

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

CHAPTER 222

# HOUSE BILL 2035

AN ACT

AMENDING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 2 AND CHAPTER 217, SECTION 4; REPEALING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 354, SECTION 12; AMENDING SECTION 15-491, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 3 AND CHAPTER 217, SECTION 5; REPEALING SECTION 15-491, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 354, SECTION 13; REPEALING THE ARTICLE HEADING OF FORMER TITLE 23, CHAPTER 2, ARTICLE 8, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF SECTION 36-2007, ARIZONA REVISED STATUTES; AMENDING SECTION 42-1116, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 354, SECTION 24; REPEALING SECTION 42-1116, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 351, SECTION 5; AMENDING SECTION 42-3203, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 1997, CHAPTER 150, SECTION 59; AMENDING SECTION 42-3203, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; REPEALING SECTION 42-3203, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 278, SECTIONS 18 AND 19; AMENDING SECTION 48-4203, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2002, CHAPTER 149, SECTION 1; REPEALING SECTION 48-4203, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 376, SECTION 4; AMENDING LAWS 2005, CHAPTER 322, SECTION 2; REPEALING LAWS 2006, CHAPTER 319, SECTION 2; RELATING TO MULTIPLE, DEFECTIVE AND CONFLICTING LEGISLATIVE DISPOSITIONS OF STATUTORY TEXT; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Purpose

3 1. Section 15-481, Arizona Revised Statutes, was amended by Laws 2006,  
4 chapter 44, section 2, chapter 217, section 4 and chapter 354, section 12.  
5 The chapter 354 version could not be blended because of the delayed effective  
6 date. In order to combine these versions, this act amends the Laws 2006  
7 blended version of section 15-481, Arizona Revised Statutes, to incorporate  
8 the amendments made by Laws 2006, chapter 354 and the chapter 354 version is  
9 repealed.

10 2. Section 15-491, Arizona Revised Statutes, was amended by Laws 2006,  
11 chapter 44, section 3, chapter 217, section 5 and chapter 354, section 13.  
12 The chapter 354 version could not be blended because of the delayed effective  
13 date. In order to combine these versions, this act amends the Laws 2006  
14 blended version of section 15-491, Arizona Revised Statutes, to incorporate  
15 the amendments made by Laws 2006, chapter 354 and the chapter 354 version is  
16 repealed.

17 3. Laws 1956, third special session, chapter 3 recodified Arizona  
18 Revised Statutes and included title 23, chapter 2, article 8. Laws 1965,  
19 chapter 27, section 4 and Laws 1974, chapter 76, section 9 repealed all of  
20 the sections contained in title 23, chapter 2, article 8, Arizona Revised  
21 Statutes. The article heading for that article 8 has not been repealed.  
22 Laws 2006, Proposition 202 added a new title 23, chapter 2, article 8,  
23 Arizona Revised Statutes. In order to resolve this conflict, this act  
24 repeals the article heading of former title 23, chapter 2, article 8, Arizona  
25 Revised Statutes.

26 4. Laws 2006, chapter 337, section 7 provided for the delayed repeal  
27 of that act. However, that repeal was not included in the title of the act  
28 in violation of article IV, part 2, section 13, Constitution of Arizona. In  
29 order to correct a potentially defective enactment, this act provides for the  
30 delayed repeal of section 36-2007, Arizona Revised Statutes.

31 5. Section 42-1116, Arizona Revised Statutes, was amended by Laws  
32 2006, chapter 351, section 5 and chapter 354, section 24. These two versions  
33 could not be blended because of the delayed effective date of the chapter 351  
34 version. In order to combine these two versions, this act amends the chapter  
35 354 version of section 42-1116, Arizona Revised Statutes, to incorporate the  
36 amendments made by Laws 2006, chapter 351 and the chapter 351 version is  
37 repealed.

38 6. Section 42-3203, Arizona Revised Statutes, was amended by Laws  
39 2006, chapter 278, section 18, and that version of section 42-3203, Arizona  
40 Revised Statutes, was amended by Laws 2006, chapter 278, section 19.  
41 However, the version of the section that was amended by Laws 2006, chapter  
42 278, section 18 was not identified in the title of the act in violation of  
43 article IV, part 2, section 13, Constitution of Arizona. In order to correct  
44 potentially defective enactments, this act amends the previous valid version  
45 of section 42-3203, Arizona Revised Statutes, to incorporate the amendments

1 made by Laws 2006, chapter 278, section 18 and amends the amended version to  
2 incorporate the amendments made by Laws 2006, chapter 278, section 19 and the  
3 chapter 278, section 18 and 19 versions are repealed.

