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KEN BENNETT
SECRETARY OF STATE

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CHAPTER 17

HOUSE BILL 2128

AN ACT

AMENDING SECTIONS 15-101, 15-185, 15-255, 15-391, 15-392, 15-393, 15-394, 15-491, 15-782.02, 15-790, 15-808, 15-943.02, 15-947.01, 15-962.01, 15-971, 15-1021, 15-1042, 15-1444, 15-2031, 15-2041, 16-322 AND 35-701, ARIZONA REVISED STATUTES; RELATING TO JOINT TECHNICAL EDUCATION DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-101, Arizona Revised Statutes, is amended to read:

15-101. Definitions

In this title, unless the context otherwise requires:

1. "Accommodation school" means either:

(a) A school which is operated through the county board of supervisors and the county school superintendent and which the county school superintendent administers to serve a military reservation or territory which is not included within the boundaries of a school district.

(b) A school that provides educational services to homeless children or alternative education programs as provided in section 15-308, subsection B.

(c) A school that is established to serve a military reservation, the boundaries of which are coterminous with the boundaries of the military reservation on which the school is located.

2. "Assessed valuation" means the valuation derived by applying the applicable percentage as provided in title 42, chapter 15, article 1 to the full cash value or limited property value, whichever is applicable, of the property.

3. "Charter holder" means a person that enters into a charter with the state board for charter schools. For the purposes of this paragraph, "person" means an individual, partnership, corporation, association or public or private organization of any kind.

4. "Charter school" means a public school established by contract with a district governing board, the state board of education or the state board for charter schools pursuant to article 8 of this chapter to provide learning that will improve pupil achievement.

5. "Child with a disability" means a child with a disability as defined in section 15-761.

6. "Class A bonds" means general obligation bonds approved by a vote of the qualified electors of a school district at an election held on or before December 31, 1998.

7. "Class B bonds" means general obligation bonds approved by a vote of the qualified electors of a school district at an election held from and after December 31, 1998.

8. "Competency" means a demonstrated ability in a skill at a specified performance level.

9. "Course" means organized subject matter in which instruction is offered within a given period of time and for which credit toward promotion, graduation or certification is usually given. A course consists of knowledge selected from a subject for instructional purposes in the schools.

10. "Course of study" means a list of required and optional subjects to be taught in the schools.

11. "Dual enrollment course" means a college level course that is conducted on the campus of a high school or on the campus of a joint ~~technological~~ TECHNICAL education district, that is applicable to an established community college academic degree or certificate program and that is transferable to a university under the jurisdiction of the Arizona board of regents. A dual enrollment course that is applicable to a community college occupational degree or certificate program may be transferable to a university under the jurisdiction of the Arizona board of regents.

12. "Fiscal year" means the year beginning July 1 and ending June 30.

13. "Governing board" means a body organized for the government and management of the schools within a school district or a county school superintendent in the conduct of an accommodation school.

14. "Lease" means an agreement for conveyance and possession of real or personal property.

15. "Limited property value" means the value determined pursuant to title 42, chapter 13, article 7. Limited property value shall be used as the basis for assessing, fixing, determining and levying primary property taxes.

16. "Parent" means the natural or adoptive parent of a child or a person who has custody of a child.

17. "Person who has custody" means a parent or legal guardian of a child, a person to whom custody of the child has been given by order of a court or a person who stands in loco parentis to the child.

18. "Primary property taxes" means all ad valorem taxes except for secondary property taxes.

19. "Private school" means a nonpublic institution where instruction is imparted.

20. "School" means any public institution established for the purposes of offering instruction to pupils in programs for preschool children with disabilities, kindergarten programs or any combination of grades one through twelve.

21. "School district" means a political subdivision of this state with geographic boundaries organized for the purpose of the administration, support and maintenance of the public schools or an accommodation school.

22. "Secondary property taxes" means ad valorem taxes used to pay the principal of and the interest and redemption charges on any bonded indebtedness or other lawful long-term obligation issued or incurred for a specific purpose by a school district or a community college district and amounts levied pursuant to an election to exceed a budget, expenditure or tax limitation.

23. "Subject" means a division or field of organized knowledge, such as English or mathematics, or a selection from an organized body of knowledge for a course or teaching unit, such as the English novel or elementary algebra.

Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:

15-185. Charter schools; financing; civil penalty; transportation; definitions

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

1. The charter school shall be included in the district's budget and financial assistance calculations pursuant to paragraph 3 of this subsection and chapter 9 of this title, except for chapter 9, article 4 of this title. The charter of the charter school shall include a description of the methods of funding the charter school by the school district. The school district shall send a copy of the charter and application, including a description of how the school district plans to fund the school, to the state board of education before the start of the first fiscal year of operation of the charter school. The charter or application shall include an estimate of the student count for the charter school for its first fiscal year of operation. This estimate shall be computed pursuant to the requirements of paragraph 3 of this subsection.

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

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

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

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

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

5. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing an increase in its capital outlay revenue limit as provided in

section 15-961, subsection C, except that if the charter school was previously a school in the district, the district may include in its student count any charter school pupils who were enrolled in the school district in the prior year.

6. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing the revenue control limit which is used to determine the maximum budget increase as provided in chapter 4, article 4 of this title unless the charter school is located within the boundaries of the school district.

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

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

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that sections 15-941 and 15-942 do not apply to these charter schools.

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, or the adjusted average daily membership, as prescribed in section 15-902, of the charter school. A charter school that provides two hundred days of instruction may use section 15-902.02 for the purposes of this section. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education or the state board for charter schools may require a charter school to report periodically regarding pupil enrollment and attendance, and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

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

4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and additional assistance. The amount of the additional assistance is one thousand five hundred eighty-eight dollars forty-four cents per student count in kindergarten programs and grades one through eight and one thousand eight hundred fifty-one dollars thirty cents per student count in grades nine through twelve.

5. The state board of education shall apportion state aid from the appropriations made for such purposes to the state treasurer for disbursement to the charter schools in each county in an amount as determined by this paragraph. The apportionments shall be made as prescribed in section 15-973, subsection B.

6. The charter school shall not charge tuition for pupils who reside in this state, levy taxes or issue bonds. A charter school may admit pupils who are not residents of this state and shall charge tuition for those pupils in the same manner prescribed in section 15-823.

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

C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 6, for that pupil in the school district and the charter school shall not exceed 1.0, except that if the pupil is enrolled in both a charter school and a joint ~~technological~~ TECHNICAL education district and resides within the boundaries of a school district participating in the joint ~~technological~~ TECHNICAL education district, the sum of the average daily membership for that pupil in the charter school and the joint ~~technological~~ TECHNICAL education district shall not exceed 1.25. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the department of education shall direct the average daily membership to the school with the most recent enrollment date. Upon validation of actual enrollment in both a charter school and a public school that is not a charter school and if the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in

attendance in the public school and the charter school, except that if the pupil is enrolled in both a charter school and a joint ~~technological~~ TECHNICAL education district and resides within the boundaries of a school district participating in the joint ~~technological~~ TECHNICAL education district, the sum of the average daily membership for that pupil in the charter school and the joint ~~technological~~ TECHNICAL education district shall be reduced to 1.25 and shall be apportioned between the charter school and the joint ~~technological~~ TECHNICAL education district based on the percentage of total time that the pupil is enrolled or in attendance in the charter school and the joint ~~technological~~ TECHNICAL education district. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this section.

D. Charter schools are allowed to accept grants and gifts to supplement their state funding, but it is not the intent of the charter school law to require taxpayers to pay twice to educate the same pupils. The base support level for a charter school or for a school district sponsoring a charter school shall be reduced by an amount equal to the total amount of monies received by a charter school from a federal or state agency if the federal or state monies are intended for the basic maintenance and operations of the school. The superintendent of public instruction shall estimate the amount of the reduction for the budget year and shall revise the reduction to reflect the actual amount before May 15 of the current year. If the reduction results in a negative amount, the negative amount shall be used in computing all budget limits and equalization assistance, except that:

1. Equalization assistance shall not be less than zero.

2. For a charter school sponsored by the state board of education or the state board for charter schools, the total of the base support level and the additional assistance shall not be less than zero.

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

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

F. Equalization assistance for charter schools shall be provided as a single amount based on average daily membership without categorical distinctions between maintenance and operations or capital.

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

H. If the sponsor of the charter school determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter, the sponsor of a charter school may submit a request to the department of education to withhold up to ten per cent of the monthly apportionment of state aid that would otherwise be due the charter school. The department of education shall adjust the charter school's apportionment accordingly. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. The charter school shall submit a corrective action plan to the sponsor on a date specified by the sponsor at the meeting. The corrective action plan shall be designed to correct deficiencies at the charter school and to ensure that the charter school promptly returns to compliance. When the sponsor determines that the charter school is in compliance, the department of education shall restore the full amount of state aid payments to the charter school.

I. In addition to the withholding of state aid payments pursuant to subsection H of this section, the sponsor of a charter school may impose a civil penalty of one thousand dollars per occurrence if a charter school fails to comply with the fingerprinting requirements prescribed in section 15-183, subsection C or section 15-512. The sponsor of a charter school shall not impose a civil penalty if it is the first time that a charter school is out of compliance with the fingerprinting requirements and if the charter school provides proof within forty-eight hours of written notification that an application for the appropriate fingerprint check has been received by the department of public safety. The sponsor of the charter school shall obtain proof that the charter school has been notified, and the notification shall identify the date of the deadline and shall be signed by both parties. The sponsor of a charter school shall automatically impose a civil penalty of one thousand dollars per occurrence if the sponsor determines that the charter school subsequently violates the fingerprinting requirements. Civil penalties pursuant to this subsection shall be assessed by requesting the department of education to reduce the amount of state aid that the charter school would otherwise receive by an amount equal to the civil penalty. The amount of state aid withheld shall revert to the state general fund at the end of the fiscal year.

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

K. If a school district transports or contracts to transport pupils to the Arizona state schools for the deaf and the blind during any fiscal year, the school district may transport or contract with a charter school to transport sensory impaired pupils during that same fiscal year to a charter school if requested by the parent of the pupil and if the distance from the pupil's place of actual residence within the school district to the charter school is less than the distance from the pupil's place of actual residence within the school district to the campus of the Arizona state schools for the deaf and the blind.

L. For the purposes of this section:

1. "Monies intended for the basic maintenance and operations of the school" means monies intended to provide support for the educational program of the school, except that it does not include supplemental assistance for a specific purpose or title VIII of the elementary and secondary education act of 1965 monies. The auditor general shall determine which federal or state monies meet the definition in this paragraph.

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

Sec. 3. Section 15-255, Arizona Revised Statutes, is amended to read:

15-255. Annual report; contents; definition

A. The superintendent of public instruction shall make a report to the governor and the legislature on or before January 15 each year. The report shall be in printed form.

