Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 310

HOUSE BILL 2183

AN ACT

AMENDING SECTIONS 15-481 AND 15-949, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT BUDGETS AND FINANCIAL ASSISTANCE.

(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 the proposed budget of a school district exceeds the aggregate
7 budget limit for the budget year, the governing board shall order an override
8 election to be held not less than ninety days from the date of the order for
9 the purpose of presenting the proposed budget to the qualified electors of
10 the school district who shall by a majority of those voting either affirm or
11 reject the budget. In addition, the governing board shall prepare an
12 alternate budget which does not include an increase in the budget of more
13 than the amount permitted as provided in section 15-905. If the qualified
14 electors approve the proposed budget, the governing board of the school
15 district shall follow the procedures prescribed in section 15-905 for
16 adopting a budget that includes the authorized increase. If the qualified
17 electors disapprove the proposed budget the governing board shall follow the
18 procedures prescribed in section 15-905 for adopting a budget that does not
19 include the proposed increase or the portion of the proposed increase that
20 exceeds the amount authorized by a previously approved budget increase as
21 prescribed in subsection P of this section.
22 B. The county school superintendent shall prepare an informational
23 report on the proposed increase in the budget and a sample ballot and at
24 least thirty-five days prior to the election shall transmit the report and
25 the ballot to the governing board of the school district. For a school
26 district located in a county with a population of two hundred thousand
27 persons or more, the governing board, upon receipt of the report and the
28 ballot, shall mail or distribute the report and the ballot to the households,
29 in which qualified electors reside, within the school district at least
30 thirty days prior to the election. For a school district located in a county
31 with a population of less than two hundred thousand persons, the governing
32 board, upon receipt of the report and the ballot, shall mail or distribute
33 the report and the ballot to the households within the school district at
34 least thirty days prior to the election. Any distribution of material
35 concerning the proposed increase in the budget shall not be conducted by
36 children enrolled in the school district. The report shall contain the
37 following information:
38 1. The date of the election.
39 2. The polling places and times they are open.
40 3. The proposed total increase in the budget which exceeds the amount
41 permitted pursuant to section 15-905.
42 4. The total amount of the current year's budget, the total amount of
43 the proposed budget and the total amount of the alternate budget.
44 5. If the override is for a period of more than one year, a statement
45 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 and the estimated amount of the secondary tax bill 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 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, paragraphs 11 and 12 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.

D. The elections prescribed in subsection A of this section shall be held on a date prescribed by section 16-204 and 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:

1 Any budget increase authorized by this election shall be
2 entirely funded by a levy of taxes upon the taxable property
3 within this school district for the year for which adopted and
4 for ____ subsequent years, shall not be realized from monies
5 furnished by the state and shall not be subject to the
6 limitation on taxes specified in article IX, section 18,
7 Constitution of Arizona. Based on an estimate of assessed
8 valuation used for secondary property tax purposes, the proposed
9 increase in the school district's budget over that allowed by
10 law would result in an estimated increase in the school
11 district's tax rate of _____ dollar per one hundred
12 dollars of assessed valuation used for secondary property tax
13 purposes and is in addition to the school district's tax rate
14 which will be levied to fund the school district's revenue
15 control limit allowed by law.
16 F. If the election is to exceed the revenue control limit and if the
17 proposed increase will be fully funded by revenues from other than a levy of
18 taxes upon the taxable property within the school district, the ballot shall
19 contain the words "budget increase, yes" and "budget increase, no", and the
20 voter shall signify the voter's desired choice. The ballot shall also
21 contain:
22 1. The amount of the proposed increase of the proposed budget over the
23 alternate budget.
24 2. A statement that the amount of the proposed increase will be based
25 on a percentage of the school district's revenue control limit in future
26 years, if applicable, as provided in subsection P of this section.
27 3. The following statement:
28 Any budget increase authorized by this election shall be
29 entirely funded by this school district with revenues from other
30 than a levy of taxes on the taxable property within the school
31 district for the year for which adopted and for _____
32 subsequent years and shall not be realized from monies furnished
33 by the state.
34 G. Except as provided in subsection H of this section, the maximum
35 budget increase which may be requested and authorized as provided in
36 subsection E or F of this section or the combination of subsections E and F
37 of this section is ten per cent of the revenue control limit as provided in
38 section 15-947, subsection A for the budget year.
39 H. Special budget override provisions for school districts with a
40 student count of less than one hundred fifty-four in kindergarten programs
41 and grades one through eight or with a student count of less than one hundred
42 seventy-six in grades nine through twelve are as follows:
43 1. The maximum budget increase that may be requested and authorized
44 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	x	Support Level Weight for Small School Districts	x	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 D, 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 D. 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 the provisions of 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, the portion of the proposed increase in the school district's budget over that allowed by law which will be funded by a levy of taxes upon the taxable property within this school district would result in an estimated increase in the school district's 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 unified school district, 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.

