

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

**CHAPTER 360**  
**HOUSE BILL 2622**

AN ACT

AMENDING TITLE 15, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-114; AMENDING SECTIONS 15-236, 15-802, 15-1182, 15-2401, 15-2402 AND 15-2403, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO THE DEPARTMENT OF EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 15, chapter 1, article 1, Arizona Revised Statutes,  
3 is amended by adding section 15-114, to read:

4 15-114. Display of school, charter school and school district  
5 achievements, classifications or rankings;  
6 expiration; definition

7 A. A SCHOOL, CHARTER SCHOOL OR SCHOOL DISTRICT SHALL NOT DISPLAY ANY  
8 ACHIEVEMENT, CLASSIFICATION OR RANKING THAT WAS ASSIGNED BY A PUBLIC OR  
9 PRIVATE ENTITY AFTER THE ACHIEVEMENT, CLASSIFICATION OR RANKING IS NO LONGER  
10 CURRENT UNLESS THE YEAR OF ISSUANCE OF THE ACHIEVEMENT, CLASSIFICATION OR  
11 RANKING IS PROMINENTLY DISPLAYED.

12 B. ANY PERSON MAY SUBMIT A COMPLAINT IN WRITING TO THE DEPARTMENT OF  
13 EDUCATION WITH EVIDENCE AND SPECIFIC FACTS OF AN ALLEGED VIOLATION OF  
14 SUBSECTION A OF THIS SECTION. THE DEPARTMENT OF EDUCATION SHALL INVESTIGATE  
15 THE COMPLAINT. IF THE DEPARTMENT DETERMINES THAT THERE IS A VIOLATION OF  
16 THIS SECTION, IT SHALL SEND TO THE SCHOOL, CHARTER SCHOOL OR SCHOOL DISTRICT  
17 WRITTEN NOTIFICATION OF THE VIOLATION AND INSTRUCTION TO COMPLY WITH THIS  
18 SECTION.

19 C. FOR THE PURPOSES OF THIS SECTION, "DISPLAY" MEANS THE PLACING OF AN  
20 ACHIEVEMENT, CLASSIFICATION OR RANKING ON OR IN ANY BILLBOARD, MARQUEE, PUPIL  
21 TRANSPORTATION VEHICLE, LETTERHEAD, ADVERTISING, INTERNET WEB PAGE, INTRANET  
22 PAGE, OFFICE, CLASSROOM, HALLWAY, GYMNASIUM OR SIMILAR PLACE.

23 Sec. 2. Section 15-236, Arizona Revised Statutes, is amended to read:

24 15-236. Special education programs; program and fiscal audits

25 A. The department of education shall conduct program and fiscal audits  
26 of selected district special education programs. The audits shall be  
27 designed to determine the degree of compliance with existing statutes and  
28 regulations and the appropriate placement of students in special education  
29 programs. A report of the findings of such audits shall be completed on or  
30 before ~~January~~ FEBRUARY 3 of each year. If the department of education  
31 determines that a child has been inappropriately placed in a special  
32 education program of a school district, the district's weighted student count  
33 for educational support services for students in group B as provided in  
34 section 15-943 shall be recomputed and the district's entitlement to state  
35 aid adjusted accordingly.

36 B. For each fiscal year the department of education shall request a  
37 separate line item appropriation for program and fiscal audits of special  
38 education programs in the budget estimate submitted pursuant to section  
39 35-113.

40 Sec. 3. Section 15-802, Arizona Revised Statutes, is amended to read:

41 15-802. School instruction; exceptions; violations;  
42 classification; definitions

43 A. Every child between the ages of six and sixteen years shall attend  
44 a school and shall be provided instruction in at least the subjects of  
45 reading, grammar, mathematics, social studies and science. The person who  
46 has custody of the child shall choose a public, private or charter school or

1 a homeschool as defined in this section to provide instruction OR SHALL SIGN  
2 A CONTRACT TO PARTICIPATE IN AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT  
3 PURSUANT TO SECTION 15-2402.

4 B. The parent or person who has custody shall do the following:

5 1. If the child will attend a public, private or charter school,  
6 enroll the child in and ensure that the child attends a public, private or  
7 charter school for the full time school is in session. In accordance with  
8 guidelines adopted by the department of education, school districts and  
9 charter schools shall require and maintain verifiable documentation of  
10 residency in this state for pupils who enroll in the school district or  
11 charter school. If a child attends a school that is operated on a year-round  
12 basis, the child shall regularly attend during school sessions that total not  
13 less than one hundred eighty school days or two hundred school days, as  
14 applicable, or the equivalent as approved by the superintendent of public  
15 instruction.

