

PROPOSED AMENDMENT
SENATE AMENDMENTS TO H.B. 2588
(Reference to House engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-302, Arizona Revised Statutes, is amended to
3 read:

4 15-302. Powers and duties

5 A. The county school superintendent shall:

6 1. Distribute all laws, reports, circulars, instructions and forms
7 which he may receive for the use of school officers.

8 2. Record all official acts.

9 3. Appoint governing board members of school districts to fill all
10 vacancies, but the term of the appointment shall be until the next regular
11 election for governing board members, at which time a successor shall be
12 elected to serve the unexpired portion of the term. The county school
13 superintendent ~~may~~, if he deems it in the best interest of the community, **MAY**
14 call a special election to fill the vacancies. If an election is called, the
15 newly elected member shall serve for the remainder of the unexpired portion
16 of the term.

17 4. Make reports, when directed by the superintendent of public
18 instruction, showing matters relating to schools in his county as may be
19 required on the forms furnished by the superintendent of public instruction.

20 5. Have such powers and perform such duties as otherwise prescribed by
21 law.

22 6. On or before October 1 of each year, make a report to the
23 superintendent of public instruction showing the amount of monies received
24 from state school funds, special school district taxes and other sources, the
25 total expenditures for school purposes and the balance on hand to the credit
26 of each school district at the close of the school year.

27 7. Contract with the board of supervisors for the board of supervisors
28 to conduct all regular school district elections.

1 8. Be responsible, in cooperation with the governing boards and the
2 board of supervisors, for all special school district elections.

3 9. Maintain teacher and administrator certification records of
4 effective dates and expiration dates of teachers' and administrators'
5 certificates in compliance with guidelines prescribed in the uniform system
6 of financial records for those school districts for which the county school
7 superintendent is the fiscal agent. The county school superintendent shall
8 not draw a warrant in payment of a teacher's, substitute teacher's or
9 administrator's salary unless the teacher, substitute teacher or
10 administrator is legally certified during the fiscal year in which the term
11 for payment is demanded.

12 10. Notify a school district three years before the expiration of a
13 revenue control limit override that the school district's budget must be
14 adjusted in the final two years of the override pursuant to section 15-481,
15 ~~subsections~~ SUBSECTION P- M and-Q, if the voters do not approve another
16 override.

17 11. In collaboration with the department of education and other state
18 agencies, provide assistance to school districts and charter schools on the
19 use of student data, staff development, curriculum alignment and technology
20 to improve student performance.

21 12. Assist schools in meeting yearly adequate progress goals as defined
22 by criteria established by the state board of education and implemented by
23 the department of education.

24 B. At the request of school districts and charter schools, the county
25 school superintendent may provide discretionary programs in addition to the
26 programs prescribed in subsection A OF THIS SECTION.

27 C. The county school superintendent may provide the services
28 prescribed in subsections A and B OF THIS SECTION in the county or jointly
29 with two or more counties pursuant to title 11, chapter 7, article 3.

30 D. Each county school superintendent may establish an advisory
31 committee to the office of the county school superintendent.

1 Sec. 2. Section 15-448, Arizona Revised Statutes, is amended to read:

2 15-448. Formation of unified school district; board membership;
3 budget

4 A. One or more common school districts and a high school district with
5 coterminous or overlapping boundaries may establish a unified school district
6 pursuant to this section. Unification of a common school district and a high
7 school district is not authorized by this section if any of the high school
8 facilities owned by the new unified school district would not be located
9 within its boundaries.

10 B. Formation of a unified school district shall be by resolutions
11 approved by the governing boards of the unifying school districts and
12 certification of approval by such governing boards to the county school
13 superintendent of the county or counties in which such individual school
14 districts are located. A common school district and high school district
15 that unify pursuant to this section shall not exclude from the same
16 unification a common school district that has overlapping boundaries with the
17 high school district and that wishes to unify. The formation of a unified
18 school district shall become effective on July 1 of the next fiscal year
19 following the certification of the county school superintendent. An election
20 shall not be required to form a unified school district pursuant to this
21 section. At least ninety days before the governing boards vote on the
22 resolutions prescribed in this subsection, the governing boards shall mail a
23 pamphlet to each household with one or more qualified electors that shall
24 list the full cash value, the assessed valuation and the estimated amount of
25 the primary property taxes and the estimated amount of the secondary property
26 taxes under the proposed unification for each of the following:

27 1. An owner occupied residence whose assessed valuation is the average
28 assessed valuation of property classified as class three, as prescribed by
29 section 42-12003 for the current year in the school district.

30 2. An owner occupied residence whose assessed valuation is one-half of
31 the assessed valuation of the residence in paragraph 1 of this subsection.

1 3. An owner occupied residence whose assessed valuation is twice the
2 assessed valuation of the residence in paragraph 1 of this subsection.

3 4. A business whose assessed valuation is the average of the assessed
4 valuation of property classified as class one, as prescribed by section
5 42-12001, paragraphs 12 and 13 for the current year in the school district.

6 C. The boundaries of the unified school district shall be the
7 boundaries of the former common school district or districts that unify. The
8 boundaries of the common school district or districts that are not unifying
9 remain unchanged. The county school superintendent, immediately upon receipt
10 of the approved resolutions prescribed by subsection B of this section, shall
11 file with the board of supervisors, the county assessor and the
12 superintendent of public instruction a transcript of the boundaries of the
13 unified school district. The boundaries shown in the transcript shall become
14 the legal boundaries of the school districts on July 1 of the next fiscal
15 year.

16 D. On formation of the unified school district, the governing board
17 consists of the members of the former school district governing boards and
18 the members shall hold office until January 1 following the first general
19 election after formation of the district.

20 E. Beginning on January 1 following the first general election after
21 formation of the unified school district, the governing board shall have five
22 members. At the first general election after the formation of the district,
23 members shall be elected in the following manner:

24 1. The three candidates receiving the highest, the second highest and
25 the third highest number of votes shall be elected to four year terms.

26 2. The two candidates receiving the fourth and fifth highest number of
27 votes shall be elected to two year terms. Thereafter all offices shall have
28 four year terms.

29 F. The new unified school district may appoint a resident of the
30 remaining common school district to serve as a nonvoting member of the
31 governing board to represent the interests of the high school pupils who

1 reside in the remaining common school district and who attend school in the
2 unified school district.

3 G. For the first year of operation, the unified school district
4 governing board shall prepare a consolidated budget based on the student
5 counts from the school districts comprising the unified school district,
6 except that for purposes of determining budget amounts and equalization
7 assistance, the student count for the former high school district shall not
8 include the prior year average daily membership attributable to high school
9 pupils from a common school district that was part of the former high school
10 district but is not part of the unified school district. The unified school
11 district shall charge the remaining common school district tuition for these
12 pupils as provided in subsection J of this section and shall not include such
13 pupils for the purpose of making any adjustment for rapid decline in student
14 count pursuant to section 15-942. The unified school district may budget for
15 unification assistance pursuant to section 15-912.01.

