

Conference Engrossed

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HOUSE BILL 2305

AN ACT

AMENDING SECTION 15-946, ARIZONA REVISED STATUTES; AMENDING LAWS 2005,
CHAPTER 274, SECTIONS 2 AND 3; RELATING TO SCHOOL DISTRICT BUDGETS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-946, Arizona Revised Statutes, is amended to
3 read:

4 15-946. Transportation revenue control limit

5 A. The transportation revenue control limit for each school district
6 for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as
7 follows:

8 1. Determine the adopted operational expenditure budget for pupil
9 transportation for the fiscal year 1984-1985 effective January 1, 1985.

10 2. Determine the transportation revenue control limit for the school
11 district for the fiscal year 1984-1985 as provided in this section before
12 April 18, 1985.

13 3. If the school district's transportation revenue control limit for
14 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
15 equal to or greater than the amount determined in paragraph 1 of this
16 subsection, the transportation revenue control limit for the fiscal year
17 1985-1986 is the change in the transportation support level from the fiscal
18 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue
19 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of
20 this subsection. For the fiscal years 1986-1987 and 1987-1988 the
21 transportation revenue control limit is the transportation revenue control
22 limit for the current year plus the change in the transportation support
23 level for the current year to the budget year.

24 4. If the school district's transportation revenue control limit for
25 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
26 less than the amount determined in paragraph 1 of this subsection, the
27 transportation revenue control limit for the fiscal year 1985-1986 is the sum
28 of the following:

29 (a) The transportation revenue control limit for the school district
30 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.

31 (b) The change in the transportation support level from the fiscal
32 year 1984-1985 to the fiscal year 1985-1986.

33 (c) One-third of the amount obtained by subtracting the transportation
34 revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of
35 this subsection from the amount determined in paragraph 1 of this subsection.

36 5. If the transportation revenue control limit of the school district
37 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection
38 is less than the amount determined in paragraph 1 of this subsection, the
39 transportation revenue control limit for the fiscal years 1986-1987 and
40 1987-1988 is the sum of the following:

41 (a) The transportation revenue control limit for the current year.

42 (b) The change in the transportation support level from the current
43 year to the budget year.

44 (c) One-third of the amount obtained by subtracting the transportation
45 revenue control limit for the fiscal year 1984-1985 as provided in paragraph

1 2 of this subsection from the amount determined in paragraph 1 of this
2 subsection.

3 B. The transportation revenue control limit for each school district
4 for the fiscal year 1988-1989 and each year thereafter shall be the
5 transportation revenue control limit for the current year plus the increase
6 in the transportation support level from the current year to the budget year,
7 except that for fiscal year 2006-2007 and for each fiscal year thereafter,
8 the transportation revenue control limit shall not increase if the
9 transportation revenue control limit is more than one hundred twenty per cent
10 of the transportation support level. For a school district that sponsors a
11 charter school, its transportation revenue control limit for the budget year
12 shall be calculated as follows:

13 1. Calculate separately, as prescribed by the department of education,
14 the total transportation support level for the current year for all charter
15 schools under the district's sponsorship in the current year.

16 2. Calculate separately, as prescribed by the department of education,
17 the total transportation support level for the budget year for all charter
18 schools under the district's sponsorship in the budget year.

19 3. Subtract the amount determined in paragraph 2 of this subsection
20 from the amount determined in paragraph 1 of this subsection. If the result
21 is zero or less, use zero in paragraph 4 of this subsection.

22 4. Subtract the amount determined in paragraph 3 of this subsection
23 from the district's transportation revenue control limit for the current
24 year. This is the adjusted transportation revenue control limit for the
25 current year.

26 5. The transportation revenue control limit for the budget year is the
27 adjusted transportation revenue control limit for the current year determined
28 in paragraph 4 of this subsection plus the increase in the transportation
29 support level from the current year to the budget year.

30 C. NOTWITHSTANDING SUBSECTION B, IF THE TRANSPORTATION SUPPORT LEVEL
31 OF A SCHOOL DISTRICT EXCEEDS THE TRANSPORTATION REVENUE CONTROL LIMIT IN ANY
32 BUDGET YEAR, THE TRANSPORTATION REVENUE CONTROL LIMIT SHALL BE ADJUSTED IN
33 THAT BUDGET YEAR AND EVERY BUDGET YEAR THEREAFTER TO EQUAL THE TRANSPORTATION
34 SUPPORT LEVEL.

35 Sec. 2. Laws 2005, chapter 274, section 2 is amended to read:

36 Sec. 2. Delayed conditional repeal

37 A. Section 15-103, Arizona Revised Statutes, ~~as added by this act,~~ is
38 repealed from and after ~~December 31, 2007~~ THE DATE OF THE SINE DIE
39 ADJOURNMENT OF THE FORTY-EIGHTH LEGISLATURE, SECOND REGULAR SESSION.

40 B. THE CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES AND THE SECRETARY
41 OF THE SENATE SHALL JOINTLY INFORM THE SUPERINTENDENT OF PUBLIC INSTRUCTION
42 AND THE LEGISLATIVE COUNCIL, IN WRITING, WHEN THE CONDITIONAL REPEAL IN
43 SUBSECTION A OF THIS SECTION IS SATISFIED.

