Any distribution of material concerning the proposed increase in
25 the budget shall not be conducted by children enrolled in the school
26 district. The report shall contain the following information:

27 1. The date of the election.
28 2. The polling places and times they are open.
29 3. The proposed total increase in the budget which exceeds the amount
30 permitted pursuant to section 15-905.

31 4. The total amount of the current year's budget, the total amount of
32 the proposed budget and the total amount of the alternate budget.

33 5. If the override is for a period of more than one year, a statement
34 indicating the number of years the proposed increase in the budget would be
35 in effect and the percentage of the school district's revenue control limit
36 that the district is requesting for the future years.

37 6. The proposed total amount of revenues which will fund the increase
38 in the budget and the amount which will be obtained from a levy of taxes upon
39 the taxable property within the school district for the first year for which
40 the budget increase was adopted.

41 7. The proposed amount of revenues which will fund the increase in the
42 budget and which will be obtained from other than a levy of taxes upon the
43 taxable property within the school district for the first year for which the
44 budget increase was adopted.

1 8. The dollar amount and the purpose for which the proposed increase
2 in the budget is to be expended for the first year for which the budget
3 increase was adopted.

4 9. At least two arguments, if submitted, but no more than ten
5 arguments for and two arguments, if submitted, but no more than ten arguments
6 against the proposed increase in the budget. The arguments shall be in a
7 form prescribed by the county school superintendent and each argument shall
8 not exceed two hundred words. Arguments for the proposed increase in the
9 budget shall be provided in writing and signed by the governing board. If
10 submitted, additional arguments in favor of the proposed increase in the
11 budget shall be provided in writing and signed by those in favor. Arguments
12 against the proposed increase in the budget shall be provided in writing and
13 signed by those in opposition. The names of those persons other than the
14 governing board or superintendent submitting written arguments shall not be
15 included in the report without their specific permission, but shall be made
16 available only upon request to the county school superintendent. The county
17 school superintendent shall review all factual statements contained in the
18 written arguments and correct any inaccurate statements of fact. The
19 superintendent shall not review and correct any portion of the written
20 arguments which are identified as statements of the author's opinion. The
21 county school superintendent shall make the written arguments available to
22 the public as provided in title 39, chapter 1, article 2. A deadline for
23 submitting arguments to be included in the informational report shall be set
24 by the county school superintendent.

25 10. A statement that the alternate budget shall be adopted by the
26 governing board if the proposed budget is not adopted by the qualified
27 electors of the school district.

28 11. The full cash value, the assessed valuation and the estimated
29 amount of the secondary property taxes if the proposed budget is adopted for
30 each of the following:

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

34 (b) An owner-occupied residence whose assessed valuation is one-half
35 of the assessed valuation of the residence in subdivision (a) of this
36 paragraph.

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

39 (d) A business whose assessed valuation is the average of the assessed
40 valuation of property classified as class one, as prescribed by section
41 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

5 (c) The tax rate associated with each of the proposed capital
6 improvements and the estimated cost of each capital improvement for the owner
7 of a single family home that is valued at eighty thousand dollars.

8 C. For the purpose of this section, the school district may use its
9 staff, equipment, materials, buildings or other resources only to distribute
10 the informational report at the school district office or at public hearings
11 and to produce such information as required in subsection B of this section,
12 provided that nothing in this subsection shall preclude school districts from
13 holding or participating in any public hearings at which testimony is given
14 by at least one person for the proposed increase and one person against the
15 proposed increase.

16 D. IF ANY AMOUNT OF THE PROPOSED INCREASE WILL BE FUNDED BY A LEVY OF
17 TAXES IN THE DISTRICT, THE ELECTION PRESCRIBED IN SUBSECTION A OF THIS
18 SECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
19 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,
20 SUBDIVISION (d). IF THE PROPOSED INCREASE WILL BE FULLY FUNDED BY REVENUES
21 FROM OTHER THAN A LEVY OF TAXES the elections prescribed in subsection A of
22 this section shall be held on ~~a~~ ANY date prescribed by section 16-204. ~~and~~
23 THE ELECTIONS shall be conducted as nearly as practicable in the manner
24 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
25 section 15-426, relating to special elections, except that:

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

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

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

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

1 valuation used for secondary property tax purposes, the proposed
2 increase in the school district's budget over that allowed by
3 law would result in an estimated increase in the school
4 district's tax rate of _____ dollar per one hundred
5 dollars of assessed valuation used for secondary property tax
6 purposes and is in addition to the school district's tax rate
7 which will be levied to fund the school district's revenue
8 control limit allowed by law.

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

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

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

20 3. The following statement:

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

27 G. Except as provided in subsection H of this section, the maximum
28 budget increase which may be requested and authorized as provided in
29 subsection E or F of this section or the combination of subsections E and F
30 of this section is ten per cent of the revenue control limit as provided in
31 section 15-947, subsection A for the budget year.

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

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

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

1 (i)

2		Small School	Support Level Weight	Phase Down
3	Student	Student	for Small Isolated	Reduction
4	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
5		- <u>125</u>	x 1.358 + (0.0005 x	x \$ <u> </u> = \$ <u> </u>
6			(500 - Student Count))	
7				Small Isolated
8		Phase Down	Phase Down	School District
9		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
10		\$150,000 - \$ <u> </u>		= \$ <u> </u>

11 (ii)

12		Small School	Support Level Weight	Phase Down
13	Student	Student	for Small	Reduction
14	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
15		- <u>125</u>	x 1.278 + (0.0003 x	x \$ <u> </u> = \$ <u> </u>
16			(500 - Student Count))	
17				Small
18		Phase Down	Phase Down	School District
19		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
20		\$150,000 - \$ <u> </u>		= \$ <u> </u>

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

25 (i)

26		Small School	Support Level Weight	Phase Down
27	Student	Student	for Small Isolated	Reduction
28	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
29		- <u>100</u>	x 1.468 + (0.0005 x	x \$ <u> </u> = \$ <u> </u>
30			(500 - Student Count))	
31				Small Isolated
32		Phase Down	Phase Down	District
33		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
34		\$350,000 - \$ <u> </u>		= \$ <u> </u>

35 (ii)

36		Small School	Support Level Weight	Phase Down
37	Student	Student	for Small	Reduction
38	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
39		- <u>100</u>	x 1.398 + (0.0004 x	x \$ <u> </u> = \$ <u> </u>
40			(500 - Student Count))	
41				Small
42		Phase Down	Phase Down	School District
43		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
44		\$350,000 - \$ <u> </u>		= \$ <u> </u>

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

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

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

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

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

27 I. If the election is to exceed the revenue control limit as provided
28 in section 15-482 and if the proposed increase will be fully funded by a levy
29 of taxes on the taxable property within the school district, the ballot shall
30 contain the words "budget increase, yes" and "budget increase, no", and the
31 voter shall signify the voter's desired choice. The ballot shall also
32 contain the amount of the proposed increase of the budget over the alternate
33 budget, a statement that the amount of the proposed increase will be based on
34 a percentage of the school district's revenue control limit in future years,
35 if applicable, as provided in subsection Q of this section, and the following
36 statement:

37 Any budget increase authorized by this election shall be
38 entirely funded by a levy of taxes on the taxable property
39 within this school district for the year for which adopted and
40 for ____ subsequent years, shall not be realized from monies
41 furnished by the state and shall not be subject to the
42 limitation on taxes specified in article IX, section 18,
43 Constitution of Arizona. Based on an estimate of assessed
44 valuation used for secondary property tax purposes, the portion
45 of the proposed increase in the school district's budget over

1 that allowed by law which will be funded by a levy of taxes upon
2 the taxable property within this school district would result in
3 an estimated increase in the school district's tax rate of
4 _____ dollar per one hundred dollars of assessed valuation
5 used for secondary property tax purposes and is in addition to
6 the school district's tax rate that will be levied to fund the
7 school district's revenue control limit allowed by law.

8 J. If the election is to exceed the revenue control limit as provided
9 in section 15-482 and if the proposed increase will be fully funded by
10 revenues other than a levy of taxes on the taxable property within the school
11 district, the ballot shall contain the words "budget increase, yes" and
12 "budget increase, no", and the voter shall signify the voter's desired
13 choice. The ballot shall also contain the amount of the proposed increase of
14 the proposed budget over the alternate budget, a statement that the amount of
15 the proposed increase will be based on a percentage of the school district's
16 revenue control limit in future years, if applicable, as provided in
17 subsection Q of this section and the following statement:

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

24 K. The maximum budget increase that may be requested and authorized as
25 provided in subsection I or J of this section, or a combination of both of
26 these subsections, is five per cent of the revenue control limit as provided
27 in section 15-947, subsection A for the budget year. For a unified school
28 district, a common school district not within a high school district or a
29 common school district within a high school district that offers instruction
30 in high school subjects as provided in section 15-447, five per cent of the
31 revenue control limit means five per cent of the revenue control limit
32 attributable to the weighted student count in preschool programs for children
33 with disabilities, kindergarten programs and grades one through eight as
34 provided in section 15-971, subsection B.

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

43 Any budget increase authorized by this election shall be
44 entirely funded by a levy of taxes upon the taxable property
45 within this school district for the year in which adopted and

1 for _____ subsequent years, shall not be realized from monies
2 furnished by the state and shall not be subject to the
3 limitation on taxes specified in article IX, section 18,
4 Constitution of Arizona. Based on an estimate of assessed
5 valuation used for secondary property tax purposes, the proposed
6 increase in the school district's budget over that allowed by
7 law would result in an estimated increase in the school
8 district's tax rate of _____ dollar per one hundred
9 dollars of assessed valuation used for secondary property tax
10 purposes and is in addition to the school district's tax rate
11 which will be levied to fund the school district's capital
12 outlay revenue limit allowed by law.

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

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

28 N. If the election is to exceed a combination of the revenue control
29 limit as provided in subsection E or F of this section, the revenue control
30 limit as provided in subsection I or J of this section or the capital outlay
31 revenue limit as provided in subsection L or M of this section, the ballot
32 shall be prepared so that the voters may vote on each proposed increase
33 separately and shall contain statements required in the same manner as if
34 each proposed increase were submitted separately.

35 O. If the election provides for a levy of taxes on the taxable
36 property within the school district, at least thirty days prior to the
37 election, the department of revenue shall provide the school district
38 governing board and the county school superintendent with an estimate of the
39 school district's assessed valuation used for secondary property tax purposes
40 for the ensuing fiscal year. The governing board and the county school
41 superintendent shall use this estimate to translate the amount of the
42 proposed dollar increase in the budget of the school district over that
43 allowed by law into a tax rate figure.

44 P. If the voters in a school district vote to adopt a budget in excess
45 of the revenue control limit as provided in subsection E or F of this

1 section, any additional increase shall be included in the aggregate budget
2 limit for each of the years authorized. Any additional increase shall be
3 excluded from the determination of equalization assistance. The school
4 district governing board may, however, levy on the assessed valuation used
5 for secondary property tax purposes of the property in the school district
6 the additional increase if adopted under subsection E of this section for the
7 period of one year, two years or five through seven years as authorized. If
8 an additional increase is approved as provided in subsection F of this
9 section, the school district governing board may only use revenues derived
10 from the school district's prior year's maintenance and operation fund ending
11 cash balance to fund the additional increase. If a budget increase was
12 previously authorized and will be in effect for the budget year or budget
13 year and subsequent years, as provided in subsection E or F of this section,
14 the governing board may request a new budget increase as provided in the same
15 subsection under which the prior budget increase was adopted which shall not
16 exceed the maximum amount permitted under subsection G of this section. If
17 the voters in the school district authorize the new budget increase amount,
18 the existing budget increase no longer is in effect. If the voters in the
19 school district do not authorize the budget increase amount, the existing
20 budget increase remains in effect for the time period for which it was
21 authorized. The maximum additional increase authorized as provided in
22 subsection E or F of this section and the additional increase which is
23 included in the aggregate budget limit is based on a percentage of a school
24 district's revenue control limit in future years, if the budget increase is
25 authorized for more than one year. If the additional increase:

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

28 2. Is for five years or more, the proposed increase is equal to the
29 initial proposed percentage increase in the following years of the proposed
30 increase, except that in the next to last year it is two-thirds of the
31 initial proposed percentage increase and it is one-third of the initial
32 proposed percentage increase in the last year of the proposed increase.

33 Q. If the voters in a school district vote to adopt a budget in excess
34 of the revenue control limit as provided in subsection I or J of this
35 section, any additional increase shall be included in the aggregate budget
36 limit for each of the years authorized. Any additional increase shall be
37 excluded from the determination of equalization assistance. The school
38 district governing board, however, may levy on the assessed valuation used
39 for secondary property tax purposes of the property in the school district
40 the additional increase if adopted under subsection I of this section for the
41 period of one year, two years or five through seven years as authorized. If
42 an additional increase is approved as provided in subsection J of this
43 section, the increase may only be budgeted and expended if sufficient monies
44 are available in the maintenance and operation fund of the school district.
45 If a budget increase was previously authorized and will be in effect for the

1 budget year or budget year and subsequent years, as provided in subsection I
2 or J of this section, the governing board may request a new budget increase
3 as provided in the same subsection under which the prior budget increase was
4 adopted that does not exceed the maximum amount permitted under subsection K
5 of this section. If the voters in the school district authorize the new
6 budget increase amount, the existing budget increase no longer is in effect.
7 If the voters in the school district do not authorize the budget increase
8 amount, the existing budget increase remains in effect for the time period
9 for which it was authorized. The maximum additional increase authorized as
10 provided in subsection I or J of this section and the additional increase
11 that is included in the aggregate budget limit is based on a percentage of a
12 school district's revenue control limit in future years, if the budget
13 increase is authorized for more than one year. If the additional increase:

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

16 2. Is for five years or more, the proposed increase is equal to the
17 initial proposed percentage increase in the following years of the proposed
18 increase, except that in the next to last year it is two-thirds of the
19 initial proposed percentage increase and it is one-third of the initial
20 proposed percentage increase in the last year of the proposed increase.

21 R. If the voters in a school district vote to adopt a budget in excess
22 of the capital outlay revenue limit as provided in subsection L of this
23 section, any additional increase shall be included in the aggregate budget
24 limit for each of the years authorized. The additional increase shall be
25 excluded from the determination of equalization assistance. The school
26 district governing board may, however, levy on the assessed valuation used
27 for secondary property tax purposes of the property in the school district
28 the additional increase for the period authorized but not to exceed ten
29 years. For overrides approved by a vote of the qualified electors of the
30 school district at an election held from and after October 31, 1998, the
31 period of the additional increase prescribed in this subsection shall not
32 exceed seven years for any capital override election.

33 S. If the voters in a school district vote to adopt a budget in excess
34 of the capital outlay revenue limit as provided in subsection M of this
35 section, any additional increase shall be included in the aggregate budget
36 limit for each of the years authorized. The additional increase shall be
37 excluded from the determination of equalization assistance. The school
38 district governing board may only use revenues derived from the school
39 district's prior year's maintenance and operation fund ending cash balance
40 and capital outlay fund ending cash balance to fund the additional increase
41 for the period authorized but not to exceed ten years. For overrides
42 approved by a vote of the qualified electors of the school district at an
43 election held from and after October 31, 1998, the period of the additional
44 increase prescribed in this subsection shall not exceed seven years for any
45 capital override election.

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

7 U. If the voters in a school district disapprove the proposed budget,
8 the alternate budget which, except for any budget increase authorized by a
9 prior election, does not include an increase in the budget in excess of the
10 amount provided in section 15-905 shall be adopted by the governing board as
11 provided in section 15-905.

12 V. The governing board may request that any override election be
13 cancelled if any change in chapter 9 of this title changes the amount of the
14 aggregate budget limit as provided in section 15-905. The request to cancel
15 the override election shall be made to the county school superintendent at
16 least ten days prior to the date of the scheduled override election.

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

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

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

24 _____ school district is proposing to increase its
25 budget by \$_____ to fund capital improvements over and
26 above those funded by the state. Under the students first
27 capital funding system, _____ school district is entitled to
28 state monies for building renewal, new construction and
29 renovation of school buildings in accordance with state law.

30 2. The ballot shall contain the words "budget increase, yes" and
31 "budget increase, no", and the voter shall signify the voter's desired
32 choice.

33 3. At least eighty-five days before the election, the school district
34 shall submit proposed ballot language to the director of the Arizona
35 legislative council. The director of the Arizona legislative council shall
36 review the proposed ballot language to determine whether the proposed ballot
37 language complies with this section. If the director of the Arizona
38 legislative council determines that the proposed ballot language does not
39 comply with this section, the director, within ten calendar days of the
40 receipt of the proposed ballot language, shall notify the school district of
41 the director's objections and the school district shall resubmit revised
42 ballot language to the director for approval.

43 X. If the voters approve the budget increase pursuant to subsection L
44 or M of this section, the school district shall not use the override proceeds
45 for any purposes other than the proposed capital improvements listed in the

1 publicity pamphlet, except that up to ten per cent of the override proceeds
2 may be used for general capital expenses, including cost overruns of proposed
3 capital improvements.

4 Y. Each school district that currently increases its budget pursuant
5 to subsection L or M of this section is required to hold a public meeting
6 each year between September 1 and October 31 at which an update of the
7 progress of capital improvements financed through the override is discussed
8 and at which the public is permitted an opportunity to comment. At a
9 minimum, the update shall include a comparison of the current status and the
10 original projections on the construction of capital improvements, the costs
11 of capital improvements and the costs of capital improvements in progress or
12 completed since the prior meeting and the future capital plans of the school
13 district. The school district shall include in the public meeting a
14 discussion of the school district's use of state capital aid and
15 voter-approved bonding in funding capital improvements, if any.

16 Z. If a budget in excess of the capital outlay revenue limit was
17 previously adopted by the voters in a school district and will be in effect
18 for the budget year or budget year and subsequent years, as provided in
19 subsection L or M of this section, the governing board may request an
20 additional budget in excess of the capital outlay revenue limit. If the
21 voters in a school district authorize the additional budget in excess of the
22 capital outlay revenue limit, the existing capital outlay revenue limit
23 budget increase remains in effect.

24 Sec. 14. Section 15-491, Arizona Revised Statutes, as amended by Laws
25 2006, chapter 217, section 5, is amended to read:

26 15-491. Elections on school property: exceptions

27 A. The governing board of a school district may, and upon petition of
28 fifteen per cent of the school electors as shown by the poll list at the last
29 preceding annual school election shall, call an election for the following
30 purposes:

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

32 2. To purchase or sell school sites or buildings or sell school sites
33 pursuant to section 15-342 or to build school buildings, but the
34 authorization by vote of the school district shall not necessarily specify
35 the site to be purchased.

36 3. To decide whether the bonds of the school district shall be issued
37 and sold for the purpose of raising money for purchasing or leasing school
38 lots, for building or renovating school buildings, for improving school
39 grounds, for purchasing pupil transportation vehicles or for liquidating any
40 indebtedness already incurred for such purposes. Except as provided in
41 section 15-1021, subsection H, the proceeds of class B bonds or impact aid
42 revenue bonds shall not be used for soft capital purposes except for pupil
43 transportation vehicles. A school district shall not issue class B bonds
44 until the school district has obligated in contract the entire proceeds of
45 any class A bonds issued by the school district. The total amount of class A

1 and class B bonds issued by a school district shall not exceed the debt
2 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
3 Arizona.

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

13 B. No petition shall be required for the holding of the first election
14 to be held in a joint common school district for any of the purposes
15 specified in subsection A of this section. The notice of election required
16 by section 15-492 shall be published in each of the counties which comprise
17 the joint common school district. The certification of election results
18 required by section 15-493 shall be made to the board of supervisors of the
19 jurisdictional county.

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

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

37 E. The elections to be held pursuant to this section shall only be
38 held on dates prescribed by section 16-204, except that elections held
39 pursuant to this section to decide whether class B bonds shall be issued, **OR**
40 **ANY OTHER OBLIGATION INCURRED THAT WILL REQUIRE THE ASSESSMENT OF SECONDARY**
41 **PROPERTY TAXES**, shall only be held on the first Tuesday after the first
42 Monday of November.

43 F. Subsection A, paragraph 2 of this section does not apply to the
44 sale of school property if the market value of the school property is less
45 than fifty thousand dollars.

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. Bond
5 election expenses shall be paid from current operating funds only.

6 H. For any election conducted to decide whether class B bonds will be
7 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 and
12 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 building renewal, new
18 construction and renovation of school buildings in accordance
19 with state law.

20 2. For a school district that is a joint technological education
21 district, the ballot shall include the following statement:

22 _____, a joint technological education district, is
23 proposing to issue class B general obligation bonds totaling
24 \$_____ to fund capital improvements at the main campus of
25 the joint technological education district.

26 3. The ballot shall contain the words "bond approval, yes" and "bond
27 approval, no", and the voter shall signify the voter's desired choice.

28 4. The ballot shall also contain the phrase "the issuance of these
29 bonds will result in an annual levy of property taxes sufficient to pay the
30 debt on the bonds".

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

41 6. No later than ten days before a class B bond election conducted
42 pursuant to this section, the school district shall mail a publicity pamphlet
43 to each household that contains a qualified elector in the school district.
44 The publicity pamphlet shall contain, at a minimum, the following
45 information:

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

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

7 (c) The tax rate associated with each of the proposed capital
8 improvements and the estimated cost of each capital improvement for the owner
9 of a single family home that is valued at one hundred thousand dollars.

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

12 1. The ballot shall include the following statement:

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

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

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

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

35 4. No later than ten days before an impact aid revenue bond election
36 conducted pursuant to this section, the school district shall mail a
37 publicity pamphlet to each household that contains a qualified elector in the
38 school district. The publicity pamphlet shall contain, at a minimum, the
39 following information:

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

42 (b) A complete list of each proposed capital improvement that will be
43 funded with the proceeds of the bonds and a description of the proposed cost
44 of each improvement, including a separate aggregation of capital improvements
45 for administrative purposes as defined by the school facilities board.

1 (c) A statement that impact aid revenue bonds will be fully funded by
2 aid that the school district receives from the federal government and do not
3 require a levy of taxes in the district.

4 (d) A statement that if the bonds are approved the first priority for
5 the impact aid will be to pay the debt service for the bonds and that other
6 uses of the monies are prohibited until the debt service obligation is met.

7 (e) A statement that if the impact aid revenue bonds are approved, the
8 school district shall not issue or sell class B bonds while the district has
9 existing indebtedness from impact aid revenue bonds, except for bonds issued
10 to refund any bonds issued by the board.

11 J. If the voters approve the issuance of school district class B bonds
12 or impact aid revenue bonds, the school district shall not use the bond
13 proceeds for any purposes other than the proposed capital improvements listed
14 in the publicity pamphlet, except that up to ten per cent of the bond
15 proceeds may be used for general capital expenses, including cost overruns of
16 proposed capital improvements.

17 K. Each school district that issues bonds under this section is
18 required to hold a public meeting each year between September 1 and October
19 31, until the bond proceeds are spent, at which an update of the progress of
20 capital improvements financed through bonding is discussed and at which the
21 public is permitted an opportunity to comment. At a minimum, the update
22 shall include a comparison of the current status and the original projections
23 on the construction of capital improvements, the costs of capital
24 improvements and the costs of capital improvements in progress or completed
25 since the prior meeting and the future capital bonding plans of the school
26 district. The school district shall include in the public meeting a
27 discussion of the school district's use of state capital aid and
28 voter-approved capital overrides in funding capital improvements, if any.

29 Sec. 15. Section 15-913, Arizona Revised Statutes, is amended to read:
30 15-913. Education program; juvenile detention centers

31 A. Each county that operates a juvenile detention center shall offer
32 an education program to serve all school-age children in its juvenile
33 detention center. The county school superintendent and the presiding
34 juvenile court judge in each county shall agree on the method of delivery of
35 the juvenile detention center education program.

36 B. The state board of education shall prescribe standards and
37 achievement testing requirements for county juvenile detention center
38 education programs that shall attempt to ensure that the programs are
39 compatible with public school education goals and requirements. The county
40 school superintendent shall attempt to coordinate the program with each
41 pupil's school district of residence to assist the pupil's transition back to
42 the school district at the appropriate time.

