

# CORRECTED TITLE

Senate Engrossed House Bill

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
First Regular Session  
2003

CHAPTER 264

## HOUSE BILL 2534

AN ACT

AMENDING SECTIONS 15-121, 15-185 AND 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-914.02; AMENDING SECTION 15-945, ARIZONA REVISED STATUTES; REPEALING SECTIONS 15-1421 AND 15-1422, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-1469, 15-1483, 15-2002, 15-2031, ARIZONA REVISED STATUTES; AMENDING SECTION 37-521, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2003, CHAPTER 176, SECTION 3; AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2002, CHAPTER 164, SECTION 3; REPEALING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2002, CHAPTER 245, SECTION 1; REPEALING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2002, CHAPTER 330, SECTION 40; AMENDING SECTION 41-1279.04, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3008.04, ARIZONA REVISED STATUTES; AMENDING LAWS 2003, FIRST SPECIAL SESSION, CHAPTER 3, SECTION 1; AMENDING LAWS 1998, CHAPTER 295, SECTION 10; BLENDING MULTIPLE ENACTMENTS; MAKING APPROPRIATIONS; RELATING TO EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-121, Arizona Revised Statutes, is amended to  
3 read:

4 15-121. Permitting school employees to participate in federal  
5 annuity program and deferred compensation plans;  
6 prohibition against use of public monies; exception

7 A. Employees of school districts, accommodation school employees,  
8 employees of the community college districts, employees of the universities  
9 and all other certificated and noncertificated employees of the schools of  
10 this state, including those located at state institutions, may participate  
11 in the federal tax sheltered annuity plan as provided in 26 United States  
12 Code section 403, if the governing body approves.

13 B. Upon election by an employee to participate in the federal annuity  
14 plan, the governing board of a school district, the county school  
15 superintendent, the community college district governing board, the Arizona  
16 board of regents or other governing body or employer of the employee shall  
17 invest an amount to be reduced from the regular annual salary of the  
18 employee, as the employee may authorize, in annuities as provided in 26  
19 United States Code section 403.

20 C. An employee may also participate in a deferred compensation plan  
21 approved by the governing body and may authorize the necessary deductions  
22 from his regular salary.

23 D. The amount to be invested shall be determined by the employee not  
24 less than fifteen days prior to his first payday in the school year, or at  
25 any time during the school year at the option of the governing body. The  
26 employing body or county school superintendent shall assume no responsibility  
27 other than to make the requested payments during the actual time of the  
28 employment of the employee. The employer shall transfer to the fund manager  
29 the employee contributions within ten working days after each and every  
30 payroll date. Contributions transferred after that date shall include a  
31 penalty of six per cent a year for each day the contributions are late. ~~;~~  
32 The penalty to SHALL be paid by the employer. If the employee changes his  
33 employment to another school or SCHOOL district, he may authorize his new  
34 employer to continue the payments if the governing body approves.

35 E. State, county, district or other public funds MONIES shall not be  
36 used in the purchase of any annuity or payment of any deferred compensation  
37 authorized by this article, EXCEPT FOR MONIES AUTHORIZED TO BE PAID AND USED  
38 FOR SEVERANCE PAY, SICK LEAVE PAYOUTS OR VACATION PAYOUTS.

39 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:  
40 15-185. Charter schools; financing; definitions

41 A. Financial provisions for a charter school that is sponsored by a  
42 school district governing board are as follows:

43 1. The charter school shall be included in the district's budget and  
44 financial assistance calculations pursuant to paragraph 3 of this subsection  
45 and chapter 9 of this title, except for chapter 9, article 4 of this title.

1 The charter of the charter school shall include a description of the methods  
2 of funding the charter school by the school district. The school district  
3 shall send a copy of the charter and application, including a description of  
4 how the school district plans to fund the school, to the state board of  
5 education before the start of the first fiscal year of operation of the  
6 charter school. The charter or application shall include an estimate of the  
7 student count for the charter school for its first fiscal year of operation.  
8 This estimate shall be computed pursuant to the requirements of paragraph 3  
9 of this subsection.

10 2. A school district is not financially responsible for any charter  
11 school that is sponsored by the state board of education or the state board  
12 for charter schools.

13 3. A school district that sponsors a charter school may:

14 (a) Increase its student count as provided in subsection B, paragraph  
15 2 of this section during the first year of the charter school's operation to  
16 include those charter school pupils who were not previously enrolled in the  
17 school district. A charter school sponsored by a school district governing  
18 board is eligible for the assistance prescribed in subsection B, paragraph  
19 4 of this section. The soft capital allocation as provided in section 15-962  
20 for the school district sponsoring the charter school shall be increased by  
21 the amount of the additional assistance. The school district shall include  
22 the full amount of the additional assistance in the funding provided to the  
23 charter school.

24 (b) Compute separate weighted student counts pursuant to section  
25 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
26 school pupils in order to maintain eligibility for small school district  
27 support level weights authorized in section 15-943, paragraph 1 for its  
28 noncharter school pupils only. The portion of a district's student count  
29 that is attributable to charter school pupils is not eligible for small  
30 school district support level weights.

31 4. If a school district uses the provisions of paragraph 3 of this  
32 subsection, the school district is not eligible to include those pupils in  
33 its student count for the purposes of computing an increase in its revenue  
34 control limit and district support level as provided in section 15-948.

35 5. A school district that sponsors a charter school is not eligible  
36 to include the charter school pupils in its student count for the purpose of  
37 computing an increase in its capital outlay revenue limit as provided in  
38 section 15-961, subsection C, except that if the charter school was  
39 previously a school in the district, the district may include in its student  
40 count any charter school pupils who were enrolled in the school district in  
41 the prior year.

42 6. A school district that sponsors a charter school is not eligible  
43 to include the charter school pupils in its student count for the purpose of  
44 computing the revenue control limit which is used to determine the maximum

1 budget increase as provided in chapter 4, article 4 of this title unless the  
2 charter school is located within the boundaries of the school district.

3 7. If a school district converts one or more of its district public  
4 schools to a charter school and receives assistance as prescribed in  
5 subsection B, paragraph 4 of this section, and subsequently converts the  
6 charter school back to a district public school, the school district shall  
7 repay the state the total additional assistance received for the charter  
8 school for all years that the charter school was in operation. The repayment  
9 shall be in one lump sum and shall be reduced from the school district's  
10 current year equalization assistance. The school district's general budget  
11 limit shall be reduced by the same lump sum amount in the current year.

12 B. Financial provisions for a charter school that is sponsored by the  
13 state board of education or the state board for charter schools are as  
14 follows:

15 1. The charter school shall calculate a base support level as  
16 prescribed in section 15-943, ~~a capital outlay revenue limit as prescribed~~  
17 ~~in section 15-961 and a capital levy revenue limit as prescribed in section~~  
18 ~~15-962~~, except that sections 15-941 and 15-942 do not apply to these charter  
19 schools.

20 2. Notwithstanding paragraph 1 of this subsection, the student count  
21 shall be determined initially using an estimated student count based on  
22 actual registration of pupils before the beginning of the school year. After  
23 the first one hundred days or two hundred days in session, as applicable, the  
24 charter school shall revise the student count to be equal to the actual  
25 average daily membership, as defined in section 15-901, or the adjusted  
26 average daily membership, as prescribed in section 15-902, of the charter  
27 school. Before the one hundredth day or two hundredth day in session, as  
28 applicable, the state board of education or the state board for charter  
29 schools may require a charter school to report periodically regarding pupil  
30 enrollment and attendance and the department of education may revise its  
31 computation of equalization assistance based on the report. A charter school  
32 shall revise its student count, base support level and additional assistance  
33 before May 15. A charter school that overestimated its student count shall  
34 revise its budget before May 15. A charter school that underestimated its  
35 student count may revise its budget before May 15.

36 3. A charter school may utilize section 15-855 for the purposes of  
37 this section. The charter school and the department of education shall  
38 prescribe procedures for determining average daily attendance and average  
39 daily membership.

40 4. Equalization assistance for the charter school shall be determined  
41 by adding the amount of the base support level and additional assistance.  
42 ~~Equalization assistance is equal to the sum of the base support level and the~~  
43 ~~additional assistance.~~ The amount of the additional assistance is one  
44 thousand two hundred four dollars sixty-seven SEVENTY-EIGHT DOLLARS FORTY  
45 cents per student count in kindergarten programs and grades one through eight

1 and one thousand four hundred four ~~dollars one cent~~ EIGHTY-NINE DOLLARS  
2 NINETY-FIVE CENTS per student count in grades nine through twelve.

3 5. The state board of education shall apportion state aid from the  
4 appropriations made for such purposes to the state treasurer for disbursement  
5 to the charter schools in each county in an amount as determined by this  
6 paragraph. The apportionments shall be made in twelve equal installments of  
7 the total amount to be apportioned during the fiscal year on the fifteenth  
8 day of each month of the fiscal year.

9 6. Notwithstanding paragraph 5 of this subsection, if sufficient  
10 appropriated monies are available after the first forty days in session of  
11 the current year, a charter school may request additional state monies to  
12 fund the increased state aid due to anticipated student growth through the  
13 first one hundred days or two hundred days in session, as applicable, of the  
14 current year as provided in section 15-948. In no event shall a charter  
15 school have received more than three-fourths of its total apportionment  
16 before April 15 of the fiscal year. Early payments pursuant to this  
17 subsection must be approved by the state treasurer, the director of the  
18 department of administration and the superintendent of public instruction.

19 7. The charter school shall not charge tuition, levy taxes or issue  
20 bonds.

21 8. Not later than noon on the day preceding each apportionment date  
22 established by paragraph 5 of this subsection, the superintendent of public  
23 instruction shall furnish to the state treasurer an abstract of the  
24 apportionment and shall certify the apportionment to the department of  
25 administration, which shall draw its warrant in favor of the charter schools  
26 for the amount apportioned.

27 C. If a pupil is enrolled in both a charter school and a public school  
28 that is not a charter school, the sum of the daily membership, which includes  
29 enrollment as prescribed in section 15-901, subsection A, paragraph 2,  
30 subdivisions (a) and (b) and daily attendance as prescribed in section  
31 15-901, subsection A, paragraph 6, for that pupil in the school district and  
32 the charter school shall not exceed 1.0. If the pupil is enrolled in both  
33 a charter school and a public school that is not a charter school and the sum  
34 of the daily membership or daily attendance for that pupil is greater than  
35 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the  
36 public school and the charter school based on the percentage of total time  
37 that the pupil is enrolled or in attendance in the public school and the  
38 charter school. The uniform system of financial records shall include  
39 guidelines for the apportionment of the pupil enrollment and attendance as  
40 provided in this section.

