Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 102

HOUSE BILL 2096

AN ACT

AMENDING SECTION 15-2031, ARIZONA REVISED STATUTES; RELATING TO THE SCHOOL FACILITIES BOARD.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-2031, Arizona Revised Statutes, is amended to read:

15-2031. Building renewal fund; definitions

A. A building renewal fund is established consisting of monies appropriated by the legislature and monies credited to the fund pursuant to section 42-5030.01. The school facilities board shall administer the fund and distribute monies to school districts for the purpose of maintaining the adequacy of existing school facilities. Monies in the fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. The school facilities board shall inventory and inspect all school buildings in this state in order to develop a database to administer the building renewal formula. The database shall include the student capacity of the building as determined by the school facilities board. The board shall distribute monies from the building renewal fund to school districts in an amount computed pursuant to subsection G of this section. A school district that receives monies from the building renewal fund shall use the monies primarily for any buildings in the database developed or created under subsection D of this section and secondly for any other buildings owned by the school district for any of the following:

1. Major renovations and repairs of a building.

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

3. Infrastructure costs.

4. Relocation and placement of portable and modular buildings.

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

1. New construction.

2. Remodeling interior space for aesthetic or preferential reasons.

3. Exterior beautification.

4. Demolition.

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

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

D. The school facilities board shall maintain the building renewal database and use the database for the computation of the building renewal formula distributions. The board shall ensure that the database is updated on at least an annual basis to reflect changes in the ages and value of school buildings. The facilities listed in the database shall include only those buildings that are owned by school districts that are required to meet academic standards. Each school district shall report to the school facilities board no later than September 1 of each year the number and type of school buildings owned by the district, the square footage of each

building, the age of each building, the nature of any renovations completed and the cost of any renovations completed. The school facilities board may review or audit, or both, to confirm the information submitted by a school district. The board shall adjust the age of each school facility in the database whenever a building is significantly upgraded or remodeled. The age of a building that has been significantly upgraded or remodeled shall be recomputed as follows:

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

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

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

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

F. School districts that receive monies from the building renewal fund shall establish a district building renewal fund and shall use the monies in the district building renewal fund only for the purposes prescribed in subsection B of this section. Ending cash balances in a school district's building renewal fund may be used in following fiscal years for building renewal pursuant to subsection B of this section. By October 15 of each year, each school district shall report to the school facilities board the projects funded at each school in the previous fiscal year with monies from the district building renewal fund, an accounting of the monies remaining in the district building renewal fund at the end of the previous fiscal year and a comprehensive five-year plan that details the proposed use of building renewal monies. IF A SCHOOL DISTRICT FAILS TO SUBMIT THE REPORT BY OCTOBER 15, THE SCHOOL FACILITIES BOARD SHALL WITHHOLD BUILDING RENEWAL MONIES FROM THE SCHOOL DISTRICT UNTIL THE SCHOOL FACILITIES BOARD DETERMINES THAT THE SCHOOL DISTRICT HAS COMPLIED WITH THE REPORTING REQUIREMENT. WHEN THE SCHOOL FACILITIES BOARD DETERMINES THAT THE SCHOOL DISTRICT HAS COMPLIED WITH THE REPORTING REQUIREMENT, THE SCHOOL FACILITIES BOARD SHALL RESTORE THE FULL AMOUNT OF WITHHELD BUILDING RENEWAL MONIES TO THE SCHOOL DISTRICT.

G. Notwithstanding any other provision of this chapter, if a school district converts space that is listed in the database maintained pursuant

to this section to space that will be used for administrative purposes, the school district is responsible for any costs associated with the conversion, maintenance and replacement of that space. The building renewal amount for each school building shall be computed as follows:

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

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

3. Determine the building capacity value as follows:

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

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

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

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

I. Beginning on July 1, 2002, a school district is not entitled to receive monies from the building renewal fund for any buildings that are to be replaced with new buildings that are funded with deficiencies corrections monies pursuant to section 15-2021. The replacement buildings are not eligible to receive building renewal funding until the fiscal year following the completion of the building.

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

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

1 general may conduct discretionary reviews of a school district that is not
2 required to contract for an independent audit.
3 L. For the purposes of this section:
4 1. "Routine preventative maintenance" means services that are
5 performed on a regular schedule at intervals ranging from four times a year
6 to once every three years and that are intended to extend the useful life of
7 a building system and reduce the need for major repairs.
8 2. "Student capacity" has the same meaning prescribed in section
9 15-2011.

This bill having remained with the governor five days, Sundays excluded, and the legislature being in session, it has become a law this 28th day of April, 2003.

Filed in the office of the Secretary of State April 28, 2003.

Passed the House February 4, 2003

by the following vote: 56 Ayes,

0 Nays, 2 Not Voting

2 Vacancies

Speaker of the House

Pro Tempore

Chief Clerk of the House

Passed the Senate April 1, 2003

by the following vote: 27 Ayes,

2 Nays, 1 Not Voting

President of the Senate

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

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

H.B. 2096

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 23, 2003,

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

23 day of April, 2003,

at 11:44 o'clock A M.

Sandra Kamrey
Secretary to the Governor

Approved this _____ day of

_____, 20_____,

at _____ o'clock _____ M.

_____
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 28 day of April, 2003,

at 4:51 o'clock P M.

Jeanne H. Brewer
Secretary of State

H.B. 2096