43 C. A county may operate its juvenile detention center education
44 program through an existing accommodation school.

1 D. If a county chooses not to operate its juvenile detention center
2 education program through an existing accommodation school, the county school
3 superintendent may establish a detention center education fund to provide
4 financial support to the program. The detention center education fund for
5 each program shall consist of a base amount plus a variable amount. For
6 fiscal year 1994-1995 the base amount is twenty thousand dollars and the
7 variable amount shall be determined pursuant to subsection E of this
8 section. Beginning with fiscal year 1995-1996 the base amount is the amount
9 for the prior year adjusted by the growth rate prescribed by law, subject to
10 appropriation. The county treasurer shall deposit the appropriate amount
11 into the detention center education fund from ~~monies that are collected from~~
12 ~~the tax levy for county equalization assistance for education pursuant to~~
13 ~~section 15-994 after the monies are used pursuant to section 15-365,~~
14 ~~subsection F and before the~~ monies THAT are used to provide equalization
15 assistance for education pursuant to section 15-971, subsection C, except
16 that if a county detention center education program serves more than one
17 county, payment into the fund shall be pursuant to subsection F of this
18 section.

19 E. The variable amount shall be determined as follows:

20 1. Determine the number of days in the prior fiscal year that each
21 child who had been in the detention center for more than forty-eight hours
22 received an instructional program of at least two hundred forty minutes. No
23 school district may count a child as being in attendance in that school
24 district on a day that the child is counted for the purposes of this
25 paragraph.

26 2. Multiply the number of days determined under paragraph 1 of this
27 subsection by the following amount:

28 (a) For fiscal year 1994-1995, fifteen dollars.

29 (b) For fiscal year 1995-1996 and thereafter, the amount for the prior
30 year adjusted by the growth rate prescribed by law, subject to appropriation.

31 3. For each child with a disability as defined in section 15-761 who
32 had been in the detention center for more than forty-eight hours:

33 (a) Determine the amount prescribed in section 15-1204, subsection E,
34 paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

35 (b) Divide the sum determined under subdivision (a) of this paragraph
36 by one hundred seventy-five.

37 (c) Subtract the amount prescribed in paragraph 2, subdivision (a) or
38 (b) of this subsection from the quotient determined in subdivision (b) of
39 this paragraph.

40 (d) Determine the number of days in the prior fiscal year that the
41 child received an instructional program of at least two hundred forty
42 minutes.

43 (e) Multiply the amount determined in subdivision (d) of this
44 paragraph by the difference determined in subdivision (c) of this paragraph.

1 4. Add the amounts determined in paragraph 3 of this subsection for
2 all children with disabilities.

3 5. Add the sum determined in paragraph 4 of this subsection to the
4 product determined in paragraph 2 of this subsection. This sum is the
5 variable amount.

6 F. If a county detention center education program serves more than one
7 county, the county school superintendents and the presiding juvenile court
8 judges of the counties being served shall agree on a county of
9 jurisdiction. The county treasurer shall pay the appropriate amount into the
10 detention center education fund of the county of jurisdiction from monies
11 ~~collected pursuant to subsection D of this section~~ THAT ARE USED TO PROVIDE
12 EQUALIZATION ASSISTANCE FOR EDUCATION AS PROVIDED IN SECTION 15-971,
13 SUBSECTION C as follows:

14 1. The total base amount shall be prorated among the counties based on
15 the total number of days as determined under subsection E, paragraph 1 of
16 this section that children from each county were served.

17 2. The variable amount shall be calculated separately for each county.

18 3. The county treasurer of each county that is not the county of
19 jurisdiction shall pay its variable amount and its portion of the base amount
20 to the county of jurisdiction.

21 4. The county treasurer of the county of jurisdiction shall deposit
22 the monies received from the other counties pursuant to paragraph 3 of this
23 subsection into the detention center education fund and shall pay into the
24 fund its variable amount and its portion of the base amount.

25 G. If a county operated a juvenile detention center education program
26 through an accommodation school in the year before it begins to operate its
27 juvenile detention center education program as provided in subsection D of
28 this section, for the first year of operation as provided in subsection D of
29 this section, the student count of the accommodation school shall be reduced
30 by the student count attributable to the detention center program. The
31 provisions of section 15-942 shall not apply to this reduction in student
32 count.

33 Sec. 16. Section 15-913.01, Arizona Revised Statutes, is amended to
34 read:

35 15-913.01. Education program; county jails

36 A. Each county that operates a county jail shall offer an education
37 program to serve all prisoners who are under eighteen years of age and
38 prisoners with disabilities who are age twenty-one or younger and who are
39 confined in the county jail. The county school superintendent and the
40 sheriff in each county shall agree on the method of delivery of the education
41 program.

42 B. The county school superintendent shall develop policies and
43 procedures for the transfer of educational records of any prisoner confined
44 in a county jail who has been transferred from a juvenile detention center or

1 from any other public agency which has provided educational services to that
2 prisoner.

3 C. A county may operate its county jail education program through an
4 accommodation school that provides alternative education services pursuant to
5 section 15-308, except that each pupil enrolled in the accommodation school
6 county jail education program shall be funded at an amount equal to
7 seventy-two per cent of the amount for that pupil if that pupil ~~was~~ WERE
8 enrolled in another accommodation school program.

9 D. If a county chooses not to operate its county jail education
10 program through an accommodation school, the county school superintendent may
11 establish a county jail education fund to provide financial support to the
12 program. The county jail education fund for each program shall consist of a
13 base amount plus a variable amount. For fiscal year 1999-2000 the base
14 amount is fourteen thousand four hundred dollars and the variable amount
15 shall be determined pursuant to subsection E of this section. The county
16 treasurer shall deposit the appropriate amount into the county jail education
17 fund from ~~monies that are collected from the tax levy for county equalization
18 assistance for education pursuant to section 15-994 after the monies are used
19 pursuant to section 15-365, subsection F and before the~~ monies THAT are used
20 to provide equalization assistance for education pursuant to section 15-971,
21 subsection C, except that if a county jail education program serves more than
22 one county, payment into the fund shall be pursuant to subsection F of this
23 section.

24 E. The variable amount shall be determined as follows:

25 1. Determine the number of days in the prior fiscal year that each
26 pupil who is a prisoner and had been in the county jail for more than
27 forty-eight hours received an instructional program of at least two hundred
28 forty minutes. No school district may count a pupil as being in attendance
29 in that school district on a day that the pupil is counted as a prisoner for
30 the purposes of this paragraph.

31 2. Multiply the number of days determined under paragraph 1 of this
32 subsection by the following amount:

33 (a) For fiscal year 1999-2000, ten dollars ~~and~~ eighty cents.

34 (b) For fiscal year 2000-2001 and each year thereafter, the amount for
35 the prior year adjusted by any growth rate prescribed by law, subject to
36 legislative appropriation.

37 3. For each pupil who is a child with a disability as defined in
38 section 15-761, who is a prisoner and who had been in the county jail for
39 more than forty-eight hours:

40 (a) Determine the amount prescribed in section 15-1204, subsection E,
41 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for
42 capital outlay costs.

43 (b) Divide the sum determined under subdivision (a) of this paragraph
44 by one hundred seventy-five.

1 (c) Subtract the amount prescribed in paragraph 2 of this subsection
2 from the quotient determined in subdivision (b) of this paragraph.

3 (d) Determine the number of days in the prior fiscal year that the
4 pupil received an instructional program of at least two hundred forty
5 minutes.

6 (e) Multiply the amount determined in subdivision (d) of this
7 paragraph by the difference determined in subdivision (c) of this paragraph.

8 4. Add the amounts determined in paragraph 3 of this subsection for
9 all pupils with disabilities who are prisoners.

10 5. Add the sum determined in paragraph 4 of this subsection to the
11 product determined in paragraph 2 of this subsection. This sum is the
12 variable amount.

13 F. If a county jail education program serves more than one county, the
14 county school superintendents and the sheriffs of the counties being served
15 shall agree on a county of jurisdiction. The county treasurer shall pay the
16 appropriate amount into the county jail education fund of the county of
17 jurisdiction from monies ~~collected pursuant to subsection D of this section~~
18 **THAT ARE USED TO PROVIDE EQUALIZATION ASSISTANCE FOR EDUCATION AS PROVIDED IN**
19 **SECTION 15-971, SUBSECTION C** as follows:

20 1. The total base amount shall be prorated among the counties based on
21 the total number of days as determined under subsection E, paragraph 1 of
22 this section that pupils who are prisoners from each county were served.

23 2. The variable amount shall be calculated separately for each county.

24 3. The county treasurer of each county that is not the county of
25 jurisdiction shall pay its variable amount and its portion of the base amount
26 to the county of jurisdiction.

27 4. The county treasurer of the county of jurisdiction shall deposit
28 the monies received from the other counties pursuant to paragraph 3 of this
29 subsection into the county jail education fund and shall pay into the fund
30 its variable amount and its portion of the base amount.

31 G. If a county operated a county jail education program through an
32 accommodation school in the year before it begins to operate its county jail
33 education program as provided in subsection D of this section, for the first
34 year of operation as provided in subsection D of this section, the student
35 count of the accommodation school shall be reduced by the average daily
36 membership attributable to the accommodation school's county jail program in
37 its last fiscal year of operation. The provisions of section 15-942 shall
38 not apply to this reduction in student count.

39 Sec. 17. Section 15-971, Arizona Revised Statutes, is amended to read:

40 **15-971. Determination of equalization assistance payments from**
41 **county and state funds for school districts**

42 A. Equalization assistance for education is computed by determining
43 the total of the following:

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

1 2. The capital outlay revenue limit of a school district as determined
2 in section 15-951 or 15-961.

3 3. The soft capital allocation of a school district as determined in
4 section 15-951 or 15-962.

5 B. From the total of the amounts determined in subsection A of this
6 section subtract:

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

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

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

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

24 (ii) Apply the percentages determined in item (i) ~~of this subdivision~~
25 to the amount determined in subsection A, paragraph 1 of this section.

26 (b) For the purposes of the amounts determined in subsection A,
27 paragraphs 2 and 3 of this section determine separately the amount of the
28 capital outlay revenue limit and the amount of the soft capital allocation
29 attributable to the student count in preschool programs for children with
30 disabilities, kindergarten programs and grades one through eight and grades
31 nine through twelve.

32 (c) From the amounts determined in subdivisions (a) and (b) ~~of this~~
33 ~~paragraph~~ subtract the levy which would be produced by the current qualifying
34 tax rate for a high school district or a common school district within a high
35 school district that does not offer instruction in high school subjects as
36 provided in section 15-447. If the qualifying tax rate generates a levy
37 which is in excess of the total determined in subsection A of this section,
38 the school district shall not be eligible for equalization assistance. In
39 this subsection "assessed valuation" includes the values used to determine
40 voluntary contributions collected pursuant to title 9, chapter 4, article 3
41 and title 48, chapter 1, article 8.

42 3. The amount that would be produced by levying a qualifying tax rate
43 in a joint vocational and technological education district, which shall be
44 five cents per one hundred dollars assessed valuation unless the legislature
45 sets a lower rate by law.

1 4. The amount of government property lease excise tax monies that were
2 distributed to the district pursuant to section 42-6205 during the preceding
3 fiscal year.

4 ~~C. County aid for equalization assistance for education shall be
5 computed as follows:~~

6 ~~1. Determine the total equalization assistance for all school
7 districts in the county as provided in subsections A and B of this section.~~

8 ~~2. Determine the total amount of county aid collected for all school
9 districts in the county as provided in section 15-994.~~

10 ~~3. Divide the amount determined in paragraph 2 of this subsection by
11 the amount determined in paragraph 1 of this subsection.~~

12 ~~4. Multiply the amount determined in subsections A and B of this
13 section by the quotient determined in paragraph 3 of this subsection for each
14 school district.~~

15 ~~5. The amount determined in paragraph 4 of this subsection shall be
16 the county aid for equalization assistance for education for a school
17 district.~~

18 ~~D. C. State aid for equalization assistance for education for a
19 school district shall be computed as follows:~~

20 ~~1. Determine the equalization assistance for education for a school
21 district as provided in IS THE AMOUNT COMPUTED PURSUANT TO subsections A and
22 B of this section.~~

23 ~~2. For each county, determine the levy that would be produced by the
24 tax rate for equalization assistance for education prescribed in section
25 15-994, subsection A.~~

26 ~~3. For each county, determine the total amount to be paid from monies
27 collected from the tax levy for equalization assistance for education into
28 the small district service program fund as prescribed by section 15-365 and
29 into the detention center education fund as prescribed by section 15-913.~~

30 ~~4. Subtract the amount determined in paragraph 3 of this subsection
31 from the amount determined in paragraph 2 of this subsection.~~

32 ~~5. Prorate the amount determined in paragraph 4 of this subsection to
33 each school district in the county as prescribed by subsection C of this
34 section.~~

35 ~~6. Subtract the amount determined in paragraph 5 of this subsection
36 from the amount determined in paragraph 1 of this subsection.~~

37 ~~E. D. Equalization assistance for education shall be paid from
38 appropriations for that purpose to the school districts as provided in
39 section 15-973.~~

40 ~~F. E. A school district shall report expenditures on approved career
41 and technical education and vocational education programs in the annual
42 financial report according to uniform guidelines prescribed by the uniform
43 system of financial records and in order to facilitate compliance with
44 sections 15-255 and 15-904.~~

1 ~~G.~~ F. The additional weight for state aid purposes given to special
2 education as provided in section 15-943 shall be given to school districts
3 only if special education programs comply with the provisions of chapter 7,
4 article 4 of this title and the conditions and standards prescribed by the
5 superintendent of public instruction pursuant to rules of the state board of
6 education for pupil identification and placement pursuant to sections 15-766
7 and 15-767.

8 ~~H.~~ G. In addition to general fund appropriations, all amounts
9 received pursuant to section 37-521, subsection B, paragraph 3 and section
10 42-5029, subsection E, paragraph 5 and from any other source for the purposes
11 of this section are appropriated for state aid to schools as provided in this
12 section.

13 ~~I.~~ H. The total amount of state monies that may be spent in any
14 fiscal year for state equalization assistance shall not exceed the amount
15 appropriated or authorized by section 35-173 for that purpose. This section
16 shall not be construed to impose a duty on an officer, agent or employee of
17 this state to discharge a responsibility or to create any right in a person
18 or group if the discharge or right would require an expenditure of state
19 monies in excess of the expenditure authorized by legislative appropriation
20 for that specific purpose.

21 Sec. 18. Section 15-974, Arizona Revised Statutes, is amended to read:

22 15-974. Equalization assistance for education for accommodation
23 schools; definition

24 A. Equalization assistance for education for accommodation schools
25 shall be computed as follows:

26 1. Determine the total of the lesser of an accommodation school's
27 revenue control limit or district support level as determined in section
28 15-947, an accommodation school's capital outlay revenue limit as determined
29 in section 15-961 and an accommodation school's soft capital allocation as
30 determined in section 15-962.

31 2. From the amount determined in paragraph 1 ~~of this subsection~~
32 subtract the monies received from P.L. 81-874 for the prior fiscal year if
33 the amount to be received in the current fiscal year is equal to or greater
34 than the amount received in the prior fiscal year. If the amount to be
35 received during the current fiscal year is less than the amount received in
36 the prior fiscal year, the subtraction shall be determined as follows:

37 (a) Subtract the amount to be received in the current fiscal year,
38 adjusting the final payment to reflect actual receipts during the fiscal
39 year.

40 (b) If additional P.L. 81-874 monies are received after the
41 computation of the last payment of state aid but before the end of the fiscal
42 year, the amount received late shall be subtracted from the equalization
43 assistance for the following fiscal year, except that the total amount
44 reduced pursuant to subdivision (a) ~~of this paragraph~~ and this subdivision
45 shall not exceed the amount of P.L. 81-874 monies received in the prior year.

1 3. Equalization assistance for an accommodation school shall be the
2 amount determined in paragraph 2 ~~of this subsection.~~

3 B. Equalization assistance for education for accommodation schools
4 shall be paid from appropriations for that purpose to the school districts as
5 provided in section 15-973.

6 C. When an accommodation school has a positive total cash balance at
7 the end of a fiscal year in its maintenance and operation fund, the county
8 school superintendent of the county in which the accommodation school is
9 located may authorize an addition to the accommodation school's revenue
10 control limit as provided in section 15-947, subsection A for the following
11 fiscal year. The county school superintendent may not authorize an addition
12 that exceeds the lesser of the ending cash balance less the amount budgeted
13 for the budget balance carryforward as provided in section 15-943.01 or ten
14 per cent of the revenue control limit of the accommodation school. If an
15 accommodation school has a cash balance in excess of the amount needed to
16 fund the budget balance carryforward, the addition authorized pursuant to
17 this subsection and the items listed in section 15-947, subsection C,
18 paragraph 2, subdivisions (c) and (f) for the following fiscal year, the
19 remaining cash balance shall be used to reduce the amount of state aid for
20 equalization assistance for education for the accommodation school as
21 provided in section 15-971, subsection ~~D~~- C for the following year.

22 D. The provisions of subsection C of this section shall not apply to
23 an accommodation school with a student count of one hundred twenty-five or
24 less in kindergarten programs and grades one through eight or to an
25 accommodation school which offers instruction in grades nine, ten, eleven or
26 twelve and which has a student count of one hundred or less in grades nine
27 through twelve.

28 E. For the ~~purpose~~ PURPOSES of this section, "monies received from
29 P.L. 81-874" means total P.L. 81-874 monies less P.L. 81-874 monies for
30 children with disabilities, children with specific learning disabilities and
31 children residing on Indian lands which are in addition to the basic
32 assistance as provided in 20 United States Code section 238, subsection (d),
33 paragraph 2, clauses (C) and (D).

34 Sec. 19. Repeal

35 Section 15-994, Arizona Revised Statutes, is repealed.

36 Sec. 20. Section 15-1465, Arizona Revised Statutes, is amended to
37 read:

38 15-1465. Election; issuance and sale of bonds for capital
39 outlay; disposition of proceeds; proration of
40 expenditures by counties

41 A. A district may conduct an election to determine whether or not
42 bonds shall be issued and sold for the purpose of paying its share of the
43 expenditures incurred for capital outlay. The election shall be originated
44 and conducted, the bonds issued, sold and redeemed and a tax levy imposed for
45 payment of interest on such bonds and redemption of bonds in accordance with

1 the provisions of title 35, chapter 3, article 3 and the limitations imposed
2 on school districts by article IX, section 8, Constitution of Arizona,
3 insofar as those provisions are applicable. **THE ELECTION SHALL BE HELD ON**
4 **THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY**
5 **SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).** Bond counsel
6 fees, financial advisory fees, printing costs and paying agent and registrar
7 fees shall be paid from either the amount authorized by the qualified
8 electors of the community college district or current operating funds. Bond
9 election expenses shall be paid from current operating funds only.

10 B. The proceeds of all bonds sold as provided in subsection A **OF THIS**
11 **SECTION** shall be used only for capital outlay, including the purchase of
12 land, the purchase, erection, remodeling or completion of buildings and the
13 purchase of equipment and facilities for educational or auxiliary purposes of
14 the community college district.

15 C. Where a district contains more than one county, subsections A and B
16 **OF THIS SECTION** shall be applicable separately to each of the counties as to
17 its portion of the expenditures to be paid for capital outlay in setting up
18 the physical plant of the district even though the proposed plant is to be
19 established, wholly or partly, in one county of the district.

20 D. The portion of the expenditures for capital outlay to be prorated
21 by each county of a district shall be determined in the ratio that the
22 assessed valuation of each county within the district bears to the total
23 assessed valuation of all counties within the district.

24 E. If a majority of the qualified electors voting at an election held
25 as provided in this chapter disapproves the issuance of bonds for any
26 purpose, the governing board of the community college district shall not
27 authorize the expenditure of funds from any source for such purpose without
28 subsequent approval of a majority of the qualified electors voting at an
29 election held as provided in this chapter, except that a subsequent vote of
30 the district electors shall not be necessary to:

- 31 1. Construct buildings and site improvements on existing campuses.
- 32 2. Repair and remodel existing facilities and to purchase equipment.
- 33 3. Purchase land adjacent to an existing campus.

34 Sec. 21. Section 16-204, Arizona Revised Statutes, as amended by Laws
35 2006, chapter 44, section 5, is amended to read:

36 **16-204. Declaration of statewide concern; consolidated election**
37 **dates**

38 A. While the legislature recognizes that the method of conducting
39 elections by political subdivisions, including charter counties and cities,
40 may be a matter of local concern, the legislature finds and determines that
41 for the purposes of increasing voter participation and for decreasing the
42 costs to the taxpayers it is a matter of statewide concern that all elections
43 in this state be conducted on a limited number of days and, therefore, the
44 legislature finds and declares that the holding of all elections on certain
45 specific consolidated days is a matter of statewide concern.

1 B. Notwithstanding any other law or any charter or ordinance of any
2 county, city or town to the contrary, an election held for or on behalf of a
3 county, city or town, a school district, a community college district or
4 special districts organized pursuant to title 48, chapters 5, 6, 8, 10, 13
5 through 16 and 33 may only be held on the following dates:

6 1. Except for regular elections for candidates in a city or town with
7 a population of one hundred seventy-five thousand or more persons, all
8 elections, including recall elections and special elections to fill
9 vacancies, shall be held on:

10 (a) The second Tuesday in March.

11 (b) The third Tuesday in May.

12 (c) The eighth Tuesday before the first Tuesday after the first Monday
13 in November.

14 (d) The first Tuesday after the first Monday in
15 November. **NOTWITHSTANDING ANY OTHER LAW, ANY ELECTION TO APPROVE AN**
16 **OBLIGATION OR OTHER AUTHORIZATION REQUIRING OR AUTHORIZING THE ASSESSMENT OF**
17 **SECONDARY PROPERTY TAXES BY A COUNTY, CITY, TOWN, SCHOOL DISTRICT, COMMUNITY**
18 **COLLEGE DISTRICT OR SPECIAL TAXING DISTRICT SHALL BE HELD ON THIS DATE.**

19 2. For regular elections that are only for candidates in a city or
20 town with a population of one hundred seventy-five thousand or more persons
21 and not including recall elections and special elections to fill vacancies in
22 those cities or towns, elections shall be held on:

23 (a) The eighth Tuesday before the first Tuesday after the first Monday
24 in November.

25 (b) The first Tuesday after the first Monday in November.

26 C. For any city or town, including a charter city, that holds its
27 regularly scheduled candidate elections in even-numbered years pursuant to
28 subsection B, paragraph 2, ~~including a charter city~~, the term of office for a
29 member of the city council or for the office of mayor begins on or after the
30 second Tuesday in January in the year following the election.

31 D. This section does not apply to an election regarding a county or
32 city charter committee or county or city charter proposal that is conducted
33 pursuant to article XIII, section 2 or 3 or article XII, section 5,
34 Constitution of Arizona.

35 Sec. 22. Section 35-452, Arizona Revised Statutes, is amended to read:
36 **35-452. Election to authorize indebtedness; costs**

37 A. The governing body or board of a political subdivision enumerated
38 in section 35-451 may, and upon petition signed by fifteen per cent of the
39 qualified electors shall, order an election by such electors to determine
40 whether such indebtedness shall be authorized. **THE ELECTION SHALL BE HELD ON**
41 **THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY**
42 **SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

43 B. If a majority of the qualified electors voting at the election
44 votes in favor of creating an indebtedness such political subdivision may
45 become so indebted.

1 C. Bond counsel fees, financial advisory fees, printing costs and
2 paying agent and registrar fees shall be paid from either the amount
3 authorized by the qualified electors of the political subdivision or current
4 operating funds.

5 D. Bond election expenses shall be paid from current operating funds
6 only.

7 Sec. 23. Section 35-453, Arizona Revised Statutes, is amended to read:
8 35-453. Order for election

9 A. The governing body or board of the political subdivision shall
10 order the election to be held at the regular voting places within the limits
11 of such subdivision ~~not less than thirty nor more than one hundred fifty days~~
12 ~~from the date of the order~~ ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
13 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,
14 SUBDIVISION (d).

15 B. If the election is to be held for creating an indebtedness by a
16 county, the order shall be made by the board of supervisors of the county in
17 which the election will be held.

18 C. The order shall state the object of the election, and shall be
19 prima facie evidence that all provisions necessary to give the order validity
20 or qualify the governing body or board to make such order have been fully
21 complied with.

