House Engrossed Senate Bill

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JANICE K. BREWER
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CHAPTER 217

SENATE BILL 1094

AN ACT

AMENDING SECTIONS 15-445, 15-448, 15-459, 15-481, 15-491, 15-825.02 AND 35-454, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT BOUNDARIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-445, Arizona Revised Statutes, is amended to read:

15-445. Residents of unorganized territory; school district elections; establishment of school district

A. The county school superintendent, on receiving notification from the state school superintendent pursuant to section 15-825.02, subsection B, shall do all of the following before calling an election:

1. Establish the boundaries of the proposed unified school district, taking into consideration communities of interest and excluding Indian reservations and other federal lands where reasonable to do so. DURING THE PERIOD THAT THE COUNTY SCHOOL SUPERINTENDENT IS CONSIDERING THE NEW SCHOOL DISTRICT BOUNDARIES, THE COUNTY SCHOOL SUPERINTENDENT SHALL CONDUCT AT LEAST TWO PUBLIC MEETINGS AT WHICH PUBLIC TESTIMONY IS HEARD AND QUESTIONS ARE ANSWERED.

2. Identify adjacent school districts that accept at least twenty-five per cent of their open enrollment or certificate of educational convenience students from the unorganized territory and that are willing to accept the unorganized territory into the existing school district.

3. Prepare a PAMPHLET AND A ballot question that includes the proposed boundaries and identifies existing adjacent school districts that are willing to accept the unorganized territory into the existing school district. THE PAMPHLET SHALL BE MAILED TO EACH HOUSEHOLD WITH ONE OR MORE QUALIFIED ELECTORS. The PAMPHLET AND ballot shall ~~list the financial impact for a homeowner based on the property taxes on a one hundred thousand dollar home on each of the following options and shall~~ require the voters within the boundaries proposed by the county school superintendent to select ~~one of the following options:~~ EITHER

~~(a) The establishment of~~ ESTABLISHING a new unified school district within the boundaries proposed~~.~~ OR

~~(b)~~ joining an existing adjacent school district. THE PAMPHLET AND BALLOT SHALL INCLUDE THE FULL CASH VALUE, THE ASSESSED VALUATION AND THE ESTIMATED AMOUNT OF THE PRIMARY PROPERTY TAXES AND THE ESTIMATED AMOUNT OF THE SECONDARY PROPERTY TAXES UNDER EACH OF THE BALLOT OPTIONS FOR EACH OF THE FOLLOWING:

(a) AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS THE AVERAGE ASSESSED VALUATION OF PROPERTY CLASSIFIED AS CLASS THREE, AS PRESCRIBED BY SECTION 42-12003 FOR THE CURRENT YEAR IN THE SCHOOL DISTRICT.

(b) AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS ONE-HALF OF THE ASSESSED VALUATION OF THE RESIDENCE IN SUBDIVISION (a).

(c) AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS TWICE THE ASSESSED VALUATION OF THE RESIDENCE IN SUBDIVISION (a).

(d) A BUSINESS WHOSE ASSESSED VALUATION IS THE AVERAGE OF THE ASSESSED VALUATION OF PROPERTY CLASSIFIED AS CLASS ONE, AS PRESCRIBED BY SECTION 42-12001, PARAGRAPHS 12 AND 13 FOR THE CURRENT YEAR IN THE SCHOOL DISTRICT.

B. The county school superintendent shall schedule the election on the next available general election date allowed by law.

C. After a canvass of the vote and a determination by the county school superintendent that a majority of the voters approves the establishment of a new unified school district, the county school superintendent shall notify the state board of education that the school district is established and that the new unified school district will become operational at the beginning of the next school year. The county school superintendent shall appoint the initial governing board of the new unified school district.

D. If the newly established unified school district is not able to provide a complete academic program to the students within the school district, the newly established unified school district may transport the students to an adjacent school district pursuant to section 15-824.

E. On a canvass of the vote and a determination by the county school superintendent that a majority of the voters approves joining an existing adjacent school district, the county school superintendent shall notify the existing school district of the following:

1. That the boundaries of the school district shall be revised to include the property identified in the boundaries established by the county school superintendent.

