

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HOUSE BILL 2593

AN ACT

AMENDING SECTIONS 15-481, 15-491 AND 15-1021, ARIZONA REVISED STATUTES;
RELATING TO SCHOOL DISTRICT ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-481, Arizona Revised Statutes, is amended to
3 read:

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

6 A. If the proposed budget of a school district exceeds the aggregate
7 budget limit for the budget year, the governing board shall order an override
8 election to be held not less than ninety days from the date of the order for
9 the purpose of presenting the proposed budget to the qualified electors of
10 the school district who shall by a majority of those voting either affirm or
11 reject the budget. In addition, the governing board shall prepare an
12 alternate budget which does not include an increase in the budget of more
13 than the amount permitted as provided in section 15-905. If the qualified
14 electors approve the proposed budget, the governing board of the school
15 district shall follow the procedures prescribed in section 15-905 for
16 adopting a budget that includes the authorized increase. If the qualified
17 electors disapprove the proposed budget, the governing board shall follow the
18 procedures prescribed in section 15-905 for adopting a budget that does not
19 include the proposed increase or the portion of the proposed increase that
20 exceeds the amount authorized by a previously approved budget increase as
21 prescribed in subsection P of this section.

22 B. The county school superintendent shall prepare an informational
23 report on the proposed increase in the budget and a sample ballot and, at
24 least thirty-five days prior to the election, shall transmit the report and
25 the ballot to the governing board of the school district. For a school
26 district located in a county with a population of two hundred thousand
27 persons or more, the governing board, upon receipt of the report and the
28 ballot, shall mail or distribute the report and the ballot to the households,
29 in which qualified electors reside, within the school district at least
30 thirty days prior to the election. For a school district located in a county
31 with a population of less than two hundred thousand persons, the governing
32 board, upon receipt of the report and the ballot, shall mail or distribute
33 the report and the ballot to the households within the school district at
34 least thirty days prior to the election. Any distribution of material
35 concerning the proposed increase in the budget shall not be conducted by
36 children enrolled in the school district. The report shall contain the
37 following information:

- 38 1. The date of the election.
- 39 2. The polling places and times they are open.
- 40 3. The proposed total increase in the budget which exceeds the amount
41 permitted pursuant to section 15-905.
- 42 4. The total amount of the current year's budget, the total amount of
43 the proposed budget and the total amount of the alternate budget.
- 44 5. If the override is for a period of more than one year, a statement
45 indicating the number of years the proposed increase in the budget would be

1 in effect and the percentage of the school district's revenue control limit
2 that the district is requesting for the future years.

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

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

11 8. The dollar amount and the purpose for which the proposed increase
12 in the budget is to be expended for the first year for which the budget
13 increase was adopted.

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

35 10. A statement that the alternate budget shall be adopted by the
36 governing board if the proposed budget is not adopted by the qualified
37 electors of the school district.

38 11. The full cash value, the assessed valuation and the estimated
39 amount of the secondary tax bill if the proposed budget is adopted for each
40 of the following:

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

1 (b) An owner-occupied residence whose assessed valuation is one-half
2 of the assessed valuation of the residence in subdivision (a) of this
3 paragraph.

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

6 (d) A business whose assessed valuation is the average of the assessed
7 valuation of property classified as class one, as prescribed by section
8 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

20 C. For the purpose of this section, the school district may use its
21 staff, equipment, materials, buildings or other resources only to distribute
22 the informational report at the school district office or at public hearings
23 and to produce such information as required in subsection B of this section,
24 provided that nothing in this subsection shall preclude school districts from
25 holding or participating in any public hearings at which testimony is given
26 by at least one person for the proposed increase and one person against the
27 proposed increase.

28 D. The elections prescribed in subsection A of this section shall be
29 held on a date prescribed by section 16-204 and shall be conducted as nearly
30 as practicable in the manner prescribed in article 1 of this chapter,
31 sections 15-422 through 15-424 and section 15-426, relating to special
32 elections, except that:

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

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

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

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

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

22 1. The amount of the proposed increase of the proposed budget over the
23 alternate budget.

