Senate Engrossed House Bill

FILED
KEN BENNETT
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CHAPTER 179

HOUSE BILL 2386

AN ACT

AMENDING SECTIONS 15-481, 15-482 AND 15-943.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTIONS 71 AND 72; RELATING TO SCHOOL DISTRICT ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-481, Arizona Revised Statutes, is amended to read:

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

A. If a proposed budget of a school district exceeds the aggregate budget limit for the budget year, at least ninety days before the proposed election the governing board shall order an override election to be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of presenting the proposed budget to the qualified electors of the school district who by a majority of those voting either shall affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not include the proposed increase or the portion of the proposed increase that exceeds the amount authorized by a previously approved budget increase as prescribed in subsection P of this section.

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

1. The date of the election.

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

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

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

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

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

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

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

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

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

11. The full cash value, the assessed valuation, the first year tax rate for the proposed override and the estimated amount of the secondary property taxes if the proposed budget is adopted for each of the following:

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

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

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

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

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

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

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

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

C. For the purpose of this section, the school district may use its staff, equipment, materials, buildings or other resources only to distribute the informational report at the school district office or at public hearings and to produce such information as required in subsection B of this section, provided that nothing in this subsection shall preclude school districts from holding or participating in any public hearings at which testimony is given by at least one person for the proposed increase and one person against the proposed increase. Any written information provided by the district pertaining to the override election shall include financial information showing the estimated first year tax rate for the proposed budget override amount.

D. If any amount of the proposed increase will be funded by a levy of taxes in the district, the election prescribed in subsection A of this section shall be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d). If the proposed increase will be fully funded by revenues from other than a levy of taxes, the elections prescribed in subsection A of this section shall be held on any date prescribed by section 16-204. The elections shall be conducted as nearly as practicable in the manner prescribed in article 1 of this chapter, sections 15-422 through 15-424 and section 15-426, relating to special elections, except that:

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

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

E. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify

his desired choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section and the following statement:

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

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

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

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

3. The following statement:

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

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is fifteen per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. If a school district requests an override pursuant to section 15-482 or to continue with a budget override pursuant to section 15-482 for pupils in kindergarten programs and grades one through three that was authorized before December 31, 2008, the

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

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

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

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

(i)

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

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

(ii)

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

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

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

(i)

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

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

(ii)

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

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

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

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

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

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

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

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

contain the amount of the proposed increase of the budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section, and the following statement:

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

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

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

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

kindergarten programs and grades one through eight as provided in section 15-971, subsection B. For a unified school district, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through twelve. For a union high school district, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in grades nine through twelve.

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

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

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

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

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

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

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

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

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

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

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

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

R. If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection L of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board, however, may levy on the assessed valuation used for secondary property tax purposes of the property in the school district

the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

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

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

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

V. The governing board may request that any override election be cancelled if any change in chapter 9 of this title changes the amount of the aggregate budget limit as provided in section 15-905. The request to cancel the override election shall be made to the county school superintendent at least ~~ten~~ EIGHTY days prior to the date of the scheduled override election.

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

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

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

> _____ school district is proposing to increase its budget by $_____ to fund capital improvements over and above those funded by the state. Under the students first capital funding system, _____ school district is entitled to

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

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

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

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

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

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

AA. Notwithstanding any other law, the maximum budget increase that may be authorized pursuant to subsection L or M of this section is ten per cent of the school district's revenue control limit.

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

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

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

> Any budget increase continuation authorized by this election shall be entirely funded by a levy of taxes on the taxable property in this school district for the year for which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed continuation of the increase in the school district's

budget would require an estimated continuation of a tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate that will be levied to fund the school district's revenue control limit allowed by law.

Sec. 2. Section 15-482, Arizona Revised Statutes, is amended to read:

15-482. Special five per cent override for programs of pupils in kindergarten programs and grades one through twelve

A. An additional budget increase may be requested and authorized as provided in section 15-481, subsections I and J of up to five per cent of the revenue control limit as provided in subsection B of this section.

B. The maximum amount of the budget increase requested and authorized shall not exceed the budgeted expenditures of the proposed special program for each fiscal year, not to exceed a total of five per cent of the revenue control limit for each fiscal year.

