

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HOUSE BILL 2590

AN ACT

AMENDING SECTIONS 15-491 AND 15-1021, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-491, Arizona Revised Statutes, is amended to
3 read:

4 15-491. Elections on school property; exceptions

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

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

10 2. To purchase or sell school sites or buildings or sell school sites
11 pursuant to section 15-342 or to build school buildings, but the
12 authorization by vote of the school district shall not necessarily specify
13 the site to be purchased.

14 3. To decide whether the bonds of the school district shall be issued
15 and sold for the purpose of raising money for purchasing or leasing school
16 lots, for building or renovating school buildings, for improving school
17 grounds, for purchasing pupil transportation vehicles or for liquidating any
18 indebtedness already incurred for such purposes. Except as provided in
19 section 15-1021, subsection H, the proceeds of class B bonds or impact aid
20 revenue bonds shall not be used for soft capital purposes except for **COMPUTER**
21 **HARDWARE AND** pupil transportation vehicles. A school district shall not
22 issue class B bonds until the school district has obligated in contract the
23 entire proceeds of any class A bonds issued by the school district. The
24 total amount of class A and class B bonds issued by a school district shall
25 not exceed the debt limitations prescribed in article IX, sections 8 and 8.1,
26 Constitution of Arizona.

27 4. To lease for five or more years, as lessor or as lessee, school
28 buildings or grounds. Approval by a majority of the school district electors
29 voting authorizes the governing board to negotiate for and enter into a
30 lease. The ballot shall list the school buildings or grounds for which a
31 lease is sought. If the governing board does not enter into a lease of five
32 or more years of the school buildings or grounds listed on the ballot within
33 five years of the date of the election and the board continues to seek such a
34 lease, the governing board shall call a special election to reauthorize the
35 board to negotiate for and to enter into a lease of five or more years.

36 B. No petition shall be required for the holding of the first election
37 to be held in a joint common school district for any of the purposes
38 specified in subsection A of this section. The notice of election required
39 by section 15-492 shall be published in each of the counties ~~which~~ **THAT**
40 comprise the joint common school district. The certification of election
41 results required by section 15-493 shall be made to the board of supervisors
42 of the jurisdictional county.

43 C. When the election is called to determine whether or not bonds of
44 the school district shall be issued and sold for the purposes enumerated in
45 the call for the election, the question shall be submitted to the vote of the

1 qualified electors of the school district as defined in section 15-401 and
2 subject to ~~the provisions of~~ section 15-402.

3 D. The governing board shall order the election to be held in the
4 manner prescribed in title 35, chapter 3, article 3. If a petition for an
5 election has been filed with the governing board as provided in subsection A
6 of this section, the board shall act upon the petition within sixty days by
7 ordering the election to be held as provided in this subsection. If a school
8 district bond election is scheduled for the same date a school district will
9 hold an override election, the governing body shall deliver a copy of the
10 notice of election and ballot to the county school superintendent, who shall
11 include the notice of election and ballot with the information report and
12 ballot prepared for the override election. Mailing of the information
13 required for both the override and bond elections shall constitute compliance
14 with the notice provisions of this section.

15 E. The elections to be held pursuant to this section shall only be
16 held on dates prescribed by section 16-204, except that elections held
17 pursuant to this section to decide whether class B bonds shall be issued, or
18 any other obligation incurred that will require the assessment of secondary
19 property taxes, shall only be held on the first Tuesday after the first
20 Monday of November.

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

24 G. Bond counsel fees, financial advisory fees, printing costs and
25 paying agent and registrar fees for bonds issued pursuant to an election
26 under this section shall be paid from either the amount authorized by the
27 qualified electors of the school district or current operating funds. Bond
28 election expenses shall be paid from current operating funds only.

29 H. For any election conducted to decide whether class B bonds will be
30 issued pursuant to this section:

31 1. Except as provided in paragraph 2 of this subsection, the ballot
32 shall include the following statement:

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

36 _____ school district is proposing to issue class B
37 general obligation bonds totaling \$_____ to fund capital
38 improvements over and above those funded by the state. Under
39 the students first capital funding system, _____ school
40 district is entitled to state monies for building renewal, new
41 construction and renovation of school buildings in accordance
42 with state law.

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

1 _____, a joint technological education district, is
2 proposing to issue class B general obligation bonds totaling
3 \$_____ to fund capital improvements at the main campus of
4 the joint technological education district.

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

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

10 5. At least eighty-five days before the election, the school district
11 shall submit proposed ballot language to the director of the Arizona
12 legislative council. The director of the Arizona legislative council shall
13 review the proposed ballot language to determine whether the proposed ballot
14 language complies with this section. If the director of the Arizona
15 legislative council determines that the proposed ballot language does not
16 comply with this section, the director, within ten calendar days of the
17 receipt of the proposed ballot language, shall notify the school district of
18 the director's objections and the school district shall resubmit revised
19 ballot language to the director for approval.

