Conference Engrossed

FILED

JANICE K. BREWER
SECRETARY OF STATE

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

CHAPTER 234

HOUSE BILL 2305

AN ACT

AMENDING SECTION 15-946, ARIZONA REVISED STATUTES; AMENDING LAWS 2005, CHAPTER 274, SECTIONS 2 AND 3; RELATING TO SCHOOL DISTRICT BUDGETS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-946, Arizona Revised Statutes, is amended to read:

15-946. Transportation revenue control limit

A. The transportation revenue control limit for each school district for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as follows:

1. Determine the adopted operational expenditure budget for pupil transportation for the fiscal year 1984-1985 effective January 1, 1985.

2. Determine the transportation revenue control limit for the school district for the fiscal year 1984-1985 as provided in this section before April 18, 1985.

3. If the school district's transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is equal to or greater than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal year 1985-1986 is the change in the transportation support level from the fiscal year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection. For the fiscal years 1986-1987 and 1987-1988 the transportation revenue control limit is the transportation revenue control limit for the current year plus the change in the transportation support level for the current year to the budget year.

4. If the school district's transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is less than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal year 1985-1986 is the sum of the following:

(a) The transportation revenue control limit for the school district for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.

(b) The change in the transportation support level from the fiscal year 1984-1985 to the fiscal year 1985-1986.

(c) One-third of the amount obtained by subtracting the transportation revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection.

5. If the transportation revenue control limit of the school district for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is less than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal years 1986-1987 and 1987-1988 is the sum of the following:

(a) The transportation revenue control limit for the current year.

(b) The change in the transportation support level from the current year to the budget year.

(c) One-third of the amount obtained by subtracting the transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph

2 of this subsection from the amount determined in paragraph 1 of this subsection.

B. The transportation revenue control limit for each school district for the fiscal year 1988-1989 and each year thereafter shall be the transportation revenue control limit for the current year plus the increase in the transportation support level from the current year to the budget year, except that for fiscal year 2006-2007 and for each fiscal year thereafter, the transportation revenue control limit shall not increase if the transportation revenue control limit is more than one hundred twenty per cent of the transportation support level. For a school district that sponsors a charter school, its transportation revenue control limit for the budget year shall be calculated as follows:

1. Calculate separately, as prescribed by the department of education, the total transportation support level for the current year for all charter schools under the district's sponsorship in the current year.

2. Calculate separately, as prescribed by the department of education, the total transportation support level for the budget year for all charter schools under the district's sponsorship in the budget year.

3. Subtract the amount determined in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection. If the result is zero or less, use zero in paragraph 4 of this subsection.

4. Subtract the amount determined in paragraph 3 of this subsection from the district's transportation revenue control limit for the current year. This is the adjusted transportation revenue control limit for the current year.

5. The transportation revenue control limit for the budget year is the adjusted transportation revenue control limit for the current year determined in paragraph 4 of this subsection plus the increase in the transportation support level from the current year to the budget year.

C. NOTWITHSTANDING SUBSECTION B, IF THE TRANSPORTATION SUPPORT LEVEL OF A SCHOOL DISTRICT EXCEEDS THE TRANSPORTATION REVENUE CONTROL LIMIT IN ANY BUDGET YEAR, THE TRANSPORTATION REVENUE CONTROL LIMIT SHALL BE ADJUSTED IN THAT BUDGET YEAR AND EVERY BUDGET YEAR THEREAFTER TO EQUAL THE TRANSPORTATION SUPPORT LEVEL.

Sec. 2. Laws 2005, chapter 274, section 2 is amended to read:

Sec. 2. Delayed conditional repeal

A. Section 15-103, Arizona Revised Statutes, ~~as added by this act,~~ is repealed from and after ~~December 31, 2007~~ THE DATE OF THE SINE DIE ADJOURNMENT OF THE FORTY-EIGHTH LEGISLATURE, SECOND REGULAR SESSION.

B. THE CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES AND THE SECRETARY OF THE SENATE SHALL JOINTLY INFORM THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE LEGISLATIVE COUNCIL, IN WRITING, WHEN THE CONDITIONAL REPEAL IN SUBSECTION A OF THIS SECTION IS SATISFIED.

Sec. 3. Laws 2005, chapter 274, section 3 is amended to read:

Sec. 3. Saving clause

The delayed CONDITIONAL repeal of section 15-103, Arizona Revised Statutes, as prescribed in ~~this act~~ LAWS 2005, CHAPTER 274, SECTION 2, AS AMENDED BY THIS ACT, shall not affect any matter in which the state board of education has found that a school district is insolvent or has mismanaged its finances ON OR before ~~January 1, 2008~~ THE DATE OF THE SINE DIE ADJOURNMENT OF THE FORTY-EIGHTH LEGISLATURE, SECOND REGULAR SESSION.