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, the proposed increase in the school district's budget over that allowed by law would result in an estimated increase in the school district's 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.

1 O. If the election provides for a levy of taxes on the taxable
2 property within the school district, at least thirty days prior to the
3 election, the department of revenue shall provide the school district
4 governing board and the county school superintendent with an estimate of the
5 school district's assessed valuation used for secondary property tax purposes
6 for the ensuing fiscal year. The governing board and the county school
7 superintendent shall use this estimate to translate the amount of the
8 proposed dollar increase in the budget of the school district over that
9 allowed by law into a tax rate figure.
10 P. If the voters in a school district vote to adopt a budget in excess
11 of the revenue control limit as provided in subsection E or F of this
12 section, any additional increase shall be included in the aggregate budget
13 limit for each of the years authorized. Any additional increase shall be
14 excluded from the determination of equalization assistance. The school
15 district governing board may, however, levy on the assessed valuation used
16 for secondary property tax purposes of the property in the school district
17 the additional increase if adopted under subsection E of this section for the
18 period of one year, two years or five through seven years as authorized. If
19 an additional increase is approved as provided in subsection F of this
20 section, the school district governing board may only use revenues derived
21 from the school district's prior year's maintenance and operation fund ending
22 cash balance to fund the additional increase. If a budget increase was
23 previously authorized and will be in effect for the budget year or budget
24 year and subsequent years, as provided in subsection E or F of this section,
25 the governing board may request a new budget increase as provided in the same
26 subsection under which the prior budget increase was adopted which shall not
27 exceed the maximum amount permitted under subsection G of this section. If
28 the voters in the school district authorize the new budget increase amount,
29 the existing budget increase no longer is in effect. If the voters in the
30 school district do not authorize the budget increase amount, the existing
31 budget increase remains in effect for the time period for which it was
32 authorized. The maximum additional increase authorized as provided in
33 subsection E or F of this section and the additional increase which is
34 included in the aggregate budget limit is based on a percentage of a school
35 district's revenue control limit in future years, if the budget increase is
36 authorized for more than one year. If the additional increase:
37 1. Is for two years, the proposed increase in the second year is equal
38 to the initial proposed percentage increase.
39 2. Is for five years or more, the proposed increase is equal to the
40 initial proposed percentage increase in the following years of the proposed
41 increase, except that in the next to last year it is two-thirds of the
42 initial proposed percentage increase and it is one-third of the initial
43 proposed percentage increase in the last year of the proposed increase.
44 Q. If the voters in a school district vote to adopt a budget in excess
45 of the revenue control limit as provided in subsection I or J of this

