

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 330

HOUSE BILL 2710

AN ACT

AMENDING SECTIONS 15-341, 15-392, 15-395, 15-784, 15-1401, 15-1403, 15-1404 AND 15-1409, ARIZONA REVISED STATUTES; REPEALING SECTION 15-1423, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1424, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1425, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 4; REPEALING SECTION 15-1425, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 372, SECTION 2; REPEALING SECTION 15-1426, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-1427, 15-1428, 15-1429, 15-1444, 15-1447, 15-1449, 15-1463, 15-1464, 15-1465, 15-1466, 15-1467, 15-1469, 15-1470, 15-1472, 15-1481, 15-1483, 15-1484 AND 15-1802, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 14, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1824; AMENDING SECTION 15-2002, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 11, SECTION 3 AND CHAPTER 23, SECTION 6; REPEALING SECTION 15-2002, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2001, CHAPTER 297, SECTION 2; AMENDING TITLE 15, CHAPTER 16, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-2004, 15-2005 AND 15-2006; AMENDING SECTIONS 15-2011, 15-2021, 15-2031 AND 15-2041, ARIZONA REVISED STATUTES; AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES; REPEALING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 9; REPEALING LAWS 1998, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 61; PROVIDING FOR DELAYED REPEAL OF SECTION 15-2021, ARIZONA REVISED STATUTES; AMENDING LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 9, SECTION 10; MAKING APPROPRIATIONS; BLENDING MULTIPLE ENACTMENTS; RELATING TO EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-341, Arizona Revised Statutes, is amended to
3 read:

4 15-341. General powers and duties; immunity; delegation

5 A. The governing board shall:

6 1. Prescribe and enforce policies and procedures for the governance
7 of the schools, not inconsistent with law or rules prescribed by the state
8 board of education.

9 2. Maintain the schools established by it for the attendance of each
10 pupil for a period of not less than one hundred seventy-five school days or
11 two hundred school days, as applicable, or its equivalent as approved by the
12 superintendent of public instruction for a school district operating on a
13 year-round operation basis, to offer an educational program on the basis of
14 a four day school week or to offer an alternative kindergarten program on the
15 basis of a three day school week, in each school year, and if the funds of
16 the district are sufficient, for a longer period, and as far as practicable
17 with equal rights and privileges.

18 3. Exclude from schools all books, publications, papers or audiovisual
19 materials of a sectarian, partisan or denominational character.

20 4. Manage and control the school property within its district.

21 5. Acquire school furniture, apparatus, equipment, library books and
22 supplies for the use of the schools.

23 6. Prescribe the curricula and criteria for the promotion and
24 graduation of pupils as provided in sections 15-701 and 15-701.01.

25 7. Furnish, repair and insure, at full insurable value, the school
26 property of the district.

27 8. Construct school buildings on approval by a vote of the district
28 electors.

29 9. Make in the name of the district conveyances of property belonging
30 to the district and sold by the board.

31 10. Purchase school sites when authorized by a vote of the district at
32 an election conducted as nearly as practicable in the same manner as the
33 election provided in section 15-481 and held on a date prescribed in section
34 15-491, subsection E, but such authorization shall not necessarily specify
35 the site to be purchased and such authorization shall not be necessary to
36 exchange unimproved property as provided in section 15-342, paragraph 23.

37 11. Construct, improve and furnish buildings used for school purposes
38 when such buildings or premises are leased from the national park service.

39 12. Purchase school sites or construct, improve and furnish school
40 buildings from the proceeds of the sale of school property only on approval
41 by a vote of the district electors.

42 13. Hold pupils to strict account for disorderly conduct on school
43 property.

44 14. Discipline students for disorderly conduct on the way to and from
45 school.

1 15. Except as provided in section 15-1224, deposit all monies received
2 by the district as gifts, grants and devises with the county treasurer who
3 shall credit the deposits as designated in the uniform system of financial
4 records. If not inconsistent with the terms of the gifts, grants and devises
5 given, any balance remaining after expenditures for the intended purpose of
6 the monies have been made shall be used for reduction of school district
7 taxes for the budget year, except that in the case of accommodation schools
8 the county treasurer shall carry the balance forward for use by the county
9 school superintendent for accommodation schools for the budget year.

10 16. Provide that, if a parent or legal guardian chooses not to accept
11 a decision of the teacher as provided in section 15-521, paragraph 3, the
12 parent or legal guardian may request in writing that the governing board
13 review the teacher's decision. Nothing in this paragraph shall be construed
14 to release school districts from any liability relating to a child's
15 promotion or retention.

16 17. Provide for adequate supervision over pupils in instructional and
17 noninstructional activities by certificated or noncertificated personnel.

18 18. Use school monies received from the state and county school
19 apportionment exclusively for payment of salaries of teachers and other
20 employees and contingent expenses of the district.

21 19. Make an annual report to the county school superintendent on or
22 before October 1 each year in the manner and form and on the blanks
23 prescribed by the superintendent of public instruction or county school
24 superintendent. The board shall also make reports directly to the county
25 school superintendent or the superintendent of public instruction whenever
26 required.

27 20. Deposit all monies received by school districts other than student
28 activities monies or monies from auxiliary operations as provided in sections
29 15-1125 and 15-1126 with the county treasurer to the credit of the school
30 district except as provided in paragraph 21 of this subsection and sections
31 15-1223 and 15-1224, and the board shall expend the monies as provided by law
32 for other school funds.

33 21. Establish a bank account in which the board may during a month
34 deposit miscellaneous monies received directly by the district. The board
35 shall remit monies deposited in the bank account at least monthly to the
36 county treasurer for deposit as provided in paragraph 20 of this subsection
37 and in accordance with the uniform system of financial records.

38 22. Employ an attorney admitted to practice in this state whose
39 principal practice is in the area of commercial real estate, or a real estate
40 broker who is licensed by this state and who is employed by a reputable
41 commercial real estate company, to negotiate a lease of five or more years
42 for the school district if the governing board decides to enter into a lease
43 of five or more years as lessor of school buildings or grounds as provided
44 in section 15-342, paragraph 7 or 10. Any lease of five or more years
45 negotiated pursuant to this paragraph shall provide that the lessee is

1 responsible for payment of property taxes pursuant to the requirements of
2 section 42-11104.

3 23. Prescribe and enforce policies and procedures for disciplinary
4 action against a teacher who engages in conduct which is a violation of the
5 policies of the governing board but which is not cause for dismissal of the
6 teacher or for revocation of the certificate of the teacher. Disciplinary
7 action may include suspension without pay for a period of time not to exceed
8 ten school days. Disciplinary action shall not include suspension with pay
9 or suspension without pay for a period of time longer than ten school days.
10 The procedures shall include notice, hearing and appeal provisions for
11 violations which are cause for disciplinary action. The governing board may
12 designate a person or persons to act on behalf of the board on these matters.

13 24. Prescribe and enforce policies and procedures for disciplinary
14 action against an administrator who engages in conduct which is a violation
15 of the policies of the governing board regarding duties of administrators but
16 which is not cause for dismissal of the administrator or for revocation of
17 the certificate of the administrator. Disciplinary action may include
18 suspension without pay for a period of time not to exceed ten school days.
19 Disciplinary action shall not include suspension with pay or suspension
20 without pay for a period of time longer than ten school days. The procedures
21 shall include notice, hearing and appeal provisions for violations which are
22 cause for disciplinary action. The governing board may designate a person
23 or persons to act on behalf of the board on these matters. For violations
24 which are cause for dismissal, the provisions of notice, hearing and appeal
25 in chapter 5, article 3 of this title shall apply. The filing of a timely
26 request for a hearing suspends the imposition of a suspension without pay or
27 a dismissal pending completion of the hearing.

28 25. Notwithstanding section 13-3108, prescribe and enforce policies and
29 procedures that prohibit a person from carrying or possessing a weapon on
30 school grounds unless the person is a peace officer or has obtained specific
31 authorization from the school administrator.

32 26. Prescribe and enforce policies and procedures relating to the
33 health and safety of all pupils participating in district sponsored practice
34 sessions, games or other interscholastic athletic activities, including the
35 provision of water. A school district and its employees are immune from
36 civil liability for the consequences of the good faith adoption and
37 implementation of policies and procedures pursuant to this paragraph.

38 27. Prescribe and enforce policies and procedures regarding the smoking
39 of tobacco within school buildings. The policies and procedures shall be
40 adopted in consultation with school district personnel and members of the
41 community and shall state whether smoking is prohibited in school
42 buildings. If smoking in school buildings is not prohibited, the policies
43 and procedures shall clearly state the conditions and circumstances under
44 which smoking is permitted, those areas in a school building which may be

1 designated as smoking areas and those areas in a school building which may
2 not be designated as smoking areas.

3 28. Establish an assessment, data gathering and reporting system as
4 prescribed in chapter 7, article 3 of this title.

5 29. Provide special education programs and related services pursuant
6 to section 15-764, subsection A to all children with disabilities as defined
7 in section 15-761.

8 30. Administer competency tests prescribed by the state board of
9 education for the graduation of pupils from high school.

10 31. Secure insurance coverage for all construction projects for
11 purposes of general liability, property damage and workers' compensation and
12 secure performance and payment bonds for all construction projects.

13 32. Keep on file the resumes of all current and former employees who
14 provide instruction to pupils at a school. Resumes shall include an
15 individual's educational and teaching background and experience in a
16 particular academic content subject area. A school district shall inform
17 parents and guardians of the availability of the resume information and shall
18 make these THE RESUME INFORMATION available for inspection on request of
19 parents and guardians of pupils enrolled at a school. Nothing in this
20 paragraph shall be construed to require any school to release personally
21 identifiable information in relation to any teacher or employee including the
22 teacher's or employee's address, salary, social security number or telephone
23 number.

24 33. Report to local law enforcement AGENCIES any suspected crimes
25 against persons or property and any incidents that could potentially threaten
26 the safety or security of pupils, teachers or administrators. A school
27 district and its employees are immune from liability for any good faith
28 actions taken in furtherance of this paragraph.

29 34. In conjunction with local law enforcement AGENCIES and local
30 medical facilities, develop an emergency response plan for each school in the
31 school district in accordance with minimum standards developed jointly by the
32 department of education and the division of emergency management within the
33 department of emergency and military affairs.

34 35. Annually assign at least one school district employee to
35 participate in a multihazard crisis training program developed or selected
36 by the governing board.

37 B. Notwithstanding subsection A, paragraphs 8, 10 and 12 of this
38 section, the county school superintendent may construct, improve and furnish
39 school buildings or purchase or sell school sites in the conduct of an
40 accommodation school.

41 C. If any school district acquires real or personal property, whether
42 by purchase, exchange, condemnation, gift or otherwise, the governing board
43 shall pay to the county treasurer any taxes on the property that were unpaid
44 as of the date of acquisition, including penalties and interest. The lien

1 for unpaid delinquent taxes, penalties and interest on property acquired by
2 a school district:

3 1. Is not abated, extinguished, discharged or merged in the title to
4 the property.

5 2. Is enforceable in the same manner as other delinquent tax liens.

6 D. The governing board may not locate a school on property that is
7 less than one-fourth mile from agricultural land regulated pursuant to
8 section 3-365, except that the owner of the agricultural land may agree to
9 comply with the buffer zone requirements of section 3-365. If the owner
10 agrees in writing to comply with the buffer zone requirements and records the
11 agreement in the office of the county recorder as a restrictive covenant
12 running with the title to the land, the school district may locate a school
13 within the affected buffer zone. The agreement may include any stipulations
14 regarding the school, including conditions for future expansion of the school
15 and changes in the operational status of the school that will result in a
16 breach of the agreement.

17 E. A school district's governing board members and its school council
18 members are immune from civil liability for the consequences of adoption and
19 implementation of policies and procedures pursuant to subsection A of this
20 section and section 15-342. This waiver does not apply if the school
21 district's governing board members or its school council members are guilty
22 of gross negligence or intentional misconduct.

23 F. A governing board may delegate in writing to a superintendent,
24 principal or head teacher the authority to prescribe procedures that are
25 consistent with the governing board's policies.

26 G. Notwithstanding any other provision of this title, a school
27 district governing board shall not take any action that would result in an
28 immediate reduction or a reduction within three years of pupil square footage
29 that would cause the school district to fall below the minimum adequate gross
30 square footage requirements prescribed in section 15-2011, subsection C,
31 unless the governing board notifies the school facilities board established
32 by section 15-2001 of the proposed action and receives written approval from
33 the school facilities board to take the action. A reduction includes an
34 increase in administrative space that results in a reduction of pupil square
35 footage or sale of school sites or buildings, or both. A REDUCTION INCLUDES
36 A RECONFIGURATION OF GRADES THAT RESULTS IN A REDUCTION OF PUPIL SQUARE
37 FOOTAGE OF ANY GRADE LEVEL. THIS SUBSECTION DOES NOT APPLY TO TEMPORARY
38 RECONFIGURATION OF GRADES TO ACCOMMODATE NEW SCHOOL CONSTRUCTION IF THE
39 TEMPORARY RECONFIGURATION DOES NOT EXCEED ONE YEAR. The sale of equipment
40 that results in an immediate reduction or a reduction within three years that
41 falls below the equipment requirements prescribed in section 15-2011,
42 subsection B is subject to commensurate withholding of school district
43 capital outlay revenue limit monies pursuant to the direction of the school
44 facilities board. Except as provided in section 15-342, paragraph 10,

1 proceeds from the sale of school sites, buildings or other equipment shall
2 be deposited in the school plant fund as provided in section 15-1102.

3 H. Subsections C through F of this section apply to a county board of
4 supervisors and a county school superintendent when operating and
5 administering an accommodation school.

6 Sec. 2. Section 15-392, Arizona Revised Statutes, is amended to read:
7 15-392. Formation of district

8 A. Notwithstanding any other provision of law, districts interested
9 in forming a joint technological education district shall conduct a study to
10 determine the need to establish a joint technological education district in
11 an area consisting of two or more school districts. The districts shall also
12 initiate a plan for the establishment and operation of the joint district,
13 which shall include a proposed budget based on a reasonable estimate of
14 student enrollment in the new joint district. Any school district may assist
15 in the preparation and payment of costs of the study and plan. The districts
16 shall file a copy of the plan with the governing board of each school
17 district included in the plan for the joint district. The districts shall
18 submit the results of the study and the plan, along with evidence of approval
19 by the governing board of each school district included in the selected plan
20 for the joint district, to the state board for vocational and technological
21 education.

22 B. If the state board for vocational and technological education
23 determines that the plan submitted for the proposed joint district has met
24 the requirements of this section, until December 31, 2001, the question shall
25 be submitted to the qualified electors of each school district at a general
26 election or at any other election held on a date prescribed in section
27 16-204. After December 31, 2001, the question shall be submitted to the
28 qualified electors of the district seeking to become a part of the joint
29 district at an election held on the first Tuesday after the first Monday in
30 November. THE QUESTION THAT IS SUBMITTED TO THE QUALIFIED ELECTORS MUST
31 DESCRIBE THE TAX RATE THAT IS ASSOCIATED WITH JOINING THE JOINT DISTRICT AND
32 THE ESTIMATED COST OF THAT TAX RATE FOR THE OWNER OF A SINGLE FAMILY HOME
33 THAT IS VALUED AT ONE HUNDRED THOUSAND DOLLARS. If the electors in a
34 district approve, then that district is authorized to participate in a joint
35 technological education district. The joint district shall become
36 operational on July 1 following the election held pursuant to this
37 subsection, except as provided in subsection D of this section.

38 C. The governing boards of the school districts participating in the
39 joint district may pay on a proportional basis the administrative, clerical
40 and other expenses necessary for the establishment and operation of the joint
41 district until monies are otherwise provided.

42 D. A joint technological education district after receiving voter
43 approval as provided in subsection B of this section shall be governed by a
44 joint board consisting of members elected pursuant to section 15-393, except
45 that the initial composition of the joint board shall consist of one person

1 WHO IS not currently a board member of any school district AND WHO IS
2 appointed by the governing board of each district participating in the joint
3 technological education district. The terms of office of the joint board
4 members shall become effective on January 1 following the election held
5 pursuant to subsection B of this section. Upon the effective date of the
6 term of office for joint board members, the joint board may begin necessary
7 operations and activities related to making the district operational pursuant
8 to subsection B of this section. If less than five districts are
9 participating in the joint district, the initial composition of the joint
10 board shall consist of two persons who are not currently board members of any
11 school district AND WHO ARE appointed by each participating district's
12 governing board. The appointed members shall serve until January 1 following
13 the next general election. At the general election held next following the
14 formation of the joint district and thereafter, joint board members shall be
15 elected as prescribed in section 15-393.

16 Sec. 3. Section 15-395, Arizona Revised Statutes, is amended to read:
17 15-395. Enlarging joint district

18 A. To add school districts to a joint district, the joint board shall
19 first publish a copy of a proposed resolution accepting the school district
20 into the joint district in a newspaper of general circulation in the school
21 district proposing to join the joint district once a week for at least two
22 weeks immediately before the date of the consideration of the adoption of the
23 proposed resolution by the joint board.

24 B. After adoption by the joint board of the resolution accepting the
25 school district into the joint district, until December 31, 2001, the
26 question shall be submitted to the qualified electors of the district seeking
27 to become a part of the joint district at a general election or at any other
28 election held on a date prescribed in section 16-204. After December 31,
29 2001, the question shall be submitted to the qualified electors of the
30 district seeking to become a part of the joint district at an election held
31 on the first Tuesday after the first Monday in November. THE QUESTION THAT
32 IS SUBMITTED TO THE QUALIFIED ELECTORS SHALL DESCRIBE THE TAX RATE THAT IS
33 ASSOCIATED WITH JOINING THE JOINT DISTRICT AND THE ESTIMATED COST OF THAT TAX
34 RATE FOR THE OWNER OF A SINGLE FAMILY HOME THAT IS VALUED AT ONE HUNDRED
35 THOUSAND DOLLARS. Authorization is required through an intergovernmental
36 agreement between the joint district and the district seeking to become part
37 of the joint district in order to enlarge the joint district.

38 Sec. 4. Section 15-784, Arizona Revised Statutes, is amended to read:
39 15-784. Vocational education; acceptance of congressional act;
40 appropriation; distribution of federal monies;
41 intergovernmental agreements

42 A. The state assents to the provisions and accepts the benefits of the
43 vocational education act of 1917, as amended, and the ~~vocational education~~
44 ~~act of 1963, as amended by the Carl D. Perkins vocational education act of~~

1 1984, as amended by the Carl D. Perkins vocational and applied technological
2 education act amendments of 1990.

3 B. The state board for vocational and technological education, ~~as~~
4 ~~prescribed by section 15-781.01,~~ is the state board of vocational education
5 for the purposes of the acts. The state treasurer is designated custodian
6 for vocational education for the purposes of the acts. ~~He~~ THE STATE
7 TREASURER shall receive and provide for the custody and disbursement of all
8 monies paid to the state for the purposes of vocational education.

9 C. There is appropriated from the general fund of the state sufficient
10 monies to meet the requirements of the acts of Congress.

11 D. The state board for vocational and technological education may
12 distribute the monies it receives as provided in subsection A ~~of this section~~
13 to any eligible recipient of the monies under the federal law.

14 E. The state board for vocational and technological education shall
15 distribute to the ~~state board of directors for community colleges~~ COMMUNITY
16 COLLEGE DISTRICTS IN THIS STATE at least fifteen per cent of the monies
17 received as provided in subsection A. ~~PROVISIONAL COMMUNITY COLLEGE~~
18 ~~DISTRICTS ARE NOT ELIGIBLE TO RECEIVE MONIES PURSUANT TO THIS SECTION.~~ ~~of~~
19 ~~this section.~~ ~~The state board of directors for community colleges has sole~~
20 ~~responsibility for the administration and supervision of the community~~
21 ~~college vocational and technological programs which the districts offer for~~
22 ~~the purposes of the acts and use of the monies received as provided in this~~
23 ~~section.~~ ~~The state board of directors for community colleges may enter into~~
24 ~~intergovernmental agreements as provided in section 11-952 for the purposes~~
25 ~~of this subsection.~~

26 Sec. 5. Section 15-1401, Arizona Revised Statutes, is amended to read:
27 15-1401. Definitions

28 In this chapter, unless the context otherwise requires:

29 1. "Accredited" means accredited by a regional accrediting agency
30 recognized by the United States department of education or by the council on
31 postsecondary accreditation.

32 2. "Additional short-term classes" means those classes which are not
33 in session on the forty-fifth day of the fall or spring semester, which
34 commence at various times during the fiscal year and which are offered over
35 a period of less than sixteen weeks.

36 3. "Budget year" means the fiscal year for which the community college
37 district is budgeting and which immediately follows the current year.

38 4. "Community college" means an educational institution ~~which is under~~
39 ~~the jurisdiction of the state board and which~~ THAT IS OPERATED BY A DISTRICT
40 BOARD AND THAT provides a program not exceeding two years' training in the
41 arts, sciences and humanities beyond the twelfth grade of the public or
42 private high school course of study or vocational education, including
43 terminal courses of a technical and vocational nature and basic adult
44 education courses.

1 5. "Current year" means the fiscal year in which the community college
2 district is operating.

3 6. "District" means community college district ESTABLISHED PURSUANT
4 TO SECTIONS 15-1402 AND 15-1403 WHICH IS A POLITICAL SUBDIVISION OF THIS
5 STATE and, unless otherwise specified, includes provisional community college
6 districts ESTABLISHED PURSUANT TO SECTION 15-1409.

7 7. "District board" means the community college district governing
8 board.

9 8. "Full-time equivalent student" means student enrollment for fifteen
10 community college semester credit units per semester.

11 9. "Open entry, open exit classes" means those classes in which
12 students enter or exit based on mastery of specified competencies and which
13 commence at various times during the fiscal year.

14 10. "Operational expense budget" means the budget as adopted by the
15 district board pursuant to section 15-1461.