B. The report shall contain:

1. A full statement of the condition and amount of all funds and property apportioned for the purpose of education.

2. The total current expenditures per pupil and separate per pupil amounts for classroom supplies, classroom instruction excluding classroom supplies, district and school administration, support services-students, and all other support services and operations. These per pupil amounts shall be calculated for the state by type of district or school. The method of calculating these per pupil amounts shall be as prescribed in the uniform system of financial records.

3. The number and grades of schools in each county.

4. The number of children attending schools.

5. The average number of children who have attended the schools during each of the two years previous to July 1 of the year in which the report is made.

6. The number of children attending private schools.

7. The amount of school monies derived from county taxes.

8. The amount of school monies derived other than by county taxes.

9. The amount of federal monies that was received during the previous year and that was specified for Indian education aid and emergency operational aid.

10. The amounts expended for salaries of teachers and superintendents and for building of schools.

11. A statement of plans for the management of schools.

12. Such other information relating to the educational interests of this state as the superintendent deems expedient.

C. In addition to the printed report required by subsections A and B of this section, the superintendent of public instruction shall make available in electronic form a supplemental report that provides detail regarding current expenditures by function code for each individual school district. For THE purposes of this subsection, "function code" means the function codes defined in the uniform system of financial records provided for in section 15-272.

D. For the purposes of this section, "type of district or school" means accommodation school, unified school district, common school district not within the boundaries of a high school district, common school district within the boundaries of a high school district, high school district, joint ~~technological~~ TECHNICAL education district and charter school.

Sec. 4. Section 15-391, Arizona Revised Statutes, is amended to read:

15-391. Definitions

In this article, unless the context otherwise requires:

1. "Joint board" means a joint ~~technological~~ TECHNICAL education district governing board.

2. "Joint district" means a joint ~~technological~~ TECHNICAL education district.

3. "Joint ~~technological~~ TECHNICAL education course" means a course that is offered by a joint ~~technological~~ TECHNICAL education district AS PART OF A JOINT TECHNICAL EDUCATION DISTRICT PROGRAM, THAT IS APPROVED BY THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION and that meets each of the following requirements:

~~(a) Is designed to directly lead the student toward a specific career, vocation or industry.~~

~~(b)~~ (a) Is taught by an instructor who is certified to teach career and technical education by the state board of education or by a postsecondary educational institution.

~~(c) Requires specialized equipment or specialized instruction materials above and beyond the scope and cost of a standard educational course.~~

~~(d) Is designed to lead the student toward certification that is accepted by a vocation or industry as a demonstration of skill or competency in that vocation or industry.~~

~~(e)~~ (b) Is part of a program that requires students to obtain a passing score on an examination that demonstrates a level of skill or competency for that program of study that is accepted by a vocation or an industry.

(c) IS PART OF AN APPROVED JOINT TECHNICAL EDUCATION DISTRICT PROGRAM.

~~(f) Meets the standards of a career preparatory vocational program as determined by the career and technical education division of the department of education.~~

~~(g) Is certified by the joint technological education district governing board as having met all the requirements of this article.~~

~~(h) From and after December 31, 2006, is approved by the career and technical education division of the department of education based on the requirements prescribed in this paragraph within one hundred twenty days after the submission of all required documentation.~~

~~(i) Is only offered to students in grades nine, ten, eleven and twelve.~~

4. "Joint ~~technological~~ TECHNICAL education district" means a district that is formed pursuant to this article and that offers joint ~~technological~~ TECHNICAL education courses.

5. "JOINT TECHNICAL EDUCATION DISTRICT PROGRAM" MEANS A SEQUENCE OF COURSES THAT IS OFFERED BY A JOINT TECHNICAL EDUCATION DISTRICT AND THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

(a) IS TAUGHT BY AN INSTRUCTOR WHO IS CERTIFIED TO TEACH CAREER AND TECHNICAL EDUCATION BY THE STATE BOARD OF EDUCATION OR BY A POSTSECONDARY EDUCATIONAL INSTITUTION.

(b) REQUIRES AN ASSESSMENT THAT DEMONSTRATES A LEVEL OF SKILL OR COMPETENCY IN A VOCATION OR INDUSTRY OR THAT LEADS TO CERTIFICATION IN AND ACCEPTANCE BY THAT VOCATION OR INDUSTRY.

(c) REQUIRES SPECIALIZED EQUIPMENT OR INSTRUCTIONAL MATERIALS THAT EXCEED THE SCOPE AND COST OF A STANDARD EDUCATIONAL COURSE.

(d) REQUIRES WORK-BASED LEARNING COMPONENTS, CAREER AND TECHNICAL STUDENT ORGANIZATION PARTICIPATION AND LABORATORY EXPERIENCE AS DETERMINED BY THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION.

(e) MEETS THE STANDARDS OF A CAREER AND TECHNICAL EDUCATION PREPARATORY PROGRAM AS DETERMINED BY THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION.

(f) HAD A DEFINED PATHWAY TO CAREER AND POSTSECONDARY EDUCATION.

(g) IS APPROVED BY THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION BASED ON THE REQUIREMENTS PRESCRIBED IN THIS PARAGRAPH WITHIN ONE HUNDRED TWENTY DAYS AFTER THE SUBMISSION OF ALL REQUIRED DOCUMENTATION.

(h) IS CERTIFIED BY THE JOINT TECHNICAL EDUCATION DISTRICT GOVERNING BOARD TO HAVE MET ALL THE REQUIREMENTS PRESCRIBED IN THIS ARTICLE.

(i) IS OFFERED ONLY TO STUDENTS IN GRADES NINE, TEN, ELEVEN AND TWELVE.

~~5.~~ 6. "State board" means the state board of education.

Sec. 5. Section 15-392, Arizona Revised Statutes, is amended to read:

15-392. Formation of district

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

B. If the state board of education determines that the plan submitted for the proposed joint district has met the requirements of this section, ~~until December 31, 2001, the question shall be submitted to the qualified electors of each school district at a general election or at any other election held on a date prescribed in section 16-204. After December 31, 2001,~~ the question shall be submitted to the qualified electors of the district seeking to become a part of the joint district at an election held on the first Tuesday after the first Monday in November. The question that is submitted to the qualified electors must describe the tax rate that is associated with joining the joint district and the estimated cost of that tax rate for the owner of a single family home that is valued at one hundred thousand dollars. If the electors in a district approve, ~~then~~ that district is authorized to participate in a joint ~~technological~~ TECHNICAL education district. The joint district shall become operational on July 1 following the election held pursuant to this subsection, except as provided in subsection D of this section.

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

D. A joint ~~technological~~ TECHNICAL education district after receiving voter approval as provided in subsection B of this section shall be governed by a joint board consisting of members elected pursuant to section 15-393, except that the initial composition of the joint board shall consist of one person who is not currently a board member of any school district and who is appointed by the governing board of each district participating in the joint

~~technological~~ TECHNICAL education district. The terms of office of the joint board members shall become effective on January 1 following the election held pursuant to subsection B of this section. Upon the effective date of the term of office for joint board members, the joint board may begin necessary operations and activities related to making the district operational pursuant to subsection B of this section. If less than five districts are participating in the joint district, the initial composition of the joint board shall consist of two persons who are not currently board members of any school district and who are appointed by each participating district's governing board. The appointed members shall serve until January 1 following the next general election. At the general election held next following the formation of the joint district and thereafter, joint board members shall be elected as prescribed in section 15-393.

Sec. 6. Section 15-393, Arizona Revised Statutes, is amended to read:

15-393. Joint technical education district governing board; report; definition

A. The management and control of the joint district are vested in the joint ~~technological~~ TECHNICAL education district governing board, including the content and quality of the courses offered by the district, the quality of teachers who provide instruction on behalf of the district, the salaries of teachers who provide instruction on behalf of the district and the reimbursement of other entities for the facilities used by the district. Unless the governing boards of the school districts participating in the formation of the joint district vote to implement an alternative election system as provided in subsection B of this section, the joint board shall consist of five members elected from five single member districts formed within the joint district. The single member district election system shall be submitted as part of the plan for the joint district pursuant to section 15-392 and shall be established in the plan as follows:

1. The governing boards of the school districts participating in the formation of the joint district shall define the boundaries of the single member districts so that the single member districts are as nearly equal in population as is practicable, except that if the joint district lies in part in each of two or more counties, at least one single member district may be entirely within each of the counties comprising the joint district if this district design is consistent with the obligation to equalize the population among single member districts.

2. The boundaries of each single member district shall follow election precinct boundary lines, as far as practicable, in order to avoid further segmentation of the precincts.

3. A person who is a registered voter of this state and who is a resident of the single member district is eligible for election to the office of joint board member from the single member district. The terms of office of the members of the joint board shall be as prescribed in section 15-427, subsection B. An employee of a joint ~~technological~~ TECHNICAL education

district or the spouse of an employee shall not hold membership on a governing board of a joint ~~technological~~ TECHNICAL education district by which the employee is employed. A member of one school district governing board or joint ~~technological~~ TECHNICAL education district governing board is ineligible to be a candidate for nomination or election to or serve simultaneously as a member of any other governing board, except that a member of a governing board may be a candidate for nomination or election for any other governing board if the member is serving in the last year of a term of office. A member of a governing board shall resign the member's seat on the governing board before becoming a candidate for nomination or election to the governing board of any other school district or joint ~~technological~~ TECHNICAL education district, unless the member of the governing board is serving in the last year of a term of office.

4. Nominating petitions shall be signed by the number of qualified electors of the single member district as provided in section 16-322.

B. The governing boards of the school districts participating in the formation of the joint district may vote to implement any other alternative election system for the election of joint district board members. If an alternative election system is selected, it shall be submitted as part of the plan for the joint district pursuant to section 15-392, and the implementation of the system shall be as approved by the United States justice department.

C. The joint ~~technological~~ TECHNICAL education district shall be subject to the following provisions of this title:

1. Chapter 1, articles 1 through 6.
2. Sections 15-208, 15-210, 15-213 and 15-234.
3. Articles 2, 3 and 5 of this chapter.
4. Section 15-361.
5. Chapter 4, articles 1, 2 and 5.
6. Chapter 5, articles 1, 2 and 3.
7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729 and 15-730.
8. Chapter 7, article 5.
9. Chapter 8, articles 1, 3 and 4.
10. Sections 15-828 and 15-829.
11. Chapter 9, article 1, article 6, except for section 15-995, and article 7.
12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
13. Sections 15-1101 and 15-1104.
14. Chapter 10, articles 2, 3, 4 and 8.

D. Notwithstanding subsection C of this section, the following apply to a joint ~~technological~~ TECHNICAL education district:

1. A joint district may issue bonds for the purposes specified in section 15-1021 and in chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding one per cent of

the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within the joint ~~technological~~ TECHNICAL education district as ascertained by the last property tax assessment previous to issuing the bonds.