~~C. For each fiscal year in which a budget increase of up to five per cent of the revenue control limit is authorized as provided in subsection A of this section, the governing board shall:~~

~~1. Utilize a separate annual special program budget on a form prescribed by the auditor general in conjunction with the department of education. The budget format shall be designed to allow a school district to plan and provide in detail for expenditures to be incurred as a result of the special program.~~

~~2. Prepare as a part of the school district annual financial report a detailed report of expenditures incurred as a result of the special program, in a format prescribed by the auditor general in conjunction with the department of education, as provided in section 15-904.~~

~~D.~~ C. The special program may be designed for CHILDREN WITH DISABILITIES IN PRESCHOOL PROGRAMS AND any or all of the pupils enrolled in kindergarten programs and grades one through twelve and may involve efforts to remove barriers to academic achievement as well as efforts to improve instruction or increase the amount of instruction.

~~E.~~ D. During any fiscal year in which proceeds from the sale or lease of school property are used for the maintenance and operation section of the budget as provided in section 15-1102, a budget increase is in effect as provided in section 15-481, subsection E or F, or a budget increase is in effect as provided in this section, or any combination of these conditions occurs, the total amount of the proceeds and increases which may be expended is equal to fifteen per cent of the revenue control limit for that year as provided in section 15-947, subsection A, provided that the following maximum amount is attributable to any one of the conditions:

1. Fifteen per cent of the revenue control limit if using the proceeds from the sale or lease of school property for the maintenance and operation section of the budget as provided in section 15-1102.

2. Fifteen per cent of the revenue control limit if using a budget increase as provided in section 15-481, subsection E or F, or both.

3. Five per cent of the revenue control limit if using a budget increase as provided in this section.

Sec. 3. Section 15-943.01, Arizona Revised Statutes, is amended to read:

15-943.01. Maintenance and operation budget balance; definition

A. The governing board of a school district may budget any budget balance in the maintenance and operation section of the budget, as provided in section 15-903, from the current fiscal year for use in the maintenance and operation section of the budget in the budget year. The amount which may be budgeted as the budget balance carryforward in any one fiscal year shall not exceed four per cent of the school district's revenue control limit, as provided in section 15-947, subsection A, for the current year and shall not include any budget balance attributable to any reduction in the district's general budget limit, including reductions for items which are exempt from the revenue control limit and for which expenditures are limited to a designated purpose such as excess insurance costs or excess utility costs or for the bond issues portion of the cost of tuition. ~~A school district may include in the budget balance carryforward in any fiscal year up to fifty per cent of the unspent proceeds of an override election conducted pursuant to section 15-482.~~ The amount budgeted as the budget balance carryforward is specifically exempt from the revenue control limit.

B. If the actual amount of the allowable budget balance carryforward is less than the amount budgeted for the budget balance carryforward, the governing board shall adjust the general budget limit and expenditures before May 15 based on the actual allowable budget balance carryforward. If the actual amount of the allowable budget balance carryforward is more than the amount budgeted for the budget balance carryforward, the governing board may adjust its budget before May 15 based on the actual amount of the allowable fund balance carryforward. Not later than May 18, the budget as revised shall be submitted electronically to the superintendent of public instruction.

C. If the governing board is eligible to budget for a budget balance carryforward as provided in subsection A of this section, the governing board may transfer an amount from the district's ending cash balance of the maintenance and operations fund to the school opening fund. The maximum amount that may be transferred is the lesser of the district's ending cash balance in the maintenance and operations fund or the amount the district is eligible to budget as a budget balance carryforward. The school opening fund is a cash controlled fund as provided in section 15-905, subsection N, and may only be expended for the additional maintenance and operations expenses

incurred in the first year of operation of a new school within the school district. The monies in the school opening fund are not subject to reversion, except that at the end of five years of no activity in the fund, any remaining monies shall be reverted to the maintenance and operations fund. Any monies so reverted may be considered additional budget balance for that fiscal year.

D. If a governing board transfers monies as provided in subsection C of this section, the amount so transferred in a fiscal year shall be subtracted from the amount the district would otherwise be eligible to budget for that fiscal year as provided in subsection A of this section. The difference, if any, is the maximum amount that may be budgeted for that fiscal year as a budget balance carryforward.