16 11. "Operational expenses" means the administration, instruction,
17 operation of community college plant, maintenance of community college plant,
18 fixed charges and contingencies incurred in the operation of a district
19 exclusive of all capital outlay items, special levies, auxiliary enterprise
20 funds, restricted funds and bond service items.

21 12. "Provisional community college district" means a community college
22 district organized pursuant to section 15-1409.

23 13. "State board" means the state board of directors for community
24 colleges.

25 Sec. 6. Section 15-1403, Arizona Revised Statutes, is amended to read:
26 15-1403. Procedure to form a district

27 A. For the purpose of forming a district, not less than ten per cent
28 of the qualified electors in the territory included in the proposed district,
29 or where a district consists of more than one county not less than ten per
30 cent of the qualified electors in each county, shall petition the county
31 school superintendent for the establishment of the district. Where a district
32 consists of more than one county, the signatures of the qualified electors
33 on the petition shall be submitted to the county school superintendent of the
34 county of which the qualified electors are residents, provided that the
35 county school superintendent of the county with the larger population, as
36 determined by the most recent federal census, shall be the custodian of the
37 completed petition. The petition shall set forth the name of the proposed
38 district and its boundaries. The county school superintendent shall verify
39 the signatures thereon, provided that whenever a proposed district consists
40 of more than one county the county school superintendent of the county with
41 the least population shall verify the signatures on the petition from his
42 county prior to submitting the petition to the county school superintendent
43 of the county with the larger population.

1 B. The county school superintendent who is the custodian of the
2 completed petition shall transmit the petition to the ~~state board~~ COUNTY
3 BOARD OF SUPERVISORS, OR IF THE DISTRICT CONSISTS OF MORE THAN ONE COUNTY,
4 TO THE COUNTY BOARD OF SUPERVISORS OF THE COUNTY WITH THE LARGEST POPULATION,
5 which shall ~~conduct a survey of the proposed district to determine whether~~
6 the proposed district meets the minimum standards of assessed valuation and
7 population as provided in section 15-1402.

8 C. If the ~~state board approves the petition,~~ COUNTY BOARD OF
9 SUPERVISORS DETERMINES THAT THE PROPOSED DISTRICT MEETS THE MINIMUM STANDARDS
10 OF ASSESSED VALUATION AND POPULATION PRESCRIBED IN SUBSECTION B OF THIS
11 SECTION, the county, or counties, shall call and conduct an election, as
12 prescribed in this article. If the majority of the votes cast in the
13 proposed district, consisting of one county, favors the formation of the
14 district, such a district is deemed to be formed, as provided in section
15 15-1404. Where the proposed district consists of more than one county there
16 shall be a majority of the votes cast in each county favoring the formation
17 of the district before the district is deemed to be formed, as provided in
18 section 15-1404.

19 Sec. 7. Section 15-1404, Arizona Revised Statutes, is amended to read:
20 15-1404. Election to determine formation of district; notice;
21 canvass

22 A. Upon approval of the proposed district, the ~~state board~~ COUNTY
23 BOARD OF SUPERVISORS shall return the petition with its approval to the
24 county school superintendent, or if the proposed district consists of more
25 than one county, to the county school superintendent of the county with the
26 larger population, as determined by the most recent federal census. The
27 county school superintendent shall transmit notification of approval for
28 formation of the proposed district to the board of supervisors which shall
29 submit the question to the qualified electors of the county at the next
30 general election or at a special election called for that purpose. If a
31 special election is called, notice thereof shall be given by publication for
32 at least two weeks in a newspaper of general circulation published in the
33 county or counties of the proposed district. The election shall be conducted
34 and returns shall be made in the manner provided by law for special
35 elections.

36 B. A special election conducted pursuant to this section shall be held
37 on a date prescribed by section 16-204.

38 Sec. 8. Section 15-1409, Arizona Revised Statutes, is amended to read:
39 15-1409. Provisional community college districts; formation;
40 provisional community college district governing
41 board; powers and duties; program termination

42 A. A provisional community college district shall contract with an
43 existing community college district to provide instructional and student
44 services within the provisional community college district ~~in accordance with~~
45 ~~rules adopted by the state board.~~

1 B. The minimum assessed valuation and population requirements
2 prescribed in section 15-1402 do not apply to provisional community college
3 districts.

4 C. A provisional community college district shall be formed and a
5 provisional community college district board shall be elected in the same
6 manner prescribed in sections 15-1403, 15-1404 and 15-1441, except that the
7 county board of supervisors by majority vote may adopt a resolution to submit
8 the question of the formation of a provisional community college district and
9 the approval of a proposed tax rate to fund the provisional community college
10 district directly to the qualified electors of the county at a special or
11 general election called for that purpose as prescribed in section 16-204 and
12 title 35, chapter 3, article 3. The resolution adopted by the county board
13 of supervisors shall include a statement that the primary property tax levy
14 limit for the provisional community college district shall be no less than
15 the levy limit of the most recently formed community college district in this
16 state.

17 D. Except as provided in this section, a provisional community college
18 district governing board has the same powers and duties specified in section
19 15-1444 for community college districts.

20 E. A provisional community college district shall not award degrees,
21 certificates or diplomas.

22 F. A provisional community college district is not eligible to receive
23 equalization aid pursuant to section 15-1468 or state contribution for
24 capital outlay for initial or additional campuses pursuant to section
25 15-1463.

26 G. The state aid eligibility requirements prescribed in section
27 15-1466, subsection G, paragraphs 1 and 2 do not apply to provisional
28 community college districts.

29 H. Notwithstanding any other law, the same student shall not be
30 counted twice as a full-time equivalent student in both a provisional
31 community college district and a community college district. NOTWITHSTANDING
32 ANY OTHER LAW, BEGINNING WITH THE FISCAL YEAR AFTER THE YEAR IN WHICH THE
33 PROVISIONAL COMMUNITY COLLEGE DISTRICT IS FORMED AND HAS ESTABLISHED ITS
34 PRIMARY TAX RATE, A DISTRICT THAT PROVIDES SERVICES IN A PROVISIONAL DISTRICT
35 PURSUANT TO SECTION 15-1470 SHALL NO LONGER COUNT THESE STUDENTS IN THE
36 DISTRICT'S FULL-TIME EQUIVALENT STUDENT COUNT.

37 I. If a provisional community college district is converted into a
38 community college district by the formation of a community college district
39 pursuant to section 15-1402, the provisional community college district is
40 dissolved and any equipment, property, personnel, liabilities and assets are
41 transferred to the community college district.

1 J. If a provisional community college district is formed in a county
2 that provides reimbursement for the attendance of nonresident state students
3 pursuant to section 15-1469, that county shall continue to provide
4 reimbursement payments to community college districts for the remainder of
5 the fiscal year in which the provisional community college district is
6 formed, provided that the county board of supervisors adopts a levy that is
7 at least equal to the sum of the reimbursement payments and the amount of the
8 community college services provided in the fiscal year immediately before the
9 formation of the provisional community college district.

10 K. The board of supervisors of a county that has formed a provisional
11 community college district may by majority vote enter into an
12 intergovernmental agreement to loan monies to the governing board of the
13 provisional community college district in an amount that does not exceed two
14 hundred thousand dollars. Any loan pursuant to this subsection shall be
15 repaid from the next scheduled collection of property taxes to fund the
16 provisional community college district. The annual interest charges on any
17 loan pursuant to this subsection shall not exceed five per cent.

18 L. The provisional community college district program established by
19 this section ends on July 1, 2009 pursuant to section 41-3102.

20 Sec. 9. Repeal

21 Section 15-1423, Arizona Revised Statutes, is repealed.

22 Sec. 10. Section 15-1424, Arizona Revised Statutes, is amended to
23 read:

24 15-1424. General powers of state board and community college
25 district boards; definition

26 A. The state board is a body corporate with perpetual succession and
27 shall have the name "state board of directors for community colleges of
28 Arizona".

29 B. The state board may:

- 30 1. Adopt a corporate seal.
- 31 2. Contract with any person.
- 32 3. Sue and be sued.

33 C. THE STATE BOARD MAY HIRE EMPLOYEES NECESSARY TO FULFILL THE DUTIES
34 OF THIS CHAPTER SUBJECT TO LEGISLATIVE APPROPRIATION OR THROUGH PRIVATE
35 DONATIONS.

36 D. THE STATE BOARD SHALL COMPILE AND SUMMARIZE DATA FROM THE COMMUNITY
37 COLLEGE DISTRICTS IN THIS STATE AND PREPARE ANNUAL REPORTS SPECIFIED BY LAW.

38 E. THE STATE BOARD SHALL FACILITATE TRANSFER ARTICULATION COORDINATION
39 PURSUANT TO SECTION 15-1824.

40 F. THE STATE BOARD SHALL SUBMIT A REPORT FOR THE PRECEDING FISCAL YEAR
41 TO THE GOVERNOR AND THE JOINT LEGISLATIVE BUDGET COMMITTEE. THE STATE BOARD
42 SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND THE
43 DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE
44 REPORT SHALL LIST THE TUITION AND FEES CHARGED BY THE COMMUNITY COLLEGE
45 DISTRICTS IN THIS STATE.

1 G. THE COMMUNITY COLLEGES SHALL COOPERATE IN PROVIDING TIMELY DATA IN
2 RESPONSE TO REQUESTS FROM THE STATE BOARD PURSUANT TO THIS CHAPTER.

3 H. THE STATE BOARD DOES NOT HAVE ANY MANDATORY OR DISCRETIONARY
4 AUTHORITY THAT IS NOT SPECIFICALLY PRESCRIBED TO THE STATE BOARD BY THE
5 LEGISLATURE PURSUANT TO THIS CHAPTER.

6 ~~4. Adopt rules concerning and prescribe limitations on contracting by
7 the community college district governing boards.~~

8 ~~5. Conduct pilot projects for implementing cooperative agreements
9 between community college districts and high school districts and other
10 vocational and technological education and employment training providers.~~

11 ~~6. Adopt rules regarding the construction, remodeling and repair of
12 buildings which permit district boards to accomplish minor construction,
13 remodeling and repair projects without prior approval of the state board.~~

14 ~~7. On the request of a district board, waive tuitions and fees and
15 graduate the tuition and fee waivers for a student in any of the institutions
16 under the district board's jurisdiction if the student is one of the
17 following:~~

18 ~~(a) An employee or the spouse or dependent child of an employee of the
19 community college district.~~

20 ~~(b) A nonresident student enrolled in the community college district,
21 if the state board and district board determine the waiver is in the best
22 interests of this state and the student.~~

23 ~~6. I. The state A DISTRICT board shall determine the location within
24 the district of a community college and purchase, receive, hold, make and
25 take leases of and sell real property for the benefit of this state and for
26 the use of the community colleges under its jurisdiction. Notwithstanding
27 this subsection, the state board may delegate to community college district
28 governing boards the power to lease or lease-purchase real property including
29 buildings and improvements to the property, as lessor or as lessee.~~

30 ~~6. J. The state A DISTRICT board may enter into lease or
31 lease-purchase agreements for real property, including buildings and
32 improvements to the property.~~

33 ~~6. K. Lease or lease-purchase agreements authorized by subsection 6-
34 H or 6- I of this section shall not create an obligation of payment by the
35 district under the terms of the lease or lease-purchase agreement for periods
36 longer than fifteen years.~~

37 ~~6. L. The amount of outstanding indebtedness due to acquisition of
38 real property by lease-purchase per community college district shall not
39 exceed two million five hundred thousand dollars in any one year and fifteen
40 million dollars in the aggregate. At the request of a district board, the
41 state A DISTRICT board may pledge tuitions, fees, rentals and other charges
42 to any payments due under lease-purchase agreements.~~

1 ~~G.~~ M. Notwithstanding subsection ~~F~~ K of this section, periodic
2 payments and any option payments for acquisition of real property by
3 lease-purchase are restricted to payment from capital outlay funds.

4 ~~H.~~ N. Districts which acquire real property by lease-purchase shall
5 not be entitled to receive funds pursuant to section 15-1463 pertaining to
6 the specific real property acquired by lease-purchase.

7 ~~I.~~ O. Notwithstanding any other provision of law, payments on lease
8 or lease-purchase agreements entered into pursuant to subsection ~~G~~ H or ~~D~~
9 I of this section are an obligation of the district within the meaning of the
10 constitutional limit against indebtedness set out in article IX, section 8,
11 Constitution of Arizona.

12 ~~J.~~ P. If the ~~state board or, under authority of the state board,~~ a
13 district acquires real or personal property, whether by purchase, exchange,
14 condemnation, gift or otherwise, the ~~state board or district~~ shall pay to the
15 county treasurer any taxes on the property that were unpaid as of the date
16 of acquisition, including penalties and interest. The lien for unpaid
17 delinquent taxes, penalties and interest on property acquired by the state
18 ~~board or a district:~~

19 1. Is not abated, extinguished, discharged or merged in the title to
20 the property.

21 2. Is enforceable in the same manner as other delinquent tax liens.

22 ~~K.~~ Q. The state BOARD OR A DISTRICT board may accept grants or
23 donations of monies from the United States, or from any of its agencies,
24 departments or officers, or from any persons, corporations, foundations or
25 associations. The state BOARD OR A DISTRICT board shall deposit, pursuant
26 to sections 35-146 and 35-147, the monies into a specific fund or account,
27 and the state board OR A DISTRICT BOARD shall administer the monies in
28 accordance with the purpose of the grant or donation with specific rules or
29 restrictions as described or stipulated in the grant or donation. In the
30 case of personal property granted or donated to or for the benefit of a
31 community college district, the state board OR A DISTRICT BOARD shall
32 immediately transfer possession and ownership of the property to the
33 designated district.

34 ~~L.~~ R. The state board may establish a program for the exchange of
35 students between the community colleges under the ~~state board's~~ ITS
36 jurisdiction and colleges and universities located in Sonora, Mexico.
37 Notwithstanding section 15-1425, paragraph 5, the program may provide for
38 in-state tuition for up to fifty Sonora students at the community colleges
39 under the ~~state board's~~ ITS jurisdiction in exchange for similar tuition
40 provisions for up to fifty Arizona students enrolled or seeking enrollment
41 in Sonora colleges and universities. The ~~state board and the community~~
42 colleges may work in conjunction with the Arizona-Mexico commission in the
43 governor's office to coordinate recruitment and admissions activities.

1 M. S. For the purposes of this section, ~~1.~~
2 ~~1. "Minor construction, remodeling and repair projects" means those~~
3 ~~projects which cost no more than:~~

4 ~~(a) For fiscal year 1986-1987, fifty thousand dollars.~~
5 ~~(b) Beginning with fiscal year 1987-1988, the amount for the previous~~
6 ~~fiscal year adjusted by the growth rate prescribed by law, subject to~~
7 ~~appropriation.~~

8 ~~2. "person" includes an association, a company, a corporation, a firm,~~
9 ~~a governmental body, an organization, a partnership or a society, as well as~~
10 ~~a natural person.~~

11 Sec. 11. Section 15-1425, Arizona Revised Statutes, as amended by Laws
12 2001, second special session, chapter 6, section 4, is amended to read:
13 15-1425. General administrative powers of district governing
14 boards

15 The state A DISTRICT board shall:
16 1. Enact ordinances for the government of the institutions COMMUNITY
17 COLLEGES under its jurisdiction.

18 2. IN CONJUNCTION WITH OTHER DISTRICT BOARDS, set standards for the
19 establishment, development, administration, operation and accreditation of
20 community colleges IN THE DISTRICT.

21 3. IN CONJUNCTION WITH OTHER DISTRICT BOARDS, establish qualifications
22 of the instructional staff and establish standards of vocational and
23 technological competence required to instruct in occupational as well as
24 academic subjects.

25 4. Fix tuitions and fees ~~which the community college districts shall~~
26 ~~charge and graduate the tuitions and fees between institutions and between~~
27 ~~residents, nonresidents and students from foreign countries. THE DISTRICT~~
28 ~~BOARD MAY WAIVE TUITIONS AND FEES AND GRADUATE TUITION AND WAIVERS FOR AN~~
29 ~~EMPLOYEE OR THE SPOUSE OR DEPENDENT CHILD OF AN EMPLOYEE OF THE DISTRICT, OR~~
30 ~~FOR A NONRESIDENT STUDENT ENROLLED IN THE DISTRICT IF THE DISTRICT BOARD~~
31 ~~DETERMINES THE WAIVER IS IN THE BEST INTEREST OF THIS STATE AND THE STUDENT.~~

32 5. Establish curriculums and designate courses ~~at the several~~
33 ~~institutions which in its judgment will best serve the interests of this~~
34 ~~state.~~

35 6. IN CONJUNCTION WITH OTHER DISTRICT BOARDS, prescribe qualifications
36 for admission to community colleges for veterans, honorably discharged, who
37 served on active duty in the armed forces for a minimum of one year and who
38 were previously enrolled at a community college or university in this
39 state. For the purpose of determining the qualifications the state DISTRICT
40 board may not consider prior failing grades received by the veteran at a
41 community college or university in this state.

1 7. In conjunction with OTHER DISTRICT BOARDS AND the state board for
2 vocational and technological education review and adopt, within the scope of
3 the statutory definitions of vocational and technological education, program
4 and staff standards with modifications as necessary for courses taught in
5 community colleges. The state DISTRICT board shall base the standards on
6 vocational and technological competence.

7 8. ~~In conjunction with~~ IF REQUESTED BY the state board for vocational
8 and technological education, ~~prepare, publish and distribute~~ ASSIST IN THE
9 PREPARATION, PUBLICATION AND DISTRIBUTION OF an annual state plan and a
10 comprehensive five year state plan.

11 9. IN CONJUNCTION WITH OTHER DISTRICT BOARDS, prescribe the manner in
12 which the self-evaluation of vocational and technological education programs
13 as provided in section 15-1447 is conducted.

14 10. IN CONJUNCTION WITH OTHER DISTRICT BOARDS, prescribe guidelines
15 providing for the transferability between community college district
16 vocational and technological education programs and in conjunction with the
17 state board for vocational and technological education prescribe guidelines
18 for the interrelationship of secondary programs and postsecondary programs.

19 11. In conjunction with OTHER DISTRICT BOARDS AND the state board for
20 vocational and technological education, develop a process to determine
21 program funding priorities for state aid purposes. ~~The state~~ EACH DISTRICT
22 board shall submit state aid recommendations to the legislature. The
23 recommendations shall be based on the process and on existing cost studies
24 of vocational and technological education in this state.

25 12. IN CONJUNCTION WITH OTHER DISTRICT BOARDS, submit to the economic
26 estimates commission prior to January 10 of each year the estimated number
27 of full-time equivalent students for each THE community college district as
28 prescribed in section 15-1466.01.

29 13. Determine academic classes which qualify as open entry, open exit
30 classes as defined in section 15-1401 and prescribe rules for the operation
31 of open entry, open exit classes.

32 14. Require the publisher of each literary and nonliterary textbook
33 used in the community colleges of this state THE DISTRICT to furnish computer
34 software in a standardized format when software becomes available for
35 nonliterary textbooks, to the state DISTRICT board of ~~directors for community~~
36 colleges from which braille versions of the textbook may be produced.

37 15. IDENTIFY STUDENTS SIMULTANEOUSLY ENROLLED IN A COURSE FOR BOTH HIGH
38 SCHOOL AND COLLEGE CREDIT BY USING THE SAME STUDENT LEVEL DATA ELEMENT
39 REQUIRED BY SECTION 15-1042, SUBSECTION G. THE AUDITOR GENERAL SHALL HAVE
40 ACCESS TO THIS INFORMATION WHEN CERTIFYING THE FULL-TIME EQUIVALENT STUDENT
41 ENROLLMENT PURSUANT TO SECTION 15-1466.01, PARAGRAPH 4.

1 Sec. 12. Repeal
2 Section 15-1425, Arizona Revised Statutes, as amended by Laws 2001,
3 chapter 372, section 2, is repealed.

4 Sec. 13. Repeal
5 Section 15-1426, Arizona Revised Statutes, is repealed.

6 Sec. 14. Section 15-1427, Arizona Revised Statutes, is amended to
7 read:

8 15-1427. Annual report

9 By November 1 of each year, the state board shall make a report for the
10 preceding fiscal year to the governor AND THE LEGISLATURE. The report shall
11 set forth the state of progress of the community colleges operated under the
12 provisions of this chapter, the courses of study included in the curriculums,
13 the number of professors and other instructional staff members employed, the
14 number of students registered and attending classes, THE NUMBER OF FULL-TIME
15 EQUIVALENT STUDENTS ENROLLED DURING THE YEAR, THE TOTAL NUMBER OF STUDENTS
16 NOT RESIDING IN THE DISTRICT, the amount of receipts and expenditures and
17 such other information as the ~~state board deems~~ GOVERNOR AND THE LEGISLATURE
18 DEEM proper.

19 Sec. 15. Section 15-1428, Arizona Revised Statutes, is amended to
20 read:

21 15-1428. Uniform system of accounting for community college
22 districts; duties of auditor general

23 A. The auditor general shall determine the accounting systems,
24 accounting methods and accounting procedures for use by THE community college
25 districts.

26 B. The auditor general in conjunction with the state board of
27 directors for community colleges shall prescribe a uniform system of
28 accounting as provided in section 41-1279.21 for use by all community college
29 districts.

30 Sec. 16. Section 15-1429, Arizona Revised Statutes, is amended to
31 read:

32 15-1429. Services outside district boundaries

33 Except as provided in section 15-1470, a district may offer credit and
34 noncredit courses and services outside of the district. District courses and
35 services may be offered through the use of provisional community college
36 districts. ~~The state board shall adopt rules concerning the offering of~~
37 ~~credit courses outside a district, including distance learning courses.~~ A
38 community college district is not entitled to state aid payments for students
39 who are provided courses and services outside of this state.