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

27 3. The following statement:

28 Any budget increase authorized by this election shall be
29 entirely funded by this school district with revenues from other
30 than a levy of taxes on the taxable property within the school
31 district for the year for which adopted and for ____
32 subsequent years and shall not be realized from monies furnished
33 by the state.

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

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

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

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

5 (i)

6		Small School	Support Level Weight		Phase Down
7	Student	Student	for Small Isolated		Reduction
8	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
9	-	125	x 1.358 + (0.0005 x	x \$	= \$
10			(500 - Student Count))		
11				Small Isolated	
12		Phase Down	Phase Down	School District	
13		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
14		\$150,000	- \$	= \$	

15 (ii)

16		Small School	Support Level Weight		Phase Down
17	Student	Student	for Small		Reduction
18	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
19	-	125	x 1.278 + (0.0003 x	x \$	= \$
20			(500 - Student Count))		
21				Small	
22		Phase Down	Phase Down	School District	
23		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
24		\$150,000	- \$	= \$	

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

29 (i)

30		Small School	Support Level Weight		Phase Down
31	Student	Student	for Small Isolated		Reduction
32	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
33	-	100	x 1.468 + (0.0005 x	x \$	= \$
34			(500 - Student Count))		
35				Small Isolated	
36				District	
37		Phase Down	Phase Down	Secondary Limit	
38		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
39		\$350,000	- \$	= \$	

1 (ii)

$$\begin{array}{r}
 2 \quad \text{Small School Support Level Weight} \quad \text{Phase Down} \\
 3 \quad \text{Student Student for Small Reduction} \\
 4 \quad \text{Count} \quad \text{Count Limit} \quad \text{School Districts} \quad \text{Base Level} \quad \text{Factor} \\
 5 \quad \underline{\hspace{2cm}} \quad - \quad \underline{100} \quad \times \quad 1.398 \quad + \quad (0.0004 \times \quad \times \quad \$ \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}} \\
 6 \quad \hspace{10cm} (500 - \text{Student Count})) \\
 7 \quad \hspace{10cm} \text{Small} \\
 8 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 9 \quad \text{Base} \quad \text{Reduction Factor} \quad \text{Secondary Limit} \\
 10 \quad \$350,000 \quad - \quad \$ \underline{\hspace{2cm}} \quad = \quad \$ \underline{\hspace{2cm}}
 \end{array}$$

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

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

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

33 3. Notwithstanding subsection P of this section, the maximum period of
 34 an override authorized pursuant to this subsection is ~~five~~ SEVEN years.

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

37 I. If the election is to exceed the revenue control limit as provided
 38 in section 15-482 and if the proposed increase will be fully funded by a levy
 39 of taxes on the taxable property within the school district, the ballot shall
 40 contain the words "budget increase, yes" and "budget increase, no", and the
 41 voter shall signify the voter's desired choice. The ballot shall also
 42 contain the amount of the proposed increase of the budget over the alternate
 43 budget, a statement that the amount of the proposed increase will be based on
 44 a percentage of the school district's revenue control limit in future years,

1 if applicable, as provided in subsection Q of this section, and the following
2 statement:

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

19 J. If the election is to exceed the revenue control limit as provided
20 in section 15-482 and if the proposed increase will be fully funded by
21 revenues other than a levy of taxes on the taxable property within the school
22 district, the ballot shall contain the words "budget increase, yes" and
23 "budget increase, no", and the voter shall signify the voter's desired
24 choice. The ballot shall also contain the amount of the proposed increase of
25 the proposed budget over the alternate budget, a statement that the amount of
26 the proposed increase will be based on a percentage of the school district's
27 revenue control limit in future years, if applicable, as provided in
28 subsection Q of this section and the following statement:

29 Any budget increase authorized by this election shall be
30 entirely funded by this school district with revenues from other
31 than a levy of taxes on the taxable property within the school
32 district for the year for which adopted and for _____ subsequent
33 years and shall not be realized from monies furnished by the
34 state.

