

House Engrossed Senate Bill

**FILED**

**KEN BENNETT**

**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

CHAPTER 111

## **SENATE BILL 1182**

AN ACT

AMENDING SECTIONS 15-481 AND 35-454, ARIZONA REVISED STATUTES; RELATING TO  
SCHOOL DISTRICT ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 15-481. Override election; budget increases; notice; ballot;  
5 effect

6 A. If a proposed budget of a school district exceeds the aggregate  
7 budget limit for the budget year, at least ninety days before the proposed  
8 election the governing board shall order an override election to be held on  
9 the first Tuesday following the first Monday in November as prescribed by  
10 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of  
11 presenting the proposed budget to the qualified electors of the school  
12 district who by a majority of those voting either shall affirm or reject the  
13 budget. At the same time as the order of the election, the governing board  
14 shall publicly declare the deadline for submitting arguments, as set by the  
15 county school superintendent pursuant to subsection B, paragraph 9 of this  
16 section, to be submitted in the informational report and shall immediately  
17 post the deadline in a prominent location on the district's website. In  
18 addition, the governing board shall prepare an alternate budget that does not  
19 include an increase in the budget of more than the amount permitted as  
20 provided in section 15-905. If the qualified electors approve the proposed  
21 budget, the governing board of the school district shall follow the  
22 procedures prescribed in section 15-905 for adopting a budget that includes  
23 the authorized increase. If the qualified electors disapprove the proposed  
24 budget, the governing board shall follow the procedures prescribed in section  
25 15-905 for adopting a budget that does not include the proposed increase or  
26 the portion of the proposed increase that exceeds the amount authorized by a  
27 previously approved budget increase as prescribed in subsection P of this  
28 section.

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

39 1. The date of the election.

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

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

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

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

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

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

13           8. The dollar amount and the purpose for which the proposed increase  
14 in the budget is to be expended for the first year for which the budget  
15 increase was adopted. THE PURPOSE STATEMENT SHALL ONLY PRESENT FACTUAL  
16 INFORMATION IN A NEUTRAL MANNER. ADVOCACY FOR THE EXPENDITURES IS STRICTLY  
17 LIMITED TO THE ARGUMENTS SUBMITTED PURSUANT TO PARAGRAPH 9 OF THIS  
18 SUBSECTION.

19           9. At least two arguments, if submitted, but no more than ten  
20 arguments for and two arguments, if submitted, but no more than ten arguments  
21 against the proposed increase in the budget. The arguments shall be in a  
22 form prescribed by the county school superintendent, and each argument shall  
23 not exceed two hundred words. Arguments for the proposed increase in the  
24 budget shall be provided in writing and signed by the governing board. If  
25 submitted, additional arguments in favor of the proposed increase in the  
26 budget shall be provided in writing and signed by those in favor. Arguments  
27 against the proposed increase in the budget shall be provided in writing and  
28 signed by those in opposition. The names of persons and entities submitting  
29 written arguments shall be included in the report. The county school  
30 superintendent shall review all factual statements contained in the written  
31 arguments and correct any inaccurate statements of fact. The superintendent  
32 shall not review and correct any portion of the written arguments that are  
33 identified as statements of the author's opinion. The county school  
34 superintendent shall make the written arguments available to the public as  
35 provided in title 39, chapter 1, article 2. A deadline for submitting  
36 arguments to be included in the informational report shall be set by the  
37 county school superintendent.

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

41           11. The current limited property value and the net assessed valuation  
42 provided by the department of revenue, the first year tax rate for the  
43 proposed override and the estimated amount of the secondary property taxes if  
44 the proposed budget is adopted for each of the following:

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

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

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

9 (d) A business whose assessed valuation is the average of the assessed  
10 valuation of property classified as class one, as prescribed by section  
11 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

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

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

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

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

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

12           Any budget increase authorized by this election shall be  
13 entirely funded by a levy of taxes upon the taxable property  
14 within this school district for the year for which adopted and  
15 for \_\_\_\_ subsequent years, shall not be realized from monies  
16 furnished by the state and shall not be subject to the  
17 limitation on taxes specified in article IX, section 18,  
18 Constitution of Arizona. Based on the current net assessed  
19 valuation used for secondary property tax purposes, to fund the  
20 proposed increase in the school district's budget would require  
21 an estimated tax rate of \_\_\_\_\_ dollar per one hundred  
22 dollars of net assessed valuation used for secondary property  
23 tax purposes and is in addition to the school district's tax  
24 rate which will be levied to fund the school district's revenue  
25 control limit allowed by law.