2. That the school district shall provide the same educational services that are currently provided to students who reside in current boundaries of the school district to all students within the revised boundaries at the beginning of the next school year.

F. A school district that is formed pursuant to this section is not eligible for the small school adjustment prescribed in section 15-949, the small school district weight prescribed in section 15-943 or the small isolated school district weight prescribed in section 15-943.

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

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

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

B. Formation of a unified school district shall be by resolutions approved by the governing boards of the unifying school districts and certification of approval by such governing boards to the county school superintendent of the county or counties in which such individual school districts are located. A common school district and high school district that unify pursuant to this section shall not exclude from the same unification a common school district that has overlapping boundaries with the

high school district and that wishes to unify. The formation of a unified school district shall become effective on July 1 of the next fiscal year following the certification of the county school superintendent. An election shall not be required to form a unified school district pursuant to this section. AT LEAST NINETY DAYS BEFORE THE GOVERNING BOARDS VOTE ON THE RESOLUTIONS PRESCRIBED IN THIS SUBSECTION, THE GOVERNING BOARDS SHALL MAIL A PAMPHLET TO EACH HOUSEHOLD WITH ONE OR MORE QUALIFIED ELECTORS THAT SHALL LIST THE FULL CASH VALUE, THE ASSESSED VALUATION AND THE ESTIMATED AMOUNT OF THE PRIMARY PROPERTY TAXES AND THE ESTIMATED AMOUNT OF THE SECONDARY PROPERTY TAXES UNDER THE PROPOSED UNIFICATION FOR EACH OF THE FOLLOWING:

1. AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS THE AVERAGE ASSESSED VALUATION OF PROPERTY CLASSIFIED AS CLASS THREE, AS PRESCRIBED BY SECTION 42-12003 FOR THE CURRENT YEAR IN THE SCHOOL DISTRICT.

2. AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS ONE-HALF OF THE ASSESSED VALUATION OF THE RESIDENCE IN PARAGRAPH 1 OF THIS SUBSECTION.

3. AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS TWICE THE ASSESSED VALUATION OF THE RESIDENCE IN PARAGRAPH 1 OF THIS SUBSECTION.

4. A BUSINESS WHOSE ASSESSED VALUATION IS THE AVERAGE OF THE ASSESSED VALUATION OF PROPERTY CLASSIFIED AS CLASS ONE, AS PRESCRIBED BY SECTION 42-12001, PARAGRAPHS 12 AND 13 FOR THE CURRENT YEAR IN THE SCHOOL DISTRICT.

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

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

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

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

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

F. The new unified school district may appoint a resident of the remaining common school district to serve as a nonvoting member of the

governing board to represent the interests of the high school pupils who reside in the remaining common school district and who attend school in the unified school district.

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

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

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

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

I. Upon formation of a unified school district any existing override authorization of the former high school district and the former common school district or districts shall continue until expiration based on the revenue control limit of the school district or districts that had override authorization prior to unification. The unified school district may request new override authorization for the budget year as provided in section 15-481 based on the combined revenue control limit of the new district after unification. If the unified school district's request for override authorization is approved, it will replace any existing override for the budget year.

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

1. If the former high school district had outstanding bonded indebtedness at the time of unification, the combined tuition for the group of high school pupils who reside in each common school district shall include

a debt service amount for the former high school district's outstanding bonded indebtedness that is determined as follows:

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

(b) Multiply the quotient obtained in subdivision (a) ~~of this paragraph~~ by the unified school district's annual debt service expenditure.

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

3. If the former high school district had no outstanding bonded indebtedness at the time of unification, the tuition calculation shall include the actual school district expenditures for the portion of any debt service of the unified school district that pertains to any construction or renovation of high school facilities divided by the school district's student count for the high school portion of the school district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q. ~~The provisions of~~ Subsections O and P of this section shall remain in effect until the aggregate student count of the common school districts before unification exceeds the aggregate number of students of the common school districts before unification authorized to utilize ~~the provisions of~~ section 15-943, paragraph 1, subdivision (a).