22 Sec. 24. Section 35-454, Arizona Revised Statutes, as amended by Laws
23 2006, chapter 217, section 7, is amended to read:

24 35-454. Informational pamphlet for election; review; election;
25 return; canvass of vote; certificate of election

26 A. The governing body or board of the political subdivision shall:

27 1. Not less than ten days and not more than fifty days before the bond
28 election mail a copy of an informational pamphlet to each household within
29 the political subdivision that contains a registered voter. The pamphlet
30 shall contain information on the:

31 (a) Amount of the bond authorization.

32 (b) Maximum interest rate of the bonds.

33 (c) Estimated debt retirement schedule for the current amount of bonds
34 outstanding, showing both principal and interest payments, the current
35 secondary assessed valuation as reported by the department of revenue or the
36 county assessor and the current adopted and estimated tax rates. In this
37 paragraph, "secondary assessed valuation" may include the values used to
38 determine voluntary contributions collected pursuant to title 9, chapter 4,
39 article 3 and title 48, chapter 1, article 8.

40 (d) Estimated debt retirement schedule for the proposed bond
41 authorization, showing both the estimated principal and interest payments and
42 the estimated average annual tax rate for the proposed bond authorization.
43 In preparing this information and the information prescribed by subdivision
44 (c), the projected total annual increase in secondary assessed valuation for
45 any future year shall not exceed:

1 (i) For the first five years of the estimated debt retirement
2 schedule, the average of the annual percentage growth for the previous ten
3 years in the secondary assessed valuation of the political subdivision.

4 (ii) For the remaining years of the estimated debt retirement
5 schedule, twenty per cent of the average of the annual percentage growth for
6 the previous ten years in the secondary assessed valuation of the political
7 subdivision.

8 (e) Source of repayment.

9 (f) Estimated issuance costs.

10 ~~(g) Estimated tax impact on the owner-occupied residential property,
11 agricultural property and commercial and industrial property for the current
12 year in the political subdivision. The tax impact shall be shown for
13 property with a full cash value of one hundred thousand dollars and for
14 property with an average assessed valuation for that class, as determined by
15 the governing body or board. The tax impact shall show the projected average
16 annual cost of the proposed bond authorization, including principal and
17 interest, over the life of the proposed bond authorization. The information
18 on estimated tax impact shall be set forth in substantially the following
19 form:~~

20 ~~Estimated average annual tax rate per \$100 of secondary assessed
21 valuation: \$_____~~

22 ~~[The following table for each specified class of property]~~

23 ~~_____ property
24 (assessed at _____%)~~

25 ~~Assessor's full Secondary assessed Estimated annual cost
26 Cash value Value Value~~

27 ~~_____ (*) \$_____~~

28 ~~\$100,000 _____ \$_____~~

29 ~~(Other values
30 may be included) _____ \$_____~~

31 ~~(*) Estimated average value~~

32 (g) THE ESTIMATED TAX IMPACT OF DEBT SERVICE FOR THE BONDS ON AN
33 OWNER-OCCUPIED RESIDENCE CLASSIFIED AS CLASS THREE PURSUANT TO SECTION
34 42-12003 AND ON COMMERCIAL PROPERTY CLASSIFIED AS CLASS ONE PURSUANT TO
35 SECTION 42-12001, PARAGRAPH 12, IN CURRENT DOLLARS AND ASSUMING THE ASSESSED
36 VALUATION OF THE PROPERTY AND THE AGGREGATE NET ASSESSED VALUATION OF THE
37 POLITICAL SUBDIVISION REMAIN CONSTANT OVER THE TERM OF THE BONDS, AS FOLLOWS:

38 THE TAX IMPACT OVER THE TERM OF THE BONDS ON AN
39 OWNER-OCCUPIED RESIDENCE VALUED BY THE COUNTY ASSESSOR AT
40 \$250,000 IS ESTIMATED TO BE \$___ PER YEAR FOR ___ YEARS, OR \$___
41 TOTAL COST.

42 THE TAX IMPACT OVER THE TERM OF THE BONDS ON COMMERCIAL
43 PROPERTY VALUED BY THE COUNTY ASSESSOR AT \$2,500,000 IS
44 ESTIMATED TO BE \$___ PER YEAR FOR ___ YEARS, OR \$_____ TOTAL
45 COST.

1 (h) IF OUTSTANDING BONDS WILL BE REDEEMED OR RETIRED WITHIN TWELVE
2 MONTHS, OTHER THAN THROUGH ISSUANCE OF REFUNDING BONDS, THE ESTIMATED NET
3 EFFECT IN THE FIRST YEAR OF DEBT SERVICE ON THE NEW BONDS AFTER THE
4 RETIREMENT OF THE OBLIGATION ON THE OUTSTANDING BONDS ON AN OWNER-OCCUPIED
5 RESIDENCE CLASSIFIED AS CLASS THREE PURSUANT TO SECTION 42-12003 AND ON
6 COMMERCIAL PROPERTY CLASSIFIED AS CLASS ONE PURSUANT TO SECTION 42-12001,
7 PARAGRAPH 12.

8 ~~(h)~~ (i) In bold faced type, estimated total cost of the proposed bond
9 authorization, including principal and interest.

10 ~~(i)~~ (j) Current outstanding general obligation debt and
11 constitutional debt limitation.

12 ~~(j)~~ (k) Purpose for which the bonds are to be issued.

13 ~~(k)~~ (l) Polling location for the addressee.

14 ~~(l)~~ (m) Hours during the day when the polls will be open.

15 ~~(m)~~ (n) Arguments for and against the authorization of one or more of
16 the bond propositions.

17 2. Submit a copy of the informational pamphlet to the department of
18 revenue within thirty days after the bond election. The department of
19 revenue shall maintain copies of the pamphlets.

20 B. The failure of any one or more electors to receive the
21 informational pamphlet shall not be grounds to invalidate the election. The
22 election shall conform with the general election laws of the state. The
23 return of the election held in a county shall be made to the board of
24 supervisors and, in any other case, to the governing body or board of the
25 municipal corporation or district within twelve days after the election.

26 C. For any proposed general obligation bond authorization where the
27 principal and interest will be paid by a levy of property taxes, the ballot
28 shall contain the phrase "the issuance of these bonds will result in an
29 annual levy of property taxes sufficient to pay the debt on the bonds".

30 D. If the governing body intends to use revenues other than property
31 taxes to pay the debt on proposed general obligation bonds, the ballot shall
32 contain the phrase "the issuance of these bonds will result in an annual levy
33 of property taxes sufficient to pay the debt on the bonds, unless the
34 governing body provides for payment from other sources".

35 E. The board of supervisors, governing body or governing board shall
36 hold a special meeting within twenty days after the election to canvass the
37 votes cast and certify the result. The certificate of the result shall be
38 prima facie evidence of full performance of all conditions and requirements
39 precedent to holding the election.

40 F. The governing board or body shall file and record in the office of
41 the county recorder a certificate disclosing the purpose of the election, the
42 total number of votes cast and the total number of votes for and against
43 creating the indebtedness, and stating whether or not the indebtedness is
44 ordered. Upon filing and recording the certificate, the governing board or
45 body shall carry out the purpose of the election.

1 G. Variations between the estimates required by subsection A and the
2 actual debt retirement schedules, issuance costs, annual and total costs and
3 tax rates shall not invalidate either the election or the bonds.

4 Sec. 25. Section 37-521, Arizona Revised Statutes, is amended to read:

5 37-521. Permanent state school fund; composition; use

6 A. The permanent state school fund shall consist of:

7 1. The proceeds of all lands granted to the state by the United States
8 for the support of common schools.

9 2. All property which accrues to the state by escheat or forfeiture.

10 3. All property donated for the benefit of the common schools, unless
11 the terms of the donation otherwise provide.

12 4. All unclaimed shares and dividends of any corporation incorporated
13 under the laws of this state.

14 5. The proceeds of sale of timber, mineral, gravel or other natural
15 products or property from school lands and state lands other than those
16 granted for specific purposes.

17 6. The residue of the lands granted for payment of the bonds and
18 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,
19 after the purpose of the grant has been satisfied, and the five per cent of
20 the proceeds of sales of public lands lying within this state sold by the
21 United States subsequent to admission of this state into the union, as
22 granted by the enabling act.

23 B. The fund shall be and remain a perpetual fund and distributions
24 from the fund pursuant to article X, section 7, Constitution of Arizona, plus
25 monies derived from the rental of the lands and property, interest and
26 accrued rent for that year credited pursuant to section 37-295 and interest
27 paid on installment sales, shall be used as follows:

28 1. If there are outstanding state school facilities revenue bonds
29 pursuant to title 15, chapter 16, article 6, outstanding qualified zone
30 academy bonds pursuant to title 15, chapter 16, article 7 or outstanding
31 state school trust revenue bonds issued to correct existing deficiencies
32 prescribed by section 15-2021, the state treasurer and the state land
33 department shall annually transfer to the state school facilities revenue
34 bond debt service fund established in section 15-2054, the state school
35 improvement revenue bond debt service fund established in section 15-2084 and
36 the state school trust revenue bond debt service fund the amount that is
37 necessary to pay that fiscal year's debt service on outstanding state school
38 facilities revenue bonds, qualified zone academy bonds and state school trust
39 revenue bonds, before transferring amounts for any other uses.

40 2. If there are no outstanding state school facilities revenue bonds
41 pursuant to title 15, chapter 16, article 6 or if the amount of monies
42 available under this subsection exceeds the amount required under paragraph 1
43 of this subsection, the monies are subject to legislative appropriation to
44 the new school facilities fund established by section 15-2041.

1 3. If the amount of monies available under this subsection exceeds the
2 amount required under paragraphs 1 and 2 of this subsection, the legislature
3 may annually appropriate an amount to be used as provided in section 15-971,
4 subsection ~~H~~ G, except that the amount appropriated may not exceed the
5 amount appropriated from the permanent state school fund and from the rent
6 and interest paid on installment sales for this purpose in fiscal year
7 2000-2001.

8 4. Notwithstanding paragraphs 1, 2 and 3 of this subsection, from and
9 after June 30, 2001, any expendable earnings under this subsection that
10 exceed the fiscal year 2000-2001 expendable earnings shall be deposited in
11 the classroom site fund established by section 15-977.

12 Sec. 26. Section 41-1276, Arizona Revised Statutes, is amended to
13 read:

14 41-1276. Truth in taxation levy for equalization assistance to
15 school districts

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

20 1. The chairmen of the house of representatives ways and means
21 committee and the senate finance committee or their successor committees.

22 2. The chairmen of the appropriations committees of the senate and the
23 house of representatives or their successor committees.

24 B. The truth in taxation rates consist of the qualifying tax rate for
25 a high school district or a common school district within a high school
26 district that does not offer instruction in high school subjects pursuant to
27 section 15-971, subsection B, paragraph 1, ~~AND~~ a qualifying tax rate for a
28 unified district, a common school district not within a high school district
29 or a common school district within a high school district that offers
30 instruction in high school subjects pursuant to section 15-971, subsection B,
31 paragraph 2 ~~and a county equalization assistance for education tax rate~~
32 ~~pursuant to section 15-994~~ that will offset the change in net assessed
33 valuation of property that was subject to tax in the prior year.

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

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

39 2. Determine the statewide primary net assessed value for the current
40 tax year, excluding the net assessed value of property that was not subject
41 to tax in the preceding year.

42 3. Divide the amount determined in paragraph 1 of this subsection by
43 the amount determined in paragraph 2 of this subsection.

44 4. Adjust the qualifying tax rates ~~and the county equalization~~
45 ~~assistance for education tax rate~~ for the current fiscal year by the

1 percentage determined in paragraph 3 of this subsection in order to offset
2 the change in net assessed value.

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

14 E. If the legislature proposes ~~either~~ qualifying tax rates ~~or a county~~
15 ~~equalization assistance for education tax rate~~ that ~~exceeds~~ EXCEED the truth
16 in taxation rate:

17 1. The house of representatives ways and means committee and the
18 senate finance committee or their successor committees shall hold a joint
19 hearing on or before February 28 and publish a notice of a truth in taxation
20 hearing that meets the following requirements:

21 (a) The notice shall be published twice in a newspaper of general
22 circulation in this state that is published at the state capital. The first
23 publication shall be at least fourteen but not more than twenty days before
24 the date of the hearing. The second publication shall be at least seven but
25 not more than ten days before the date of the hearing.

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

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

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

33 Truth in Taxation Hearing

34 Notice of Tax Increase

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

39 The proposed tax increase will cause the taxes on a
40 \$100,000 home to increase by \$_____.

41 All interested citizens are invited to attend a public
42 hearing on the tax increase that is scheduled to be held
43 _____ (date and time) at _____ (location).

1 (e) For purposes of computing the tax increase on a one hundred
2 thousand dollar home as required by the notice, the joint meeting of the
3 house of representatives ways and means committee and the senate finance
4 committee or their successor committees shall consider the difference between
5 the truth in taxation rate and the proposed increased rate.

6 2. The joint meeting of the house of representatives ways and means
7 committee and the senate finance committee or their successor committees
8 shall consider any motion to recommend the proposed tax rates to the full
9 legislature by roll call vote.

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

15 G. Notwithstanding any other law, the legislature shall not adopt a
16 state budget that provides for ~~either~~ qualifying tax rates pursuant to
17 section 15-971 ~~or a county equalization assistance for education tax rate~~
18 ~~pursuant to section 15-994~~ that exceeds EXCEED the truth in taxation rates
19 computed pursuant to subsection A of this section unless the rates are
20 adopted by a concurrent resolution approved by an affirmative roll call vote
21 of two-thirds of the members of each house of the legislature before the
22 legislature enacts the general appropriations bill. If the resolution is not
23 approved by two-thirds of the members of each house of the legislature, the
24 rates for the following fiscal year shall be the truth in taxation rates
25 determined pursuant to subsection C of this section and shall be transmitted
26 to the superintendent of public instruction and the county boards of
27 supervisors.

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

34 I. Pursuant to subsection C of this section, the qualifying tax rate
35 in fiscal year ~~2006~~ 2006-2007 for a ~~common or~~ high school district OR A
36 COMMON SCHOOL DISTRICT WITHIN A HIGH SCHOOL DISTRICT THAT DOES NOT OFFER
37 INSTRUCTION IN HIGH SCHOOL SUBJECTS AS PROVIDED IN SECTION 15-447 is ~~\$1.8090~~
38 \$1.7394 and for a unified school district, A COMMON SCHOOL DISTRICT NOT
39 WITHIN A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH
40 SCHOOL DISTRICT THAT OFFERS INSTRUCTION IN HIGH SCHOOL SUBJECTS AS PROVIDED
41 IN SECTION 15-447 is ~~\$3.6180~~ \$3.4788. ~~The county equalization assistance for~~
42 ~~education rate in fiscal year 2006 is \$0.4358.~~

1 Sec. 27. Section 42-1116, Arizona Revised Statutes, is amended to
2 read:

3 42-1116. Disposition of tax revenues

4 A. The department shall promptly deposit, pursuant to sections 35-146
5 and 35-147, all monies it collects from the taxes administered pursuant to
6 this article except the telecommunication services excise tax, separately
7 accounting for each type of tax and each tax classification within each type
8 of tax. At the same time the department of revenue shall also furnish copies
9 of the transmittal schedules to the director of the department of
10 administration.

11 B. Except as provided by subsection C of this section, the department
12 shall deposit all monies and remittances received under this section to the
13 credit of the following specific funds and accounts:

14 1. Amounts sufficient to meet the requirements for tax refunds to the
15 tax refund account established in section 42-1117.

16 2. Amounts sufficient to meet the requirements of urban revenue
17 sharing to the urban revenue sharing fund established in section 43-206.

18 3. Amounts collected pursuant to chapter 5, articles ~~1, AND 5 and 9~~
19 of this title and section 42-5352, subsection A, to the transaction privilege
20 and severance tax clearing account established ~~in~~ BY section 42-5029.

21 4. Through June 30, 2010 amounts sufficient to meet the requirements
22 of section 42-3104 to the corrections fund.

23 5. Amounts sufficient to meet the requirements of section 49-282,
24 subsection B relating to the water quality assurance revolving fund.

25 6. All remaining monies to the state general fund.

26 C. From the monies and remittances received under this section, each
27 month beginning July, 2001 the state treasurer shall transmit to the tourism
28 and sports authority, established by title 5, chapter 8, for deposit in its
29 facility revenue clearing account established by section 5-834, the greater
30 of:

31 1. One-twelfth of the amount reported by the department pursuant to
32 section 43-209.

33 2. Two hundred ninety-two thousand dollars per month for the first
34 twelve month period, increased in each subsequent twelve month period by an
35 additional eight per cent over the prior twelve months' distribution.

36 Sec. 28. Section 42-5001, Arizona Revised Statutes, is amended to
37 read:

38 42-5001. Definitions

39 In this article and article 2 of this chapter, unless the context
40 otherwise requires:

41 1. "Business" includes all activities or acts, personal or corporate,
42 engaged in or caused to be engaged in with the object of gain, benefit or
43 advantage, either directly or indirectly, but not casual activities or sales.

44 2. "Distribution base" means the portion of the revenues derived from
45 the tax levied by this article and articles ~~5, AND 8 and 9~~ of this chapter

1 designated for distribution to counties, municipalities and other purposes
2 according to section 42-5029, subsection D.

3 3. "Engaging", when used with reference to engaging or continuing in
4 business, includes the exercise of corporate or franchise powers.

5 4. "Gross income" means the gross receipts of a taxpayer derived from
6 trade, business, commerce or sales and the value proceeding or accruing from
7 the sale of tangible personal property or service, or both, and without any
8 deduction on account of losses.

9 5. "Gross proceeds of sales" means the value proceeding or accruing
10 from the sale of tangible personal property without any deduction on account
11 of the cost of property sold, expense of any kind or losses, but cash
12 discounts allowed and taken on sales are not included as gross income.

13 6. "Gross income" and "gross proceeds of sales" do not include goods,
14 wares or merchandise, or value thereof, returned by customers if the sale
15 price is refunded either in cash or by credit, nor the value of merchandise
16 traded in on the purchase of new merchandise when the trade-in allowance is
17 deducted from the sales price of the new merchandise before completion of the
18 sale.

19 7. "Gross receipts" means the total amount of the sale, lease or
20 rental price, as the case may be, of the retail sales of retailers, including
21 any services that are a part of the sales, valued in money, whether received
22 in money or otherwise, including all receipts, cash, credits and property of
23 every kind or nature, and any amount for which credit is allowed by the
24 seller to the purchaser without any deduction from the amount on account of
25 the cost of the property sold, materials used, labor or service performed,
26 interest paid, losses or any other expense. Gross receipts do not include
27 cash discounts allowed and taken nor the sale price of property returned by
28 customers if the full sale price is refunded either in cash or by credit.

29 8. "Person" or "company" includes an individual, firm, partnership,
30 joint venture, association, corporation, estate or trust, this state, any
31 county, city, town, district, other than a school district, or other
32 political subdivision and any other group or combination acting as a unit,
33 and the plural as well as the singular number.

34 9. "Qualifying community health center":

35 (a) Means an entity that is recognized as nonprofit under section
36 501(c)(3) of the United States internal revenue code, that is a
37 community-based, primary care clinic that has a community-based board of
38 directors and that is either:

39 (i) The sole provider of primary care in the community.

40 (ii) A nonhospital affiliated clinic that is located in a federally
41 designated medically underserved area in this state.

42 (b) Includes clinics that are being constructed as qualifying
43 community health centers.

44 10. "Qualifying health care organization" means an entity that is
45 recognized as nonprofit under section 501(c) of the United States internal

1 revenue code and that uses, saves or invests at least eighty per cent of all
2 monies that it receives from all sources each year only for health and
3 medical related educational and charitable services, as documented by annual
4 financial audits prepared by an independent certified public accountant,
5 performed according to generally accepted accounting standards and filed
6 annually with the department. Monies that are used, saved or invested to
7 lease, purchase or construct a facility for health and medical related
8 education and charitable services are included in the eighty per cent
9 requirement.

10 11. "Qualifying hospital" means any of the following:

11 (a) A licensed hospital which is organized and operated exclusively
12 for charitable purposes, no part of the net earnings of which inures to the
13 benefit of any private shareholder or individual.

14 (b) A licensed nursing care institution or a licensed residential care
15 institution or a residential care facility operated in conjunction with a
16 licensed nursing care institution or a licensed kidney dialysis center, which
17 provides medical services, nursing services or health related services and is
18 not used or held for profit.

19 (c) A hospital, nursing care institution or residential care
20 institution which is operated by the federal government, this state or a
21 political subdivision of this state.

22 (d) A facility that is under construction and that on completion will
23 be a facility under subdivision (a), (b) or (c) of this paragraph.

24 12. "Retailer" includes every person engaged in the business classified
25 under the retail classification pursuant to section 42-5061 and, when in the
26 opinion of the department it is necessary for the efficient administration of
27 this article, includes dealers, distributors, supervisors, employers and
28 salesmen, representatives, peddlers or canvassers as the agents of the
29 dealers, distributors, supervisors or employers under whom they operate or
30 from whom they obtain the tangible personal property sold by them, whether in
31 making sales on their own behalf or on behalf of the dealers, distributors,
32 supervisors or employers.

33 13. "Sale" means any transfer of title or possession, or both,
34 exchange, barter, lease or rental, conditional or otherwise, in any manner or
35 by any means whatever, including consignment transactions and auctions, of
36 tangible personal property or other activities taxable under this chapter,
37 for a consideration, and includes:

38 (a) Any transaction by which the possession of property is transferred
39 but the seller retains the title as security for the payment of the price.

40 (b) Fabricating tangible personal property for consumers who furnish
41 either directly or indirectly the materials used in the fabrication work.

42 (c) Furnishing, preparing or serving for a consideration any tangible
43 personal property consumed on the premises of the person furnishing,
44 preparing or serving the tangible personal property.

1 14. "Solar daylighting" means a device that is specifically designed to
2 capture and redirect the visible portion of the solar beam, while controlling
3 the infrared portion, for use in illuminating interior building spaces in
4 lieu of artificial lighting.

5 15. "Solar energy device" means a system or series of mechanisms
6 designed primarily to provide heating, to provide cooling, to produce
7 electrical power, to produce mechanical power, to provide solar daylighting
8 or to provide any combination of the foregoing by means of collecting and
9 transferring solar generated energy into such uses either by active or
10 passive means, including wind generator systems that produce electricity.
11 Solar energy systems may also have the capability of storing solar energy for
12 future use. Passive systems shall clearly be designed as a solar energy
13 device, such as a trombe wall, and not merely as a part of a normal
14 structure, such as a window.

15 16. "Tangible personal property" means personal property which may be
16 seen, weighed, measured, felt or touched or is in any other manner
17 perceptible to the senses.

18 17. "Tax year" or "taxable year" means either the calendar year or the
19 taxpayer's fiscal year, if permission is obtained from the department to use
20 a fiscal year as the tax period instead of the calendar year.

21 18. "Taxpayer" means any person who is liable for any tax which is
22 imposed by this article.

23 19. "Wholesaler" or "jobber" means any person who sells tangible
24 personal property for resale and not for consumption by the purchaser.

25 Sec. 29. Section 42-5010, Arizona Revised Statutes, is amended to
26 read:

27 42-5010. Rates: distribution base

28 A. The tax imposed by this article is levied and shall be collected at
29 the following rates:

30 1. Five per cent of the tax base as computed for the business of every
31 person engaging or continuing in this state in the following business
32 classifications described in article 2 of this chapter:

- 33 (a) Transporting classification.
- 34 (b) Utilities classification.
- 35 (c) Telecommunications classification.
- 36 (d) Pipeline classification.
- 37 (e) Private car line classification.
- 38 (f) Publication classification.
- 39 (g) Job printing classification.
- 40 (h) Prime contracting classification.
- 41 (i) Owner builder sales classification.
- 42 (j) Amusement classification.
- 43 (k) Restaurant classification.
- 44 (l) Personal property rental classification.
- 45 (m) Retail classification.

~~(n) Membership camping classification.~~

2 2. Five and one-half per cent of the tax base as computed for the
3 business of every person engaging or continuing in this state in the
4 transient lodging classification described in section 42-5070.