41 D. Charter schools are allowed to accept grants and gifts to  
42 supplement their state funding, but it is not the intent of the charter  
43 school law to require taxpayers to pay twice to educate the same pupils. The  
44 base support level for a charter school or for a school district sponsoring  
45 a charter school shall be reduced by an amount equal to the total amount of

1 monies received by a charter school from a federal or state agency if the  
2 federal or state monies are intended for the basic maintenance and operations  
3 of the school. The superintendent of public instruction shall estimate the  
4 amount of the reduction for the budget year and shall revise the reduction  
5 to reflect the actual amount before May 15 of the current year. If the  
6 reduction results in a negative amount, the negative amount shall be used in  
7 computing all budget limits and equalization assistance, except that:

8 1. Equalization assistance shall not be less than zero.

9 2. For a charter school sponsored by the state board of education or  
10 the state board for charter schools, the total of the base support level, the  
11 capital outlay revenue limit, the soft capital allocation and the additional  
12 assistance shall not be less than zero.

13 3. For a charter school sponsored by a school district, the base  
14 support level for the school district shall not be reduced by more than the  
15 amount that the charter school increased the district's base support level,  
16 capital outlay revenue limit and soft capital allocation.

17 E. If a charter school was a district public school in the prior year  
18 and is now being operated for or by the same school district and sponsored  
19 by the state board of education, the state board for charter schools or a  
20 school district governing board, the reduction in subsection D of this  
21 section applies. The reduction to the base support level of the charter  
22 school or the sponsoring district of the charter school shall equal the sum  
23 of the base support level and the additional assistance received in the  
24 current year for those pupils who were enrolled in the traditional public  
25 school in the prior year and are now enrolled in the charter school in the  
26 current year.

27 F. ~~Notwithstanding subsection B, paragraph 5 of this section,~~  
28 Equalization assistance for charter schools shall be provided as a single  
29 amount based on average daily membership without categorical distinctions  
30 between maintenance and operations or capital.

31 G. At the request of a charter school, the county school  
32 superintendent of the county where the charter school is located may provide  
33 the same educational services to the charter school as prescribed in section  
34 15-308, subsection A. The county school superintendent may charge a fee to  
35 recover costs for providing educational services to charter schools.

36 H. If the sponsor of the charter school determines at a public meeting  
37 that the charter school is not in compliance with federal law, WITH the laws  
38 of this state, or with its charter, the sponsor of a charter school may  
39 submit a request to the state board of education to withhold up to ten per  
40 cent of the monthly apportionment of state aid that would otherwise be due  
41 the charter school. The state board of education shall adjust the charter  
42 school's apportionment accordingly. The sponsor shall provide written notice  
43 to the charter school at least seventy-two hours before the meeting and shall  
44 allow the charter school to respond to the allegations of noncompliance at  
45 the meeting before the sponsor makes a final determination to notify the

1 state board of education of noncompliance. The charter school shall submit  
2 a corrective action plan to the sponsor on a date specified by the sponsor  
3 at the meeting. The corrective action plan shall be designed to correct  
4 deficiencies at the charter school and to ensure that the charter school  
5 promptly returns to compliance. When the sponsor determines that the charter  
6 school is in compliance, the state board of education shall restore the full  
7 amount of state aid payments to the charter school.

8 I. A charter school may receive and spend monies distributed by the  
9 department of education pursuant to section 42-5029, subsection E and section  
10 37-521, subsection B.

11 J. For the purposes of this section:

12 1. "Monies intended for the basic maintenance and operations of the  
13 school" means monies intended to provide support for the educational program  
14 of the school, except that it does not include supplemental assistance for  
15 a specific purpose or P.L. 81-874 monies. The auditor general shall  
16 determine which federal or state monies meet the definition in this  
17 paragraph.

18 2. "Operated for or by the same school district" means the charter  
19 school is either governed by the same district governing board or operated  
20 by the district in the same manner as other traditional schools in the  
21 district or is operated by an independent party that has a contract with the  
22 school district. The auditor general and the department of education shall  
23 determine which charter schools meet the definition in this subsection.

24 Sec. 3. Section 15-901, Arizona Revised Statutes, is amended to read:  
25 15-901. Definitions

26 A. In this title, unless the context otherwise requires:

27 1. "Average daily attendance" or "ADA" means actual average daily  
28 attendance through the first one hundred days or two hundred days in session,  
29 as applicable.

30 2. "Average daily membership" means the total enrollment of fractional  
31 students and full-time students, minus withdrawals, of each school day  
32 through the first one hundred days or two hundred days in session, as  
33 applicable, for the current year. Withdrawals include students formally  
34 withdrawn from schools and students absent for ten consecutive school days,  
35 except for excused absences as identified by the department of  
36 education. For computation purposes, the effective date of withdrawal shall  
37 be retroactive to the last day of actual attendance of the student.

38 (a) "Fractional student" means:

39 (i) For common schools, until fiscal year 2001-2002, a preschool child  
40 who is enrolled in a program for preschool children with disabilities of at  
41 least three hundred sixty minutes each week or a kindergarten student at  
42 least five years of age prior to January 1 of the school year and enrolled  
43 in a school kindergarten program that meets at least three hundred forty-six  
44 instructional hours during the minimum number of days required in a school  
45 year as provided in section 15-341. In fiscal year 2001-2002, the

1 kindergarten program shall meet at least three hundred forty-eight hours. In  
2 fiscal year 2002-2003, the kindergarten program shall meet at least three  
3 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program  
4 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,  
5 the kindergarten program shall meet at least three hundred fifty-four  
6 hours. In fiscal year 2005-2006 and each fiscal year thereafter, the  
7 kindergarten program shall meet at least three hundred fifty-six  
8 hours. Lunch periods and recess periods may not be included as part of the  
9 instructional hours unless the child's individualized education program  
10 requires instruction during those periods and the specific reasons for such  
11 instruction are fully documented. In computing the average daily membership,  
12 preschool children with disabilities and kindergarten students shall be  
13 counted as one-half of a full-time student. For common schools, a part-time  
14 student is a student enrolled for less than the total time for a full-time  
15 student as defined in this section. A part-time common school student shall  
16 be counted as one-fourth, one-half or three-fourths of a full-time student  
17 if the student is enrolled in an instructional program that is at least  
18 one-fourth, one-half or three-fourths of the time a full-time student is  
19 enrolled as defined in subdivision (b) of this paragraph.

20 (ii) For high schools, a part-time student who is enrolled in less  
21 than four subjects that count toward graduation as defined by the state board  
22 of education in a recognized high school and who is taught in less than  
23 twenty instructional hours per week prorated for any week with fewer than  
24 five school days. A part-time high school student shall be counted as  
25 one-fourth, one-half or three-fourths of a full-time student if the student  
26 is enrolled in an instructional program that is at least one-fourth, one-half  
27 or three-fourths of a full-time instructional program as defined in  
28 subdivision (c) of this paragraph.

29 (b) "Full-time student" means:

30 (i) For common schools, a student who is at least six years of age  
31 prior to January 1 of a school year, who has not graduated from the highest  
32 grade taught in the school district and who is regularly enrolled in a course  
33 of study required by the state board of education. Until fiscal year  
34 2001-2002, first, second and third grade students, ungraded students at least  
35 six, but under nine, years of age by September 1 or ungraded group B children  
36 with disabilities who are at least five, but under six, years of age by  
37 September 1 must be enrolled in an instructional program that meets for a  
38 total of at least six hundred ninety-two hours during the minimum number of  
39 days required in a school year as provided in section 15-341. In fiscal year  
40 2001-2002, the program shall meet at least six hundred ninety-six hours. In  
41 fiscal year 2002-2003, the program shall meet at least seven hundred  
42 hours. In fiscal year 2003-2004, the program shall meet at least seven  
43 hundred four hours. In fiscal year 2004-2005, the program shall meet at  
44 least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal  
45 year thereafter, the program shall meet at least seven hundred twelve

1 hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students  
2 or ungraded students at least nine, but under twelve, years of age by  
3 September 1 must be enrolled in an instructional program that meets for a  
4 total of at least eight hundred sixty-five hours during the minimum number  
5 of school days required in a school year as provided in section 15-341. In  
6 fiscal year 2001-2002, the program shall meet at least eight hundred seventy  
7 hours. In fiscal year 2002-2003, the program shall meet at least eight  
8 hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet  
9 at least eight hundred eighty hours. In fiscal year 2004-2005, the program  
10 shall meet at least eight hundred eighty-five hours. In fiscal year  
11 2005-2006 and each fiscal year thereafter, the program shall meet at least  
12 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth  
13 grade students or ungraded students at least twelve, but under fourteen,  
14 years of age by September 1 must be enrolled in an instructional program that  
15 meets for a total of at least one thousand thirty-eight hours during the  
16 minimum number of days required in a school year as provided in section  
17 15-341. In fiscal year 2001-2002, the program shall meet at least one  
18 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet  
19 at least one thousand fifty hours. In fiscal year 2003-2004, the program  
20 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,  
21 the program shall meet at least one thousand sixty-two hours. In fiscal year  
22 2005-2006 and each fiscal year thereafter, the program shall meet at least  
23 one thousand sixty-eight hours. Lunch periods and recess periods may not be  
24 included as part of the instructional hours unless the student is a child  
25 with a disability and the child's individualized education program requires  
26 instruction during those periods and the specific reasons for such  
27 instruction are fully documented.

28 (ii) For high schools, a student not graduated from the highest grade  
29 taught in the school district, or an ungraded student at least fourteen years  
30 of age by September 1, and enrolled in at least a full-time instructional  
31 program of subjects that count toward graduation as defined by the state  
32 board of education in a recognized high school. A full-time student shall  
33 not be counted more than once for computation of average daily membership.

34 (iii) For homebound or hospitalized, a student receiving at least four  
35 hours of instruction per week.

36 (c) "Full-time instructional program" means:

37 (i) Through fiscal year 2000-2001, at least four subjects, each of  
38 which, if taught each school day for the minimum number of days required in  
39 a school year, would meet a minimum of one hundred twenty hours a year, or  
40 the equivalent, or one or more subjects taught in amounts of time totaling  
41 at least twenty hours per week prorated for any week with fewer than five  
42 school days.