Sec. 3. Section 15-459, Arizona Revised Statutes, is amended to read:

15-459. Consolidation of districts; petition; election; notice; report; ballots; canvass of votes; governing board

A. On the request of the governing boards of two or more school districts in the same county or in adjacent counties or on receipt of petitions bearing the signatures of ten per cent or more of the number of qualified electors who voted in whichever of the last two general elections resulted in the higher number of ballots cast and who reside in each of two or more school districts in the same county or in adjacent counties to consolidate the school districts or parts of the districts, the county school superintendent of each of the counties affected, ~~shall~~ within ten days, SHALL call an election to determine the question on consolidation.

B. Consolidations allowed pursuant to subsection A of this section include:

1. To change the boundaries of a school district to include any part of an adjacent school district.

2. If all the common school districts within the boundaries of an existing union high school district desire to consolidate into one common school district.

3. If two or more adjacent school districts of like character, either common, high or unified school districts, desire to consolidate into one common, high or unified school district.

4. If a common school district that is not a part of a union high school district desires to consolidate with an adjacent unified school district.

5. If two or more common school districts desire to consolidate into one school district and unify the consolidated district with a union high school district to form one unified school district.

C. Notice of the election to determine consolidation of school districts shall be posted in not less than three public places in each of the school districts proposed to be consolidated at least twenty-five days before the election.

D. The county school superintendent shall prepare and the governing board shall distribute a report on the proposed boundary changes in a manner similar to that prescribed in section 15-481, subsection B. The report shall contain the following information:

1. The date of the election.

2. The polling places and times they are open.

3. THE FULL CASH VALUE, THE ASSESSED VALUATION AND THE ESTIMATED AMOUNT OF THE PRIMARY PROPERTY TAXES AND THE ESTIMATED AMOUNT OF THE SECONDARY PROPERTY TAXES UNDER THE PROPOSED BOUNDARY CHANGES FOR EACH OF THE FOLLOWING:

(a) AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS THE AVERAGE ASSESSED VALUATION OF PROPERTY CLASSIFIED AS CLASS THREE, AS PRESCRIBED BY SECTION 42-12003 FOR THE CURRENT YEAR IN THE SCHOOL DISTRICT.

(b) AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS ONE-HALF OF THE ASSESSED VALUATION OF THE RESIDENCE IN SUBDIVISION (a) OF THIS PARAGRAPH.

(c) AN OWNER OCCUPIED RESIDENCE WHOSE ASSESSED VALUATION IS TWICE THE ASSESSED VALUATION OF THE RESIDENCE IN SUBDIVISION (a) OF THIS PARAGRAPH.

(d) A BUSINESS WHOSE ASSESSED VALUATION IS THE AVERAGE OF THE ASSESSED VALUATION OF PROPERTY CLASSIFIED AS CLASS ONE, AS PRESCRIBED BY SECTION 42-12001, PARAGRAPHS 12 AND 13 FOR THE CURRENT YEAR IN THE SCHOOL DISTRICT.

~~3.~~ 4. A consolidation plan to include:

(a) The proposed boundary changes.

(b) The impact of the proposed boundary changes, including where pupils will attend school, changes in pupil transportation services, changes in availability of special education services, changes in pupil-teacher ratio and operational costs.

(c) If ~~the provisions of~~ subsection P of this section ~~apply~~ APPLIES to one or more of the existing school districts, a detailed description of desegregation funding and expenses for the resulting school district as set forth in subsection P of this section.

(d) Any other information the county school superintendent deems appropriate to include.

E. Ballots shall be prepared by the county school superintendent, shall be delivered to the inspector at least forty-eight hours before the opening of the polls as prescribed in section 16-509 and shall contain THE INFORMATION PRESCRIBED IN SUBSECTION D, PARAGRAPH 3 OF THIS SECTION AND THE FOLLOWING STATEMENT: "Consolidation includes the assumption of liability by the resulting school district for all indebtedness of existing school districts or those parts of school districts proposed for consolidation. Do you support consolidation under the specified provisions of the consolidation plan? Yes ( ) No ( )." If the election is to simultaneously consolidate and unify two or more common school districts, the ballot shall contain: "Do you support the consolidation of the (insert names of common school districts) and the subsequent unification of the consolidated districts with the (insert name of union high school district) to form one unified school district under the consolidation and unification plan? Yes ( ) No ( )."