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

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

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

26 I. Upon formation of a unified school district any existing override
27 authorization of the former high school district and the former common school
28 district or districts shall continue until expiration based on the revenue
29 control limit of the school district or districts that had override
30 authorization prior to unification. The unified school district may request
31 new override authorization for the budget year as provided in section 15-481
32 based on the combined revenue control limit of the new district after

1 unification. If the unified school district's request for override
2 authorization is approved, it will replace any existing override for the
3 budget year.

4 J. The unified school district shall admit high school pupils who
5 reside in a common school district that was located within the boundaries of
6 the former high school district. Tuition shall be paid to the unified school
7 district by the common school district in which such pupils reside. Such
8 tuition amount shall be calculated in accordance with section 15-824, subject
9 to the following modifications:

10 1. If the former high school district had outstanding bonded
11 indebtedness at the time of unification, the combined tuition for the group
12 of high school pupils who reside in each common school district shall include
13 a debt service amount for the former high school district's outstanding
14 bonded indebtedness that is determined as follows:

15 (a) Divide the total secondary assessed valuation of the common school
16 district in which the group of pupils reside by the total secondary assessed
17 valuation of the former high school district. For the purposes of this
18 subdivision, "secondary assessed valuation" means secondary assessed
19 valuation for the tax year prior to the year when the unification occurs and
20 includes the values used to determine voluntary contributions collected
21 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

22 (b) Multiply the quotient obtained in subdivision (a) by the unified
23 school district's annual debt service expenditure.

24 2. The debt service portion of such tuition payments calculated
25 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
26 service of the outstanding bonded indebtedness of the former high school
27 district. When such indebtedness is fully extinguished, the debt service
28 portion of a pupil's tuition shall be determined in accordance with paragraph
29 3 of this subsection.

30 3. If the former high school district had no outstanding bonded
31 indebtedness at the time of unification, the tuition calculation shall
32 include the actual school district expenditures for the portion of any debt

1 service of the unified school district that pertains to any construction or
2 renovation of high school facilities divided by the school district's student
3 count for the high school portion of the school district.

4 4. The unified school district shall not include in the tuition
5 calculation any debt service that pertains to any construction or renovation
6 of school facilities for preschool through grade eight.

7 5. Notwithstanding section 15-951, subsection H, the revenue control
8 limit of the common school district shall include the full amount of the debt
9 service portion of the tuition calculated pursuant to this subsection.

10 K. All assets and liabilities of the unifying school districts shall
11 be transferred and assumed by the new unified school district. Any existing
12 bonded indebtedness of a common school district or a high school district
13 unifying pursuant to this section shall be assumed by the new unified school
14 district and shall be regarded as an indebtedness of the new unified school
15 district for the purpose of determining the debt incurring authority of the
16 district. Taxes for the payment of such bonded indebtedness shall be levied
17 on all taxable property in the new unified school district, but nothing in
18 this subsection shall be construed to relieve from liability to taxation for
19 the payment of all taxable property of the former high school district if
20 necessary to prevent a default in the payment of any bonded indebtedness of
21 the former high school district. The residents of a common school district
22 that does not unify shall not vote in bond or override elections of the
23 unified school district and shall not be assessed taxes as a result of a bond
24 or override election of the unified school district.

25 L. If the remaining common school district had authorization for an
26 override as provided in section 15-481 ~~or 15-482~~, the override authorization
27 continues for the remaining common school district or districts in the same
28 manner as before the formation of the unified school district.

29 M. The bonding authorization and bonding limitations continue for the
30 remaining common school district or districts in the same manner as before
31 the formation of the unified school district.

1 N. Nothing in this section shall be construed to relieve a school
2 district formed pursuant to section 15-457 or 15-458 of its liability for any
3 outstanding bonded indebtedness.

4 O. For school districts that become unified after July 1, 2004 and
5 where all of the common schools were eligible for the small school district
6 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
7 computing their base support level and base revenue control limit before
8 unification, the unified school district may continue to use the small school
9 district weight as follows:

10 1. Annually determine the common school student count and the weighted
11 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
12 each common school district before unification.

13 2. Calculate the sum of the common school districts' student counts
14 and weighted student counts determined in paragraph 1 of this subsection.

15 3. Divide the sum of the weighted student counts by the sum of the
16 student counts determined in paragraph 2 of this subsection.

17 4. The amount determined in paragraph 3 of this subsection shall be
18 the weight for the common schools in the unified school district.

19 P. A unified school district may calculate its revenue control limit
20 and district support level by using subsection O of this section as follows:

21 1. Determine the number of individual school districts that existed
22 before unification into a single school district.

23 2. Multiply the amount determined in paragraph 1 of this subsection by
24 six hundred.

25 3. Multiply the amount determined in paragraph 2 of this subsection by
26 0.80.

27 4. If the amount determined in paragraph 3 of this subsection exceeds
28 the student count of the unified school district, the unified school district
29 is eligible to use subsection O of this section.

30 Q. Subsections O and P of this section shall remain in effect until
31 the aggregate student count of the common school districts before unification
32 exceeds the aggregate number of students of the common school districts

1 before unification authorized to utilize section 15-943, paragraph 1,
2 subdivision (a).

3 Sec. 3. Section 15-481, Arizona Revised Statutes, is amended to read:

4 15-481. Override election; budget increases; notice; ballot;
5 effect

6 A. If a proposed budget of a school district exceeds the aggregate
7 budget limit for the budget year, at least ninety days before the proposed
8 election the governing board shall order an override election to be held on
9 the first Tuesday following the first Monday in November as prescribed by
10 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
11 presenting the proposed budget to the qualified electors of the school
12 district who shall by a majority of those voting either affirm or reject the
13 budget. In addition, the governing board shall prepare an alternate budget
14 which does not include an increase in the budget of more than the amount
15 permitted as provided in section 15-905. If the qualified electors approve
16 the proposed budget, the governing board of the school district shall follow
17 the procedures prescribed in section 15-905 for adopting a budget that
18 includes the authorized increase. If the qualified electors disapprove the
19 proposed budget, the governing board shall follow the procedures prescribed
20 in section 15-905 for adopting a budget that does not include the proposed
21 increase or the portion of the proposed increase that exceeds the amount
22 authorized by a previously approved budget increase as prescribed in
23 subsection ~~P~~ M of this section.