40 Sec. 17. Section 15-1444, Arizona Revised Statutes, is amended to
41 read:

42 15-1444. Powers and duties

43 A. Except as otherwise provided, the district board shall:

1 1. Maintain each community college for a period of not less than eight
2 months in each year and, if the funds of the district are sufficient,
3 maintain each community college for a longer period.

4 2. Enforce the courses of study prescribed by the state DISTRICT
5 board.

6 3. Visit each community college and examine carefully into its
7 management, conditions and needs.

8 4. Exclude from each community college all books, publications or
9 papers of a sectarian, partisan or denominational character intended for use
10 as textbooks.

11 5. Appoint and employ a chancellor or chancellors, vice-chancellors,
12 a president or presidents, vice-presidents, deans, professors, instructors,
13 lecturers, fellows and such other officers and employees it deems
14 necessary. ~~Notwithstanding subsection 8, paragraph 3 of this section and~~
15 ~~section 15-1424, subsection 8, paragraph 4,~~ The district board may enter into
16 employment contracts with chancellors, vice-chancellors and presidents for
17 a duration of more than one year but not more than five years.

18 6. Determine the salaries of persons it appoints and employs.

19 7. Remove any officer or employee if in its judgment the interests of
20 education in this state require the removal.

21 8. Award degrees, certificates and diplomas upon the completion of
22 courses and curriculum as it deems appropriate.

23 9. Appoint, if it deems necessary, police officers who shall have the
24 authority and power of peace officers. The police officers who have received
25 a certificate from the Arizona peace officer standards and training board are
26 eligible for membership in and benefits under either title 38, chapter 5,
27 article 2 or the public safety personnel retirement system under title 38,
28 chapter 5, article 4.

29 10. Receive, hold, make and take leases of and sell personal property
30 for the benefit of the community colleges under its jurisdiction.

31 11. Obtain insurance against loss, to the extent it is determined
32 necessary on community college buildings of the district, whether financed
33 in whole or in part by state monies. The local district shall have an
34 insurable interest in the buildings.

35 B. The district board may:

36 1. Administer trusts declared or created for the district and receive
37 by gift or devise and hold in trust or otherwise property wheresoever
38 located, and if not otherwise provided, dispose of the property for the
39 benefit of the district, ~~if, with respect to real property, the state board~~
40 ~~has consented to the disposition of the real property.~~

41 2. Lease real property, as lessor or as lessee, ~~if authorized by the~~
42 ~~state board as provided in section 15-1424.~~ If a district is the lessee, the
43 lease may contain an option to purchase the property. The district board may
44 adopt policies as are deemed necessary and may delegate in writing to the
45 chancellor or president of the district, or their designees, all or any part

1 of its authority to lease property under this paragraph. A district
2 governing board shall not delegate the authority to execute a lease that
3 exceeds one hundred thousand dollars per year. Any delegation by the
4 district board pursuant to this paragraph may be rescinded in whole or in
5 part at any time by the district board.

6 3. SUE AND BE SUED.

7 ~~3. 4. Contract, subject to the rules and limitations prescribed by~~
8 ~~the state board as provided in section 15-1424.~~ The district board may adopt
9 such policies as are deemed necessary and may delegate in writing to the
10 chancellor or president of the district, or their designees, all or any part
11 of its authority to contract under this paragraph. Any delegation of
12 authority under this paragraph may be rescinded by the district board at any
13 time in whole or in part.

14 ~~4. 5. Construct, remodel and repair buildings subject to the rules~~
15 ~~prescribed by the state board as provided in section 15-1424.~~

16 ~~5. 6. Provide a plan or plans for employee benefits which may include~~
17 optional retirement programs pursuant to section 15-1451, subsection A, which
18 allow for participation in a cafeteria plan that meets the requirements of
19 the United States internal revenue code of 1986.

20 C. From and after December 31, 1988, in a district whose boundaries
21 encompass a vehicle emissions control area as defined in section 49-541 the
22 district board shall require all out of county and out of state students to
23 sign an affidavit at the time of course registration that the student's
24 vehicle meets the requirements of section 49-542. From and after December
25 31, 1988, the district board on property under its jurisdiction within a
26 vehicle emissions control area shall prohibit the parking of those vehicles
27 which fail to comply with section 49-542.

28 D. A community college district and a joint technological education
29 district governing board may enter into agreements for the provision of
30 administrative, operational and educational services and facilities.

31 Sec. 18. Section 15-1447, Arizona Revised Statutes, is amended to
32 read:

33 15-1447. Evaluation of vocational and technical education
34 programs

35 A district board shall provide for the evaluation of vocational and
36 technical education programs once every five years. The assessment shall be
37 conducted in cooperation with and with assistance from business, industry and
38 labor representatives. The district board may conduct a self-evaluation or
39 ~~use the services of the state board for vocational and technical~~
40 ~~education. The self-evaluation shall be conducted in the manner prescribed~~
41 ~~by the state board of directors for community colleges.~~

1 Sec. 19. Section 15-1449, Arizona Revised Statutes, is amended to
2 read:

3 15-1449. Control of vehicles and nonpedestrian devices on
4 community college property by district board;
5 sanctions; compliance with emissions inspection;
6 definition

7 A. The district board may adopt rules, ~~subject to the approval of the~~
8 ~~state board,~~ for the control of vehicles and nonpedestrian devices on
9 property of the institutions under the district board's jurisdiction with
10 respect to the following only:

- 11 1. Maximum speed of vehicles and nonpedestrian devices.
- 12 2. Direction of travel.
- 13 3. Authorized hours of travel.
- 14 4. Required stops in traffic.
- 15 5. Place, method and time of parking.
- 16 6. Nonparking areas and restricted areas.
- 17 7. Prohibition of parking in vehicle emissions control areas as
18 defined in section 49-541 of those vehicles which fail to comply with section
19 49-542.
- 20 8. Designation of special parking areas for students, faculty, staff
21 and the general public.

22 B. The district board may prescribe and collect reasonable fees for
23 specially designated parking areas. The district board shall cause signs and
24 notices to be posted on the property for the regulation of vehicles and
25 nonpedestrian devices.

26 C. The rules adopted by the district board pursuant to subsection A
27 of this section shall be enforced administratively under procedures approved
28 by the district board for each institution under its jurisdiction. As to
29 students, faculty and staff, these procedures may involve both student and
30 faculty adjudicating bodies if all procedures give the individual notice and
31 an opportunity to be heard concerning the alleged infractions and any
32 sanction to be imposed on the individual. Administrative and disciplinary
33 sanctions may be imposed on students, faculty and staff for a violation of
34 the rules including a reasonable monetary penalty, impoundment, regular
35 institutional discipline, withdrawal or suspension of campus parking
36 privileges, encumbrances of records or grades, or both, and oral or written
37 reprimand. Habitual or flagrant disregard of rules is a ground for
38 suspension or expulsion from the institution for a student and may be taken
39 into consideration as to faculty and staff in regard to amount of salary and
40 continuation of employment.

41 D. Members of the general public who park their vehicles in an
42 unauthorized manner on the property of an institution under the jurisdiction
43 of the district board shall be warned concerning their unauthorized parking,
44 and if they continue to or habitually park in an unauthorized manner, the

1 vehicles parked in an unauthorized manner may be impounded by the institution
2 and a reasonable fee may be exacted for the cost of impoundment and storage.

3 E. Members of the general public who violate a rule adopted by the
4 district board pursuant to subsection A of this section regarding the use of
5 nonpedestrian devices on the property of an institution under the
6 jurisdiction of the district board shall be warned of a violation. A
7 nonpedestrian device may be impounded by the institution, and a reasonable
8 fee may be exacted for the cost of impoundment and storage.

9 F. Except as provided in section 41-1092.08, subsection H, a person
10 who has received a final administrative ruling concerning a sanction imposed
11 on the person as a result of a violation of a rule adopted pursuant to
12 subsection A of this section has the right to have that ruling reviewed by
13 the superior court in the county in which the institution involved is
14 situated pursuant to title 12, chapter 7, article 6.

15 G. An institution that is under the jurisdiction of the district board
16 and that is located in a vehicle emissions control area as defined in section
17 49-541 shall prohibit the issuance of annual permits to park on property
18 under its jurisdiction until the applicant submits an affidavit or shows
19 proof that the applicant's vehicle meets the requirements of section 49-542.

20 H. In this section, "nonpedestrian devices" includes bicycles,
21 tricycles, unicycles, skateboards, roller skates and equines.

22 Sec. 20. Section 15-1463, Arizona Revised Statutes, is amended to
23 read:

24 15-1463. State contribution for capital outlay for initial or
25 additional campus

26 A. This state, by legislative appropriation, shall pay TO THE DISTRICT
27 a sum equal to fifty per cent of the total cost for capital outlay for an
28 initial campus in a newly formed district or in a county entering into an
29 intergovernmental agreement for providing extension courses pursuant to
30 section 15-1470, not to exceed one million dollars.

31 B. If a district board in an existing district determines the need for
32 an additional campus or campuses, it shall ~~certify the need to the state~~
33 ~~board. If the state board approves the increase in the number of campuses,~~
34 SUBMIT A REQUEST TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR REVIEW. This
35 state, by legislative appropriation, shall pay a sum equal to fifty per cent
36 of the total cost for capital outlay for each approved campus within the
37 district, but not to exceed one million dollars at any one campus, including
38 the purchase, erection, remodeling or completion of buildings and the
39 purchase of equipment and facilities for educational or auxiliary purposes
40 of the community college, excluding the cost of any land granted to the
41 community college district and dormitories erected for the use of students
42 or faculty members.

1 Sec. 21. Section 15-1464, Arizona Revised Statutes, is amended to
2 read:

3 15-1464. State aid per capita distribution for capital outlay;
4 capital outlay fund; appropriation

5 A. In addition to the appropriation prescribed in section 15-1463,
6 subsection A, this state shall pay to each community college district state
7 aid for capital outlay in the following manner:

8 1. For fiscal year 1992-1993 for a community college district which
9 had less than five thousand actual full-time equivalent students according
10 to the most recent fiscal year actual full-time equivalent student count, the
11 amount determined by multiplying the number of actual full-time equivalent
12 students according to the most recent fiscal year actual full-time equivalent
13 student count by two hundred seven dollars.

14 2. For fiscal year 1992-1993 for a community college district which
15 had five thousand or more actual full-time equivalent students according to
16 the most recent fiscal year actual full-time equivalent student count, the
17 amount determined by multiplying the number of actual full-time equivalent
18 students according to the most recent fiscal year actual full-time equivalent
19 student count by one hundred fifty-eight dollars.

20 3. Beginning with fiscal year 1993-1994 the legislature shall adjust
21 by the growth rate for common and high school districts as provided by law,
22 subject to appropriation, the amount of state aid to community college
23 districts as provided in paragraphs 1 and 2.

24 B. The basis for computing full-time equivalent students for the
25 capital outlay per capita distribution shall be on the same basis as the
26 computation prescribed in section 15-1466.01.

27 C. In addition to the formula to determine the appropriations
28 prescribed in section 15-1463, subsection A and subsection A of this section,
29 this state may pay additional amounts for capital outlay to a community
30 college district based on requests from the district. ~~The state board shall~~
31 ~~include these additional amounts for capital outlay in the budget submission~~
32 ~~prescribed in section 35-113.~~

33 D. Appropriations for capital outlay made pursuant to subsections A
34 and C of this section and section 15-1463 shall be made to an account
35 designated as the capital outlay fund.

36 E. At the beginning of each fiscal year, the state DISTRICT board
37 shall present to the department of administration a claim for the annual
38 amount appropriated by the legislature and assigned to each THE district for
39 capital outlay purposes. The department of administration shall draw a
40 warrant in payment of the claim and shall transmit the warrant to the state
41 treasurer who shall disburse the funds to the districts DISTRICT for capital
42 outlay purposes, to be expended as provided by law. If no community college
43 exists, the department shall establish a fund for new future community
44 college districts to be disbursed as needed.

1 F. Notwithstanding subsection E of this section, a community college
2 district may request the state treasurer to disburse the monies to the local
3 government investment pool for deposit into the district's account as
4 established in section 35-326.

5 G. Each district has the option of using up to twenty per cent of its
6 total capital outlay aid appropriation for operating aid purposes or taking
7 this same amount out of the district's total operating state aid
8 appropriation and using it for capital outlay purposes.

9 Sec. 22. Section 15-1465, Arizona Revised Statutes, is amended to
10 read:

11 15-1465. Election; issuance and sale of bonds for capital
12 outlay; disposition of proceeds; proration of
13 expenditures by counties

14 A. A district, ~~with the consent of the state board,~~ may conduct an
15 election to determine whether or not bonds shall be issued and sold for the
16 purpose of paying its share of the expenditures incurred for capital
17 outlay. The election shall be originated and conducted, the bonds issued,
18 sold and redeemed and a tax levy imposed for payment of interest on such
19 bonds and redemption of bonds in accordance with the provisions of title 35,
20 chapter 3, article 3 and the limitations imposed on school districts by
21 article IX, section 8, Constitution of Arizona, insofar as those provisions
22 are applicable. Bond counsel fees, financial advisory fees, printing costs
23 and paying agent and registrar fees shall be paid from either the amount
24 authorized by the qualified electors of the community college district or
25 current operating funds. Bond election expenses shall be paid from current
26 operating funds only.

27 B. The proceeds of all bonds sold as provided in subsection A shall
28 be used only for capital outlay, including the purchase of land, the
29 purchase, erection, remodeling or completion of buildings and the purchase
30 of equipment and facilities for educational or auxiliary purposes of the
31 community college district.

32 C. Where a district contains more than one county, subsections A and
33 B shall be applicable separately to each of the counties as to its portion
34 of the expenditures to be paid for capital outlay in setting up the physical
35 plant of the district even though the proposed plant is to be established,
36 wholly or partly, in one county of the district.

37 D. The portion of the expenditures for capital outlay to be prorated
38 by each county of a district shall be determined ~~by the state board~~ in the
39 ratio that the assessed valuation of each county within the district bears
40 to the total assessed valuation of all counties within the district.

41 E. If a majority of the qualified electors voting at an election held
42 as provided in this chapter disapproves the issuance of bonds for any
43 purpose, the governing board of the community college district shall not
44 authorize the expenditure of funds from any source for such purpose without
45 subsequent approval of a majority of the qualified electors voting at an

1 election held as provided in this chapter, except that a subsequent vote of
2 the district electors shall not be necessary to:

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

6 Sec. 23. Section 15-1466, Arizona Revised Statutes, is amended to
7 read:

8 15-1466. State aid; eligibility; limitations

9 A. Subject to legislative appropriation, the legislature shall
10 determine and appropriate the amount of state aid each fiscal year for any
11 district possessing the qualifications as prescribed in this chapter.

12 B. The state shall determine the amount of state aid, as prescribed
13 in subsection F of this section, appropriated to each district for the fiscal
14 year prior to the fiscal year for which the state aid is being calculated.

15 C. The state shall adjust the amount of state aid appropriated to each
16 district as determined in subsection B of this section by the growth rate
17 referenced by section 15-901, subsection B, paragraph 2. This amount shall
18 be appropriated to the district except as provided in subsection D of this
19 section.

20 D. In addition to the state aid appropriated in subsection C of this
21 section, each district qualified under this chapter shall have its state aid
22 adjusted in an amount that reflects the growth in the full-time equivalent
23 student count of the district calculated as follows:

24 1. Calculate the growth in the actual, audited full-time equivalent
25 student count between the second and third most recent fiscal years prior to
26 the fiscal year for which the state aid is being calculated for each
27 district.

28 2. Calculate the average appropriation per full-time equivalent
29 student for all districts by dividing the amount determined in subsection B
30 of this section by the actual, audited full-time equivalent student count for
31 all districts in the most recent fiscal year.

32 3. Multiply the amount calculated in paragraph 1 of this subsection
33 by the average appropriation calculated in paragraph 2 of this subsection.
34 This amount shall be appropriated to the district for growth.

35 E. State aid appropriated to each district shall be allocated and paid
36 in accordance with subsection C of this section before any funding is
37 allocated and paid in accordance with subsection D of this section.

38 F. The total amount appropriated to each district each fiscal year in
39 accordance with subsections C and D of this section shall serve as the amount
40 of state aid to be adjusted in the next fiscal year.

41 G. To be eligible for state aid, a district shall:

42 1. Be equipped with suitable buildings, equipment and campus approved
43 ~~by the state board.~~

44 2. Have three hundred twenty full-time equivalent students attending
45 in the district.

1 Sec. 25. Section 15-1469, Arizona Revised Statutes, is amended to
2 read:

3 15-1469. Attendance of nonresident state students; payment of
4 cost by county of residence

5 A. The district may admit students from any part of this state which
6 is not a part of an established community college district on the same
7 conditions as residents.

8 B. It shall be the obligation of the county of the student's residence
9 to reimburse the district as provided in this subsection. The amount of
10 reimbursement to each community college district from each county which is
11 not a part of an organized community college district shall be determined as
12 follows:

13 1. For students attending classes within the established community
14 college district:

15 (a) Determine the number of full-time equivalent students attending
16 classes within the district from the county for the year preceding the
17 current year.

18 (b) Determine the operational expenses of the district for the current
19 year excluding direct and indirect costs of noncredit courses.

20 (c) Determine the amount of state aid the district received for the
21 current year as provided in section 15-1466.

22 (d) Subtract the amount of state aid received for the current year
23 determined in subdivision (c) from the amount of operational expenses for the
24 current year determined in subdivision (b).

25 (e) Determine the number of full-time equivalent students enrolled in
26 the district for the current year.

27 (f) Divide the amount determined in subdivision (d) by the number of
28 full-time equivalent students determined in subdivision (e).

29 (g) Multiply the amount determined in subdivision (f) by the average
30 number of full-time equivalent students for the county determined as provided
31 in subdivision (a).

32 The resulting amount is the amount of reimbursement to the district from the
33 county for the budget year for students attending classes within the
34 established community college district.

35 2. For students attending classes offered by the district within the
36 county pursuant to section 15-1470, the amount specified in the
37 intergovernmental agreement is the amount of reimbursement to the district
38 from the county for the budget year for students attending classes within the
39 county.

40 C. The county school superintendent of the county of the student's
41 residence shall certify to the state board and the board of supervisors that
42 the student is a resident of the county.

43 D. On or before May 15, the state board shall:

44 1. Determine the amount of reimbursement to each district from each
45 county pursuant to subsection B, paragraph 1 of this section.

1 2. Notify the board of supervisors of each county of the amount it
2 shall reimburse to each district pursuant to subsection B, paragraph 1 of
3 this section for the budget year.

4 3. Notify each community college district eligible to receive
5 reimbursement of the amount of reimbursement from each county pursuant to
6 subsection B, paragraph 1 of this section for the budget year.

7 E. On or before November 15 and May 15, the board of supervisors shall
8 draw warrants on the county treasurer in favor of the community college
9 district for half of the amount due pursuant to subsection B of this section.
10 The board of supervisors shall:

11 1. Pay monies from the county general fund or levy a community college
12 reimbursement levy pursuant to section 42-17203 for the amount of
13 reimbursement pursuant to an intergovernmental agreement for extension
14 courses as provided in section 15-1470.

15 2. Pay monies from the county general fund or levy a community college
16 reimbursement levy pursuant to section 42-17203 for the amount of
17 reimbursement pursuant to subsection B, paragraph 1 of this section.

18 F. Notwithstanding subsection E of this section, a county and a
19 community college district may specify by intergovernmental agreement that
20 the amount of reimbursement due from the county be reduced by the value of
21 in-kind contributions made by the county to the district.

22 G. For the purposes of subsection B, paragraph 1 of this section
23 full-time equivalent students are determined in the same manner prescribed
24 by section 15-1466.01.

25 Sec. 26. Section 15-1470, Arizona Revised Statutes, is amended to
26 read:

27 15-1470. Extension courses; intergovernmental agreement

28 A. ~~With the approval of the state board,~~ Districts may offer extension
29 courses in counties without an organized community college district.

30 B. Before a district may offer extension courses pursuant to this
31 section, the district shall enter into an intergovernmental agreement with
32 the board of supervisors of the county in which the extension courses will
33 be held. The district and the county shall negotiate the amount of
34 reimbursement payable by the county to the district for extension courses
35 conducted within the county no later than July 1.

36 C. ~~The intergovernmental agreement entered into as provided in this~~
37 ~~section must be approved by the state board and~~ may not require or permit the
38 county to reimburse the district for noncredit classes.

39 Sec. 27. Section 15-1472, Arizona Revised Statutes, is amended to
40 read:

41 15-1472. Community college district workforce development
42 accounts; reports

43 A. Each community college district shall establish a separate
44 workforce development account to receive only tax revenues authorized
45 pursuant to section 42-5029, subsection E, paragraph 3. Each community

1 college district board shall approve the expenditure of these monies in
2 accordance with section 15-1461 and consistent with the provisions of
3 subsection B of this section.

4 B. Monies received pursuant to subsection A of this section shall be
5 expended for workforce development and job training purposes. These
6 expenditures may include:

7 1. Partnerships with businesses and educational institutions.

8 2. Additional faculty for improved and expanded classroom instruction
9 and course offerings.

10 3. Technology, equipment and technology infrastructure for advanced
11 teaching and learning in classrooms or laboratories.

12 4. Student services such as assessment, advisement and counseling for
13 new and expanded job opportunities.

14 5. The purchase, lease or lease-purchase of real property, for new
15 construction, remodeling or repair of buildings or facilities on real
16 property.

17 C. The state treasurer shall transfer monies under this section into
18 each district's workforce development account by the fifteenth day of each
19 month. The state treasurer shall also allocate and distribute any pooled
20 interest earnings earned from revenues authorized in section 42-5029,
21 subsection E, paragraph 3 to each district in accordance with the method
22 prescribed in subsection D, paragraph 2 of this section.