2. The number of governing board members for a joint district shall be as prescribed in subsection A of this section.

3. If a career and technical education and vocational education course or program provided pursuant to this article is provided in a facility owned or operated by a school district in which a pupil is enrolled, including satellite courses, the sum of the daily attendance, as provided in section 15-901, subsection A, paragraph 6, for that pupil in both the school district and joint ~~technological~~ TECHNICAL education district shall not exceed 1.25 and the sum of the fractional student enrollment, as provided in section 15-901, subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the courses taken in the school district and the facility, including satellite courses. The school district and the joint district shall determine the apportionment of the daily attendance and fractional student enrollment for that pupil between the school district and the joint district.

4. The student count for the first year of operation of a joint ~~technological~~ TECHNICAL education district as provided in this article shall be determined as follows:

(a) Determine the estimated student count for joint district classes that will operate in the first year of operation. This estimate shall be based on actual registration of pupils as of March 30 scheduled to attend classes that will be operated by the joint district. The student count for the district of residence of the pupils registered at the joint district shall be adjusted. The adjustment shall cause the district of residence to reduce the student count for the pupil to reflect the courses to be taken at the joint district. The district of residence shall review and approve the adjustment of its own student count as provided in this subdivision before the pupils from the school district can be added to the student count of the joint district.

(b) The student count for the new joint district shall be the student count as determined in subdivision (a) of this paragraph.

(c) After the first one hundred days or two hundred days in session, as applicable, for the first year of operation, the joint district shall revise the student count to the actual student count for students attending classes in the joint district. A joint district shall revise its student count, the base support level as provided in section 15-943.02, the revenue control limit as provided in section 15-944.01, the capital outlay revenue limit and the soft capital allocation as provided in section 15-962.01 prior to May 15. A joint district that overestimated its student count shall revise its budget prior to May 15. A joint district that underestimated its student count may revise its budget prior to May 15.

(d) After the first one hundred days or two hundred days in session, as applicable, for the first year of operation, the district of residence shall adjust its student count by reducing it to reflect the courses actually taken at the joint district. The district of residence shall revise its student count, the base support level as provided in section 15-943, the revenue control limit as provided in section 15-944, the capital outlay revenue limit as provided in section 15-961 and the soft capital allocation as provided in section 15-962 prior to May 15. A district that underestimated the student count for students attending the joint district shall revise its budget prior to May 15. A district that overestimated the student count for students attending the joint district may revise its budget prior to May 15.

(e) A joint district for the first year of operation shall not be eligible for adjustment pursuant to section 15-948.

(f) The procedures for implementing this paragraph shall be as prescribed in the uniform system of financial records.

(g) If the district of residence utilizes section 15-942 to determine its student count, the district shall reduce its student count as provided in this paragraph by subtracting the appropriate count from the student count determined as provided in section 15-942.

For the purposes of this paragraph, "district of residence" means the district that included the pupil in its average daily membership for the year before the first year of operation of the joint district and that would have included the pupil in its student count for the purposes of computing its base support level for the fiscal year of the first year of operation of the joint district if the pupil had not enrolled in the joint district.

(h) PUPILS IN AN APPROVED JOINT TECHNICAL EDUCATION DISTRICT CENTRALIZED PROGRAM MAY GENERATE AN AVERAGE DAILY ATTENDANCE OF 1.0 FOR ATTENDANCE HOURS DURING ANY HOUR OF THE DAY, DURING ANY DAY OF THE WEEK AND AT ANY TIME BETWEEN JULY 1 AND JUNE 30 OF EACH FISCAL YEAR.

5. A student includes any person enrolled in the joint district without regard to the person's age or high school graduation status, except that:

(a) A student in a kindergarten program or in grades one through eight who enrolls in courses offered by the joint ~~technological~~ TECHNICAL education district shall not be included in the joint district's average daily attendance or average daily membership.

(b) A student in a kindergarten program or in grades one through eight who is enrolled in vocational education courses shall not be funded in whole or in part with monies provided by a joint ~~technological~~ TECHNICAL education district.

(c) A student who is over twenty-two years of age shall not be included in the student count of the joint district for the purposes of chapter 9, articles 3, 4 and 5 of this title.

(d) A student in grade nine who enrolls in a career exploration course shall not be included in the joint district's average daily attendance or average daily membership.

6. A joint district may operate for more than one hundred seventy-five days per year, with expanded hours of service.

7. A joint district may use the excess utility costs provisions of section 15-910 in the same manner as a school district for fiscal years 1999-2000 and 2000-2001, except that the base year shall be the first full fiscal year of operations.

8. A joint district may use the carryforward provisions of section 15-943.01 retroactively to July 1, 1993.

9. A school district that is part of a joint district shall use any monies received pursuant to this article to supplement and not supplant base year career and technical education and vocational education courses, and directly related equipment and facilities, except that a school district that is part of a joint ~~technological~~ TECHNICAL education district and that has used monies received pursuant to this article to supplant career and technological education and vocational education courses that were offered before the first year that the school district participated in the joint district or the first year that the school district used monies received pursuant to this article or that used the monies for purposes other than for career and technological education and vocational education courses shall~~:~~

~~(a) Use at least thirty-three per cent of the monies received pursuant to this article in fiscal year 2005-2006 to supplement and not supplant base year career and technical education and vocational education courses.~~

~~(b) Use at least sixty-six per cent of the monies received pursuant to this article in fiscal year 2006-2007 to supplement and not supplant base year career and technical education and vocational education courses.~~

~~(c)~~ use one hundred per cent of the monies received pursuant to this article ~~in fiscal year 2007-2008 and each fiscal year thereafter~~ to supplement and not supplant base year career and technical education and vocational education courses.

10. A joint ~~technological~~ TECHNICAL education district shall use any monies received pursuant to this article to enhance and not supplant career and technical education and vocational education courses and directly related equipment and facilities.

11. A joint ~~technological~~ TECHNICAL education district or a school district that is part of a joint district shall only include pupils in grades nine through twelve in the calculation of average daily membership or average daily attendance if the pupils are enrolled in courses that are approved jointly by the governing board of the joint ~~technological~~ TECHNICAL education district and each participating school district for satellite courses taught within the participating school district, or approved solely by the joint ~~technological~~ TECHNICAL education district for centrally located courses. Average daily membership and average daily attendance from courses

that are not part of an approved program for career and technical education shall not be included in average daily membership and average daily attendance of a joint ~~technological~~ TECHNICAL education district. A student in grade nine who enrolls in a career exploration course shall not be included in the joint district's average daily attendance or average daily membership.

E. The joint board shall appoint a superintendent as the executive officer of the joint district.

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title, except that a joint ~~technological~~ TECHNICAL education district shall not levy a property tax pursuant to law that exceeds five cents per one hundred dollars assessed valuation except for bond monies pursuant to subsection D, paragraph 1 of this section. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.

G. The schools in the joint district are available to all persons who reside in the joint district subject to the rules for admission prescribed by the joint board.

H. The joint board may collect tuition for adult students and the attendance of pupils who are residents of school districts that are not participating in the joint district pursuant to arrangements made between the governing board of the district and the joint board.

I. The joint board may accept gifts, grants, federal monies, tuition and other allocations of monies to erect, repair and equip buildings and for the cost of operation of the schools of the joint district.

J. One member of the joint board shall be selected chairman. The chairman shall be selected annually on a rotation basis from among the participating school districts. The chairman of the joint board shall be a voting member.

K. A joint board and a community college district may enter into agreements for the provision of administrative, operational and educational services and facilities.

L. Any agreement between the governing board of a joint ~~technological~~ TECHNICAL education district and another joint ~~technological~~ TECHNICAL education district, a school district, a charter school or a community college district shall be in the form of an intergovernmental agreement or other written contract. The auditor general shall modify the uniform system of financial records and budget forms in accordance with this subsection. The intergovernmental agreement or other written contract shall completely and accurately specify each of the following:

1. The financial provisions of the intergovernmental agreement or other written contract and the format for the billing of all services.

2. The accountability provisions of the intergovernmental agreement or other written contract.

3. The responsibilities of each joint ~~technological~~ TECHNICAL education district, each school district, each charter school and each community college district that is a party to the intergovernmental agreement or other written contract.

4. The type of instruction that will be provided under the intergovernmental agreement or other written contract, INCLUDING INDIVIDUALIZED EDUCATION PROGRAMS PURSUANT TO SECTION 15-763.

5. The quality of the instruction that will be provided under the intergovernmental agreement or other written contract.

6. The transportation services that will be provided under the intergovernmental agreement or other written contract and the manner in which transportation costs will be paid.

7. The amount that the joint ~~technological~~ TECHNICAL education district will contribute to a course and the amount of support required by the school district or the community college.

8. That the services provided by the joint ~~technological~~ TECHNICAL education district, the school district, the charter school or the community college district be proportionally calculated in the cost of delivering the service.

9. That the payment for services shall not exceed the cost of the services provided.

10. That any initial intergovernmental agreement or other written contract and any addendums between the governing board of a joint ~~technological~~ TECHNICAL education district and another joint ~~technological~~ TECHNICAL education district, a school district, a charter school or a community college district be submitted by the joint ~~technological~~ TECHNICAL education district to the joint legislative budget committee for review.

M. On or before December 31 of each year, each joint ~~technological~~ TECHNICAL education district shall submit a detailed report to the career and technical education division of the department of education. The career and technical education division of the department of education shall collect, summarize and analyze the data submitted by the joint districts, shall submit an annual report that summarizes the data submitted by the joint districts to the governor, the speaker of the house of representatives, the president of the senate and the state board of education and shall submit a copy of this report to the secretary of state ~~and the director of the Arizona state library, archives and public records~~. The data submitted by each joint ~~technological~~ TECHNICAL education district shall include the following:

1. The average daily membership of the joint district.

2. The ~~course~~ PROGRAM listings and ~~course~~ PROGRAM descriptions of ~~courses~~ PROGRAMS offered by the joint district, INCLUDING THE COURSE SEQUENCES FOR EACH PROGRAM.

3. The costs associated with each ~~course~~ PROGRAM offered by the joint district.

4. The completion rate for each ~~course~~ PROGRAM offered by the joint district. FOR THE PURPOSES OF THIS PARAGRAPH, "COMPLETION RATE" MEANS THE COMPLETION RATE FOR STUDENTS WHO ARE DESIGNATED AS CONCENTRATORS IN THAT PROGRAM BY THE DEPARTMENT OF EDUCATION UNDER THE CAREER AND TECHNOLOGY APPROVED PLAN.

5. The graduation rate FROM THE SCHOOL DISTRICT OF RESIDENCE of students ~~enrolled~~ WHO HAVE COMPLETED A PROGRAM in the joint district.

6. A detailed description of the career opportunities available to students after completion of the program offered by the joint district.

7. A detailed description of the career placement of students who have completed the program offered by the joint district.

8. Any other data deemed necessary by the department of education to carry out its duties under this subsection.

N. If the career and technical education division of the department of education determines that a course does not meet the criteria for approval as a joint technical education course, the governing board of the joint ~~technological~~ TECHNICAL education district may appeal this decision to the state board of education acting as the state board of vocational education.