1 (ii) For fiscal year 2001-2002, an instructional program that meets  
2 at least a total of seven hundred four hours during the minimum number of  
3 days required and includes at least four subjects each of which, if taught  
4 each school day for the minimum number of days required in a school year,  
5 would meet a minimum of one hundred twenty-two hours a year, or the  
6 equivalent, or one or more subjects taught in amounts of time totaling at  
7 least twenty hours per week prorated for any week with fewer than five school  
8 days.

9 (iii) For fiscal year 2002-2003, an instructional program that meets  
10 at least a total of seven hundred eight hours during the minimum number of  
11 days required and includes at least four subjects each of which, if taught  
12 each school day for the minimum number of days required in a school year,  
13 would meet a minimum of one hundred twenty-two hours a year, or the  
14 equivalent, or one or more subjects taught in amounts of time totaling at  
15 least twenty hours per week prorated for any week with fewer than five school  
16 days.

17 (iv) For fiscal year 2003-2004, an instructional program that meets  
18 at least a total of seven hundred twelve hours during the minimum number of  
19 days required and includes at least four subjects each of which, if taught  
20 each school day for the minimum number of days required in a school year,  
21 would meet a minimum of one hundred twenty-three hours a year, or the  
22 equivalent, or one or more subjects taught in amounts of time totaling at  
23 least twenty hours per week prorated for any week with fewer than five school  
24 days.

25 (v) For fiscal year 2004-2005, an instructional program that meets at  
26 least a total of seven hundred sixteen hours during the minimum number of  
27 days required and includes at least four subjects each of which, if taught  
28 each school day for the minimum number of days required in a school year,  
29 would meet a minimum of one hundred twenty-three hours a year, or the  
30 equivalent, or one or more subjects taught in amounts of time totaling at  
31 least twenty hours per week prorated for any week with fewer than five school  
32 days.

33 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an  
34 instructional program that meets at least a total of seven hundred twenty  
35 hours during the minimum number of days required and includes at least four  
36 subjects each of which, if taught each school day for the minimum number of  
37 days required in a school year, would meet a minimum of one hundred  
38 twenty-three hours a year, or the equivalent, or one or more subjects taught  
39 in amounts of time totaling at least twenty hours per week prorated for any  
40 week with fewer than five school days.

41 3. "Budget year" means the fiscal year for which the school district  
42 is budgeting and which immediately follows the current year.

43 4. "Common school district" means a political subdivision of this  
44 state offering instruction to students in programs for preschool children  
45 with disabilities and kindergarten programs and grades one through eight.

1           5. "Current year" means the fiscal year in which a school district is  
2 operating.

3           6. "Daily attendance" means:

4           (a) For common schools, days in which a pupil:

5           (i) Of a kindergarten program or ungraded, but not group B children  
6 with disabilities, and at least five, but under six, years of age by  
7 September 1 attends at least three-quarters of the instructional time  
8 scheduled for the day. If the total instruction time scheduled for the year  
9 is at least three hundred forty-six hours but is less than six hundred  
10 ninety-two hours such attendance shall be counted as one-half day of  
11 attendance. If the instructional time scheduled for the year is at least six  
12 hundred ninety-two hours, "daily attendance" means days in which a pupil  
13 attends at least one-half of the instructional time scheduled for the  
14 day. Such attendance shall be counted as one-half day of attendance.

15           (ii) Of the first, second or third grades, ungraded and at least six,  
16 but under nine, years of age by September 1 or ungraded group B children with  
17 disabilities and at least five, but under six, years of age by September 1  
18 attends more than three-quarters of the instructional time scheduled for the  
19 day.

20           (iii) Of the fourth, fifth or sixth grades or ungraded and at least  
21 nine, but under twelve, years of age by September 1 attends more than  
22 three-quarters of the instructional time scheduled for the day, except as  
23 provided in section 15-797.

24           (iv) Of the seventh or eighth grades or ungraded and at least twelve,  
25 but under fourteen, years of age by September 1 attends more than  
26 three-quarters of the instructional time scheduled for the day, except as  
27 provided in section 15-797.

28           (b) For common schools, the attendance of a pupil at three-quarters  
29 or less of the instructional time scheduled for the day shall be counted as  
30 follows, except as provided in section 15-797 and except that attendance for  
31 a fractional student shall not exceed the pupil's fractional membership:

32           (i) If attendance for all pupils in the school is based on quarter  
33 days, the attendance of a pupil shall be counted as one-fourth of a day's  
34 attendance for each one-fourth of full-time instructional time attended.

35           (ii) If attendance for all pupils in the school is based on half days,  
36 the attendance of at least three-quarters of the instructional time scheduled  
37 for the day shall be counted as a full day's attendance and attendance at a  
38 minimum of one-half but less than three-quarters of the instructional time  
39 scheduled for the day equals one-half day of attendance.

40           (c) For common schools, the attendance of a preschool child with  
41 disabilities shall be counted as one-fourth day's attendance for each  
42 thirty-six minutes of attendance not including lunch periods and recess  
43 periods, except as provided in paragraph 2, subdivision (a), item (i) of this  
44 subsection for children with disabilities up to a maximum of three hundred  
45 sixty minutes each week.

1 (d) For high schools or ungraded schools in which the pupil is at  
2 least fourteen years of age by September 1, the attendance of a pupil shall  
3 not be counted as a full day unless the pupil is actually and physically in  
4 attendance and enrolled in and carrying four subjects, each of which, if  
5 taught each school day for the minimum number of days required in a school  
6 year, would meet a minimum of one hundred twenty hours a year, or the  
7 equivalent, that count toward graduation in a recognized high school except  
8 as provided in section 15-797 and subdivision (e) of this paragraph.  
9 Attendance of a pupil carrying less than the load prescribed shall be  
10 prorated.

11 (e) For high schools or ungraded schools in which the pupil is at  
12 least fourteen years of age by September 1, the attendance of a pupil may be  
13 counted as one-fourth of a day's attendance for each sixty minutes of  
14 instructional time in a subject that counts toward graduation, except that  
15 attendance for a pupil shall not exceed the pupil's full or fractional  
16 membership.

17 (f) For homebound or hospitalized, a full day of attendance may be  
18 counted for each day during a week in which the student receives at least  
19 four hours of instruction.

20 (g) For school districts which maintain school for an approved  
21 year-round school year operation, attendance shall be based on a computation,  
22 as prescribed by the superintendent of public instruction, of the one hundred  
23 eighty days' equivalency or two hundred days' equivalency, as applicable, of  
24 instructional time as approved by the superintendent of public instruction  
25 during which each pupil is enrolled.

26 7. "Daily route mileage" means the sum of:

27 (a) The total number of miles driven daily by all buses of a school  
28 district while transporting eligible students from their residence to the  
29 school of attendance and from the school of attendance to their residence on  
30 scheduled routes approved by the superintendent of public instruction.

31 (b) The total number of miles driven daily on routes approved by the  
32 superintendent of public instruction for which a private party, a political  
33 subdivision or a common or a contract carrier is reimbursed for bringing an  
34 eligible student from the place of his residence to a school transportation  
35 pickup point or to the school of attendance and from the school  
36 transportation scheduled return point or from the school of attendance to his  
37 residence.

38 Daily route mileage includes the total number of miles necessary to drive to  
39 transport eligible students from and to their residence as provided in this  
40 paragraph.

41 8. "District support level" means the base support level plus the  
42 transportation support level.

1           9. "Eligible students" means:

2           (a) Students who are transported by or for a school district and who  
3 qualify as full-time students or fractional students, except students for  
4 whom transportation is paid by another school district or a county school  
5 superintendent, and:

6           (i) For common school students, whose place of actual residence within  
7 the school district is more than one mile from the school facility of  
8 attendance or students who are admitted pursuant to section 15-816.01 and who  
9 meet the economic eligibility requirements established under the national  
10 school lunch and child nutrition acts (42 United States Code sections 1751  
11 through 1785) for free or reduced price lunches and whose actual place of  
12 residence outside the school district boundaries is more than one mile from  
13 the school facility of attendance.

14           (ii) For high school students, whose place of actual residence within  
15 the school district is more than one and one-half miles from the school  
16 facility of attendance or students who are admitted pursuant to section  
17 15-816.01 and who meet the economic eligibility requirements established  
18 under the national school lunch and child nutrition acts (42 United States  
19 Code sections 1751 through 1785) for free or reduced price lunches and whose  
20 actual place of residence outside the school district boundaries is more than  
21 one and one-half miles from the school facility of attendance.

22           (b) Kindergarten students, for purposes of computing the number of  
23 eligible students under subdivision (a), item (i) of this paragraph, shall  
24 be counted as full-time students, notwithstanding any other provision of law.

25           (c) Children with disabilities, as defined by section 15-761, who are  
26 transported by or for the school district or who are admitted pursuant to  
27 chapter 8, article 1.1 of this title and who qualify as full-time students  
28 or fractional students regardless of location or residence within the school  
29 district or children with disabilities whose transportation is required by  
30 the pupil's individualized education program.

31           (d) Students whose residence is outside the school district and who  
32 are transported within the school district on the same basis as students who  
33 reside in the school district.

34           10. "Enrolled" or "enrollment" means when a pupil is currently  
35 registered in the school district.

36           11. "GDP price deflator" means the average of the four implicit price  
37 deflators for the gross domestic product reported by the United States  
38 department of commerce for the four quarters of the calendar year.

39           12. "High school district" means a political subdivision of this state  
40 offering instruction to students for grades nine through twelve or that  
41 portion of the budget of a common school district which is allocated to  
42 teaching high school subjects with permission of the state board of  
43 education.

44           13. "Revenue control limit" means the base revenue control limit plus  
45 the transportation revenue control limit.

1 14. "Student count" means average daily membership as prescribed in  
2 this subsection for the fiscal year prior to the current year, except that  
3 for the purpose of budget preparation student count means average daily  
4 membership as prescribed in this subsection for the current year.

5 15. "Submit electronically" means submitted in a format and in a manner  
6 prescribed by the department of education.

7 16. "Total bus mileage" means the total number of miles driven by all  
8 buses of a school district during the school year.

9 17. "Total students transported" means all eligible students  
10 transported from their place of residence to a school transportation pickup  
11 point or to the school of attendance and from the school of attendance or  
12 from the school transportation scheduled return point to their place of  
13 residence.

14 18. "Unified school district" means a political subdivision of the  
15 state offering instruction to students in programs for preschool children  
16 with disabilities and kindergarten programs and grades one through twelve.