24 B. The county school superintendent shall prepare an informational
25 report on the proposed increase in the budget and a sample ballot and, at
26 least forty days prior to the election, shall transmit the report and the
27 sample ballot to the governing board of the school district. The governing
28 board, upon receipt of the report and the ballot, shall mail or distribute
29 the report and the ballot to the households in which qualified electors
30 reside within the school district at least thirty-five days prior to the
31 election. Any distribution of material concerning the proposed increase in

1 the budget shall not be conducted by children enrolled in the school
2 district. The report shall contain the following information:

3 1. The date of the election.

4 2. The voter's polling place and the times it is open.

5 3. The proposed total increase in the budget which exceeds the amount
6 permitted pursuant to section 15-905.

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

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

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

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

21 8. The dollar amount and the purpose for which the proposed increase
22 in the budget is to be expended for the first year for which the budget
23 increase was adopted.

24 9. At least two arguments, if submitted, but no more than ten
25 arguments for and two arguments, if submitted, but no more than ten arguments
26 against the proposed increase in the budget. The arguments shall be in a
27 form prescribed by the county school superintendent and each argument shall
28 not exceed two hundred words. Arguments for the proposed increase in the
29 budget shall be provided in writing and signed by the governing board. If
30 submitted, additional arguments in favor of the proposed increase in the
31 budget shall be provided in writing and signed by those in favor. Arguments
32 against the proposed increase in the budget shall be provided in writing and

1 signed by those in opposition. The names of those persons other than the
2 governing board or superintendent submitting written arguments shall not be
3 included in the report without their specific permission, but shall be made
4 available only upon request to the county school superintendent. The county
5 school superintendent shall review all factual statements contained in the
6 written arguments and correct any inaccurate statements of fact. The
7 superintendent shall not review and correct any portion of the written
8 arguments which are identified as statements of the author's opinion. The
9 county school superintendent shall make the written arguments available to
10 the public as provided in title 39, chapter 1, article 2. A deadline for
11 submitting arguments to be included in the informational report shall be set
12 by the county school superintendent.

13 10. A statement that the alternate budget shall be adopted by the
14 governing board if the proposed budget is not adopted by the qualified
15 electors of the school district.

16 11. The full cash value, the assessed valuation, the first year tax
17 rate for the proposed override and the estimated amount of the secondary
18 property taxes if the proposed budget is adopted for each of the following:

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

22 (b) An owner-occupied residence whose assessed valuation is one-half
23 of the assessed valuation of the residence in subdivision (a) of this
24 paragraph.

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

27 (d) A business whose assessed valuation is the average of the assessed
28 valuation of property classified as class one, as prescribed by section
29 42-12001, paragraphs 12 and 13 for the current year in the school district.

30 12. If the election is conducted pursuant to subsection ~~I~~ or ~~M~~ J of
31 this section, the following information:

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

3 (b) A complete list of each proposed capital improvement that will be
4 funded with the budget increase and a description of the proposed cost of
5 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 eighty thousand dollars.

10 C. For the purpose of this section, the school district may use its
11 staff, equipment, materials, buildings or other resources only to distribute
12 the informational report at the school district office or at public hearings
13 and to produce such information as required in subsection B of this section,
14 provided that nothing in this subsection shall preclude school districts from
15 holding or participating in any public hearings at which testimony is given
16 by at least one person for the proposed increase and one person against the
17 proposed increase. Any written information provided by the district
18 pertaining to the override election shall include financial information
19 showing the estimated first year tax rate for the proposed budget override
20 amount.

21 D. If any amount of the proposed increase will be funded by a levy of
22 taxes in the district, the election prescribed in subsection A of this
23 section shall be held on the first Tuesday following the first Monday in
24 November as prescribed by section 16-204, subsection B, paragraph 1,
25 subdivision (d). If the proposed increase will be fully funded by revenues
26 from other than a levy of taxes the elections prescribed in subsection A of
27 this section shall be held on any date prescribed by section 16-204. The
28 elections shall be conducted as nearly as practicable in the manner
29 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
30 section 15-426, relating to special elections, except that:

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

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

3 E. If the election is to exceed the revenue control limit and if the
4 proposed increase will be fully funded by a levy of taxes upon the taxable
5 property within the school district, the ballot shall contain the words
6 "budget increase, yes" and "budget increase, no", and the voter shall signify
7 his desired choice. The ballot shall also contain the amount of the proposed
8 increase of the proposed budget over the alternate budget, a statement that
9 the amount of the proposed increase will be based on a percentage of the
10 school district's revenue control limit in future years, if applicable, as
11 provided in subsection ~~P~~ M of this section and the following statement:

12 Any budget increase authorized by this election shall be
13 entirely funded by a levy of taxes upon the taxable property
14 within this school district for the year for which adopted and
15 for ____ subsequent years, shall not be realized from monies
16 furnished by the state and shall not be subject to the limitation
17 on taxes specified in article IX, section 18, Constitution of
18 Arizona. Based on an estimate of assessed valuation used for
19 secondary property tax purposes, to fund the proposed increase in
20 the school district's budget would require an estimated tax rate
21 of _____ dollar per one hundred dollars of assessed
22 valuation used for secondary property tax purposes and is in
23 addition to the school district's tax rate which will be levied
24 to fund the school district's revenue control limit allowed by
25 law.

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

1 1. The amount of the proposed increase of the proposed budget over the
2 alternate budget.

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

6 3. The following statement:

7 Any budget increase authorized by this election shall be
8 entirely funded by this school district with revenues from other
9 than a levy of taxes on the taxable property within the school
10 district for the year for which adopted and for _____ subsequent
11 years and shall not be realized from monies furnished by the
12 state.

13 G. Except as provided in subsection H of this section, the maximum
14 budget increase which may be requested and authorized as provided in
15 subsection E or F of this section or the combination of subsections E and F
16 of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as
17 provided in section 15-947, subsection A for the budget year. PROCEEDS FROM
18 THIS BUDGET INCREASE MAY BE USED FOR PROGRAMS DESIGNED TO IMPROVE THE
19 ACADEMIC ACHIEVEMENT OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE
20 THROUGH THREE, INCLUDING PROGRAMS TO REMOVE BARRIERS TO IMPROVE ACADEMIC
21 ACHIEVEMENT, PROGRAMS TO IMPROVE INSTRUCTION AND PROGRAMS THAT INCREASE THE
22 AMOUNT OF INSTRUCTION.