O. Notwithstanding any other law, the average daily membership of a pupil who is enrolled in a course that meets for at least one hundred fifty minutes per class period at a centralized campus owned and operated by a joint ~~technological~~ TECHNICAL education district shall be 0.75. THE SUM OF DAILY ATTENDANCE, AS PROVIDED IN SECTION 15-901, SUBSECTION A, PARAGRAPH 6 AND THE SUM OF THE FRACTIONAL STUDENT ENROLLMENT, AS PROVIDED IN SECTION 15-901, SUBSECTION A, PARAGRAPH 2, SUBDIVISION (a), FOR THAT PUPIL IN BOTH THE MEMBER SCHOOL DISTRICT AND JOINT TECHNICAL EDUCATION DISTRICT COURSES PROVIDED AT A COMMUNITY COLLEGE PURSUANT TO SUBSECTION K OF THIS SECTION OR AT A FACILITY OWNED AND OPERATED BY A JOINT TECHNICAL EDUCATION DISTRICT THAT IS NOT LOCATED ON A SITE OF A MEMBER DISTRICT SHALL NOT EXCEED 1.75. THE MEMBER SCHOOL DISTRICT AND THE JOINT DISTRICT SHALL DETERMINE THE APPORTIONMENT OF THE DAILY ATTENDANCE AND STUDENT ENROLLMENT FOR THAT PUPIL BETWEEN THE MEMBER SCHOOL DISTRICT AND THE JOINT DISTRICT, EXCEPT THE AMOUNT APPORTIONED SHALL NOT EXCEED 1.0 FOR EITHER ENTITY.

P. For the purposes of this section, "base year" means the complete school year in which voters of a school district elected to join a joint ~~technological~~ TECHNICAL education district.

Sec. 7. Section 15-394, Arizona Revised Statutes, is amended to read:

15-394. Preservation of years of employment

The years of employment of a certificated teacher who has been employed by a school district for more than the major portion of three consecutive school years shall be preserved if such teacher moves from a school district to a joint ~~technological~~ TECHNICAL education district or from a joint ~~technological~~ TECHNICAL education district to a school district if the governing board recognizes the previously established years of employment of

the teacher, provided such districts are participating in the joint ~~technological~~ TECHNICAL education district.

Sec. 8. 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~~ ON 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 supplying school buildings with furniture, equipment and technology, for improving school grounds, for purchasing pupil transportation vehicles or for liquidating any indebtedness already incurred for such purposes. Bonds issued for furniture, equipment and technology, other than fixtures, shall mature no later than the July 1 that follows the fifth year after the bonds were issued. 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~~ THAT 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 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~~ ON 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, or any other obligation incurred that will require the assessment of secondary property taxes, 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~~ TECHNICAL education district, the ballot shall include the following statement:

> _____, a joint ~~technological~~ TECHNICAL education district, is proposing to issue class B general obligation bonds totaling $_____ to fund capital improvements at a campus owned or operated and maintained by the joint ~~technological~~ TECHNICAL 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 thirty-five 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. 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 thirty-five 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. The publicity pamphlet shall contain, at a minimum, the following information:

(a) The date of the election.

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

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

(d) 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.

(e) 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.

(f) 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.

(g) 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. 9. Section 15-782.02, Arizona Revised Statutes, is amended to read:

15-782.02. Career and technical education and vocational education programs; expanded hours; tuition

A. School districts with career and technical education and vocational education programs may offer vocational educational services without regard to students' age or high school graduation status. Persons over twenty-two years of age shall not attend vocational programs in high school buildings during regular school hours. The department of education shall distribute twenty-six dollars for every day that a full-time student attends an extended year or summer school program in a joint ~~technological~~ TECHNICAL education district and thirteen dollars for every day that a part-time student attends an extended year or summer school program in a joint ~~technological~~ TECHNICAL education district, subject to appropriation except that the department of education shall not distribute monies pursuant to this section for any student who has either graduated from high school or obtained a general education diploma or who has reached twenty-two years of age, whichever occurs first.

B. School districts with career and technical education and vocational education programs may operate those programs for more than one hundred seventy-five days per year, with expanded hours of service.

C. Career and technical education and vocational education programs run by school districts may charge tuition to offset expenses associated with serving adult students.

Sec. 10. Section 15-790, Arizona Revised Statutes, is amended to read:

15-790. Primary responsibility of school districts, community college districts and universities

A. School district governing boards have the primary responsibility for providing career exploration and entry level career and technical education and vocational education.

B. JOINT TECHNICAL EDUCATION DISTRICTS HAVE THE PRIMARY RESPONSIBILITY FOR PROVIDING CAREER AND TECHNICAL EDUCATION PREPARATION PROGRAMS DESIGNED TO PREPARE STUDENTS FOR ADVANCED CAREER AND TECHNICAL EDUCATION OR ENTRY INTO THE WORKFORCE.

~~B.~~ C. Community college district governing boards have the primary responsibility for providing postsecondary technological education and advanced career and technical education and vocational education, including the retraining and upgrading of a student's occupational skills. Community college district governing boards in conjunction with the state board for private postsecondary education have the major responsibility for providing career and technical education and vocational education ~~which~~ THAT focuses on the economic development of this state.

~~C.~~ D. Universities have the primary responsibility for research related to career and technical education and vocational education.

Sec. 11. Section 15-808, Arizona Revised Statutes, is amended to read:

15-808. Arizona online instruction; reports; definitions

A. Arizona online instruction shall be instituted to meet the needs of pupils in the information age. The state board of education shall select traditional public schools and the state board for charter schools shall sponsor charter schools to be online course providers or online schools. The state board of education and the state board for charter schools shall jointly develop standards for the approval of online course providers and online schools based on the following criteria:

1. The depth and breadth of curriculum choices.

2. The variety of educational methodologies employed by the school and the means of addressing the unique needs and learning styles of targeted pupil populations, including computer assisted learning systems, virtual classrooms, virtual laboratories, electronic field trips, electronic mail, virtual tutoring, online help desk, group chat sessions and noncomputer based activities performed under the direction of a certificated teacher.

3. The availability of an intranet or private network to safeguard pupils against predatory and pornographic elements of the internet.

4. The availability of filtered research access to the internet.

5. The availability of private individual electronic mail between pupils, teachers, administrators and parents in order to protect the confidentiality of pupil records and information.

6. The availability of faculty members who are experienced with computer networks, the internet and computer animation.

7. The extent to which the school intends to develop partnerships with universities, community colleges and private businesses.

8. The services offered to developmentally disabled populations.

9. The grade levels that will be served.

B. Each new school that provides online instruction shall provide online instruction on a probationary status. After a new school that provides online instruction has clearly demonstrated the academic integrity of its instruction through the actual improvement of the academic performance of its students, the school may apply to be removed from probationary status. The state board of education or the state board for charter schools shall remove from Arizona online instruction any probationary school that fails to clearly demonstrate improvement in academic performance within three years measured against goals in the approved application and the state's accountability system. The state board of education and the state board for charter schools shall review the effectiveness of each participating school and other information that is contained in the annual report prescribed in subsection ~~C~~ D of this section. All pupils who participate in Arizona online instruction shall reside in this state. Pupils who participate in Arizona online instruction are subject to the testing requirements prescribed in chapter 7, article 3 of this title. Upon enrollment, the school shall notify the parents or guardians of the pupil of the state testing requirements. If a pupil fails to comply with the testing requirements and the school administers the tests pursuant to this subsection to less than ninety-five per cent of the pupils in Arizona online instruction, the pupil shall not be allowed to participate in Arizona online instruction.

C. Beginning July 1, 2010, the state board of education and the state board for charter schools shall develop annual reporting mechanisms for schools that participate in Arizona online instruction.

D. The department of education shall compile the information submitted in the annual reports by schools participating in ~~the~~ Arizona online instruction. The department of education shall submit the compiled report to the governor, the speaker of the house of representatives and the president of the senate by November 15 of each year.

E. Each school selected for Arizona online instruction shall ensure that a daily log is maintained for each pupil who participates in Arizona online instruction. The daily log shall describe the amount of time spent by each pupil participating in Arizona online instruction pursuant to this section on academic tasks. The daily log shall be used by the school district or charter school to qualify the pupils who participate in Arizona online instruction in the school's average daily attendance calculations pursuant to section 15-901.

F. If a pupil is enrolled in a school district or charter school and also participates in Arizona online instruction, the sum of the average daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 6, for that pupil in the school district or charter school and in Arizona online instruction shall not exceed 1.0. If the pupil is enrolled in a school district or a charter school and also participates in Arizona online instruction and the sum of the

daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the school district, UNLESS THE SCHOOL DISTRICT IS A JOINT TECHNICAL EDUCATION DISTRICT SUBJECT TO THE APPORTIONMENT REQUIREMENTS OF SECTION 15-393, or charter school and Arizona online instruction based on the percentage of total time that the pupil is enrolled or in attendance in the school district or charter school and Arizona online instruction. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this subsection. Pupils in Arizona online instruction do not incur absences for purposes of section 15-901 and may generate an average daily attendance of 1.0 for attendance hours during any hour of the day, during any day of the week and at any time between July 1 and June 30 of each fiscal year. For kindergarten programs and grades one through eight, average daily membership shall be calculated by dividing the instructional hours as reported in the daily log required in subsection E of this section by the applicable hourly requirements prescribed in section 15-901. For grades nine through twelve, average daily membership shall be calculated by dividing the instructional hours as reported in the daily log required in subsection E of this section by nine hundred. The average daily membership of a pupil who participates in online instruction shall not exceed 1.0. Average daily membership shall not be calculated on the one hundredth day of instruction for the purposes of this section. Funding shall be determined as follows:

1. ~~Pupils~~ A PUPIL who ~~are~~ IS enrolled full-time in Arizona online instruction shall be funded for online instruction at ninety-five per cent of the base support level that would be calculated for that pupil if that pupil were enrolled as a full-time student in a school district or charter school that does not participate in Arizona online instruction. Additional assistance, capital outlay revenue limit and soft capital allocation limit shall be calculated in the same manner they would be calculated if the student were enrolled in a district or charter school that does not participate in Arizona online instruction. A pupil enrolled in Arizona online instruction shall be considered full-time if the pupil's average instructional hours, as reported in the daily log required in subsection E of this section, exceed one hundred nineteen minutes for kindergarten programs, two hundred thirty-eight minutes for grades one through three, two hundred ninety-seven minutes for grades four through six, three hundred fifty-six minutes for grades seven and eight and three hundred minutes for grades nine through twelve.

2. ~~Pupils~~ A PUPIL who ~~are~~ IS enrolled part-time in Arizona online instruction shall be funded for online instruction at eighty-five per cent of the base support level that would be calculated for that pupil if that pupil were enrolled as a part-time student in a school district or charter school that does not participate in Arizona online instruction. Additional assistance, capital outlay revenue limit and soft capital allocation limit

shall be calculated in the same manner they would be calculated if the student were enrolled in a district or charter school that does not participate in Arizona online instruction. A pupil enrolled in Arizona online instruction shall be considered part-time if the pupil's average instructional hours, as reported in the daily log required in subsection E of this section, are less than the hours required for a full-time pupil pursuant to paragraph 1 of this subsection.