35 K. The maximum budget increase that may be requested and authorized as
36 provided in subsection I or J of this section, or a combination of both of
37 these subsections, is five per cent of the revenue control limit as provided
38 in section 15-947, subsection A for the budget year. For a unified school
39 district, a common school district not within a high school district or a
40 common school district within a high school district that offers instruction
41 in high school subjects as provided in section 15-447, five per cent of the
42 revenue control limit means five per cent of the revenue control limit
43 attributable to the weighted student count in preschool programs for children
44 with disabilities, kindergarten programs and grades one through eight as
45 provided in section 15-971, subsection B.

1 L. If the election is to exceed the capital outlay revenue limit and
2 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
12 for _____ subsequent years, shall not be realized from monies
13 furnished by the state and shall not be subject to the
14 limitation on taxes specified in article IX, section 18,
15 Constitution of Arizona. Based on an estimate of assessed
16 valuation used for secondary property tax purposes, the proposed
17 increase in the school district's budget over that allowed by
18 law would result in an estimated increase in the school
19 district's tax rate of _____ dollar per one hundred
20 dollars of assessed valuation used for secondary property tax
21 purposes and is in addition to the school district's tax rate
22 which will be levied to fund the school district's capital
23 outlay revenue limit allowed by law.

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

33 Any budget increase authorized by this election shall be
34 entirely funded by this school district with revenues from other
35 than a levy of taxes on the taxable property within the school
36 district for the year in which adopted and for _____ subsequent
37 years and shall not be realized from monies furnished by the
38 state.

39 N. If the election is to exceed a combination of the revenue control
40 limit as provided in subsection E or F of this section, the revenue control
41 limit as provided in subsection I or J of this section or the capital outlay
42 revenue limit as provided in subsection L or M of this section, the ballot
43 shall be prepared so that the voters may vote on each proposed increase
44 separately and shall contain statements required in the same manner as if
45 each proposed increase were submitted separately.

1 0. If the election provides for a levy of taxes on the taxable
2 property within the school district, at least thirty days prior to the
3 election, the department of revenue shall provide the school district
4 governing board and the county school superintendent with an estimate of the
5 school district's assessed valuation used for secondary property tax purposes
6 for the ensuing fiscal year. The governing board and the county school
7 superintendent shall use this estimate to translate the amount of the
8 proposed dollar increase in the budget of the school district over that
9 allowed by law into a tax rate figure.

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

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

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

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

1 section, any additional increase shall be included in the aggregate budget
2 limit for each of the years authorized. Any additional increase shall be
3 excluded from the determination of equalization assistance. The school
4 district governing board, however, may levy on the assessed valuation used
5 for secondary property tax purposes of the property in the school district
6 the additional increase if adopted under subsection I of this section for the
7 period of one year, two years or five through seven years as authorized. If
8 an additional increase is approved as provided in subsection J of this
9 section, the increase may only be budgeted and expended if sufficient monies
10 are available in the maintenance and operation fund of the school district.
11 If a budget increase was previously authorized and will be in effect for the
12 budget year or budget year and subsequent years, as provided in subsection I
13 or J of this section, the governing board may request a new budget increase
14 as provided in the same subsection under which the prior budget increase was
15 adopted that does not exceed the maximum amount permitted under subsection K
16 of this section. If the voters in the school district authorize the new
17 budget increase amount, the existing budget increase no longer is in effect.
18 If the voters in the school district do not authorize the budget increase
19 amount, the existing budget increase remains in effect for the time period
20 for which it was authorized. The maximum additional increase authorized as
21 provided in subsection I or J of this section and the additional increase
22 that is included in the aggregate budget limit is based on a percentage of a
23 school district's revenue control limit in future years, if the budget
24 increase is authorized for more than one year. If the additional increase:
25 1. Is for two years, the proposed increase in the second year is equal
26 to the initial proposed percentage increase.
27 2. Is for five years or more, the proposed increase is equal to the
28 initial proposed percentage increase in the following years of the proposed
29 increase, except that in the next to last year it is two-thirds of the
30 initial proposed percentage increase and it is one-third of the initial
31 proposed percentage increase in the last year of the proposed increase.
32 R. If the voters in a school district vote to adopt a budget in excess
33 of the capital outlay revenue limit as provided in subsection L of this
34 section, any additional increase shall be included in the aggregate budget
35 limit for each of the years authorized. **THE MAXIMUM BUDGET INCREASE THAT MAY
36 BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION L OF THIS SECTION IS
37 SEVENTY-FIVE PER CENT OF THE SOFT CAPITAL ALLOCATION FOR THE BUDGET YEAR AS
38 PROVIDED IN SECTION 15-947, SUBSECTION E, PARAGRAPH 1.** The additional
39 increase shall be excluded from the determination of equalization assistance.
40 The school district governing board may, however, levy on the assessed
41 valuation used for secondary property tax purposes of the property in the
42 school district the additional increase for the period authorized but not to
43 exceed ten years. For overrides approved by a vote of the qualified electors
44 of the school district at an election held from and after October 31, 1998,