17 B. In this title, unless the context otherwise requires:

18 1. "Base" means the revenue level per student count specified by the  
19 legislature.

20 2. "Base level" means:

21 (a) For fiscal year 1999-2000, two thousand five hundred fifty-nine  
22 dollars ninety-three cents.

23 (b) For fiscal year 2000-2001, two thousand five hundred eighty-five  
24 dollars sixty cents.

25 (c) For fiscal year 2001-2002, two thousand six hundred eighty-seven  
26 dollars thirty-two cents.

27 (d) For fiscal year 2002-2003, two thousand seven hundred fifty-three  
28 dollars ninety cents.

29 (e) FOR FISCAL YEAR 2003-2004, TWO THOUSAND EIGHT HUNDRED TWENTY-TWO  
30 DOLLARS SEVENTY-FOUR CENTS.

31 3. "Base revenue control limit" means the base revenue control limit  
32 computed as provided in section 15-944.

33 4. "Base support level" means the base support level as provided in  
34 section 15-943.

35 5. "Certified teacher" means a person who is certified as a teacher  
36 pursuant to the rules adopted by the state board of education, who renders  
37 direct and personal services to school children in the form of instruction  
38 related to the school district's educational course of study and who is paid  
39 from the maintenance and operation section of the budget.

40 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with  
41 emotional disabilities, mild mental retardation, a specific learning  
42 disability, a speech/language impairment and other health impairments.

1           7. "ED-P" means programs for children with emotional disabilities who  
2 are enrolled in private special education programs as prescribed in section  
3 15-765, subsection D, paragraph 1 or in an intensive school district program  
4 as provided in section 15-765, subsection D, paragraph 2.

5           8. "ELL" means English learners who do not speak English or whose  
6 native language is not English, who are not currently able to perform  
7 ordinary classroom work in English and who are enrolled in an English  
8 language education program pursuant to sections 15-751, 15-752 and 15-753.

9           9. "Full-time equivalent certified teacher" or "FTE certified teacher"  
10 means for a certified teacher the following:

11           (a) If employed full time as defined in section 15-501, 1.00.

12           (b) If employed less than full time, multiply 1.00 by the percentage  
13 of a full school day, or its equivalent, or a full class load, or its  
14 equivalent, for which the teacher is employed as determined by the governing  
15 board.

16           10. "Group A" means educational programs for career exploration, a  
17 specific learning disability, an emotional disability, mild mental  
18 retardation, remedial education, a speech/language impairment, homebound,  
19 bilingual, preschool moderate delay, preschool speech/language delay, other  
20 health impairments and gifted pupils.

21           11. "Group B" means educational improvements for pupils in kindergarten  
22 programs and grades one through three, educational programs for autism, a  
23 hearing impairment, moderate mental retardation, multiple disabilities,  
24 multiple disabilities with severe sensory impairment, orthopedic impairments,  
25 preschool severe delay, severe mental retardation and emotional disabilities  
26 for school age pupils enrolled in private special education programs or in  
27 school district programs for children with severe disabilities or visual  
28 impairment and English learners enrolled in a program to promote English  
29 language proficiency pursuant to section 15-752.

30           12. "HI" means programs for pupils with hearing impairment.

31           13. "Homebound" or "hospitalized" means a pupil who is capable of  
32 profiting from academic instruction but is unable to attend school due to  
33 illness, disease, accident or other health conditions, who has been examined  
34 by a competent medical doctor and who is certified by that doctor as being  
35 unable to attend regular classes for a period of not less than three school  
36 months or a pupil who is capable of profiting from academic instruction but  
37 is unable to attend school regularly due to chronic or acute health problems,  
38 who has been examined by a competent medical doctor and who is certified by  
39 that doctor as being unable to attend regular classes for intermittent  
40 periods of time totaling three school months during a school year. The  
41 medical certification shall state the general medical condition, such as  
42 illness, disease or chronic health condition, that is the reason that the  
43 pupil is unable to attend school. Homebound or hospitalized includes a  
44 student who is unable to attend school for a period of less than three months  
45 due to a pregnancy if a competent medical doctor, after an examination,

1 certifies that the student is unable to attend regular classes due to risk  
2 to the pregnancy or to the student's health.

3 14. "K-3" means kindergarten programs and grades one through three.

4 15. "MD-R, A-R and SMR-R" means resource programs for pupils with  
5 multiple disabilities, autism and severe mental retardation.

6 16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils  
7 with multiple disabilities, autism and severe mental retardation.

8 17. "MOSSI" means a program for pupils with multiple disabilities with  
9 severe sensory impairment.

10 18. "MOMR" means programs for pupils with moderate mental retardation.

11 19. "OI-R" means a resource program for pupils with orthopedic  
12 impairments.

13 20. "OI-SC" means a self-contained program for pupils with orthopedic  
14 impairments.

15 21. "PSD" means preschool programs for children with disabilities as  
16 provided in section 15-771.

17 22. "P-SD" means programs for children who meet the definition of  
18 preschool severe delay as provided in section 15-771.

19 23. "Qualifying tax rate" means the qualifying tax rate specified in  
20 section 15-971 applied to the assessed valuation used for primary property  
21 taxes.

22 24. "Small isolated school district" means a school district which  
23 meets all of the following:

24 (a) Has a student count of fewer than six hundred in kindergarten  
25 programs and grades one through eight or grades nine through twelve.

26 (b) Contains no school which is fewer than thirty miles by the most  
27 reasonable route from another school, or, if road conditions and terrain make  
28 the driving slow or hazardous, fifteen miles from another school which  
29 teaches one or more of the same grades and is operated by another school  
30 district in this state.

31 (c) Is designated as a small isolated school district by the  
32 superintendent of public instruction.

33 25. "Small school district" means a school district which meets all of  
34 the following:

35 (a) Has a student count of fewer than six hundred in kindergarten  
36 programs and grades one through eight or grades nine through twelve.

37 (b) Contains at least one school which is fewer than thirty miles by  
38 the most reasonable route from another school which teaches one or more of  
39 the same grades and is operated by another school district in this state.

40 (c) Is designated as a small school district by the superintendent of  
41 public instruction.

42 26. "Transportation revenue control limit" means the transportation  
43 revenue control limit computed as prescribed in section 15-946.

44 27. "Transportation support level" means the support level for pupil  
45 transportation operating expenses as provided in section 15-945.

1 28. "VI" means programs for pupils with visual impairments.

2 29. "Voc. Ed." means career and technical education and vocational  
3 education programs, as defined in section 15-781.

4 Sec. 4. Title 15, chapter 9, article 1, Arizona Revised Statutes, is  
5 amended by adding section 15-914.02, to read:

6 15-914.02. School district audit

7 A SCHOOL DISTRICT THAT IS SUBJECT TO AUDIT PURSUANT TO SECTION  
8 41-1279.03 SHALL COMPLY WITH THE REPORTING, FOLLOW-UP AND HEARING  
9 PARTICIPATION REQUIREMENTS OF THAT SECTION.

10 Sec. 5. Section 15-945, Arizona Revised Statutes, is amended to read:  
11 15-945. Transportation support level

12 A. The support level for to and from school for each school district  
13 for the current year shall be computed as follows:

14 1. Determine the approved daily route mileage of the school district  
15 for the fiscal year prior to the current year.

16 2. Multiply the figure obtained in paragraph 1 of this subsection by  
17 one hundred seventy-five.

18 3. Determine the number of eligible students transported in the fiscal  
19 year prior to the current year.

20 4. Divide the amount determined in paragraph 1 of this subsection by  
21 the amount determined in paragraph 3 of this subsection to determine the  
22 approved daily route mileage per eligible student transported.

23 5. Determine the classification in column 1 of this paragraph for the  
24 quotient determined in paragraph 4 of this subsection. Multiply the product  
25 obtained in paragraph 2 of this subsection by the corresponding state support  
26 level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year <del>1984-1985</del> 2003-2004
0.5 or less	<del>\$1.55</del> \$2.07
More than 0.5 through 1.0	<del>\$1.25</del> \$1.68
More than 1.0	<del>\$1.55</del> \$2.07

34 6. Add the amount spent during the prior fiscal year for bus tokens  
35 and bus passes for students who qualify as eligible students as defined in  
36 section 15-901.

37 B. The support level for academic education, career and technical  
38 education, vocational education and athletic trips for each school district  
39 for the current year is computed as follows:

40 1. Determine the classification in column 1 of paragraph 2 of this  
41 subsection for the quotient determined in subsection A, paragraph 4 of this  
42 section.

43 2. Multiply the product obtained in subsection A, paragraph 5 of this  
44 section by the corresponding state support level for academic and EDUCATION,  
45 CAREER AND TECHNICAL EDUCATION, vocational and ~~technological~~ education and

1 athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever  
 2 is appropriate for the type of district.

3 <u>Column 1</u>	4 <u>Column 2</u>	5 <u>Column 3</u>	6 <u>Column 4</u>
7 Approved Daily Route	District Type	District Type	District Type
8 Mileage per Eligible	<u>02 or 03</u>	<u>04</u>	<u>05</u>
9 <u>Student Transported</u>			
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

10 For the purposes of this paragraph, "district type 02" means a unified school  
 11 district or an accommodation school that offers instruction in grades nine  
 12 through twelve, "district type 03" means a common school district not within  
 13 a high school district, "district type 04" means a common school district  
 14 within a high school district or an accommodation school that does not offer  
 15 instruction in grades nine through twelve and "district type 05" means a high  
 16 school district.

17 C. The support level for extended school year programs for pupils with  
 18 disabilities is computed as follows:

19 1. Determine the sum of the following:

20 (a) The total number of miles driven by all buses of a school district  
 21 while transporting eligible pupils with disabilities on scheduled routes from  
 22 their residence to the school of attendance and from the school of attendance  
 23 to their residence on routes for an extended school year program in  
 24 accordance with section 15-881.

25 (b) The total number of miles driven on routes approved by the  
 26 superintendent of public instruction for which a private party, a political  
 27 subdivision or a common or a contract carrier is reimbursed for bringing an  
 28 eligible pupil with a disability from the place of the pupil's residence to  
 29 a school transportation pickup point or to the school facility of attendance  
 30 and from the school transportation scheduled return point or from the school  
 31 facility to the pupil's residence for an extended school year program in  
 32 accordance with section 15-881.

33 2. Multiply the sum determined in paragraph 1 of this subsection by  
 34 the state support level for the district determined as provided in subsection  
 35 A, paragraph 5 of this section.