23 D. Revenues authorized for community college districts in section
24 42-5029, subsection E, paragraph 3 shall be distributed by the state in the
25 following manner:

26 1. For thirteen fiscal years beginning in fiscal year 2001-2002 the
27 state treasurer shall allocate one million dollars per fiscal year for the
28 purpose of bringing this state into compliance with the matching capital
29 requirements prescribed in section 15-1463. The state treasurer shall
30 distribute the monies authorized in this subsection to each district in the
31 order in which each campus qualified for funding pursuant to section 15-1463.

32 2. After the monies have been paid each year to the eligible district
33 pursuant to paragraph 1 of this subsection, the state treasurer shall
34 distribute monies from the workforce development fund to each community
35 college district in the following manner:

36 (a) Each district shall receive the sum of two hundred thousand
37 dollars.

38 (b) After each district has received the payments prescribed in
39 subdivision (a) of this paragraph, the remainder of monies in the fund shall
40 be distributed to each district according to each district's full-time
41 equivalent student enrollment percentage of the total state wide audited
42 full-time equivalent student enrollment in the preceding fiscal year
43 prescribed in section 15-1466.01. The percentage distribution under this
44 subdivision shall be adjusted annually on October 1 of each year.

1 E. Revenues received by community college districts shall not be used
2 by the legislature to supplant or reduce any state aid authorized in this
3 chapter or supplant any proceeds from the sale of bonds authorized in this
4 article and article 5 of this chapter.

5 F. Monies received under this section shall not be considered to be
6 local revenues for purposes of article IX, section 21, Constitution of
7 Arizona.

8 G. Each community college district shall submit a workforce
9 development plan by April 1 of each year to ~~the state board of directors for~~
10 ~~community colleges~~ and the department of commerce. The plan shall outline
11 the purpose and goals for which workforce development monies are to be
12 expended by the district.

13 H. Each community college district shall annually present SUBMIT a
14 report of its workforce development plan activities and expenditures
15 authorized by this section for the previous year to the state board of
16 directors for community colleges by December 1. The state board may offer
17 recommendations regarding a district's workforce development plan for future
18 years AND SHALL FORWARD THE DISTRICT REPORTS TO THE JOINT LEGISLATIVE BUDGET
19 COMMITTEE FOR REVIEW.

20 I. Each community college district shall annually submit a report of
21 the expenditures authorized in this section to the governor, president of the
22 senate, speaker of the house of representatives, and department of commerce
23 by each December 1 following the end of the fiscal year for which the
24 expenditures have been made. The report shall include the purpose and goals
25 for which the workforce development monies were expended by each district
26 together with a general accounting of the expenditures authorized in
27 subsection B of this section. A copy of the final report shall also be
28 provided to the secretary of state and the director of the Arizona state
29 library, archives and public records.

30 Sec. 28. Section 15-1481, Arizona Revised Statutes, is amended to
31 read:

32 15-1481. Definitions

33 In this article, unless the context otherwise requires:

34 1. "Acquire" includes purchase, erect, build, construct, reconstruct,
35 repair, replace, extend, better, furnish, equip, develop, improve and
36 embellish.

37 2. "Board" means ~~the state board of directors for community colleges~~
38 ~~or its successors~~ GOVERNING BOARD OF A COMMUNITY COLLEGE DISTRICT OR ITS
39 SUCCESSORS, BUT DOES NOT INCLUDE PROVISIONAL COMMUNITY COLLEGE DISTRICTS AS
40 PRESCRIBED IN SECTION 15-1409.

41 3. "Bonds" means any bonds issued pursuant to this article.

42 4. "Federal agency" means the housing and home finance agency, the
43 United States of America or any of its officers or agencies designated or
44 created to make grants or loans of monies for public construction work.

1 5. "Institution" means any community college district heretofore or
2 hereafter organized in this state, in which an election has been held
3 approving the organization or integration of the district as part of the
4 state community college system and for which a plan of organization or
5 integration into the state system of community colleges has been prepared by
6 ~~the state board of directors for community colleges~~ and approved by the
7 legislature, as provided in articles 1 through 4 of this chapter.

8 6. "Project" means one or more classrooms, student or faculty
9 residence halls, dormitories, dining halls, student union buildings, field
10 houses, stadia and other revenue producing buildings located at the
11 institution, together with sites for the buildings, and including equipment,
12 furnishings, heating, lighting and other service facilities in connection
13 with the buildings.

14 Sec. 29. Section 15-1483, Arizona Revised Statutes, is amended to
15 read:

16 15-1483. Issuance of bonds

17 A. ~~Upon certification to the board by the governing body of the~~
18 ~~institution of the necessity for acquiring a project and after approval by~~
19 ~~the board of the location, preliminary plans, specifications and cost~~
20 ~~estimates for such project, the board~~ THE BOARD for and on behalf of the AN
21 institution is authorized from time to time to issue negotiable bonds for the
22 purpose of acquiring a project or projects. The bonds shall be authorized
23 by resolution of the board. The bonds may be issued in one or more series,
24 bear such date or dates, be in such denomination or denominations, mature at
25 such time or times, not exceeding forty years from the respective dates
26 thereof, mature in such amount or amounts, bear interest at such rate or
27 rates, as determined by the board, payable semiannually, be in such form
28 either coupon or registered, carry such registration privileges, be executed
29 in such manner, be payable in such medium of payment, at such place or
30 places, and be subject to such term of redemption, with or without premium,
31 as such resolution or other resolutions may provide. The bonds may be sold
32 at not less than par at either public or private sale. The bonds shall be
33 fully negotiable within the meaning and for all the purposes of title 47,
34 chapter 3.

35 B. BEFORE SEEKING VOTER APPROVAL FOR THE ISSUANCE OF BONDS, A DISTRICT
36 SHALL SUBMIT INFORMATION REGARDING THE PLANNED PROJECTS THAT WILL BE FUNDED
37 WITH THE BOND PROCEEDS TO THE JOINT COMMITTEE ON CAPITAL REVIEW FOR REVIEW.

38 Sec. 30. Section 15-1484, Arizona Revised Statutes, is amended to
39 read:

40 15-1484. Powers to secure bonds

41 A. In connection with the issuance of the bonds authorized by section
42 15-1483, or in order to secure the payment of such bonds and interest
43 thereon, the board shall have power by resolution to:

1 1. Fix and maintain tuitions, fees, rentals and other charges from
2 students, faculty members and others using or being served by, or having the
3 right to use or the right to be served by, any project.

4 2. Provide that bonds issued under this article may be secured by a
5 first, exclusive and closed lien on all or any certain part of the income and
6 revenue derived from, and shall be payable from tuitions, fees, rentals and
7 other charges from students, faculty members and others using or being served
8 by, or having the right to use or the right to be served by, any project.

9 3. Pledge and assign to, or in trust for the benefit of, the holder
10 or holders of the bonds issued hereunder an amount of the income and revenue
11 derived from tuitions, fees, rentals and other charges from students, faculty
12 members and others using or being served by, or having the right to use or
13 the right to be served by, any project.

14 4. Covenant with or for the benefit of the holder or holders of bonds
15 issued under this article to acquire any project, that as long as any such
16 bonds remain outstanding and unpaid the board will fix, maintain and collect
17 in such installments as may be agreed upon an amount of the tuitions, fees,
18 rentals and other charges from students, faculty members and others using or
19 being served by, or having the right to use or the right to be served by, any
20 project, which shall be sufficient to pay when due the bonds issued hereunder
21 to acquire such project, and interest thereon, and to create and maintain
22 reasonable reserves therefor and to pay the costs of operation and
23 maintenance of such project including, but not limited to, reserves for
24 extraordinary repairs, insurance and maintenance, which costs of operation
25 and maintenance shall be determined by the board in its absolute discretion.

26 5. Make and enforce and agree to make and enforce parietal rules that
27 shall insure the use of any project by all students in attendance at the
28 institution to the maximum extent to which such project is capable of serving
29 such students, or if any part of the project is designed for occupancy as
30 living quarters for the faculty members, by as many faculty members as may
31 be served thereby.

32 6. Covenant that as long as any of the bonds issued under this article
33 remain outstanding and unpaid it will not, except upon such terms and
34 conditions as may be determined:

35 (a) Voluntarily create or cause to be created any debt, lien, pledge,
36 assignment, encumbrance or other charge having priority to or being on a
37 parity with the lien of the bonds issued under this article upon any of the
38 income and revenues derived from tuitions, fees, rentals and other charges
39 from students, faculty members and others using or being served by, or having
40 the right to use or the right to be served by, any project.

41 (b) Convey or otherwise alienate the project to acquire which such
42 bonds shall have been issued or the real estate upon which such project shall
43 be located, except at a price sufficient to pay all the bonds then
44 outstanding issued under this article to acquire such project and interest

1 accrued thereon, and then only in accordance with any agreements with the
2 holder or holders of such bonds.

3 (c) Mortgage or otherwise voluntarily create or cause to be created
4 any encumbrance on the project to acquire which such bonds shall have been
5 issued or the real estate upon which it shall be located.

6 7. Covenant as to the procedure by which the terms of any contract
7 with a holder or holders of such bonds may be amended or abrogated, the
8 amount or percentage of bonds the holder or holders of which must consent to
9 an amendment or abrogation and the manner in which such consent may be given.

10 8. Vest in a trustee or trustees the right to receive all or any part
11 of the income and revenue pledged and assigned to, or for the benefit of, the
12 holder or holders of bonds issued hereunder, and to hold, apply and dispose
13 of the same and the right to enforce any covenant made to secure or pay or
14 in relation to the bonds; execute and deliver a trust agreement or trust
15 agreements which may set forth the powers and duties and the remedies
16 available to such trustee or trustees and limiting the liabilities thereof
17 and describing what occurrences shall constitute events of default and
18 prescribing the terms and conditions upon which such trustee or trustees or
19 the holder or holders of bonds of any specified amount or percentage of such
20 bonds may exercise such rights and enforce any and all such covenants and
21 resort to such remedies as may be appropriate.

22 9. Vest in a trustee or trustees or the holder or holders of any
23 specified amount or percentage of bonds the right to apply to any court of
24 competent jurisdiction for, and have granted, the appointment of a receiver
25 or receivers of the income and revenue pledged and assigned to or for the
26 benefit of the holder or holders of such bonds, which receiver or receivers
27 may have and be granted such powers and duties as such court may order or
28 decree for the protection of the bondholders.

29 10. Make covenants with any federal agency, private agency, corporation
30 or individual to perform any and all acts and to do any and all such things
31 as may be necessary or convenient or desirable in order to secure such bonds
32 or as may in the judgment of the board tend to make the bonds more
33 marketable, notwithstanding that such acts or things may not be enumerated
34 herein, and to lease any project for the best interests of the institution,
35 and to perform all acts and to do all things not inconsistent with the
36 constitution of this state as may be necessary or convenient or desirable for
37 the issuance of such bonds and for their security.

38 11. Enter into any and all contracts and agreements necessary to
39 accomplish the acquisition of the project or projects including agreements
40 for construction, engineering and architectural services and agreements
41 covering disposition and application of the proceeds received from the sale
42 of the bonds.

43 B. No bond shall be issued for any institution which causes the total
44 aggregate face amount of all bonds issued for classrooms to exceed the
45 greater of twenty-five per cent of all bonds then issued for such institution

1 or one million dollars. For purposes of this subsection, the term
2 ~~“classroom” shall~~ DOES not include any building which would have been
3 included within the definition of the term ~~“project”~~ prior to September 30,
4 1988.

5 Sec. 31. Section 15-1802, Arizona Revised Statutes, is amended to
6 read:

7 15-1802. In-state student status

8 A. Except as otherwise provided in this article no person having a
9 domicile elsewhere than in this state is eligible for classification as an
10 in-state student for tuition purposes.

11 B. A person is not entitled to classification as an in-state student
12 until the person is domiciled in this state for one year, except that a
13 person whose domicile is in this state is entitled to classification as an
14 in-state student if the person meets one of the following requirements:

15 1. The person's parent's domicile is in this state and the parent is
16 entitled to claim the person as an exemption for state and federal tax
17 purposes.

18 2. The person is an employee of an employer which transferred the
19 person to this state for employment purposes or the person is the spouse of
20 such employee.

21 3. The person is an employee of a school district in this state and
22 is under contract to teach on a full-time basis, or is employed as a
23 full-time noncertified classroom aide, at a school within that school
24 district. For purposes of this paragraph, the person is eligible for
25 classification as an in-state student only for courses necessary to complete
26 the requirements for certification by the state board of education to teach
27 in a school district in this state. No member of the person's family is
28 eligible for classification as an in-state student if the person is eligible
29 for classification as an in-state student pursuant to this paragraph.

30 C. The domicile of an unemancipated person is that of such person's
31 parent.

32 D. Any unemancipated person who remains in this state when such
33 person's parent, who had been domiciled in this state, removes from this
34 state is entitled to classification as an in-state student until attainment
35 of the degree for which currently enrolled, as long as such person maintains
36 continuous attendance.

37 E. A person who is a member of the armed forces of the United States
38 and who is stationed in this state pursuant to military orders or who is the
39 spouse or a dependent child as defined in section 43-1001 of a person who is
40 a member of the armed forces of the United States and who is stationed in
41 this state pursuant to military orders is entitled to classification as an
42 in-state student. The student, while in continuous attendance toward the
43 degree for which currently enrolled, does not lose in-state student
44 classification.

1 F. A person who is a member of the armed forces of the United States
2 or the spouse or a dependent as defined in section 43-1001 of a member of the
3 armed forces of the United States is entitled to classification as an
4 in-state student if the member of the armed forces has claimed this state as
5 the person's state of legal residence for at least twelve consecutive months
6 before the member of the armed forces, spouse or dependent enrolls in a
7 university under the jurisdiction of the Arizona board of regents or a
8 community college under the jurisdiction of ~~the state board of directors for~~
9 ~~community colleges~~ A COMMUNITY COLLEGE DISTRICT GOVERNING BOARD. For
10 purposes of this subsection, the requirement that a person be domiciled in
11 this state for one year before enrollment to qualify for in-state student
12 classification does not apply.

13 G. A person who is honorably discharged from the armed forces of the
14 United States shall be granted immediate classification as an in-state
15 student on honorable discharge from the armed forces and, while in continuous
16 attendance toward the degree for which currently enrolled, does not lose
17 in-state student classification if the person has met all of the following
18 requirements:

19 1. Declared Arizona as the person's legal residence with the person's
20 branch of service at least one year prior to discharge from the armed forces.

21 2. Demonstrated objective evidence of intent to be a resident of
22 Arizona which, for the purposes of this section, includes at least one of the
23 following:

24 (a) An Arizona driver license.

25 (b) Arizona motor vehicle registration.

26 (c) Employment history in Arizona.

27 (d) Arizona voter registration.

28 (e) Transfer of major banking services to Arizona.

29 (f) Change of permanent address on all pertinent records.

30 (g) Other materials of whatever kind or source relevant to domicile
31 or residency status.

32 3. Filed an Arizona income tax return with the department of revenue
33 during the previous tax year.

34 H. A person who is a member of an Indian tribe recognized by the
35 United States department of the interior whose reservation land lies in this
36 state and extends into another state and who is a resident of the reservation
37 is entitled to classification as an in-state student.

38 Sec. 32. Title 15, chapter 14, article 2, Arizona Revised Statutes,
39 is amended by adding section 15-1824, to read:

40 15-1824. Transfer articulation; annual report

41 A. THE COMMUNITY COLLEGES AND UNIVERSITIES SHALL COOPERATE IN
42 OPERATING A STATEWIDE ARTICULATION AND TRANSFER SYSTEM, INCLUDING THE PROCESS
43 FOR TRANSFER OF LOWER DIVISION GENERAL EDUCATION CREDITS, GENERAL ELECTIVE
44 CREDITS AND CURRICULUM REQUIREMENTS FOR APPROVED MAJORS, TO FACILITATE THE
45 TRANSFER OF COMMUNITY COLLEGE STUDENTS TO ARIZONA PUBLIC UNIVERSITIES WITHOUT

1 A LOSS OF CREDIT TOWARD A BACCALAUREATE DEGREE AND THAT THE POST SECONDARY
2 EDUCATION NEEDS OF STUDENTS STATEWIDE ARE MET WITHOUT UNNECESSARY DUPLICATION
3 OF PROGRAMS.

4 B. THE ARIZONA BOARD OF REGENTS AND THE COMMUNITY COLLEGES SHALL
5 SUBMIT AN ANNUAL REPORT OF THEIR PROGRESS ON BOTH ARTICULATION AND MEETING
6 STATEWIDE POSTSECONDARY EDUCATION NEEDS TO THE JOINT LEGISLATIVE BUDGET
7 COMMITTEE AND THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES ON OR
8 BEFORE DECEMBER 15.

9 Sec. 33. Section 15-2002, Arizona Revised Statutes, as amended by Laws
10 2001, chapter 11, section 3 and chapter 23, section 6, is amended to read:
11 15-2002. Powers and duties; executive director; staffing;

12 report

13 A. The school facilities board shall:

14 1. Make assessments of school facilities and equipment deficiencies
15 pursuant to section 15-2021 and approve the distribution of grants as
16 appropriate.

17 2. Develop a database for administering the building renewal formula
18 prescribed in section 15-2031 and administer the distribution of monies to
19 school districts for building renewal.

20 3. Inspect school buildings at least once every five years to ensure
21 compliance with the building adequacy standards prescribed in section 15-2011
22 AND ROUTINE PREVENTATIVE MAINTENANCE GUIDELINES AS PRESCRIBED IN THIS SECTION
23 with respect to construction of new buildings and maintenance of existing
24 buildings. THE SCHOOL FACILITIES BOARD SHALL RANDOMLY SELECT TWENTY SCHOOL
25 DISTRICTS EVERY THIRTY MONTHS AND INSPECT THEM PURSUANT TO THIS
26 PARAGRAPH.

27 4. Review and approve student population projections submitted by
28 school districts to determine to what extent school districts are entitled
29 to monies to construct new facilities pursuant to section 15-2041. The board
30 shall make a final determination within six months of the receipt of an
31 application by a school district for monies from the new school facilities
32 fund.

33 5. Certify that plans for new school facilities meet the building
34 adequacy standards prescribed in section 15-2011.

35 6. Develop prototypical elementary and high school designs. The board
36 shall review the design differences between the schools with the highest
37 academic productivity scores and the schools with the lowest academic
38 productivity scores. The board shall also review the results of a valid and
39 reliable survey of parent quality rating in the highest performing schools
40 and the lowest performing schools in this state. The survey of parent
41 quality rating shall be administered by the department of education. The
42 board shall consider the design elements of the schools with the highest
43 academic productivity scores and parent quality ratings in the development
44 of elementary and high school designs. The board shall develop separate

1 school designs for elementary, middle and high schools with varying pupil
2 capacities.

3 7. Develop application forms, reporting forms and procedures to carry
4 out the requirements of this article.

5 8. Review and approve or reject requests submitted by school districts
6 to take actions pursuant to section 15-341, subsection F.

7 9. Submit an annual report by December 15 to the speaker of the house
8 of representatives, the president of the senate, the superintendent of public
9 instruction, the director of the Arizona state library, archives and public
10 records and the governor that includes the following information:

11 (a) A detailed description of the amount of monies distributed by the
12 school facilities board in the previous fiscal year.

13 (b) A list of each capital project that received monies from the
14 school facilities board during the previous fiscal year, a brief description
15 of each project that was funded and a summary of the board's reasons for the
16 distribution of monies for the project.

17 (c) A summary of the findings and conclusions of the building
18 maintenance inspections conducted pursuant to this article during the
19 previous fiscal year.

20 (d) A summary of the findings of common design elements and
21 characteristics of the highest performing schools and the lowest performing
22 schools based on academic productivity including the results of the parent
23 quality rating survey.

24 For the purposes of this paragraph, "academic productivity" means academic
25 year advancement per calendar year as measured with student-level data using
26 the statewide nationally standardized norm-referenced achievement test.

27 10. By December 1 of each even-numbered year, report to the joint
28 committee on capital review the estimated amounts necessary to fulfill the
29 requirements of sections 15-2021, 15-2022, 15-2031 and 15-2041 for the
30 following two fiscal years. By December 1 of each odd-numbered year, the
31 board shall provide to the joint committee on capital review an update of the
32 estimated amounts necessary to fulfill the requirements of sections 15-2021,
33 15-2022, 15-2031 and 15-2041 for the following fiscal year. No later than
34 January 1 of each year, the board shall instruct the state treasurer as to
35 the amounts under the transaction privilege tax to be credited in equal
36 quarterly installments for the following state fiscal year. The board shall
37 provide copies of both reports to the president of the senate, the speaker
38 of the house of representatives and the governor.

39 11. Adopt minimum school facility adequacy guidelines to provide the
40 minimum quality and quantity of school buildings and the facilities and
41 equipment necessary and appropriate to enable pupils to achieve the
42 educational goals of the Arizona state schools for the deaf and the
43 blind. The school facilities board shall establish minimum school facility
44 adequacy guidelines applicable to the Arizona state schools for the deaf and
45 the blind by December 31, 2000.

1 12. BEGINNING AUGUST 15, 2004, AND EACH EVEN-NUMBERED YEAR THEREAFTER,
2 REPORT TO THE JOINT COMMITTEE ON CAPITAL REVIEW THE AMOUNTS NECESSARY TO
3 FULFILL THE REQUIREMENTS OF SECTIONS 15-2031 AND 15-2041 FOR THE ARIZONA
4 STATE SCHOOLS FOR THE DEAF AND THE BLIND FOR THE FOLLOWING TWO FISCAL YEARS.
5 NOTWITHSTANDING PARAGRAPH 10 OF THIS SUBSECTION OR ANY OTHER LAW, THE SCHOOL
6 FACILITIES BOARD SHALL NOT INCLUDE THESE AMOUNTS IN THE BUILDING RENEWAL OR
7 NEW SCHOOL FACILITIES TRANSFER INSTRUCTIONS TO THE STATE TREASURER. THE
8 ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND SHALL INCORPORATE THE
9 FINDINGS OF THE REPORT IN ANY REQUEST FOR BUILDING RENEWAL MONIES AND NEW
10 SCHOOL FACILITIES MONIES. ANY MONIES PROVIDED TO THE ARIZONA STATE SCHOOLS
11 FOR THE DEAF AND THE BLIND FOR BUILDING RENEWAL AND FOR NEW SCHOOL FACILITIES
12 ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

13 13. BY OCTOBER 15 OF EACH YEAR, THE SCHOOL FACILITIES BOARD SHALL
14 SUBMIT INFORMATION REGARDING DEMOGRAPHIC ASSUMPTIONS, A PROPOSED CONSTRUCTION
15 SCHEDULE AND NEW SCHOOL CONSTRUCTION COST ESTIMATES FOR THE FOLLOWING FISCAL
16 YEAR TO THE JOINT COMMITTEE ON CAPITAL REVIEW FOR ITS REVIEW.