4 7. Section 48-4203, Arizona Revised Statutes, was amended by Laws  
5 2006, chapter 376, section 4. However, this version did not reflect the  
6 previous valid version of the section. In order to comply with article IV,  
7 part 2, section 14, Constitution of Arizona, this act amends section 48-4203,  
8 Arizona Revised Statutes, as amended by Laws 2002, chapter 149, section 1, to  
9 incorporate the amendments made by Laws 2006, chapter 376 and the chapter 376  
10 version is repealed.

11 8. Laws 2005, chapter 322, section 2 was amended by Laws 2006, chapter  
12 319, section 2. However, this version did not reflect the previous valid  
13 version of the section. In order to comply with article IV, part 2, section  
14 14, Constitution of Arizona, this act amends Laws 2005, chapter 322, section  
15 2 to incorporate the amendments made by Laws 2006, chapter 319 and the  
16 chapter 319 version is repealed.

17 Sec. 2. Section 15-481, Arizona Revised Statutes, as amended by Laws  
18 2006, chapter 44, section 2 and chapter 217, section 4, is amended to read:  
19 15-481. Override election; budget increases; notice; ballot;

20 effect

21 A. If the A proposed budget of a school district exceeds the aggregate  
22 budget limit for the budget year, AT LEAST NINETY DAYS BEFORE THE PROPOSED  
23 ELECTION the governing board shall order an override election to be held ~~not~~  
24 ~~less than ninety days from the date of the order~~ ON THE FIRST TUESDAY  
25 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,  
26 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d) for the purpose of presenting the  
27 proposed budget to the qualified electors of the school district who shall by  
28 a majority of those voting either affirm or reject the budget. In addition,  
29 the governing board shall prepare an alternate budget which does not include  
30 an increase in the budget of more than the amount permitted as provided in  
31 section 15-905. If the qualified electors approve the proposed budget, the  
32 governing board of the school district shall follow the procedures prescribed  
33 in section 15-905 for adopting a budget that includes the authorized  
34 increase. If the qualified electors disapprove the proposed budget, the  
35 governing board shall follow the procedures prescribed in section 15-905 for  
36 adopting a budget that does not include the proposed increase or the portion  
37 of the proposed increase that exceeds the amount authorized by a previously  
38 approved budget increase as prescribed in subsection P of this section.

39 B. The county school superintendent shall prepare an informational  
40 report on the proposed increase in the budget and a sample ballot and, at  
41 least forty days prior to the election, shall transmit the report and the  
42 sample ballot to the governing board of the school district. The governing  
43 board, upon receipt of the report and the ballot, shall mail or distribute  
44 the report and the ballot to the households in which qualified electors  
45 reside within the school district at least thirty-five days prior to the

1 election. Any distribution of material concerning the proposed increase in  
2 the budget shall not be conducted by children enrolled in the school  
3 district. The report shall contain the following information:

4 1. The date of the election.

5 2. The voter's polling place and the times it is open.

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

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

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

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

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

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

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

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

4           11. The full cash value, the assessed valuation, THE FIRST YEAR TAX  
5 RATE FOR THE PROPOSED OVERRIDE and the estimated amount of the secondary  
6 property taxes if the proposed budget is adopted for each of the following:

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

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

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

15           (d) A business whose assessed valuation is the average of the assessed  
16 valuation of property classified as class one, as prescribed by section  
17 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

29           C. For the purpose of this section, the school district may use its  
30 staff, equipment, materials, buildings or other resources only to distribute  
31 the informational report at the school district office or at public hearings  
32 and to produce such information as required in subsection B of this section,  
33 provided that nothing in this subsection shall preclude school districts from  
34 holding or participating in any public hearings at which testimony is given  
35 by at least one person for the proposed increase and one person against the  
36 proposed increase. ANY WRITTEN INFORMATION PROVIDED BY THE DISTRICT  
37 PERTAINING TO THE OVERRIDE ELECTION SHALL INCLUDE FINANCIAL INFORMATION  
38 SHOWING THE ESTIMATED FIRST YEAR TAX RATE FOR THE PROPOSED BUDGET OVERRIDE  
39 AMOUNT.