1 section, any additional increase shall be included in the aggregate budget
2 limit for each of the years authorized. Any additional increase shall be
3 excluded from the determination of equalization assistance. The school
4 district governing board, however, may levy on the assessed valuation used
5 for secondary property tax purposes of the property in the school district
6 the additional increase if adopted under subsection I of this section for the
7 period of one year, two years or five through seven years as authorized. If
8 an additional increase is approved as provided in subsection J of this
9 section, the increase may only be budgeted and expended if sufficient monies
10 are available in the maintenance and operation fund of the school
11 district. If a budget increase was previously authorized and will be in
12 effect for the budget year or budget year and subsequent years, as provided
13 in subsection I or J of this section, the governing board may request a new
14 budget increase as provided in the same subsection under which the prior
15 budget increase was adopted that does not exceed the maximum amount permitted
16 under subsection K of this section. If the voters in the school district
17 authorize the new budget increase amount, the existing budget increase no
18 longer is in effect. If the voters in the school district do not authorize
19 the budget increase amount, the existing budget increase remains in effect
20 for the time period for which it was authorized. The maximum additional
21 increase authorized as provided in subsection I or J of this section and the
22 additional increase that is included in the aggregate budget limit is based
23 on a percentage of a school district's revenue control limit in future years,
24 if the budget increase is authorized for more than one year. If the
25 additional increase:
26 1. Is for two years, the proposed increase in the second year is equal
27 to the initial proposed percentage increase.
28 2. Is for five years or more, the proposed increase is equal to the
29 initial proposed percentage increase in the following years of the proposed
30 increase, except that in the next to last year it is two-thirds of the
31 initial proposed percentage increase and it is one-third of the initial
32 proposed percentage increase in the last year of the proposed increase.
33 R. If the voters in a school district vote to adopt a budget in excess
34 of the capital outlay revenue limit as provided in subsection L of this
35 section, any additional increase shall be included in the aggregate budget
36 limit for each of the years authorized. The additional increase shall be
37 excluded from the determination of equalization assistance. The school
38 district governing board may, however, levy on the assessed valuation used
39 for secondary property tax purposes of the property in the school district
40 the additional increase for the period authorized but not to exceed ten
41 years. For overrides approved by a vote of the qualified electors of the
42 school district at an election held from and after October 31, 1998, the
43 period of the additional increase prescribed in this subsection shall not
44 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 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.

1 3. At least eighty-five days before the election, a school district
2 shall submit proposed ballot language to the director of the Arizona
3 legislative council. The director of the Arizona legislative council shall
4 review the proposed ballot language to determine whether the proposed ballot
5 language complies with this section. If the director of the Arizona
6 legislative council determines that the proposed ballot language does not
7 comply with this section, the director, within ten calendar days of the
8 receipt of the proposed ballot language, shall notify the school district of
9 the director's objections and the school district shall resubmit revised
10 ballot language to the director for approval.
11 X. If the voters approve the budget increase pursuant to subsection
12 L or M of this section, the school district shall not use the override
13 proceeds for any purposes other than the proposed capital improvements listed
14 in the publicity pamphlet, except that up to ten per cent of the override
15 proceeds may be used for general capital expenses, including cost overruns
16 of proposed capital improvements.
17 Y. Each school district that currently increases its budget pursuant
18 to subsection L or M of this section is required to hold a public meeting
19 each year between September 1 and October 31 at which an update of the
20 progress of capital improvements financed through the override is discussed
21 and at which the public is permitted an opportunity to comment. At a
22 minimum, the update shall include a comparison of the current status and the
23 original projections on the construction of capital improvements, the costs
24 of capital improvements and the costs of capital improvements in progress or
25 completed since the prior meeting and the future capital plans of the school
26 district. The school district shall include in the public meeting a
27 discussion of the school district's use of state capital aid and
28 voter-approved bonding in funding capital improvements, if any.
29 Z. If a budget in excess of the capital outlay revenue limit was
30 previously adopted by the voters in a school district and will be in effect
31 for the budget year or budget year and subsequent years, as provided in
32 subsection L or M of this section, the governing board may request an
33 additional budget in excess of the capital outlay revenue limit. If the
34 voters in a school district authorize the additional budget in excess of the
35 capital outlay revenue limit, the existing capital outlay revenue limit
36 budget increase remains in effect.
37 Sec. 2. Section 15-949, Arizona Revised Statutes, is amended to read:
38 15-949. <u>Small school districts; exemption from general budget</u>
39 <u>limit; budget revision</u>
40 A. The governing board of a common school district with a student
41 count in kindergarten programs and grades one through eight of one hundred
42 twenty-five or less, the governing board of a high school district with a
43 student count of one hundred or less or the governing board of a unified
44 school district or the county school superintendent for an accommodation
45 school with a student count of one hundred twenty-five or less in