G. If the academic achievement of a pupil declines while the pupil is participating in Arizona online instruction, the pupil's parents, the pupil's teachers and the principal or head teacher of the school shall confer to evaluate whether the pupil should be allowed to continue to participate in Arizona online instruction.

H. To ensure the academic integrity of pupils who participate in online instruction, Arizona online instruction shall include multiple diverse assessment measures and the proctored administration of required state standardized tests.

I. For the purposes of this section:

1. "Online course provider" means a school other than an online school that is selected by the state board of education or the state board for charter schools to participate in Arizona online instruction pursuant to this section and that provides at least one online academic course that is approved by the state board of education.

2. "Online school" means a school that provides at least four online academic courses or one or more online courses for the equivalent of at least five hours each day for one hundred eighty school days and that is a charter school that is sponsored by the state board for charter schools or a traditional public school that is selected by the state board of education to participate in Arizona online instruction.

Sec. 12. Section 15-943.02, Arizona Revised Statutes, is amended to read:

15-943.02. <u>Base support level for joint technical education districts</u>

A. The base SUPPORT level for each joint ~~vocational and~~ technical education district shall be computed as follows:

Grade/ Category	Support Level Weight		Student Count		Weighted Student Count
9-12	1.339	X	_____	=	_____

B. Multiply the total determined in subsection A by the base SUPPORT level.

C. Multiply the teacher experience index of the district or 1.00, whichever is greater, by the product obtained in subsection B.

Sec. 13. Section 15-947.01, Arizona Revised Statutes, is amended to read:

15-947.01. Revenue control limit; general budget limit; total capital budget limit for joint technical education districts

A. The revenue control limit for a joint ~~technological~~ TECHNICAL education district is equal to the base support level determined in section 15-943.02 and the amount determined in section 15-910.04.

B. The general budget limit for each joint ~~technological~~ TECHNICAL education district, for each fiscal year, is the sum of the following:

1. The revenue control limit for the budget year.

2. The capital outlay revenue limit for the budget year.

3. Tuition revenues for attendance of nonresident pupils.

4. Title VIII of the elementary and secondary education act of 1965 assistance determined for children with disabilities, children with specific learning disabilities and children residing on Indian lands as provided in section 15-905, subsections K and O.

5. Expenditures for excess utility costs as provided in section 15-910.

C. The unrestricted capital budget limit for each joint ~~technological~~ TECHNICAL education district for the budget year is as provided in section 15-947, subsection D.

D. The soft capital allocation limit for each joint ~~technological~~ TECHNICAL education district for the budget year is as provided in section 15-947, subsection E.

Sec. 14. Section 15-962.01, Arizona Revised Statutes, is amended to read:

15-962.01. Capital outlay revenue limit and soft capital allocation for joint technical education districts; district soft capital allocation fund

A. The capital outlay revenue limit for a joint ~~technological~~ TECHNICAL education district shall be the amount for students in grades nine through twelve for districts with a student count of six hundred or more as prescribed in section 15-961.

B. The soft capital allocation for a joint ~~technological~~ TECHNICAL education district shall be the amount for students in grades nine through twelve for districts with a student count of six hundred or more as prescribed in section 15-962.

C. Joint ~~technological~~ TECHNICAL education districts shall establish a district soft capital allocation fund and shall use the monies only for the purposes prescribed in section 15-962, subsection D. The ending unexpended budget balance in the district's soft capital allocation fund may be used in following fiscal years for short-term capital items. Districts shall provide to the superintendent of public instruction an itemized accounting on forms provided by the department of education that details the expenditures of soft

capital allocation monies at each school in the joint ~~technological~~ TECHNICAL education district. The superintendent of public instruction shall forward a copy of the report to the school facilities board established by section 15-2001.

Sec. 15. Section 15-971, Arizona Revised Statutes, is amended to read:

15-971. Determination of equalization assistance payments from county and state funds for school districts

A. Equalization assistance for education is computed by determining the total of the following:

1. The lesser of a school district's revenue control limit or district support level as determined in section 15-947 or 15-951.

2. The capital outlay revenue limit of a school district as determined in section 15-951 or 15-961.

3. The soft capital allocation of a school district as determined in section 15-951 or 15-962.

B. From the total of the amounts determined in subsection A of this section subtract:

1. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a high school district or a common school district within a high school district ~~which~~ THAT does not offer instruction in high school subjects as provided in section 15-447.

2. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 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 ~~which~~ THAT offers instruction in high school subjects as provided in section 15-447. The qualifying tax rate shall be applied in the following manner:

(a) For the purposes of the amount determined in subsection A, paragraph 1 of this section:

(i) Determine separately the percentage that the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and the weighted student count in grades nine through twelve is to the weighted student count determined in subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

(ii) Apply the percentages determined in item (i) to the amount determined in subsection A, paragraph 1 of this section.

(b) For the purposes of the amounts determined in subsection A, paragraphs 2 and 3 of this section, determine separately the amount of the capital outlay revenue limit and the amount of the soft capital allocation attributable to the student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and grades nine through twelve.

(c) From the amounts determined in subdivisions (a) and (b), subtract the levy ~~which~~ THAT would be produced by the current qualifying tax rate for

a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447. If the qualifying tax rate generates a levy ~~which~~ THAT is in excess of the total determined in subsection A of this section, the school district shall not be eligible for equalization assistance. For the purposes of this subsection, "assessed valuation" includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8 and the assessed value of all property subject to the government property lease excise tax pursuant to title 42, chapter 6, article 5.

3. The amount that would be produced by levying a qualifying tax rate in a joint ~~vocational and technological~~ TECHNICAL education district, which shall be five cents per one hundred dollars assessed valuation unless the legislature sets a lower rate by law.

C. County aid for equalization assistance for education shall be computed as follows:

1. Determine the total equalization assistance for all school districts in the county as provided in subsections A and B of this section.

2. Determine the total amount of state equalization assistance collected for all school districts in the county as provided in section 15-994.

3. Divide the amount determined in paragraph 2 of this subsection by the amount determined in paragraph 1 of this subsection.

4. Multiply the amount determined in subsections A and B of this section by the quotient determined in paragraph 3 of this subsection for each school district.

5. The amount determined in paragraph 4 of this subsection shall be the county aid for equalization assistance for education for a school district.

D. State aid for equalization assistance for education for a school district shall be computed as follows:

1. Determine the equalization assistance for education for a school district as provided in subsections A and B of this section.

2. For each county, determine the levy that would be produced by the state equalization assistance property tax rate prescribed in section 15-994, subsection A.

3. Prorate the amount determined in paragraph 2 of this subsection to each school district in the county as prescribed by subsection C of this section.

4. Subtract the amount determined in paragraph 3 of this subsection from the amount determined in paragraph 1 of this subsection.

E. Equalization assistance for education shall be paid from appropriations for that purpose to the school districts as provided in section 15-973.

F. A school district shall report expenditures on approved career and technical education and vocational education programs in the annual financial report according to uniform guidelines prescribed by the uniform system of financial records and in order to facilitate compliance with sections 15-255 and 15-904.

G. The additional weight for state aid purposes given to special education as provided in section 15-943 shall be given to school districts only if special education programs comply with chapter 7, article 4 of this title and the conditions and standards prescribed by the superintendent of public instruction pursuant to rules of the state board of education for pupil identification and placement pursuant to sections 15-766 and 15-767.

H. In addition to general fund appropriations, all amounts received pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029, subsection E, paragraph 5 and from any other source for the purposes of this section are appropriated for state aid to schools as provided in this section.

I. The total amount of state monies that may be spent in any fiscal year for state equalization assistance shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. This section shall not be construed to impose a duty on an officer, agent or employee of this state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose.

Sec. 16. Section 15-1021, Arizona Revised Statutes, is amended to read:

15-1021. <u>Limitation on bonded indebtedness; limitation on authorization and issuance of bonds</u>

A. Until December 31, 1999, a school district may issue class A bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding fifteen per cent of the taxable property used for secondary property tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a school district as ascertained by the last property tax assessment previous to issuing the bonds.

B. From and after December 31, 1998, a school district may issue class B bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing class B indebtedness, not exceeding five per cent of the taxable property used for secondary property tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a school district as ascertained by the last assessment of state and county taxes previous to issuing the bonds, or one thousand five hundred dollars per student count as determined pursuant to section 15-902, whichever amount is greater. A school district shall not issue class B bonds until the proceeds of any class A bonds issued by the school district have

been obligated in contract. 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, section 8, Constitution of Arizona.

C. Until December 31, 1999, a unified school district, as defined under article IX, section 8.1, Constitution of Arizona, may issue class A bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding thirty per cent of the taxable property used for secondary property tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a unified school district as ascertained by the last property tax assessment previous to issuing the bonds.

D. From and after December 31, 1998, a unified school district, as defined under article IX, section 8.1, Constitution of Arizona, may issue class B bonds for the purposes specified in this section and chapter 4, article 5 of this title to an amount in the aggregate, including the existing class B indebtedness, not exceeding ten per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within a school district as ascertained by the last assessment of state and county taxes previous to issuing the bonds, or one thousand five hundred dollars per student count as determined pursuant to section 15-902, whichever amount is greater. A unified school district shall not issue class B bonds until the proceeds of any class A bonds issued by the unified school district have been obligated in contract. The total amount of class A and class B bonds issued by a unified school district shall not exceed the debt limitations prescribed in article IX, section 8.1, Constitution of Arizona.

E. No bonds authorized to be issued by an election held after July 1, 1980 and before ~~the effective date of this amendment to this section~~ NOVEMBER 24, 2009 may be issued more than six years after the date of the election, except that class A bonds shall not be issued after December 31, 1999. No bonds authorized to be issued by an election held after ~~the effective date of this amendment to this section~~ NOVEMBER 24, 2009 may be issued more than ten years after the date of the election.

F. Except as provided in section 15-491, subsection A, paragraph 3, bond proceeds shall not be expended for items whose useful life is less than the average life of the bonds issued, except that bond proceeds shall not be expended for items whose useful life is less than five years.

G. A joint ~~technological~~ TECHNICAL education district shall not spend class B bond proceeds to construct or renovate a facility located on the campus of a school in a school district that participates in the joint district unless the facility is only used to provide career and technical education and is available to all pupils who live within the joint ~~technological~~ TECHNICAL education district. If the facility is not owned by the joint ~~technological~~ TECHNICAL education district, an intergovernmental agreement or a written contract shall be executed for ten years or the

duration of the bonded indebtedness, whichever is greater. The intergovernmental agreement or written contract shall include provisions:

1. That preserve the usage of the facility renovated or constructed, or both, only for career and technology programs operated by the joint ~~technology~~ TECHNICAL education district.