5 3. Three and one-eighth per cent of the tax base as computed for the
6 business of every person engaging or continuing in this state in the mining
7 classification described in section 42-5072.

8 4. Zero per cent of the tax base as computed for the business of every
9 person engaging or continuing in this state in the commercial lease
10 classification described in section 42-5069.

11 B. Twenty per cent of the tax revenues collected at the rate
12 prescribed by subsection A, paragraph 1 of this section from persons on
13 account of engaging in business under the business classifications listed in
14 subsection A, paragraph 1, subdivisions (a) through (i) of this section is
15 designated as distribution base for purposes of section 42-5029.

16 C. Forty per cent of the tax revenues collected at the rate prescribed
17 by subsection A, paragraph 1 of this section from persons on account of
18 engaging in business under the business classifications listed in subsection
19 A, paragraph 1, subdivisions (j) through ~~(n)~~ (m) of this section is
20 designated as distribution base for purposes of section 42-5029.

21 D. Thirty-two per cent of the tax revenues collected from persons on
22 account of engaging in business under the business classification listed in
23 subsection A, paragraph 3 of this section is designated as distribution base
24 for purposes of section 42-5029.

25 E. Fifty-three and one-third per cent of the tax revenues collected
26 from persons on account of engaging in business under the business
27 classification listed in subsection A, paragraph 4 of this section is
28 designated as distribution base for purposes of section 42-5029.

29 F. Fifty per cent of the tax revenues collected from persons on
30 account of engaging in business under the business classification listed in
31 subsection A, paragraph 2 of this section is designated as distribution base
32 for purposes of section 42-5029.

33 G. In addition to the rates prescribed by subsection A of this
34 section, if approved by the qualified electors voting at a statewide general
35 election, an additional rate increment is imposed and shall be collected
36 through June 30, 2021. The taxpayer shall pay taxes pursuant to this
37 subsection at the same time and in the same manner as under subsection A of
38 this section. The department shall separately account for the revenues
39 collected with respect to the rates imposed pursuant to this subsection and
40 the state treasurer shall distribute all of those revenues in the manner
41 prescribed by section 42-5029, subsection E. The rates imposed pursuant to
42 this subsection shall not be considered local revenues for purposes of
43 article IX, section 21, Constitution of Arizona. The additional tax rate
44 increment is levied at the rate of six-tenths of one per cent of the tax base

1 of every person engaging or continuing in this state in a business
2 classification listed in subsection A, paragraph 1 of this section.

3 H. Any increase in the rate of tax that is imposed by this chapter and
4 that is enacted by the legislature or by a vote of the people does not apply
5 with respect to contracts entered into by prime contractors or pursuant to
6 written bids made by prime contractors on or before the effective date of the
7 legislation or the date of the election enacting the increase. To qualify
8 for the exemption under this subsection, the prime contractor must maintain
9 sufficient documentation, in a manner and form prescribed by the department,
10 to verify the date of the contract or written bid.

11 I. For taxpayers taxable under this chapter other than prime
12 contractors taxable pursuant to section 42-5075:

13 1. Any increase in the rate of tax that is levied by this article or
14 article 2 of this chapter enacted by the legislature or by a vote of the
15 people does not apply for a period of one hundred twenty days from the date
16 of the tax rate increase to the gross proceeds of sales or gross income from
17 the business of the taxpayer with respect to written contracts entered into
18 before the effective date of the tax rate increase unless the taxpayer has
19 entered into a contract that contains a provision that entitles the taxpayer
20 to recover from the purchaser the amount of the additional tax levied.

21 2. The provisions of this subsection apply without regard to the
22 accounting method used by the taxpayer to report the taxes imposed under
23 article 2 of this chapter.

24 3. The provisions of this subsection shall not be considered in
25 determining the rate of tax imposed under chapter 6, article 3 of this title.

26 Sec. 30. Section 42-5029, Arizona Revised Statutes, is amended to
27 read:

28 42-5029. Remission and distribution of monies; definition

29 A. The department shall deposit, pursuant to sections 35-146 and
30 35-147, all revenues collected under this article and articles 4, 5, ~~AND~~ 8
31 ~~and 9~~ of this chapter pursuant to section 42-1116, separately accounting for:

32 1. Payments of estimated tax under section 42-5014, subsection D.

33 2. Revenues collected pursuant to section 42-5070.

34 3. Revenues collected under this article and article 5 of this chapter
35 from and after June 30, 2000 from sources located on Indian reservations in
36 this state.

37 4. Revenues collected pursuant to section 42-5010, subsection G and
38 section 42-5155, subsection D.

39 B. The department shall credit payments of estimated tax to an
40 estimated tax clearing account and each month shall transfer all monies in
41 the estimated tax clearing account to a fund designated as the transaction
42 privilege and severance tax clearing account. The department shall credit
43 all other payments to the transaction privilege and severance tax clearing
44 account, separately accounting for the monies designated as distribution base
45 under sections 42-5010, 42-5164, 42-5205, ~~AND~~ 42-5353 ~~and 42-5409~~. Each

1 month the department shall report to the state treasurer the amount of monies
2 collected pursuant to this article and articles 4, 5, ~~AND 8 and 9~~ of this
3 chapter.

4 C. On notification by the department, the state treasurer shall
5 distribute the monies deposited in the transaction privilege and severance
6 tax clearing account in the manner prescribed by this section and by sections
7 42-5164, 42-5205, ~~AND 42-5353 and 42-5409~~, after deducting warrants drawn
8 against the account pursuant to sections 42-1118 and 42-1254.

9 D. Of the monies designated as distribution base the department shall:
10 1. Pay twenty-five per cent to the various incorporated municipalities
11 in this state in proportion to their population to be used by the
12 municipalities for any municipal purpose.

13 2. Pay 38.08 per cent to the counties in this state by averaging the
14 following proportions:

15 (a) The proportion that the population of each county bears to the
16 total state population.

17 (b) The proportion that the distribution base monies collected during
18 the calendar month in each county under this article, section 42-5164,
19 subsection B, section 42-5205, subsection B and ~~sections SECTION 42-5353 and~~
20 ~~42-5409~~ bear to the total distribution base monies collected under this
21 article, section 42-5164, subsection B, section 42-5205, subsection B and
22 ~~sections SECTION 42-5353 and 42-5409~~ throughout the state for the calendar
23 month.

24 3. Pay an additional 2.43 per cent to the counties in this state as
25 follows:

26 (a) Average the following proportions:

27 (i) The proportion that the assessed valuation used to determine
28 secondary property taxes of each county, after deducting that part of the
29 assessed valuation that is exempt from taxation at the beginning of the month
30 for which the amount is to be paid, bears to the total assessed valuations
31 used to determine secondary property taxes of all the counties after
32 deducting that portion of the assessed valuations that is exempt from
33 taxation at the beginning of the month for which the amount is to be paid.
34 Property of a city or town that is not within or contiguous to the municipal
35 corporate boundaries and from which water is or may be withdrawn or diverted
36 and transported for use on other property is considered to be taxable
37 property in the county for purposes of determining assessed valuation in the
38 county under this item.

39 (ii) The proportion that the distribution base monies collected during
40 the calendar month in each county under this article, section 42-5164,
41 subsection B, section 42-5205, subsection B and ~~sections SECTION 42-5353 and~~
42 ~~42-5409~~ bear to the total distribution base monies collected under this
43 article, section 42-5164, subsection B, section 42-5205, subsection B and
44 ~~sections SECTION 42-5353 and 42-5409~~ throughout the state for the calendar
45 month.

1 (b) If the proportion computed under subdivision (a) of this paragraph
2 for any county is greater than the proportion computed under paragraph 2 of
3 this subsection, the department shall compute the difference between the
4 amount distributed to that county under paragraph 2 of this subsection and
5 the amount that would have been distributed under paragraph 2 of this
6 subsection using the proportion computed under subdivision (a) of this
7 paragraph and shall pay that difference to the county from the amount
8 available for distribution under this paragraph. Any monies remaining after
9 all payments under this subdivision shall be distributed among the counties
10 according to the proportions computed under paragraph 2 of this subsection.

11 4. After any distributions required by sections 42-5030, 42-5030.01,
12 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water
13 quality assurance revolving fund as required by section 49-282, subsection B,
14 credit the remainder of the monies designated as distribution base to the
15 state general fund. From this amount:

16 (a) The legislature shall annually appropriate to:

17 (i) The department of revenue sufficient monies to administer and
18 enforce this article and articles 5, ~~AND 8 and 9~~ of this chapter.

19 (ii) The department of economic security monies to be used for the
20 purposes stated in title 46, chapter 1.

21 (iii) The Arizona arts endowment fund established by section 41-986,
22 the full amount by which revenues derived from the amusement classification
23 pursuant to section 42-5073 for the current fiscal year exceed the revenues
24 that were derived from that classification in fiscal year 1993-1994, except
25 that this amount shall not exceed two million dollars through fiscal year
26 2008-2009.

27 (iv) The firearms safety and ranges fund established by section
28 17-273, fifty thousand dollars derived from the taxes collected from the
29 retail classification pursuant to section 42-5061 for the current fiscal
30 year.

31 (b) The state treasurer shall transfer to the tourism fund an amount
32 equal to the sum of the following:

33 (i) Three and one-half per cent of the gross revenues derived from the
34 transient lodging classification pursuant to section 42-5070 during the
35 preceding fiscal year.

36 (ii) Three per cent of the gross revenues derived from the amusement
37 classification pursuant to section 42-5073 during the preceding fiscal year.

38 (iii) Two per cent of the gross revenues derived from the restaurant
39 classification pursuant to section 42-5074 during the preceding fiscal year.

40 E. If approved by the qualified electors voting at a statewide general
41 election, all monies collected pursuant to section 42-5010, subsection G and
42 section 42-5155, subsection D shall be distributed each fiscal year pursuant
43 to this subsection. The monies distributed pursuant to this subsection are
44 in addition to any other appropriation, transfer or other allocation of
45 public or private monies from any other source and shall not supplant,

1 replace or cause a reduction in other school district, charter school,
2 university or community college funding sources. The monies shall be
3 distributed as follows:

4 1. If there are outstanding state school facilities revenue bonds
5 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
6 amount that is necessary to pay the fiscal year's debt service on outstanding
7 state school improvement revenue bonds for the current fiscal year shall be
8 transferred each month to the school improvement revenue bond debt service
9 fund established by section 15-2084. The total amount of bonds for which
10 these monies may be allocated for the payment of debt service shall not
11 exceed a principal amount of eight hundred million dollars exclusive of
12 refunding bonds and other refinancing obligations.

13 2. After any transfer of monies pursuant to paragraph 1 of this
14 subsection, twelve per cent of the remaining monies collected during the
15 preceding month shall be transferred to the technology and research
16 initiative fund established by section 15-1648 to be distributed among the
17 universities for the purpose of investment in technology and research-based
18 initiatives.

19 3. After the transfer of monies pursuant to paragraph 1 of this
20 subsection, three per cent of the remaining monies collected during the
21 preceding month shall be transferred to the workforce development account
22 established in each community college district pursuant to section 15-1472
23 for the purpose of investment in workforce development programs.

24 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
25 subsection, one-twelfth of the amount a community college that is owned,
26 operated or chartered by a qualifying Indian tribe on its own Indian
27 reservation would receive pursuant to section 15-1472, subsection D,
28 paragraph 2 if it were a community college district shall be distributed each
29 month to the treasurer or other designated depository of a qualifying Indian
30 tribe. Monies distributed pursuant to this paragraph are for the exclusive
31 purpose of providing support to one or more community colleges owned,
32 operated or chartered by a qualifying Indian tribe and shall be used in a
33 manner consistent with section 15-1472, subsection B. For purposes of this
34 paragraph, "qualifying Indian tribe" has the same meaning as defined in
35 section 42-5031.01, subsection D.

36 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
37 subsection, one-twelfth of the following amounts shall be transferred each
38 month to the department of education for the increased cost of basic state
39 aid under section 15-971 due to added school days and associated teacher
40 salary increases enacted in 2000:

- 41 (a) In fiscal year 2001-2002, \$15,305,900.
- 42 (b) In fiscal year 2002-2003, \$31,530,100.
- 43 (c) In fiscal year 2003-2004, \$48,727,700.
- 44 (d) In fiscal year 2004-2005, \$66,957,200.

1 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
2 \$86,280,500.

3 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
4 subsection, seven million eight hundred thousand dollars is appropriated each
5 fiscal year, to be paid in monthly installments, to the department of
6 education to be used for school safety as provided in section 15-154 and two
7 hundred thousand dollars is appropriated each fiscal year, to be paid in
8 monthly installments to the department of education to be used for the
9 character education matching grant program as provided in section 15-154.01.

10 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
11 subsection, no more than seven million dollars may be appropriated by the
12 legislature each fiscal year to the department of education to be used for
13 accountability purposes as described in section 15-241 and title 15, chapter
14 9, article 8.

15 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
16 subsection, one million five hundred thousand dollars is appropriated each
17 fiscal year, to be paid in monthly installments, to the failing schools
18 tutoring fund established by section 15-241.

19 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
20 subsection, twenty-five million dollars shall be transferred each fiscal year
21 to the state general fund to reimburse the general fund for the cost of the
22 income tax credit allowed by section 43-1072.01.

23 10. After the payment of monies pursuant to paragraphs 1 through 9 of
24 this subsection, the remaining monies collected during the preceding month
25 shall be transferred to the classroom site fund established by section
26 15-977. The monies shall be allocated as follows in the manner prescribed by
27 section 15-977:

28 (a) Forty per cent shall be allocated for teacher compensation based
29 on performance.

30 (b) Twenty per cent shall be allocated for increases in teacher base
31 compensation and employee related expenses.

32 (c) Forty per cent shall be allocated for maintenance and operation
33 purposes.

34 F. The department shall credit the remainder of the monies in the
35 transaction privilege and severance tax clearing account to the state general
36 fund, subject to any distribution required by section 42-5030.01.

37 G. Notwithstanding subsection D of this section, if a court of
38 competent jurisdiction finally determines that tax monies distributed under
39 this section were illegally collected under this article or articles ~~5, 8~~ **AND**
40 ~~8 and 9~~ of this chapter and orders the monies to be refunded to the taxpayer,
41 the department shall compute the amount of such monies that was distributed
42 to each city, town and county under this section. The department shall
43 notify the state treasurer of that amount plus the proportionate share of
44 additional allocated costs required to be paid to the taxpayer. Each city's,
45 town's and county's proportionate share of the costs shall be based on the

1 amount of the original tax payment each municipality and county received.
2 Each month the state treasurer shall reduce the amount otherwise
3 distributable to the city, town and county under this section by one
4 thirty-sixth of the total amount to be recovered from the city, town or
5 county until the total amount has been recovered, but the monthly reduction
6 for any city, town or county shall not exceed ten per cent of the full
7 monthly distribution to that entity. The reduction shall begin for the first
8 calendar month after the final disposition of the case and shall continue
9 until the total amount, including interest and costs, has been recovered.

10 H. On receiving a certificate of default from the greater Arizona
11 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
12 extent not otherwise expressly prohibited by law, the state treasurer shall
13 withhold from the next succeeding distribution of monies pursuant to this
14 section due to the defaulting political subdivision the amount specified in
15 the certificate of default and immediately deposit the amount withheld in the
16 greater Arizona development authority revolving fund. The state treasurer
17 shall continue to withhold and deposit the monies until the greater Arizona
18 development authority certifies to the state treasurer that the default has
19 been cured. In no event may the state treasurer withhold any amount that the
20 defaulting political subdivision certifies to the state treasurer and the
21 authority as being necessary to make any required deposits then due for the
22 payment of principal and interest on bonds of the political subdivision that
23 were issued before the date of the loan repayment agreement or bonds and that
24 have been secured by a pledge of distributions made pursuant to this section.

25 I. Except as provided by sections 42-5033 and 42-5033.01, the
26 population of a county, city or town as determined by the most recent United
27 States decennial census plus any revisions to the decennial census certified
28 by the United States bureau of the census shall be used as the basis for
29 apportioning monies pursuant to subsection D of this section.

30 J. For the purposes of this section, "community college district"
31 means a community college district THAT IS established pursuant to sections
32 15-1402 and 15-1403 AND that is a political subdivision of this state.

33 Sec. 31. Section 42-5069, Arizona Revised Statutes, is amended to
34 read:

35 42-5069. Commercial lease classification; definitions

36 A. The commercial lease classification is comprised of the business of
37 leasing for a consideration the use or occupancy of real property.

38 B. A person who, as a lessor, leases or rents for a consideration
39 under one or more leases or rental agreements the use or occupancy of real
40 property that is used by the lessee for commercial purposes is deemed to be
41 engaged in business and subject to the tax imposed by article 1 of this
42 chapter, but this subsection does not include leases or rentals of real
43 property used for residential or agricultural purposes.

44 C. The commercial lease classification does not include:

- 1 1. Any business activities ~~which~~ THAT are classified under the
2 transient lodging classification.
- 3 2. Activities engaged in by the Arizona exposition and state fair
4 board or county fair commissions in connection with events sponsored by those
5 entities.
- 6 3. Leasing real property to a lessee who subleases the property if the
7 lessee is engaged in business classified under the commercial lease
8 classification or the transient lodging classification.
- 9 4. Leasing real property pursuant to a written lease agreement entered
10 into before December 1, 1967. This exclusion does not apply to~~:-~~
11 ~~(a)~~ the businesses of hotels, guest houses, dude ranches and resorts,
12 rooming houses, apartment houses, office buildings, automobile storage
13 garages, parking lots or tourist camps, or to the extension or renewal of any
14 such written lease agreement.
15 ~~(b) Any such written lease agreement unless a rental occupancy tax is~~
16 ~~paid pursuant to article 9 of this chapter.~~
- 17 5. Leasing real property by a corporation to an affiliated
18 corporation. For THE purposes of this paragraph, "affiliated corporation"
19 means a corporation ~~which~~ THAT owns or controls at least eighty per cent of
20 the lessor, THAT is at least eighty per cent owned or controlled by the
21 lessor or THAT is at least eighty per cent owned or controlled by a
22 corporation ~~which~~ THAT also owns or controls at least eighty per cent of the
23 lessor. Ownership and control are determined by reference to the voting
24 shares of a corporation.
- 25 6. Leasing real property for sublease if the tenant in possession of
26 the property is subject to the rental occupancy tax pursuant to article 9 of
27 this chapter.
- 28 7. Leasing real property for boarding horses.
- 29 8. Leasing or renting real property or the right to use real property
30 at exhibition events in this state sponsored, operated or conducted by a
31 nonprofit organization that is exempt from taxation under section 501(c)(3),
32 501(c)(4) or 501(c)(6) of the internal revenue code if the organization is
33 associated with major league baseball teams or a national touring
34 professional golfing association and no part of the organization's net
35 earnings inures to the benefit of any private shareholder or individual.
- 36 9. Leasing or renting real property or the right to use real property
37 for use as a rodeo featuring primarily farm and ranch animals in this state
38 sponsored, operated or conducted by a nonprofit organization that is exempt
39 from taxation under section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or
40 501(c)(8) of the internal revenue code and no part of the organization's net
41 earnings inures to the benefit of any private shareholder or individual.
- 42 10. Leasing or renting dwelling units, lodging facilities or trailer or
43 mobile home spaces if the units, facilities or spaces are intended to serve
44 as the principal or permanent place of residence for the lessee or renter or

1 if the unit, facility or space is leased or rented to a single tenant thirty
2 or more consecutive days.

3 11. Leasing or renting real property and improvements for use primarily
4 for religious worship by a nonprofit organization that is exempt from
5 taxation under section 501(c)(3) of the internal revenue code and no part of
6 the organization's net earnings inures to the benefit of any private
7 shareholder or individual.

8 12. Leasing or renting real property used for agricultural purposes
9 under either of the following circumstances:

10 (a) The lease or rental is between family members, trusts, estates,
11 corporations, partnerships, joint venturers or similar entities, or any
12 combination thereof, if the individuals or at least eighty per cent of the
13 beneficiaries, shareholders, partners or joint venturers share a family
14 relationship as parents or ancestors of parents, children or descendants of
15 children, siblings, cousins of the first degree, aunts, uncles, nieces or
16 nephews of the first degree, spouses of any of the listed relatives and
17 listed relatives by the half-blood or by adoption.

18 (b) The lessor leases or rents real property used for agricultural
19 purposes under no more than three leases or rental agreements.

20 13. Leasing, renting or granting the right to use real property to
21 vendors or exhibitors by a trade or industry association ~~which~~ THAT is a
22 qualifying organization pursuant to section 513(d)(3)(C) of the internal
23 revenue code for a period not to exceed twenty-one days in connection with an
24 event that meets all of the following conditions:

25 (a) ~~Where~~ The majority of such vending or exhibition activities relate
26 to the nature of THE trade or business sponsoring the event.

27 (b) The event is held in conjunction with a formal business meeting of
28 the trade or industry association.

29 (c) The event is organized by the persons engaged in the particular
30 trade or industry.

31 14. Leasing, renting or granting the right to use real property for a
32 period not to exceed twenty-one days by a coliseum, civic center, civic
33 plaza, convention center, auditorium or arena owned by this state or any of
34 its political subdivisions.

35 15. Leasing or subleasing real property used by a nursing care
36 institution as defined in section 36-401 that is licensed pursuant to title
37 36, chapter 4.

38 16. Leasing or renting a transportation facility as provided in section
39 28-7705, subsections A and B.

40 17. Granting or providing rights to real property that constitute a
41 profit à prendre for the severance of minerals, including all rights to use
42 the surface or subsurface of the property as is necessary or convenient to
43 the right to sever the minerals. This paragraph does not exclude from the
44 commercial lease classification leasehold rights to the real property that
45 are granted in addition to and not included within the right of profit à

1 prendre, but the tax base for the grant of such a leasehold right, if the
2 gross income derived from the grant is not separately stated from the gross
3 income derived from the grant of the profit à prendre, shall not exceed the
4 fair market value of the leasehold rights computed after excluding the value
5 of all rights under the profit à prendre. ~~As used in~~ FOR THE PURPOSES OF
6 this paragraph, "profit à prendre" means a right to use the land of another
7 to mine minerals, and carries with it the right of entry and the right to
8 remove and take the minerals from the land and also includes the right to use
9 the surface of the land as is necessary and convenient for exercise of the
10 profit.

11 D. The tax base for the commercial lease classification is the gross
12 proceeds of sales or gross income derived from the business, but
13 reimbursements to the lessor for utility service shall be deducted from the
14 tax base.

15 E. Notwithstanding section 42-1104, subsection B, paragraph 1,
16 subdivision (b) and paragraph 2, the failure to file tax returns for the
17 commercial lease classification that report gross income derived from any
18 agreement that constitutes, in whole or in part, a grant of a right of profit
19 à prendre for the severance of minerals does not constitute an exception to
20 the general rule for the statute of limitations.

21 F. For THE purposes of this section:

22 1. "Leasing" includes renting.

23 2. "Real property" includes any improvements, rights or interest in
24 such property.

25 Sec. 32. Repeal

26 Section 42-5077, Arizona Revised Statutes, is repealed.

27 Sec. 33. Section 42-5201, Arizona Revised Statutes, is amended to
28 read:

29 42-5201. Definitions

30 In this article, unless the context otherwise requires:

31 1. "Gross value of production" means the sum of the value of
32 production determined for each metalliferous mineral mined by the severer.

33 2. "Metallic product" means any metalliferous mineral or metalliferous
34 mineral product.

35 3. "Metalliferous mineral" means copper, gold, silver, molybdenum or
36 other metal or any ore or substance containing such metals including
37 turquoise that is severed within this state.

38 4. "Metalliferous mineral product" means the material resulting from
39 the processing of a metalliferous mineral including any concentrate of an
40 ore, any precipitate of a metalliferous mineral or any metal bullion.

41 5. "Mining" means the activity of extracting from the earth substances
42 that become metalliferous minerals and:

43 (a) In the case of ore that is customarily milled, concentrated,
44 agitation leached, or vat leached, mining includes all activity from the
45 breaking of ground to the delivery of ore to the primary crusher, including

1 blasting, loading, hauling, including hauling of waste, and dumping. The
2 quantity mined shall be measured after final crushing.