36 D. The transportation support level for each school district for the  
 37 current year is the sum of the support level for to and from school as  
 38 determined in subsection A of this section and the support level for academic  
 39 and EDUCATION, CAREER AND TECHNICAL EDUCATION, vocational and technological  
 40 education and athletic trips as determined in subsection B of this section  
 41 and the support level for extended school year programs for pupils with  
 42 disabilities as determined in subsection C of this section.

43 E. The state support level for each approved route mile, as provided  
 44 in subsection A, paragraph 5 of this section, shall be adjusted by the growth  
 45 rate prescribed by law, subject to appropriation.

1           Sec. 6. Repeal

2           Sections 15-1421 and 15-1422, Arizona Revised Statutes, are repealed.

3           Sec. 7. Section 15-1469, Arizona Revised Statutes, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 D. On or before May 15, the state board STAFF OF THE JOINT LEGISLATIVE  
2 BUDGET COMMITTEE shall:

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

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

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

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

15 1. 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 an intergovernmental agreement for extension  
18 courses as provided in section 15-1470.

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

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

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

29 Sec. 8. Section 15-1483, Arizona Revised Statutes, is amended to read:  
30 15-1483. Issuance of bonds

31 A. The board for and on behalf of an institution is authorized from  
32 time to time to issue negotiable bonds for the purpose of acquiring a project  
33 or projects. The bonds shall be authorized by resolution of the board. The  
34 bonds may be issued in one or more series, bear such date or dates, be in  
35 such denomination or denominations, mature at such time or times, not  
36 exceeding forty years from the respective dates thereof, mature in such  
37 amount or amounts, bear interest at such rate or rates, as determined by the  
38 board, payable semiannually, be in such form either coupon or registered,  
39 carry such registration privileges, be executed in such manner, be payable  
40 in such medium of payment, at such place or places, and be subject to such  
41 term of redemption, with or without premium, as such resolution or other  
42 resolutions may provide. The bonds may be sold at not less than par at  
43 either public or private sale. The bonds shall be fully negotiable within  
44 the meaning and for all the purposes of title 47, chapter 3.



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

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

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

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

13           (c) A summary of the findings and conclusions of the building  
14 maintenance inspections conducted pursuant to this article during the  
15 previous fiscal year.

16           (d) A summary of the findings of common design elements and  
17 characteristics of the highest performing schools and the lowest performing  
18 schools based on academic productivity including the results of the parent  
19 quality rating survey.

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

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

36           11. Adopt minimum school facility adequacy guidelines to provide the  
37 minimum quality and quantity of school buildings and the facilities and  
38 equipment necessary and appropriate to enable pupils to achieve the  
39 educational goals of the Arizona state schools for the deaf and the  
40 blind. The school facilities board shall establish minimum school facility  
41 adequacy guidelines applicable to the Arizona state schools for the deaf and  
42 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. 10. Section 15-2031, Arizona Revised Statutes, is amended to~~  
38 read:

39 15-2031. Building renewal fund; definitions

40 A. A building renewal fund is established consisting of monies  
41 appropriated by the legislature and monies credited to the fund pursuant to  
42 section 42-5030.01. The school facilities board shall administer the fund  
43 and distribute monies to school districts for the purpose of maintaining the  
44 ~~adequacy of existing school facilities. Monies in the fund are continuously~~

**VETO**

1 ~~appropriated and are exempt from the provisions of section 35-190 relating~~  
2 ~~to lapsing of appropriations.~~

3 B. The school facilities board shall inventory and inspect all school  
4 buildings in this state in order to develop a database to administer the  
5 building renewal formula. The database shall include the student capacity  
6 of the building as determined by the school facilities board. The board  
7 shall distribute monies from the building renewal fund to school districts  
8 in an amount computed pursuant to subsection G of this section. A school  
9 district that receives monies from the building renewal fund shall use the  
10 monies primarily for any buildings in the database developed or created under  
11 subsection D of this section and secondly for any other buildings owned by  
12 the school district for any of the following:

- 13 1. Major renovations and repairs of a building.
- 14 2. Upgrading systems and areas that will maintain or extend the  
15 useful life of the building.
- 16 3. Infrastructure costs.
- 17 4. Relocation and placement of portable and modular buildings.

18 C. Monies received from the building renewal fund shall not be used  
19 for any of the following purposes:

- 20 1. New construction.
- 21 2. Remodeling interior space for aesthetic or preferential reasons.
- 22 3. Exterior beautification.
- 23 4. Demolition.
- 24 5. The purchase of soft capital items pursuant to section 15-962,  
25 subsection D.

26 6. Routine maintenance except as provided in section 15-2002,  
27 subsection K and subsection J of this section.

28 D. The school facilities board shall maintain the building renewal  
29 database and use the database for the computation of the building renewal  
30 formula distributions. The board shall ensure that the database is updated  
31 on at least an annual basis to reflect changes in the ages and value of  
32 school buildings. The facilities listed in the database shall include only  
33 those buildings that are owned by school districts that are required to meet  
34 academic standards. Each school district shall report to the school  
35 facilities board no later than September 1 of each year the number and type  
36 of school buildings owned by the district, the square footage of each  
37 building, the age of each building, the nature of any renovations completed  
38 and the cost of any renovations completed. The school facilities board may  
39 review or audit, or both, to confirm the information submitted by a school  
40 district. The board shall adjust the age of each school facility in the  
41 database whenever a building is significantly upgraded or remodeled. The age  
42 of a building that has been significantly upgraded or remodeled shall be  
43 recomputed as follows:

- 44 1. Divide the cost of the renovation by the building capacity value  
45 ~~of the building determined in subsection G, paragraph 3 of this section.~~

~~1 2. Multiply the quotient determined in paragraph 1 of this subsection  
2 by the currently listed age of the building in the database.~~

~~3 3. Subtract the product determined in paragraph 2 of this subsection  
4 from the currently listed age of the building in the database, rounded to the  
5 nearest whole number. If the result is negative, use zero. IF THE RESULT  
6 IS GREATER THAN THIRTY, USE THIRTY.~~

7 E. The school facilities board shall submit an annual report to the  
8 president of the senate, the speaker of the house of representatives, the  
9 Arizona state library, archives and public records and the governor by  
10 October 1 that includes the computation of the amount of monies to be  
11 distributed from the building renewal fund for the current fiscal year. The  
12 joint committee on capital review shall review the school facilities board's  
13 calculation of the building renewal fund distributions. After the joint  
14 committee on capital review reviews the distributions computed by the school  
15 facilities board, the school facilities board shall distribute the monies  
16 from the building renewal fund to school districts in two equal installments  
17 in November and May of each year.

18 F. School districts that receive monies from the building renewal  
19 fund shall establish a district building renewal fund and shall use the  
20 monies in the district building renewal fund only for the purposes prescribed  
21 in subsection B of this section. Ending cash balances in a school district's  
22 building renewal fund may be used in following fiscal years for building  
23 renewal pursuant to subsection B of this section. By October 15 of each  
24 year, each school district shall report to the school facilities board the  
25 projects funded at each school in the previous fiscal year with monies from  
26 the district building renewal fund, an accounting of the monies remaining in  
27 the district building renewal fund at the end of the previous fiscal year and  
28 a comprehensive five-year plan that details the proposed use of building  
29 renewal monies.

30 G. Notwithstanding any other provision of this chapter, if a school  
31 district converts space that is listed in the database maintained pursuant  
32 to this section to space that will be used for administrative purposes, the  
33 school district is responsible for any costs associated with the conversion,  
34 maintenance and replacement of that space. The building renewal amount for  
35 each school building shall be computed as follows:

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

39 2. Multiply the quotient determined in paragraph 1 of this subsection  
40 by 0.67.

41 3. Determine the building capacity value as follows:

42 (a) Multiply the student capacity of the building by the per student  
43 square foot capacity SQUARE FOOTAGE PER PUPIL REQUIREMENTS established by  
44 ~~section 15-2041 15-2011.~~

~~1 (b) Multiply the product determined in subdivision (a) of this  
2 paragraph by the REPLACEMENT cost per square foot established by section  
3 15-2041. FOR THE PURPOSES OF THIS SUBDIVISION, "REPLACEMENT COST" MEANS  
4 EIGHTY-FIVE PER CENT OF THE COST PER SQUARE FOOT FOR NEW SCHOOL CONSTRUCTION  
5 FOR THE SPECIFIC GRADE CONFIGURATION PRESCRIBED IN SECTION 15-2041.~~

~~6 4. Multiply the product determined in paragraph 2 of this subsection  
7 by the product determined in paragraph 3, subdivision (b) of this subsection.~~

~~8 H. If the school facilities board determines that a school district  
9 has spent monies from the building renewal fund for purposes other than those  
10 prescribed in subsection B of this section, the school facilities board shall  
11 notify the superintendent of public instruction. Notwithstanding any other  
12 law, the superintendent of public instruction shall withhold a corresponding  
13 amount from the monies that would otherwise be due the school district under  
14 the capital outlay revenue limit until these monies are repaid.~~

~~15 I. Beginning on July 1, 2002, a school district is not entitled to  
16 receive monies from the building renewal fund for any buildings that are to  
17 be replaced with new buildings that are funded with deficiencies corrections  
18 monies pursuant to section 15-2021. The replacement buildings are not  
19 eligible to receive building renewal funding until the fiscal year following  
20 the completion of the building.~~

~~21 J. Notwithstanding subsections B and C of this section, a school  
22 district may use eight per cent of the building renewal amount computed  
23 pursuant to subsection G of this section for routine preventative  
24 maintenance. The board, after consultation with maintenance specialists in  
25 school districts, shall provide examples of recommended services that are  
26 routine preventative maintenance.~~

~~27 K. A school district that uses building renewal monies for routine  
28 preventative maintenance shall use the building renewal monies to supplement  
29 and not supplant expenditures from other funds for the maintenance of school  
30 buildings. The auditor general shall prescribe a method for determining  
31 compliance with the requirements of this subsection. A school district, in  
32 connection with any audit conducted by a certified public accountant, shall  
33 also contract for an independent audit to determine whether the school  
34 district used building renewal monies to reduce the school district's  
35 existing level of routine preventative maintenance funding. The auditor  
36 general may conduct discretionary reviews of a school district that is not  
37 required to contract for an independent audit.~~

~~38 L. For the purposes of this section:~~

~~39 1. "Routine preventative maintenance" means services that are  
40 performed on a regular schedule at intervals ranging from four times a year  
41 to once every three years and that are intended to extend the useful life of  
42 a building system and reduce the need for major repairs.~~

~~43 2. "Student capacity" has the same meaning prescribed in section  
44 15-2011.~~

1           Sec. 11. Section 37-521, Arizona Revised Statutes, as amended by Laws  
2 2003, chapter 176, section 3, is amended to read:

3           37-521. Permanent state school fund; composition; use

4           A. The permanent state school fund shall consist of:

5           1. The proceeds of all lands granted to the state by the United States  
6 for the support of common schools.