1 Sec. 3. Laws 2005, chapter 274, section 3 is amended to read:

2 Sec. 3. Saving clause

3 The delayed CONDITIONAL repeal of section 15-103, Arizona Revised
4 Statutes, as prescribed in ~~this act~~ LAWS 2005, CHAPTER 274, SECTION 2, AS
5 AMENDED BY THIS ACT, shall not affect any matter in which the state board of
6 education has found that a school district is insolvent or has mismanaged its
7 finances ON OR before January 1, 2008 THE DATE OF THE SINE DIE ADJOURNMENT OF
8 THE FORTY-EIGHTH LEGISLATURE, SECOND REGULAR SESSION.

9 Sec. 4. Joint legislative study committee on K-12 school
10 district receivership; membership; duties; report

11 A. The joint legislative study committee on K-12 school district
12 receivership is established consisting of the following members:

13 1. Five members of the senate who are appointed by the president of
14 the senate, no more than three of whom shall be from the same political
15 party.

16 2. Five members of the house of representatives who are appointed by
17 the speaker of the house of representatives, no more than three of whom shall
18 be from the same political party.

19 B. The committee shall elect a chairperson from its membership.

20 C. The joint legislative study committee shall review the following:

21 1. Causes of school district financial miscalculation of budgets.

22 2. Role and responsibility of the school districts, the department of
23 education, the county school superintendent and the county treasurer in the
24 issuance and registration of school district warrants, including verification
25 of budget capacity and cash availability.

26 3. Possible extension of school district receivership statutes.

27 D. The joint legislative study committee shall submit an initial
28 report on or before December 15, 2007 that summarizes the joint legislative
29 study committee's findings and recommendations to the governor, the president
30 of the senate and the speaker of the house of representatives. A copy of the
31 report shall be delivered to the secretary of state and the director of the
32 Arizona state library, archives and public records.

33 Sec. 5. Errors in school district budget calculation;
34 correction

35 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
36 Statutes, a school district that miscalculated its fiscal year 2004-2005
37 budget shall be required to correct the error over a five-year period
38 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if
39 each of the following conditions exist:

40 1. The school district provides evidence to the superintendent of
41 public instruction that the school district's budget for the current year is
42 properly calculated and will not result in any overexpenditures.

43 2. The total amount of the correction from the maintenance and
44 operations fund that would otherwise be required under section 15-915,

1 Arizona Revised Statutes, is more than two hundred twenty thousand dollars
2 but less than two hundred forty thousand dollars.

3 3. The total amount of the correction from the unrestricted capital
4 outlay fund that would otherwise be required under section 15-915, Arizona
5 Revised Statutes, is more than three thousand dollars but less than five
6 thousand dollars.

7 4. The average daily membership of the school district in fiscal year
8 2004-2005 was more than eight hundred eighty but less than nine hundred
9 forty.

10 B. Notwithstanding sections 15-905 and 15-915, Arizona Revised
11 Statutes, a school district that miscalculated its budgets during fiscal year
12 2005-2006 shall correct the error over a six-year period beginning in fiscal
13 year 2007-2008 and ending in fiscal year 2012-2013 if both of the following
14 conditions exist:

15 1. The department of education erroneously doubled the amount that
16 should have been calculated pursuant to section 15-905, subsection 0, Arizona
17 Revised Statutes, and that erroneous action resulted in an overstated general
18 budget limit.

19 2. The total amount of the correction that would otherwise be required
20 under this section is more than four hundred thousand dollars but less than
21 one million two hundred thousand dollars.

22 C. Notwithstanding sections 15-905 and 15-915, Arizona Revised
23 Statutes, a school district that miscalculated its budgets during fiscal year
24 2005-2006 shall be required to correct the error over a five-year period
25 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if
26 each of the following conditions exist:

27 1. The school district reported a total attending average daily
28 membership count of more than one thousand one hundred pupils and less than
29 one thousand two hundred pupils for the 2005-2006 school year in the annual
30 report of the superintendent of public instruction for fiscal year 2005-2006.

31 2. The total amount of the correction that would otherwise be required
32 under section 15-915, Arizona Revised Statutes, is more than four hundred
33 thousand dollars but less than four hundred fifty thousand dollars.

34 D. Notwithstanding sections 15-905 and 15-915, Arizona Revised
35 Statutes, a school district that overexpended its budgets during fiscal years
36 2003-2004, 2004-2005 and 2005-2006 is required to correct these
37 overexpenditures plus any overexpenditures for fiscal year 2006-2007 over a
38 five-year period in equal installments beginning in fiscal year 2007-2008 and
39 ending in fiscal year 2011-2012 if each of the following conditions exist:

40 1. The total amount of the corrections for fiscal years 2003-2004,
41 2004-2005, 2005-2006 that would otherwise be required under section 15-915,
42 Arizona Revised Statutes, is more than three million dollars but less than
43 three million four hundred thousand dollars.

1 2. The school district did not receive state aid for equalization
2 assistance for education during fiscal year 2005-2006 or fiscal year
3 2006-2007.

4 3. The school district's student count calculated pursuant to section
5 15-902, Arizona Revised Statutes, during fiscal year 2005-2006 is more than
6 eight hundred but less than nine hundred twenty.

7 E. In addition to the monies required to be repaid pursuant to
8 subsections A, B, C and D of this section, accrued interest is required to be
9 paid at a rate determined by the superintendent of public instruction.

10 Sec. 6. School districts; immediate receivership

11 The state board of education shall immediately appoint a receiver
12 pursuant to section 15-103, Arizona Revised Statutes, for any school district
13 that uses the provisions of section 5, subsection D of this act, relating to
14 budget correction procedures.

15 Sec. 7. Emergency

16 This act is an emergency measure that is necessary to preserve the
17 public peace, health or safety and is operative immediately as provided by
18 law.