20 6. No later than thirty-five days before a class B bond election
21 conducted pursuant to this section, the school district shall mail a
22 publicity pamphlet to each household that contains a qualified elector in the
23 school district. The publicity pamphlet shall contain, at a minimum, the
24 following information:

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

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

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

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

36 1. The ballot shall include the following statement:

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

40 _____ school district is proposing to issue impact
41 aid revenue bonds totaling \$_____ to fund capital
42 improvements over and above those funded by the state. Under
43 the students first capital funding system, _____ school
44 district is entitled to state monies for building renewal, new

1 construction and renovation of school buildings in accordance
2 with state law.

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

5 3. At least eighty-five days before the election, the school district
6 shall submit proposed ballot language to the director of the legislative
7 council. The director of the legislative council shall review the proposed
8 ballot language to determine whether the proposed ballot language complies
9 with this section. If the director of the legislative council determines
10 that the proposed ballot language does not comply with this section, the
11 director, within ten calendar days of the receipt of the proposed ballot
12 language, shall notify the school district of the director's objections and
13 the school district shall resubmit revised ballot language to the director
14 for approval.

15 4. No later than thirty-five days before an impact aid revenue bond
16 election conducted pursuant to this section, the school district shall mail a
17 publicity pamphlet to each household that contains a qualified elector in the
18 school district. The publicity pamphlet shall contain, at a minimum, the
19 following information:

20 (a) The date of the election.

21 (b) The voter's polling place and the times it is open.

22 (c) An executive summary of the school district's most recent capital
23 plan submitted to the school facilities board.

24 (d) A complete list of each proposed capital improvement that will be
25 funded with the proceeds of the bonds and a description of the proposed cost
26 of each improvement, including a separate aggregation of capital improvements
27 for administrative purposes as defined by the school facilities board.

28 (e) A statement that impact aid revenue bonds will be fully funded by
29 aid that the school district receives from the federal government and do not
30 require a levy of taxes in the district.

31 (f) A statement that, if the bonds are approved, the first priority
32 for the impact aid will be to pay the debt service for the bonds and that
33 other uses of the monies are prohibited until the debt service obligation is
34 met.

35 (g) A statement that, if the impact aid revenue bonds are approved,
36 the school district shall not issue or sell class B bonds while the district
37 has existing indebtedness from impact aid revenue bonds, except for bonds
38 issued to refund any bonds issued by the board.

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

1 K. Each school district that issues bonds under this section is
2 required to hold a public meeting each year between September 1 and October
3 31, until the bond proceeds are spent, at which an update of the progress of
4 capital improvements financed through bonding is discussed and at which the
5 public is permitted an opportunity to comment. At a minimum, the update
6 shall include a comparison of the current status and the original projections
7 on the construction of capital improvements, the costs of capital
8 improvements and the costs of capital improvements in progress or completed
9 since the prior meeting and the future capital bonding plans of the school
10 district. The school district shall include in the public meeting a
11 discussion of the school district's use of state capital aid and
12 voter-approved capital overrides in funding capital improvements, if any.

13 Sec. 2. Section 15-1021, Arizona Revised Statutes, is amended to read:
14 15-1021. Limitation on bonded indebtedness; limitation on
15 authorization and issuance of bonds

16 A. Until December 31, 1999, a school district may issue class A bonds
17 for the purposes specified in this section and chapter 4, article 5 of this
18 title to an amount in the aggregate, including the existing indebtedness, not
19 exceeding fifteen per cent of the taxable property used for secondary
20 property tax purposes, as determined pursuant to title 42, chapter 15,
21 article 1, within a school district as ascertained by the last property tax
22 assessment previous to issuing the bonds.

23 B. From and after December 31, 1998, a school district may issue class
24 B bonds for the purposes specified in this section and chapter 4, article 5
25 of this title to an amount in the aggregate, including the existing class B
26 indebtedness, not exceeding five per cent of the taxable property used for
27 secondary property tax purposes, as determined pursuant to title 42, chapter
28 15, article 1, within a school district as ascertained by the last assessment
29 of state and county taxes previous to issuing the bonds, or one thousand five
30 hundred dollars per student count as determined pursuant to section 15-902,
31 whichever amount is greater. A school district shall not issue class B bonds
32 until the proceeds of any class A bonds issued by the school district have
33 been obligated in contract. The total amount of class A and class B bonds
34 issued by a school district shall not exceed the debt limitations prescribed
35 in article IX, section 8, Constitution of Arizona.