7           2. All property which accrues to the state by escheat or forfeiture.

8           3. All property donated for the benefit of the common schools, unless  
9 the terms of the donation otherwise provide.

10          4. All unclaimed shares and dividends of any corporation incorporated  
11 under the laws of this state.

12          5. The proceeds of sale of timber, mineral, gravel or other natural  
13 products or property from school lands and state lands other than those  
14 granted for specific purposes.

15          6. The residue of the lands granted for payment of the bonds and  
16 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,  
17 after the purpose of the grant has been satisfied, and the five per cent of  
18 the proceeds of sales of public lands lying within this state sold by the  
19 United States subsequent to admission of this state into the union, as  
20 granted by the enabling act.

21          B. The fund shall be and remain a perpetual fund and distributions  
22 from the fund pursuant to article X, section 7, Constitution of Arizona, plus  
23 monies derived from the rental of the lands and property, interest and  
24 accrued rent for that year credited pursuant to section 37-295 and interest  
25 paid on installment sales, shall be used as follows:

26          1. If there are outstanding state school facilities revenue bonds  
27 pursuant to title 15, chapter 16, article 6, or outstanding qualified zone  
28 academy bonds pursuant to title 15, chapter 16, article 7 OR OUTSTANDING  
29 STATE SCHOOL TRUST REVENUE BONDS ISSUED TO CORRECT EXISTING DEFICIENCIES  
30 PRESCRIBED BY SECTION 15-2021, the state treasurer and the state land  
31 department shall annually transfer to the state school facilities revenue  
32 bond debt service fund established in section 15-2054, THE STATE SCHOOL  
33 IMPROVEMENT REVENUE BOND DEBT SERVICE FUND ESTABLISHED IN SECTION 15-2084 AND  
34 THE STATE SCHOOL TRUST REVENUE BOND DEBT SERVICE FUND the amount that is  
35 necessary to pay that fiscal year's debt service on outstanding state school  
36 facilities revenue bonds, or qualified zone academy bonds AND STATE SCHOOL  
37 TRUST REVENUE BONDS, BEFORE TRANSFERRING AMOUNTS FOR ANY OTHER USES.

38          2. If there are no outstanding state school facilities revenue bonds  
39 pursuant to title 15, chapter 16, article 6 or if the amount of monies  
40 available under this subsection exceeds the amount required under paragraph  
41 1 of this subsection, the monies are subject to legislative appropriation to  
42 the new school facilities fund established by section 15-2041.

1           3. If the amount of monies available under this subsection exceeds the  
2 amount required under paragraphs 1 and 2 of this subsection, the legislature  
3 may annually appropriate an amount to be used as provided in section 15-971,  
4 subsection H, except that the amount appropriated may not exceed the amount  
5 appropriated from the permanent state school fund and from the rent and  
6 interest paid on installment sales for this purpose in fiscal year 2000-2001.

7           4. Notwithstanding paragraphs 1, 2 and 3 of this subsection, from and  
8 after June 30, 2001, any expendable earnings under this subsection that  
9 exceed the fiscal year 2000-2001 expendable earnings shall be deposited in  
10 the classroom site fund established by section 15-977.

11           Sec. 12. Section 41-1279.03, Arizona Revised Statutes, as amended by  
12 Laws 2002, chapter 164, section 3, is amended to read:

13           41-1279.03. Powers and duties

14           A. The auditor general shall:

15           1. Prepare an audit plan for approval by the committee and report to  
16 the committee the results of each audit and investigation and other reviews  
17 conducted by the auditor general.

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

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

34           4. Perform special research requests, special audits and related  
35 assignments as designated by the committee and conduct performance audits,  
36 special audits, special research requests and investigations of any state  
37 agency, whether created by the constitution or otherwise, as may be requested  
38 by the committee.

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

42           6. In the tenth year and in each third FIFTH year thereafter in which  
43 a transportation excise tax is in effect in a county as provided in section  
44 42-6104, 42-6106 or 42-6107 conduct a performance audit that:

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

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

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

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

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

30 9. Beginning on July 1, 2001, establish a school-wide audit team in  
31 the office of the auditor general to conduct performance audits and monitor  
32 school districts to determine the percentage of every dollar spent in the  
33 classroom by a school district. ~~The school-wide audit team shall randomly~~  
34 ~~audit each school district at least once every five years.~~ THE AUDITOR  
35 GENERAL SHALL DETERMINE, THROUGH RANDOM SELECTION, THE SCHOOL DISTRICTS TO  
36 BE AUDITED EACH YEAR, SUBJECT TO REVIEW BY THE JOINT LEGISLATIVE AUDIT  
37 COMMITTEE. A SCHOOL DISTRICT THAT IS SUBJECT TO AN AUDIT PURSUANT TO THIS  
38 PARAGRAPH SHALL NOTIFY THE AUDITOR GENERAL IN WRITING AS TO WHETHER THE  
39 SCHOOL DISTRICT AGREES OR DISAGREES WITH THE FINDINGS AND RECOMMENDATIONS OF  
40 THE AUDIT AND WHETHER THE SCHOOL DISTRICT WILL IMPLEMENT THE FINDINGS AND  
41 RECOMMENDATIONS, IMPLEMENT MODIFICATIONS TO THE FINDINGS AND RECOMMENDATIONS  
42 OR REFUSE TO IMPLEMENT THE FINDINGS AND RECOMMENDATIONS. THE SCHOOL DISTRICT  
43 SHALL SUBMIT TO THE AUDITOR GENERAL A WRITTEN STATUS REPORT ON THE  
44 IMPLEMENTATION OF THE AUDIT FINDINGS AND RECOMMENDATIONS EVERY SIX MONTHS FOR  
45 TWO YEARS AFTER AN AUDIT CONDUCTED PURSUANT TO THIS PARAGRAPH. THE AUDITOR

1 GENERAL SHALL REVIEW THE SCHOOL DISTRICT'S PROGRESS TOWARD IMPLEMENTING THE  
2 FINDINGS AND RECOMMENDATIONS OF THE AUDIT EVERY SIX MONTHS AFTER RECEIPT OF  
3 THE DISTRICT'S STATUS REPORT FOR TWO YEARS. THE AUDITOR GENERAL MAY REVIEW  
4 A SCHOOL DISTRICT'S PROGRESS BEYOND THIS TWO-YEAR PERIOD FOR RECOMMENDATIONS  
5 THAT HAVE NOT YET BEEN IMPLEMENTED BY THE SCHOOL DISTRICT. THE AUDITOR  
6 GENERAL SHALL PROVIDE A STATUS REPORT OF THESE REVIEWS TO THE JOINT  
7 LEGISLATIVE AUDIT COMMITTEE. THE SCHOOL DISTRICT SHALL PARTICIPATE IN ANY  
8 HEARING SCHEDULED DURING THIS REVIEW PERIOD BY THE JOINT LEGISLATIVE AUDIT  
9 COMMITTEE OR BY ANY OTHER LEGISLATIVE COMMITTEE DESIGNATED BY THE JOINT  
10 LEGISLATIVE AUDIT COMMITTEE.

11 B. The auditor general may:

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

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

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

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

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

30 1. For the cost of conducting the studies or hiring a consultant to  
31 conduct the studies required by subsection A, paragraph 6, subdivisions (a)  
32 and (b) of this section, from monies collected pursuant to a county  
33 transportation excise tax levied pursuant to section 42-6104, 42-6106 or  
34 42-6107.

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

38 Sec. 13. Repeal

39 The following are repealed:

40 1. Section 41-1279.03, Arizona Revised Statutes, as amended by Laws  
41 2002, chapter 245, section 1.

42 2. Section 41-1279.03, Arizona Revised Statutes, as amended by Laws  
43 2002, chapter 330, section 40.



1        Sec. 18. State treasurer; deficiencies correction transfer

2        Notwithstanding section 15-2002, subsection A, paragraph 10, Arizona  
3 Revised Statutes, as amended by this act, or any other law, the state  
4 treasurer shall disregard any instructions of the school facilities board  
5 relating to the deficiencies correction fund transfers for fiscal year  
6 2003-2004.

7        Sec. 19. New school facilities; lease-to-own

8        A. The school facilities board shall enter into lease-to-own  
9 transactions pursuant to sections 15-2004, 15-2005 and 15-2006, Arizona  
10 Revised Statutes, to pay for the costs of new school facilities in fiscal  
11 year 2003-2004.

12        B. Notwithstanding section 15-2006, Arizona Revised Statutes, the  
13 school facilities board shall enter into lease-to-own transactions in an  
14 amount not to exceed \$250,000,000 in fiscal year 2003-2004 in order to  
15 fulfill the requirements of section 15-2041, Arizona Revised Statutes.

16        C. Notwithstanding section 15-2041, Arizona Revised Statutes, the  
17 school facilities board may transfer monies from the new school facilities  
18 fund to the lease-to-own fund established by section 15-2004, Arizona Revised  
19 Statutes, in fiscal year 2003-2004 for the purposes of that section.

20        Sec. 20. State board of education; charter school sponsorship

21        Notwithstanding title 15, chapter 1, article 8, Arizona Revised  
22 Statutes, the state board of education shall not sponsor any additional  
23 charter schools for fiscal year 2003-2004 and the state board of education  
24 and the state board for charter schools shall enter into an intergovernmental  
25 agreement for fiscal year 2003-2004 that requires the state board for charter  
26 schools to provide the same type of oversight that year for charter schools  
27 that are sponsored by the state board of education as the state board for  
28 charter schools provides for charter schools sponsored by the state board for  
29 charter schools.

30        Sec. 21. Community college capital outlay state aid,  
31        equalization aid and operating state aid  
32        appropriations

33        Notwithstanding sections 15-1464 and 15-1468, Arizona Revised Statutes,  
34 and section 15-1466, Arizona Revised Statutes, as amended by this act, the  
35 fiscal year 2003-2004 appropriations for capital outlay state aid, operating  
36 state aid and equalization aid shall be the amounts appropriated in the  
37 general appropriations act.