40           D. IF ANY AMOUNT OF THE PROPOSED INCREASE WILL BE FUNDED BY A LEVY OF  
41 TAXES IN THE DISTRICT, THE ELECTION PRESCRIBED IN SUBSECTION A OF THIS  
42 SECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN  
43 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,  
44 SUBDIVISION (d). IF THE PROPOSED INCREASE WILL BE FULLY FUNDED BY REVENUES  
45 FROM OTHER THAN A LEVY OF TAXES the elections prescribed in subsection A of

1 this section shall be held on ~~a~~ ANY date prescribed by section 16-204. and  
2 THE ELECTIONS shall be conducted as nearly as practicable in the manner  
3 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and  
4 section 15-426, relating to special elections, except that:

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

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

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

18 Any budget increase authorized by this election shall be  
19 entirely funded by a levy of taxes upon the taxable property  
20 within this school district for the year for which adopted and  
21 for \_\_\_\_ subsequent years, shall not be realized from monies  
22 furnished by the state and shall not be subject to the  
23 limitation on taxes specified in article IX, section 18,  
24 Constitution of Arizona. Based on an estimate of assessed  
25 valuation used for secondary property tax purposes, TO FUND the  
26 proposed increase in the school district's budget ~~over that~~  
27 ~~allowed by law would result in~~ REQUIRE an estimated increase in  
28 ~~the school district's tax rate of \_\_\_\_\_~~ dollar per one  
29 hundred dollars of assessed valuation used for secondary  
30 property tax purposes and is in addition to the school  
31 district's tax rate which will be levied to fund the school  
32 district's revenue control limit allowed by law.

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

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

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

1 3. The following statement:

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

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

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

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

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

24 (i)

25		Small School	Support Level Weight		Phase Down
26	Student	Student	for Small Isolated		Reduction
27	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
28	_____	- 125	x 1.358 + (0.0005 x	x \$ _____	= \$ _____
29			(500 - Student Count))		
30				Small Isolated	
31		Phase Down	Phase Down	School District	
32		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
33		\$150,000	- \$ _____	= \$ _____	

34 (ii)

35		Small School	Support Level Weight		Phase Down
36	Student	Student	for Small		Reduction
37	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
38	_____	- 125	x 1.278 + (0.0003 x	x \$ _____	= \$ _____
39			(500 - Student Count))		
40				Small	
41		Phase Down	Phase Down	School District	
42		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
43		\$150,000	- \$ _____	= \$ _____	

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

5 (i)

6		Small School	Support Level Weight		Phase Down
7	Student	Student	for Small Isolated		Reduction
8	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
9		- 100	x 1.468 + (0.0005 x	x \$	= \$
10			(500 - Student Count))		
11				Small Isolated	
12		Phase Down	Phase Down	District	
13		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
14		\$350,000	- \$	= \$	

15 (ii)

16		Small School	Support Level Weight		Phase Down
17	Student	Student	for Small		Reduction
18	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
19		- 100	x 1.398 + (0.0004 x	x \$	= \$
20			(500 - Student Count))		
21				Small	
22		Phase Down	Phase Down	School District	
23		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
24		\$350,000	- \$	= \$	

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

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

41 2. If a school district utilizes the provisions of this subsection to  
 42 request an override of more than one year, the ballot shall include an  
 43 estimate of the amount of the proposed increase in the future years in place  
 44 of the statement that the amount of the proposed increase will be based on a

1 percentage of the school district's revenue control limit in future years, as  
2 prescribed in subsections E and F of this section.

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

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

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

17 Any budget increase authorized by this election shall be  
18 entirely funded by a levy of taxes on the taxable property  
19 within this school district for the year for which adopted and  
20 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
21 furnished by the state and shall not be subject to the  
22 limitation on taxes specified in article IX, section 18,  
23 Constitution of Arizona. Based on an estimate of assessed  
24 valuation used for secondary property tax purposes, ~~the portion~~  
25 ~~of TO FUND the proposed increase in the school district's budget~~  
26 ~~over that allowed by law which will be funded by a levy of taxes~~  
27 ~~upon the taxable property within this school district would~~  
28 ~~result in REQUIRE an estimated increase in the school district's~~  
29 tax rate of \_\_\_\_\_ dollar per one hundred dollars of  
30 assessed valuation used for secondary property tax purposes and  
31 is in addition to the school district's tax rate that will be  
32 levied to fund the school district's revenue control limit  
33 allowed by law.