2. That include the process to be used by the participating district to compensate the joint ~~technology~~ TECHNICAL education district in the event that the facility is no longer used only for career and technology education programs offered by the joint ~~technological~~ TECHNICAL education district during the life of the bond.

H. A school district shall not authorize, issue or sell bonds pursuant to this section if the school district has any existing indebtedness from impact aid revenue bonds pursuant to chapter 16, article 8 of this title, except for bonds issued to refund any bonds issued by the governing board.

Sec. 17. Section 15-1042, Arizona Revised Statutes, is amended to read:

15-1042. Timeline; student level data; definition

A. The department of education shall notify school districts and charter schools of electronic data submission procedures and shall distribute a list of the specific student level data elements that school districts and charter schools are required to submit. The department of education shall not make any changes to the student level data elements to be collected except for the following:

1. Student attendance data for a joint ~~technological~~ TECHNICAL education district, including entry date and exit date, for classes that count towards the student's graduation requirements as provided for in section 15-701.01.

2. Student attendance data for a community college, unless the college is owned, operated or chartered by an Indian tribe, including entry date and exit date, for classes that count towards the student's graduation requirements as provided for in section 15-701.01.

B. Each school district and charter school shall submit electronic data on a school by school basis, including student level data, to the department of education in order for the school district or charter school to receive monies for the cost of educating students pursuant to this title.

C. The department of education shall grant a school district or charter school an extension to the deadline for the submission of student level data or may provide for an alternative method for the submission of student level data if the school district or charter school proves that good cause exists for the extension, and the school district or charter school shall continue to receive monies for the cost of educating students pursuant to this title. The request by a school district or charter school for an extension of the deadline for the submission of student level data shall include a justification for the extension and the status of current efforts towards complying with the submission of student level data.

D. A pupil or the parent or guardian of a pupil shall not be required to submit data that does not relate to the provision of educational services or assistance to the pupil.

E. Each student level data element shall include a statutory reference to the law that necessitates its collection.

F. Unless otherwise prescribed, school districts and charter schools shall begin to report new data elements on July 1 of the year that follows the effective date of the law that requires the collection of the data.

G. Student level data items submitted to the department of education by school districts pursuant to this section shall not be used to adjust funding levels or calculate the average daily membership for the purpose of funding school districts at any time other than the fortieth, one hundredth and two hundredth ~~day~~ DAYS of the school year.

H. A school district or charter school is not required to submit student level data to the department of education more often than once every twenty school days.

I. Notwithstanding subsection L of this section, the student level data shall include reasons for the withdrawal if reasons are provided by the withdrawing pupil or the pupil's parent or guardian. For the purposes of this subsection, the department of education shall include in the specific student level data elements that school districts and charter schools are required to submit data relating to students who withdraw from school because the student is pregnant or because the student is the biological parent of a child.

J. The department of education shall adopt guidelines to remove outdated student level data collected by school districts and charter schools from the student accountability information system.

K. All student level data collected pursuant to this section is confidential and is not a public record. The data collected may be used for aggregate research and reporting.

L. For the purposes of this section, "student level data" means all data elements that are compiled and submitted for each student in this state and that are necessary for the completion of the statutory requirements of the department of education and the state board of education relating to the calculation of funding for public education, the determination of student academic progress as measured by student testing programs in this state, state and federal reporting requirements and other duties prescribed to the department of education or the state board of education by law. Student level data does not include data elements related to student behavior, discipline, criminal history, medical history, religious affiliation, personal physical descriptors or family information not authorized by the parent or guardian of the pupil.

Sec. 18. Section 15-1444, Arizona Revised Statutes, is amended to read:

15-1444. General powers and duties of district governing boards

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

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

2. Adopt policies in a public forum to offer programs that meet the educational needs of the population served by the community college.

3. Enforce the courses of study prescribed by the district board.

4. Visit each community college under its jurisdiction and examine carefully into its management, conditions and needs.

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

6. Appoint and employ a chancellor or chancellors, vice-chancellors, a president or presidents, vice-presidents, deans, professors, instructors, lecturers, fellows and such other officers and employees it deems necessary. The district board may enter into employment contracts with chancellors, vice-chancellors and presidents for a duration of more than one year but not more than five years.

7. Determine the salaries of persons it appoints and employs.

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

9. Award degrees, certificates and diplomas ~~upon~~ ON the completion of courses and curriculum as it deems appropriate.

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

11. Determine the location within the district of a community college and purchase, receive, hold, make and take leases of, sell and convey real or personal property for the benefit of the community colleges under its jurisdiction.

12. Obtain insurance or be self-insured, or a combination of insurance and self-insurance, against loss, to the extent it is determined necessary on community college buildings of the district. The local district shall have an insurable interest in the buildings.

B. The district board may:

1. Administer trusts declared or created for the district and receive by gift or devise and hold in trust or otherwise property wheresoever located, and if not otherwise provided, dispose of the property for the benefit of the district.

2. Lease real property, as lessor or as lessee. If a district is the lessee, the lease may contain an option to purchase the property. The district board may adopt policies as are deemed necessary and may delegate in writing to the chancellor or president of the district, or their designees, all or any part of its authority to lease property under this paragraph. A district board shall not delegate the authority to execute a lease that exceeds one hundred thousand dollars per year. Any delegation by the district board pursuant to this paragraph may be rescinded in whole or in part at any time by the district board.

3. Sue and be sued.

4. Contract. The district board may adopt such policies as are deemed necessary and may delegate in writing to the chancellor or president of the district, or their designees, all or any part of its authority to contract under this paragraph. Any delegation of authority under this paragraph may be rescinded by the district board at any time in whole or in part.

5. Construct, remodel and repair buildings.

6. In conjunction with other districts, establish policies for procurement of goods and services.

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

8. Accept grants or donations of monies from the United States, or from any of its agencies, departments or officers, or from persons, corporations, foundations or associations. A district board shall deposit the monies into a specific fund or account and a district board shall administer the monies in accordance with the purpose of the grant or donation with specific policies or restrictions as described or stipulated in the grant or donation. In the case of personal property granted or donated to or for the benefit of a community college district, a district board shall immediately transfer possession and ownership of the property to the designated district.

9. Enter into intergovernmental agreements or contracts pursuant to section 11-952.01 for participation in programs offered by public agency pools or separately contract with a trustee or board of trustees that provides a common self-insurance program with pooled funds and risks pursuant to section 15-382, subsection B, paragraph 2. The district board is not required to engage in competitive procurement in order to make the decision to participate in these programs.

C. If a district acquires real or personal property, whether by purchase, exchange, condemnation, gift or otherwise, the district shall pay to the county treasurer any taxes on the property that were unpaid as of the date of acquisition, including penalties and interest. The lien for unpaid delinquent taxes, penalties and interest on property acquired by the district:

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

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

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

E. A community college district and a joint ~~technological~~ TECHNICAL education district governing board may enter into agreements for the provision of administrative, operational and educational services and facilities.

F. Each district may establish a program for the exchange of students between the community colleges under its jurisdiction and colleges and universities located in Sonora, Mexico. The program may provide for in-state tuition for Sonora students at the community colleges under ~~its~~ THE jurisdiction OF THE DISTRICT in exchange for similar tuition provisions for Arizona students enrolled or seeking enrollment in Sonora colleges and universities. The community colleges may work in conjunction with the Arizona-Mexico commission in the governor's office to coordinate recruitment and admissions activities to provide for in-state tuition for up to fifty Sonora students at the community colleges under ~~its~~ THE jurisdiction OF THE DISTRICT in exchange for similar tuition provisions for up to fifty total Arizona students enrolled or seeking enrollment in Sonora colleges and universities.

G. Each district shall facilitate transfer articulation coordination pursuant to section 15-1824.

Sec. 19. Section 15-2031, Arizona Revised Statutes, is amended to read:

15-2031. <u>Building renewal fund; definitions</u>

A. A building renewal fund is established consisting of monies appropriated by the legislature. The school facilities board shall administer the fund and distribute monies to school districts for the purpose of maintaining the adequacy of existing school facilities. Monies in the fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. The school facilities board shall inventory and inspect all school buildings in this state in order to develop a database to administer the building renewal formula. The database shall include the student capacity of the building as determined by the school facilities board. The board shall distribute monies from the building renewal fund to school districts in an amount computed pursuant to subsection I of this section. A school district

that receives monies from the building renewal fund shall use the monies first for any projects that fall below the minimum school facility adequacy guidelines, as adopted by the school facilities board pursuant to section 15-2011, and that are part of any buildings in the database and second for any other projects that are part of any buildings owned by the school district for any of the following:

1. Major renovations and repairs of a building.

2. Upgrading systems and areas that will maintain or extend the useful life of the building.

3. Infrastructure costs.

4. Relocation and placement of portable and modular buildings.

C. Monies received from the building renewal fund shall be used for primary projects, unless only secondary projects exist.

D. Notwithstanding subsections B and C of this section, school districts shall use building renewal monies on secondary projects to comply with building, health, fire or safety codes. Before spending building renewal monies on secondary projects to comply with building, health, fire or safety codes, the school facilities board shall approve the projects.

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

1. New construction.

2. Remodeling interior space for aesthetic or preferential reasons.

3. Exterior beautification.

4. Demolition.

5. The purchase of soft capital items pursuant to section 15-962, subsection D.

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

F. The school facilities board shall maintain the building renewal database and use the database for the computation of the building renewal formula distributions. The board shall ensure that the database is updated on at least an annual basis to reflect changes in the ages and value of school buildings. The facilities listed in the database shall include only those buildings that are owned by school districts that are required to meet academic standards. Each school district shall report to the school facilities board no later than October 15 of each year the number and type of school buildings owned by the district, the square footage of each building, the age of each building, the nature of any renovations completed and the cost of any renovations completed. The school facilities board may review or audit, or both, to confirm the information submitted by a school district. If a joint ~~technological~~ TECHNICAL education district leases a building from a school district, that building shall not be included in the school district's square footage calculation for the purposes of determining the school district's building renewal distribution pursuant to this section. The board shall adjust the age of each school facility in the database

whenever a building is significantly upgraded or remodeled. The age of a building that has been significantly upgraded or remodeled shall be recomputed as follows:

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

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

3. Subtract the product determined in paragraph 2 of this subsection from the currently listed age of the building in the database, rounded to the nearest whole number. If the result is negative, use zero.

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

H. School districts that receive monies from the building renewal fund shall establish a district building renewal fund and shall use the monies in the district building renewal fund only for the purposes prescribed in subsection B of this section. Ending cash balances in a school district's building renewal fund may be used in following fiscal years for building renewal pursuant to subsection B of this section. By October 15 of each year, each school district shall report to the school facilities board the projects funded at each school in the previous fiscal year with monies from the district building renewal fund, including the amount of expenditures dedicated to primary projects and to secondary projects. On receipt of these reports, the school facilities board shall forward this information to the joint legislative budget committee staff and the governor's office of strategic planning and budgeting staff. Each school district shall also report to the school facilities board an accounting of the monies remaining in the district building renewal fund at the end of the previous fiscal year and a comprehensive three year plan that details the proposed use of building renewal monies. If a school district fails to submit the report by October 15 or the information required by subsection F of this section, the school facilities board shall withhold building renewal monies from the school district until the school facilities board determines that the school district has complied with the reporting requirement. When the school facilities board determines that the school district has complied with the reporting requirement, the school facilities board shall restore the full amount of withheld building renewal monies to the school district.