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

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

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

37           3. The following statement:

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

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

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

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

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

24 (i)

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

34 (ii)

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

(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	Small School	Support Level Weight	Phase Down
<u>Count</u>	<u>Student</u>	for Small Isolated	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>
_____	- 100	x 1.468 + (0.0005 x	x \$ _____ = \$ _____
		(500 - Student Count))	
	Phase Down	Phase Down	Small Isolated
	<u>Base</u>	<u>Reduction Factor</u>	District
	\$350,000	- \$ _____	<u>Secondary Limit</u>
			= \$ _____

(ii)

Student	Small School	Support Level Weight	Phase Down
<u>Count</u>	<u>Student</u>	for Small	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>
_____	- 100	x 1.398 + (0.0004 x	x \$ _____ = \$ _____
		(500 - Student Count))	
	Phase Down	Phase Down	Small
	<u>Base</u>	<u>Reduction Factor</u>	School District
	\$350,000	- \$ _____	<u>Secondary Limit</u>
			= \$ _____

(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

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

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

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

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

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

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

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

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

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

32                 Any budget increase authorized by this election shall be  
33                 entirely funded by a levy of taxes upon the taxable property  
34                 within this school district for the year in which adopted and  
35                 for \_\_\_\_\_ subsequent years, shall not be realized from monies  
36                 furnished by the state and shall not be subject to the  
37                 limitation on taxes specified in article IX, section 18,  
38                 Constitution of Arizona. Based on the current net assessed  
39                 valuation used for secondary property tax purposes, to fund the  
40                 proposed increase in the school district's budget would require  
41                 an estimated tax rate of \_\_\_\_\_ dollar per one hundred  
42                 dollars of net assessed valuation used for secondary property  
43                 tax purposes and is in addition to the school district's tax  
44                 rate which will be levied to fund the school district's district  
45                 additional assistance allowed by law.

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

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

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

23 O. If the election provides for a levy of taxes on the taxable  
24 property within the school district, at least thirty days prior to the  
25 election, the department of revenue shall provide the school district  
26 governing board and the county school superintendent with the current net  
27 assessed valuation of the school district. The governing board and the  
28 county school superintendent shall use the current net assessed valuation of  
29 the school district to translate the amount of the proposed dollar increase  
30 in the budget of the school district over that allowed by law into a tax rate  
31 figure.

32 P. If the voters in a school district vote to adopt a budget in excess  
33 of the revenue control limit as provided in subsection E or F of this  
34 section, any additional increase shall be included in the aggregate budget  
35 limit for each of the years authorized. Any additional increase shall be  
36 excluded from the determination of equalization assistance. The school  
37 district governing board, however, may levy on the net assessed valuation  
38 used for secondary property tax purposes of the property in the school  
39 district the additional increase if adopted under subsection E of this  
40 section for the period of one year, two years or five through seven years as  
41 authorized. If an additional increase is approved as provided in subsection  
42 F of this section, the school district governing board may only use revenues  
43 derived from the school district's prior year's maintenance and operation  
44 fund ending cash balance to fund the additional increase. If a budget  
45 increase was previously authorized and will be in effect for the budget year

1 or budget year and subsequent years, as provided in subsection E or F of this  
2 section, the governing board may request a new budget increase as provided in  
3 the same subsection under which the prior budget increase was adopted, which  
4 shall not exceed the maximum amount permitted under subsection G of this  
5 section. If the voters in the school district authorize the new budget  
6 increase amount, the existing budget increase no longer is in effect. If the  
7 voters in the school district do not authorize the budget increase amount,  
8 the existing budget increase remains in effect for the time period for which  
9 it was authorized. The maximum additional increase authorized as provided in  
10 subsection E or F of this section and the additional increase that is  
11 included in the aggregate budget limit is based on a percentage of a school  
12 district's revenue control limit in future years, if the budget increase is  
13 authorized for more than one year. If the additional increase:

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

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

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

1 in future years, if the budget increase is authorized for more than one year.  
2 If the additional increase:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 Y. Each school district that currently increases its budget pursuant  
39 to this section is required to hold a public meeting each year between  
40 September 1 and October 31 at which an update of the programs or capital  
41 improvements financed through the override is discussed and at which the  
42 public is permitted an opportunity to comment and:

1           1. If the increase is pursuant to subsection L or M of this section,  
2 at a minimum, the update shall include the progress of capital improvements  
3 financed through the override, a comparison of the current status and the  
4 original projections on the construction of capital improvements, the costs  
5 of capital improvements and the costs of capital improvements in progress or  
6 completed since the prior meeting and the future capital plans of the school  
7 district. The school district shall include in the public meeting a  
8 discussion of the school district's use of state capital aid and  
9 voter-approved bonding in funding capital improvements, if any.

10           2. If the increase is pursuant to subsection E, F, I or J of this  
11 section, the update shall include at a minimum the amount expended in the  
12 previous fiscal year and the amount included in the current budget for each  
13 of the purposes listed in the informational report prescribed by subsection B  
14 of this section.