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

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

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

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

26                 Any budget increase authorized by this election shall be  
27                 entirely funded by a levy of taxes upon the taxable property  
28                 within this school district for the year in which adopted and  
29                 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
30                 furnished by the state and shall not be subject to the  
31                 limitation on taxes specified in article IX, section 18,  
32                 Constitution of Arizona. Based on an estimate of assessed  
33                 valuation used for secondary property tax purposes, TO FUND the  
34                 proposed increase in the school district's budget ~~over that~~  
35                 ~~allowed by law would result in~~ REQUIRE an estimated increase in  
36                 ~~the school district's tax rate of \_\_\_\_\_~~ dollar per one  
37                 hundred dollars of assessed valuation used for secondary  
38                 property tax purposes and is in addition to the school  
39                 district's tax rate which will be levied to fund the school  
40                 district's capital outlay revenue limit allowed by law.

41          M. If the election is to exceed the capital outlay revenue limit and  
42          if the proposed increase will be fully funded by revenues from other than a  
43          levy of taxes upon the taxable property within the school district, the  
44          ballot shall contain the words "budget increase, yes" and "budget increase,  
45          no", and the voter shall signify the voter's desired choice. An election

1 held pursuant to this subsection shall be held on the first Tuesday after the  
2 first Monday of November. The ballot shall also contain the amount of the  
3 proposed increase of the proposed budget over the alternate budget and the  
4 following statement:

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

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

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

27 P. If the voters in a school district vote to adopt a budget in excess  
28 of the revenue control limit as provided in subsection E or F of this  
29 section, any additional increase shall be included in the aggregate budget  
30 limit for each of the years authorized. Any additional increase shall be  
31 excluded from the determination of equalization assistance. The school  
32 district governing board may, however, levy on the assessed valuation used  
33 for secondary property tax purposes of the property in the school district  
34 the additional increase if adopted under subsection E of this section for the  
35 period of one year, two years or five through seven years as authorized. If  
36 an additional increase is approved as provided in subsection F of this  
37 section, the school district governing board may only use revenues derived  
38 from the school district's prior year's maintenance and operation fund ending  
39 cash balance to fund the additional increase. If a budget increase was  
40 previously authorized and will be in effect for the budget year or budget  
41 year and subsequent years, as provided in subsection E or F of this section,  
42 the governing board may request a new budget increase as provided in the same  
43 subsection under which the prior budget increase was adopted which shall not  
44 exceed the maximum amount permitted under subsection G of this section. If  
45 the voters in the school district authorize the new budget increase amount,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 \_\_\_\_\_ school district is proposing to increase its  
11 budget by \$\_\_\_\_\_ to fund capital improvements over and  
12 above those funded by the state. Under the students first  
13 capital funding system, \_\_\_\_\_ school district is entitled to  
14 state monies for building renewal, new construction and  
15 renovation of school buildings in accordance with state law.

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

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

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

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

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

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

11         Sec. 3. Repeal

12         Section 15-481, Arizona Revised Statutes, as amended by Laws 2006,  
13 chapter 354, section 12, is repealed.

14         Sec. 4. Section 15-491, Arizona Revised Statutes, as amended by Laws  
15 2006, chapter 44, section 3 and chapter 217, section 5, is amended to read:

16         15-491. Elections on school property; exceptions

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

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

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

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

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

1 lease, the governing board shall call a special election to reauthorize the  
2 board to negotiate for and to enter into a lease of five or more years.

3 B. No petition shall be required for the holding of the first election  
4 to be held in a joint common school district for any of the purposes  
5 specified in subsection A of this section. The notice of election required  
6 by section 15-492 shall be published in each of the counties which comprise  
7 the joint common school district. The certification of election results  
8 required by section 15-493 shall be made to the board of supervisors of the  
9 jurisdictional county.

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

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

27 E. The elections to be held pursuant to this section shall only be  
28 held on dates prescribed by section 16-204, except that elections held  
29 pursuant to this section to decide whether class B bonds shall be issued, OR  
30 ANY OTHER OBLIGATION INCURRED THAT WILL REQUIRE THE ASSESSMENT OF SECONDARY  
31 PROPERTY TAXES, shall only be held on the first Tuesday after the first  
32 Monday of November.