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

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

30 (a) For common or unified districts with a student count of less than
31 one hundred fifty-four in kindergarten programs and grades one through eight,

1 the limit computed as prescribed in item (i) or (ii) of this subdivision,
 2 whichever is appropriate:

3 (i)

4 Small School Support Level Weight Phase Down
 5 Student Student for Small Isolated Reduction
 6 Count Count Limit School Districts Base Level Factor
 7 _____ - 125 x 1.358 + (0.0005 x x \$ _____ = \$ _____
 8 (500 - Student Count))

9 Small Isolated

10 Phase Down Phase Down School District
 11 Base Reduction Factor Elementary Limit
 12 \$150,000 - \$ _____ = \$ _____

13 (ii)

14 Small School Support Level Weight Phase Down
 15 Student Student for Small Reduction
 16 Count Count Limit School Districts Base Level Factor
 17 _____ - 125 x 1.278 + (0.0003 x x \$ _____ = \$ _____
 18 (500 - Student Count))

19 Small

20 Phase Down Phase Down School District
 21 Base Reduction Factor Elementary Limit
 22 \$150,000 - \$ _____ = \$ _____

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

27 (i)

28 Small School Support Level Weight Phase Down
 29 Student Student for Small Isolated Reduction
 30 Count Count Limit School Districts Base Level Factor
 31 _____ - 100 x 1.468 + (0.0005 x x \$ _____ = \$ _____
 32 (500 - Student Count))

1 Small Isolated
 2 District
 3 Phase Down Phase Down Secondary Limit
 4 Base Reduction Factor
 5 \$350,000 - \$ _____ = \$ _____

6 (ii)
 7 Small School Support Level Weight Phase Down
 8 Student Student for Small Reduction
 9 Count Count Limit School Districts Base Level Factor
 10 _____ - _____ x 1.398 + (0.0004 x _____ = \$ _____
 11 (500 - Student Count))

12 Small
 13 School District
 14 Phase Down Phase Down Secondary Limit
 15 Base Reduction Factor
 16 \$350,000 - \$ _____ = \$ _____

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

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

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

7 3. Notwithstanding subsection ~~P~~ M of this section, the maximum period
8 of an override authorized pursuant to this subsection is five years.

9 4. Subsection ~~P~~ M, paragraphs 1 and 2 of this section do not apply to
10 overrides authorized pursuant to this subsection.

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

21 ~~Any budget increase authorized by this election shall be
22 entirely funded by a levy of taxes on the taxable property within
23 this school district for the year for which adopted and for _____
24 subsequent years, shall not be realized from monies furnished by
25 the state and shall not be subject to the limitation on taxes
26 specified in article IX, section 18, Constitution of Arizona.
27 Based on an estimate of assessed valuation used for secondary
28 property tax purposes, to fund the proposed increase in the
29 school district's budget which will be funded by a levy of taxes
30 upon the taxable property within this school district would
31 require an estimated tax rate of _____ dollar per one
32 hundred dollars of assessed valuation used for secondary property~~

1 ~~tax purposes and is in addition to the school district's tax rate~~
2 ~~that will be levied to fund the school district's revenue control~~
3 ~~limit allowed by law.~~

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

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

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

1 ~~I.~~ I. If the election is to exceed the capital outlay revenue limit
2 and if the proposed increase will be fully funded by a levy of taxes upon the
3 taxable property within the school district, the ballot shall contain the
4 words "budget increase, yes" and "budget increase, no", and the voter shall
5 signify the voter's desired choice. An election held pursuant to this
6 subsection shall be held on the first Tuesday after the first Monday of
7 November. The ballot shall also contain the amount of the proposed increase
8 of the proposed budget over the alternate budget and the following statement:

9 Any budget increase authorized by this election shall be
10 entirely funded by a levy of taxes upon the taxable property
11 within this school district for the year in which adopted and for
12 _____ subsequent years, shall not be realized from monies
13 furnished by the state and shall not be subject to the limitation
14 on taxes specified in article IX, section 18, Constitution of
15 Arizona. Based on an estimate of assessed valuation used for
16 secondary property tax purposes, to fund the proposed increase in
17 the school district's budget would require an estimated tax rate
18 of _____ dollar per one hundred dollars of assessed
19 valuation used for secondary property tax purposes and is in
20 addition to the school district's tax rate which will be levied
21 to fund the school district's capital outlay revenue limit
22 allowed by law.

23 ~~J.~~ J. If the election is to exceed the capital outlay revenue limit
24 and if the proposed increase will be fully funded by revenues from other than
25 a levy of taxes upon the taxable property within the school district, the
26 ballot shall contain the words "budget increase, yes" and "budget increase,
27 no", and the voter shall signify the voter's desired choice. An election
28 held pursuant to this subsection shall be held on the first Tuesday after the
29 first Monday of November. The ballot shall also contain the amount of the
30 proposed increase of the proposed budget over the alternate budget and the
31 following statement:

1 Any budget increase authorized by this election shall be
2 entirely funded by this school district with revenues from other
3 than a levy of taxes on the taxable property within the school
4 district for the year in which adopted and for _____ subsequent
5 years and shall not be realized from monies furnished by the
6 state.

7 ~~N.~~ K. If the election is to exceed a combination of the revenue
8 control limit as provided in subsection E or F of this section, ~~the revenue~~
9 ~~control limit as provided in subsection I or J of this section~~ or the capital
10 outlay revenue limit as provided in subsection ~~I~~ or ~~M~~ J of this section,
11 the ballot shall be prepared so that the voters may vote on each proposed
12 increase separately and shall contain statements required in the same manner
13 as if each proposed increase were submitted separately.

14 ~~O.~~ L. If the election provides for a levy of taxes on the taxable
15 property within the school district, at least thirty days prior to the
16 election, the department of revenue shall provide the school district
17 governing board and the county school superintendent with an estimate of the
18 school district's assessed valuation used for secondary property tax purposes
19 for the ensuing fiscal year. The governing board and the county school
20 superintendent shall use this estimate to translate the amount of the
21 proposed dollar increase in the budget of the school district over that
22 allowed by law into a tax rate figure.

23 ~~P.~~ M. If the voters in a school district vote to adopt a budget in
24 excess of the revenue control limit as provided in subsection E or F of this
25 section, any additional increase shall be included in the aggregate budget
26 limit for each of the years authorized. Any additional increase shall be
27 excluded from the determination of equalization assistance. The school
28 district governing board ~~may~~, however, MAY levy on the assessed valuation
29 used for secondary property tax purposes of the property in the school
30 district the additional increase if adopted under subsection E of this
31 section for the period of one year, two years or five through seven years as
32 authorized. If an additional increase is approved as provided in subsection

1 F of this section, the school district governing board may only use revenues
2 derived from the school district's prior year's maintenance and operation
3 fund ending cash balance to fund the additional increase. If a budget
4 increase was previously authorized and will be in effect for the budget year
5 or budget year and subsequent years, as provided in subsection E or F of this
6 section, the governing board may request a new budget increase as provided in
7 the same subsection under which the prior budget increase was adopted which
8 shall not exceed the maximum amount permitted under subsection G of this
9 section. If the voters in the school district authorize the new budget
10 increase amount, the existing budget increase no longer is in effect. If the
11 voters in the school district do not authorize the budget increase amount,
12 the existing budget increase remains in effect for the time period for which
13 it was authorized. The maximum additional increase authorized as provided in
14 subsection E or F of this section and the additional increase which is
15 included in the aggregate budget limit is based on a percentage of a school
16 district's revenue control limit in future years, if the budget increase is
17 authorized for more than one year. If the additional increase:

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

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

25 ~~Q. If the voters in a school district vote to adopt a budget in excess~~
26 ~~of the revenue control limit as provided in subsection I or J of this~~
27 ~~section, any additional increase shall be included in the aggregate budget~~
28 ~~limit for each of the years authorized. Any additional increase shall be~~
29 ~~excluded from the determination of equalization assistance. The school~~
30 ~~district governing board, however, may levy on the assessed valuation used~~
31 ~~for secondary property tax purposes of the property in the school district~~
32 ~~the additional increase if adopted under subsection I of this section for the~~

~~period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection J of this section, the increase may only be budgeted and expended if sufficient monies are available in the maintenance and operation fund of the school district. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection I or J of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted that does not exceed the maximum amount permitted under subsection K of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in subsection I or J of this section and the additional increase that is included in the aggregate budget limit is based on a percentage of a school district's revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:~~

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

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

~~R.~~ N. If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection ~~I~~ I of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board ~~may~~, however, MAY levy on the assessed valuation used for secondary property tax purposes of the property in the school

1 district the additional increase for the period authorized but not to exceed
2 ten years. For overrides approved by a vote of the qualified electors of the
3 school district at an election held from and after October 31, 1998, the
4 period of the additional increase prescribed in this subsection shall not
5 exceed seven years for any capital override election.

6 ~~S.~~ 0. If the voters in a school district vote to adopt a budget in
7 excess of the capital outlay revenue limit as provided in subsection ~~M- J~~ of
8 this section, any additional increase shall be included in the aggregate
9 budget limit for each of the years authorized. The additional increase shall
10 be excluded from the determination of equalization assistance. The school
11 district governing board may only use revenues derived from the school
12 district's prior year's maintenance and operation fund ending cash balance
13 and capital outlay fund ending cash balance to fund the additional increase
14 for the period authorized but not to exceed ten years. For overrides
15 approved by a vote of the qualified electors of the school district at an
16 election held from and after October 31, 1998, the period of the additional
17 increase prescribed in this subsection shall not exceed seven years for any
18 capital override election.

19 ~~T.~~ P. In addition to subsections ~~P- M~~ and ~~S- 0~~ of this section, from
20 the maintenance and operation fund and capital outlay fund ending cash
21 balances, the school district governing board shall first use any available
22 revenues to reduce its primary tax rate to zero and shall use any remaining
23 revenues to fund the additional increase authorized as provided in
24 subsections F and ~~M- J~~ of this section.

25 ~~U.~~ Q. If the voters in a school district disapprove the proposed
26 budget, the alternate budget which, except for any budget increase authorized
27 by a prior election, does not include an increase in the budget in excess of
28 the amount provided in section 15-905 shall be adopted by the governing board
29 as provided in section 15-905.

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

6 ~~W~~. S. For any election conducted pursuant to subsection ~~L~~ I or ~~M~~ J
7 of this section:

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

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

13 _____ school district is proposing to increase its
14 budget by \$_____ to fund capital improvements over and above
15 those funded by the state. Under the students first capital
16 funding system, _____ school district is entitled to state
17 monies for building renewal, new construction and renovation of
18 school buildings in accordance with state law.

19 2. The ballot shall contain the words "budget increase, yes" and
20 "budget increase, no", and the voter shall signify the voter's desired
21 choice.

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

1 ~~X~~. T. If the voters approve the budget increase pursuant to
2 subsection ~~I~~ I or ~~M~~ J of this section, the school district shall not use
3 the override proceeds for any purposes other than the proposed capital
4 improvements listed in the publicity pamphlet, except that up to ten per cent
5 of the override proceeds may be used for general capital expenses, including
6 cost overruns of proposed capital improvements.

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

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

27 Sec. 4. Repeal

28 Section 15-482, Arizona Revised Statutes, is repealed.

1 Sec. 5. Section 15-903, Arizona Revised Statutes, is amended to read:

2 15-903. Budget format; prohibited expenditures

3 A. The superintendent of public instruction in conjunction with the
4 auditor general shall prepare and prescribe a budget format to be utilized by
5 all school districts.

6 B. The budget format shall be designed to allow all school districts
7 to plan and provide in detail for the use of available funds. The budget
8 format shall contain distinct sections for, but need not be limited to,
9 maintenance and operation, debt service, special projects, capital outlay,
10 adjacent ways and classroom site fund. The maintenance and operation section
11 shall include, but need not be limited to, separate subsections for regular
12 education programs, special education programs and operational expenditures
13 for pupil transportation. Each subsection shall clearly distinguish
14 classroom instruction expenditures. The special education program subsection
15 shall include, but is not limited to, programs for each disability
16 classification as defined in section 15-761 and programs for gifted,
17 vocational and technological education, remedial education and bilingual
18 students. The total expenditures for each of these programs shall be
19 included on the budget form. The pupil transportation subsection shall
20 include all operational expenditures relating to the transportation of
21 pupils, including all operational expenditures within a contract if the
22 school district contracts for pupil transportation.

23 C. The capital outlay section of the budget shall include separate
24 subsections for unrestricted capital outlay and soft capital allocation. The
25 soft capital allocation subsection shall include budgeted expenditures as
26 prescribed in section 15-962. The unrestricted capital outlay subsection
27 shall include budgeted expenditures for acquisitions by purchase,
28 lease-purchase or lease of capital items as defined in the uniform system of
29 financial records. These sections and subsections shall include:

30 1. Land, buildings and improvements to land and buildings, including
31 labor and related employee benefits costs and material costs if work is
32 performed by school district employees.

1 2. Furniture, furnishings, athletic equipment and other equipment,
2 including computer software.

3 3. Pupil and nonpupil transportation vehicles and equipment, including
4 all capital expenditures within a contract if the school district contracts
5 for pupil transportation.

6 4. Textbooks and related printed subject matter materials adopted by
7 the governing board.

8 5. Instructional aids.

9 6. Library books.

10 7. Payment of principal and interest on bonds.

11 8. School district administration emergency needs that are directly
12 related to pupils.

13 D. The budget format shall contain distinct subsections for the
14 following:

15 ~~1. Special programs to improve academic achievement of pupils in~~
16 ~~kindergarten programs and grades one through three as provided in section~~
17 ~~15-482.~~

18 ~~2.~~ 1. School plant funds.

19 ~~3.~~ 2. Capital outlay budget increases as provided in section 15-481.

20 ~~4.~~ 3. Property taxation including the following:

21 (a) The primary tax rates for the school district for the current year
22 and the budget year.