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

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

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

3. Determine the building capacity value as follows:

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

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

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

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

K. A school district is not entitled to receive monies from the building renewal fund for any buildings that are to be replaced with new buildings that are funded with deficiencies corrections monies. The replacement buildings are not eligible to receive building renewal funding until the fiscal year following the completion of the building.

L. Notwithstanding subsections B and E of this section, a school district may use eight per cent of the building renewal amount computed pursuant to subsection I of this section for routine preventative maintenance. The board, after consultation with maintenance specialists in school districts, shall provide examples of recommended services that are routine preventative maintenance.

M. A school district that uses building renewal monies for routine preventative maintenance shall use the building renewal monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings. The auditor general shall prescribe a method for determining compliance with the requirements of this subsection. A school district, in connection with any audit conducted by a certified public accountant, shall also contract for an independent audit to determine whether the school district used building renewal monies to reduce the school district's existing level of routine preventative maintenance funding. The auditor

general may conduct discretionary reviews of a school district that is not required to contract for an independent audit.

N. For the purposes of this section:

1. "Primary projects" means projects that are necessary for buildings owned by school districts that are required to meet the academic standards listed in the database maintained pursuant to subsection F of this section and that fall below the minimum school facility adequacy guidelines, as adopted by the school facilities board pursuant to section 15-2011.

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

3. "Secondary projects" means all projects that are not primary projects.

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

Sec. 20. Section 15-2041, Arizona Revised Statutes, is amended to read:

15-2041. New school facilities fund; capital plan; report

A. A new school facilities fund is established consisting of monies appropriated by the legislature and monies credited to the fund pursuant to section 37-221. The school facilities board shall administer the fund and distribute monies, as a continuing appropriation, to school districts for the purpose of constructing new school facilities and for contracted expenses pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30 of each fiscal year, any unobligated contract monies in the new school facilities fund shall be transferred to the capital reserve fund established by section 15-2003.

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

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

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

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

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

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

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

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

5. If a school district pays tuition for all or a portion of the school district's high school pupils to another school district, the capital plan shall indicate the number of pupils for which the district pays tuition to another district. If a school district accepts pupils from another school district pursuant to section 15-824, subsection A, the school district shall indicate the projections for this population separately. This paragraph does not apply to a small isolated school district as defined in section 15-901.

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

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

1. The school facilities board shall review and evaluate the enrollment projections and either approve the projections as submitted or revise the projections. In determining new construction requirements, the school facilities board shall determine the net new growth of pupils that will require additional square footage that exceeds the building adequacy standards prescribed in section 15-2011. If the projected growth and the existing number of pupils exceed three hundred fifty pupils who are served in a school district other than the pupil's resident school district, the school facilities board, the receiving school district and the resident school district shall develop a capital facilities plan on how to best serve those pupils. A small isolated school district as defined in section 15-901 is not required to develop a capital facilities plan pursuant to this paragraph.

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

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

(a) Determine the number of pupils requiring additional square footage to meet building adequacy standards. This amount for elementary schools shall not be less than the number of new pupils for whom space will be needed

in the next year and shall not exceed the number of new pupils for whom space will be needed in the next five years. This amount for middle and high schools shall not be less than the number of new pupils for whom space will be needed in the next four years and shall not exceed the number of new pupils for whom space will be needed in the next eight years.

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

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

(ii) Geographic factors.

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

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

(c) Multiply the product obtained in subdivision (b) of this paragraph by the cost per square foot. The cost per square foot is ninety dollars for preschool children with disabilities, kindergarten programs and grades one through six, ninety-five dollars for grades seven and eight and one hundred ten dollars for grades nine through twelve. The cost per square foot shall be adjusted annually for construction market considerations based on an index identified or developed by the joint legislative budget committee as necessary but not less than once each year. The school facilities board shall multiply the cost per square foot by 1.05 for any school district located in a rural area. The school facilities board may only modify the base cost per square foot prescribed in this subdivision for particular schools based on geographic conditions or site conditions. For the purposes of this subdivision, "rural area" means an area outside a thirty-five mile radius of a boundary of a municipality with a population of more than fifty thousand persons.

(d) Once the school district governing board obtains approval from the school facilities board for new facility construction funds, additional portable or modular square footage created for the express purpose of providing temporary space for pupils until the completion of the new facility shall not be included by the school facilities board for the purpose of new

construction funding calculations. On completion of the new facility construction project, if the portable or modular facilities continue in use, the portable or modular facilities shall be included as prescribed by this chapter, unless the school facilities board approves their continued use for the purpose of providing temporary space for pupils until the completion of the next new facility that has been approved for funding from the new school facilities fund.

4. For projects approved after December 31, 2001, and notwithstanding paragraph 3 of this subsection, a unified school district that does not have a high school is not eligible to receive high school space as prescribed by section 15-2011 and this section unless the unified district qualifies for geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of this subsection.

5. If a joint ~~technological~~ TECHNICAL education district leases a building from a school district, that building shall be included in the school district's square footage calculation for the purposes of new construction pursuant to this section.

E. Monies for architectural and engineering fees, project management services and preconstruction services shall be distributed on the completion of the analysis by the school facilities board of the school district's request. After receiving monies pursuant to this subsection, the school district shall submit a design development plan for the school or addition to the school facilities board before any monies for construction are distributed. If the school district's request meets the building adequacy standards, the school facilities board may review and comment on the district's plan with respect to the efficiency and effectiveness of the plan in meeting state square footage and facility standards before distributing the remainder of the monies. If the school facilities board modifies the cost per square foot as prescribed in subsection D, paragraph 3, subdivision (c) of this section, the school facilities board may deduct the cost of project management services and preconstruction services from the required cost per square foot. The school facilities board may decline to fund the project if the square footage is no longer required due to revised enrollment projections.

F. The school facilities board shall distribute the monies needed for land for new schools so that land may be purchased at a price that is less than or equal to fair market value and in advance of the construction of the new school. If necessary, the school facilities board may distribute monies for land to be leased for new schools if the duration of the lease exceeds the life expectancy of the school facility by at least fifty per cent. The proceeds derived through the sale of any land purchased or partially purchased with monies provided by the school facilities board shall be returned to the state fund from which it was appropriated and to any other participating entity on a proportional basis. Except as provided in section 15-342, paragraph 33, if a school district acquires real property by donation

at an appropriate school site approved by the school facilities board, the school facilities board shall distribute an amount equal to twenty per cent of the fair market value of the donated real property that can be used for academic purposes. The school district shall place the monies in the unrestricted capital outlay fund and increase the unrestricted capital budget limit by the amount of monies placed in the fund. Monies distributed under this subsection shall be distributed from the new school facilities fund. A school district that receives monies from the new school facilities fund for a donation of land pursuant to section 15-342, paragraph 33 shall not receive monies from the school facilities board for the donation of real property pursuant to this subsection. A school district shall not pay a consultant a percentage of the value of any of the following:

1. Donations of real property, services or cash from any of the following:

(a) Entities that have offered to provide construction services to the school district.

(b) Entities that have been contracted to provide construction services to the school district.

(c) Entities that build residential units in that school district.

(d) Entities that develop land for residential use in that school district.

2. Monies received from the school facilities board on behalf of the school district.

3. Monies paid by the school facilities board on behalf of the school district.

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

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

I. If a school district has surplus monies received from the new school facilities fund, the school district may use the surplus monies only for capital purposes for the project for up to one year after completion of the project. If the school district possesses surplus monies from the new school construction project that have not been expended within one year of the completion of the project, the school district shall return the surplus monies to the school facilities board for deposit in the new school facilities fund.

J. The board's consideration of any application filed after December 31 of the year in which the property becomes territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461 for monies to fund the construction of new school facilities proposed to be located in territory in the vicinity of a military airport or ancillary military facility shall include, if after notice is transmitted to the military airport pursuant to section 15-2002 and before the public hearing the military airport provides comments and an analysis concerning compatibility of the proposed school facilities with the high noise or accident potential generated by military airport or ancillary military facility operations that may have an adverse effect on public health and safety, consideration and analysis of the comments and analysis provided by the military airport before making a final determination.

K. If a school district uses its own project manager for new school construction, the members of the school district governing board and the project manager shall sign an affidavit stating that the members and the project manager understand and will follow the minimum adequacy requirements prescribed in section 15-2011.

L. The school facilities board shall establish a separate account in the new school facilities fund designated as the litigation account to pay attorney fees, expert witness fees and other costs associated with litigation in which the school facilities board pursues the recovery of damages for deficiencies correction that resulted from alleged construction defects or design defects that the school facilities board believes caused or contributed to a failure of the school building to conform to the building adequacy requirements prescribed in section 15-2011. Attorney fees paid pursuant to this subsection shall not exceed the market rate for similar types of litigation. The joint committee on capital review shall conduct an

annual review of the litigation account, including the costs associated with current and potential litigation.

M. Until the state board of education and the auditor general adopt rules pursuant to section 15-213, subsection I, the school facilities board may allow school districts to contract for construction services and materials through the qualified select bidders list method of project delivery for new school facilities pursuant to this section.

N. The school facilities board shall submit electronically a report on project management services and preconstruction services to the governor, the president of the senate and the speaker of the house of representatives by December 31 of each year. The report shall compare projects that use project management and preconstruction services with those that do not. The report shall address cost, schedule and other measurable components of a construction project. School districts, construction manager at risk firms and project management firms that participate in a school facilities board funded project shall provide the information required by the school facilities board in relation to this report.

O. If a school district constructs new square footage according to section 15-342, paragraph 33, the school facilities board shall review the design plans and location of any new school facility submitted by school districts and another party to determine whether the design plans comply with the adequacy standards prescribed in section 15-2011 and the square footage per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b) of this section. When the school district qualifies for a distribution of monies from the new school facilities fund according to this section, the school facilities board shall distribute monies to the school district from the new school facilities fund for the square footage constructed under section 15-342, paragraph 33 at the same cost per square foot established by this section that was in effect at the time of the beginning of the construction of the school facility. Before the school facilities board distributes any monies pursuant to this subsection, the school district shall demonstrate to the school facilities board that the facilities to be funded pursuant to this section meet the minimum adequacy standards prescribed in section 15-2011. The agreement entered into pursuant to section 15-342, paragraph 33 shall set forth the procedures for the allocation of these funds to the parties that participated in the agreement.