17 B. The school facilities board may contract for private services in
18 compliance with the procurement practices prescribed in title 41, chapter 23.

19 C. The governor shall appoint an executive director of the school
20 facilities board pursuant to section 38-211. The executive director is
21 eligible to receive compensation as determined pursuant to section 38-611 and
22 may hire and fire necessary staff as approved by the legislature in the
23 budget. The executive director shall have demonstrated competency in school
24 finance, facilities design or facilities management, either in private
25 business or government service. The executive director serves at the
26 pleasure of the governor. The staff of the school facilities board is exempt
27 from title 41, chapter 4, articles 5 and 6. The executive director:

28 1. Shall analyze applications for monies submitted to the board by
29 school districts.

30 2. Shall assist the board in developing forms and procedures for the
31 distribution and review of applications and the distribution of monies to
32 school districts.

33 3. May review or audit, or both, the expenditure of monies by a school
34 district for deficiencies corrections, building renewal and new school
35 facilities.

36 4. Shall assist the board in the preparation of the board's annual
37 report.

38 5. Shall research and provide reports on issues of general interest
39 to the board.

40 6. May aid school districts in the development of reasonable and
41 cost-effective school designs in order to avoid statewide duplicated efforts
42 and unwarranted expenditures in the area of school design.

43 7. May assist school districts in facilitating the development of
44 multijurisdictional facilities.

1 8. Shall assist the board in any other appropriate matter or method
2 as directed by the members of the board.

3 9. Shall establish procedures to ensure compliance with the notice and
4 hearing requirements prescribed in section 15-905. The notice and hearing
5 procedures adopted by the board shall include the requirement, with respect
6 to the board's consideration of any application filed after July 1, 2001 for
7 monies to fund the construction of new school facilities proposed to be
8 located in territory in the vicinity of a military airport as defined in
9 section 28-8461, that the military airport receive notification of the
10 application by first class mail at least thirty days before any hearing
11 concerning the application.

12 10. May expedite any request for funds in which the local match was not
13 obtained for a project that received preliminary approval by the state board
14 for school capital facilities.

15 11. Shall expedite any request for funds in which the school district
16 governing board submits an application that shows an immediate need for a new
17 school facility.

18 12. Shall make a determination as to administrative completion within
19 one month after the receipt of an application by a school district for monies
20 from the new school facilities fund.

21 13. Shall provide technical support, INCLUDING PROJECT MANAGERS, to
22 school districts as requested by school districts in connection with the
23 construction of new school facilities and the maintenance of existing school
24 facilities.

25 D. When appropriate, the school facilities board shall review and use
26 the statewide school facilities inventory and needs assessment conducted by
27 the joint committee on capital review and issued in July, 1995.

28 E. The school facilities board shall contract with one or more private
29 building inspectors to complete an initial assessment of school facilities
30 and equipment provided in section 15-2021 and shall inspect each school
31 building in this state at least once every five years to ensure compliance
32 with section 15-2011. A copy of the inspection report, together with any
33 recommendations for building maintenance, shall be provided to the school
34 facilities board and the governing board of the school district.

35 F. The school facilities board may consider appropriate combinations
36 of facilities or uses in making assessments of and curing deficiencies
37 pursuant to subsection A, paragraph 1 of this section and in certifying plans
38 for new school facilities pursuant to subsection A, paragraph 5 of this
39 section.

40 G. The board shall not award any monies to fund new facilities that
41 are financed by class A bonds that are issued by the school district.

42 H. The board shall not distribute monies to a school district for
43 replacement or repair of facilities if the costs associated with the
44 replacement or repair are covered by insurance or a performance or payment
45 bond.

1 I. The board may contract for construction services and materials that
2 are necessary to correct existing deficiencies in school district facilities
3 as determined pursuant to section 15-2021. The board may procure the
4 construction services necessary pursuant to this subsection by any method
5 including construction-manager-at-risk, design-build, design-bid-build or
6 job-order-contracting as provided by title 41, chapter 23. The construction
7 planning and services performed pursuant to this subsection are exempt from
8 the provisions of section 41-791.01.

9 J. The school facilities board may enter into agreements with school
10 districts to allow school facilities board staff and contractors access to
11 school property for the purposes of performing the construction services
12 necessary pursuant to subsection I of this section.

13 K. BY OCTOBER 1, 2002, EACH SCHOOL DISTRICT SHALL DEVELOP ROUTINE
14 PREVENTATIVE MAINTENANCE GUIDELINES FOR ITS FACILITIES. THE GUIDELINES SHALL
15 BE SUBMITTED TO THE SCHOOL FACILITIES BOARD FOR REVIEW AND APPROVAL BY
16 FEBRUARY 1, 2003. IF UPON INSPECTION BY THE SCHOOL FACILITIES BOARD IT IS
17 DETERMINED THAT A SCHOOL DISTRICT FACILITY WAS INADEQUATELY MAINTAINED
18 PURSUANT TO THE SCHOOL DISTRICT'S ROUTINE PREVENTATIVE MAINTENANCE
19 GUIDELINES, THE SCHOOL DISTRICT SHALL USE BUILDING RENEWAL MONIES PURSUANT
20 TO SECTION 15-2031, SUBSECTION J TO RETURN THE BUILDING TO COMPLIANCE WITH
21 THE SCHOOL DISTRICT'S ROUTINE PREVENTATIVE MAINTENANCE GUIDELINES. ONCE THE
22 DISTRICT IS IN COMPLIANCE, IT NO LONGER IS REQUIRED TO USE BUILDING RENEWAL
23 MONIES FOR PREVENTATIVE MAINTENANCE.

24 L. THE SCHOOL FACILITIES BOARD MAY TEMPORARILY TRANSFER MONIES BETWEEN
25 THE CAPITAL RESERVE FUND ESTABLISHED BY SECTION 15-2003, THE DEFICIENCIES
26 CORRECTION FUND ESTABLISHED BY SECTION 15-2021, THE EMERGENCY DEFICIENCIES
27 CORRECTION FUND ESTABLISHED BY SECTION 15-2022, THE BUILDING RENEWAL FUND
28 ESTABLISHED BY SECTION 15-2031 AND THE NEW SCHOOL FACILITIES FUND ESTABLISHED
29 BY SECTION 15-2041 IF ALL OF THE FOLLOWING CONDITIONS ARE MET:

30 1. THE TRANSFER IS NECESSARY TO AVOID A TEMPORARY SHORTFALL IN THE
31 FUND INTO WHICH THE MONIES ARE TRANSFERRED.

32 2. THE TRANSFERRED MONIES ARE RESTORED TO THE FUND WHERE THE MONIES
33 ORIGINATED AS SOON AS PRACTICABLE AFTER THE TEMPORARY SHORTFALL IN THE OTHER
34 FUND HAS BEEN ADDRESSED.

35 3. THE SCHOOL FACILITIES BOARD REPORTS TO THE JOINT COMMITTEE ON
36 CAPITAL REVIEW THE AMOUNT OF AND THE REASON FOR ANY MONIES TRANSFERRED.

37 Sec. 34. Repeal

38 Section 15-2002, Arizona Revised Statutes, as amended by Laws 2001,
39 chapter 297, section 2, is repealed.

40 Sec. 35. Title 15, chapter 16, article 1, Arizona Revised Statutes,
41 is amended by adding sections 15-2004, 15-2005 and 15-2006, to read:

42 15-2004. School facilities board lease-to-own; fund

43 A. IN ORDER TO FULFILL THE REQUIREMENTS OF SECTION 15-2041, THE SCHOOL
44 FACILITIES BOARD MAY ACQUIRE SCHOOL FACILITIES FOR THE USE OF ONE OR MORE
45 SCHOOL DISTRICTS BY ENTERING INTO ONE OR MORE LEASE-TO-OWN TRANSACTIONS IN

1 ACCORDANCE WITH THIS SECTION. FOR PURPOSES OF THIS SECTION, PROVIDING SCHOOL
2 FACILITIES INCLUDES LAND ACQUISITION, RELATED INFRASTRUCTURE, FIXTURES,
3 FURNISHINGS, EQUIPMENT AND COSTS OF THE LEASE-TO-OWN TRANSACTION. THE SCHOOL
4 FACILITIES BOARD MAY PROVIDE MONIES TO PROVIDE SCHOOL FACILITIES IN PART
5 PURSUANT TO SECTION 15-2041 AND IN PART THROUGH A LEASE-TO-OWN TRANSACTION.

6 B. A LEASE-TO-OWN TRANSACTION MAY PROVIDE FOR:

7 1. THE GROUND LEASE OF THE LAND FOR THE FACILITIES TO A PRIVATE ENTITY
8 FOR THE TERM OF THE LEASE-TO-OWN TRANSACTION OR FOR A TERM OF UP TO ONE AND
9 ONE-HALF TIMES THE TERM OF THE LEASE-TO-OWN TRANSACTION, SUBJECT TO EARLIER
10 TERMINATION ON COMPLETION OF PERFORMANCE OF THE LEASE-TO-OWN AGREEMENT. THE
11 GROUND LESSOR MAY EITHER BE THE SCHOOL DISTRICT OR THE SCHOOL FACILITIES
12 BOARD, WHICHEVER HOLDS TITLE TO THE LAND.

13 2. THE LEASE OF THE COMPLETED SCHOOL FACILITIES BY A PRIVATE ENTITY
14 TO THE SCHOOL FACILITIES BOARD FOR AN EXTENDED TERM OF YEARS PURSUANT TO A
15 LEASE-TO-OWN AGREEMENT.

16 3. THE SUBLEASE OF THE COMPLETED SCHOOL FACILITIES BY THE SCHOOL
17 FACILITIES BOARD TO THE SCHOOL DISTRICT DURING THE TERM OF THE LEASE-TO-OWN
18 AGREEMENT. THE SUBLEASE SHALL PROVIDE FOR THE USE, MAINTENANCE AND OPERATION
19 OF THE SCHOOL FACILITIES BY THE SCHOOL DISTRICT AND FOR THE TRANSFER OF
20 OWNERSHIP OF THE SCHOOL FACILITIES TO THE SCHOOL DISTRICT ON COMPLETION OF
21 PERFORMANCE OF THE LEASE-TO-OWN AGREEMENT.

22 4. THE OPTION FOR THE SCHOOL FACILITIES BOARD'S PURCHASE OF THE SCHOOL
23 FACILITIES AND TRANSFER OF OWNERSHIP OF THE SCHOOL FACILITIES TO THE SCHOOL
24 DISTRICT BEFORE THE EXPIRATION OF THE LEASE-TO-OWN AGREEMENT.

25 5. THE SERVICES OF TRUSTEES, FINANCIAL ADVISORS, PAYING AGENTS,
26 TRANSFER AGENTS, UNDERWRITERS, LAWYERS AND OTHER PROFESSIONAL SERVICE
27 PROVIDERS, CREDIT ENHANCEMENTS OR LIQUIDITY FACILITIES AND ALL OTHER SERVICES
28 CONSIDERED NECESSARY BY THE SCHOOL FACILITIES BOARD IN CONNECTION WITH THE
29 LEASE-TO-OWN TRANSACTION, AND RELATED AGREEMENTS AND ARRANGEMENTS INCLUDING
30 ARRANGEMENTS FOR THE CREATION AND SALE OF CERTIFICATES OF PARTICIPATION
31 EVIDENCING PROPORTIONATE INTERESTS IN THE LEASE PAYMENTS TO BE MADE BY THE
32 SCHOOL FACILITIES BOARD PURSUANT TO THE LEASE-TO-OWN AGREEMENT.

33 C. THE SUBLEASE OF THE SCHOOL FACILITIES TO THE SCHOOL DISTRICT IS
34 SUBJECT TO THIS SECTION AND TO THE PROVISIONS OF THE LEASE-TO-OWN AGREEMENT.
35 NEITHER A GROUND LEASE BY THE SCHOOL DISTRICT AS LESSOR NOR A SUBLEASE OF THE
36 SCHOOL FACILITIES TO THE SCHOOL DISTRICT IS REQUIRED TO BE AUTHORIZED BY A
37 VOTE OF THE SCHOOL DISTRICT ELECTORS. A GROUND LEASE IS NOT SUBJECT TO ANY
38 LIMITATIONS OR REQUIREMENTS APPLICABLE TO LEASES OR LEASE-PURCHASE AGREEMENTS
39 PURSUANT TO SECTION 15-342 OR ANY OTHER SECTION OF THIS TITLE.

40 D. ANY SCHOOL FACILITY THAT IS CONSTRUCTED THROUGH A LEASE-TO-OWN
41 AGREEMENT SHALL MEET THE MINIMUM BUILDING ADEQUACY STANDARDS SET FORTH IN
42 SECTION 15-2011.

43 E. SCHOOL DISTRICTS MAY USE LOCAL MONIES TO EXCEED THE MINIMUM
44 ADEQUACY STANDARDS AND TO BUILD ATHLETIC FIELDS AND ANY OTHER CAPITAL PROJECT
45 FOR LEASED-TO-OWN FACILITIES.

1 F. THE SCHOOL FACILITIES BOARD SHALL INCLUDE ANY SQUARE FOOTAGE OF NEW
2 SCHOOL FACILITIES CONSTRUCTED THROUGH LEASE-TO-OWN AGREEMENTS IN THE
3 COMPUTATIONS PRESCRIBED IN SECTION 15-2011.

4 G. PURSUANT TO SECTION 15-2031, A SCHOOL DISTRICT IS ELIGIBLE TO
5 RECEIVE BUILDING RENEWAL MONIES FOR ANY FACILITY CONSTRUCTED THROUGH A
6 LEASE-TO-OWN AGREEMENT. IF A FACILITY'S BUILDING MAINTENANCE RENEWAL IS
7 INCLUDED IN THE LEASE-TO-OWN AGREEMENT, THEN THE FACILITY SHALL NOT BE
8 INCLUDED IN THE DISTRICT'S BUILDING RENEWAL CALCULATION.

9 H. A LEASE-TO-OWN FUND IS ESTABLISHED CONSISTING OF MONIES
10 APPROPRIATED BY THE LEGISLATURE. THE SCHOOL FACILITIES BOARD SHALL
11 ADMINISTER THE FUND AND DISTRIBUTE MONIES IN THE FUND TO MAKE PAYMENTS
12 PURSUANT TO LEASE-TO-OWN AGREEMENTS ENTERED INTO BY THE SCHOOL FACILITIES
13 BOARD PURSUANT TO THIS SECTION, TO MAKE PAYMENTS TO OR FOR THE BENEFIT OF
14 SCHOOL DISTRICTS PURSUANT TO LOCAL LEASE-TO-OWN AGREEMENTS ENTERED INTO BY
15 SCHOOL DISTRICTS PURSUANT TO SECTION 15-2005 AND TO PAY COSTS CONSIDERED
16 NECESSARY BY THE SCHOOL FACILITIES BOARD IN CONNECTION WITH LEASE-TO-OWN
17 TRANSACTIONS AND LOCAL LEASE-TO-OWN TRANSACTIONS. PAYMENTS BY THE SCHOOL
18 FACILITIES BOARD PURSUANT TO A LEASE-TO-OWN AGREEMENT OR LOCAL LEASE-TO-OWN
19 AGREEMENT SHALL BE MADE ONLY FROM THE LEASE-TO-OWN FUND. ON NOTICE FROM THE
20 SCHOOL FACILITIES BOARD, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES
21 IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT
22 SHALL BE CREDITED TO THE LEASE-TO-OWN FUND.

23 I. A LEASE-TO-OWN AGREEMENT ENTERED INTO BY THE SCHOOL FACILITIES
24 BOARD PURSUANT TO THIS SECTION SHALL PROVIDE THAT:

25 1. AT THE COMPLETION OF THE LEASE-TO-OWN AGREEMENT, OWNERSHIP OF THE
26 SCHOOL FACILITIES AND LAND ASSOCIATED WITH THE LEASE-TO-OWN AGREEMENT SHALL
27 BE TRANSFERRED TO THE SCHOOL DISTRICT AS SPECIFIED IN THE AGREEMENT.

28 2. THE OBLIGATION OF THE SCHOOL FACILITIES BOARD TO MAKE ANY PAYMENT
29 UNDER THE LEASE-TO-OWN AGREEMENT IS A CURRENT EXPENSE, PAYABLE EXCLUSIVELY
30 FROM APPROPRIATED MONIES, AND IS NOT A GENERAL OBLIGATION INDEBTEDNESS OF
31 THIS STATE OR THE SCHOOL FACILITIES BOARD. THE OBLIGATION OF A SCHOOL
32 DISTRICT TO MAKE EXPENDITURES UNDER A SUBLEASE PURSUANT TO SUBSECTION B,
33 PARAGRAPH 3 OF THIS SECTION IS A CURRENT EXPENSE, PAYABLE EXCLUSIVELY FROM
34 BUDGETED MONIES, AND IS NOT A GENERAL OBLIGATION INDEBTEDNESS OF THE SCHOOL
35 DISTRICT.

36 3. IF THE LEGISLATURE FAILS TO APPROPRIATE MONIES OR THE SCHOOL
37 FACILITIES BOARD FAILS TO ALLOCATE SUCH MONIES FOR ANY PERIODIC PAYMENT OR
38 RENEWAL TERM OF THE LEASE-TO-OWN AGREEMENT, THE LEASE-TO-OWN AGREEMENT
39 TERMINATES AT THE END OF THE CURRENT TERM AND THIS STATE AND THE SCHOOL
40 FACILITIES BOARD ARE RELIEVED OF ANY SUBSEQUENT OBLIGATION UNDER THE
41 AGREEMENT AND THE SCHOOL DISTRICT IS RELIEVED OF ANY SUBSEQUENT OBLIGATION
42 UNDER THE SUBLEASE.

43 4. THE LEASE-TO-OWN AGREEMENT SHALL BE REVIEWED AND APPROVED BY THE
44 ATTORNEY GENERAL BEFORE THE AGREEMENT MAY TAKE EFFECT.

1 5. BEFORE THE AGREEMENT TAKES EFFECT AND AFTER REVIEW BY THE ATTORNEY
2 GENERAL, THE PROJECT OR PROJECTS RELATED TO THE AGREEMENT SHALL BE SUBMITTED
3 FOR REVIEW BY THE JOINT COMMITTEE ON CAPITAL REVIEW.

4 J. THE SCHOOL FACILITIES BOARD MAY COVENANT TO USE ITS BEST EFFORTS
5 TO BUDGET, OBTAIN, ALLOCATE AND MAINTAIN SUFFICIENT APPROPRIATED MONIES TO
6 MAKE PAYMENTS UNDER A LEASE-TO-OWN AGREEMENT, BUT THE LEASE-TO-OWN AGREEMENT
7 SHALL ACKNOWLEDGE THAT APPROPRIATING STATE MONIES IS A LEGISLATIVE ACT AND
8 IS BEYOND THE CONTROL OF THE SCHOOL FACILITIES BOARD OR OF ANY OTHER PARTY
9 TO THE LEASE-TO-OWN AGREEMENT.

10 K. THE LAND AND THE SCHOOL FACILITIES ON THE LAND ARE EXEMPT FROM
11 TAXATION DURING THE TERM OF THE LEASE-TO-OWN AGREEMENT AND DURING
12 CONSTRUCTION AND SUBSEQUENT OCCUPANCY BY THE SCHOOL DISTRICT PURSUANT TO THE
13 SUBLEASE.

14 L. THE POWERS PRESCRIBED IN THIS SECTION ARE IN ADDITION TO THE POWERS
15 CONFERRED BY ANY OTHER LAW. WITHOUT REFERENCE TO ANY OTHER PROVISION OF THIS
16 TITLE OR TO ANY OTHER LAW, THIS SECTION IS AUTHORITY FOR THE COMPLETION OF
17 THE PURPOSES PRESCRIBED IN THIS SECTION FOR THE SCHOOL FACILITIES BOARD TO
18 PROVIDE SCHOOL FACILITIES FOR USE BY SCHOOL DISTRICTS THROUGH LEASE-TO-OWN
19 TRANSACTIONS PURSUANT TO THIS SECTION WITHOUT REGARD TO THE PROCEDURE
20 REQUIRED BY ANY OTHER LAW. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
21 PROVISIONS OF THIS TITLE THAT RELATE TO THE MATTERS CONTAINED IN THIS SECTION
22 ARE SUPERSEDED BECAUSE THIS SECTION IS THE EXCLUSIVE LAW ON THESE MATTERS.

23 15-2005. Local lease-to-own by school districts

24 A. IN ORDER TO FULFILL THE REQUIREMENTS OF SECTION 15-2041, WITH THE
25 APPROVAL OF THE SCHOOL FACILITIES BOARD, A SCHOOL DISTRICT MAY ACQUIRE SCHOOL
26 FACILITIES BY ENTERING INTO A LOCAL LEASE-TO-OWN TRANSACTION IN ACCORDANCE
27 WITH THIS SECTION. FOR PURPOSES OF THIS SECTION, PROVIDING SCHOOL FACILITIES
28 INCLUDES LAND ACQUISITION, RELATED INFRASTRUCTURE, FIXTURES, FURNISHINGS,
29 EQUIPMENT AND COSTS OF THE LOCAL LEASE-TO-OWN TRANSACTION. THE SCHOOL
30 FACILITIES BOARD MAY PROVIDE MONIES TO PROVIDE SCHOOL FACILITIES IN PART
31 PURSUANT TO SECTION 15-2041 AND IN PART THROUGH PAYMENTS TO OR FOR THE
32 BENEFIT OF A SCHOOL DISTRICT FOR A LOCAL LEASE-TO-OWN TRANSACTION.