F. The county school superintendent shall hold the election during the fiscal year preceding the fiscal year consolidation is proposed to be effective on a date prescribed by section 16-204. The election shall be held in the manner and electors shall possess qualifications as prescribed for the election of governing board members. The results of the election shall be reported to the county school superintendent.

G. The county school superintendent and the chairman of the board of supervisors ~~shall~~, on the seventh day after the election, SHALL canvass the vote. If a majority of the votes cast in each district favors consolidation, the districts are consolidated and become one district from and after June 30 next following the election. If parts of two or more school districts are

proposed to be consolidated, a majority of the voters in the part of a school district or districts not affected by the proposed consolidation and a majority of the voters in the part of the school district or districts proposed for consolidation must approve the consolidation.

H. If a school district provides only financing for pupils who are instructed by another school district in the same county or in an adjacent county, the school district or any part of the school district may be consolidated with the school district providing the instructional program as follows:

1. The governing board of the financing school district approves the consolidation or ten per cent of the qualified electors residing in the school district, or that part of the school district proposed for consolidation, petitions the county school superintendent to call an election to approve the proposed consolidation.

2. The governing board of the school district providing instruction approves the consolidation.

3. At an election called by the county school superintendent of each of the counties affected, a majority of the persons voting in the school district, or that part of the school district providing financing, approves the proposed consolidation and a majority of the persons voting in the district providing instruction approves the proposed consolidation.

I. Elections held as provided in subsection H of this section shall be conducted in the same manner as elections prescribed in subsections C through G of this section and shall be held concurrently as prescribed in section 15-458.

J. If the consolidated district includes territory located in two or more counties, the county of jurisdiction is the county in which the largest number of qualified electors of the consolidated school district resides, except that if all of the existing school buildings are in one county, that county is the county of jurisdiction. The county school superintendent of the jurisdictional county shall perform all duties for and with respect to the consolidated school district as required to be performed by county school superintendents. The board of supervisors of the jurisdictional county shall perform all duties for and with respect to the consolidated school district as required to be performed by boards of supervisors, except that school district taxes to be levied on property in the portion of the consolidated school district lying in another county shall be levied by the board of supervisors of the other county or counties and on receipt shall be transferred to the county of jurisdiction. All school buildings located within the consolidated school district, together with all equipment and furnishings, become the property of the consolidated school district. Any assumed indebtedness is an indebtedness of the consolidated school district for the purpose of determining the debt incurring authority of the consolidated school district.

K. Sections 15-457, 15-975 and 15-997 apply to school districts which are consolidated as provided in subsection H of this section.

L. Consolidation pursuant to this section is not allowed if the resulting school district would have a student count for the current year of more than ten per cent of the total student count of all school districts in this state.

M. The governing board shall prepare policies, curricula and budgets for the new school district. These policies shall require that:

1. The base salary and benefits of each employee for the first year of operation of the new school district shall not be lower than the employee's base salary and benefits for the prior year in the previously existing school district.

2. The employee's years of employment in the previously existing school district shall be included in determining the employee's years of employment in the new school district. An employee who was entitled to continuing employment contract status in the previously existing school district is entitled to continuing employment contract status in the new school district.

3. Notwithstanding paragraphs 1 and 2 of this subsection and pursuant to section 15-544, nothing in this section shall be construed to restrict the ability of the governing board to implement a reduction in force or to scale back salaries of certified teachers, administrators or noncertificated employees for reasons of economy or to improve the efficient conduct of schools within the district following a school district consolidation.

N. If all of the districts to be consolidated have authorization for an override as provided in section 15-481 that would have continued after the consolidation, the override authorization continues for the new district and expires at the time that the earliest override would have expired.

O. If one or more, but not all, of the districts to be consolidated have authorization for an override as provided in section 15-481 that would have continued after the consolidation, the override authorization shall only apply to the schools included under the terms of the prior override authorization. Consolidation of school districts does not consolidate or pool the liability to be taxed for the override, and only property that was located within the boundaries of the district that approved the override prior to consolidation ~~are~~ IS to pay taxes to support the override. This subsection also applies if all of the districts to be consolidated have authorization for overrides, but the authorizations are pursuant to different subsections of section 15-481 or the override amounts are not the same percentage of the revenue control limit.