1 kindergarten programs and grades one through eight or with a student count
2 of one hundred or less in grades nine through twelve shall compute a revenue
3 control limit and a general budget limit, but the governing board or the
4 county school superintendent may:
5 1. Adopt a budget in excess of the general budget limit without the
6 necessity of an election under section 15-481, provided that for a unified
7 school district or for an accommodation school the excess amount of
8 expenditures shall be attributable to the student count in kindergarten
9 programs and grades one through eight or to the student count in grades nine
10 through twelve as provided in this subsection.
11 2. Revise its budget to include the costs for additional pupils who
12 were not anticipated when the budget was adopted, if it receives permission
13 as follows:
14 (a) If a governing board:
15 (i) The governing board shall send a petition to the county school
16 superintendent requesting authority to revise its budget. The petition shall
17 include a copy of the proposed budget.
18 (ii) The county school superintendent shall recommend the action to
19 be taken on the petition and forward the recommendation and the petition to
20 the board of supervisors.
21 (iii) The board of supervisors shall hold a hearing on the petition
22 within twenty days after receipt of the petition and shall determine whether
23 to allow the petition, allow the petition after revision or deny the
24 petition.
25 (b) If a county school superintendent, the county school
26 superintendent shall send the revised budget to the board of supervisors, and
27 the board of supervisors shall hold a hearing on the recommendation within
28 twenty days after receipt of the recommendation and shall determine whether
29 to allow the revised budget, allow the revised budget after further revision
30 or deny the revision.
31 B. If the board of supervisors revises or denies the petition or
32 recommendation presented pursuant to subsection A, paragraph 2, subdivision
33 (a), item (iii) or subdivision (b) of this section the reasons for revision
34 or denial shall be stated in writing.
35 C. School districts that in any year after fiscal year 1984-1985 BUT
36 BEFORE FISCAL YEAR 1999-2000 have operated under the provisions of the small
37 school adjustment as provided for in subsection A of this section and that
38 have subsequently exceeded the student count limits expressed in subsection
39 A of this section may continue in successive years to adopt a budget greater
40 than the general budget limit without the necessity of an election under
41 section 15-481, except that the amount greater than the general budget limit
42 shall not exceed fifty thousand dollars. The amount that is adopted without
43 the use of an election under section 15-481 and that is greater than the
44 general budget limit is specifically exempt from the revenue control limit.

~~D. Notwithstanding subsection C of this section, school districts that exceeded the student count limits prescribed in subsection A of this section may adopt, in the first year that these limits are exceeded, a budget greater than the general budget limit without the necessity of an election under section 15-481, except that the amount greater than the general budget limit shall not exceed the limits prescribed in section 15-481, subsection H. The amount that is adopted without the use of an election under section 15-481 and that is greater than the general budget limit is specifically exempt from the revenue control limit.~~

D. SCHOOL DISTRICTS THAT IN ANY YEAR AFTER FISCAL YEAR 1998-1999 HAVE OPERATED UNDER THE PROVISIONS OF THE SMALL SCHOOL ADJUSTMENT AS PROVIDED IN SUBSECTION A OF THIS SECTION AND THAT HAVE SUBSEQUENTLY EXCEEDED THE STUDENT COUNT LIMITS PRESCRIBED IN SUBSECTION A OF THIS SECTION MAY CONTINUE IN SUCCESSIVE YEARS TO ADOPT A BUDGET GREATER THAN THE GENERAL BUDGET LIMIT SUBJECT TO AN ELECTION, EXCEPT THAT THE AMOUNT THAT IS GREATER THAN THE GENERAL BUDGET LIMIT SHALL NOT EXCEED THE AMOUNT THAT IS PRESCRIBED IN THIS SUBSECTION. THE AMOUNT THAT IS ADOPTED PURSUANT TO THIS SUBSECTION IS SPECIFICALLY EXEMPT FROM THE REVENUE CONTROL LIMIT AND SHALL BE FUNDED BY A LEVY ON SECONDARY PROPERTY TAXES IN THE SCHOOL DISTRICT. THE MAXIMUM AMOUNT THAT MAY BE ADOPTED PURSUANT TO THIS SUBSECTION IS COMPUTED AS FOLLOWS:

1. FOR A UNIFIED SCHOOL DISTRICT, SEPARATE THE REVENUE CONTROL LIMIT INTO ELEMENTARY AND SECONDARY COMPONENTS BASED ON THE WEIGHTED STUDENT COUNT AS PROVIDED IN SECTION 15-971, SUBSECTION B, PARAGRAPH 2, SUBDIVISION (a). USE THE ELEMENTARY COMPONENT OF THE REVENUE CONTROL LIMIT FOR THE PURPOSES OF PARAGRAPH 2 OF THIS SUBSECTION AND THE SECONDARY COMPONENT OF THE REVENUE CONTROL LIMIT FOR THE PURPOSES OF PARAGRAPH 3 OF THIS SUBSECTION.