15           Z. If a budget in excess of district additional assistance was  
16 previously adopted by the voters in a school district and will be in effect  
17 for the budget year or budget year and subsequent years, as provided in  
18 subsection L or M of this section, the governing board may request an  
19 additional budget in excess of district additional assistance. If the voters  
20 in a school district authorize the additional budget in excess of district  
21 additional assistance, the existing district additional assistance budget  
22 increase remains in effect.

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

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

36           Any budget increase continuation authorized by this  
37 election shall be entirely funded by a levy of taxes on the  
38 taxable property in this school district for the year for which  
39 adopted and for \_\_\_\_\_ subsequent years, shall not be realized  
40 from monies furnished by the state and shall not be subject to  
41 the limitation on taxes specified in article IX, section 18,  
42 Constitution of Arizona. Based on the current net assessed  
43 valuation used for secondary property tax purposes, to fund the  
44 proposed continuation of the increase in the school district's  
45 budget would require an estimated continuation of a tax rate of

1 \_\_\_\_\_ dollar per one hundred dollars of assessed  
2 valuation used for secondary property tax purposes and is in  
3 addition to the school district's tax rate that will be levied  
4 to fund the school district's revenue control limit allowed by  
5 law.

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

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

32 Sec. 2. Section 35-454, Arizona Revised Statutes, is amended to read:

33 35-454. Informational pamphlet for election; review; election;  
34 return; canvass of vote; certificate of election

35 A. The governing body or board of the political subdivision shall:

36 1. Not less than thirty-five days before the bond election, mail a  
37 copy of an informational pamphlet to every household within the political  
38 subdivision that contains a registered voter. The pamphlet shall contain  
39 information on the:

40 (a) Amount of the bond authorization.

41 (b) Maximum interest rate of the bonds.

42 (c) Estimated debt retirement schedule for the current amount of bonds  
43 outstanding, showing both principal and interest payments, the current net  
44 assessed valuation as reported by the department of revenue and the current  
45 adopted and estimated tax rates. For the purposes of this paragraph, "net

1 assessed valuation" may include the values used to determine voluntary  
2 contributions collected pursuant to title 9, chapter 4, article 3 and title  
3 48, chapter 1, article 8.

4 (d) Estimated debt retirement schedule for the proposed bond  
5 authorization, showing both the estimated principal and interest payments and  
6 the estimated average annual tax rate for the proposed bond authorization.  
7 In preparing this information and the information prescribed by subdivision  
8 (c), the projected total annual increase in net assessed valuation for any  
9 future year shall not exceed:

10 (i) For the first five years of the estimated debt retirement  
11 schedule, the average of the annual percentage growth for the previous ten  
12 years in the net assessed valuation of the political subdivision.

13 (ii) For the remaining years of the estimated debt retirement  
14 schedule, twenty per cent of the average of the annual percentage growth for  
15 the previous ten years in the net assessed valuation of the political  
16 subdivision.

17 (e) Source of repayment.

18 (f) Estimated issuance costs.

19 (g) Estimated tax impact of debt service for the bonds on an  
20 owner-occupied residence classified as class three pursuant to section  
21 42-12003, on commercial property classified as class one pursuant to section  
22 42-12001, paragraph 12 and on agricultural or other vacant property  
23 classified as class two pursuant to section 42-12002, assuming the net  
24 assessed valuation of the property increases annually at the lesser of five  
25 per cent or fifty per cent of the projected total annual increase in net  
26 assessed valuation as determined pursuant to subdivision (d) of this  
27 paragraph over the term of the bonds using the same average annual tax rate  
28 as under subdivision (d) of this paragraph, as follows:

29 The tax impact over the term of the bonds on an  
30 owner-occupied residence valued by the county assessor at  
31 \$250,000 is estimated to be \$\_\_\_ per year for \_\_ years, or \$\_\_\_  
32 total cost.

33 The tax impact over the term of the bonds on commercial  
34 property valued by the county assessor at \$1,000,000 is  
35 estimated to be \$\_\_\_ per year for \_\_ years, or \$\_\_\_\_\_ total  
36 cost.

37 The tax impact over the term of the bonds on agricultural  
38 or other vacant property valued by the county assessor at  
39 \$100,000 is estimated to be \$\_\_\_ per year for \_\_ years, or  
40 \$\_\_\_\_\_ total cost.

41 (h) In bold-faced type, estimated total cost of the proposed bond  
42 authorization, including principal and interest.

43 (i) Current outstanding general obligation debt and constitutional  
44 debt limitation.

1 (j) PROJECTS AND EXPENDITURES FOR WHICH THE BONDS ARE TO BE ISSUED.  
2 THE PURPOSE STATEMENT SHALL ONLY PRESENT FACTUAL INFORMATION IN A NEUTRAL  
3 MANNER. ADVOCACY FOR THE EXPENDITURES IS STRICTLY LIMITED TO THE ARGUMENTS  
4 SUBMITTED PURSUANT TO SUBDIVISION (n) OF THIS PARAGRAPH.