1 the period of the additional increase prescribed in this subsection shall not
2 exceed seven years for any capital override election.

3 S. If the voters in a school district vote to adopt a budget in excess
4 of the capital outlay revenue limit as provided in subsection M of this
5 section, any additional increase shall be included in the aggregate budget
6 limit for each of the years authorized. **THE MAXIMUM BUDGET INCREASE THAT MAY**
7 **BE REQUESTED AND AUTHORIZED AS PROVIDED IN SUBSECTION M OF THIS SECTION IS**
8 **SEVENTY-FIVE PER CENT OF THE SOFT CAPITAL ALLOCATION FOR THE BUDGET YEAR AS**
9 **PROVIDED IN SECTION 15-947, SUBSECTION E, PARAGRAPH 1.** The additional
10 increase shall be excluded from the determination of equalization assistance.
11 The school district governing board may only use revenues derived from the
12 school district's prior year's maintenance and operation fund ending cash
13 balance and capital outlay fund ending cash balance to fund the additional
14 increase for the period authorized but not to exceed ten years. For
15 overrides approved by a vote of the qualified electors of the school district
16 at an election held from and after October 31, 1998, the period of the
17 additional increase prescribed in this subsection shall not exceed seven
18 years for any capital override election.

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

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

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

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

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

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

42 _____ school district is proposing to increase its
43 budget by \$_____ to fund capital improvements over and
44 above those funded by the state. Under the students first
45 capital funding system, _____ school district is entitled to

1 state monies for building renewal, new construction and
2 renovation of school buildings in accordance with state law.

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

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

16 X. If the voters approve the budget increase pursuant to subsection L
17 or M of this section, the school district shall not use the override proceeds
18 for any purposes other than the proposed capital improvements listed in the
19 publicity pamphlet, except that up to ten per cent of the override proceeds
20 may be used for general capital expenses, including cost overruns of proposed
21 capital improvements.

22 Y. Each school district that currently increases its budget pursuant
23 to subsection L or M of this section is required to hold a public meeting
24 each year between September 1 and October 31 at which an update of the
25 progress of capital improvements financed through the override is discussed
26 and at which the public is permitted an opportunity to comment. At a
27 minimum, the update shall include a comparison of the current status and the
28 original projections on the construction of capital improvements, the costs
29 of capital improvements and the costs of capital improvements in progress or
30 completed since the prior meeting and the future capital plans of the school
31 district. The school district shall include in the public meeting a
32 discussion of the school district's use of state capital aid and
33 voter-approved bonding in funding capital improvements, if any.

34 Z. If a budget in excess of the capital outlay revenue limit was
35 previously adopted by the voters in a school district and will be in effect
36 for the budget year or budget year and subsequent years, as provided in
37 subsection L or M of this section, the governing board may request an
38 additional budget in excess of the capital outlay revenue limit. If the
39 voters in a school district authorize the additional budget in excess of the
40 capital outlay revenue limit, the existing capital outlay revenue limit
41 budget increase remains in effect.