23 (b) The secondary tax rates for maintenance and operation, K-3 and
24 capital overrides for the school district for the current year and the budget
25 year.

26 (c) The secondary tax rates for class A bonds for the school district
27 for the current year and the budget year.

28 (d) The secondary tax rates for class B bonds for the school district
29 for the current year and the budget year.

1 ~~5.~~ 4. A description of any corrections or adjustments made to the
2 budget pursuant to section 15-915.

3 E. The budget format shall also contain:

4 1. A statement identifying proposed pupil-teacher ratios and
5 pupil-staff ratios relating to the provision of special education services
6 for the budget year.

7 2. A statement identifying the number of full-time equivalent
8 certified employees.

9 3. If a governing board uses section 15-942 relating to the adjustment
10 for rapid decline in student count, a statement identifying the actual per
11 cent decline in student count and a statement identifying the additional
12 allowable expenditures attributable to using the rapid decline provisions as
13 provided in section 15-942.

14 F. The special projects section shall include budgeted expenditures
15 for state special projects, including special adult projects, career
16 education, deficiencies correction fund projects, building renewal fund
17 projects and new school facilities fund projects, such federal special
18 projects as ESEA title programs, vocational education and title IV Indian
19 education, and other special projects.

20 G. A school district shall not make expenditures for campaign
21 literature associated with school district or charter school officials. If
22 the superintendent of public instruction determines that a school district
23 has violated this subsection, the superintendent of public instruction may
24 withhold any portion of the school district's apportionment of state aid.

25 H. The budget format shall include an electronic format that shall be
26 submitted for each proposed, adopted and revised budget.

27 Sec. 6. Section 15-943.01, Arizona Revised Statutes, is amended to
28 read:

29 15-943.01. Maintenance and operation budget balance; definition

30 A. The governing board of a school district may budget any budget
31 balance in the maintenance and operation section of the budget, as provided
32 in section 15-903, from the current fiscal year for use in the maintenance

1 and operation section of the budget in the budget year. The amount which may
2 be budgeted as the budget balance carryforward in any one fiscal year shall
3 not exceed four per cent of the school district's revenue control limit, as
4 provided in section 15-947, subsection A, for the current year and shall not
5 include any budget balance attributable to any reduction in the district's
6 general budget limit including reductions for items which are exempt from the
7 revenue control limit and for which expenditures are limited to a designated
8 purpose such as excess insurance costs or excess utility costs or for the
9 bond issues portion of the cost of tuition. ~~A school district may include in
10 the budget balance carryforward in any fiscal year up to fifty per cent of
11 the unspent proceeds of an override election conducted pursuant to section
12 15-482.~~ The amount budgeted as the budget balance carryforward is
13 specifically exempt from the revenue control limit.

14 B. If the actual amount of the allowable budget balance carryforward
15 is less than the amount budgeted for the budget balance carryforward, the
16 governing board shall adjust the general budget limit and expenditures before
17 May 15 based on the actual allowable budget balance carryforward. If the
18 actual amount of the allowable budget balance carryforward is more than the
19 amount budgeted for the budget balance carryforward, the governing board may
20 adjust its budget before May 15 based on the actual amount of the allowable
21 fund balance carryforward. Not later than May 18, the budget as revised
22 shall be submitted electronically to the superintendent of public
23 instruction.

24 C. If the governing board is eligible to budget for a budget balance
25 carryforward as provided in subsection A of this section, the governing board
26 may transfer an amount from the district's ending cash balance of the
27 maintenance and operations fund to the school opening fund. The maximum
28 amount that may be transferred is the lesser of the district's ending cash
29 balance in the maintenance and operations fund or the amount the district is
30 eligible to budget as a budget balance carryforward. The school opening fund
31 is a cash controlled fund as provided in section 15-905, subsection N, and
32 may only be expended for the additional maintenance and operations expenses

1 incurred in the first year of operation of a new school within the school
2 district. The monies in the school opening fund are not subject to
3 reversion, except that at the end of five years of no activity in the fund,
4 any remaining monies shall be reverted to the maintenance and operations
5 fund. Any monies so reverted may be considered additional budget balance for
6 that fiscal year.

7 D. If a governing board transfers monies as provided in subsection C
8 of this section, the amount so transferred in a fiscal year shall be
9 subtracted from the amount the district would otherwise be eligible to budget
10 for that fiscal year as provided in subsection A of this section. The
11 difference, if any, is the maximum amount that may be budgeted for that
12 fiscal year as a budget balance carryforward.

13 E. For the purposes of this section, "budget balance" means the
14 difference between actual and budgeted expenditures.

15 Sec. 7. Section 15-951, Arizona Revised Statutes, is amended to read:

16 15-951. Revenue control limit, capital outlay revenue limit,
17 soft capital allocation, district support level and
18 student count for a common school district not within
19 a high school district

20 A. Notwithstanding section 15-947, the revenue control limit for a
21 common school district not within a high school district is the sum of the
22 following:

23 1. The base revenue control limit computed as prescribed in section
24 15-944 but excluding pupils admitted to another school district as provided
25 in section 15-824, subsection A, paragraph 2.

26 2. The tuition payable for high school pupils who attend school in
27 another school district as provided in section 15-824, subsection A,
28 paragraph 2, including any transportation charge, except as provided in
29 subsection H of this section.

30 3. The transportation revenue control limit for all pupils who reside
31 in the district except those high school pupils transported by another
32 district.

1 B. Notwithstanding subsection A of this section, for the purposes of
2 sections 15-481, ~~15-482~~ and 15-1102, the revenue control limit for a common
3 school district not within a high school district is the sum of the
4 following:

5 1. The base revenue control limit for pupils computed as prescribed in
6 section 15-944 but excluding pupils admitted to another school district as
7 provided in section 15-824, subsection A, paragraph 2.

8 2. The transportation revenue control limit for all pupils who reside
9 in the district except those high school pupils transported by another
10 district.

11 C. Notwithstanding section 15-961, the capital outlay revenue limit
12 for a common school district not within a high school district is the capital
13 outlay revenue limit computed as prescribed in section 15-961 but excluding
14 pupils who are admitted to another school district as provided in section
15 15-824, subsection A, paragraph 2.

16 D. Notwithstanding section 15-962, the soft capital allocation for a
17 common school district not within a high school district is the soft capital
18 allocation computed as prescribed in section 15-962 but excluding pupils who
19 are both admitted to another school district as provided in section 15-824,
20 subsection A, paragraph 2 and not transported by the common school district.

21 E. Notwithstanding section 15-947, the district support level for a
22 common school district not within a high school district is the sum of the
23 following:

24 1. The base support level computed as prescribed in section 15-943 but
25 excluding pupils who are admitted to another school district as provided in
26 section 15-824, subsection A, paragraph 2.