2. FOR A COMMON OR UNIFIED DISTRICT THAT USED THE PROVISIONS OF SUBSECTION A OF THIS SECTION BASED ON ITS ELEMENTARY STUDENT COUNT, THE AMOUNT IS DETERMINED AS FOLLOWS:

(a) SUBTRACT ONE HUNDRED TWENTY-FIVE FROM THE ELEMENTARY STUDENT COUNT.

(b) MULTIPLY THE DIFFERENCE IN SUBDIVISION (a) OF THIS PARAGRAPH BY 0.45 PER CENT.

(c) SUBTRACT THE PRODUCT DETERMINED IN SUBDIVISION (b) OF THIS PARAGRAPH FROM THIRTY-FIVE PER CENT. IF THE RESULT IS ZERO OR LESS THAN ZERO, THE DISTRICT IS NOT ELIGIBLE TO USE THE PROVISIONS OF THIS PARAGRAPH.

(d) MULTIPLY THE DIFFERENCE DETERMINED IN SUBDIVISION (c) OF THIS PARAGRAPH BY THE ELEMENTARY REVENUE CONTROL LIMIT.

3. FOR A HIGH SCHOOL OR UNIFIED DISTRICT THAT USED THE PROVISIONS OF SUBSECTION A OF THIS SECTION BASED ON ITS SECONDARY STUDENT COUNT, THE AMOUNT IS DETERMINED AS FOLLOWS:

(a) SUBTRACT ONE HUNDRED FROM THE SECONDARY STUDENT COUNT.

(b) MULTIPLY THE DIFFERENCE IN SUBDIVISION (a) OF THIS PARAGRAPH BY 0.65 PER CENT.

(c) SUBTRACT THE PRODUCT DETERMINED IN SUBDIVISION (b) OF THIS PARAGRAPH FROM SIXTY-FIVE PER CENT. IF THE RESULT IS ZERO OR LESS THAN ZERO, THE DISTRICT IS NOT ELIGIBLE TO USE THE PROVISIONS OF THIS PARAGRAPH.

(d) MULTIPLY THE DIFFERENCE DETERMINED IN SUBDIVISION (c) OF THIS PARAGRAPH BY THE SECONDARY REVENUE CONTROL LIMIT.

4. FOR A UNIFIED SCHOOL DISTRICT THAT USED THE PROVISIONS OF SUBSECTION A OF THIS SECTION FOR BOTH ITS ELEMENTARY AND SECONDARY PUPILS, COMBINE THE AMOUNTS DETERMINED IN PARAGRAPHS 2 AND 3 OF THIS SUBSECTION.

E. FOR THE PURPOSES OF SUBSECTION D OF THIS SECTION:

1. "ELEMENTARY" MEANS KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT.

2. "SECONDARY" MEANS GRADES NINE THROUGH TWELVE.

~~E.~~ F. The part of the primary tax rate set to fund the small school district adjustment as provided in subsection D of this section shall not be included in the computation of additional state aid for education as prescribed in section 15-972.

G. THE ELECTION REQUIRED PURSUANT TO SUBSECTION D OF THIS SECTION SHALL CONFORM TO THE PROCEDURAL REQUIREMENTS FOR CALLING THE ELECTION, PREPARING THE INFORMATIONAL REPORT AND PREPARING THE BALLOT AS PRESCRIBED IN SECTION 15-481, SUBSECTIONS A, B, C AND D. THE MAXIMUM NUMBER OF YEARS THAT A BUDGET OVERRIDE APPROVED PURSUANT TO SUBSECTION D OF THIS SECTION MAY BE IN EFFECT IS FIVE YEARS.