42 Sec. 2. Section 15-491, Arizona Revised Statutes, is amended to read:

43 15-491. Elections on school property; exceptions

44 A. The governing board of a school district may, and upon petition of
45 fifteen per cent of the school electors as shown by the poll list at the last

1 preceding annual school election shall, call an election for the following
2 purposes:

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

4 2. To purchase or sell school sites or buildings or sell school sites
5 pursuant to section 15-342 or to build school buildings, but the
6 authorization by vote of the school district shall not necessarily specify
7 the site to be purchased.

8 3. To decide whether the bonds of the school district shall be issued
9 and sold for the purpose of raising money for purchasing or leasing school
10 lots, for building or renovating school buildings, for improving school
11 grounds, for purchasing pupil transportation vehicles or for liquidating any
12 indebtedness already incurred for such purposes. Except as provided in
13 section 15-1021, ~~subsection~~ SUBSECTIONS H AND I, the proceeds of class B
14 bonds or impact aid revenue bonds shall not be used for soft capital purposes
15 except for pupil transportation vehicles AND EXCEPT FOR FURNITURE AND
16 EQUIPMENT FOR NEW SCHOOL FACILITIES. A school district shall not issue class
17 B bonds until the school district has obligated in contract the entire
18 proceeds of any class A bonds issued by the school district. The total amount
19 of class A and class B bonds issued by a school district shall not exceed the
20 debt limitations prescribed in article IX, sections 8 and 8.1, Constitution
21 of Arizona.

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

31 B. No petition shall be required for the holding of the first election
32 to be held in a joint common school district for any of the purposes
33 specified in subsection A of this section. The notice of election required
34 by section 15-492 shall be published in each of the counties which comprise
35 the joint common school district. The certification of election results
36 required by section 15-493 shall be made to the board of supervisors of the
37 jurisdictional county.

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

43 D. The governing board shall order the election to be held in the
44 manner prescribed in title 35, chapter 3, article 3. If a petition for an
45 election has been filed with the governing board as provided in subsection A

1 of this section, the board shall act upon the petition within sixty days by
2 ordering the election to be held as provided in this subsection. If a school
3 district bond election is scheduled for the same date a school district will
4 hold an override election, the governing body shall deliver a copy of the
5 notice of election and ballot to the county school superintendent who shall
6 include the notice of election and ballot with the information report and
7 ballot prepared for the override election. Mailing of the information
8 required for both the override and bond elections shall constitute compliance
9 with the notice provisions of this section.

10 E. The elections to be held pursuant to this section shall only be
11 held on dates prescribed by section 16-204, except that elections held
12 pursuant to this section to decide whether class B bonds shall be issued
13 shall only be held on the first Tuesday after the first Monday of November.

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

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

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

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

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

29 _____ school district is proposing to issue class B
30 general obligation bonds totaling \$_____ to fund capital
31 improvements over and above those funded by the state. Under the
32 students first capital funding system, _____ school district
33 is entitled to state monies for building renewal, new
34 construction and renovation of school buildings in accordance
35 with state law.

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

38 _____, a joint technological education district, is
39 proposing to issue class B general obligation bonds totaling
40 \$_____ to fund capital improvements at the main campus of
41 the joint technological education district.

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

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

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

14 6. No later than ten days before a class B bond election conducted
15 pursuant to this section, the school district shall mail to each qualified
16 elector in the school district a publicity pamphlet. The publicity pamphlet
17 shall contain, at a minimum, the following information:

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

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

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

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

29 1. The ballot shall include the following statement:

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

33 _____ school district is proposing to issue impact
34 aid revenue bonds totaling \$_____ to fund capital
35 improvements over and above those funded by the state. Under
36 the students first capital funding system, _____ school
37 district is entitled to state monies for building renewal, new
38 construction and renovation of school buildings in accordance
39 with state law.