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

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

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

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

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

4           \_\_\_\_\_ school district is proposing to issue class B  
5 general obligation bonds totaling \$\_\_\_\_\_ to fund capital  
6 improvements over and above those funded by the state. Under  
7 the students first capital funding system, \_\_\_\_\_ school  
8 district is entitled to state monies for building renewal, new  
9 construction and renovation of school buildings in accordance  
10 with state law.

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

13           \_\_\_\_\_, a joint technological education district, is  
14 proposing to issue class B general obligation bonds totaling  
15 \$\_\_\_\_\_ to fund capital improvements at the main campus of  
16 the joint technological education district.

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

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

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

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

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

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

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

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

3           1. The ballot shall include the following statement:

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

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

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

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

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

31                 (a) The date of the election.

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

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

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

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

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

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

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

11 K. Each school district that issues bonds under this section is  
12 required to hold a public meeting each year between September 1 and October  
13 31, until the bond proceeds are spent, at which an update of the progress of  
14 capital improvements financed through bonding is discussed and at which the  
15 public is permitted an opportunity to comment. At a minimum, the update  
16 shall include a comparison of the current status and the original projections  
17 on the construction of capital improvements, the costs of capital  
18 improvements and the costs of capital improvements in progress or completed  
19 since the prior meeting and the future capital bonding plans of the school  
20 district. The school district shall include in the public meeting a  
21 discussion of the school district's use of state capital aid and  
22 voter-approved capital overrides in funding capital improvements, if any.

23 Sec. 5. Repeal

24 Section 15-491, Arizona Revised Statutes, as amended by Laws 2006,  
25 chapter 354, section 13, is repealed.

26 Sec. 6. Heading repeal

27 The article heading of former title 23, chapter 2, article 8, Arizona  
28 Revised Statutes, is repealed.

29 Sec. 7. Delayed repeal

30 Section 36-2007, Arizona Revised Statutes, is repealed from and after  
31 June 30, 2008.

32 Sec. 8. Section 42-1116, Arizona Revised Statutes, as amended by Laws  
33 2006, chapter 354, section 24, is amended to read:

34 42-1116. Disposition of tax revenues

35 A. The department shall promptly deposit, pursuant to sections 35-146  
36 and 35-147, all monies it collects from the taxes administered pursuant to  
37 this article except the telecommunication services excise tax, separately  
38 accounting for each type of tax and each tax classification within each type  
39 of tax. At the same time the department of revenue shall also furnish copies  
40 of the transmittal schedules to the director of the department of  
41 administration.

42 B. Except as provided by subsection C of this section, the department  
43 shall deposit all monies and remittances received under this section to the  
44 credit of the following specific funds and accounts:

1           1. Amounts sufficient to meet the requirements for tax refunds to the  
2 tax refund account established in section 42-1117.

3           2. Amounts sufficient to meet the requirements of urban revenue  
4 sharing to the urban revenue sharing fund established in section 43-206.

5           3. Amounts collected pursuant to chapter 5, articles 1 and 5 of this  
6 title and section 42-5352, subsection A, to the transaction privilege and  
7 severance tax clearing account established by section 42-5029.

8           4. Through June 30, 2010 amounts sufficient to meet the requirements  
9 of section 42-3104 to the corrections fund.

10          5. Amounts sufficient to meet the requirements of section 49-282,  
11 subsection B relating to the water quality assurance revolving fund.

12          6. All remaining monies to the state general fund.

13          C. From the monies and remittances received under this section, each  
14 month beginning July, 2001 the state treasurer shall transmit to the tourism  
15 and sports authority, established by title 5, chapter 8, for deposit in its  
16 facility revenue clearing account established by section 5-834, ~~the greater~~  
17 ~~of:~~

18          ~~1. one-twelfth of the amount reported by the department pursuant to~~  
19 ~~section 43-209.~~

20          ~~2. Two hundred ninety two thousand dollars per month for the first~~  
21 ~~twelve month period, increased in each subsequent twelve month period by an~~  
22 ~~additional eight per cent over the prior twelve months' distribution.~~

23          Sec. 9. Repeal

24          Section 42-1116, Arizona Revised Statutes, as amended by Laws 2006,  
25 chapter 351, section 5, is repealed.