3 (b) In the case of ore that is not customarily milled, concentrated,
4 agitation leached, or vat leached, mining includes all activity from the
5 breaking of ground to the delivery of the ore to the reduction works, or if
6 the reduction works are located away from the situs of the mining activity,
7 to the point at which the ore is loaded on a means of transport to the
8 reduction works. The quantity mined shall be measured upon delivery to the
9 reduction works, or if the reduction works are located away from the situs of
10 mining activity, upon loading on a means of transport to the reduction works.

11 (c) In the case of dump or in situ leaching where the leach liquor is
12 precipitated, mining includes all activity from the breaking of ground, if
13 any, to the delivery of the leach liquor to the facility at which
14 precipitation takes place. The quantity mined shall be measured upon
15 precipitation.

16 (d) In the case of dump or in situ leaching where the leach liquor is
17 converted through a chemical, electrolytic or other means directly from a
18 liquor to a solid metallic mass, mining includes all activity from the
19 breaking of ground, if any, to the delivery of the leach liquor to the
20 solvent extraction or similar facility. The quantity mined shall be measured
21 upon delivery to the solvent extraction facility.

22 6. "Mining costs" means production costs incurred in mining.

23 7. "Out-of-state processing costs" means processing costs incurred by
24 the severer out of this state including freight charges incurred for shipping
25 metallic products out of this state.

26 8. "Price" means the per unit consideration a severer receives from
27 the sale during the reporting period of a metallic product whether sold
28 within or without this state. If a severer engages in manufacturing,
29 fabricating or other transforming activities of a refined metalliferous
30 mineral product before making a sale, the charges made by the severer for
31 such activities shall not be a part of the consideration in establishing the
32 price. If no sales occurred during the reporting period, price shall be
33 derived from the last reporting period in which sales occurred.

34 9. "Processing" means any non-mining activity that transforms
35 metalliferous minerals into metalliferous mineral products including
36 precipitating, crushing, concentrating, smelting and refining. "Processing"
37 does not include manufacturing or fabrication or other transformation
38 activities beyond refining.

39 10. "Processing costs" means production costs other than mining costs.

40 11. "Production costs" means the costs incurred by the severer in
41 mining and processing until the point of sale including but not limited to
42 energy, fuel, labor, supplies, depreciation, transportation and other
43 expenses reasonably allocable to mining or processing including but not
44 limited to labor benefits, property taxes, lease payments for equipment used
45 in mining or processing and support services such as maintenance, security

1 and administration if such services are site specific. Production costs also
2 include selling expenses but do not include severance taxes or depletion
3 expenses. Production costs also do not include corporate salary and office
4 expenses, income taxes, interest expense on debt or corporate capital
5 charges.

6 12. "Recoverable units" means metalliferous mineral units based on
7 processing or contractual recoveries during the period of production.

8 13. "Sale" shall have the meaning ascribed to it in section 42-5001.

9 14. "Severer" means a person engaging in the business of mining ~~or~~
10 ~~timbering.~~

11 15. "Severing" means mining ~~or timbering.~~

12 ~~16. "Timber product" means poles, saw logs, pulpwood or firewood which~~
13 ~~result from timbering.~~

14 ~~17. "Timbering" includes all activities of a severer within this state~~
15 ~~resulting in the production of a timber product, including felling, limbing,~~
16 ~~bucking, skidding, loading and all activities ordinarily required under the~~
17 ~~terms of United States forest service timber contracts granted under 36 Code~~
18 ~~of Federal Regulations section 223.1, whether performed by the severer or a~~
19 ~~contractor of the severer.~~

20 ~~18.~~ 16. "Value of production" means the price multiplied by the
21 recoverable units of a metallic product mined by the severer.

22 Sec. 34. Section 42-5202, Arizona Revised Statutes, is amended to
23 read:

24 42-5202. Levy of tax

25 A. There is levied on any severer, and the department shall collect,
26 an excise tax, denominated as a severance tax.

27 B. Except as provided in section 42-5203, the severance tax is in lieu
28 of any other tax imposed upon the activities of ~~timbering or~~ mining and
29 processing by article 1 of this chapter.

30 C. The amount of the severance tax levied on a severer engaging in the
31 business of mining shall be determined by multiplying the net severance base
32 by two and one-half per cent.

33 ~~D. The amount of the severance tax levied on a severer engaging in the~~
34 ~~business of timbering shall be:~~

35 ~~1. Two dollars thirteen cents per thousand board feet for timber~~
36 ~~products that are derived from ponderosa pine.~~

37 ~~2. One dollar fifty one cents per thousand board feet for timber~~
38 ~~products derived from all species except ponderosa pine.~~

39 Sec. 35. Repeal

40 Title 42, chapter 5, article 9, Arizona Revised Statutes, is repealed.

1 Sec. 36. Section 42-17051, Arizona Revised Statutes, is amended to
2 read:

3 42-17051. Limit on county, municipal and community college
4 primary property tax levy

5 A. In addition to any other limitation that may be imposed, a county,
6 charter county, city, charter city, town or community college district shall
7 not levy primary property taxes in any year in excess of an aggregate amount
8 computed as follows:

9 1. Determine the maximum allowable primary property tax levy limit for
10 the jurisdiction for the preceding tax year.

11 2. Multiply the amount determined in paragraph 1 by 1.02.

12 3. Determine the assessed value for the current tax year of all
13 property in the political subdivision that was subject to tax in the
14 preceding tax year.

15 4. Divide the dollar amount determined in paragraph 3 by one hundred
16 and then divide the dollar amount determined in paragraph 2 by the resulting
17 quotient. The result, rounded to four decimal places, is the maximum
18 allowable tax rate for the political subdivision.

19 5. Determine the finally equalized valuation of all property, less
20 exemptions, appearing on the tax roll for the current tax year including an
21 estimate of the personal property tax roll determined pursuant to section
22 42-17053.

23 6. Divide the dollar amount determined in paragraph 5 by one hundred
24 and then multiply the resulting quotient by the rate determined in paragraph
25 4. The resulting product is the maximum allowable primary property tax levy
26 limit for the current year for all political subdivisions.

27 7. The allowable levy of primary property taxes for the current fiscal
28 year for all political subdivisions is the maximum allowable primary property
29 tax levy limit less any amounts required to reduce the levy pursuant to
30 subsections B and C of this section.

31 B. Any monies that a political subdivision received from primary
32 property taxation in excess of the sum of the amount of taxes collectible
33 pursuant to section 42-15054 and the allowable levy determined under
34 subsection A of this section shall be maintained in a separate fund and used
35 to reduce the primary property tax levy in the following year. Monies that
36 are received and that are attributable to the payment of delinquent taxes
37 that were properly assessed in prior years shall not be applied to reduce the
38 levy in the following year.

39 C. If, pursuant to section 41-1279.07, the auditor general determines
40 that in any fiscal year a county has exceeded its expenditure limitation, the
41 allowable levy of primary property taxes of the county determined under
42 subsection A of this section shall be reduced in the fiscal year following
43 the auditor general's hearing by the amount of the expenditures that exceeded
44 the county's expenditure limitation.

1 D. The limitations prescribed by this section do not apply to levies
2 made pursuant to ~~section 15-994 or~~ article 5 of this chapter.

3 E. The levy limitation for a political subdivision is considered to be
4 increased each year to the maximum permissible limit under subsection A of
5 this section regardless of whether the county, city, town or district
6 actually levies taxes in any year up to the maximum permissible amount.

7 F. For purposes of determining a county's levy limit under this
8 article, remote municipal property, as defined in section 42-15251, is
9 considered to be taxable property in the county.

10 Sec. 37. Section 42-17201, Arizona Revised Statutes, is amended to
11 read:

12 42-17201. County levy limit override

13 A. The board of supervisors of a county may conduct an election to
14 authorize a property tax levy that is not within the limitations on primary
15 property taxation otherwise prescribed by section 42-17051.

16 B. In order to levy taxes exceeding the limitations prescribed on
17 primary property tax, the board of supervisors shall adopt a resolution, by
18 an affirmative vote of at least two-thirds of its membership, requesting the
19 voters to approve a secondary property tax levy.

20 C. The board of supervisors shall submit the question to the qualified
21 electors of the county at ~~a special AN~~ election held on the ~~third Tuesday in~~
22 ~~May before the beginning of the fiscal year in which the taxes are to be~~
23 ~~levied~~ FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY
24 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

25 D. In the resolution requesting the voters to approve the levy, the
26 board shall state:

27 1. The number of years in which the authority to levy taxes in excess
28 of the limitations otherwise prescribed is to be in effect. The board shall
29 not request authority from the voters for a period of less than two years nor
30 more than seven years.

31 2. The purpose for providing revenue to the county.

32 3. The maximum dollar amount of secondary property tax that may be
33 collected in each year of the authority if voters approve the levy.

34 4. The estimated secondary property tax rate that will be levied in
35 the first year if the voters approve the levy.

36 E. If the levy is approved by the voters, the maximum amount of taxes
37 that the board may levy for any year in which the authority is in effect is
38 the amount stated in the resolution requesting voter approval of the levy.
39 The board shall levy the tax in the same manner as county secondary property
40 taxes as provided in section 42-17151.

41 F. The board may use monies it collects pursuant to this section only
42 for the purposes stated in the resolution requesting approval of the levy. If
43 an unexpended balance of the monies collected pursuant to this section
44 remains after satisfying the requirements of the resolution requesting the
45 approval of the levy, the board shall use the balance to reduce the levy in

1 the following year. If the balance exceeds the requirements for the
2 following year or if the authority granted by the voters to collect the taxes
3 pursuant to this section expires and is not renewed, the board shall use the
4 balance to reduce the county primary property tax in the following year.

5 G. The board shall deposit and separately account for the amounts
6 collected pursuant to this section in a fund in the county treasury.

7 H. The amounts collected pursuant to this section:

8 1. Shall not be included in the primary property tax levy limitation
9 prescribed by section 42-17051 for any subsequent year, except as provided in
10 this section.

11 2. Shall be collected from a levy of secondary property taxes.

12 3. Are not subject to limitations on taxes prescribed by article IX,
13 section 18, Constitution of Arizona.

14 Sec. 38. Section 42-17202, Arizona Revised Statutes, is amended to
15 read:

16 42-17202. Community college district levy limit override

17 A. If the governing board of a community college district determines
18 that the amounts permitted to be levied as primary property taxes in any year
19 pursuant to section 42-17051 would provide insufficient revenue to the
20 district, the board may conduct an election to authorize a property tax levy
21 that is not within the limitations on primary property taxation.

22 B. In order to levy taxes exceeding the limitations prescribed on
23 primary property tax, the board shall adopt a resolution, by an affirmative
24 vote of at least two-thirds of its membership, requesting the voters to
25 approve a secondary property tax levy.

26 C. The resolution shall state:

27 1. The maximum dollar amount of secondary property tax that may be
28 collected in each year of the authority if the voters approve the levy.

29 2. The number of years for which the authority to levy in excess of
30 the levy limitation is to be in effect, which shall be at least two years but
31 not more than seven years.

32 D. The election shall be held at a regularly scheduled election on the
33 first Tuesday after the first Monday in November **AS PRESCRIBED BY SECTION**
34 **16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

35 E. The impact of the proposal shall appear on the ballot and in
36 publicity pamphlets in the same manner as provided for local alternative
37 expenditure limitations pursuant to section 41-563.03.

38 F. If a majority of the qualified electors voting at the election
39 approves, the governing board may levy the additional amount as authorized in
40 the election. The additional amount approved by the voters:

41 1. Shall not be included in computing the primary property tax levy
42 limitation for any subsequent year.

43 2. Shall be collected from a levy of secondary property taxes.

44 3. Is not subject to the limitations on taxes prescribed by article
45 IX, section 18, Constitution of Arizona.

1 Sec. 39. Section 42-17203, Arizona Revised Statutes, is amended to
2 read:

3 42-17203. County levy for community college; election

4 A. A county that is not in an organized community college district may
5 conduct an election to authorize a property tax levy for community college
6 purposes that is not within the limitation on primary property taxes that is
7 otherwise prescribed by section 42-17051.

8 B. In order to levy taxes for community college purposes in excess of
9 the limitations otherwise prescribed on primary property tax, the board of
10 supervisors of a county that is not in an organized community college
11 district shall adopt a resolution by an affirmative vote of at least two-
12 thirds of its membership requesting the voters to approve a community college
13 reimbursement levy and setting the time and place for the election.

14 C. ~~If the board approves the resolution within six months before the~~
15 ~~time in which a general election is to be conducted but not later than sixty~~
16 ~~days before the general election, the board shall submit the question to the~~
17 ~~voters at the general election. If the board approves the resolution, but~~
18 ~~not within six months before the time in which a general election is to be~~
19 ~~conducted, the board shall submit the question to the voters at a special~~
20 ~~election held on the third Tuesday in May. THE BOARD SHALL SUBMIT THE~~
21 ~~QUESTIONS TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY~~
22 ~~FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,~~
23 ~~SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). Except as otherwise provided in~~
24 ~~this section, the election shall be held according to the provisions applying~~
25 ~~to bond issuance elections in title 35, chapter 3, article 3.~~

26 D. In the resolution requesting the voters to approve the levy and
27 setting the time and place for the election, the board shall state:

28 1. The estimated maximum dollar amount of secondary property taxes
29 that could be collected in the first year if the voters approve the levy for
30 payment of tuition under section 15-1469, subsection B, paragraph 1.

31 2. The estimated secondary property tax rate that will be levied if
32 the voters approve the levy.

33 3. The estimated decrease of the primary property tax rate if the
34 voters approve the levy for the payment of tuition under section 15-1469,
35 subsection B, paragraph 1.

36 4. That the amount of community college reimbursement levy will vary
37 from year to year to pay tuition under section 15-1469, subsection B,
38 paragraph 1.

39 5. The maximum dollar amount of secondary property taxes that could be
40 collected in the first year if the voters approve the levy for payment of
41 tuition under section 15-1469, subsection B, paragraph 2 or to establish a
42 campus in the county that is affiliated with a community college district as
43 provided in subsection E of this section.

1 6. The maximum growth rate that will be allowed for secondary property
2 taxes collected in each subsequent year if the voters approve the levy for
3 payment of tuition under section 15-1469, subsection B, paragraph 2 or to
4 establish a campus in the county that is affiliated with a community college
5 district as provided in subsection E of this section.

6 E. The board may use monies it collects under this section to either:

7 1. Reimburse the costs of students pursuant to section 15-1469,
8 subsection B, paragraphs 1 and 2 as approved by the voters.

9 2. Establish a campus in the county that is affiliated with a
10 community college district.

11 F. If the levy is approved by the voters for purposes of reimbursement
12 pursuant to section 15-1469, the maximum amount of taxes that the board may
13 levy for any year in which the authority is in effect is the amount of
14 reimbursement pursuant to section 15-1469, subsection B, paragraph 1 and any
15 portion of the reimbursement as specified in the resolution pursuant to
16 subsection D, paragraphs 5 and 6 of this section as approved by the board of
17 supervisors.

18 G. The board of supervisors shall levy the tax in the same manner as
19 county property taxes as provided in section 42-17151. If an unexpended
20 balance of the monies collected pursuant to this section remains after
21 satisfying the requirements of subsection E of this section, the board shall
22 use the balance to reduce the community college levy under this section in
23 the following year. If the balance exceeds the requirements for the
24 following year, the board shall use the balance to reduce any other property
25 tax authorized by law to be collected by the county.

26 H. The amounts collected pursuant to this section:

27 1. Shall not be included in the levy limitation pursuant to section
28 42-17051 for any subsequent year.

29 2. Shall be collected from a levy of secondary property taxes.

30 3. Except as provided in this section, are exempt pursuant to article
31 IX, section 19, subsection (5), Constitution of Arizona, from levy
32 limitations.

33 Sec. 40. Section 43-1011, Arizona Revised Statutes, is amended to
34 read:

35 43-1011. Taxes and tax rates

36 There shall be levied, collected and paid for each taxable year upon
37 the entire taxable income of every resident of this state and upon the entire
38 taxable income of every nonresident which is derived from sources within this
39 state taxes determined in the following manner:

40 1. For taxable years beginning from and after December 31, 1996
41 through December 31, 1997:

1 (a) In the case of a single person or a married person filing
2 separately:

3	<u>If taxable income is:</u>	<u>The tax is:</u>
4	\$0 - \$10,000	2.90% of taxable income
5	\$10,001 - \$25,000	\$290, plus 3.30% of the excess over \$10,000
6	\$25,001 - \$50,000	\$785, plus 3.90% of the excess over \$25,000
7	\$50,001 - \$150,000	\$1,760, plus 4.80% of the excess over \$50,000
8	\$150,001 and over	\$6,560, plus 5.17% of the excess over \$150,000

9 (b) In the case of a married couple filing a joint return or a single
10 person who is a head of a household:

11	<u>If taxable income is:</u>	<u>The tax is:</u>
12	\$0 - \$20,000	2.90% of taxable income
13	\$20,001 - \$50,000	\$580, plus 3.30% of the excess over \$20,000
14	\$50,001 - \$100,000	\$1,570, plus 3.90% of the excess over \$50,000
15	\$100,001 - \$300,000	\$3,520, plus 4.80% of the excess over \$100,000
16	\$300,001 and over	\$13,120, plus 5.17% of the excess over \$300,000

17 2. For taxable years beginning from and after December 31, 1997
18 through December 31, 1998:

19 (a) In the case of a single person or a married person filing
20 separately:

21	<u>If taxable income is:</u>	<u>The tax is:</u>
22	\$0 - \$10,000	2.88% of taxable income
23	\$10,001 - \$25,000	\$288, plus 3.24% of the excess over \$10,000
24	\$25,001 - \$50,000	\$774, plus 3.82% of the excess over \$25,000
25	\$50,001 - \$150,000	\$1,729, plus 4.74% of the excess over \$50,000
26	\$150,001 and over	\$6,469, plus 5.10% of the excess over \$150,000

27 (b) In the case of a married couple filing a joint return or a single
28 person who is a head of a household:

29	<u>If taxable income is:</u>	<u>The tax is:</u>
30	\$0 - \$20,000	2.88% of taxable income
31	\$20,001 - \$50,000	\$576, plus 3.24% of the excess over \$20,000
32	\$50,001 - \$100,000	\$1,548, plus 3.82% of the excess over \$50,000
33	\$100,001 - \$300,000	\$3,458, plus 4.74% of the excess over \$100,000
34	\$300,001 and over	\$12,938, plus 5.10% of the excess over \$300,000

35 3. For taxable years beginning from and after December 31, 1998
36 THROUGH DECEMBER 31, 2005:

37 (a) In the case of a single person or a married person filing
38 separately:

39	<u>If taxable income is:</u>	<u>The tax is:</u>
40	\$0 - \$10,000	2.87% of taxable income
41	\$10,001 - \$25,000	\$287, plus 3.20% of the excess over \$10,000
42	\$25,001 - \$50,000	\$767, plus 3.74% of the excess over \$25,000
43	\$50,001 - \$150,000	\$1,702, plus 4.72% of the excess over \$50,000
44	\$150,001 and over	\$6,422, plus 5.04% of the excess over \$150,000

1 (b) In the case of a married couple filing a joint return or a single
2 person who is a head of a household:

3 If taxable income is: The tax is:

4 \$0 - \$20,000	2.87% of taxable income
5 \$20,001 - \$50,000	\$574, plus 3.20% of the excess over \$20,000
6 \$50,001 - \$100,000	\$1,534, plus 3.74% of the excess over \$50,000
7 \$100,001 - \$300,000	\$3,404, plus 4.72% of the excess over \$100,000
8 \$300,001 and over	\$12,844, plus 5.04% of the excess over \$300,000

9 4. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005:

10 (a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING
11 SEPARATELY:

12 IF TAXABLE INCOME IS: THE TAX IS:

13 \$0 - \$10,000	2.59% OF TAXABLE INCOME
14 \$10,001 - \$25,000	\$259, PLUS 2.88% OF THE EXCESS OVER \$10,000
15 \$25,001 - \$50,000	\$691, PLUS 3.36% OF THE EXCESS OVER \$25,000
16 \$50,001 - \$150,000	\$1,531, PLUS 4.24% OF THE EXCESS OVER \$50,000
17 \$150,001 AND OVER	\$5,771, PLUS 4.54% OF THE EXCESS OVER \$150,000

18 (b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE
19 PERSON WHO IS A HEAD OF A HOUSEHOLD:

20 IF TAXABLE INCOME IS: THE TAX IS:

21 \$0 - \$20,000	2.59% OF TAXABLE INCOME
22 \$20,001 - \$50,000	\$518, PLUS 2.88% OF THE EXCESS OVER \$20,000
23 \$50,001 - \$100,000	\$1,382, PLUS 3.36% OF THE EXCESS OVER \$50,000
24 \$100,001 - \$300,000	\$3,062, PLUS 4.24% OF THE EXCESS OVER \$100,000
25 \$300,001 AND OVER	\$11,542, PLUS 4.54% OF THE EXCESS OVER \$300,000

26 Sec. 41. Section 43-1022, Arizona Revised Statutes, is amended to
27 read:

28 43-1022. Subtractions from Arizona gross income

29 In computing Arizona adjusted gross income, the following amounts shall
30 be subtracted from Arizona gross income:

- 31 1. The amount of exemptions allowed by section 43-1023.
- 32 2. Benefits, annuities and pensions in an amount totaling not more
33 than two thousand five hundred dollars received from one or more of the
34 following:

35 (a) The United States government service retirement and disability
36 fund, retired or retainer pay of the uniformed services of the United States,
37 the United States foreign service retirement and disability system and any
38 other retirement system or plan established by federal law.

39 (b) The Arizona state retirement system, the corrections officer
40 retirement plan, the public safety personnel retirement system, the elected
41 officials' retirement plan, an optional retirement program established by the
42 Arizona board of regents under section 15-1628, an optional retirement
43 program established by a community college district board under section
44 15-1451 or a retirement plan established for employees of a county, city or
45 town in this state.

1 3. A beneficiary's share of the fiduciary adjustment to the extent
2 that the amount determined by section 43-1333 decreases the beneficiary's
3 Arizona gross income.

4 4. The amount of any distributions from an individual retirement
5 account as provided for in section 408 of the internal revenue code or from a
6 qualified retirement plan of a self-employed individual as provided for in
7 section 401 of the internal revenue code to the extent that total adjustments
8 made pursuant to this paragraph in all tax years do not exceed the total of
9 all contributions made by the taxpayer to such plans prior to December 31,
10 1975, which were included in computing Arizona taxable income.

11 5. The amount of income on an installment receivable which is
12 recognized pursuant to the internal revenue code and which has already been
13 recognized on the death of the taxpayer for purposes of this title for tax
14 years ending before January 1, 1990.

15 6. Interest income received on obligations of the United States, less
16 any interest on indebtedness, or other related expenses, and deducted in
17 arriving at Arizona gross income, which were incurred or continued to
18 purchase or carry such obligations.

19 7. The amount of any income tax refunds which were received from
20 states other than Arizona and which were included as income in computing
21 federal adjusted gross income.

22 8. Annuity income included in federal adjusted gross income pursuant
23 to section 72 of the internal revenue code if the first payment with respect
24 to such annuity was received prior to December 31, 1978.

25 9. The excess of a partner's share of income required to be included
26 under section 702(a)(8) of the internal revenue code over the income required
27 to be included under chapter 14, article 2 of this title.

28 10. The excess of a partner's share of partnership losses determined
29 pursuant to chapter 14, article 2 of this title over the losses allowable
30 under section 702(a)(8) of the internal revenue code.

31 11. The amount by which the adjusted basis of property described in
32 this paragraph and computed pursuant to this title and the income tax act of
33 1954, as amended, exceeds the adjusted basis of such property computed
34 pursuant to the internal revenue code. This paragraph shall apply to all
35 property which is held for the production of income and which is sold or
36 otherwise disposed of during the taxable year other than depreciable property
37 used in a trade or business.

38 12. The amount allowed by section 43-1024 for amortization, by a
39 qualified defense contractor certified by the department of commerce under
40 section 41-1508, of a capital investment for private commercial activities.

41 13. The amount of gain included in federal adjusted gross income on the
42 sale or other disposition of a capital investment that a qualified defense
43 contractor has elected to amortize pursuant to section 43-1024.

44 14. The amount allowed by section 43-1025 for contributions during the
45 taxable year of agricultural crops to charitable organizations.