P. Notwithstanding section 15-457, consolidation of school districts does not consolidate or pool the liability of the former school districts into the resulting school district. Outstanding indebtedness incurred by a school district before consolidation shall be repaid without interruption according to existing debt schedules as determined by the county board of

supervisors. If a school district consolidates after July 1, 2004, the new school district may pay tuition to the district of attendance when a pupil is precluded by distance or lack of transportation from attending school in the district of a pupil's residence.

Q. If one or more of the previously existing school districts was authorized to budget for expenses of complying with or continuing to implement activities that were required or permitted by court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination pursuant to section 15-910, this authorization does not expire on the effective date of consolidation but only applies to schools included in the court order or administrative agreement.

R. If one or more of the previously existing school districts was participating in a career ladder program pursuant to chapter 9, article 1.1 of this title before consolidation, notwithstanding any other law the state board shall expedite the processing of and may approve an updated application for program reapproval that incorporates the geographic boundaries of the resulting school district and the inclusion of the additional staff in the career ladder program.

S. If the formation of a new consolidated and unified school district is authorized, the terms of the governing board members of the common and union high school districts do not expire on the effective date of the unification. The governing board members of the previously existing school districts shall serve as provided in section 15-430, except that the power of the governing board members of the previously existing school districts acting as the governing board of the unified school district is limited to the maintenance and operation of the previously existing school districts and compliance with the consolidation and unification plan.

Sec. 4. Section 15-481, Arizona Revised Statutes, is amended to read:

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

A. If the proposed budget of a school district exceeds the aggregate budget limit for the budget year, the governing board shall order an override election to be held not less than ninety days from the date of the order for the purpose of presenting the proposed budget to the qualified electors of the school district who shall by a majority of those voting either affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not include the proposed increase or the portion of the proposed increase that

exceeds the amount authorized by a previously approved budget increase as prescribed in subsection P of this section.

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

1. The date of the election.

2. The polling places and times they are open.

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

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

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

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

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

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

9. At least two arguments, if submitted, but no more than ten arguments for and two arguments, if submitted, but no more than ten arguments against the proposed increase in the budget. The arguments shall be in a form prescribed by the county school superintendent and each argument shall not exceed two hundred words. Arguments for the proposed increase in the budget shall be provided in writing and signed by the governing board. If

submitted, additional arguments in favor of the proposed increase in the budget shall be provided in writing and signed by those in favor. Arguments against the proposed increase in the budget shall be provided in writing and signed by those in opposition. The names of those persons other than the governing board or superintendent submitting written arguments shall not be included in the report without their specific permission, but shall be made available only upon request to the county school superintendent. The county school superintendent shall review all factual statements contained in the written arguments and correct any inaccurate statements of fact. The superintendent shall not review and correct any portion of the written arguments which are identified as statements of the author's opinion. The county school superintendent shall make the written arguments available to the public as provided in title 39, chapter 1, article 2. A deadline for submitting arguments to be included in the informational report shall be set by the county school superintendent.

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

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

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

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

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

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

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

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

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

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

C. For the purpose of this section, the school district may use its staff, equipment, materials, buildings or other resources only to distribute

the informational report at the school district office or at public hearings and to produce such information as required in subsection B of this section, provided that nothing in this subsection shall preclude school districts from holding or participating in any public hearings at which testimony is given by at least one person for the proposed increase and one person against the proposed increase.

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

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

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

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

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

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

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

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

3. The following statement:

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

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

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

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

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

(i)

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

	Phase Down Base		Phase Down Reduction Factor		Small Isolated School District Elementary Limit
	$150,000	-	$ _____	=	$ _____

(ii)

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

						Small
		Phase Down	Phase Down			School District
		Base	Reduction Factor			Elementary Limit
		$150,000	- $		=	$

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

(i)

		Small School		Support Level Weight				Phase Down
Student		Student		for Small Isolated				Reduction
Count		Count Limit		School Districts		Base Level		Factor
	-	100	x	1.468 + (0.0005 x (500 - Student Count))	x	$	=	$

				Small Isolated
Phase Down	Phase Down			District
Base	Reduction Factor			Secondary Limit
$350,000	- $		=	$