33 B. A LOCAL LEASE-TO-OWN TRANSACTION MAY PROVIDE FOR:

34 1. THE GROUND LEASE OF THE LAND FOR THE FACILITIES TO A PRIVATE ENTITY
35 FOR THE TERM OF THE LOCAL LEASE-TO-OWN TRANSACTION OR FOR A TERM OF UP TO ONE
36 AND ONE-HALF TIMES THE TERM OF THE LOCAL LEASE-TO-OWN TRANSACTION, SUBJECT
37 TO EARLIER TERMINATION ON COMPLETION OF PERFORMANCE OF THE LOCAL LEASE-TO-OWN
38 AGREEMENT. THE GROUND LESSOR MAY EITHER BE THE SCHOOL DISTRICT OR THE SCHOOL
39 FACILITIES BOARD, WHICHEVER HOLDS TITLE TO THE LAND.

40 2. THE LEASE OF THE COMPLETED SCHOOL FACILITIES BY A PRIVATE ENTITY
41 TO THE SCHOOL DISTRICT FOR AN EXTENDED TERM OF YEARS PURSUANT TO A LOCAL
42 LEASE-TO-OWN AGREEMENT. THE LOCAL LEASE-TO-OWN AGREEMENT SHALL PROVIDE FOR
43 THE USE, MAINTENANCE AND OPERATION OF THE SCHOOL FACILITIES BY THE SCHOOL
44 DISTRICT AND FOR THE TRANSFER OF OWNERSHIP OF THE SCHOOL FACILITIES TO THE

1 SCHOOL DISTRICT ON COMPLETION OF PERFORMANCE OF THE LOCAL LEASE-TO-OWN
2 AGREEMENT.

3 3. THE OPTION FOR THE SCHOOL DISTRICT'S PURCHASE OF THE SCHOOL
4 FACILITIES AND TRANSFER OF OWNERSHIP OF THE SCHOOL FACILITIES TO THE SCHOOL
5 DISTRICT BEFORE THE EXPIRATION OF THE LOCAL LEASE-TO-OWN AGREEMENT.

6 4. THE SERVICES OF TRUSTEES, FINANCIAL ADVISORS, PAYING AGENTS,
7 TRANSFER AGENTS, UNDERWRITERS, LAWYERS AND OTHER PROFESSIONAL SERVICE
8 PROVIDERS, CREDIT ENHANCEMENTS OR LIQUIDITY FACILITIES AND ALL OTHER SERVICES
9 CONSIDERED NECESSARY BY THE SCHOOL DISTRICT OR THE SCHOOL FACILITIES BOARD
10 IN CONNECTION WITH THE LOCAL LEASE-TO-OWN TRANSACTION, AND RELATED AGREEMENTS
11 AND ARRANGEMENTS INCLUDING ARRANGEMENTS FOR THE CREATION AND SALE OF
12 CERTIFICATES OF PARTICIPATION EVIDENCING PROPORTIONATE INTERESTS IN THE LEASE
13 PAYMENTS TO BE MADE BY THE SCHOOL DISTRICT PURSUANT TO THE LOCAL LEASE-TO-OWN
14 AGREEMENT.

15 C. NEITHER A GROUND LEASE BY THE SCHOOL DISTRICT AS LESSOR NOR A LOCAL
16 LEASE-TO-OWN AGREEMENT IS REQUIRED TO BE AUTHORIZED BY A VOTE OF THE SCHOOL
17 DISTRICT ELECTORS. A GROUND LEASE IS NOT SUBJECT TO ANY LIMITATIONS OR
18 REQUIREMENTS APPLICABLE TO LEASES OR LEASE-PURCHASE AGREEMENTS PURSUANT TO
19 SECTION 15-342 OR ANY OTHER SECTION OF THIS TITLE.

20 D. THE SCHOOL FACILITIES BOARD MAY MAKE PAYMENTS TO OR FOR THE BENEFIT
21 OF THE SCHOOL DISTRICT FROM THE LEASE-TO-OWN FUND ESTABLISHED BY SECTION
22 15-2004 FOR THE PAYMENT OF AMOUNTS PAYABLE UNDER THE LOCAL LEASE-TO-OWN
23 AGREEMENT.

24 E. ANY SCHOOL FACILITY THAT IS CONSTRUCTED THROUGH A LEASE-TO-OWN
25 AGREEMENT SHALL MEET THE MINIMUM BUILDING ADEQUACY STANDARDS SET FORTH IN
26 SECTION 15-2011.

27 F. SCHOOL DISTRICTS MAY USE LOCAL MONIES TO EXCEED THE MINIMUM
28 ADEQUACY STANDARDS AND TO BUILD ATHLETIC FIELDS AND ANY OTHER CAPITAL PROJECT
29 FOR LEASE-TO-OWN FACILITIES.

30 G. THE SCHOOL FACILITIES BOARD SHALL INCLUDE ANY SQUARE FOOTAGE OF NEW
31 SCHOOL FACILITIES CONSTRUCTED THROUGH LEASE-TO-OWN AGREEMENTS IN THE
32 COMPUTATIONS PRESCRIBED IN SECTION 15-2011.

33 H. PURSUANT TO SECTION 15-2031, A SCHOOL DISTRICT IS ELIGIBLE TO
34 RECEIVE BUILDING RENEWAL MONIES FOR ANY FACILITY CONSTRUCTED THROUGH A
35 LEASE-TO-OWN AGREEMENT. IF A FACILITY'S BUILDING MAINTENANCE RENEWAL IS
36 INCLUDED IN THE LEASE-TO-OWN AGREEMENT, THEN THE FACILITY SHALL NOT BE
37 INCLUDED IN THE DISTRICT'S BUILDING RENEWAL CALCULATION.

38 I. A LOCAL LEASE-TO-OWN AGREEMENT ENTERED INTO BY A SCHOOL DISTRICT
39 PURSUANT TO THIS SECTION SHALL PROVIDE THAT:

40 1. AT THE COMPLETION OF THE LEASE-TO-OWN AGREEMENT, OWNERSHIP OF THE
41 SCHOOL FACILITIES AND LAND ASSOCIATED WITH THE LEASE-TO-OWN AGREEMENT SHALL
42 BE TRANSFERRED TO THE SCHOOL DISTRICT AS SPECIFIED IN THE AGREEMENT.

43 2. THE OBLIGATION OF THE SCHOOL DISTRICT TO MAKE ANY PAYMENT OR
44 EXPENDITURE UNDER THE LOCAL LEASE-TO-OWN AGREEMENT IS A CURRENT EXPENSE,
45 PAYABLE EXCLUSIVELY FROM PROPERLY BUDGETED MONIES, AND IS NOT A GENERAL

1 OBLIGATION INDEBTEDNESS OF THIS STATE, THE SCHOOL FACILITIES BOARD OR THE
2 SCHOOL DISTRICT, AND THAT ANY PAYMENT BY THE SCHOOL FACILITIES BOARD TO OR
3 FOR THE BENEFIT OF THE SCHOOL DISTRICT FROM THE LEASE-TO-OWN FUND ESTABLISHED
4 BY SECTION 15-2004 FOR PAYMENTS OF AMOUNTS PAYABLE UNDER THE LOCAL
5 LEASE-TO-OWN AGREEMENT IS A CURRENT EXPENSE, PAYABLE EXCLUSIVELY FROM
6 APPROPRIATED MONIES, AND IS NOT A GENERAL OBLIGATION INDEBTEDNESS OF THIS
7 STATE OR THE SCHOOL FACILITIES BOARD.

8 3. IF THE SCHOOL DISTRICT FAILS TO PROPERLY BUDGET FOR PAYMENTS UNDER
9 THE LOCAL LEASE-TO-OWN AGREEMENT OR IF THE LEGISLATURE FAILS TO APPROPRIATE
10 MONIES OR THE SCHOOL FACILITIES BOARD FAILS TO ALLOCATE MONIES FOR PERIODIC
11 PAYMENT TO OR FOR THE BENEFIT OF THE SCHOOL DISTRICT FOR PAYMENTS UNDER THE
12 LOCAL LEASE-TO-OWN AGREEMENT, THE LOCAL LEASE-TO-OWN AGREEMENT TERMINATES AT
13 THE END OF THE CURRENT TERM AND THE SCHOOL DISTRICT, THE SCHOOL FACILITIES
14 BOARD AND THIS STATE ARE RELIEVED OF ANY SUBSEQUENT OBLIGATION UNDER THE
15 LOCAL LEASE-TO-OWN AGREEMENT.

16 4. THE LOCAL LEASE-TO-OWN AGREEMENT SHALL BE REVIEWED AND APPROVED BY
17 THE ATTORNEY GENERAL BEFORE THE AGREEMENT MAY TAKE EFFECT.

18 5. BEFORE THE AGREEMENT TAKES EFFECT AND AFTER REVIEW BY THE ATTORNEY
19 GENERAL, THE PROJECT OR PROJECTS RELATED TO THE AGREEMENT SHALL BE SUBMITTED
20 FOR REVIEW BY THE JOINT COMMITTEE ON CAPITAL REVIEW.

21 J. THE SCHOOL DISTRICT MAY COVENANT TO USE ITS BEST EFFORTS TO BUDGET,
22 OBTAIN, ALLOCATE AND MAINTAIN SUFFICIENT MONIES TO MAKE PAYMENTS UNDER A
23 LOCAL LEASE-TO-OWN AGREEMENT, BUT THE LOCAL LEASE-TO-OWN AGREEMENT SHALL
24 ACKNOWLEDGE THAT BUDGETING SCHOOL DISTRICT MONIES IS A GOVERNMENTAL ACT OF
25 THE SCHOOL DISTRICT GOVERNING BOARD THAT MAY NOT BE CONTRACTED AWAY. THE
26 SCHOOL FACILITIES BOARD IS NOT REQUIRED TO COVENANT TO BUDGET, OBTAIN,
27 ALLOCATE OR MAINTAIN SUFFICIENT MONIES IN THE LEASE-TO-OWN FUND TO MAKE
28 PAYMENTS TO OR FOR THE BENEFIT OF A SCHOOL DISTRICT FOR PAYMENTS UNDER A
29 LOCAL LEASE-TO-OWN AGREEMENT.

30 K. THE LAND AND THE SCHOOL FACILITIES ON THE LAND ARE EXEMPT FROM
31 TAXATION DURING THE TERM OF THE LOCAL LEASE-TO-OWN AGREEMENT AND DURING
32 CONSTRUCTION AND SUBSEQUENT OCCUPANCY BY THE SCHOOL DISTRICT PURSUANT TO THE
33 LOCAL LEASE-TO-OWN AGREEMENT.

34 L. THE POWERS PRESCRIBED IN THIS SECTION ARE IN ADDITION TO THE POWERS
35 CONFERRED BY ANY OTHER LAW. WITHOUT REFERENCE TO ANY OTHER PROVISION OF THIS
36 TITLE OR TO ANY OTHER LAW, THIS SECTION IS AUTHORITY FOR THE COMPLETION OF
37 THE PURPOSES PRESCRIBED IN THIS SECTION FOR SCHOOL DISTRICTS TO PROVIDE
38 SCHOOL FACILITIES THROUGH LOCAL LEASE-TO-OWN TRANSACTIONS PURSUANT TO THIS
39 SECTION WITHOUT REGARD TO THE PROCEDURE REQUIRED BY ANY OTHER LAW. EXCEPT
40 AS OTHERWISE PROVIDED IN THIS SECTION, THE PROVISIONS OF THIS TITLE THAT
41 RELATE TO THE MATTERS CONTAINED IN THIS SECTION ARE SUPERSEDED BECAUSE THIS
42 SECTION IS THE EXCLUSIVE LAW ON THESE MATTERS.

1 15-2006. Lease-to-own amount

2 IN ORDER TO FULFILL THE REQUIREMENTS OF SECTION 15-2041, THE SCHOOL
3 FACILITIES BOARD MAY ENTER INTO LEASE-TO-OWN TRANSACTIONS FOR UP TO A MAXIMUM
4 OF TWO HUNDRED MILLION DOLLARS IN ANY FISCAL YEAR.

5 Sec. 36. Section 15-2011, Arizona Revised Statutes, is amended to
6 read:

7 15-2011. Minimum school facility adequacy requirements;
8 definition

9 A. The school facilities board shall, as determined and prescribed in
10 this chapter, provide funding to school districts for new construction as the
11 projected number of pupils in the district will fill the existing school
12 facilities and require more pupil space.

13 B. School buildings in a school district are adequate if all of the
14 following requirements are met:

15 1. The buildings contain sufficient and appropriate space and
16 equipment that comply with the minimum school facility ADEQUACY guidelines
17 established pursuant to subsection F of this section. The state shall not
18 fund facilities for elective courses that require the school district
19 facilities to exceed minimum school facility adequacy requirements. The
20 school facilities board shall determine whether a school building meets the
21 requirements of this paragraph by analyzing the total square footage that is
22 available for each pupil in conjunction with the need for specialized spaces
23 and equipment.

24 2. The buildings are in compliance with federal, state and local
25 building and fire codes and laws that are applicable to the particular
26 building. An existing school building is not required to comply with current
27 requirements for new buildings unless this compliance is specifically
28 mandated by law or by the building or fire code of the jurisdiction where the
29 building is located.

30 3. The building systems, including roofs, plumbing, telephone systems,
31 electrical systems, heating systems and cooling systems, are in working order
32 and are capable of being properly maintained.

33 4. The buildings are structurally sound.

34 C. The standards that shall be used by the school facilities board to
35 determine whether a school building meets the minimum adequate gross square
36 footage requirements are as follows:

37 1. For a school district that provides instruction to pupils in
38 programs for preschool children with disabilities, kindergarten programs and
39 grades one through six, eighty square feet per pupil in programs for
40 preschool children with disabilities, kindergarten programs and grades one
41 through six.

42 2. For a school district that provides instruction to up to eight
43 hundred pupils in grades seven and eight, eighty-four square feet per pupil
44 in grades seven and eight.

1 3. For a school district that provides instruction to more than eight
2 hundred pupils in grades seven and eight, eighty square feet per pupil in
3 grades seven and eight or sixty-seven thousand two hundred square feet,
4 whichever is more.

5 4. For a school district that provides instruction to up to four
6 hundred pupils in grades nine through twelve, one hundred twenty-five square
7 feet per pupil in grades nine through twelve.

8 5. For a school district that provides instruction to more than four
9 hundred and up to one thousand pupils in grades nine through twelve, one
10 hundred twenty square feet per pupil in grades nine through twelve or fifty
11 thousand square feet, whichever is more.

12 6. For a school district that provides instruction to more than one
13 thousand and up to one thousand eight hundred pupils in grades nine through
14 twelve, one hundred twelve square feet per pupil in grades nine through
15 twelve or one hundred twenty thousand square feet, whichever is more.

16 7. For a school district that provides instruction to more than one
17 thousand eight hundred pupils in grades nine through twelve, ninety-four
18 square feet per pupil in grades nine through twelve or two hundred one
19 thousand six hundred square feet, whichever is more.

20 D. The school facilities board may modify the square footage
21 requirements prescribed in subsection C of this section or modify the amount
22 of monies awarded to cure the square footage deficiency pursuant to this
23 section for particular school districts based on extraordinary circumstances
24 for any of the following considerations:

- 25 1. The number of pupils served by the school district.
26 2. Geographic factors.
27 3. Grade configurations other than those prescribed in subsection C
28 of this section.

29 E. In measuring the square footage per pupil requirements of
30 subsection C of this section, the school facilities board shall:

- 31 1. Use the most recent one hundredth day average daily membership.
32 2. For each school, use the lesser of either:
33 (a) Total gross square footage.
34 (b) Student capacity multiplied by the appropriate square footage per
35 pupil prescribed by subsection C of this section.
36 3. Consider the total space available in all schools in use in the
37 school district, except that the school facilities board shall allow an
38 exclusion of the square footage for certain schools and the pupils within the
39 schools' boundaries if the school district demonstrates to the board's
40 satisfaction unusual or excessive busing of pupils or unusual attendance
41 boundary changes between schools.
42 4. Compute the gross square footage of all buildings by measuring from
43 exterior wall to exterior wall. Square footage used solely for district
44 administration, storage of vehicles and other nonacademic purposes shall be
45 excluded from the gross square footage.

1 5. Include all portable and modular buildings.

2 6. Include in the gross square footage new construction funded wholly
3 or partially by the school facilities board based on the square footage
4 funded by the school facilities board. If the new construction is to exceed
5 the square footage funded by the school facilities board, then the excess
6 square footage shall not be included in the gross square footage IF ANY OF
7 THE FOLLOWING APPLY:

8 (a) THE EXCESS SQUARE FOOTAGE WAS CONSTRUCTED BEFORE JULY 1, 2002 OR
9 FUNDED BY A CLASS B BOND, IMPACT AID REVENUE BOND OR CAPITAL OUTLAY OVERRIDE
10 APPROVED BY THE VOTERS AFTER AUGUST 1, 1998 AND BEFORE JUNE 30, 2002 OR
11 FUNDED FROM UNRESTRICTED CAPITAL OUTLAY EXPENDED BEFORE JUNE 30, 2002.

12 (b) THE EXCESS SQUARE FOOTAGE OF NEW SCHOOL FACILITIES DOES NOT EXCEED
13 TWENTY-FIVE PER CENT OF THE MINIMUM SQUARE FOOTAGE REQUIREMENTS PURSUANT TO
14 SUBSECTION C OF THIS SECTION.

15 (c) THE EXCESS SQUARE FOOTAGE OF EXPANSIONS TO SCHOOL FACILITIES DOES
16 NOT EXCEED TWENTY-FIVE PER CENT OF THE MINIMUM SQUARE FOOTAGE REQUIREMENTS
17 PURSUANT TO SUBSECTION C OF THIS SECTION.

18 7. REQUIRE THAT EXCESS SQUARE FOOTAGE THAT IS CONSTRUCTED AFTER JULY
19 1, 2002 AND THAT IS NOT EXCLUDED PURSUANT TO PARAGRAPH 6 OF THIS SUBSECTION
20 MEETS THE MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES IN ORDER TO BE ELIGIBLE
21 FOR BUILDING RENEWAL MONIES AS COMPUTED IN SECTION 15-2031.

22 F. The school facilities board shall adopt rules establishing minimum
23 school facility adequacy guidelines ~~no later than April 30, 1999~~. The
24 executive director of the school facilities board shall report monthly to the
25 joint committee on capital review on the progress of the development of the
26 proposed rules establishing the guidelines. The joint committee on capital
27 review shall review the proposed guidelines before the school facilities
28 board adopts the rules to establish the minimum school facility adequacy
29 guidelines. The guidelines shall provide the minimum quality and quantity
30 of school buildings and facilities and equipment necessary and appropriate
31 to enable pupils to achieve the academic standards pursuant to section
32 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
33 At a minimum, the school facilities board shall address all of the following
34 in developing these guidelines:

35 1. School sites.

36 2. Classrooms.

37 3. Libraries and media centers, or both.

38 4. Cafeterias.

39 5. Auditoriums, multipurpose rooms or other multiuse space.

40 6. Technology.

41 7. Transportation.

42 8. Facilities for science, arts and physical education.

43 9. Other facilities and equipment that are necessary and appropriate
44 to achieve the academic standards prescribed pursuant to section 15-203,
45 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

1 10. Appropriate combinations of facilities or uses listed in this
2 section.

3 G. The board shall consider the facilities and equipment of the
4 schools with the highest academic productivity scores, as prescribed in
5 section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest
6 parent quality ratings in the establishment of the guidelines.

7 H. The school facilities board may consider appropriate combinations
8 of facilities or uses in making assessments of and curing existing
9 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in
10 certifying plans for new school facilities pursuant to section 15-2002,
11 subsection A, paragraph 5.

12 I. For THE purposes of this section, "student capacity" means the
13 capacity adjusted to include any additions to or deletions of space,
14 including modular or portable buildings at the school. The school facilities
15 board shall determine the student capacity for each school in conjunction
16 with each school district, recognizing each school's allocation of space as
17 of July 1, 1998, to achieve the academic standards prescribed pursuant to
18 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
19 15-701.01.

20 Sec. 37. Section 15-2021, Arizona Revised Statutes, is amended to
21 read:

22 15-2021. Deficiencies correction fund; definition

23 A. A deficiencies correction fund is established consisting of monies
24 appropriated by the legislature and monies credited to the fund pursuant to
25 section 42-5030.01. The school facilities board shall administer the fund
26 and distribute monies to school districts and pay contractors for the purpose
27 of correcting existing deficiencies. Monies in the fund are continuously
28 appropriated and are exempt from the provisions of section 35-190 relating
29 to lapsing of appropriations.

30 B. School districts are eligible for monies from the deficiencies
31 correction fund for either of the following purposes:

32 1. To correct any square footage deficiency pursuant to section
33 15-2011. School districts shall submit a summary notice on a form prescribed
34 by the school facilities board that the school district believes it has a
35 square footage deficiency pursuant to section 15-2011, subsection C to the
36 school facilities board by December 1, 1998. If the school district exceeds
37 the standard by ten per cent or more, the school district may be required to
38 pay for the cost of an on-site space assessment by the school facilities
39 board. By June 30, 1999, the school facilities board shall assess all
40 alleged square footage deficiencies from the school district notices.

41 2. To correct quality deficiencies based on the district's inability
42 to comply with the minimum school facility adequacy requirements established
43 in and pursuant to section 15-2011. This state shall not correct quality
44 deficiencies pursuant to this paragraph for elective courses that require the
45 school district facilities to exceed building adequacy standards. School

1 districts shall submit a summary notice on a form prescribed by the school
2 facilities board that the school district has a quality deficiency need to
3 the school facilities board by August 1, 1999.