26          Sec. 10. Section 42-3203, Arizona Revised Statutes, as added by Laws  
27 1997, chapter 150, section 59, is amended to read:

28          42-3203. Stamped packages required for cigarettes; exception

29          A. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, all cigarettes on  
30 which a tax is imposed by this chapter shall be placed in packages or  
31 containers and on each package or container shall be affixed an official  
32 stamp described in section 42-3006, ~~pursuant to~~ OR 42-3202.03. AN AFFIXED  
33 STAMP SHALL BE EVIDENCE THAT THE TAXES LEVIED BY sections 42-3052, and  
34 42-3251 AND 42-3251.01 ARE PAID.

35          ~~B. All cigarettes on which a tax is imposed by this chapter and which~~  
36 ~~are sold or delivered by any distributor shall have affixed the luxury stamps~~  
37 ~~described in section 42-3006.~~

38          B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, CIGARETTE  
39 DISTRIBUTORS ARE LIABLE FOR AFFIXING OFFICIAL STAMPS OR OTHERWISE APPLYING  
40 TAX INDICIA TO CIGARETTES THAT ARE SUBJECT TO A TAX IMPOSED BY THIS CHAPTER.  
41 A LICENSED CIGARETTE DISTRIBUTOR SHALL APPLY A STAMP TO EACH PACKAGE OF  
42 CIGARETTES THAT IS SOLD OR DISTRIBUTED IN THIS STATE AND THAT IS SUBJECT TO  
43 TAX UNDER THIS CHAPTER, INCLUDING CIGARETTES THAT ARE SUBJECT TO TAX UNDER  
44 SECTION 42-3302. A LICENSED CIGARETTE DISTRIBUTOR SHALL APPLY A TAX EXEMPT

1 STAMP TO CIGARETTE PACKAGES THAT ARE NOT SUBJECT TO TAX UNDER SECTION  
2 42-3304, SUBSECTION A, PARAGRAPH 2.

3 C. CIGARETTES THAT ARE SOLD, DISTRIBUTED OR TRANSFERRED BY A  
4 DISTRIBUTOR LICENSED PURSUANT TO SECTION 42-3201 TO SELL CIGARETTES ARE NOT  
5 REQUIRED TO HAVE AFFIXED THE LUXURY STAMPS DESCRIBED IN SECTION 42-3006 AT  
6 THE TIME THE CIGARETTES ARE SOLD, DISTRIBUTED OR TRANSFERRED TO ANOTHER  
7 LICENSED DISTRIBUTOR.

8 D. CIGARETTES THAT ARE EXEMPT FROM TAX UNDER 26 UNITED STATES CODE  
9 SECTION 5701 AND THAT ARE DISTRIBUTED ACCORDING TO FEDERAL REGULATIONS ARE  
10 NOT SUBJECT TO TAX AND DO NOT REQUIRE A STAMP UNDER THIS CHAPTER.

11 E. A RETAILER SHALL NOT OFFER FOR SALE CIGARETTES IN QUANTITIES THAT  
12 ARE NOT PACKAGED AS SUCH FOR SALE BY THE CIGARETTE MANUFACTURER.

13 F. CIGARETTE DISTRIBUTORS MAY APPLY STAMPS ONLY TO CIGARETTE PACKAGES  
14 THAT THE CIGARETTE DISTRIBUTORS HAVE DIRECTLY RECEIVED FROM A LICENSED  
15 CIGARETTE DISTRIBUTOR, LICENSED CIGARETTE MANUFACTURER OR LICENSED CIGARETTE  
16 IMPORTER.

17 Sec. 11. Section 42-3203, Arizona Revised Statutes, as amended by  
18 section 10 of this act, is amended to read:

19 42-3203. Stamped packages required for cigarettes; exception

20 A. Except as otherwise provided in this chapter, all cigarettes on  
21 which a tax is imposed by this chapter shall be placed in packages or  
22 containers and on each package or container shall be affixed an official  
23 stamp described in section 42-3006 or 42-3202.03. An affixed stamp shall be  
24 evidence that the taxes levied by sections 42-3052, 42-3251 and 42-3251.01  
25 are paid.