(ii)

		Small School		Support Level Weight				Phase Down
Student		Student		for Small				Reduction
Count		Count Limit		School Districts		Base Level		Factor
	-	100	x	1.398 + (0.0004 x (500 - Student Count))	x	$	=	$

				Small
Phase Down	Phase Down			School District
Base	Reduction Factor			Secondary Limit
$350,000	- $		=	$

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

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

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

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

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

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

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

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

revenue control limit in future years, if applicable, as provided in subsection Q of this section and the following statement:

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

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

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

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

M. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the

ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

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

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

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

P. If the voters in a school district vote to adopt a budget in excess of the revenue control limit as provided in subsection E or F of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. Any additional increase shall be excluded from the determination of equalization assistance. The school district governing board may, however, levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase if adopted under subsection E of this section for the period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection F of this section, the school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance to fund the additional increase. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection E or F of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted which shall not

exceed the maximum amount permitted under subsection G of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in subsection E or F of this section and the additional increase which is included in the aggregate budget limit is based on a percentage of a school district's revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:

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

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

Q. If the voters in a school district vote to adopt a budget in excess of the revenue control limit as provided in subsection I or J of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. Any additional increase shall be excluded from the determination of equalization assistance. The school district governing board, however, may levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase if adopted under subsection I of this section for the period of one year, two years or five through seven years as authorized. If an additional increase is approved as provided in subsection J of this section, the increase may only be budgeted and expended if sufficient monies are available in the maintenance and operation fund of the school district. If a budget increase was previously authorized and will be in effect for the budget year or budget year and subsequent years, as provided in subsection I or J of this section, the governing board may request a new budget increase as provided in the same subsection under which the prior budget increase was adopted that does not exceed the maximum amount permitted under subsection K of this section. If the voters in the school district authorize the new budget increase amount, the existing budget increase no longer is in effect. If the voters in the school district do not authorize the budget increase amount, the existing budget increase remains in effect for the time period for which it was authorized. The maximum additional increase authorized as provided in subsection I or J of this section and the additional increase that is included in the aggregate budget limit is based on a percentage of a school district's revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:

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

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

R. If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection L of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board may, however, levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

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

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

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

V. The governing board may request that any override election be cancelled if any change in chapter 9 of this title changes the amount of the aggregate budget limit as provided in section 15-905. The request to cancel

the override election shall be made to the county school superintendent at least ten days prior to the date of the scheduled override election.

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

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

> The capital improvements that are proposed to be funded through this override election are to exceed the state standards and are in addition to monies provided by the state.
>
> _____ school district is proposing to increase its budget by $_____ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _____ school district is entitled to state monies for building renewal, new construction and renovation of school buildings in accordance with state law.

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

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

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

Y. Each school district that currently increases its budget pursuant to subsection L or M of this section is required to hold a public meeting each year between September 1 and October 31 at which an update of the progress of capital improvements financed through the override is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed since the prior meeting and the future capital plans of the school district. The school district shall include in the public meeting a

discussion of the school district's use of state capital aid and voter-approved bonding in funding capital improvements, if any.

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

Sec. 5. Section 15-491, Arizona Revised Statutes, is amended to read:

15-491. Elections on school property; exceptions

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

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

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

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

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

B. No petition shall be required for the holding of the first election to be held in a joint common school district for any of the purposes

specified in subsection A of this section. The notice of election required by section 15-492 shall be published in each of the counties which comprise the joint common school district. The certification of election results required by section 15-493 shall be made to the board of supervisors of the jurisdictional county.

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

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

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

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

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

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

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

> The capital improvements that are proposed to be funded through this bond issuance are to exceed the state standards and are in addition to monies provided by the state.
>
> _____ school district is proposing to issue class B general obligation bonds totaling $_____ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _____ school

district is entitled to state monies for building renewal, new construction and renovation of school buildings in accordance with state law.