1 15. The portion of any wages or salaries paid or incurred by the
2 taxpayer for the taxable year that is equal to the amount of the federal work
3 opportunity credit, the empowerment zone employment credit, the credit for
4 employer paid social security taxes on employee cash tips and the Indian
5 employment credit that the taxpayer received under sections 45A, 45B, 51(a)
6 and 1396 of the internal revenue code.

7 16. The amount of prizes or winnings less than five thousand dollars in
8 a single taxable year from any of the state lotteries established and
9 operated pursuant to title 5, chapter 5, article 1, except that all such
10 winnings before March 22, 1983, including periodic distributions from such
11 winnings made after March 22, 1983, may be subtracted.

12 17. The amount of exploration expenses that is determined pursuant to
13 section 617 of the internal revenue code, that has been deferred in a taxable
14 year ending before January 1, 1990 and for which a subtraction has not
15 previously been made. The subtraction shall be made on a ratable basis as
16 the units of produced ores or minerals discovered or explored as a result of
17 this exploration are sold.

18 18. The amount included in federal adjusted gross income pursuant to
19 section 86 of the internal revenue code, relating to taxation of social
20 security and railroad retirement benefits.

21 19. To the extent not already excluded from Arizona gross income under
22 ~~section 112 of~~ the internal revenue code, compensation received for active
23 service as a member of the **RESERVES, THE NATIONAL GUARD OR THE** armed forces
24 of the United States ~~for any month during any part of which the member~~
25 ~~served, INCLUDING COMPENSATION FOR SERVICE~~ in a combat zone as determined
26 under section 112 of the internal revenue code ~~or in an area given the same~~
27 ~~treatment as a combat zone for purposes of section 112 of the internal~~
28 ~~revenue code.~~

29 20. The amount of unreimbursed medical and hospital costs, adoption
30 counseling, legal and agency fees and other nonrecurring costs of adoption
31 not to exceed three thousand dollars. In the case of a husband and wife who
32 file separate returns, the subtraction may be taken by either taxpayer or may
33 be divided between them, but the total subtractions allowed both husband and
34 wife shall not exceed three thousand dollars. The subtraction under this
35 paragraph may be taken for the costs that are described in this paragraph and
36 that are incurred in prior years, but the subtraction may be taken only in
37 the year during which the final adoption order is granted.

38 21. The amount authorized by section 43-1027 for the taxable year
39 relating to qualified wood stoves, wood fireplaces or gas fired fireplaces.

40 22. With respect to a medical savings account established pursuant to
41 section 43-1028:

42 (a) An eligible individual may subtract:

43 (i) The amount of contributions made by the individual's employer
44 during the taxable year to the individual's medical savings account pursuant

1 to section 43-1028 to the extent that the employer contributions are included
2 in the individual's federal adjusted gross income.

3 (ii) The amount deposited by the individual in the account during the
4 taxable year to the extent that the individual's contributions are included
5 in the individual's federal adjusted gross income.

6 (b) The individual's employer may subtract the amount of contributions
7 made by the employer to a medical savings account established on the
8 individual's behalf to the extent that the contributions are not deductible
9 under the internal revenue code.

10 23. The amount by which a net operating loss carryover or capital loss
11 carryover allowable pursuant to section 43-1029, subsection F exceeds the net
12 operating loss carryover or capital loss carryover allowable pursuant to
13 section 1341(b)(5) of the internal revenue code.

14 24. Any amount of qualified educational expenses that is distributed
15 from a qualified state tuition program determined pursuant to section 529 of
16 the internal revenue code and that is included in income in computing federal
17 adjusted gross income.

18 25. Any item of income resulting from an installment sale that has been
19 properly subjected to income tax in another state in a previous taxable year
20 and that is included in Arizona gross income in the current taxable year.

21 26. The amount authorized by section 43-1030 relating to holocaust
22 survivors.

23 27. The amount authorized by section 43-1031 for constructing an energy
24 efficient residence.

25 28. An amount equal to the depreciation allowable pursuant to section
26 167(a) of the internal revenue code for the taxable year computed as if the
27 election described in section 168(k)(2)(C)(iii) of the internal revenue code
28 had been made for each applicable class of property in the year the property
29 was placed in service.

30 29. With respect to property that is sold or otherwise disposed of
31 during the taxable year by a taxpayer that complied with section 43-1021,
32 paragraph 26 with respect to that property, the amount of depreciation that
33 has been allowed pursuant to section 167(a) of the internal revenue code to
34 the extent that the amount has not already reduced Arizona taxable income in
35 the current or prior taxable years.

36 30. With respect to property for which an adjustment was made under
37 section 43-1021, paragraph 27, an amount equal to one-fifth of the amount of
38 the adjustment pursuant to section 43-1021, paragraph 27 in the year in which
39 the amount was adjusted under section 43-1021, paragraph 27 and in each of
40 the following four years.

41 Sec. 42. Section 48-707, Arizona Revised Statutes, as amended by Laws
42 2006, chapter 132, section 2, is amended to read:

43 48-707. Notice and conduct of elections; waiver

44 A. Any election under this article shall be a nonpartisan election
45 called by posting notices in three public places within the boundaries of the

1 district not less than twenty days before the election. Notice shall also be
2 published in a newspaper of general circulation in the municipality or county
3 or if there is no newspaper so circulated in the municipality in a newspaper
4 of general circulation in the county in which the municipality is located
5 once a week for two consecutive weeks before the election. The notice shall
6 state:

7 1. The place of holding the election.

8 2. The hours during the day, not less than six, in which the polls
9 will be open.

10 3. If it is a formation election, the boundaries of the proposed
11 district.

12 4. If it is a bond election, the amount of bonds to be authorized for
13 the district, the maximum rate of interest to be borne on the bonds, the
14 maximum term of the bonds, not exceeding twenty-five years, and the purposes
15 for which the monies raised will be used.

16 5. If it is an ad valorem tax levy election pursuant to section
17 48-723, the maximum tax rate per one hundred dollars of assessed valuation to
18 be imposed, the purposes for which the monies raised will be used and the
19 existing maximum tax rate, if any.

20 6. That a general plan is on file with the clerk.

21 B. The district board or the governing body, as applicable, shall
22 determine the date of the election and the polling places for the election
23 and may consolidate county precincts. **IF IT IS A BOND ELECTION OR AN AD**
24 **VALOREM TAX LEVY ELECTION PURSUANT TO SECTION 48-723, THE ELECTION SHALL BE**
25 **HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS**
26 **PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**
27 For other than a formation election pursuant to section 48-705, subsection B,
28 and an election held pursuant to subsection G of this section, precinct
29 registers shall be used. The county recorder shall submit precinct registers
30 on the request of the clerk, and if the district includes land lying partly
31 in and partly out of any county election precinct, the precinct registers may
32 contain the names of all registered voters in the precinct and the election
33 boards at those precincts shall require that a prospective elector execute an
34 affidavit stating that the elector is also a qualified elector of the
35 district. For formation elections and elections held pursuant to subsection
36 G of this section, a prospective elector shall execute an affidavit stating
37 that the elector is the owner of land in the proposed district and is a
38 qualified elector of this state or otherwise qualified to vote pursuant to
39 section 48-3043 and stating the area of land in acres owned by the elector.
40 Election board members may administer oaths or take all affirmations for
41 these purposes. A community facilities district election held pursuant to
42 this article is not subject to title 16, chapter 2, article 3.

43 C. Except as otherwise provided by this article, the election shall
44 comply with the general election laws of this state, except that the words to
45 appear on the ballots shall be for a formation election "district, yes" and

1 "district, no", for a bond election "bonds, yes" and "bonds, no", for a tax
2 election if no tax is in place "tax, yes" and "tax, no" and for a tax
3 election to change an existing maximum or eliminate an existing tax "tax
4 change, yes" and "tax change, no". The returns of election shall be made to
5 the governing body or, if after formation, to the district board.

6 D. Within fourteen days after an election, the governing body, or if
7 after formation, the district board, shall meet and canvass the returns, and
8 if a majority of the votes cast at the election is in favor of formation,
9 issuing the bonds, imposing the tax or changing the tax, the governing body
10 or the district board, as appropriate, shall enter that fact on its
11 minutes. The canvass may be continued from time to time. Failure of a
12 majority to vote in favor of the matter submitted does not prejudice the
13 submission of the same or similar matters at a later election.

14 E. If a person listed on the assessment roll is no longer the owner of
15 land in the district and the name of the successor owner becomes known and is
16 verified by recorded deed or other similar evidence of transfer of ownership,
17 the successor owner is deemed to be the owner for the purposes of this
18 article.

19 F. Notwithstanding any other provision of this article, if a petition
20 for formation is signed by owners of all of the land in the district
21 described in the petition and is approved by the municipality or county, the
22 municipality or county may waive any or all requirements of posting,
23 publication, mailing, notice, hearing and landowner election. On receipt of
24 such a petition, and after approval by an election of resident electors, if
25 any, the municipality or county shall declare the district formed without
26 being required to comply with the provisions of this article for posting,
27 publication, mailing, notice, hearing or landowner election.

28 G. Notwithstanding any other provision of this article, if no person
29 has registered to vote within the district within fifty days immediately
30 preceding any scheduled election date, any election required to be held
31 pursuant to this article shall be held with the vote by the owners of land
32 within the district who are qualified electors of this state and other
33 landowners according to section 48-3043. Each owner has the number of votes
34 or portion of votes equal to the number of acres or portion of acres rounded
35 upward to the nearest one-fifth of an acre owned in the district by that
36 person.

37 H. For a district that is proposed to be formed by a county, a
38 district may be formed only if a petition for formation is signed by the
39 owners of all of the land in the district that is described in the petition
40 and if it is approved by the county. If the district is proposed to be
41 formed in a county island, as defined in section 11-251.12, in existence on
42 the effective date of this amendment to this section, the petition must be
43 signed by the owners of all of the land in the district that is described in
44 the petition and the district must be approved by the county and by the
45 municipality or BY all municipalities that form the county island. If the

1 petition is signed by the owners of all of the land in the district, the
2 county may waive any or all requirements of posting, publication, mailing,
3 notice, hearing and landowner election. On receipt of such a petition, and
4 after APPROVAL by an election of one hundred per cent of the resident
5 electors, if any, the county shall declare the district formed without being
6 required to comply with the provisions of this article for posting.

7 Sec. 43. Section 48-719, Arizona Revised Statutes, as amended by Laws
8 2006, chapter 132, section 5, is amended to read:

9 48-719. General obligation bonds; tax levy; exception

10 A. At any time after the hearing on formation of the district, the
11 district board, or, if before formation, the governing body, may from time to
12 time order and call a general obligation bond election to submit to the
13 qualified electors of the district or to those persons who are qualified to
14 vote pursuant to section 48-707, subsection G the question of authorizing the
15 district board to issue general obligation bonds of the district to provide
16 monies for any public infrastructure purposes consistent with the general
17 plan. The election may be ~~held in conjunction~~ COMBINED with the formation
18 election, BUT MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
19 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,
20 SUBDIVISION (d).

21 B. If general obligation bonds are approved at an election, the
22 district board may issue and sell general obligation bonds of the district.

23 C. If the bonds are to be sold in a public offering, no bonds may be
24 issued by the district unless the bonds receive one of the four highest
25 investment grade ratings by a nationally recognized bond rating agency.

26 D. The district may issue and sell refunding bonds to refund any
27 general obligation bonds of the district. If general obligation bonds are
28 issued to refund any general obligation bonds of the district no election on
29 the issuance of such refunding bonds is required.

30 E. After the bonds are issued, the district board shall enter in its
31 minutes a record of the bonds sold and their numbers and dates and shall
32 annually levy and cause an ad valorem tax to be collected, at the same time
33 and in the same manner as other taxes are levied and collected on all taxable
34 property in the district, sufficient, together with any monies from the
35 sources described in section 48-717, to pay debt service on the bonds when
36 due. Monies derived from the levy of the tax provided in this section when
37 collected constitute funds to pay the debt service on the bonds and shall be
38 kept separately from other funds of the district.

39 Sec. 44. Section 48-723, Arizona Revised Statutes, as amended by Laws
40 2006, chapter 132, section 6, is amended to read:

41 48-723. District taxes; annual financial estimate and budget

42 A. Except as provided in subsection D of this section and at any time
43 after the hearing on formation of the district, the district board, or, if
44 before formation, the governing body, may call an election to submit to the
45 qualified electors of the district or to the persons qualified to vote

1 pursuant to section 48-707, subsection G the question of authorizing the
2 district board to levy an ad valorem tax on the assessed value of all the
3 real and personal property in the district at a rate or rates which do not
4 exceed the maximum rate or rates specified in the ballot. All taxes
5 attributable to the operation and maintenance expenses of the district,
6 excluding expenses for an area described in section 48-709, subsection G,
7 shall not exceed an amount equal to thirty cents per one hundred dollars of
8 assessed valuation for all real and personal property in the district, unless
9 a higher rate is approved by a vote of the electors of the district, or by
10 the persons who are qualified to vote as provided in section 48-707,
11 subsection G, voting at an election not less than three years after the date
12 of the formation of the district. The election may be ~~held in conjunction~~
13 **COMBINED** with the formation election, **BUT MUST BE HELD ON THE FIRST TUESDAY**
14 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**
15 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).** Once approved at an election,
16 the maximum rate remains in effect until increased or decreased at a
17 subsequent election. If a maximum rate is in effect, the district board, on
18 petition of twenty-five per cent of the qualified electors of the district,
19 or by those persons owning twenty-five per cent of the land area who are
20 qualified to vote pursuant to section 48-707, subsection G, shall call an
21 election to reduce the maximum tax rate but not below the lesser of that rate
22 determined by the district board to be necessary to maintain the district's
23 facilities and improvements or the actual rate then in effect. On the
24 presentation to the district board of a petition signed by the owners of a
25 majority of the property in the district, the district board shall adopt a
26 resolution to reduce or eliminate the portion of the tax, beginning the next
27 fiscal year, required for one or more enhanced municipal services specified
28 in the petition. Signatures on a petition to reduce or eliminate a tax are
29 valid for a period of sixty days.

30 B. The district may not levy, other than for the payment of debt
31 service on general obligation bonds, at a rate or rates in excess of the
32 maximum rate then in effect.

33 C. When levying an ad valorem tax, the district board shall make
34 annual statements and estimates of the operation and maintenance expenses of
35 the district, the costs of capital improvements to be financed by the tax
36 levy or levies and the amount of all other expenditures for public
37 infrastructure and enhanced municipal services proposed to be paid from the
38 tax levy or levies and of the amount to be raised to pay general obligation
39 bonds of the district, all of which shall be provided for by the levy and
40 collection of ad valorem taxes on the assessed value of all the real and
41 personal property in the district. The district board shall file the annual
42 statements and estimates with the clerk. The district board shall publish a
43 notice of the filing of the estimate, shall hold hearings on the portions of
44 the estimate not relating to debt service on general obligation bonds and
45 shall adopt a budget. The board, on or before the date set by law for

1 certifying the annual budget of the county or municipality, shall fix, levy
2 and assess the amounts to be raised by ad valorem taxes of the district and
3 shall cause certified copies of the order to be delivered to the board of
4 supervisors and to the department of revenue. All statutes relating to the
5 levy and collection of general county taxes, including the collection of
6 delinquent taxes and sale of property for nonpayment of taxes, apply to the
7 district taxes provided for by this section.

8 Sec. 45. Section 48-1037, Arizona Revised Statutes, is amended to
9 read:

10 48-1037. Notice and conduct of elections; waiver

11 A. Any election under this article shall be called by posting notices
12 in three public places within the boundaries of the district not less than
13 twenty days before the election. Notice shall also be published in a
14 newspaper of general circulation in the county once a week for two
15 consecutive weeks before the election. The notice shall state:

16 1. The place of holding the election.

17 2. The hours during the day, not less than six, when the polls will be
18 open.

19 3. If it is a formation election, the boundaries of the proposed
20 district.

21 4. If it is a bond election, the amount of bonds to be authorized for
22 the district, the maximum rate of interest to be borne on the bonds, the
23 maximum term of the bonds, not exceeding thirty years, and the purposes for
24 which the monies raised will be used.

25 B. A BOND ELECTION UNDER THIS SECTION MUST BE HELD ON THE FIRST
26 TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION
27 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

28 ~~B.~~ C. The district board or the board of supervisors, as applicable,
29 shall determine the polling places for the election and may consolidate
30 county precincts. For other than a formation election, precinct registers
31 shall be used. The county recorder shall submit precinct registers on the
32 request of the clerk, and if the district includes land lying partly in and
33 partly out of any county election precinct, the precinct registers may
34 contain the names of all registered voters in the precinct and the election
35 boards at such precincts shall require that a prospective elector execute an
36 affidavit stating that he is also a qualified elector of the district. For
37 formation elections a prospective elector shall execute an affidavit stating
38 that he is the owner of land in the district, is a qualified elector of this
39 state and stating the area of land in acres owned by the elector. Election
40 board members may give oaths or take all affirmations for these purposes.

41 ~~C.~~ D. Except as otherwise provided by this article, the election
42 shall comply with the general election laws of this state, except that the
43 words to appear on the ballots shall be for a formation election "district,
44 yes" and "district, no" or for a bond election "bonds, yes" and "bonds, no".
45 The returns of election shall be made to the district board.

1 ~~D.~~ E. On the seventh day after the election or within seven days of
2 the election, the board of supervisors, or if after formation, the district
3 board, shall meet and canvass the returns, and if a majority of the votes
4 cast at the election is in favor of formation or issuing the bonds, the board
5 shall enter that fact on its minutes. The board may continue the canvass
6 from time to time.

7 ~~E.~~ F. Notwithstanding any other provision of this article, a petition
8 for formation signed by owners of all of the land in the district described
9 and approved by the county BOARD OF SUPERVISORS waives any requirements of
10 posting, publication, mailing, notice, hearing and election. On receipt of
11 such a petition, the county BOARD OF SUPERVISORS shall declare the district
12 formed without being required to comply with ~~the provisions of~~ this article
13 for posting, publication, mailing, notice, hearing or election.

14 Sec. 46. Section 48-1045, Arizona Revised Statutes, is amended to
15 read:

16 48-1045. General obligation bonds

17 A. At any time after the hearing on formation of the district, the
18 district board, or if before formation, the board of supervisors, may order
19 and call a general obligation bond election to submit to the qualified
20 electors of the district the question of authorizing the district board to
21 issue general obligation bonds of the district to provide monies for any
22 rural road improvements. The election may be ~~held in conjunction~~ COMBINED
23 with the formation election, **BUT MUST BE HELD ON THE FIRST TUESDAY FOLLOWING**
24 **THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,**
25 **PARAGRAPH 1, SUBDIVISION (d).**

26 B. The district shall not issue bonds which would cause the aggregate
27 principal amount of bonds outstanding to exceed twenty-five per cent of the
28 full cash value of real property in the district on the date of issue.

29 C. If general obligation bonds are approved at an election, the
30 district board may issue and sell general obligation bonds of the district.

31 D. The district board may issue and sell general obligation refunding
32 bonds to refund any general obligation bonds of the district. No election on
33 the issuance of such refunding bonds is required.

34 Sec. 47. Section 48-1409, Arizona Revised Statutes, is amended to
35 read:

36 48-1409. Conduct of election

37 A. The election shall be held, except as otherwise provided by this
38 article, in conformity with the general election laws of the state, except
39 that:

40 1. **THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST**
41 **MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH**
42 **1, SUBDIVISION (d).**

43 2. The words to appear on the ballots shall be "bonds, yes. (),
44 "bonds, no. () ". ~~, and~~

1 3. The returns of election shall be made to the board of trustees of
2 the district.

3 B. On the seventh day after the election at 1:00 p.m., the board of
4 trustees shall meet and canvass the returns, and if a majority of the votes
5 cast at the election is in favor of issuing the bonds, then the board of
6 trustees shall make an entry of that fact upon their minutes, and certify to
7 the board of supervisors all proceedings had in the premises.

8 Sec. 48. Section 48-1413, Arizona Revised Statutes, is amended to
9 read:

10 48-1413. Dissolution of district

11 A. When a petition signed by twenty-five electors within a special
12 road district is presented to the board of supervisors of the county in which
13 the special road district is located, requesting the dissolution of the
14 district, the board ~~shall~~, within twenty days, **SHALL** call an election of the
15 electors within the special road district to vote for or against the
16 dissolution of the district. An election may be called and a special road
17 district may dissolve only if there is another governmental entity which will
18 accept dedication of the roads in that special road district. The petition
19 shall state its purpose clearly and concisely and shall be in the form and
20 signed and verified as generally provided for initiative petitions.

21 B. Notice of the time, place and purpose of the election shall be
22 posted, the election officers shall be appointed, the election shall be
23 conducted, returned and canvassed, and the ballots shall be similar in form,
24 as prescribed by this article for bond elections of a district, **EXCEPT THAT**
25 **THE DATE REQUIREMENTS THAT APPLY TO BOND ELECTIONS DO NOT APPLY TO AN**
26 **ELECTION ON THE DISSOLUTION OF THE DISTRICT.**

27 C. The board of trustees of a special road district by a vote of a
28 majority of the board of trustees, or if a joint special road district, by a
29 vote of a majority of its joint board, also may request the dissolution of
30 the district.

31 D. If a majority of the votes cast at the election favors the
32 dissolution, or if the board of trustees of the district requests it, the
33 board of supervisors shall enter in its records an order declaring the
34 dissolution of the district, and from that time the district ceases to exist,
35 except that all real property and mobile homes in the district remain subject
36 to taxation for all the bonds outstanding at the time of dissolution.

37 Sec. 49. Section 48-1416, Arizona Revised Statutes, is amended to
38 read:

39 48-1416. Formation of overlay district; hearing; procedures;
40 election

41 A. On request of the board of trustees of two or more contiguous
42 special road districts, or two or more contiguous special road districts
43 which comprise a joint special road district, the board of supervisors shall
44 set a hearing on the creation of a new special road district overlaying the
45 requesting districts. The proposed overlay district shall have boundaries

1 coextensive with the exterior boundaries of the contiguous districts
2 regardless of their shape or dimension, including any portion within any
3 incorporated city or town.

4 B. Notice of the hearing shall be given by posting in four public
5 places within the proposed district and by publication two times in a
6 newspaper of general circulation in the proposed district.

7 C. Interested parties may file written objections with the clerk of
8 the board of supervisors no later than five days before the date set for the
9 hearing.

10 D. At the hearing, written and oral objections shall be heard and the
11 board of supervisors shall rule on the objections. The hearing may be
12 continued from time to time. If the board determines that the land within
13 the districts will be benefited by the formation of the new district, it
14 shall order an election to be held in the proposed district. The
15 determination of the board is final and conclusive.

16 E. The election shall be called and conducted, notice shall be given
17 and the results shall be canvassed as provided in title 16, except that
18 sections 16-226 and 16-227 do not apply. ~~and~~ The election may be held on any
19 date set by the board of supervisors which is not less than thirty days after
20 the date the board of supervisors adopts the order, EXCEPT THAT IF THE
21 ELECTION IS COMBINED WITH AN ELECTION ON THE SALE OF BONDS AS PROVIDED BY
22 SUBSECTION I OF THIS SECTION, THE ELECTION MUST BE HELD ON THE FIRST TUESDAY
23 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,
24 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

25 F. If a majority of the qualified electors of the proposed district
26 voting at the election favors formation of an overlay district, the board of
27 supervisors shall order the formation of the overlay district.

28 G. If the formation of the overlay district is ordered the existing
29 districts shall be dissolved and cease to exist, except that all real
30 property and mobile homes within the dissolved districts remain subject to
31 taxation for all the bonds, debts or obligations outstanding at the time of
32 dissolution. All taxes levied and monies collected before dissolution shall
33 be credited to the overlay district except for those levied or collected to
34 pay bonds, debts and obligations of the dissolved districts outstanding at
35 the date of dissolution. The dissolved districts shall transfer to the
36 overlay district all other assets, including all other monies and the roads
37 and rights-of-way, of the dissolved districts, and the overlay district shall
38 assume the combined budget, operations and maintenance of the dissolved
39 districts.