27 2. The tuition payable for high school pupils who are admitted to
28 another school district as provided in section 15-824, subsection A,
29 paragraph 2, including any transportation charge, except as provided in
30 subsection H of this section.

1 3. The transportation support level for all pupils who reside in the
2 school district except those high school pupils transported by another school
3 district.

4 F. For the purpose of determining eligibility to adjust the student
5 count as provided in section 15-942, the student count for a common school
6 district not within a high school district is the student count for pupils in
7 the school district less the student count for pupils enrolled in another
8 school district as provided in section 15-824, subsection A, paragraph 2.

9 G. For the purpose of determining eligibility to increase the revenue
10 control limit and district support level or recompute the revenue control
11 limit as provided in section 15-948, the student count for a common school
12 district not within a high school district is the student count for pupils in
13 kindergarten programs and grades one through twelve, including pupils
14 enrolled in another school district as provided in section 15-824, subsection
15 A, paragraph 2.

16 H. The tuition amount in subsections A and E of this section shall not
17 include amounts per student count for bond issues as prescribed by section
18 15-824, subsection G, paragraph 1, subdivision (c) in excess of the
19 following:

20 1. One hundred fifty dollars if the pupil's school district of
21 residence pays tuition for seven hundred fifty or fewer pupils to other
22 school districts.

23 2. Two hundred dollars if the pupil's school district of residence
24 pays tuition for one thousand or fewer, but more than seven hundred fifty
25 pupils to other school districts.

26 3. The actual cost per student count if the pupil's school district of
27 residence pays tuition for more than one thousand pupils to other school
28 districts.

29 Sec. 8. Section 15-1102, Arizona Revised Statutes, is amended to read:

30 15-1102. Disposition of proceeds from sale or lease of school
31 property; school plant monies; payment of bonded
32 indebtedness; definition

1 A. The governing board, or the superintendent or chief administrative
2 officer with the approval of the governing board, may expend the proceeds
3 from the sale or lease of school property for the payment of any outstanding
4 bonded indebtedness of the school district or for the reduction of school
5 district taxes.

6 B. A common school district or high school district which has an
7 outstanding bonded indebtedness of seven per cent of the current year's
8 assessed valuation or less or a unified school district which has an
9 outstanding bonded indebtedness of fourteen per cent of the current year's
10 assessed valuation or less may expend the proceeds from the sale or lease of
11 school property for maintenance and operation or capital outlay, subject to
12 the following limitations:

13 1. During the period that proceeds from the sale or lease of school
14 property are used for capital outlay, the school district shall not call an
15 override election to exceed the capital outlay revenue limit, except that
16 during the last year of that period the school district may authorize an
17 override election to exceed the capital outlay revenue limit beginning with
18 the following year.

19 2. The total sum of the proceeds from the sale of school property
20 before July 1, 1998 or the lease of school property for more than one year
21 expended for maintenance and operation shall not exceed fifteen per cent of
22 the revenue control limit as provided in section 15-947, subsection A in any
23 year of which ten per cent may be used without voter approval and an
24 additional five per cent may be used if the additional amount is approved by
25 a majority of the qualified electors voting in an election called for such
26 purposes. The election shall be conducted and notice and ballots shall be
27 prepared as provided in section 15-481. Proceeds from the sale of school
28 property from and after June 30, 1998 shall not be expended for maintenance
29 and operation.

30 3. In any fiscal year in which a district utilizes budget increases as
31 authorized in section 15-481, subsection E or F ~~or section 15-482~~ or utilizes
32 the proceeds from the sale of school property before July 1, 1998 or the

1 lease of school property for more than one year for maintenance and operation
2 or any combination of these provisions, the total amount of these increases
3 which may be expended is equal to fifteen per cent of the revenue control
4 limit for that year as provided in section 15-947, subsection A, provided
5 that the following maximum amount is attributable to the use of any one
6 provision:

7 (a) Fifteen per cent of the revenue control limit when using the
8 proceeds from the sale before July 1, 1998 or lease of school property for
9 maintenance and operation as provided in this section.

10 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
11 budget increase as provided in section 15-481, subsection E or F, or both.

12 ~~(c) Five per cent of the revenue control limit when using a budget~~
13 ~~increase as provided in section 15-482.~~

14 C. A common school district or high school district which has an
15 outstanding bonded indebtedness of greater than seven per cent of the current
16 year's assessed valuation or a unified school district which has an
17 outstanding bonded indebtedness of greater than fourteen per cent of the
18 current year's assessed valuation may expend the proceeds from the lease or
19 sale of school property as follows:

20 1. For maintenance and operation the expenditure may not exceed the
21 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
22 amount of the proceeds from the lease of school property multiplied by .25.

23 2. For capital outlay, the expenditure of the proceeds:

24 (a) From the sale of school property may not exceed the amount of the
25 proceeds multiplied by .62.

26 (b) From the lease of school property is not limited.

27 D. The governing board, or the superintendent or chief administrative
28 officer with the approval of the governing board, shall promptly deposit
29 monies received for and derived from the sale or lease of school property
30 with the county treasurer who shall establish three school plant funds, one
31 fund for monies received from the sale before July 1, 1998 or lease of school
32 property for more than one year, one fund for monies received from the sale

1 of school property from and after June 30, 1998 and one fund for monies
2 received from the lease of school property for one year or less. The county
3 treasurer shall credit the deposits to the respective school plant fund of
4 the respective school district. Monies placed to the credit of the school
5 plant funds may be expended as provided in this section. The school plant
6 funds are continuing funds not subject to reversion.

7 E. Notwithstanding subsection C of this section, the governing board,
8 or the superintendent or chief administrative officer with the approval of
9 the governing board, may expend the proceeds from the sale before July 1,
10 1998 or lease of school property for the additional maintenance and
11 operations expenses incurred as the result of operating on a year-round
12 school year operation basis pursuant to section 15-855. The amount that the
13 governing board, superintendent or chief administrative officer may expend
14 for a year-round school year operation, as provided in this subsection, is
15 limited to the actual maintenance and operations costs incurred as the result
16 of the year-round school year operation as documented in the school
17 district's budget as provided in section 15-855. A governing board,
18 superintendent or chief administrative officer that utilizes the provisions
19 of this subsection is subject to all other limitations prescribed in this
20 section regarding the expenditure of proceeds from the sale before July 1,
21 1998 or lease of school property.

22 F. Notwithstanding subsections B and D of this section, if the school
23 district electors approve the sale of school property and the use of the
24 proceeds for the purchase of school sites or the construction, improvement or
25 furnishing of school facilities, the proceeds from the sale shall be put in a
26 separate fund for use for the approved purpose as prescribed by the uniform
27 system of financial records. This fund is a continuing fund not subject to
28 reversion, except that after ten years any unexpended monies shall be put in
29 the school plant fund for use as prescribed in this section.