E. For the purposes of this section, "budget balance" means the difference between actual and budgeted expenditures.

Sec. 4. Laws 2009, third special session, chapter 12, section 71, is amended to read:

Sec. 71. Saving clause

This act does not ~~affect~~ CANCEL any special budget overrides pursuant to section 15-482, Arizona Revised Statutes, ~~as amended by this act,~~ that were approved by a majority of the qualified electors of a school district voting in the election before ~~the effective date of this act~~ NOVEMBER 24, 2009. NOTWITHSTANDING SECTION 15-482, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT, SPECIAL BUDGET OVERRIDES THAT WERE APPROVED IN AN ELECTION CONDUCTED BEFORE NOVEMBER 24, 2009 SHALL BE LIMITED TO FIVE PER CENT OF THE REVENUE CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN PRESCHOOL PROGRAMS FOR CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT AS PROVIDED IN SECTION 15-971, SUBSECTION B, ARIZONA REVISED STATUTES. Special budget overrides pursuant to section 15-482, Arizona Revised Statutes, ~~as amended by this act,~~ that were approved by a majority of the qualified electors of a school district voting in the election before ~~the effective date of this act~~ NOVEMBER 24, 2009 shall continue ~~for the duration previously authorized by the qualified electors or until the qualified electors of the school district subsequently approve a budget increase in an amount of not more than fifteen per cent of the revenue control limit as prescribed in section 15-481, subsection G, Arizona Revised Statutes, as amended by this act, whichever occurs first.~~ UNTIL ONE OF THE FOLLOWING OCCURS:

1. THE EXPIRATION OF THE PREVIOUSLY AUTHORIZED OVERRIDE.

2. THE FIRST YEAR OF A SPECIAL PROGRAM BUDGET INCREASE THAT WAS SUBSEQUENTLY APPROVED BY THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS PROVIDED IN SECTION 15-482, ARIZONA REVISED STATUTES.

3. THE FIRST YEAR OF A BUDGET INCREASE THAT WAS SUBSEQUENTLY APPROVED BY THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT AS PROVIDED IN SECTION 15-481, SUBSECTION E OR F, ARIZONA REVISED STATUTES, OR BY LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTION 72, AS AMENDED BY THIS ACT, SUCH THAT

THE PREVIOUSLY AUTHORIZED OVERRIDES AND NEW OVERRIDES WOULD EXCEED FIFTEEN PER CENT OF THE REVENUE CONTROL LIMIT.

Sec. 5. Laws 2009, third special session, chapter 12, section 72, is amended to read:

Sec. 72. Override election procedures for fiscal year 2009-2010

Notwithstanding any other law, for fiscal year 2009-2010:

1. A school district may conduct an election on the second Tuesday in March 2010 to submit a proposed budget increase to the qualified electors in an amount of not more than fifteen per cent of the revenue control limit as prescribed in section 15-481, subsection G, Arizona Revised Statutes, as amended by ~~this act~~ LAWS 2009, THIRD SPECIAL SESSION, CHAPTER 12, SECTION 11. Override elections conducted in subsequent fiscal years shall be as prescribed by statute. An increase of not more than fifteen per cent that is subsequently approved by a majority of the qualified electors of the school district voting in the election shall replace any previously authorized increases approved by the qualified electors voting in the election pursuant to section 15-481, subsection E or F, Arizona Revised Statutes, ~~as amended by this act,~~ and section 15-482, Arizona Revised Statutes, ~~as amended by this act~~ ONLY TO THE EXTENT NECESSARY FOR THE COMBINED PREVIOUSLY AUTHORIZED OVERRIDE AND NEW BUDGET OVERRIDE TO NOT EXCEED FIFTEEN PER CENT OF THE REVENUE CONTROL LIMIT.

2. If a majority of the qualified electors in a school district voting in the election approve a proposed budget increase in an amount of not more than ten per cent of the revenue control limit in an election conducted on the first Tuesday in November 2009, the school district may subsequently conduct an election on the second Tuesday in March 2010 to submit to the qualified electors a proposed budget increase in an amount of not more than an additional five per cent of the revenue control limit. Override elections conducted in subsequent fiscal years shall be as prescribed by statute.