40 H. The initial board of trustees of the overlay district shall be
41 comprised of the trustees of the dissolved districts who shall continue to
42 serve only until their respective existing terms are completed. At the first
43 annual trustee election after formation of the overlay district, only one
44 trustee shall be elected at large from the overlay district for a three year
45 term to replace all former trustees whose terms are expiring. At each of the

1 second and third annual trustee elections after formation, two trustees shall
2 be elected at large for three year terms to replace all former trustees whose
3 terms are expiring. Thereafter the district board shall consist of five
4 trustees, elected at large, serving staggered three year terms.

5 I. If requested by the boards of trustees of the districts requesting
6 the overlay district, the board of supervisors shall call, conduct and
7 canvass, on behalf of the overlay district, an election on the sale of bonds
8 by the overlay district to be held in conjunction with the election on
9 formation and as provided in subsection E of this section.

10 J. The formation of the overlay district and dissolution of the
11 previous districts become effective on a date set by the board of supervisors
12 which is no earlier than thirty days after the canvass of the formation
13 election.

14 K. A special road district formed pursuant to this section is subject
15 to this article as a special road district.

16 Sec. 50. Section 48-1612, Arizona Revised Statutes, is amended to
17 read:

18 48-1612. Election to authorize issuance of bonds

19 A. Upon receiving the report from the engineer provided by section
20 48-1611, the board of directors shall proceed to determine the amount of
21 money necessary to be raised and the character and extent of contract
22 obligations to be undertaken to carry into effect the adopted plans and
23 purposes, and shall forthwith call ~~a special~~ AN election at which shall be
24 submitted to the electors of the district possessing the qualifications
25 prescribed by this chapter the question of whether or not bonds of the
26 district shall be issued in the amount so determined. **THE ELECTION MUST BE
27 HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS
28 PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

29 B. Notice of the election shall be given by posting notices in three
30 public places in each election precinct in the district for at least twenty
31 days, and by publication in a newspaper published in the county where the
32 office of the board of directors is maintained, once a week for at least
33 three consecutive weeks. The notice shall specify the time of holding the
34 election, the amount of bonds proposed to be issued and the maximum rate of
35 interest to be borne on the bonds.

36 C. The election shall be ~~held~~ **CONDUCTED** and the results thereof
37 determined and declared in all respects as nearly as possible in conformity
38 with article 3 of this chapter governing the election of directors. No
39 informalities in conducting the election shall invalidate the election if it
40 has been otherwise fairly conducted.

41 D. At the election the ballots shall contain the words "bonds - -yes"
42 and "bonds - -no". If the majority of the votes cast is "bonds - -
43 yes, ~~-~~" the board of directors shall cause a series of bonds in the amount
44 authorized to be prepared. If the majority of the votes cast is "bonds - -
45 no," the result of the election shall be so declared and entered of record.

1 E. When the board thereafter deems it for the best interest of the
2 district to issue bonds for district purposes and that the question of the
3 issuance thereof be submitted to the electors, the board shall adopt
4 resolutions to that effect and record them in its minutes, and the board may
5 thereupon submit the question to the electors in the same manner and with
6 like effect as at the previous election.

7 Sec. 51. Section 48-1615, Arizona Revised Statutes, is amended to
8 read:

9 48-1615. Issuance of additional bonds; priority of liens

10 A. When the money provided by the previous issue of bonds has become
11 exhausted by expenditures authorized by this chapter, ~~and it is necessary to~~
12 raise additional money for such purposes, additional bonds may be issued by
13 submitting the question ~~at a special election~~ to the qualified voters of the
14 district and by complying with the ~~provisions of~~ PROCEDURES PRESCRIBED BY
15 this article in respect to an original issue of bonds, but the lien for taxes
16 for the payment of the interest and the principal of any bond of a prior
17 issue shall be prior to the lien of any bond of a subsequent issue.

18 B. When the owner of land within the district for which title had not
19 been obtained at the time of previous issues of bonds obtains a patent or
20 title thereto, the board of directors may levy an assessment upon the land
21 for the owner's proportionate share of the taxes levied by the district to
22 pay the bonded indebtedness of the district.

23 Sec. 52. Section 48-1793, Arizona Revised Statutes, is amended to
24 read:

25 48-1793. Bond election; notice; terms of bonds

26 A. The board of directors, upon complying with sections 48-1791 and
27 48-1792, shall as soon as practicable call ~~a special~~ AN election at which
28 shall be submitted to the qualified electors of the district the question of
29 issuing negotiable bonds of the district in an amount necessary to carry out
30 the proposed general purposes of the district. ~~THE ELECTION MUST BE HELD ON~~
31 ~~THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY~~
32 ~~SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).~~ The bonds, if
33 voted, shall be sold at such times and in such amounts as the board of
34 directors deems advisable, which shall be determined only approximately in
35 the proceedings of the board, and shall so state in the notice of election.

36 B. The bonds shall run for such length of time as the board of
37 directors decides upon and submits to the electors, but for not more than
38 thirty years, and may provide for optional or progressive maturity in the
39 discretion of the board. Such facts shall be included in the notice of the
40 election. The bonds shall bear interest payable semiannually at the rate or
41 rates set by the accepted bid which shall not exceed the maximum rate set
42 forth in the notice of the election. The bonds may be made payable any place
43 in the United States that is agreeable to the board and the purchasers.

1 Sec. 53. Section 48-1907, Arizona Revised Statutes, is amended to
2 read:

3 48-1907. Powers of hospital district

4 A. A hospital district may:

5 1. Adopt and use a corporate seal.

6 2. Sue and be sued in all courts and places and in all actions and
7 proceedings.

8 3. Purchase, receive, have, take, hold, lease, use and enjoy property
9 of every kind and description within the limits of the district, and control,
10 dispose of, convey, encumber and create leasehold interests in such property
11 for the benefit of the district.

12 4. Administer trusts declared or created for the hospital district,
13 and receive by gift, devise or bequest and hold in trust or otherwise,
14 property located within the state or elsewhere and, when not otherwise
15 provided, dispose of such property for the benefit of the hospital district.

16 5. Provide for the operation and maintenance at a single location
17 within the district of a hospital, urgent care center, combined hospital and
18 ambulance service when authorized to do so pursuant to title 36, chapter
19 21.1, article 2, or combined urgent care center and ambulance service, when
20 authorized to do so pursuant to title 36, chapter 21.1, article 2, owned or
21 operated by the district. If the hospital district provides for the
22 operation of an ambulance service, ambulance services shall be provided to
23 all areas within the district. An existing hospital district that is located
24 in a county with a population of less than five hundred thousand persons and
25 that is operating at a single location may expand to a second location if the
26 board of directors of the hospital district finds at a public hearing on the
27 matter that an additional location is reasonably necessary for the persons
28 served by the district.

29 6. Impose a secondary property tax on all taxable property within the
30 district for the purpose of funding the operation and maintenance of a
31 hospital, urgent care center, combined hospital and ambulance service or
32 combined urgent care center and ambulance service that is owned or operated
33 by the district or to pay costs of an ambulance service contract entered into
34 pursuant to this section. The amount of the levy necessary for the operation
35 and maintenance of the ambulance service, if any, shall be separately stated
36 in the levy. Prior to the initial imposition of such a tax a majority of the
37 qualified electors ~~voting in a regular or special election~~ must approve such
38 initial imposition. The continued imposition of such a tax must be approved
39 by a majority of the qualified electors ~~voting in a regular or special~~
40 ~~election~~ at least every five years from the date of the initial
41 imposition. **ELECTIONS UNDER THIS PARAGRAPH MUST BE HELD ON THE FIRST TUESDAY**
42 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**
43 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

44 7. Contract with an existing hospital, ambulance service, city, town
45 or fire district within the district to provide ambulance related

1 services. If the district does contract for ambulance services, the district
2 shall ensure that ambulance services are provided to all areas within the
3 district. No such contract may provide for the use of aircraft.

4 B. The amount of a levy under subsection A, paragraph 6 shall not
5 exceed the greater of:

6 1. Six hundred thousand dollars, adjusted annually from a 1989 base
7 year according to the health services component of the metropolitan Phoenix
8 consumer price index published by the bureau of business and economic
9 research, college of business administration, Arizona state university, or
10 its successor.

11 2. Ten per cent of the hospital's or urgent care center's total
12 expenses for all purposes required or authorized by this chapter and incurred
13 in the fiscal year ending immediately before the levy.

14 C. An existing hospital may be converted into an urgent care center by
15 a vote of the board of directors of the district if the conversion is in the
16 best interests of the district. An existing urgent care center shall not be
17 converted into a hospital unless the hospital district is created pursuant to
18 section 48-261 and this chapter.

19 Sec. 54. Section 48-1912, Arizona Revised Statutes, is amended to
20 read:

21 48-1912. Bonds

22 A. Bonds may be issued by the hospital district for the purpose of
23 carrying out any of the provisions of this article. If the board of
24 directors determines that bonds should be issued, application shall be made
25 to the board of supervisors by the board, and the board of supervisors shall
26 submit to a vote of the real property ~~tax-paying~~ TAXPAYING electors residing
27 in the district the question in the manner provided by ~~article 3 of chapter~~
28 ~~3~~, title 35, CHAPTER 3, ARTICLE 3, and if the majority of the electors voting
29 on the issue approve, the bonds shall be issued as provided by law.
30 ELECTIONS UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING
31 THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,
32 PARAGRAPH 1, SUBDIVISION (d).

33 B. Any bonds issued under this article may contain a provision
34 requiring the establishment of a reserve or reserves in an amount equal to
35 the requirements of principal and interest payments for the two years during
36 the life of the bonds requiring the largest amount of principal and interest
37 payments, and the district shall maintain the reserve during the life of the
38 bond issue for the purpose of protecting against any deficiency in rental
39 payments or tax collections. If it becomes necessary to withdraw funds from
40 the reserve to protect against any deficiency, the board of directors of the
41 district shall levy a tax on all the taxable property in the district
42 sufficient to maintain the reserve fund in an amount equal to the original
43 amount thereof. In making the levy for the payment of principal and interest
44 for the last year when the bonds mature, the board of directors shall take
45 into consideration the amount of money then in the reserve fund and shall

1 levy an amount sufficient to pay the principal and interest on the bonds,
2 less the amount then in the reserve fund.

3 Sec. 55. Section 48-2011.01, Arizona Revised Statutes, is amended to
4 read:

5 48-2011.01. Wastewater treatment facility and nonpoint source
6 projects; financial assistance loan repayment
7 agreements; definition

8 A. Notwithstanding any other law, a sanitary district may construct or
9 improve a wastewater treatment facility or nonpoint source project with
10 monies borrowed from or financial assistance provided by the water
11 infrastructure finance authority of Arizona.

12 B. To repay financial assistance from the water infrastructure finance
13 authority of Arizona, a sanitary district may enter into a financial
14 assistance loan repayment agreement with the authority. A financial
15 assistance loan repayment agreement is payable from any revenues otherwise
16 authorized by law to be used to pay long-term obligations including a special
17 assessment on a designated area that is levied and collected pursuant to
18 article 2 of this chapter.

19 C. The board of directors shall submit the question of entering and
20 performing a financial assistance loan repayment agreement to the qualified
21 electors ~~voting at a regular or special general election~~ in the
22 district. **ELECTIONS UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY**
23 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**
24 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).** An election is not required if
25 voter approval has previously been obtained for substantially the same
26 project with another funding source or if the project is constructed with an
27 assessment levied against a designated area pursuant to article 2 of this
28 chapter. If a majority of the qualified electors voting on the question:

29 1. Approves, the board of directors may execute, deliver and perform
30 the financial assistance loan repayment agreement.

31 2. Disapproves, the board of directors shall not execute a financial
32 assistance loan repayment agreement.

33 D. A financial assistance loan repayment agreement entered into
34 pursuant to this section shall contain the covenants and conditions
35 pertaining to the construction of a wastewater treatment facility or nonpoint
36 source project and repayment of the loan as the water infrastructure finance
37 authority of Arizona deems proper. Financial assistance loan repayment
38 agreements may provide for the payment of interest on the unpaid principal
39 balance of such agreement at the rates established in the agreement. The
40 agreement may also provide for payment of the sanitary district's
41 proportionate share of the expenses of administering the clean water
42 revolving fund established by section 49-1221 and may provide that the
43 sanitary district pay financing and loan administration fees approved by the
44 water infrastructure finance authority. These costs may be included in the
45 levy or assessment amounts pledged to repay the financial

1 assistance. Districts are bound by and shall fully perform the loan
2 repayment agreements, and the agreements are incontestable after the loan is
3 funded by the water infrastructure finance authority of Arizona. The
4 sanitary district shall also agree to pay the authority's costs in issuing
5 bonds or otherwise borrowing to fund a loan.

6 E. A financial assistance loan repayment agreement under this section
7 does not create a debt of the sanitary district, and the authority shall not
8 require that payment of a loan agreement be made from other than those
9 sources permitted in subsection B of this section.

10 F. A sanitary district may employ or contract for the services of
11 attorneys, accountants, financial consultants and such other experts in their
12 field as deemed necessary to perform services with respect to the financial
13 assistance loan repayment agreement. Charges for these services may be
14 included in the assessment amounts pledged to repay the loan.

15 G. This section is supplemental and alternative to any other law under
16 which a sanitary district may borrow money or issue bonds. This section
17 shall not be construed as the exclusive authorization to enter into loan
18 agreements with the authority.

19 H. Any financial assistance loan repayment agreement between the
20 district and the water infrastructure finance authority of Arizona may be
21 secured by unpaid assessments certified in the manner prescribed by section
22 48-2067. The financial assistance loan repayment agreement may provide for
23 different due dates for annual installments of principal, different interest
24 payment dates, different dates of delinquency and different dates for holding
25 sales of delinquent properties than otherwise provided for in article 2 of
26 this chapter. The financial assistance loan repayment agreement may also
27 provide for mailed notice to property owners in lieu of the publication
28 requirement prescribed by ~~section~~ **SECTIONS** 48-2068 and ~~section~~ 48-2069.

29 I. A district may borrow additional monies or enter into additional
30 financial assistance loan repayment agreements with the water infrastructure
31 finance authority in an amount up to the amount approved pursuant to
32 subsection C of this section less the amount that the district is obligated
33 to repay to the water infrastructure finance authority pursuant to a
34 financial assistance loan repayment agreement.

35 J. For **THE** purposes of this section, "nonpoint source project" has the
36 same meaning prescribed in section 49-1201.

37 Sec. 56. Section 48-2020, Arizona Revised Statutes, is amended to
38 read:

39 **48-2020. Bond election; subsequent bond election**

40 A. After approval of the survey or plan and report prepared under
41 section 48-2015 the board of directors of the district shall submit to the
42 qualified electors of the district, ~~at a special election called for that~~
43 ~~purpose,~~ the proposition of incurring bonded indebtedness to obtain funds
44 with which to acquire the property and perform the work set forth by the
45 report. **AN ELECTION UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY**

1 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,
2 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The resolution calling the
3 election shall set forth:

- 4 1. The purposes of the proposed indebtedness.
 - 5 2. A reference to the report for particulars.
 - 6 3. The amount of the proposed indebtedness.
 - 7 4. The part of the principal to be paid each year.
 - 8 5. The maximum rate of interest to be paid.
 - 9 6. The date of the election.
 - 10 7. The election precincts, polling places and election officers.
- 11 B. Notice of the election shall be given and the election shall be
12 held in the manner prescribed by title 16.
- 13 C. If the proposition of issuing bonds fails to receive the requisite
14 number of votes to authorize issuance of the bonds, the board of directors
15 may call another election on the question of issuing bonds under the terms of
16 this article, either for the same purposes or for any lawful purpose of the
17 district.

18 Sec. 57. Section 48-2214, Arizona Revised Statutes, is amended to
19 read:

20 ~~48-2214.~~ Bond election; subsequent bond election

21 A. After approval of the health service survey report the board of
22 directors of the district shall submit to the qualified electors of the
23 district, ~~at a special election called for that purpose,~~ the proposition of
24 incurring bonded indebtedness to obtain funds with which to acquire the
25 property and perform the work set forth by the report. **ELECTIONS UNDER THIS**
26 **SUBSECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN**
27 **NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,**
28 **SUBDIVISION (d).** The resolution calling the election shall set forth:

- 29 1. The purposes of the proposed indebtedness.
- 30 2. A reference to the report for particulars.
- 31 3. The amount of the proposed indebtedness.
- 32 4. The maximum numbers of years for which the bonds may be
33 outstanding.
- 34 5. The maximum rate of interest to be paid.
- 35 6. The date of the election.
- 36 7. The election precincts and polling places.

37 B. The resolution shall be published once each week for three
38 successive weeks in a newspaper of general circulation in the district.

39 C. If the proposition of issuing bonds fails to receive a majority of
40 the votes cast at the election to authorize issuance of the bonds, the board
41 of directors ~~may~~, not less than six months after that election, **MAY** call
42 another election on the question of issuing bonds under the terms of this
43 article, either for the same purposes or for any lawful purpose of the
44 district.

1 D. No bond election shall take place until the board of directors has
2 demonstrated to the department that contractual arrangements have been made
3 for staff and a coordinating medical provider, as defined in section 36-2351,
4 and the department has certified to the board of directors and to the
5 organizing board that the above arrangements are sufficient to ensure that
6 ambulatory care services will be available to the district for a period of at
7 least one year of medical clinic operation.

8 Sec. 58. Section 48-2223, Arizona Revised Statutes, is amended to
9 read:

10 48-2223. Tax levy for current expenses

11 A. The board of directors of a health service district ~~may~~, at the
12 time of certifying the amount required for payment of principal and interest
13 on bonds, ~~MAY~~ certify to the board of supervisors the amount necessary to
14 maintain and operate the health service system of the district during the
15 ensuing year, and to defray all other expenses incidental to the exercise of
16 powers granted by this article, together with an estimate of the revenue
17 which will be received from rentals and service charges. In that event, the
18 board of supervisors ~~shall~~, at the time of levying county taxes, ~~SHALL~~ levy
19 and cause to be collected in the manner prescribed by law for county taxes, a
20 tax on real property within the health service district based on the current
21 assessment roll, sufficient to pay the amount certified, less the amount
22 estimated to be received from rentals and service charges. The levy for
23 operational purposes shall not exceed seventy-five cents per one hundred
24 dollars of assessed valuation except for a district that provides for
25 ambulance service or a combined medical clinic and ambulance service as
26 prescribed by section 48-2209.

27 B. The board of directors of a health service district may certify to
28 the board of supervisors an amount to levy on all taxable property within the
29 district for the purpose of funding the operation and maintenance of
30 ambulance service or combined medical clinic and ambulance service that is
31 owned or operated by the district or to pay the cost of an ambulance service
32 contract entered into pursuant to section 48-2209. The amount of the levy
33 necessary for the operation and maintenance of the ambulance service, if any,
34 shall be separately stated in the levy. Before the initial imposition of
35 such a tax, a majority of the qualified electors voting in ~~a regular or~~
36 ~~specia~~ AN election conducted in the same manner provided in section 48-2213
37 must approve the initial imposition. ~~THE ELECTION MUST BE HELD ON THE FIRST~~
38 ~~TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-~~
39 ~~204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).~~ The levy under this
40 subsection for operation of ambulance service pursuant to this subsection
41 shall not exceed seventy-five cents per one hundred dollars of assessed
42 valuation, or one hundred thousand dollars, whichever is less. The one
43 hundred thousand dollar limit in this subsection shall be adjusted annually
44 from a 1991 base year according to the health services component of the
45 metropolitan Phoenix consumer price index published by the bureau of business

1 and economic research, college of business administration, Arizona state
2 university or its successor.

3 C. The tax, when collected, shall be paid into the county treasury to
4 the credit of the operating fund of the district, and the board of directors
5 may order expenditure of the fund for the purposes for which
6 levied. Payments from the operating fund shall be made upon claims allowed
7 by the board of directors, prepared, presented and audited in the same
8 manner as claims against the county.

9 D. Not less than twenty nor more than thirty days prior to making the
10 certification to the board of supervisors provided by subsections A and B of
11 this section, the board of directors shall publish in a newspaper of general
12 circulation in the district an itemized statement of the amounts proposed to
13 be certified, and the statement shall contain notice of a meeting to be held
14 by the board of directors prior to the time for the certification. At that
15 meeting, any owner of real property within the district may appear and
16 present objections to any item of the amount proposed to be certified.

17 E. If a district lies in more than one county the amount necessary to
18 maintain and operate the health service system of the district during the
19 ensuing year shall be apportioned and the tax levied and collected in the
20 same manner as established in section 48-2220, subsection E.

21 Sec. 59. Section 48-2442, Arizona Revised Statutes, is amended to
22 read:

23 48-2442. Bond election; results

24 A. Upon determining the amount of money necessary to be raised for any
25 or all of the purposes set forth in section 48-2441, the board of directors
26 shall immediately call ~~a special~~ AN election at which shall be submitted to
27 the electors of the district the question of whether or not the bonds of the
28 district shall be issued in the amount so determined. **THE ELECTION MUST BE
29 HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY
30 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

31 B. Notice of the election shall be given by posting notice thereof in
32 three public places in each election precinct of the district, or if the
33 district is not divided into divisions, in three public places in the
34 district, for at least twenty days, and by publication of the notice in a
35 newspaper published in the county in which the office of the board of
36 directors of the district is located, once a week for at least two successive
37 weeks. The notice shall specify the time of holding the election, the amount
38 of bonds proposed to be issued, the maximum rate of interest to be borne on
39 the bonds and the denominations thereof.

40 C. **EXCEPT AS OTHERWISE PROVIDED**, the election shall be held and the
41 results thereof determined and declared in all respects as nearly as
42 practicable in conformity with the provisions of article 4 of this chapter
43 governing the election of directors. No informality in conducting the
44 election shall invalidate the election if it has been otherwise fairly
45 conducted.

1 D. At the election the ballots shall contain the words "bonds - -yes"
2 and "bonds - -no." If a majority of the votes cast at the election is "bonds
3 - -yes", the board of directors shall cause the bonds to be issued. If a
4 majority of the votes cast is "bonds - -no," the result of the election shall
5 be declared by the board of directors and entered on its record, and at any
6 time thereafter when a petition signed by one-fourth or more of the qualified
7 electors of the district is presented to the board of directors, the board
8 shall record such presentation in its minutes, and shall thereupon again
9 submit such question to the electors of the district in the same manner and
10 with like effect as at the previous election.

11 Sec. 60. Section 48-2635, Arizona Revised Statutes, is amended to
12 read:

13 48-2635. Notice of petition and hearing

14 A. The secretary of the board of directors shall cause notice of
15 filing of the petition to be given and published in the same manner and for
16 the same time that notice of ~~special~~ elections for the issuance of bonds is
17 required to be published under ~~the provisions of~~ this chapter.

18 B. The notice shall set forth the filing of the petition and the names
19 of petitioners, a description of the lands mentioned in the petition, and the
20 prayer of the petition. The notice shall inform all persons interested in,
21 or who may be affected by the change of boundaries of the district, to appear
22 at the office of the board at the time stated in the notice and show cause in
23 writing why the change in the boundaries of the district as proposed in the
24 petition should not be made. The time to be specified in the notice for
25 showing cause shall be the next regular meeting of the board after expiration
26 of the time required for publication of the notice.

27 Sec. 61. Section 48-2708, Arizona Revised Statutes, is amended to
28 read:

29 48-2708. Levy of special assessment; election; collection;
30 disbursement

31 A. The board of directors ~~may~~, when it deems it advisable, ~~MAY~~ call
32 ~~a special~~ AN election, and submit to the qualified electors of the district
33 the question of whether or not a special assessment shall be levied for the
34 purpose of raising money to be applied to any of the purposes provided in
35 this chapter.

36 B. The election shall be called, held and the result thereof
37 determined and declared in all respects in conformity with ~~the provisions of~~
38 section 48-2751. The notice of the election shall specify the amount of
39 money proposed to be raised and the purpose for which it is intended to be
40 used. The ballots shall contain the words, "assessment - -yes" and
41 "assessment - -no." If a majority of the votes cast is "assessment - -yes,"
42 the board shall proceed in the manner prescribed in this article for
43 providing funds for the district by taxation.

1 C. When collected the money shall be paid into the county treasury to
2 the credit of the district, and may be used for the purposes specified in the
3 notice of the special election.