30 G. Proceeds from sales by condemnation or sales under threat of
31 condemnation may be deposited with the county treasurer for deposit in the
32 condemnation fund or the school plant fund of the school district. The

1 condemnation fund is a continuing fund not subject to reversion, except that
2 after ten years any unspent monies shall be placed in the school plant fund
3 to be used as prescribed in this section. The governing board, or the
4 superintendent or chief administrative officer with the approval of the
5 governing board, may apply the proceeds in the condemnation fund to:

6 1. The payment of any outstanding bonded indebtedness of the school
7 district which is payable from the levy of taxes upon property within the
8 school district.

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

11 H. Proceeds from a right-of-way settlement shall be deposited with the
12 county treasurer for deposit in the condemnation fund of the school district.
13 The governing board, or the superintendent or chief administrative officer
14 with the approval of the governing board, shall apply such proceeds in the
15 condemnation fund to construct, acquire, improve, repair or furnish school
16 facilities or sites after notice and a hearing.

17 I. For THE purposes of this section, "capital outlay" means
18 unrestricted capital outlay as prescribed in section 15-903, subsection C.

19 Sec. 9. Section 15-2104, Arizona Revised Statutes, is amended to read:

20 15-2104. Impact aid revenue bond building and debt service
21 funds

22 A. If a school district issues impact aid revenue bonds under this
23 article, the governing board shall establish:

24 1. An impact aid revenue bond building fund consisting of the net
25 proceeds received from the sale of the bonds. The fund shall be a continuing
26 fund that is not subject to reversion.

27 2. An impact aid revenue bond debt service fund consisting of monies
28 received by the school district from impact aid revenues.

29 B. Monies in the impact aid revenue bond building fund and the impact
30 aid revenue bond debt service fund may be used only for the purposes
31 authorized by this article.

1 C. The school district shall provide the county treasurer with an
2 impact aid revenue bond debt service schedule. The county treasurer shall
3 keep an account of all school district debt service funds that shows the
4 school district to which each fund belongs. The county treasurer shall
5 credit to the impact aid revenue bond debt service fund an amount from impact
6 aid revenues equal to the principal and interest that will become due on the
7 impact aid revenue bonds during the current year. The treasurer shall
8 receive and credit any interest or income earned by the debt service fund.

9 D. Notwithstanding any other provision in this article, the annual
10 payment of principal and interest on impact aid revenue bonds each year shall
11 not exceed seventy-five per cent of the net impact aid revenues of the school
12 district for the current year. For the purposes of this subsection, "net
13 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after
14 deducting the sum of the following amounts:

15 1. The amount of any increase in the school district's general budget
16 limit pursuant to section 15-905, subsections K, O and P.

17 2. The amount necessary to fund any budget override adopted pursuant
18 to section 15-481, subsection ~~F, J~~ or ~~M~~ J.

19 3. The amount that would be produced by levying the applicable
20 qualifying tax rate as provided in section 15-971, subsection B, minus the
21 amount levied for primary school district taxes for the year pursuant to
22 section 15-992, except that if the result is a negative number, ~~use~~ THE
23 AMOUNT IS zero.

24 Sec. 10. Savings clause

25 A. This act does not affect any special budget overrides pursuant to
26 section 15-482, Arizona Revised Statutes, as repealed by this act, that were
27 approved by the qualified electors of a school district before the effective
28 date of this act. Special budget overrides pursuant to section 15-482,
29 Arizona Revised Statutes, as repealed by this act, that were approved by the
30 qualified electors of a school district before the effective date of this act
31 shall continue for the duration previously authorized by the qualified
32 electors or until the qualified electors of the school district subsequently

1 approve a budget increase in an amount not to exceed fifteen per cent of the
2 revenue control limit as prescribed in section 15-481, subsection G, Arizona
3 Revised Statutes, as amended by this act, whichever occurs first.

4 B. Beginning on the effective date of this act, no school district may
5 conduct an election after the effective date of this act to submit a request
6 to the qualified electors of a school district to approve a special budget
7 override pursuant to section 15-482, Arizona Revised Statutes, as repealed by
8 this act, or submit a request to the qualified electors of a school district
9 to approve the extension of a previously authorized special budget override
10 pursuant to section 15-482, Arizona Revised Statutes, as repealed by this
11 act.

12 Sec. 11. Override election procedures for fiscal year 2008-2009

13 Notwithstanding any other law, for fiscal year 2008-2009:

14 1. A school district may conduct an election on the second Tuesday in
15 March 2009 to submit a proposed budget increase to the qualified electors in
16 an amount not to exceed fifteen per cent of the revenue control limit as
17 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
18 amended by this act. Override elections conducted in subsequent fiscal years
19 shall be as prescribed by statute. If a fifteen per cent increase is
20 approved by the qualified electors of the school district, the fifteen per
21 cent increase shall replace any previously authorized increases approved by
22 the qualified electors pursuant to section 15-481, subsection E or F, Arizona
23 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
24 Statutes, as repealed by this act.

25 2. If the qualified electors in a school district approve a proposed
26 budget increase in an amount not to exceed ten per cent of the revenue
27 control limit in an election conducted on the first Tuesday in November 2008,
28 a school district may subsequently conduct an election on the second Tuesday
29 in March 2009 to submit a proposed budget increase to the qualified electors
30 in an amount not to exceed an additional five per cent of the revenue control
31 limit. Override elections conducted in subsequent fiscal years shall be as
32 prescribed by statute.

1 3. If the qualified electors of a common school district have
2 approved both a budget increase that is still in effect on the effective date
3 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
4 Statutes, as amended by this act, and a budget increase that is still in
5 effect on the effective date of this act pursuant to section 15-482, Arizona
6 Revised Statutes, as repealed by this act, the common school district may
7 call an election on the second Tuesday in March 2009 to submit a proposed
8 budget increase to the qualified electors in an amount not to exceed
9 seventeen per cent of the revenue control limit. If a seventeen per cent
10 increase is approved by the qualified electors of the school district, the
11 seventeen per cent increase shall replace any previously authorized increases
12 approved by the qualified electors pursuant to section 15-481, subsection E
13 or F, Arizona Revised Statutes, as amended by this act, and section 15-482,
14 Arizona Revised Statutes, as repealed by this act. If approved by the
15 qualified electors, the common school district may continue to budget the
16 amount not to exceed seventeen per cent of the revenue control limit for the
17 remaining number of years of the override previously approved pursuant to
18 section 15-482, Arizona Revised Statutes, as repealed by this act. On the
19 expiration of the override previously approved pursuant to section 15-482,
20 Arizona Revised Statutes, as repealed by this act, override elections
21 conducted in subsequent fiscal years shall be as prescribed by statute."

22 Amend title to conform

ROBERT "BOB" BURNS

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