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

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

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

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

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

6. No later than ten days before a class B bond election conducted pursuant to this section, the school district shall mail A PUBLICITY PAMPHLET to each HOUSEHOLD THAT CONTAINS A qualified elector in the school district ~~a publicity pamphlet~~. The publicity pamphlet shall contain, at a minimum, the following information:

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

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

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

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

1. The ballot shall include the following statement:

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

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

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

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

4. No later than ten days before an impact aid revenue bond election conducted pursuant to this section, the school district shall mail A PUBLICITY PAMPHLET to each HOUSEHOLD THAT CONTAINS A qualified elector in the school district ~~a publicity pamphlet~~. The publicity pamphlet shall contain, at a minimum, the following information:

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

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

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

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

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

J. If the voters approve the issuance of school district class B bonds or impact aid revenue bonds, the school district shall not use the bond proceeds for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the bond

proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements.

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

Sec. 6. Section 15-825.02, Arizona Revised Statutes, is amended to read:

15-825.02. Certificates of educational convenience; cap; unorganized territory

A. If the annual number of certificates of educational convenience or students attending through open enrollment into an adjacent school district from a single unorganized territory exceeds one hundred fifty, the superintendent of public instruction shall notify the county school superintendent and the county school superintendent shall notify the residents of the unorganized territory that ~~the residents' children no longer qualify for certificates of educational convenience or open enrollment and that~~ the residents are required to organize into their own school district or an adjoining unified school district.

B. The superintendent of public instruction shall notify the county school superintendent that the conditions prescribed in subsection A have occurred and the county school superintendent shall prepare a ballot question to be voted on by the residents of the unorganized territory at the next general election to determine whether to form a new unified school district or join an adjacent existing school district.

C. Students attending an adjacent existing school district through open enrollment or through certificates of educational convenience that were approved before notification by the superintendent of public instruction pursuant to subsection B may continue enrollment in that existing school district until the unorganized territory becomes or joins a school district. ANY STUDENTS ATTENDING AN ADJACENT EXISTING SCHOOL DISTRICT THROUGH OPEN ENROLLMENT OR THROUGH CERTIFICATES OF EDUCATIONAL CONVENIENCE SHALL BE ALLOWED TO CONTINUE ENROLLMENT IN THAT EXISTING SCHOOL DISTRICT EVEN IF THE UNORGANIZED TERRITORY VOTES TO FORM A NEW UNIFIED SCHOOL DISTRICT OR JOINS WITH A DIFFERENT ADJACENT SCHOOL DISTRICT. ANY SIBLING OF A STUDENT WHO CONTINUES TO ATTEND AN ADJACENT EXISTING SCHOOL DISTRICT THROUGH OPEN

ENROLLMENT OR A CERTIFICATE OF EDUCATIONAL CONVENIENCE SHALL ALSO BE ALLOWED TO ATTEND THE SAME ADJACENT EXISTING SCHOOL DISTRICT.

D. If the residents of the unorganized territory vote to form a new unified school district:

1. Notwithstanding any other law, the newly formed unified school district is not entitled to receive any monies for elementary school facilities from the school facilities board until the district's student count in kindergarten programs and grades one through eight exceeds five hundred ninety-nine.

2. Notwithstanding any other law, the newly formed unified school district is not entitled to receive any monies for high school facilities from the school facilities board until the district's student count in grades nine through twelve exceeds five hundred ninety-nine.

3. Until the newly formed unified school district's student count in kindergarten programs and grades one through eight reaches six hundred, each pupil in kindergarten programs and grades one through eight who resides in the newly formed unified school district shall be enrolled in a school district that provides instruction in that pupil's grade and that has sufficient capacity to enroll nonresident pupils. The newly formed unified school district shall be responsible for transportation costs incurred pursuant to this paragraph.

4. Until the newly formed unified school district's student count in grades nine through twelve reaches six hundred, each pupil in grades nine through twelve who resides in the newly formed unified school district shall be enrolled in a school district that provides instruction in that pupil's grade and that has sufficient capacity to enroll nonresident pupils. The newly formed unified school district shall be responsible for transportation costs incurred pursuant to this paragraph.

Sec. 7. Section 35-454, Arizona Revised Statutes, is amended to read:

35-454. Informational pamphlet for election; review; election; return; canvass of vote; certificate of election

A. The governing body or board of the political subdivision shall:

1. Not less than ten days and not more than fifty days before the bond election mail a copy of an informational pamphlet to ~~the residence of~~ each HOUSEHOLD WITHIN THE POLITICAL SUBDIVISION THAT CONTAINS A registered voter ~~within the political subdivision~~. The pamphlet shall contain information on the:

(a) Amount of the bond authorization.