4 Sec. 62. Section 48-2709, Arizona Revised Statutes, is amended to
5 read:

6 48-2709. Levy of assessments for completion of drainage works:
7 election

8 A. If the money raised by the sale of bonds issued pursuant to this
9 chapter is insufficient, or if the bonds are unavailable for completion of
10 the plans for drainage and works adopted and additional bonds are not voted,
11 the board of directors shall provide for the completion of the plans by the
12 levy of assessments therefor, but such levy shall not be made except as
13 provided by this section, and the question as to whether or not an assessment
14 shall be made, levied and collected shall first be submitted to a vote of the
15 electors of the district.

16 B. Before the question is submitted the order of submission shall be
17 entered in the minutes of the board of directors, stating the amount to be
18 levied and the purpose thereof, and if submitted at a ~~special~~ AN election
19 shall in addition fix the day of election AS PRESCRIBED BY SECTION 16-204,
20 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

21 C. Notice of the ~~special~~ election shall be given by posting notices
22 thereof in three public places in each election precinct in the district for
23 at least fifteen days, and by publication of the notice in a newspaper
24 published in the county in which the office of the board of directors is
25 located for two successive weeks. The notice shall specify the time of
26 holding the election and the amount of the assessment proposed to be levied.

27 D. The ~~special~~ election shall be held and the result declared in all
28 respects as nearly as practicable in conformity with the provisions of
29 article 4 of this chapter. No informalities in conducting the election shall
30 invalidate it if the election has been otherwise fairly conducted. The
31 ballots at the election shall contain the words, "assessment - -yes" and
32 "assessment - -no."

33 E. If a majority of the votes cast is "assessment - -yes," the board
34 shall proceed in the same manner as nearly as practicable as prescribed by
35 this article for raising funds for annual expenditures of the district. If a
36 majority of the votes cast is "assessment - -no," the result of the election
37 shall be declared and entered of record on the minutes of the board of
38 directors.

39 Sec. 63. Section 48-2751, Arizona Revised Statutes, is amended to
40 read:

41 48-2751. Bond election; results

42 A. For the purpose of constructing the necessary conduits, drains,
43 sluices, water-gates, pumps, pumping plants, embankments and any and all
44 other works and appliances necessary for the drainage of the lands of the
45 district, acquiring the necessary property and rights therefor and otherwise

1 carrying out ~~the provisions of~~ this chapter, the board of directors of the
2 district shall, as soon after the district has been organized as is
3 practicable, and thereafter when the construction fund has been exhausted and
4 it is necessary to raise additional money for such purposes, estimate and
5 determine the amount of money necessary to be raised therefor.

6 B. The board shall immediately call ~~a special~~ AN election at which
7 shall be submitted to the electors of the district the question of whether or
8 not the bonds of the district shall be issued in the amount so
9 determined. **THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE**
10 **FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,**
11 **PARAGRAPH 1, SUBDIVISION (d).**

12 C. Notice of the election shall be given by posting notice thereof in
13 three public places in each election precinct of the district, or if the
14 district is not divided into divisions, in three public places in the
15 district, for at least twenty days, and by publication of the notice in a
16 newspaper published in the county in which the office of the board of
17 directors is located, once a week for at least two successive weeks. The
18 notice shall specify the time of holding the election, the amount of bonds
19 proposed to be issued, the denominations thereof and the maximum rate of
20 interest which the bonds shall bear.

21 D. The election shall be held and the results thereof determined and
22 declared in all respects as nearly as practicable in conformity with article
23 4 of this chapter governing the election of directors. No informality in
24 conducting the election shall invalidate it if the election has been
25 otherwise fairly conducted.

26 E. At the election the ballots shall contain the words, "bonds - -yes"
27 and "bonds - -no." If a majority of the votes cast at the election is "bonds
28 - -yes," the board of directors shall cause the bonds to be issued. If a
29 majority of the votes cast at the election is "bonds - -no," the result of
30 the election shall be declared by the board of directors and entered on its
31 record, and at any time thereafter when a petition signed by one fourth or
32 more of the qualified electors of the district is presented to the board of
33 directors, the board shall record such presentation in its minutes and shall
34 thereupon again submit such question to the electors of the district in the
35 same manner and with like effect as at the previous election.

36 Sec. 64. Section 48-2773, Arizona Revised Statutes, is amended to
37 read:

38 **48-2773. Election to authorize issuance of refunding bonds**

39 A. Immediately after entering the petition on its minutes, the board
40 shall call ~~a special~~ AN election at which shall be submitted to the qualified
41 electors of the district the question of whether or not the bonds of the
42 district, in the amount set forth in the petition, shall be issued. **THE**
43 **ELECTION MUST BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER**
44 **AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

1 B. Notice of the election shall be given by posting notice thereof in
2 three public places in each election precinct in the district for at least
3 twenty days, and by publication of the notice in a newspaper published in the
4 county in which the office of the board of directors is located, once a week
5 for at least two consecutive weeks before the election. The amount of
6 refunding bonds proposed to be issued and the amount of bonds, coupons or
7 other evidences of indebtedness proposed to be refunded, together with a
8 general description thereof, and the time of holding the election, shall be
9 specified in the notice.

10 C. The election shall be held, and the results thereof determined and
11 declared, in all respects as nearly as practicable in conformity with the
12 provisions of article 4 of this chapter. No informalities in conducting the
13 election shall invalidate it if the election has been otherwise fairly
14 conducted. The ballots at the election shall contain the words, "Bonds - -
15 Yes" and "Bonds - -No". If two thirds of the votes cast is "Bonds - -Yes",
16 the board of directors shall issue the refunding bonds. If more than one
17 third of the votes cast at the election is "Bonds - -No", the result of the
18 election shall be so declared. The result in either event shall be entered
19 of record in the minutes of the board of directors.

20 Sec. 65. Section 48-3189, Arizona Revised Statutes, is amended to
21 read:

22 48-3189. Resolution adopting plan and calling for issuance of
23 bonds; call for bond election

24 A. Upon receipt of the report of the state certification board the
25 board of directors may determine and declare by resolution that its original
26 plan of works or some modified plan recommended by the state certification
27 board is adopted and that the amount of bonds as stated in its original
28 estimate or a different amount suggested by the state certification board
29 should be issued in order to raise the money necessary therefor.

30 B. Bonds issued for carrying out a plan disapproved by the state
31 certification board shall not be certified for any purpose by the state
32 certification board, or if any district issues bonds in an amount approved by
33 the state certification board, the district shall not make any material
34 change in the plans thereafter without written consent of the state
35 certification board.

36 C. Immediately after adoption of the resolution determining the amount
37 of bonds, the board of directors shall call ~~a special~~ AN election at which
38 shall be submitted to the qualified electors of the district the question of
39 whether or not the bonds of the district in such amount shall be
40 authorized. **THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE**
41 **FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,**
42 **PARAGRAPH 1, SUBDIVISION (d).**

1 Sec. 66. Section 48-3190, Arizona Revised Statutes, is amended to
2 read:

3 48-3190. Election to authorize issuance of bonds

4 A. Notice of election shall be given by posting notices in three
5 public places in the district for at least twenty days prior to the date of
6 the election and by publication thereof in a newspaper published in the
7 county in which the office of the board of directors is located, once a week
8 for at least three successive weeks prior to the election. The notice shall
9 specify the time of holding the election, the maximum principal amount of
10 bonds proposed to be issued, the purpose for which the bonds are to be issued
11 and the maximum rate of interest which the bonds are to bear and the location
12 of the polling places.

13 B. **EXCEPT AS OTHERWISE PROVIDED**, the election shall be held and the
14 result thereof determined and declared in all respects as nearly as
15 practicable in conformity with article 4 of this chapter governing the
16 election of directors. No informalities in conducting the election shall
17 invalidate the election if it has been otherwise fairly conducted.

18 C. At the election the ballot shall contain the words: "Bonds - -Yes,"
19 and "Bonds - -No,". To the right **OF** and opposite each phrase shall be placed
20 a square approximately the size of the squares placed opposite the names of
21 candidates on ballots. The voter shall indicate his vote "Bonds - -Yes" or
22 "Bonds - -No" by inserting the mark "X" in the square opposite such
23 phrase. No other question, word or figure need be printed on the
24 ballot. The ballot need not be of any particular size, and sample ballots
25 are not required to be printed, posted or distributed. If the majority of
26 the votes cast is "Bonds - -Yes," the bonds shall be sold at such times and
27 in such amounts as the board of directors deems advisable.

28 D. When thereafter the board deems it for the best interest of the
29 district that bonds be issued for district purposes and that the question of
30 issuance thereof be submitted to the electors, the board shall adopt a
31 resolution to that effect and record it in its minutes, and the board may
32 thereupon submit the questions to the electors in the same manner and with
33 like effect as at the previous election.

34 Sec. 67. Section 48-3618, Arizona Revised Statutes, is amended to
35 read:

36 48-3618. Resolution calling for bond election; notice; manner
37 of conducting election

38 A. After a county flood control district has been established pursuant
39 to this article, the board may order that facilities be acquired,
40 constructed, operated and maintained from available monies of the
41 district. If sufficient monies are not available, the board may call an
42 election of the electors of the district qualified to vote under article VII,
43 section 13, Constitution of Arizona, to obtain approval for incurring bonded
44 indebtedness of the district to obtain revenue to acquire by purchase,
45 construction or otherwise all or any portion of such facilities.

1 B. After authority has been acquired for instituting a project within
2 a zone or a joint project by two or more contiguous zones in a district
3 established under this article, the board may order that the facilities
4 approved in the project or joint project be acquired, constructed, operated
5 and maintained from the monies held by the district treasurer for expenditure
6 in the respective zone or zones. If sufficient monies are not available, the
7 board may call an election of the electors of the zone, or of the zones for
8 which a joint project has been authorized, who are qualified to vote under
9 article VII, section 13, Constitution of Arizona, to obtain approval for
10 incurring bonded indebtedness, ~~to obtain revenue to acquire by purchase,~~
11 construction or otherwise all or any portion of the facilities.

12 C. The board resolution shall set forth the purpose of the
13 indebtedness, the amount of the indebtedness, the maximum number of years for
14 which the indebtedness is to be incurred, the maximum rate of interest to be
15 paid and the date of the election and shall list the voting places to be used
16 at the election. **THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING**
17 **THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,**
18 **PARAGRAPH 1, SUBDIVISION (d).** The resolution constitutes a notice of the
19 election and shall be published once each week for three consecutive weeks in
20 a newspaper of general circulation in the area of jurisdiction, or if there
21 is no such newspaper, then notice shall be posted in not less than three
22 public places within the area of jurisdiction, the first of which
23 publications shall be not less than twenty days before the date fixed for the
24 election. Publication on the same day of each week is sufficient whether or
25 not a daily newspaper is used for the publication.

26 D. Except as otherwise expressly provided, the election shall be
27 called and held and the results canvassed in the manner provided by the laws
28 of this state for holding elections on the issuance of bonds by counties for
29 general county purposes. ~~The board may~~ For purposes of the election **THE**
30 **BOARD MAY** treat the entire district as a single precinct or may divide the
31 district into such precincts and fix such polling places as it may see fit.

32 E. If a majority of the votes cast on the proposition is in favor of
33 incurring the bonded indebtedness proposed, the bonds so authorized may be
34 sold and issued by the board of directors either at one time or in blocks.

35 Sec. 68. Section 48-3620, Arizona Revised Statutes, is amended to
36 read:

37 48-3620. Certification and levy of taxes; limitation

38 A. The district shall annually, not less than fifteen days before the
39 first day of the month in which the county board of supervisors is required
40 by law to levy county taxes, certify to the board of supervisors:

41 1. The amount of taxes to be levied in each year on the taxable real
42 property in the district as it considers necessary or appropriate to pay the
43 expenses of administering the district and maintaining and operating the
44 district's flood control system, to carry out its regulatory functions and to
45 carry out any of the objects and purposes of this article of common benefit

1 to the district. The maintenance and operation tax proceeds not used for
2 current expenses of maintenance and operation may either be paid into a
3 reserve to be accumulated for such purpose or may be used for extending,
4 improving and constructing the flood control system including acquiring
5 rights-of-way.

6 2. The amount of taxes to be levied in each year on all taxable real
7 property in each zone or in any of the zones into which the district has been
8 divided, according to the benefits derived or to be derived by the respective
9 zones, to pay the cost and expenses of carrying out any of the objects or
10 purposes of this article of special benefit to the respective zones,
11 including acquiring, constructing, maintaining, operating, extending,
12 repairing or otherwise improving any or all flood control works or
13 improvements in the respective zones and including acquiring
14 rights-of-way. No revenues derived from any of the several zones from the
15 taxes levied under this section may be expended for acquiring, constructing,
16 maintaining, operating, extending, repairing or otherwise improving any works
17 or improvements located in any other zone, except under section 48-3620.01.

18 3. The amount of secondary property taxes necessary to be levied to
19 pay the principal and interest falling due during the ensuing year on, or to
20 provide a sinking fund for, any bonds issued pursuant to section 48-3619.

21 B. The taxes collected pursuant to this section shall be paid to the
22 district treasurer and used solely for the purpose for which they were
23 levied.

24 C. The board of supervisors at the time of levying general county
25 taxes shall levy and cause to be collected in the manner prescribed by law
26 for county taxes a property tax or taxes on the taxable real property in the
27 district, zone or zones sufficient to provide the amounts set forth in
28 subsection A of this section.

29 D. If the district fails to certify to the board of supervisors any of
30 the amounts of taxes necessary to be levied as required by this section, the
31 board of supervisors shall ascertain the amount which should have been
32 certified and shall levy the tax sufficient to produce such amount.

33 E. If a district is located in a county having a population of less
34 than six hundred thousand persons according to the most recent United States
35 decennial census, beginning with the 1993 tax year, the aggregate taxes
36 levied in any year under this article by the district for the purposes listed
37 in subsection A, paragraph 1 of this section shall not exceed twenty per cent
38 of the county primary property tax rate ~~exclusive of the county equalization~~
39 ~~assistance for education rate~~ or fifty cents per one hundred dollars of
40 assessed valuation, whichever is greater. The aggregate taxes levied for any
41 year under this article on property in a zone for the purposes listed in
42 subsection A, paragraph 2 of this section in a district located in a county
43 having a population of less than six hundred thousand persons according to
44 the most recent United States decennial census, if added to the aggregate
45 taxes, if any, levied for the purposes listed in subsection A, paragraph 1 of

1 this section, shall not exceed twenty per cent of the county primary property
2 tax rate ~~exclusive of the county equalization assistance for education rate~~
3 or fifty cents per one hundred dollars of assessed valuation, whichever is
4 greater. The taxes levied under this article in a district located in a
5 county having a population of less than six hundred thousand persons
6 according to the most recent United States decennial census may exceed the
7 limits prescribed by this subsection if approved by a majority of the
8 qualified electors of the district voting in a regular general election held
9 pursuant to title 16, chapter 2, article 2 or at a special election held
10 pursuant to title 16, chapter 2, article 3. The ballot for the election
11 shall specifically state the proposed rate and the fiscal year or years in
12 which the excess tax levies are proposed to be assessed.

13 Sec. 69. Section 48-4021, Arizona Revised Statutes, is amended to
14 read:

15 48-4021. Community corrections taxes; election

16 A. If approved at an election pursuant to this section, the district
17 board of directors may levy either an excise tax in the district as provided
18 by section 48-4022 or an ad valorem tax on the taxable property in the
19 district as provided by section 48-4023. A district may not levy both an
20 excise tax and an ad valorem property tax.

21 B. If the board of directors proposes ~~such a~~ AN EXCISE tax levy, the
22 board, by resolution, shall either order and call a district-wide special
23 election or place the issue on the ballot of a regular general election held
24 in the district. IF THE BOARD PROPOSES AN AD VALOREM TAX, THE BOARD, BY
25 RESOLUTION, SHALL ORDER AND CALL A DISTRICT-WIDE ELECTION TO BE HELD ON THE
26 FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION
27 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The board shall specify
28 on the ballot the purpose of the tax, the maximum rate of tax, the number of
29 years for which the tax will be authorized and the estimated future revenue
30 needs including the maintenance of effort requirements imposed on the county
31 by this article. The rate of tax shall not exceed the limits prescribed by
32 this article. To be valid the tax authorization must be approved by a
33 majority of the qualified electors voting at the election.

34 C. In addition to any other requirements prescribed by law, the board
35 shall prepare, print and distribute publicity pamphlets concerning the tax
36 issue proposed. The board shall distribute one copy of the publicity
37 pamphlet to each household containing a registered voter in the district at
38 least ten but not more than thirty days before the election. The publicity
39 pamphlet shall contain all of the following:

- 40 1. The date of the election.
- 41 2. Polling places and the times the polling places will be open.
- 42 3. A true copy of the title and text of the resolution proposing the
43 tax.
- 44 4. A summary of the purposes for which the tax is proposed to be
45 levied.

1 5. The estimated revenue needs, including the maintenance of effort
2 requirements imposed on the county by this article, for the described
3 purposes.

4 6. An estimate of the annual amount of revenues to be raised from the
5 proposed tax levy.

6 7. Arguments for and against the proposed tax levy.

7 Sec. 70. Section 48-4543, Arizona Revised Statutes, is amended to
8 read:

9 48-4543. General obligation bond election; results

10 A. On determining the amount of money that is necessary to be raised
11 for any of the purposes set forth in section 48-4542 and that may be subject
12 to repayment under section 48-4503, subsection B, paragraph 1, the board
13 shall immediately call ~~a special~~ AN election to submit to the electors of the
14 district the question of whether the bonds of the district shall be issued in
15 the amount so determined. **THE ELECTION MUST BE HELD ON THE FIRST TUESDAY**
16 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**
17 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

18 B. Notice of the election shall be posted in three public places in
19 each election precinct of the district for at least twenty days and by
20 publication in a newspaper published in the county in which the office of the
21 board of directors of the district is located once a week for at least two
22 consecutive weeks. The notice shall state the date of the election, the
23 amount of bonds proposed to be issued, the maximum rate of interest to be
24 borne on the bonds and the denominations.

25 C. The election shall be held and the results shall be determined and
26 declared in a manner as nearly as practicable as provided by section 48-4433
27 governing the election of board members. Informalities in conducting the
28 election do not invalidate the election if it has been otherwise fairly
29 conducted.

30 D. At the election the ballots shall contain the words "bonds--yes"
31 and "bonds--no". If a majority of the votes cast at the election is "bonds--
32 yes", the board of directors shall cause the bonds to be issued. If a
33 majority of the votes cast is "bonds--no", the result of the election shall
34 be declared by the board of directors and entered on its record, and at any
35 time thereafter when a petition signed by one-fourth or more of the qualified
36 electors of the district is presented to the board of directors, the board
37 shall record such presentation in its minutes and shall again submit the
38 question to the electors of the district in the same manner and with similar
39 effect as at the previous election.

40 Sec. 71. Section 48-5501.01, Arizona Revised Statutes, is amended to
41 read:

42 48-5501.01. Establishment of special health care district

43 A. In a county with a population of two million or more persons, the
44 county board of supervisors may submit to a vote of the qualified electors
45 the question of forming a special health care district. The board of

1 supervisors may submit as a single issue the question of forming the special
2 health care district with authority to impose a secondary property tax
3 pursuant to sections 48-5563 and 48-5565 and bonding authority. A special
4 health care district formed pursuant to this section shall be geographically
5 coterminous with the county boundaries, and the qualified electors of the
6 county are qualified electors for any election held pursuant to this section.

7 B. If a majority of the qualified electors voting on the issue
8 approves the formation of the special health care district, the board of
9 supervisors shall order the establishment of the special health care district
10 and shall serve as the board of directors of the district until directors are
11 elected at the next general election as prescribed by section
12 48-5541.01. The order of the board of supervisors establishing the special
13 health care district is final, and the special health care district is
14 established on issuance of the order establishing the district.

15 C. The board of supervisors may also include at the formation election
16 or at any other election called for that purpose the question of issuance of
17 bonds pursuant to section 48-5566. ANY ELECTION THAT INCLUDES THE QUESTION
18 OF ISSUANCE OF BONDS MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST
19 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH
20 1, SUBDIVISION (d).

21 D. A special health care district is a tax levying public improvement
22 district for all purposes of article XIII, section 7, Constitution of
23 Arizona, to the extent of the powers, privileges and immunities conferred by
24 this chapter or granted generally to tax levying public improvement districts
25 by the constitution and statutes of this state.

26 E. If a special health care district is established pursuant to this
27 section, beginning in the fiscal year that county health care system
28 operations are transferred to the district, the economic estimates commission
29 shall decrease the county's base expenditure limit as provided by section
30 41-563 by an amount determined as follows:

31 1. Divide the amount of the county's expenditures subject to
32 limitation that pertain to the transferred health care system operations for
33 the preceding fiscal year, as determined by the auditor general from the
34 annual expenditure limitation report of the county, by the GDP price
35 deflator, as defined in section 41-563, for that fiscal year used to
36 calculate expenditure limitations for the fiscal year of the transfer.

37 2. Multiply the quotient by the GDP price deflator determined for
38 fiscal year 1979-1980.

39 3. Divide the amount determined in paragraph 2 for the fiscal year of
40 the transfer by the population of the county, as defined in article IX,
41 section 20, subsection (3), paragraph (f), Constitution of Arizona, for the
42 same fiscal year used to calculate expenditure limitations for the fiscal
43 year of the transfer.

44 4. Multiply the quotient by the population of the county for fiscal
45 year 1979-1980.

1 Sec. 72. Section 48-5566, Arizona Revised Statutes, is amended to
2 read:

3 48-5566. Issuing bonds; election

4 A. On the approval of a majority of the qualified electors, a special
5 health care district may issue bonds to carry out any of the provisions of
6 this article. If the board of directors determines that bonds should be
7 issued, the board of directors shall apply to the board of supervisors, and
8 the board of supervisors shall submit to a vote of the qualified electors
9 residing in the district the question in the manner prescribed by title 35,
10 chapter 3, article 3. **THE ELECTION MUST BE HELD ON THE FIRST TUESDAY**
11 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**
12 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

13 B. If a majority of the qualified electors voting on the issue ~~at an~~
14 ~~election scheduled pursuant to section 48-5503, subsection B~~ approves the
15 issue, the bonds shall be issued as provided by law.

16 Sec. 73. 2006 primary property tax levies; counties, cities,
17 towns and community college districts

18 Notwithstanding sections 15-1461.01 and 42-17107, Arizona Revised
19 Statutes, for the 2006 tax year a county, city, town or community college
20 district shall not fix, levy or assess an amount of primary property taxes
21 that exceeds the lesser of:

22 1. The amount levied in the 2005 tax year multiplied by 1.02, plus any
23 amounts that are attributable to new construction.

24 2. The levy limit prescribed by article IX, section 19, Constitution
25 of Arizona, for the county, city, town or community college district for the
26 2006 tax year.

27 Sec. 74. Urban revenue sharing fund; appropriation; deposit

28 A. The sum of \$684,277,600 is appropriated from the state general fund
29 in fiscal year 2008-2009 for deposit in the urban revenue sharing fund
30 established by section 43-206, subsection A, Arizona Revised Statutes.

31 B. Notwithstanding section 43-206, subsection A, Arizona Revised
32 Statutes, the appropriation in subsection A of this section is in lieu of the
33 transfer of the state income tax revenues to the urban revenue sharing fund
34 in fiscal year 2008-2009 as provided by section 43-206, subsection A, Arizona
35 Revised Statutes.

36 C. The \$684,277,600 deposited in the urban revenue sharing fund
37 pursuant to subsection A of this section shall be distributed to incorporated
38 cities and towns pursuant to section 43-206, subsections B, C, D and E.

39 Sec. 75. Retroactivity

40 A. Section 43-1011, Arizona Revised Statutes, as amended by this act,
41 applies retroactively to taxable years beginning from and after December 31,
42 2005.

43 B. Section 43-1022, Arizona Revised Statutes, as amended by this act,
44 is effective and applies to taxable years beginning from and after December
45 31, 2006.

1 Sec. 76. Effective date

2 A. Sections 28 through 35 of this act are effective from and after
3 October 31, 2006.

4 B. Sections 1 through 8, 11 through 14, 20 through 23, 37, 38, 39, 42
5 through 67 and 69 through 72 of this act are effective from and after June
6 30, 2007.