Sec. 4. Joint legislative study committee on K-12 school district receivership; membership; duties; report

A. The joint legislative study committee on K-12 school district receivership is established consisting of the following members:

1. Five members of the senate who are appointed by the president of the senate, no more than three of whom shall be from the same political party.

2. Five members of the house of representatives who are appointed by the speaker of the house of representatives, no more than three of whom shall be from the same political party.

B. The committee shall elect a chairperson from its membership.

C. The joint legislative study committee shall review the following:

1. Causes of school district financial miscalculation of budgets.

2. Role and responsibility of the school districts, the department of education, the county school superintendent and the county treasurer in the issuance and registration of school district warrants, including verification of budget capacity and cash availability.

3. Possible extension of school district receivership statutes.

D. The joint legislative study committee shall submit an initial report on or before December 15, 2007 that summarizes the joint legislative study committee's findings and recommendations to the governor, the president of the senate and the speaker of the house of representatives. A copy of the report shall be delivered to the secretary of state and the director of the Arizona state library, archives and public records.

Sec. 5. Errors in school district budget calculation; correction

A. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that miscalculated its fiscal year 2004-2005 budget shall be required to correct the error over a five-year period beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if each of the following conditions exist:

1. The school district provides evidence to the superintendent of public instruction that the school district's budget for the current year is properly calculated and will not result in any overexpenditures.

2. The total amount of the correction from the maintenance and operations fund that would otherwise be required under section 15-915,

Arizona Revised Statutes, is more than two hundred twenty thousand dollars but less than two hundred forty thousand dollars.

3. The total amount of the correction from the unrestricted capital outlay fund that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than three thousand dollars but less than five thousand dollars.

4. The average daily membership of the school district in fiscal year 2004-2005 was more than eight hundred eighty but less than nine hundred forty.

B. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that miscalculated its budgets during fiscal year 2005-2006 shall correct the error over a six-year period beginning in fiscal year 2007-2008 and ending in fiscal year 2012-2013 if both of the following conditions exist:

1. The department of education erroneously doubled the amount that should have been calculated pursuant to section 15-905, subsection O, Arizona Revised Statutes, and that erroneous action resulted in an overstated general budget limit.

2. The total amount of the correction that would otherwise be required under this section is more than four hundred thousand dollars but less than one million two hundred thousand dollars.

C. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that miscalculated its budgets during fiscal year 2005-2006 shall be required to correct the error over a five-year period beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if each of the following conditions exist:

1. The school district reported a total attending average daily membership count of more than one thousand one hundred pupils and less than one thousand two hundred pupils for the 2005-2006 school year in the annual report of the superintendent of public instruction for fiscal year 2005-2006.

2. The total amount of the correction that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than four hundred thousand dollars but less than four hundred fifty thousand dollars.

D. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that overexpended its budgets during fiscal years 2003-2004, 2004-2005 and 2005-2006 is required to correct these overexpenditures plus any overexpenditures for fiscal year 2006-2007 over a five-year period in equal installments beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if each of the following conditions exist:

1. The total amount of the corrections for fiscal years 2003-2004, 2004-2005, 2005-2006 that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than three million dollars but less than three million four hundred thousand dollars.

2. The school district did not receive state aid for equalization assistance for education during fiscal year 2005-2006 or fiscal year 2006-2007.

3. The school district's student count calculated pursuant to section 15-902, Arizona Revised Statutes, during fiscal year 2005-2006 is more than eight hundred but less than nine hundred twenty.

E. In addition to the monies required to be repaid pursuant to subsections A, B, C and D of this section, accrued interest is required to be paid at a rate determined by the superintendent of public instruction.

Sec. 6. School districts; immediate receivership

The state board of education shall immediately appoint a receiver pursuant to section 15-103, Arizona Revised Statutes, for any school district that uses the provisions of section 5, subsection D of this act, relating to budget correction procedures.

Sec. 7. 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 MAY 25, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 25, 2007.

Passed the House March 26, 20 07

by the following vote: 36 Ayes,

22 Nays, 2 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate May 10, 20 07

by the following vote: 20 Ayes,

6 Nays, 4 Not Voting

Timothy S. Bee (with Emergency)

President of the Senate

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. 2305

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 23, 20 07

by the following vote: 45 Ayes,

15 Nays, 0 Not Voting

with Emergency

Speaker of the House

Pro Tempore

Herman L. Moore

Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 24, 20 07

by the following vote: 20 Ayes,

3 Nays, 7 Not Voting

with Emergency

Timothy S. Bee

President of the Senate

Chamion Billington

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

24th day of May, 20 07

at 12:44 o'clock P. M.

Jennifer Parra

Secretary to the Governor

Approved this 25 day of

May 2007

at 8:45 o'clock A. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 25 day of May, 20 07

at 9:05 o'clock A. M.

Janice K. Brewer

Secretary of State

H.B. 2305