38        Sec. 22. Authorization of state school trust revenue bonds for  
39        fiscal year 2003-2004

40        A. The school facilities board shall issue in fiscal year 2003-2004  
41 negotiable state school trust revenue bonds pursuant to this act in a  
42 principal amount not exceeding \$247,135,000 to:

43        1. Provide monies to pay the cost of:

44        (a) Correcting existing deficiencies as prescribed by section 15-2021,  
45 Arizona Revised Statutes.

1 (b) Bond related expenses including any expenses incurred by the  
2 school facilities board to issue and administer its bonds including  
3 underwriting fees and costs, trustee fees, financial consultant fees,  
4 printing and advertising costs, paying agent fees, transfer agent fees,  
5 legal, accounting, feasibility consultant and other professional fees and  
6 expenses, bond insurance or other credit enhancements or liquidity  
7 facilities, attorney and accounting fees and expenses related to credit  
8 enhancement, bond insurance or liquidity enhancement, remarketing fees,  
9 rating agency fees and costs, travel and telecommunications expenses and all  
10 other fees considered necessary by the school facilities board in order to  
11 market and administer the bonds.

12 2. Fully or partially fund any reserves or sinking accounts for debt  
13 service on the bonds established by the bond resolution.

14 B. The school facilities board shall authorize the bonds by  
15 resolution. The resolution shall prescribe:

16 1. The fixed or variable rate or rates of interest, the date or dates  
17 on which interest is payable and the denominations of the bonds.

18 2. The date or dates of the bonds and maturity, within twenty years  
19 after the date of issuance.

20 3. The form of the bonds.

21 4. The manner of executing the bonds.

22 5. The medium and place of payment.

23 6. The terms of redemption, which may provide for a premium for early  
24 redemption.

25 C. The bonds issued pursuant to this act shall be known as state  
26 school trust revenue bonds.

27 D. Notwithstanding subsection A of this section, state school trust  
28 revenue bonds shall not be issued in a principal amount or with terms such  
29 that the total annual debt service on all outstanding state school trust  
30 revenue bonds issued pursuant to this act, all outstanding state school  
31 facilities revenue bonds issued pursuant to title 15, chapter 16, article 6,  
32 Arizona Revised Statutes, all outstanding qualified zone academy bonds issued  
33 pursuant to title 15, chapter 16, article 7, Arizona Revised Statutes, and  
34 all other bonds or other obligations issued pursuant to law and payable from  
35 amounts available for debt service pursuant to section 37-521, Arizona  
36 Revised Statutes, would exceed the amount available for debt service under  
37 section 37-521, Arizona Revised Statutes.

38 Sec. 23. Issuance and sale of revenue bonds; use of bond  
39 proceeds

40 A. For fiscal year 2003-2004, the school facilities board shall issue  
41 state school trust revenue bonds authorized by section 22 of this act in the  
42 number and amount provided in the resolution.

43 B. The bonds shall be sold at public or private sale at the price and  
44 on the terms prescribed in the resolution at, above or below par.

1 C. If the school facilities board issues state school trust revenue  
2 bonds pursuant to this act, the board shall establish a state school trust  
3 revenue bond proceeds fund consisting of the net proceeds received from the  
4 sale of the bonds.

5 D. The school facilities board may use monies in the school trust  
6 revenue bond proceeds fund only for the purposes provided in section 22,  
7 subsection A of this act. Monies in the state school trust revenue bond  
8 proceeds fund are exempt from lapsing under section 35-190, Arizona Revised  
9 Statutes.

10 E. The state treasurer or bond trustee shall administer and account  
11 for the state school trust revenue bond proceeds fund.

12 Sec. 24. State school trust revenue bond debt service fund

13 A. If it issues state school trust revenue bonds, the school  
14 facilities board shall establish a state school trust revenue bond debt  
15 service fund consisting of monies transferred to the fund pursuant to section  
16 37-521, subsection B, Arizona Revised Statutes, as amended by this act.

17 B. Monies in the state school trust revenue bond debt service fund may  
18 be used only for the purposes authorized by this act.

19 C. The state treasurer or bond trustee shall administer and account  
20 for the state school trust revenue bond debt service fund.

21 Sec. 25. Securing principal and interest; refunding bonds

22 A. In connection with issuing state school trust revenue bonds  
23 authorized by this act and to secure the principal and interest on the bonds,  
24 the school facilities board by resolution may:

25 1. Segregate the state school trust revenue bond debt service fund  
26 into one or more accounts and subaccounts and provide that bonds issued under  
27 this act may be secured by a lien on all or part of the monies paid into the  
28 state school trust revenue bond debt service fund or into any account or  
29 subaccount in the fund.

30 2. Provide that the bonds issued under this act are secured by a first  
31 lien on the monies paid into the state school trust revenue bond debt service  
32 fund as provided in this act and pledge and assign to or in trust for the  
33 benefit of the holder or holders of the bonds all or part of the monies in  
34 the state school trust revenue bond debt service fund, in any account or  
35 subaccount in the state school trust revenue bond debt service fund or in the  
36 state school trust revenue bond proceeds fund as is necessary to secure and  
37 pay the principal, the interest and any premium on the bonds as they come  
38 due.

39 3. Establish priorities among bondholders based on criteria adopted  
40 by the board.

41 4. Set aside, regulate and dispose of reserves and sinking accounts.

42 5. Prescribe the procedure, if any, by which the terms of any contract  
43 with bondholders may be amended or abrogated, the amount of bonds the holders  
44 of which must consent to and the manner in which the consent may be given.

1           6. Provide for payment of bond related expenses from the proceeds of  
2 the sale of the bonds or other revenues authorized by this act and available  
3 to the board.

4           7. Provide for the services of trustees, cotrustees, agents and  
5 consultants and other specialized services with respect to the bonds.

6           8. Take any other action that in any way may affect the security and  
7 protection of the bonds or interest on the bonds.

8           9. Refund any bonds issued by the board by issuing new bonds, if these  
9 bonds are secured from the same source of revenues as the bonds authorized  
10 by this act.

11          10. Issue bonds partly to refund outstanding bonds and partly for any  
12 other purpose consistent with this act.

13          B. If bonds are issued pursuant to this act, the executive director  
14 of the school facilities board shall provide to the state treasurer and the  
15 state land department a schedule of the amount needed to pay each fiscal  
16 year's debt service on outstanding state school trust revenue bonds including  
17 sinking fund deposits pursuant to the terms of the bonds, and the state  
18 treasurer and the state land department shall follow the schedule in making  
19 transfers to the state school trust revenue bond debt service fund pursuant  
20 to this act.

21          C. Bonds issued to refund any bonds issued by the board as provided  
22 by subsection A, paragraphs 9 and 10 of this section are not subject to the  
23 limit on principal amount prescribed by section 22, subsection A of this act  
24 but are subject to the limitation on total annual debt service prescribed by  
25 section 22, subsection D of this act.

26          Sec. 26. Lien of pledge

27          A. Any pledge made under this act in connection with state school  
28 trust revenue bonds is valid and binding from the time when the pledge is  
29 made.

30          B. The monies pledged and received by the school facilities board to  
31 be placed in the state school trust revenue bond debt service fund are  
32 immediately subject to the lien of the pledge without any future physical  
33 delivery or further act. Any lien of any pledge is valid and binding against  
34 all parties that have claims of any kind against the board, regardless of  
35 whether the parties have notice of the lien. The official resolution or  
36 trust indenture or any instrument by which this pledge is created, when  
37 adopted by the school facilities board, is notice to all concerned of the  
38 creation of the pledge, and those instruments need not be recorded in any  
39 other place to perfect the pledge.

40          Sec. 27. Bond purchase; cancellation

41          The school facilities board may purchase bonds for cancellation out of  
42 any monies available for the purchase, at a price of not more than either of  
43 the following:

1           1. If the bonds are redeemable at the time of the purchase, the  
2 applicable redemption price plus accrued interest to the next interest  
3 payment date on the bonds.

4           2. If the bonds are not redeemable at the time of the purchase, the  
5 applicable redemption price on the first date after the purchase on which the  
6 bonds become subject to redemption plus accrued interest to that date.

7           Sec. 28. Payment of revenue bonds

8           A. The state school trust revenue bonds shall be paid solely from  
9 monies from the state school trust revenue bond debt service fund established  
10 pursuant to this act.

11           B. The state treasurer or the paying agent for the revenue bonds shall  
12 cancel all revenue bonds when paid.

13           Sec. 29. Investment of monies in state school trust revenue  
14                           bond proceeds fund and state school trust revenue  
15                           bond debt service fund

16           A. The school facilities board may authorize the state treasurer or  
17 bond trustee to invest monies in the state school trust revenue bond proceeds  
18 fund and the state school trust revenue bond debt service fund.

19           B. The order directing an investment may state a specified time when  
20 the monies invested will be used. The state treasurer or bond trustee shall  
21 make the investment in such a way as to mature at the specified date.

22           C. All monies earned as interest or otherwise derived from the  
23 investment of the monies in the state school trust revenue bond proceeds fund  
24 and the state school trust revenue bond debt service fund shall be credited  
25 to the deficiencies correction fund established by section 15-2021, Arizona  
26 Revised Statutes, while the deficiencies correction fund exists and  
27 thereafter to the state school trust revenue bond debt service fund  
28 established pursuant to this act.

29           D. At the direction of the school facilities board, the state  
30 treasurer or bond trustee may invest or reinvest monies in the state school  
31 trust revenue bond proceeds fund and the state school trust revenue debt  
32 service fund in any investments authorized by section 35-313, Arizona Revised  
33 Statutes. The purchase of the securities shall be made by the state  
34 treasurer or bond trustee on authority of a resolution of the board. The  
35 treasurer or bond trustee shall act as custodian of all securities purchased.  
36 The securities may be sold on an order of the board.

37           Sec. 30. Audit

38           A. The school facilities board shall cause an annual audit to be made  
39 of the state school trust revenue bond proceeds fund established pursuant to  
40 this act and the state school trust revenue bond debt service fund  
41 established pursuant to this act, including all accounts and subaccounts in  
42 the funds. A certified public accountant shall conduct the audit within  
43 ninety days after the end of each fiscal year.

1 B. The school facilities board shall immediately file a certified copy  
2 of the audit with the auditor general. The auditor general may make any  
3 further audits and examinations that are necessary and may take appropriate  
4 action relating to the audit or examination pursuant to title 41, chapter 7,  
5 article 10.1, Arizona Revised Statutes. If the auditor general takes no  
6 official action within thirty days after the audit is filed, the audit is  
7 considered to be sufficient.