(b) Maximum interest rate of the bonds.

(c) Estimated debt retirement schedule for the current amount of bonds outstanding, showing both principal and interest payments, the current secondary assessed valuation as reported by the department of revenue or the county assessor and the current adopted and estimated tax rates. In this paragraph, "secondary assessed valuation" may include the values used to

determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

(d) Estimated debt retirement schedule for the proposed bond authorization, showing both the estimated principal and interest payments and the estimated average annual tax rate for the proposed bond authorization. In preparing this information and the information prescribed by subdivision (c), the projected total annual increase in secondary assessed valuation for any future year shall not exceed:

(i) For the first five years of the estimated debt retirement schedule, the average of the annual percentage growth for the previous ten years in the secondary assessed valuation of the political subdivision.

(ii) For the remaining years of the estimated debt retirement schedule, twenty per cent of the average of the annual percentage growth for the previous ten years in the secondary assessed valuation of the political subdivision.

(e) Source of repayment.

(f) Estimated issuance costs.

(g) Estimated tax impact on the owner-occupied residential property, agricultural property and commercial and industrial property for the current year in the political subdivision. The tax impact shall be shown for property with a full cash value of one hundred thousand dollars and for property with an average assessed valuation for that class, as determined by the governing body or board. The tax impact shall show the projected average annual cost of the proposed bond authorization, including principal and interest, over the life of the proposed bond authorization. The information on estimated tax impact shall be set forth in substantially the following form:

Estimated average annual tax rate per $100 of secondary assessed valuation: $_____

[The following table for each specified class of property]

_____ property

(assessed at ____%)

Assessor's full Cash value	Secondary assessed Value	Estimated annual cost
_____	_____(*)	$_____
$100,000	_____	$_____
(Other values may be included)	_____	$_____

(*) Estimated average value

(h) In bold faced type, estimated total cost of the proposed bond authorization, including principal and interest.

(i) Current outstanding general obligation debt and constitutional debt limitation.

(j) Purpose for which the bonds are to be issued.

(k) Polling location for the addressee.

(l) Hours during the day when the polls will be open.

(m) Arguments for and against the authorization of one or more of the bond propositions.

2. Submit a copy of the informational pamphlet to the department of revenue within thirty days after the bond election. The department of revenue shall maintain copies of the pamphlets.

B. The failure of any one or more electors to receive the informational pamphlet shall not be grounds to invalidate the election. The election shall conform with the general election laws of the state. The return of the election held in a county shall be made to the board of supervisors and, in any other case, to the governing body or board of the municipal corporation or district within twelve days after the election.

C. For any proposed general obligation bond authorization where the principal and interest will be paid by a levy of property taxes, the ballot shall contain the phrase "the issuance of these bonds will result in an annual levy of property taxes sufficient to pay the debt on the bonds".

D. If the governing body intends to use revenues other than property taxes to pay the debt on proposed general obligation bonds, the ballot shall contain the phrase "the issuance of these bonds will result in an annual levy of property taxes sufficient to pay the debt on the bonds, unless the governing body provides for payment from other sources".

E. The board of supervisors, governing body or governing board shall hold a special meeting within twenty days after the election to canvass the votes cast and certify the result. The certificate of the result shall be prima facie evidence of full performance of all conditions and requirements precedent to holding the election.

F. The governing board or body shall file and record in the office of the county recorder a certificate disclosing the purpose of the election, the total number of votes cast and the total number of votes for and against creating the indebtedness, and stating whether or not the indebtedness is ordered. Upon filing and recording the certificate, the governing board or body shall carry out the purpose of the election.

G. Variations between the estimates required by subsection A and the actual debt retirement schedules, issuance costs, annual and total costs and tax rates shall not invalidate either the election or the bonds.

Sec. 8. Emergency

This act is an emergency measure that is necessary to preserve the public peace, health or safety and is operative immediately as provided by law.

APPROVED BY THE GOVERNOR APRIL 25, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2006.