5 ~~(j)~~ (k) Purpose for which the bonds are to be issued and, if  
6 applicable, in bold-faced type, that the amount of the proposed bond  
7 authorization combined with the current outstanding debt exceeds the  
8 political subdivision's constitutional debt limit.

9 ~~(k)~~ (l) Polling location for the addressee.

10 ~~(l)~~ (m) Hours during the day when the polls will be open.

11 ~~(m)~~ (n) Arguments for and against the authorization of one or more of  
12 the bond propositions.

13 2. Set a deadline to submit arguments for and against the  
14 authorization of one or more of the bond propositions at a public meeting and  
15 publish the deadline in a newspaper of general circulation in the  
16 jurisdiction of the political subdivision.

17 3. Submit a copy of the informational pamphlet to the department of  
18 revenue within thirty days after the bond election. The department of  
19 revenue shall maintain copies of the pamphlets.

20 B. The failure of any one or more electors to receive the  
21 informational pamphlet shall not be grounds to invalidate the election. The  
22 election shall conform with the general election laws of the state. The  
23 return of the election held in a county shall be made to the board of  
24 supervisors and, in any other case, to the governing body or board of the  
25 municipal corporation or district within twelve days after the election.

26 C. For any proposed general obligation bond authorization where the  
27 principal and interest will be paid by a levy of property taxes, the ballot  
28 shall contain the phrase "the issuance of these bonds will result in a  
29 property tax increase sufficient to pay the annual debt service on bonds".  
30 Any written information provided by the political subdivision pertaining to  
31 the bond election shall include financial information showing the estimated  
32 average tax rate for the proposed bond authorization.

33 D. If the governing body intends to use revenues other than property  
34 taxes to pay the debt on proposed general obligation bonds, the ballot shall  
35 contain the phrase "the issuance of these bonds will result in a property tax  
36 increase sufficient to pay the annual debt service on bonds, unless the  
37 governing body provides for payment from other sources".

38 E. The board of supervisors, governing body or governing board shall  
39 hold a special meeting within twenty days after the election to canvass the  
40 votes cast and certify the result. The certificate of the result shall be  
41 prima facie evidence of full performance of all conditions and requirements  
42 precedent to holding the election.

1 F. The governing board or body shall file and record in the office of  
2 the county recorder a certificate disclosing the purpose of the election, the  
3 total number of votes cast and the total number of votes for and against  
4 creating the indebtedness, and stating whether or not the indebtedness is  
5 ordered. Upon filing and recording the certificate, the governing board or  
6 body shall carry out the purpose of the election.

7 G. Variations between the estimates required by subsection A of this  
8 section and the actual debt retirement schedules, issuance costs, annual and  
9 total costs and tax rates shall not invalidate either the election or the  
10 bonds.

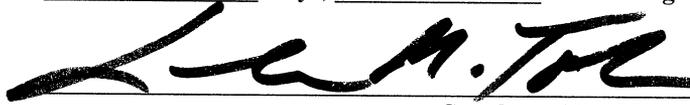
APPROVED BY THE GOVERNOR APRIL 22, 2014.

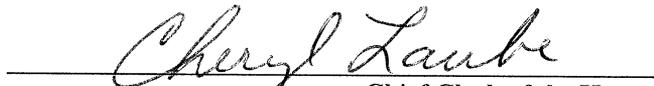
FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2014.

Passed the House April 15, 20 14,

by the following vote: 36 Ayes,

24 Nays, 0 Not Voting

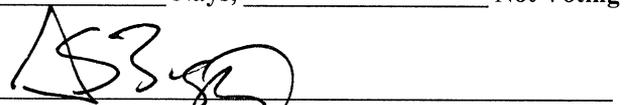
  
Speaker of the House

  
Chief Clerk of the House

Passed the Senate February 27, 20 14,

by the following vote: 17 Ayes,

12 Nays, 1 Not Voting

  
President of the Senate

  
Assistant Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

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

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

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

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

\_\_\_\_\_, 20\_\_\_\_,

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

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

**S.B. 1182**

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

This Bill was received by the Secretary of State

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

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

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

SENATE CONCURS IN HOUSE  
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 16, 20 14

by the following vote: 17 Ayes,

12 Nays, 1 Not Voting

[Signature]  
President of the Senate

Charmian Bellington  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

17 day of April, 20 14

at 8:20 o'clock A M.

[Signature]  
Secretary to the Governor

Approved this 22<sup>nd</sup> day of

April

at 2:31 o'clock P. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 23<sup>rd</sup> day of April, 20 14

S.B. 1182

at 9:40 o'clock a M.

[Signature]  
Secretary of State