1. IF THE PROPOSED BUDGET OVERRIDE WILL BE FULLY FUNDED BY A LEVY OF TAXES ON THE TAXABLE PROPERTY WITHIN THE SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE, YES" AND "BUDGET OVERRIDE, NO", AND THE VOTER SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE AMOUNT OF THE PROPOSED BUDGET OVERRIDE COMPARED TO THE AMOUNT THE SCHOOL DISTRICT BUDGETED IN THE PRECEDING YEAR AND THE AMOUNT THE SCHOOL DISTRICT WOULD BE ALLOWED TO BUDGET FOR IF THE MEASURE IS NOT APPROVED BY THE VOTERS. THE STATEMENT WILL ALSO INCLUDE THE ESTIMATED AMOUNT OF THE OVERRIDE FOR EACH YEAR THE OVERRIDE IS SOUGHT. THE BALLOT SHALL ALSO INCLUDE THE FOLLOWING STATEMENT:

> THE BUDGET OVERRIDE AUTHORIZED BY THIS ELECTION ALLOWS THE _____ DISTRICT TO LEVY PROPERTY TAXES IN EXCESS OF THE PROPERTY TAX LEVY ALLOWED BY LAW TO FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT. THE PROPERTY TAX LEVY FOR THE YEAR FOR WHICH ADOPTED AND FOR ____ SUBSEQUENT YEARS, WILL BE ANNUALLY ADJUSTED BASED ON A FORMULA THAT AUTHORIZES THE _____ DISTRICT TO EXCEED THE REVENUE CONTROL LIMIT BY UP TO THIRTY-FIVE PER CENT FOR KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT OR UP TO SIXTY-FIVE PER CENT FOR GRADES NINE THROUGH TWELVE. THE LEVY 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

1 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, THE PROPOSED
2 OVERRIDE IN THE _____ DISTRICT'S BUDGET OVER THAT
3 ALLOWED BY THE REVENUE CONTROL LIMIT WOULD RESULT IN AN
4 ESTIMATED INCREASE IN THE SCHOOL DISTRICT'S TAX RATE OF
5 _____ DOLLARS PER ONE HUNDRED DOLLARS OF ASSESSED
6 VALUATION FOR THE SECONDARY PROPERTY TAX PURPOSES.
7 2. IF THE BUDGET OVERRIDE WILL BE FULLY FUNDED BY REVENUES FROM OTHER
8 THAN A LEVY OF TAXES ON THE TAXABLE PROPERTY WITHIN THE SCHOOL DISTRICT, THE
9 BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE, YES" AND "BUDGET OVERRIDE,
10 NO", AND THE VOTER SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT
11 SHALL ALSO CONTAIN THE AMOUNT OF THE PROPOSED BUDGET OVERRIDE COMPARED TO THE
12 AMOUNT THE SCHOOL DISTRICT BUDGETED IN THE PRECEDING YEAR AND THE AMOUNT THE
13 SCHOOL DISTRICT WOULD BE ALLOWED TO BUDGET FOR IF THE MEASURE IS NOT APPROVED
14 BY THE VOTERS. THE STATEMENT SHALL ALSO INCLUDE THE ESTIMATED AMOUNT OF THE
15 OVERRIDE FOR EACH YEAR THE OVERRIDE IS SOUGHT. THE BALLOT SHALL ALSO INCLUDE
16 THE FOLLOWING STATEMENT:
17 ANY BUDGET OVERRIDE AUTHORIZED BY THIS ELECTION SHALL BE
18 ENTIRELY FUNDED BY THIS SCHOOL DISTRICT WITH REVENUES FROM OTHER
19 THAN A LEVY OF TAXES ON THE TAXABLE PROPERTY WITHIN THE SCHOOL
20 DISTRICT FOR THE YEAR FOR WHICH ADOPTED AND FOR _____
21 SUBSEQUENT YEARS AND SHALL NOT BE REALIZED FROM MONIES FURNISHED
22 BY THE STATE.

APPROVED BY THE GOVERNOR MAY 1, 2001.
FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 2001.

Passed the House March 12, 2001,

by the following vote: 33 Ayes,

17 Nays, 10 Not Voting

Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate April 23, 2001,

by the following vote: 27 Ayes,

0 Nays, 2 Not Voting
1 Vacancy

President of the Senate

Chairman Billington
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. 2183

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 25, 2001,

by the following vote: 46 Ayes,

9 Nays, 5 Not Voting

Jake Flake
Speaker of the House

Pro Tempore
Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

26 day of April, 2001,

at 8:55 o'clock A M.

Sandra Fancy
Secretary to the Governor

Approved this First day of

May, 2001,

at 5:01 o'clock P M.

Jane Hull
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 2 day of May, 2001,

at 4:44 o'clock P M.

Betsey Bayless
Secretary of State

H.B. 2183