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

42 3. At least eighty-five days before the election, the school district
43 shall submit proposed ballot language to the director of the legislative
44 council. The director of the legislative council shall review the proposed
45 ballot language to determine whether the proposed ballot language complies

1 with this section. If the director of the legislative council determines
2 that the proposed ballot language does not comply with this section, the
3 director, within ten calendar days of the receipt of the proposed ballot
4 language, shall notify the school district of the director's objections and
5 the school district shall resubmit revised ballot language to the director
6 for approval.

7 4. No later than ten days before an impact aid revenue bond election
8 conducted pursuant to this section, the school district shall mail to each
9 qualified elector in the school district a publicity pamphlet. The publicity
10 pamphlet shall contain, at a minimum, the following information:

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

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

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

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

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

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

33 K. Each school district that issues bonds under this section is
34 required to hold a public meeting each year between September 1 and October
35 31, until the bond proceeds are spent, at which an update of the progress of
36 capital improvements financed through bonding is discussed and at which the
37 public is permitted an opportunity to comment. At a minimum, the update
38 shall include a comparison of the current status and the original projections
39 on the construction of capital improvements, the costs of capital
40 improvements and the costs of capital improvements in progress or completed
41 since the prior meeting and the future capital bonding plans of the school
42 district. The school district shall include in the public meeting a
43 discussion of the school district's use of state capital aid and
44 voter-approved capital overrides in funding capital improvements, if any.

1 E. No bonds authorized to be issued by an election held after July 1,
2 1980 may be issued more than six years after the date of the election, except
3 that class A bonds shall not be issued after December 31, 1999.

4 F. Class A bond proceeds shall not be expended for items whose useful
5 life is less than the average life of the bonds issued, except that bond
6 proceeds shall not be expended for items whose useful life is less than five
7 years.

8 G. Except as provided in ~~subsection~~ SUBSECTIONS H AND I of this
9 section, class B bond proceeds shall not be expended for soft capital items,
10 computer hardware, or other items whose useful life is less than the average
11 useful life of the bonds issued, except that bond proceeds shall not be
12 expended for items whose useful life is less than five years. For the
13 purposes of this subsection, "computer hardware" means an electronic device
14 with an integrated circuit that performs logic, arithmetic or memory
15 functions by the manipulations of electronic or magnetic impulses and
16 includes all input, output, processing, storage, software or communication
17 facilities that are connected or related to such a device in a system or
18 network.

19 H. CLASS B BOND PROCEEDS FOR NEW SCHOOL FACILITIES MAY BE EXPENDED FOR
20 SOFT CAPITAL ITEMS, COMPUTER HARDWARE, FURNITURE OR OTHER EQUIPMENT, EXCEPT
21 THAT NO BONDS MAY BE ISSUED FOR THESE PURPOSES FOR A DURATION OF MORE THAN
22 THREE YEARS. THE TOTAL AMOUNT OF BONDS THAT A SCHOOL DISTRICT MAY ISSUE
23 PURSUANT TO THIS SUBSECTION SHALL NOT EXCEED FIFTEEN PER CENT OF THE COST OF
24 THE NEW SCHOOL FACILITY, INCLUDING MONIES RECEIVED FOR THE NEW SCHOOL
25 FACILITY PURSUANT TO SECTION 15-2041 AND FROM BONDS ISSUED PURSUANT TO THIS
26 SECTION.

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

35 ~~I.~~ J. Notwithstanding subsections F and G of this section, bond
36 proceeds may be expended for purchasing pupil transportation vehicles AND
37 FURNITURE AND EQUIPMENT FOR NEW SCHOOL FACILITIES.

38 ~~J.~~ K. A school district shall not authorize, issue or sell bonds
39 pursuant to this section if the school district has any existing indebtedness
40 from impact aid revenue bonds pursuant to chapter 16, article 8 of this
41 title, except for bonds issued to refund any bonds issued by the governing
42 board.

43 Sec. 4. Retroactivity

44 This act is effective retroactively to from and after April 30, 2006.