36 C. Until December 31, 1999, a unified school district, as defined
37 under article IX, section 8.1, Constitution of Arizona, may issue class A
38 bonds for the purposes specified in this section and chapter 4, article 5 of
39 this title to an amount in the aggregate, including the existing
40 indebtedness, not exceeding thirty per cent of the taxable property used for
41 secondary property tax purposes, as determined pursuant to title 42, chapter
42 15, article 1, within a unified school district as ascertained by the last
43 property tax assessment previous to issuing the bonds.

1 D. From and after December 31, 1998, a unified school district, as
2 defined under article IX, section 8.1, Constitution of Arizona, may issue
3 class B bonds for the purposes specified in this section and chapter 4,
4 article 5 of this title to an amount in the aggregate, including the existing
5 class B indebtedness, not exceeding ten per cent of the taxable property used
6 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
7 article 1, within a school district as ascertained by the last assessment of
8 state and county taxes previous to issuing the bonds, or one thousand five
9 hundred dollars per student count as determined pursuant to section 15-902,
10 whichever amount is greater. A unified school district shall not issue class
11 B bonds until the proceeds of any class A bonds issued by the unified school
12 district have been obligated in contract. The total amount of class A and
13 class B bonds issued by a unified school district shall not exceed the debt
14 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

15 E. No bonds authorized to be issued by an election held after July 1,
16 1980 may be issued more than six years after the date of the election, except
17 that class A bonds shall not be issued after December 31, 1999.

18 F. Class A bond proceeds shall not be expended for items whose useful
19 life is less than the average life of the bonds issued, except that bond
20 proceeds shall not be expended for items whose useful life is less than five
21 years.

22 G. Except as provided in subsection H of this section, class B bond
23 proceeds shall not be expended for soft capital items, ~~computer hardware~~, or
24 other items whose useful life is less than the average useful life of the
25 bonds issued, except that bond proceeds shall not be expended for items whose
26 useful life is less than five years. ~~For the purposes of this subsection,~~
27 ~~"computer hardware" means an electronic device with an integrated circuit~~
28 ~~that performs logic, arithmetic or memory functions by the manipulations of~~
29 ~~electronic or magnetic impulses and includes all input, output, processing,~~
30 ~~storage, software or communication facilities that are connected or related~~
31 ~~to such a device in a system or network.~~

32 H. Class B bond proceeds for a new facility at the main campus of a
33 joint technological education district may be expended for soft capital
34 items, ~~computer hardware~~, furniture or other equipment, except that no bonds
35 may be issued for these purposes for a duration of more than five years. The
36 total amount of bonds that a joint technological education district may issue
37 pursuant to this subsection shall not exceed thirty per cent of the cost of
38 the new school facility, including monies received for the new school
39 facility pursuant to this section.

40 I. Notwithstanding subsections F and G of this section, bond proceeds
41 may be expended for purchasing pupil transportation vehicles **AND COMPUTER**
42 **HARDWARE. THE QUESTION OF WHETHER THE SCHOOL DISTRICT MAY ISSUE BONDS FOR**
43 **COMPUTER HARDWARE SHALL BE SUBMITTED TO THE QUALIFIED ELECTORS AS A SEPARATE**
44 **BALLOT MEASURE FROM ANY OTHER BOND MEASURES ON THE SAME BALLOT. CLASS B BOND**
45 **PROCEEDS SHALL NOT BE EXPENDED FOR COMPUTER HARDWARE WHOSE USEFUL LIFE IS**

1 LESS THAN THE DURATION OF THE BONDS ISSUED, EXCEPT THAT NO BONDS MAY BE
2 ISSUED FOR THESE PURPOSES FOR A DURATION OF MORE THAN SEVEN YEARS. FOR THE
3 PURPOSES OF THIS SUBSECTION, "COMPUTER HARDWARE" MEANS AN ELECTRONIC DEVICE
4 WITH AN INTEGRATED CIRCUIT THAT PERFORMS LOGIC, ARITHMETIC OR MEMORY
5 FUNCTIONS BY THE MANIPULATIONS OF ELECTRONIC OR MAGNETIC IMPULSES AND
6 INCLUDES ALL INPUT, OUTPUT, PROCESSING, STORAGE, SOFTWARE OR COMMUNICATION
7 FACILITIES THAT ARE CONNECTED OR RELATED TO SUCH A DEVICE IN A SYSTEM OR
8 NETWORK.

9 J. A school district shall not authorize, issue or sell bonds pursuant
10 to this section if the school district has any existing indebtedness from
11 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,
12 except for bonds issued to refund any bonds issued by the governing board.