26 B. Except as provided in subsection C of this section, cigarette  
27 distributors are liable for affixing official stamps or otherwise applying  
28 tax indicia to cigarettes that are subject to a tax imposed by this chapter.  
29 A licensed cigarette distributor shall apply a stamp to each package of  
30 cigarettes that is sold or distributed in this state and that is subject to  
31 tax under this chapter, including cigarettes that are subject to tax under  
32 section 42-3302. A licensed cigarette distributor shall apply a tax exempt  
33 stamp to cigarette packages that are not subject to tax under section  
34 42-3304, subsection A, paragraph 2. A REGISTERED INDIVIDUAL DESCRIBED IN  
35 SECTION 42-3201, SUBSECTION C SHALL AFFIX THE STAMPS DESCRIBED IN SECTION  
36 42-3006, SUBSECTION D TO ALL CIGARETTES THAT ARE SOLD, DISTRIBUTED OR  
37 TRANSFERRED TO THE REGISTERED INDIVIDUAL TO INDICATE THAT THE REGISTERED  
38 INDIVIDUAL HAS PAID ALL APPLICABLE TAXES ON THE CIGARETTES AND THAT THE  
39 CIGARETTES CANNOT BE SOLD, BARTERED, EXCHANGED OR OTHERWISE TRANSFERRED FROM  
40 THE REGISTERED INDIVIDUAL'S POSSESSION.

41 C. Cigarettes that are sold, distributed or transferred by a  
42 distributor licensed pursuant to section 42-3201 to sell cigarettes are not  
43 required to have affixed the luxury stamps described in section 42-3006 at  
44 the time the cigarettes are sold, distributed or transferred to another  
45 licensed distributor.

1 D. Cigarettes that are exempt from tax under 26 United States Code  
2 section 5701 and that are distributed according to federal regulations are  
3 not subject to tax and do not require a stamp under this chapter.

4 E. A retailer shall not offer for sale cigarettes in quantities that  
5 are not packaged as such for sale by the cigarette manufacturer.

6 F. Cigarette distributors may apply stamps only to cigarette packages  
7 that the cigarette distributors have directly received from a licensed  
8 cigarette distributor, licensed cigarette manufacturer or licensed cigarette  
9 importer.

10 Sec. 12. Repeal

11 A. Section 42-3203, Arizona Revised Statutes, as amended by Laws 2006,  
12 chapter 278, section 18, is repealed.

13 B. Section 42-3203, Arizona Revised Statutes, as amended by Laws 2006,  
14 chapter 278, section 19, is repealed.

15 Sec. 13. Section 48-4203, Arizona Revised Statutes, as amended by Laws  
16 2002, chapter 149, section 1, is amended to read:

17 48-4203. Powers and duties of board of directors; conflict of  
18 interest

19 A. The board of directors, on behalf of the district, may:

20 1. Adopt and use a corporate seal.

21 2. Sue and be sued.

22 3. Enter into contracts, including intergovernmental agreements under  
23 title 11, chapter 7, article 3, as necessary to carry out the purposes and  
24 requirements of this chapter. The district may contract with a county sports  
25 authority established under title 11, chapter 5 to carry out any power of the  
26 district.

27 4. Adopt administrative rules as necessary to administer and operate  
28 the district and any property under its jurisdiction.

29 5. Adopt rules that allow weighted voting by board members and  
30 establish conditions for terminating the district.

31 6. Employ an executive director and administrative and clerical  
32 employees, or contract for other management personnel, and prescribe the  
33 terms and conditions of their employment as necessary to carry out the  
34 purposes of the district.

35 7. Acquire by any lawful means, ~~including eminent domain consistent~~  
36 ~~with section 48-4206~~, and operate, maintain, encumber and dispose of real and  
37 personal property and interests in property. A DISTRICT ESTABLISHED UNDER  
38 SECTION 48-4202, SUBSECTION A MAY ACQUIRE REAL PROPERTY BY EMINENT DOMAIN. A  
39 DISTRICT ESTABLISHED UNDER SECTION 48-4202, SUBSECTION B SHALL NOT ACQUIRE  
40 REAL PROPERTY BY EMINENT DOMAIN.

41 8. Administer trusts declared or established for the district, receive  
42 and hold in trust or otherwise property located in or out of this state and,  
43 if not otherwise provided, dispose of the property for the benefit of the  
44 district.

1           9. Retain legal counsel and other consultants as necessary to carry  
2 out the purposes of the district.

3           B. THE BOARD OF DIRECTORS, ON BEHALF OF A DISTRICT ESTABLISHED  
4 PURSUANT TO SECTION 48-4202, SUBSECTION B, MAY:

5           ~~10-~~ 1. Use revenues paid to the district pursuant to section 42-5031  
6 and other revenues the district may receive from other sources, for the  
7 purposes set forth in section 48-4204, subsection B.