3. If a majority of the qualified electors of a common school district voting in the election have approved both a budget increase that is still in effect on ~~the effective date of this act~~ NOVEMBER 24, 2009 pursuant to section 15-481, subsection E or F, Arizona Revised Statutes, ~~as amended by this act,~~ and a budget increase that is still in effect on ~~the effective date of this act~~ NOVEMBER 24, 2009 pursuant to section 15-482, Arizona Revised Statutes, ~~as amended by this act,~~ the common school district may call an election on the second Tuesday in March 2010 to submit to the qualified electors a proposed budget increase in an amount of not more than seventeen per cent of the revenue control limit. An increase of not more than seventeen per cent that is subsequently approved by a majority of the qualified electors of the school district voting in the election shall replace any previously authorized increases approved by the qualified electors pursuant to section 15-481, subsection E or F, Arizona Revised Statutes, ~~as amended by this act,~~ and section 15-482, Arizona Revised Statutes~~, as amended by this act~~. If approved by a majority of the qualified

electors voting in the election, the common school district may continue to budget the amount of not more than seventeen per cent of the revenue control limit for the remaining number of years of the override previously approved pursuant to section 15-482, Arizona Revised Statutes~~, as amended by this act~~. On the expiration of the override previously approved pursuant to section 15-482, Arizona Revised Statutes, ~~as amended by this act,~~ override elections conducted in subsequent fiscal years shall be as prescribed by statute.

~~4. A governing board may cancel any override election previously called for November 2009 no later than August 15, 2009 in order to implement this section.~~

4. A SCHOOL DISTRICT MAY CONDUCT AN ELECTION ON THE SECOND TUESDAY IN MARCH 2010 TO SUBMIT TO THE QUALIFIED ELECTORS A PROPOSED BUDGET INCREASE PURSUANT TO THIS SECTION, IF THE SCHOOL DISTRICT ALSO CONDUCTED AN ELECTION IN THE SAME FISCAL YEAR TO SUBMIT A PROPOSED BUDGET INCREASE TO THE QUALIFIED ELECTORS PURSUANT TO SECTION 15-481, SUBSECTION L OR M, ARIZONA REVISED STATUTES.

5. UNLESS SPECIFIED DIFFERENTLY IN THIS SECTION, ALL PROVISIONS OF SECTIONS 15-481 AND 15-482, ARIZONA REVISED STATUTES, APPLY TO OVERRIDE ELECTIONS HELD IN MARCH 2010.

Sec. 6. Base support level; overrides

Notwithstanding Laws 2010, seventh special session, chapter 8, section 21, adjustments to school district budget limits required by Laws 2010, seventh special session, chapter 8, section 21, for fiscal year 2010-2011, if any, do not apply to budget limits for fiscal year 2010-2011 only for the purposes of calculating school district overrides authorized by title 15, chapter 4, article 4, Arizona Revised Statutes.

Sec. 7. Elimination of kindergarten weight; overrides

Notwithstanding section 15-943, Arizona Revised Statutes, as amended by Laws 2010, seventh special session, chapter 8, section 3, adjustments to school district budget limits required by section 15-943, Arizona Revised Statutes, as amended by Laws 2010, seventh special session, chapter 8, section 3, for fiscal year 2010-2011 as a result of the elimination of the kindergarten funding weight do not apply to budget limits for fiscal year 2010-2011 only for the purposes of calculating school district overrides authorized by title 15, chapter 4, article 4, Arizona Revised Statutes.

Sec. 8. Emergency

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

APPROVED BY THE GOVERNOR APRIL 27, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 28, 2010.

Passed the House March 3, 2010

by the following vote: 51 Ayes,

6 Nays, 3 Not Voting

with Emergency

Speaker of the House

Chief Clerk of the House

Passed the Senate April 19, 2010

by the following vote: 21 Ayes,

7 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

_____ day of _____, 20_____

at _____ o'clock _____M.

_____
Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

_____
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

H.B. 2386

at _____ o'clock _____M.

_____
Secretary of State

HOUSE CONCURS IN SENATE AMENDMENTS AND FINAL PASSAGE

April 21, 2010,

by the following vote: 51 Ayes,

9 Nays, 0 Not Voting

with Emergency

Speaker of the House

Cheryl Laube

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

21 day of April, 2010

at 3:46 o'clock P. M.

Nicole Bandke

Secretary to the Governor

Approved this 27th day of

April, 2010,

at 3:09 o'clock P. M.

Jan K. Brewer

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 28th day of April, 2010,

at 8:32 o'clock a M.

Ken Bennett

Secretary of State

H.B. 2386