4 C. The school facilities board shall calculate the amount of
5 distribution for square footage deficiencies based on the square footage
6 prescribed in section 15-2011, subsection C and the cost per square foot
7 based on the amounts prescribed in section 15-2041, subsection D, paragraph
8 3, subdivision (c), adjusted as needed to bring the school district into
9 compliance with the minimum school facility adequacy requirements established
10 in and pursuant to section 15-2011.

11 D. The school facilities board may distribute monies for new
12 construction to a school district if the board determines after its
13 assessment that the new construction is more cost-effective than correcting
14 the deficiencies in the existing school building or buildings.

15 E. The school facilities board shall distribute monies from the
16 deficiencies correction fund to school districts and pay contractors for the
17 purpose of correcting existing deficiencies in an amount approved by the
18 board. The school facilities board shall review and award monies to correct
19 deficiencies pursuant to this section by June 30, 2001 and shall ensure that
20 school districts correct deficiencies pursuant to this section by June 30,
21 2003. THE SCHOOL FACILITIES BOARD SHALL NOT DISTRIBUTE MONIES TO SCHOOL
22 DISTRICTS FROM THE DEFICIENCIES CORRECTION FUND FOR PROJECTS THAT ARE
23 COMMENCED AFTER JUNE 30, 2003 OR WERE APPROVED BY THE SCHOOL FACILITIES BOARD
24 AFTER MAY 10, 2002.

25 F. School districts that receive monies from the deficiencies
26 correction fund shall establish a school district deficiencies correction
27 fund and shall use the monies in the school district deficiencies correction
28 fund only for the purposes prescribed in this section. Ending cash balances
29 in a school district's deficiencies correction fund may be used in following
30 fiscal years only for the purposes prescribed in this section. Each school
31 district that receives monies from the deficiencies correction fund shall
32 annually report the expenditures in the previous fiscal year to the school
33 facilities board by October 15 and provide an accounting of the monies
34 remaining in the deficiencies correction fund at the end of the previous
35 fiscal year. The school facilities board shall submit a report to the
36 legislature and the Arizona state library, archives and public records by
37 December 15, 1999 that includes a detailed cost estimate of the monies that
38 will be needed to correct the existing deficiencies of all schools in this
39 state by June 30, 2003. This state shall annually provide sufficient monies
40 to the deficiencies correction fund established in this section in order to
41 correct existing deficiencies of all schools in this state by June 30, 2003.

42 G. A deficiency correction project awarded pursuant to this section
43 may be combined with the deficiency correction projects of one or more
44 additional school districts for purposes of procuring construction services
45 and materials that are necessary to correct deficiencies if the school

1 facilities board determines that combining the projects maximizes the
2 purchasing value of the public monies of this state.

3 Sec. 38. Section 15-2031, Arizona Revised Statutes, is amended to
4 read:

5 15-2031. Building renewal fund; definition

6 A. A building renewal fund is established consisting of monies
7 appropriated by the legislature and monies credited to the fund pursuant to
8 section 42-5030.01. The school facilities board shall administer the fund
9 and distribute monies to school districts for the purpose of maintaining the
10 adequacy of existing school facilities. Monies in the fund are continuously
11 appropriated and are exempt from the provisions of section 35-190 relating
12 to lapsing of appropriations.

13 B. The school facilities board shall inventory and inspect all school
14 buildings in this state in order to develop a ~~data-base~~ DATABASE to
15 administer the building renewal formula. The ~~data-base~~ DATABASE shall
16 include the student capacity of the building as determined by the school
17 facilities board. The board shall distribute monies from the building
18 renewal fund to school districts in an amount computed pursuant to subsection
19 G of this section. A school district that receives monies from the building
20 renewal fund shall use the monies primarily for any buildings in the ~~data~~
21 ~~base~~ DATABASE developed or created under subsection D of this section and
22 secondly for any other buildings owned by the school district for any of the
23 following:

- 24 1. Major renovations and repairs of a building.
- 25 2. Upgrading systems and areas that will maintain or extend the
26 useful life of the building.
- 27 3. Infrastructure costs.
- 28 4. Relocation and placement of portable and modular buildings.
- 29 C. Monies received from the building renewal fund shall not be used
30 for any of the following purposes:

- 31 1. New construction.
- 32 2. Remodeling interior space for aesthetic or preferential reasons.
- 33 3. Exterior beautification.
- 34 4. Demolition.
- 35 5. The purchase of soft capital items pursuant to section 15-962,
36 subsection D.
- 37 6. Routine maintenance EXCEPT AS PROVIDED IN SECTION 15-2002,
38 SUBSECTION K AND SUBSECTION J OF THIS SECTION.

39 D. The school facilities board shall maintain the building renewal
40 ~~data-base~~ DATABASE and use the ~~data-base~~ DATABASE for the computation of the
41 building renewal formula distributions. The board shall ensure that the ~~data~~
42 ~~base~~ DATABASE is updated on at least an annual basis to reflect changes in
43 the ages and value of school buildings. The facilities listed in the ~~data~~
44 ~~base~~ DATABASE shall include only those buildings that are owned by school
45 districts that are required to meet academic standards. Each school district

1 shall report to the school facilities board no later than September 1 of each
2 year the number and type of school buildings owned by the district, the
3 square footage of each building, the age of each building, the nature of any
4 renovations completed and the cost of any renovations completed. The school
5 facilities board may review or audit, or both, to confirm the information
6 submitted by a school district. The board shall adjust the age of each
7 school facility in the ~~data-base~~ DATABASE whenever a building is
8 significantly upgraded or remodeled. The age of a building that has been
9 significantly upgraded or remodeled shall be recomputed as follows:

10 1. Divide the cost of the renovation by the building capacity value
11 of the building determined in subsection G, paragraph 3 of this section.

12 2. Multiply the quotient determined in paragraph 1 of this subsection
13 by the currently listed age of the building in the ~~data-base~~ DATABASE.

14 3. Subtract the product determined in paragraph 2 of this subsection
15 from the currently listed age of the building in the ~~data-base~~ DATABASE,
16 rounded to the nearest whole number. If the result is negative, use zero.

17 E. The school facilities board shall submit an annual report to the
18 president of the senate, the speaker of the house of representatives, the
19 Arizona state library, archives and public records and the governor by
20 October 1 that includes the computation of the amount of monies to be
21 distributed from the building renewal fund for the current fiscal year. The
22 joint committee on capital review shall review the school facilities board's
23 calculation of the building renewal fund distributions. After the joint
24 committee on capital review reviews the distributions computed by the school
25 facilities board, the school facilities board shall distribute the monies
26 from the building renewal fund to school districts in two equal installments
27 in November and May of each year.

28 F. School districts that receive monies from the building renewal
29 fund shall establish a district building renewal fund and shall use the
30 monies in the district building renewal fund only for the purposes prescribed
31 in subsection B of this section. Ending cash balances in a school district's
32 building renewal fund may be used in following fiscal years for building
33 renewal pursuant to subsection B of this section. By October 15 of each
34 year, each school district shall report to the school facilities board the
35 projects funded at each school in the previous fiscal year with monies from
36 the district building renewal fund, ~~and shall provide~~ an accounting of the
37 monies remaining in the district building renewal fund at the end of the
38 previous fiscal year AND A COMPREHENSIVE FIVE-YEAR PLAN THAT DETAILS THE
39 PROPOSED USE OF BUILDING RENEWAL MONIES.

40 G. Notwithstanding any other provision of this chapter, if a school
41 district converts space that is listed in the ~~data-base~~ DATABASE maintained
42 pursuant to this section to space that will be used for administrative
43 purposes, the school district is responsible for any costs associated with
44 the conversion, maintenance and replacement of that space. The building
45 renewal amount for each school building shall be computed as follows:

1 1. Divide the age of the building as computed pursuant to subsection
2 D of this section by one thousand two hundred seventy-five or, in the case
3 of modular or portable buildings, by two hundred ten.

4 2. Multiply the quotient determined in paragraph 1 of this subsection
5 by 0.67.

6 3. Determine the building capacity value as follows:

7 (a) Multiply the student capacity of the building by the per student
8 square foot capacity established by section 15-2041.

9 (b) Multiply the product determined in subdivision (a) of this
10 paragraph by the cost per square foot established by section 15-2041.

11 4. Multiply the product determined in paragraph 2 of this subsection
12 by the product determined in paragraph 3, subdivision (b) of this subsection.

13 H. If the school facilities board determines that a school district
14 has spent monies from the building renewal fund for purposes other than those
15 prescribed in subsection B of this section, the school facilities board shall
16 notify the superintendent of public instruction. Notwithstanding any other
17 law, the superintendent of public instruction shall withhold a corresponding
18 amount from the monies that would otherwise be due the school district under
19 the capital outlay revenue limit until these monies are repaid.

20 I. BEGINNING ON JULY 1, 2002, A SCHOOL DISTRICT IS NOT ENTITLED TO
21 RECEIVE MONIES FROM THE BUILDING RENEWAL FUND FOR ANY BUILDINGS THAT ARE TO
22 BE REPLACED WITH NEW BUILDINGS THAT ARE FUNDED WITH DEFICIENCIES CORRECTIONS
23 MONIES PURSUANT TO SECTION 15-2021. THE REPLACEMENT BUILDINGS ARE NOT
24 ELIGIBLE TO RECEIVE BUILDING RENEWAL FUNDING UNTIL THE FISCAL YEAR FOLLOWING
25 THE COMPLETION OF THE BUILDING.

26 J. NOTWITHSTANDING SUBSECTIONS B AND C OF THIS SECTION, A SCHOOL
27 DISTRICT MAY USE EIGHT PER CENT OF THE BUILDING RENEWAL AMOUNT COMPUTED
28 PURSUANT TO SUBSECTION G OF THIS SECTION FOR ROUTINE PREVENTATIVE
29 MAINTENANCE. THE BOARD, AFTER CONSULTATION WITH MAINTENANCE SPECIALISTS IN
30 SCHOOL DISTRICTS, SHALL PROVIDE EXAMPLES OF RECOMMENDED SERVICES THAT ARE
31 ROUTINE PREVENTATIVE MAINTENANCE.

32 K. A SCHOOL DISTRICT THAT USES BUILDING RENEWAL MONIES FOR ROUTINE
33 PREVENTATIVE MAINTENANCE SHALL USE THE BUILDING RENEWAL MONIES TO SUPPLEMENT
34 AND NOT SUPPLANT EXPENDITURES FROM OTHER FUNDS FOR THE MAINTENANCE OF SCHOOL
35 BUILDINGS. THE AUDITOR GENERAL SHALL PRESCRIBE A METHOD FOR DETERMINING
36 COMPLIANCE WITH THE REQUIREMENTS OF THIS SUBSECTION. A SCHOOL DISTRICT, IN
37 CONNECTION WITH ANY AUDIT CONDUCTED BY A CERTIFIED PUBLIC ACCOUNTANT, SHALL
38 ALSO CONTRACT FOR AN INDEPENDENT AUDIT TO DETERMINE WHETHER THE SCHOOL
39 DISTRICT USED BUILDING RENEWAL MONIES TO REDUCE THE SCHOOL DISTRICT'S
40 EXISTING LEVEL OF ROUTINE PREVENTATIVE MAINTENANCE FUNDING. THE AUDITOR
41 GENERAL MAY CONDUCT DISCRETIONARY REVIEWS OF A SCHOOL DISTRICT THAT IS NOT
42 REQUIRED TO CONTRACT FOR AN INDEPENDENT AUDIT.

43 ~~I~~ L. For THE purposes of this section, ~~;~~:

44 1. "ROUTINE PREVENTATIVE MAINTENANCE" MEANS SERVICES THAT ARE
45 PERFORMED ON A REGULAR SCHEDULE AT INTERVALS RANGING FROM FOUR TIMES A YEAR

1 TO ONCE EVERY THREE YEARS AND THAT ARE INTENDED TO EXTEND THE USEFUL LIFE OF
2 A BUILDING SYSTEM AND REDUCE THE NEED FOR MAJOR REPAIRS.

3 2. "Student capacity" has the same meaning prescribed in section
4 15-2011.

5 Sec. 39. Section 15-2041, Arizona Revised Statutes, is amended to
6 read:

7 15-2041. New school facilities fund; capital plan; definition

8 A. A new school facilities fund is established consisting of monies
9 appropriated by the legislature and monies credited to the fund pursuant to
10 section 37-221 or 42-5030.01. The school facilities board shall administer
11 the fund and distribute monies, as a continuing appropriation, to school
12 districts for the purpose of constructing new school facilities on June 30
13 of each fiscal year, any unobligated contract monies in the new school
14 facilities fund shall be transferred to the capital reserve fund established
15 by section 15-2003.

16 B. The school facilities board shall prescribe a uniform format for
17 use by the school district governing board in developing and annually
18 updating a capital plan that consists of each of the following:

19 1. Enrollment projections for the next five years for elementary
20 schools and eight years for middle and high schools, including a description
21 of the methods used to make the projections.

22 2. A description of new schools or additions to existing schools
23 needed to meet the building adequacy standards prescribed in section 15-2011.
24 The description shall include:

25 (a) The grade levels and the total number of pupils that the school
26 or addition is intended to serve.

27 (b) The year in which it is necessary for the school or addition to
28 begin operations.

29 (c) A timeline that shows the planning and construction process for
30 the school or addition.

31 3. Long-term projections of the need for land for new schools.

32 4. Any other necessary information required by the school facilities
33 board to evaluate a school district's capital plan.

34 C. If the capital plan indicates a need for a new school or an
35 addition to an existing school within the next four years or a need for land
36 within the next ten years, the school district shall submit its plan to the
37 school facilities board BY SEPTEMBER 1 and shall request monies from the new
38 school facilities fund for the new construction or land. Monies provided for
39 land shall be in addition to any monies provided pursuant to subsection D of
40 this section.

41 D. The school facilities board shall distribute monies from the new
42 school facilities fund as follows:

43 1. The school facilities board shall review and evaluate the
44 enrollment projections and either approve the projections as submitted or
45 revise the projections. In determining new construction requirements, the

1 school facilities board shall determine the net new growth of pupils that
2 will require additional square footage that exceeds the building adequacy
3 standards prescribed in section 15-2011.

4 2. If the approved projections indicate that additional space will not
5 be needed within the next two years for elementary schools or three years for
6 middle or high schools in order to meet the building adequacy standards
7 prescribed in section 15-2011, the request shall be held for consideration
8 by the school facilities board for possible future funding and the school
9 district shall annually submit an updated plan until the additional space is
10 needed.

11 3. If the approved projections indicate that additional space will be
12 needed within the next two years for elementary schools or three years for
13 middle or high schools in order to meet the building adequacy standards
14 prescribed in section 15-2011, the school facilities board shall provide an
15 amount as follows:

16 (a) Determine the number of pupils requiring additional square footage
17 to meet building adequacy standards. This amount for elementary schools
18 shall not be less than the number of new pupils for whom space will be needed
19 in the next year and shall not exceed the number of new pupils for whom space
20 will be needed in the next five years. This amount for middle and high
21 schools shall not be less than the number of new pupils for whom space will
22 be needed in the next four years and shall not exceed the number of new
23 pupils for whom space will be needed in the next eight years.

24 (b) Multiply the number of pupils determined in subdivision (a) of
25 this paragraph by the square footage per pupil. The square footage per pupil
26 is ninety square feet per pupil for preschool children with disabilities,
27 kindergarten programs and grades one through six, one hundred square feet for
28 grades seven and eight, one hundred thirty-four square feet for a school
29 district that provides instruction in grades nine through twelve for fewer
30 than one thousand eight hundred pupils and one hundred twenty-five square
31 feet for a school district that provides instruction in grades nine through
32 twelve for at least one thousand eight hundred pupils. The total number of
33 pupils in grades nine through twelve in the district shall determine the
34 square footage factor to use for net new pupils. The school facilities board
35 may modify the square footage requirements prescribed in this subdivision for
36 particular schools based on any of the following factors:

37 (i) The number of pupils served or projected to be served by the
38 school district.

39 (ii) Geographic factors.

40 (iii) Grade configurations other than those prescribed in this
41 subdivision.

42 (iv) Compliance with minimum school facility adequacy requirements
43 established pursuant to section 15-2011.

44 (c) Multiply the product obtained in subdivision (b) of this paragraph
45 by the cost per square foot. The cost per square foot is ninety dollars for

1 preschool children with disabilities, kindergarten programs and grades one
2 through six, ninety-five dollars for grades seven and eight and one hundred
3 ten dollars for grades nine through twelve. The cost per square foot shall
4 be adjusted annually for construction market considerations based on an index
5 identified or developed by the joint legislative budget committee as
6 necessary but not less than once each year. The school facilities board
7 shall multiply the cost per square foot by 1.05 for any school district
8 located in a rural area. The school facilities board may modify the base
9 cost per square foot prescribed in this subdivision for particular schools
10 based on geographic conditions or site conditions. For purposes of this
11 subdivision, "rural area" means an area outside a thirty-five mile radius of
12 a boundary of a municipality with a population of more than fifty thousand
13 persons according to the most recent United States decennial census.

14 (d) Once the school district governing board obtains approval from the
15 school facilities board for new facility construction funds, additional
16 portable or modular square footage created for the express purpose of
17 providing temporary space for pupils until the completion of the new facility
18 shall not be included by the school facilities board for the purpose of new
19 construction funding calculations. On completion of the new facility
20 construction project, if the portable or modular facilities continue in use,
21 then the portable or modular facilities shall be included as prescribed by
22 this chapter, unless the school facilities board approves their continued use
23 for the purpose of providing temporary space for pupils until the completion
24 of the next new facility that has been approved for funding from the new
25 school facilities fund.

26 E. Monies for architectural and engineering fees shall be distributed
27 on the completion of the analysis by the school facilities board of the
28 school district's request. After receiving monies pursuant to this
29 subsection, the school district shall submit a design development plan for
30 the school or addition to the school facilities board before any monies for
31 construction are distributed. If the school district's request meets the
32 building adequacy standards, the school facilities board may review and
33 comment on the district's plan with respect to the efficiency and
34 effectiveness of the plan in meeting state square footage and facility
35 standards before distributing the remainder of the monies. The school
36 facilities board may decline to fund the project if the square footage is no
37 longer required due to revised enrollment projections.

38 F. The school facilities board shall distribute the monies needed for
39 land for new schools so that land may be purchased at a price that is less
40 than or equal to fair market value and in advance of the construction of the
41 new school. If necessary, the school facilities board may distribute monies
42 for land to be leased for new schools if the duration of the lease exceeds
43 the life expectancy of the school facility by at least fifty per cent. The
44 proceeds derived through the sale of any land purchased or partially
45 purchased with monies provided by the school facilities board shall be

1 returned to the state fund from which it was appropriated and to any other
2 participating entity on a proportional basis. If a school district acquires
3 real property by donation at an appropriate school site approved by the
4 school facilities board, the school facilities board shall distribute an
5 amount equal to twenty per cent of the fair market value of the donated real
6 property that can be used for academic purposes. The school district shall
7 place the monies in the unrestricted capital outlay fund and increase the
8 unrestricted capital outlay limit by the amount of monies placed in the
9 fund. Monies distributed under this subsection shall be distributed from the
10 new school facilities fund.

11 G. In addition to distributions to school districts based on pupil
12 growth projections, a school district may submit an application to the school
13 facilities board for monies from the new school facilities fund if one or
14 more school buildings have outlived their useful life. If the school
15 facilities board determines that the school district needs to build a new
16 school building for these reasons, the school facilities board shall remove
17 the square footage computations that represent the building from the
18 computation of the school district's total square footage for purposes of
19 this section. If the square footage recomputation reflects that the school
20 district no longer meets building adequacy standards, the school district
21 qualifies for a distribution of monies from the new school construction
22 formula in an amount determined pursuant to subsection D of this
23 section. Buildings removed from a school district's total square footage
24 pursuant to this subsection shall not be included in the computation of
25 monies from the building renewal fund established by section 15-2031. The
26 school facilities board may modify the base cost per square foot prescribed
27 in this subsection under extraordinary circumstances for geographic factors
28 or site conditions.

29 H. School districts that receive monies from the new school facilities
30 fund shall establish a district new school facilities fund and shall use the
31 monies in the district new school facilities fund only for the purposes
32 prescribed in this section. By October 15 of each year, each school district
33 shall report to the school facilities board the projects funded at each
34 school in the previous fiscal year with monies from the district new school
35 facilities fund and shall provide an accounting of the monies remaining in
36 the new school facilities fund at the end of the previous fiscal year.

37 I. If a school district has surplus monies received from the new
38 schools SCHOOL facilities fund, the school district ~~may use~~ SHALL RETURN the
39 surplus monies ~~for any other capital purpose~~ TO THE SCHOOL FACILITIES BOARD
40 FOR DEPOSIT IN THE NEW SCHOOL FACILITIES FUND. THE SCHOOL DISTRICT MAY
41 RETAIN SURPLUS MONIES FOR ANY OTHER CAPITAL PURPOSE IF THE SCHOOL FACILITIES
42 BOARD DETERMINES THAT THE PROJECT WAS COMPLETED WITH QUALITY PRODUCTS AS
43 DETERMINED BY THE SCHOOL FACILITIES BOARD.

44 J. The board's consideration of any application filed after July 1,
45 2001 for monies to fund the construction of new school facilities proposed

1 to be located in territory in the vicinity of a military airport as defined
2 in section 28-8461 shall include, if after notice is transmitted to the
3 military airport pursuant to section 15-2002 and before the public hearing
4 the military airport provides comments and analysis concerning compatibility
5 of the proposed school facilities with the high noise or accident potential
6 generated by military airport operations that may have an adverse effect on
7 public health and safety, consideration and analysis of the comments and
8 analysis provided by the military airport before making a final
9 determination.