Sec. 21. Section 16-322, Arizona Revised Statutes, is amended to read:

16-322. <u>Number of signatures required on nomination petitions</u>

A. Nomination petitions shall be signed:

1. If for a candidate for the office of United States senator or for a state office, excepting members of the legislature and superior court judges, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least one-half of one per cent of the voter registration of the party of the candidate in at least three counties in the state, but not less than one-half of one per cent nor

more than ten per cent of the total voter registration of the candidate's party in the state.

2. If for a candidate for the office of representative in Congress, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least one-half of one per cent but not more than ten per cent of the total voter registration of the party designated in the district from which such representative shall be elected.

3. If for a candidate for the office of member of the legislature, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least one per cent but not more than three per cent of the total voter registration of the party designated in the district from which the member of the legislature may be elected.

4. If for a candidate for a county office or superior court judge, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least two per cent but not more than ten per cent of the total voter registration of the party designated in the county or district, provided that in counties with a population of two hundred thousand persons or more, a candidate for a county office shall have nomination petitions signed by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least one-half of one per cent but not more than ten per cent of the total voter registration of the party designated in the county or district.

5. If for a candidate for a community college district, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least one-half of one per cent but not more than ten per cent of the total voter registration in the precinct as established pursuant to section 15-1441.

6. If for a candidate for county precinct committeeman, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least two per cent but not more than ten per cent of the party voter registration in the precinct or ten signatures, whichever is less.

7. If for a candidate for justice of the peace or constable, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least two per cent but not more than ten per cent of the party voter registration in the precinct.

8. If for a candidate for mayor or other office nominated by a city at large, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least five per cent and not more than ten per cent of the designated party vote in the city, except that a city that chooses to hold nonpartisan elections may by ordinance provide that the minimum number of signatures required for the

candidate be one thousand signatures or five per cent of the vote in the city, whichever is less, but not more than ten per cent of the vote in the city.

9. If for an office nominated by ward, precinct or other district of a city, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least five per cent and not more than ten per cent of the designated party vote in the ward, precinct or other district.

10. If for a candidate for an office nominated by a town at large, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least five per cent and not more than ten per cent of the vote in the town.

11. If for a candidate for a governing board of a school district, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least one-half of one per cent of the total voter registration in the school district if the governing board members are elected at large or one per cent of the total voter registration in the single member district if governing board members or joint ~~technological~~ TECHNICAL education district board members are elected from single member districts. Notwithstanding the total voter registration in the school district or single member district, the maximum number of signatures required by this paragraph is four hundred.

12. If for a candidate for a governing body of a special district as described in title 48, by a number of qualified electors who are qualified to vote for the candidate whose nomination petition they are signing equal to at least one-half of one per cent of the vote in the special district but not more than two hundred fifty and not fewer than five signatures.

B. The basis of percentage in each instance referred to in subsection A of this section, except in cities, towns and school districts, shall be the number of voters registered in the designated party of the candidate as reported pursuant to section 16-168, subsection G on March 1 of the year in which the general election is held. In cities, the basis of percentage shall be the vote of the party for mayor at the last preceding election at which a mayor was elected. In towns, the basis of percentage shall be the highest vote cast for an elected official of the town at the last preceding election at which an official of the town was elected. In school districts, the basis of percentage shall be the total number of voters registered in the school district or single member district, whichever applies. The total number of voters registered for school districts shall be calculated using the periodic reports prepared by the county recorder pursuant to section 16-168, subsection G. The count that is reported on March 1 of the year in which the general election is held shall be the basis for the calculation of total voter registration for school districts.

C. In primary elections the signature requirement for party nominees, other than nominees of the parties entitled to continued representation pursuant to section 16-804, is at least one-tenth of one per cent of the total vote for the winning candidate or candidates for governor or presidential electors at the last general election within the district. Signatures must be obtained from qualified electors who are qualified to vote for the candidate whose nomination petition they are signing.

D. If new boundaries for congressional districts, legislative districts, supervisorial districts, justice precincts or election precincts are established and effective subsequent to March 1 of the year of a general election and prior to the date for filing of nomination petitions, the basis for determining the required number of nomination petition signatures is the number of registered voters in the designated party of the candidate in the elective office, district or precinct on the day the new districts or precincts are effective.

Sec. 22. Section 35-701, Arizona Revised Statutes, is amended to read:

35-701. Definitions

In this chapter, unless the context otherwise requires:

1. "Corporation" means any corporation organized as an authority as provided in this chapter.

2. "Designated area" means any area of this state which is either designated pursuant to section 36-1479 as a slum or blighted area as defined in section 36-1471, designated by regulation as a pocket of poverty or a neighborhood strategy area by the United States department of housing and urban development pursuant to title I of the housing and community development act of 1977 (P.L. 95-128; 42 United States Code sections 5301 through 5320), as amended, and the department of housing and urban development act (P.L. 89-174; 42 United States Code section 3535(d)) or designated by the United States department of housing and urban development as an empowerment or enterprise zone pursuant to the federal omnibus budget reconciliation act of 1993 (P.L. 103-66; 26 United States Code section 1391(g)) or an area certified as an enterprise zone pursuant to section 41-1524, subsection B.

3. "Governing body" means:

(a) The board or body in which the general legislative powers of the municipality or the county are vested.

(b) The Arizona board of regents with respect to a corporation formed with the permission of the Arizona board of regents.

4. "Income" means gross earnings from wages, salary, commissions, bonuses or tips from all jobs, net earnings from such person's or family's own nonfarm business, professional practice or partnership, and net earnings from such person's or family's own farm. Income includes income, other than earnings, that consists of amounts received from social security or railroad retirement, interest, dividends, veterans payments, pensions and other regular payments, public assistance or welfare payments, including aid for

1 dependent children, old age assistance and aid to the blind or totally
2 disabled, but excluding separate payments for hospital or other medical care.
3 5. "Manufactured house" means a structure that is manufactured in a
4 factory after June 15, 1976, that is delivered to a homesite in more than one
5 section and that is placed on a permanent foundation. The dimensions of the
6 completed house shall not be less than twenty feet by forty feet, the roof
7 must be sloping, the siding and roofing must be the same as those found in
8 site-built houses and the house must be eligible for thirty year real estate
9 mortgage financing.
10 6. "Municipality" or "county" means the Arizona board of regents or
11 any incorporated city or town, including charter cities, or any county in
12 this state in which a corporation may be organized and in which it is
13 contemplated the corporation will function.
14 7. "Persons of low and moderate income" means, for the purposes of
15 financing owner-occupied single family dwelling units in areas which the
16 municipality has found, pursuant to section 36-1479, to be slum or blighted
17 areas, as defined in section 36-1471, persons and families whose income does
18 not exceed two and one-half times the median family income of this state. In
19 all other areas it means persons and families whose income does not exceed
20 one and one-half times the median family income of this state.
21 8. "Project" means any land, any building or any other improvement and
22 all real and personal properties, including machinery and equipment whether
23 or not now in existence or under construction and whether located within or
24 without this state or the municipality or county approving the formation of
25 the corporation, that are suitable for any of the following:
26 (a) With respect to a corporation formed with the permission of a
27 municipality or county other than the Arizona board of regents:
28 (i) Any enterprise for the manufacturing, processing or assembling of
29 any agricultural or manufactured products.
30 (ii) Any commercial enterprise for the storing, warehousing,
31 distributing or selling of products of agriculture, mining or industry, or of
32 processes related thereto, including research and development.
33 (iii) Any office building or buildings for use as corporate or company
34 headquarters or regional offices or the adaptive use for offices of any
35 building within this state that is on the national register of historic
36 places or rehabilitation of residential buildings located in registered
37 historic neighborhoods.
38 (iv) A health care institution as defined in section 36-401.
39 (v) Residential real property for dwelling units located within the
40 municipality or county approving the formation of the corporation and, in the
41 case of a county, whether or not also within a municipality that is within
42 the county.
43 (vi) Repairing or rehabilitating single family dwelling units or
44 constructing or repairing residential fences and walls.
45 (vii) Convention or trade show facilities.

(viii) Airports, docks, wharves, mass commuting facilities, parking facilities or storage or training facilities directly related to any of the facilities as provided in this item.

(ix) Sewage or solid waste disposal facilities or facilities for the furnishing of electric energy, gas or water.

(x) Industrial park facilities.

(xi) Air or water pollution control facilities.

(xii) Any educational institution that is operated by a nonprofit educational organization that is exempt from taxation under section 501(c)(3) of the United States internal revenue code and that is not otherwise funded by state monies, any educational institution or organization that is established under title 15, chapter 1, article 8 and that is owned by a nonprofit organization, any private nonsectarian school or any private nonsectarian organization established for the purpose of funding a joint ~~technological~~ TECHNICAL education school district.

(xiii) Research and development facilities.

(xiv) Commercial enterprises, including facilities for office, recreational, hotel, motel and service uses if the facilities authorized by this item are to be located in a designated area.

(xv) A child welfare agency, as defined in section 8-501, owned and operated by a nonprofit organization.

(xvi) A transportation facility constructed or operated pursuant to title 28, chapter 22.

(xvii) A museum operated by a nonprofit organization.

(xviii) Facilities owned or operated by a nonprofit organization described in section 501(c) of the United States internal revenue code of 1986.

(xix) New or existing correctional facilities within this state.

(b) With respect to a corporation formed with the permission of the Arizona board of regents, any facility consisting of classrooms, lecture halls or conference centers or any facility for research and development or for manufacturing, processing, assembling, marketing, storing and transferring items developed through or connected with research and development or in which the results of such research and development are utilized, but only if the facility is located in an area designated as a research park by the Arizona board of regents.

9. "Property" means any land, improvements thereon, buildings and any improvements thereto, machinery and equipment of any and all kinds necessary to a project and any other personal properties deemed necessary in connection with a project.

10. "Research park" means an area of land that has been designated by the Arizona board of regents as a research park for a university and that, at the date of designation, is owned by this state or by the Arizona board of regents.

1 11. "Single family dwelling unit" includes any new, used or
2 manufactured house that meets the insuring requirements of the federal
3 housing administration, the veterans administration or any other insuring
4 entity of the United States government or any private mortgage insurance or
5 surety company that is approved by the federal home loan mortgage corporation
6 or the federal national mortgage association.
7 Sec. 23. Emergency
8 This act is an emergency measure that is necessary to preserve the
9 public peace, health or safety and is operative immediately as provided by
10 law.

APPROVED BY THE GOVERNOR APRIL 5, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 5, 2010.

Passed the House March 30, 2010

by the following vote: 43 Ayes,

14 Nays, 3 Not Voting

with emergency

Speaker of the House

Cheryl Laube

Chief Clerk of the House

Passed the Senate March 31, 2010

by the following vote: 25 Ayes,

3 Nays, 2 Not Voting

With Emergency

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

1st day of April, 2010

at 4:05 o'clock P. M.

Secretary to the Governor

Approved this 5th day of

April

at 12:53 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 5th day of April, 2010

at 3:06 o'clock P. M.

Secretary of State

H.B. 2128