

Senate Engrossed House Bill

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 340

HOUSE BILL 2707

AN ACT

ALLOWING SCHOOL DISTRICTS TO CORRECT OVERSTATEMENTS OF AVERAGE DAILY
MEMBERSHIP AND BUDGET OVEREXPENDITURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. School district overstatements of average daily
3 membership; correction; interest

4 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
5 Statutes, a school district that overstated its average daily membership
6 during fiscal years 2006-2007, 2007-2008 and 2008-2009 shall be required to
7 correct the overstatement over a three-year period beginning in fiscal year
8 2013-2014 and ending in fiscal year 2015-2016. The repayment amount shall be
9 paid in equal installments in each of the three fiscal years. This
10 subsection applies to a school district if all of the following conditions
11 exist:

12 1. The school district is a unified school district that is located in
13 a county that shares a border with Mexico.

14 2. The school district's average daily membership for the 2010-2011
15 school year was less than four hundred fifty pupils.

16 3. The overstatement was the result of the school district counting
17 students in its average daily membership that were not eligible to be
18 included in the school district's average daily membership, as reflected by
19 an audit published by the department of education in May 2010.

20 4. The total amount of the overstatement, as reflected in a settlement
21 agreement executed between the school district and the department of
22 education, is more than five hundred thousand dollars but less than seven
23 hundred thousand dollars.

24 B. In addition to monies required to be repaid pursuant to
25 subsection A of this section, accrued interest must be paid at a rate
26 determined by the superintendent of public instruction.

27 C. The governing board of a school district to which this section
28 applies shall adopt a formal resolution to comply with this section and, if
29 requested by the department of education, submit to annual average daily
30 membership audits.

31 Sec. 2. School district budget overexpenditures; correction;
32 interest

33 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
34 Statutes, a school district that overexpended its budget during fiscal years
35 2009-2010 and 2010-2011 shall be required to correct the overexpenditure over
36 a five-year period beginning in fiscal year 2011-2012 and ending in fiscal
37 year 2015-2016. The repayment amount shall be paid in equal installments in
38 each of the five fiscal years. This subsection applies to a school district
39 if all of the following conditions exist:

40 1. The school district is a unified school district that had a total
41 net assessed value of more than \$13,531,600 but less than \$13,531,700 on a
42 full cash value basis for tax year 2011 according to the state and county
43 2011 abstract of the assessment roll published by the department of revenue.

44 2. The school district's average daily membership for the 2010-2011
45 school year was less than one hundred pupils.

1 3. The total amount of the correction that would otherwise be required
2 for fiscal year 2011-2012 under section 15-915, Arizona Revised Statutes, is
3 more than one hundred ninety thousand dollars but less than two hundred fifty
4 thousand dollars.

5 B. In addition to monies required to be repaid pursuant to
6 subsection A of this section, accrued interest must be paid at a rate
7 determined by the superintendent of public instruction.

8 Sec. 3. School district budget overexpenditures; interest;
9 correction

10 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
11 Statutes, a school district that overexpended its budget during fiscal year
12 2003-2004 shall be required to correct this overexpenditure plus any
13 overexpenditures for fiscal years 2004-2005 through 2011-2012 by reducing its
14 budget capacity over a nine-year period beginning in fiscal year 2011-2012
15 and ending in fiscal year 2019-2020. The annual installments shall be one
16 hundred thousand dollars for fiscal year 2011-2012 and twelve and one-half
17 per cent of the remaining total required reduction for fiscal years 2012-2013
18 through 2019-2020. This subsection applies to a school district if all of
19 the following conditions exist:

20 1. The school district is a unified school district that is located on
21 an Indian reservation.

22 2. The school district is currently in receivership pursuant to
23 section 15-103, Arizona Revised Statutes.

24 3. The school district's average daily membership for the 2010-2011
25 school year was more than two hundred seventy pupils but less than two
26 hundred eighty pupils.

27 4. The total amount of the correction that would otherwise be required
28 under section 15-915, Arizona Revised Statutes, excluding interest, is more
29 than five hundred thousand dollars but less than one million one hundred
30 thousand dollars.

31 B. Notwithstanding any other law, the department of education shall
32 also reduce the state aid that would otherwise be due a school district that
33 meets the criteria specified in subsection A of this section by one hundred
34 thousand dollars for fiscal year 2011-2012 and twenty-five per cent of the
35 remaining total each fiscal year over a four-year period beginning in fiscal
36 year 2012-2013 and ending in fiscal year 2015-2016.

37 C. In addition to monies required to be repaid pursuant to
38 subsection B of this section, accrued interest must be paid at a rate
39 determined by the superintendent of public instruction.

40 Sec. 4. Emergency

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

~~APPROVED BY THE GOVERNOR MAY 11, 2012.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 14, 2012.~~

Passed the House March 5, 2012

Passed the Senate April 18, 2012

by the following vote: 52 Ayes,

by the following vote: 24 Ayes,

6 Nays, 2 Not Voting
with Emergency

5 Nays, 1 Not Voting
with Emergency

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill received by the Governor this

_____ day of _____, 20

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill received by the Secretary of State

this _____ day of _____, 20

at _____ o'clock _____ M.

Secretary of State

H.B. 2707

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 30, 2012,

by the following vote: 42 Ayes,

17 Nays, 1 Not Voting
with emergency

[Signature]

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

30th day of April, 2012.

at 4:30 o'clock P M.

[Signature]

Secretary to the Governor

Approved this 11th day of

May, 2012.

at 3:14 o'clock P M.

[Signature]

Governor of Arizona

H.B. 2707

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 14th day of May, 2012,

at 8:30 o'clock a M.

[Signature]

Secretary of State