8 C. The school facilities board shall pay negotiated and approved fees  
9 and costs of the certified public accountant and auditor general under this  
10 section from the state school trust revenue bond debt service fund  
11 established pursuant to this act.

12 Sec. 31. Characteristics of bonds; negotiable; exemption from  
13 taxation; obligation; legal investments

14 A. State school trust revenue bonds issued under this act are fully  
15 negotiable within the meaning and for all purposes of the uniform commercial  
16 code, subject only to any provisions for registration, regardless of whether  
17 the bonds actually constitute negotiable instruments under the uniform  
18 commercial code.

19 B. The bonds, their transfer and the income from the bonds are at all  
20 times free from taxation in this state.

21 C. Bonds issued under this act:

22 1. Are obligations of the school facilities board. The members of the  
23 board and persons executing the bonds are not personally liable for payment  
24 of the bonds.

25 2. Are payable only according to their terms.

26 3. Are not general, special or other obligations of this state.

27 4. Do not constitute a debt of this state.

28 5. Are not enforceable against this state nor is the payment of the  
29 bonds enforceable out of any monies other than the revenue pledged and  
30 assigned to, or in trust for the benefit of, the holder or holders of the  
31 bonds.

32 6. Are securities in which public officers and bodies of this state  
33 and of municipalities and political subdivisions of this state, all  
34 companies, associations and other persons carrying on an insurance business,  
35 all financial institutions, investment companies and other persons carrying  
36 on a banking business, all fiduciaries and all other persons who are  
37 authorized to invest in government obligations may properly and legally  
38 invest.

39 7. Are securities that may be deposited with public officers or bodies  
40 of this state and municipalities and political subdivisions of this state for  
41 purposes that require the deposit of government bonds or obligations.

42 Sec. 32. Effect of changing circumstances on bonds; agreement  
43 of state

44 A. State school trust revenue bonds issued under this act remain valid  
45 and binding obligations of the school facilities board notwithstanding that

1 before the delivery of the bonds any of the persons whose signatures appear  
2 on the bonds cease to be members of the school facilities board.

3 B. An amendment of any provision of this act does not diminish or  
4 impair the validity of bonds issued under this act or the remedies and rights  
5 of bondholders.

6 C. This state pledges to and agrees with the holders of the bonds  
7 authorized by this act that this state will not limit, alter or impair the  
8 rights and remedies of the bondholders, until all bonds issued under this  
9 act, together with interest on the bonds, interest on any unpaid installments  
10 of principal or interest and all costs and expenses in connection with any  
11 action or proceedings by or on behalf of the bondholders, are fully met and  
12 discharged. The school facilities board, as agent for this state, may  
13 include this pledge and undertaking in its resolutions and indentures  
14 authorizing and securing the bonds.

15 Sec. 33. Validity of bonds; certification by attorney general

16 A. This act constitutes full authority for authorizing and issuing  
17 state school trust revenue bonds without reference to any other law of this  
18 state. No other law with regard to authorizing or issuing obligations or  
19 that in any way impedes or restricts performing the acts authorized by this  
20 act may be construed to apply to any proceedings taken or acts done pursuant  
21 to this act.

22 B. The validity of bonds issued under this act does not depend on and  
23 is not affected by the legality of any proceeding relating to any action by  
24 the school facilities board in granting or lending monies or the acquisition,  
25 construction or improvement of any facility paid with monies provided by the  
26 school facilities board.

27 C. The school facilities board may submit to the attorney general  
28 revenue bonds to be issued under this act after all proceedings for  
29 authorizing the bonds have been completed. Within fifteen days after  
30 submission, the attorney general shall examine the bonds and pass on the  
31 validity of the bonds and the regularity of the proceedings. If the bonds  
32 and proceedings comply with the Constitution of Arizona and this act, and if  
33 the bonds when delivered and paid for will constitute binding and legal  
34 obligations of the board, the attorney general shall certify in substance  
35 that the bonds are issued according to the constitution and laws of this  
36 state. The certificate shall also state that the bonds are also validly  
37 secured by the obligation to transfer monies from designated sources of  
38 revenue, including income on the permanent state school fund as provided by  
39 this act, to cover any insufficiencies.

40 D. The bonds shall recite that they are regularly issued pursuant to  
41 this act. That recital, together with the certification by the attorney  
42 general under subsection C of this section, constitutes prima facie evidence  
43 of the legality and validity of the bonds. From and after the sale and  
44 delivery of the bonds, they are incontestable by the school facilities board  
45 or this state.

1           Sec. 34. State treasurer and state board of investment to  
2                                   comply with agreements

3           Notwithstanding any other law, the state treasurer and the state board  
4 of investment shall comply with all agreements made by the school facilities  
5 board with or for the benefit of the owners of its state school trust revenue  
6 bonds regarding the investment of the assets of the permanent state school  
7 fund.

8           Sec. 35. Project bids; joint committee on capital review  
9                                   approval

10          A. Before the issuance of any state school trust revenue bonds  
11 pursuant to this act, the school facilities board shall:

12           1. Receive bids for the cost of all deficiencies correction projects  
13 that will be financed with the revenue bond proceeds.

14           2. Submit a list of the projects, the project bids and the estimated  
15 annual principal and interest payments related to the bond agreement to the  
16 joint committee on capital review for approval.

17          B. The school facilities board shall report to the joint committee on  
18 capital review the cost of the remaining projects in the Tucson Unified  
19 School District, the Mesa Unified School District and the Glendale Union High  
20 School District after receiving bids for projects in those districts.

21          Sec. 36. Reduction in school district state aid apportionment;  
22                                   fiscal year 2003-2004

23          A. Notwithstanding section 15-973, subsection B, paragraph 10, Arizona  
24 Revised Statutes, the state board of education shall defer until July 1, 2004  
25 \$191,000,000 of the basic state aid and additional state aid payment that  
26 otherwise would be apportioned to school districts under that law on June 15,  
27 2004.

28          B. The funding deferral required by this section does not apply to  
29 charter schools.

30          Sec. 37. Appropriations; school districts; disbursements

31          A. The sum of \$191,000,000 is appropriated in fiscal year 2004-2005  
32 from the state general fund to the state board of education and  
33 superintendent of public instruction for basic state aid and additional state  
34 aid entitlement for fiscal year 2004-2005. Such appropriation shall be  
35 disbursed on July 1, 2004 to the several counties for the school districts  
36 in each county in amounts equal to the reductions in apportionment of basic  
37 state aid and additional state aid that are required pursuant to section 36  
38 of this act for fiscal year 2003-2004.

39          B. The sum of \$293,800 is appropriated in fiscal year 2004-2005 from  
40 the state general fund to the state board of education and the superintendent  
41 of public instruction for any costs to school districts that may be  
42 associated with the reductions in apportionment of basic state aid and  
43 additional state aid for fiscal year 2003-2004 that are required pursuant to  
44 section 36 of this act. Such appropriation shall be disbursed on July 1,  
45 2004 to the several counties for the school districts in each county and

1 shall be allocated based on the per cent of the total \$191,000,000 deferred  
2 payment for fiscal year 2003-2004 that is attributable to each individual  
3 school district.

4 C. Notwithstanding any provision of law, for fiscal year 2004-2005,  
5 if the governing board of a school district incurred interest expenses for  
6 registering warrants in fiscal year 2003-2004 pursuant to section 36 of this  
7 act, the governing board may budget an estimated amount for those interest  
8 expenses. Any such amount is specifically exempt from the revenue control  
9 limit in fiscal year 2004-2005. If the budgeted estimate amount is greater  
10 than the amount received pursuant to subsection B, the governing board shall  
11 not expend more than the amount received pursuant to subsection B. If the  
12 budgeted estimate amount is less than the amount received pursuant to  
13 subsection B, the governing board may revise its budget during fiscal year  
14 2004-2005 to include the actual amount received pursuant to subsection B and  
15 shall not expend more than the amount received pursuant to subsection B.

16 Sec. 38. State board of directors for community colleges;  
17 termination; reversion of monies

18 A. Notwithstanding any other law, the state board of directors for  
19 community colleges is terminated.

20 B. All monies remaining unspent and unencumbered of the state board  
21 of directors for community colleges on July 1, 2003 are transferred to the  
22 state treasurer for deposit in the state general fund.

23 Sec. 39. Transfer of appropriated monies

24 The state board of education shall transfer the monies appropriated  
25 pursuant to Laws 1998, chapter 231, section 5, as amended by Laws 2002,  
26 chapter 295, section 5, to the state treasurer for deposit in the state  
27 general fund.

~~28 Sec. 40. Adjustment for rapid decline in student count for~~  
29 ~~fiscal year 2003-2004~~

30 Notwithstanding section 15-942, Arizona Revised Statutes, for fiscal  
31 year 2003-2004, the department of education shall reduce by fifty per cent  
32 the amount of rapid decline funding that a school district would otherwise  
33 be eligible to receive pursuant to section 15-942, subsections A through F,  
34 ~~Arizona Revised Statutes.~~

35 Sec. 41. Calculation of instructional days for fiscal year  
36 2003-2004

37 Notwithstanding any other law, for fiscal year 2003-2004, the term "one  
38 hundred eighty days" in section 15-341.01, Arizona Revised Statutes, means  
39 one hundred eighty days of instruction or an equivalent number of minutes of  
40 instruction per school year based on a different number of days of  
41 instruction approved by the school district governing board.

**VETO**



Passed the House May 16, 2003

Passed the Senate June 6, 2003

by the following vote: 39 Ayes,  
20 Nays, 1 Not Voting

by the following vote: 26 Ayes,  
3 Nays, 1 Not Voting

Jake Filake  
Speaker of the House  
Norman L. Moore  
Chief Clerk of the House

Ken Bennett  
President of the Senate  
Channing Ballester  
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. 2534

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

June 11, 2003,

by the following vote: 40 Ayes,

19 Nays, 1 Not Voting

Jake Flake  
Speaker of the House

Speman L. Moore  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

12 day of June, 2003

at 8:26 o'clock A M.

Sandra Ramirez  
Secretary to the Governor

Approved this 17 day of

June, 2003,

at 12<sup>35</sup> o'clock P. M.

Janet Nye  
Governor of Arizona

H.B. 2534

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this 17<sup>th</sup> day of June, 2003

at 3:40 o'clock P. M.

Janice K. Brewer  
Secretary of State