10 K. IF A SCHOOL DISTRICT USES ITS OWN PROJECT MANAGER FOR NEW SCHOOL
11 CONSTRUCTION, THE MEMBERS OF THE SCHOOL DISTRICT GOVERNING BOARD AND THE
12 PROJECT MANAGER SHALL SIGN AN AFFIDAVIT STATING THAT THE MEMBERS AND THE
13 PROJECT MANAGER UNDERSTAND AND WILL FOLLOW THE MINIMUM ADEQUACY REQUIREMENTS
14 PRESCRIBED IN SECTION 15-2011.

15 Sec. 40. Section 41-1279.03, Arizona Revised Statutes, is amended to
16 read:

17 41-1279.03. Powers and duties

18 A. The auditor general shall:

19 1. Prepare an audit plan for approval by the committee and report to
20 the committee the results of each audit and investigation and other reviews
21 conducted by the auditor general.

22 2. Conduct or cause to be conducted at least biennial financial and
23 compliance audits of financial transactions and accounts kept by or for all
24 state agencies subject to the single audit act of 1984 (P.L. 98-502). The
25 audits shall be conducted in accordance with generally accepted governmental
26 auditing standards and accordingly shall include tests of the accounting
27 records and other auditing procedures as may be considered necessary in the
28 circumstances. The audits shall include the issuance of suitable reports as
29 required by the single audit act of 1984 (P.L. 98-502) so the legislature,
30 federal government and others will be informed as to the adequacy of
31 financial statements of the state in compliance with generally accepted
32 governmental accounting principles and to determine whether the state has
33 complied with laws and regulations that may have a material effect on the
34 financial statements and on major federal assistance programs.

35 3. Perform procedural reviews for all state agencies at times
36 determined by the auditor general. These reviews may include evaluation of
37 administrative and accounting internal controls and reports on such reviews.

38 4. Perform special audits and related assignments as designated by the
39 committee and conduct performance audits, special audits and investigations
40 of any state agency, whether created by the constitution or otherwise, as may
41 be requested by the committee.

42 5. Annually on or before the fourth Monday of December prepare a
43 written report to the governor and to the committee which contains a summary
44 of activities for the previous fiscal year.

1 6. In the tenth year and in each third year thereafter in which a
2 transportation excise tax is in effect in a county as provided in section
3 42-6104, 42-6106 or 42-6107 conduct a performance audit that:

4 (a) Reviews past expenditures and future planned expenditures of the
5 transportation excise tax and determines the impact of the expenditures in
6 solving transportation problems within the county and, for a transportation
7 excise tax in effect in a county as provided in section 42-6107, determines
8 whether the expenditures of the transportation excise tax comply with section
9 28-6392, subsection B.

10 (b) Reviews projects completed to date and projects to be completed
11 during the remaining years in which a transportation excise tax is in effect.
12 Within six months after each review period the auditor general shall present
13 a report to the speaker of the house of representatives and the president of
14 the senate detailing findings and making recommendations. If the parameters
15 of the performance audit are set by the citizens transportation oversight
16 committee, the auditor general shall also present the report to the citizens
17 transportation oversight committee.

18 (c) Reviews, determines, reports and makes recommendations to the
19 speaker of the house of representatives and the president of the senate
20 whether the distribution of highway user revenues complies with title 28,
21 chapter 18, article 2. If the parameters of the performance audit are set
22 by the citizens transportation oversight committee, the auditor general shall
23 also present the report to the citizens transportation oversight committee.

24 7. If requested by the committee, conduct performance audits of
25 counties and incorporated cities and towns receiving highway user revenue
26 fund monies pursuant to title 28, chapter 18, article 2 to determine if the
27 monies are being spent as provided in section 28-6533, subsection B.

28 8. Perform special audits designated pursuant to law if the auditor
29 general determines that there are adequate monies appropriated for the
30 auditor general to complete the audit. If the auditor general determines the
31 appropriated monies are inadequate, the auditor general shall notify the
32 committee.

33 9. Beginning on July 1, 2001, establish a school-wide audit team in
34 the office of the auditor general to conduct performance audits and monitor
35 school districts to determine the percentage of every dollar spent in the
36 classroom by a school district. ~~The school-wide audit team shall randomly~~
37 ~~audit each school district at least once every five years.~~ THE AUDITOR
38 GENERAL SHALL DETERMINE, THROUGH RANDOM SELECTION, THE SCHOOL DISTRICTS TO
39 BE AUDITED EACH YEAR, SUBJECT TO REVIEW BY THE JOINT LEGISLATIVE AUDIT
40 COMMITTEE.

41 B. The auditor general may:

42 1. Subject to approval by the committee, adopt rules necessary to
43 administer the duties of the office.

44 2. Hire consultants to conduct the studies required by subsection A,
45 paragraphs 6 and 7 of this section.

1 C. If approved by the committee the auditor general may charge a
2 reasonable fee for the cost of performing audits or providing accounting
3 services for auditing federal funds, special audits or special services
4 requested by political subdivisions of the state. Monies collected pursuant
5 to this subsection shall be deposited in the audit services revolving fund.

6 D. The department of transportation, the board of supervisors of a
7 county that has approved a county transportation excise tax as provided in
8 section 42-6104, 42-6106 or 42-6107 and the governing bodies of counties,
9 cities and towns receiving highway user revenue fund monies shall cooperate
10 with and provide necessary information to the auditor general or the auditor
11 general's consultant.

12 E. The department of transportation shall reimburse the auditor
13 general as follows, and the auditor general shall deposit the reimbursed
14 monies in the audit services revolving fund:

15 1. For the cost of conducting the studies or hiring a consultant to
16 conduct the studies required by subsection A, paragraph 6, subdivisions (a)
17 and (b) of this section, from monies collected pursuant to a county
18 transportation excise tax levied pursuant to section 42-6104, 42-6106 or
19 42-6107.

20 2. For the cost of conducting the studies or hiring a consultant
21 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
22 this section, from the Arizona highway user revenue fund.

23 Sec. 41. Repeal

24 Laws 2001, second special session, chapter 6, section 9 is repealed.

25 Sec. 42. Repeal

26 Laws 1998, fifth special session, chapter 1, section 61 is repealed.

27 Sec. 43. Delayed repeal

28 Section 15-2021, Arizona Revised Statutes, as amended by this act, is
29 repealed from and after June 30, 2004.

30 Sec. 44. Laws 2001, second special session, chapter 9, section 10 is
31 amended to read:

32 Sec. 10. Appropriation; purpose; exemption

33 A. The sum of ~~\$500,000~~ \$250,000 is appropriated from the state general
34 fund in fiscal year 2002-2003 to legislative council in order to carry out
35 the purposes of LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 9, section 6 of
36 ~~this act~~, relating to the joint legislative committee on school maintenance
37 and operations funding and LAWS 2001, SECOND SPECIAL SESSION, CHAPTER 9,
38 section 8 of ~~this act~~, relating to the cost study of ELL group B weight.

39 B. The appropriation made in subsection A of this section is exempt
40 from the provisions of section 35-190, Arizona Revised Statutes, relating to
41 lapsing of appropriations, except that all monies remaining unexpended and
42 unencumbered on December 2, 2004 revert to the state general fund.

43 Sec. 45. State treasurer; building renewal transfer

44 Notwithstanding section 15-2002, subsection A, paragraph 10, Arizona
45 Revised Statutes, as amended by this act, or any other law, the state

1 treasurer shall disregard any instructions of the school facilities board
2 relating to the building renewal fund transfers for fiscal year 2002-2003 and
3 instead shall transfer only the sum of \$38,274,100 in fiscal year 2002-2003
4 from transaction privilege tax revenues to the building renewal fund
5 established by section 15-2031, Arizona Revised Statutes.

6 Sec. 46. State treasurer; new school facilities transfer

7 Notwithstanding section 15-2002, subsection A, paragraph 10, Arizona
8 Revised Statutes, as amended by this act, or any other law, the state
9 treasurer shall disregard any instructions of the school facilities board
10 relating to the new school facilities fund transfers for fiscal year
11 2002-2003.

12 Sec. 47. Community college capital outlay state aid,
13 equalization aid and operating state aid
14 appropriations

15 Notwithstanding sections 15-1464, 15-1466 and 15-1468, Arizona Revised
16 Statutes, the fiscal year 2002-2003 appropriations for capital outlay state
17 aid, operating state aid and equalization aid shall be the amounts
18 appropriated in the general appropriations act.

19 Sec. 48. Reduction in school district state aid apportionment;
20 fiscal year 2002-2003

21 A. Notwithstanding section 15-973, subsection B, paragraph 10, Arizona
22 Revised Statutes, the state board of education shall defer until July 1, 2003
23 \$191,000,000 of the basic state aid and additional state aid payment that
24 otherwise would be apportioned to school districts under that law on June 15,
25 2003.

26 B. The funding deferral required by this section does not apply to
27 charter schools.

28 Sec. 49. Appropriations; school districts; disbursements

29 A. The sum of \$191,000,000 is appropriated in fiscal year 2003-2004
30 from the state general fund to the state board of education and
31 superintendent of public instruction for basic state aid and additional state
32 aid entitlement for fiscal year 2003-2004. Such appropriation shall be
33 disbursed on July 1, 2003 to the several counties for the school districts
34 in each county in amounts equal to the reductions in apportionment of basic
35 state aid and additional state aid required under section 48 of this act for
36 fiscal year 2002-2003.

37 B. The sum of \$293,800 is appropriated in fiscal year 2003-2004 from
38 the state general fund to the state board of education and the superintendent
39 of public instruction for any costs to school districts which may be
40 associated with the reductions in apportionment of basic state aid and
41 additional state aid for fiscal year 2002-2003 required by section 48 of this
42 act. Such appropriation shall be disbursed on July 1, 2003 to the several
43 counties for the school districts in each county and shall be allocated based
44 on the per cent of the total \$191,000,000 deferred payment for fiscal year
45 2002-2003 that is attributable to each individual school district.

1 C. Notwithstanding any provision of law, for fiscal year 2003-2004,
2 if the governing board of a school district incurred interest expenses for
3 registering warrants in fiscal year 2002-2003 due to section 48 of this act,
4 the governing board may budget an estimated amount for those interest
5 expenses. Any such amount is specifically exempt from the revenue control
6 limit in fiscal year 2003-2004. If the budgeted estimate amount is greater
7 than the amount received pursuant to subsection B of this section, the
8 governing board shall not expend more than the amount received pursuant to
9 subsection B of this section. If the budgeted estimate amount is less than
10 the amount received pursuant to subsection B of this section, the governing
11 board may revise its budget during fiscal year 2003-2004 to include the
12 actual amount received pursuant to subsection B of this section and shall not
13 expend more than the amount received pursuant to subsection B of this
14 section.

15 Sec. 50. School district administrative costs; data analysis

16 A. Before July 1, 2002, the joint legislative budget committee staff
17 shall analyze school district cost data from fiscal year 2000-2001 in order
18 to determine the average per pupil current expenditure for each school
19 district for administrative functions and whether each district exceeded its
20 predicted per pupil cost level for those functions based on data reported by
21 districts of similar type and size.

22 B. Before December 1, 2002, the auditor general shall report to the
23 legislature regarding factors that help explain differences in administrative
24 costs for school districts that are identified by the joint legislative
25 budget committee as having reported particularly high or low average per
26 pupil current expenditures for administrative functions for fiscal year
27 2000-2001. This analysis shall include an emphasis on school districts that
28 are identified as having particularly high or low average per pupil
29 administrative costs for fiscal year 2000-2001 but that were not identified
30 as having had particularly high or low average per pupil administrative costs
31 for fiscal year 1998-1999 and vice versa. The analysis shall discuss factors
32 that caused these districts to report particularly high or low average per
33 pupil administrative costs for only one of the two time periods analyzed.

34 Sec. 51. Temporary prohibition on joining or forming joint
35 technological education districts

36 A. Notwithstanding sections 15-392 and 15-395, Arizona Revised
37 Statutes, school districts shall not be allowed to:

38 1. Form any new joint technological education district between
39 November 30, 2002 and June 30, 2004, unless both of the following
40 requirements are met:

41 (a) At least two school district governing boards voted to participate
42 as part of the joint technological education district before February 1,
43 2002.

44 (b) The joint technological education district is approved by the
45 voters before November 30, 2002.

1 2. Join a joint technological education district between the effective
2 date of this act and June 30, 2004, unless the school district shares a
3 border with a school district that currently belongs to the joint district
4 or, if the school district does not share a border with a school district
5 that currently belongs to the joint district, the governing board of the
6 school district voted to become part of the joint technological education
7 district at a public meeting before March 7, 2002 and the joinder is approved
8 by the voters before November 30, 2002. The election requirements prescribed
9 in sections 15-392 and 15-395, Arizona Revised Statutes, apply to any
10 joinders entered into pursuant to this paragraph.

11 B. A new joint technological education district formed pursuant to
12 subsection A, paragraph 1 of this section shall be limited to four hundred
13 fifty average daily membership students during the first two years of
14 operation.

15 Sec. 52. Deficiencies correction deadlines

16 A. Notwithstanding the delayed repeal of section 15-2021, Arizona
17 Revised Statutes, pursuant to this act, the dates by which various actions
18 must be completed to correct deficiencies do not apply to the Arizona state
19 schools for the deaf and the blind. The school facilities board shall ensure
20 that deficiencies in the facilities of the Arizona state schools for the deaf
21 and the blind are assessed by December 31, 2002.

22 B. Notwithstanding section 15-2021, Arizona Revised Statutes, monies
23 to correct deficiencies identified in the assessment pursuant to subsection
24 A of this section shall be subject to legislative appropriation.

25 Sec. 53. Qualifying tribal community college sales tax
26 transfer; limitation

27 Notwithstanding section 42-5031.01, Arizona Revised Statutes, an Indian
28 tribal postsecondary educational institution is eligible to receive funding
29 pursuant to section 42-5031.01, Arizona Revised Statutes, only if it received
30 funding under that law in fiscal year 2001-2002.

31 Sec. 54. School district audits; administrative costs

32 For fiscal years 2002-2003 and 2003-2004, the school-wide audits that
33 are conducted by the auditor general pursuant to section 41-1279.03,
34 subsection A, paragraph 9, Arizona Revised Statutes, as amended by this act,
35 shall include an audit of administrative costs. The audit of administrative
36 costs for each randomly selected school district shall address the accuracy
37 of reported administrative costs of the school district for the audit year
38 and shall provide a detailed breakdown of the duties, salaries and related
39 costs of administrative personnel of the school district at the school level
40 and at the district level for the audit year.

41 Sec. 55. New school facilities; lease-to-own

42 A. The school facilities board shall enter into lease-to-own
43 transactions pursuant to sections 15-2004, 15-2005 and 15-2006, Arizona
44 Revised Statutes, as added by this act, to pay for the costs of new school
45 facilities in fiscal year 2002-2003.

1 B. Notwithstanding section 15-2006, Arizona Revised Statutes, as added
2 by this act, the school facilities board shall enter into lease-to-own
3 transactions in an amount not to exceed \$400,000,000 in fiscal year 2002-2003
4 in order to fulfill the requirements of section 15-2041, Arizona Revised
5 Statutes.

6 C. Notwithstanding section 15-2041, Arizona Revised Statutes, as
7 amended by this act, the school facilities board may transfer monies from the
8 new school facilities fund to the lease-to-own fund established by section
9 15-2004, Arizona Revised Statutes, as added by this act, in fiscal year
10 2002-2003 for the purposes of that section.

11 Sec. 56. School district excess utility costs; temporary cap

12 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
13 amount that a school district may budget in the excess utility cost category
14 for fiscal years 2002-2003 and 2003-2004 is the amount that it budgeted in
15 the excess utility cost category for fiscal year 2001-2002.

16 Sec. 57. Minimum school facility adequacy guidelines; temporary
17 limitation on changes

18 Notwithstanding section 15-2011, Arizona Revised Statutes, as amended
19 by this act, or any other law, through fiscal year 2003-2004 the school
20 facilities board shall not adopt rules that change minimum school facility
21 adequacy guidelines unless those changes are necessary in order to comply
22 with building, health, fire or safety codes or would reduce state costs.

23 Sec. 58. Transfer of powers; effect

24 A. This act does not alter the effect of any actions that were taken
25 or impair the valid obligations of the state board of directors for community
26 colleges in existence before the effective date of this act.

27 B. Administrative rules and orders that were adopted by the state
28 board of directors for community colleges prior to June 30, 2002 continue in
29 effect through June 30, 2003. Community college district governing boards
30 shall not adopt any rules that conflict with rules adopted by the state board
31 of directors for community colleges.

32 C. On the effective date of this act, all real and personal property,
33 fixtures and records that are located on a community college campus in this
34 state are transferred from the state board of directors for community
35 colleges to the community college district board of that community college.

36 Sec. 59. Assignment of interest in real property

37 A. The state board of directors for community colleges shall assign
38 all rights, title and interest in real property it has purchased, received,
39 held and taken leases of that is situated in each community college district
40 to such district's governing board. The chair of the state board of
41 directors for community colleges or the chair's designee shall take all
42 necessary steps to effect such assignment prior to July 1, 2002.

43 B. The state board of directors for community colleges shall assign
44 all rights, title and interest in real property it has purchased, received,
45 held and taken leases of that is situated in an unorganized community college

1 district that is served by a community college district to the duly elected
2 board of the provisional community college district or, if a provisional
3 community college district has not been formed, to the county board of
4 supervisors of the unorganized county. The chair of the state board of
5 directors for community colleges or the chair's designee shall take all
6 necessary steps to effect such assignment before July 1, 2002.

7 Sec. 60. Covenants on existing general obligation or revenue
8 bonds

9 Any and all obligations or covenants of the state board of directors
10 for community colleges with respect to any general obligation bonds, revenue
11 bonds, leases, lease-purchase agreements or any related documents or
12 obligations, including any pledges of revenue therefore, shall hereby be and
13 become the obligations and covenants of the community college district board
14 of the institution for which such financing was undertaken. Such community
15 college district board shall have all rights to take any and all actions
16 under such financing arrangements as the state board of directors for
17 community colleges could have taken and shall discharge all obligations and
18 duties of the state board thereunder.

19 Sec. 61. Building renewal formula; legislative intent

20 A. Notwithstanding section 15-2031, Arizona Revised Statutes, as
21 amended by this act, or any other law, the building renewal formula is
22 suspended for fiscal year 2002-2003 and fiscal year 2003-2004. For fiscal
23 year 2002-2003, the amount for building renewal shall be as provided in this
24 act.

25 B. It is the intent of the legislature to suspend the building renewal
26 formula through fiscal year 2003-2004 as monies necessary for school
27 facilities required to meet academic standards will be provided from the
28 deficiencies corrections fund established by section 15-2021, Arizona Revised
29 Statutes, which is repealed by this act from and after June 30, 2004.

30 C. It is also the intent of the legislature that the facilities and
31 equipment necessary and appropriate to enable students to achieve the
32 academic standards pursuant to section 15-203, subsection A, paragraphs 12
33 and 13, Arizona Revised Statutes, and sections 15-701 and 15-702, Arizona
34 Revised Statutes, are exclusively the facilities and equipment addressed by
35 the school facilities board in the minimum school facility adequacy
36 guidelines adopted pursuant to section 15-2011, Arizona Revised Statutes.

37 Sec. 62. Vocational education; community colleges; transition

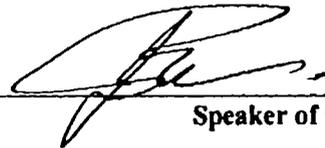
38 The state board of education shall minimize administrative costs
39 associated with vocational education and ensure that the individual community
40 college districts of this state receive from this state the maximum possible
41 amount of federal monies available to this state under the vocational
42 education act of 1917, as amended, and the Carl D. Perkins vocational
43 education act of 1984, as amended by the Carl D. Perkins vocational and
44 applied technological education act amendments of 1990.

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 23, 2002,

by the following vote: 40 Ayes,

12 Nays, 8 Not Voting


Speaker of the House

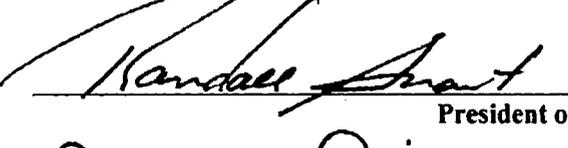

Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 23, 2002,

by the following vote: 16 Ayes,

11 Nays, 3 Not Voting


President of the Senate

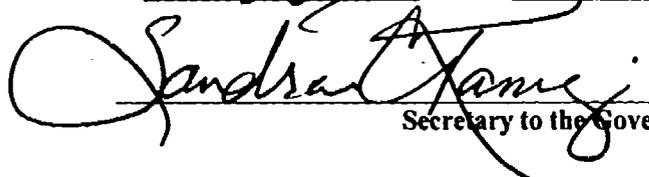

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 23 day of May, 2002,

at 5:28 o'clock P. M.


Secretary to the Governor

Approved this _____ day of

_____, 20 _____,

at _____ o'clock _____ M.

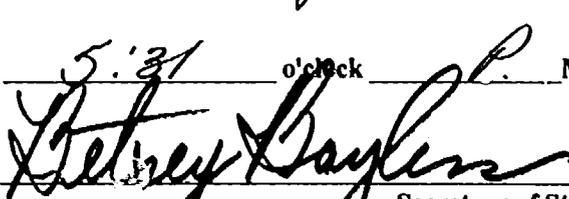
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 4 day of June, 2002,

at 5:31 o'clock P. M.


Secretary of State

H.B. 2710

Passed the House May 9, 2002,

Passed the Senate May 22, 2002,

by the following vote: 32 Ayes,

by the following vote: 17 Ayes,

25 Nays, 3 Not Voting

11 Nays, 2 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Assistant Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

 day of , 20 ,

at o'clock M.

Secretary to the Governor

Approved this day of

 , 20 ,

at o'clock M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this day of , 20 ,

at o'clock M.

Secretary of State

H.B. 2710