8           ~~11-~~ 2. Enter into agreements with developers, contractors, tenants and  
9 other users of all or part of a multipurpose facility as determined  
10 appropriate.

11           ~~12-~~ 3. Pledge all or part of the revenues described in section  
12 42-5031, subsection B, to secure the district's bonds or other financial  
13 obligations issued or incurred under this chapter for the construction of all  
14 or part of a multipurpose facility.

15           ~~B-~~ C. The board of directors shall:

16           1. Appoint from among its members a chairman, a secretary and such  
17 other officers as may be necessary to conduct its business. The board of  
18 directors may appoint the chief financial officer of the county as the  
19 district treasurer of a countywide district established under section  
20 48-4202, subsection A. If the board does not appoint the chief financial  
21 officer, the county treasurer is designated ex officio as the treasurer. The  
22 board of directors of a district that is established pursuant to section  
23 48-4202, subsection B shall designate ex officio an officer of one of the  
24 municipalities as treasurer of the district.

25           2. Keep and maintain a complete and accurate record of all its  
26 proceedings. All proceedings and records of the board shall be open to the  
27 public as required by title 38, chapter 3, article 3.1 and title 39,  
28 chapter 1.

29           3. Provide for the use, maintenance and operation of the properties  
30 and interests controlled by the district.

31           ~~C-~~ D. The board of directors of a district that is established  
32 pursuant to section 48-4202, subsection B shall determine by agreement the  
33 distribution of revenues from operating and using the multipurpose facilities  
34 among the municipalities and any participating Indian tribe or community.

35           ~~D-~~ E. The directors, officers and employees of the district are  
36 subject to title 38, chapter 3, article 8 relating to conflicts of interest.

37           ~~E-~~ F. This state and political subdivisions of this state other than  
38 the district are not liable for any financial or other obligations of the  
39 district and the financial or other obligations do not constitute a debt or  
40 liability of this state or any political subdivision of this state, other  
41 than the district.

42           Sec. 14. Repeal

43           Section 48-4203, Arizona Revised Statutes, as amended by Laws 2006,  
44 chapter 376, section 4, is repealed.

1           Sec. 15. Laws 2005, chapter 322, section 2 is amended to read:

2           Sec. 2. Plan submission fees; appropriation

3           Notwithstanding the provisions of section 27-1233, subsection B,  
4 Arizona Revised Statutes, as added by this act, monies collected by the state  
5 mine inspector for submission of reclamation plans between January 1, 2006  
6 and July 1, 2007 are appropriated to the state mine inspector for the  
7 purposes of plan review and evaluation.

8           Sec. 16. Repeal

9           Laws 2006, chapter 319, section 2 is repealed.

10          Sec. 17. Retroactive application

11          A. Sections 15 and 16 of this act apply retroactively to June 15,  
12 2006.

13          B. Section 7 of this act applies retroactively to June 21, 2006.

14          C. Sections 13 and 14 of this act apply retroactively to September 21,  
15 2006.

16          D. Sections 10 and 12 of this act apply retroactively to from and  
17 after September 30, 2006.

18          E. Section 6 of this act applies retroactively to January 1, 2007.

19          F. Sections 2, 3, 4, 5, 8 and 9 of this act apply retroactively to  
20 from and after June 30, 2007.

21          Sec. 18. Conditional enactment

22          Section 42-3203, Arizona Revised Statutes, as amended by section 11 of  
23 this act, is effective as prescribed in Laws 2006, chapter 278, section 34.

APPROVED BY THE GOVERNOR MAY 23, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 23, 2007.

Passed the House February 5, 20 07

Passed the Senate May 14, 20 07

by the following vote: 58 Ayes,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

0 Nays, 2 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

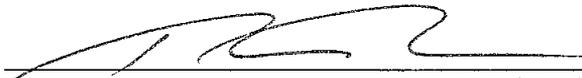
H.B. 2035

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

May 17, 2007

by the following vote: 46 Ayes,

0 Nays, 14 Not Voting

  
Speaker of the House  
*Pro Tempore*  
Norman L. Moore  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

17th day of May, 2007

at 2:45 o'clock P. M.

Jennifer Ybarra  
Secretary to the Governor

Approved this 27 day of

May, 2007,

at 9<sup>00</sup> o'clock A. M.

J. N. [Signature]  
Governor of Arizona

H.B. 2035

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 23 day of May, 2007,

at 10:17 o'clock A. M.

Janice K. Brewer  
Secretary of State