16 2. If the child will attend a private school or homeschool, file an  
17 affidavit of intent with the county school superintendent stating that the  
18 child is attending a regularly organized private school or is being provided  
19 with instruction in a homeschool. The affidavit of intent shall include:

20 (a) The child's name.

21 (b) The child's date of birth.

22 (c) The current address of the school the child is attending.

23 (d) The names, telephone numbers and addresses of the persons who  
24 currently have custody of the child.

25 3. If the child will attend homeschool, the child has not reached  
26 eight years of age by September 1 of the school year and the person who has  
27 custody of the child does not desire to begin home instruction until the  
28 child has reached eight years of age, file an affidavit of intent pursuant to  
29 paragraph 2 of this subsection stating that the person who has custody of the  
30 child does not desire to begin homeschool instruction.

31 C. An affidavit of intent shall be filed within thirty days from the  
32 time the child begins to attend a private school or homeschool and is not  
33 required thereafter unless the private school or the homeschool instruction  
34 is terminated and then resumed. The person who has custody of the child  
35 shall notify the county school superintendent within thirty days of the  
36 termination that the child is no longer being instructed at a private school  
37 or a homeschool. If the private school or homeschool instruction is resumed,  
38 the person who has custody of the child shall file another affidavit of  
39 intent with the county school superintendent within thirty days.

40 D. A person is excused from the duties prescribed by subsection A or B  
41 of this section if any of the following is shown to the satisfaction of the  
42 school principal or the school principal's designee:

- 1           1. The child is in such physical or mental condition that instruction  
2 is inexpedient or impracticable.
- 3           2. The child has completed the high school course of study necessary  
4 for completion of grade ten as prescribed by the state board of education.
- 5           3. The child has presented reasons for nonattendance at a public  
6 school that are satisfactory to the school principal or the school  
7 principal's designee. For the purposes of this paragraph, the principal's  
8 designee may be the school district governing board.
- 9           4. The child is over fourteen years of age and is employed, with the  
10 consent of the person who has custody of him, at some lawful wage earning  
11 occupation.
- 12           5. The child is enrolled in a work training, career education, career  
13 and technical education, vocational education or manual training program that  
14 meets the educational standards established and approved by the department of  
15 education.
- 16           6. The child was either:
- 17           (a) Suspended and not directed to participate in an alternative  
18 education program.
- 19           (b) Expelled from a public school as provided in article 3 of this  
20 chapter.
- 21           7. The child is enrolled in an education program provided by a state  
22 educational or other institution.
- 23           E. Unless otherwise exempted in this section or section 15-803, a  
24 parent of a child between six and sixteen years of age or a person who has  
25 custody of a child, who does not provide instruction in a homeschool and who  
26 fails to enroll or fails to ensure that the child attends a public, private  
27 or charter school pursuant to this section **OR FAILS TO SIGN A CONTRACT TO**  
28 **PARTICIPATE IN AN EMPOWERMENT SCHOLARSHIP ACCOUNT PURSUANT TO SECTION 15-2402**  
29 is guilty of a class 3 misdemeanor. A parent who fails to comply with the  
30 duty to file an affidavit of intent to provide instruction in a homeschool is  
31 guilty of a petty offense.
- 32           **F. IF A CHILD WILL BE EDUCATED PURSUANT TO AN EMPOWERMENT SCHOLARSHIP**  
33 **ACCOUNT PURSUANT TO SECTION 15-2402, THE DEPARTMENT OF EDUCATION SHALL**  
34 **PROVIDE A COPY OF THE CONTRACT TO PARTICIPATE IN THE EMPOWERMENT SCHOLARSHIP**  
35 **ACCOUNT TO THE SCHOOL SUPERINTENDENT OF THE COUNTY WHERE THE PUPIL RESIDES.**
- 36           ~~F.~~ G. For the purposes of this section:
- 37           1. "EDUCATED PURSUANT TO AN EMPOWERMENT SCHOLARSHIP ACCOUNT" MEANS A  
38 CHILD WHOSE PARENT HAS SIGNED A CONTRACT PURSUANT TO SECTION 15-2402 TO  
39 EDUCATE THE CHILD OUTSIDE OF ANY SCHOOL DISTRICT OR CHARTER SCHOOL AND IN  
40 WHICH THE PARENT MAY BUT IS NOT REQUIRED TO ENROLL THE CHILD IN A PRIVATE  
41 SCHOOL OR TO EDUCATE THE CHILD THROUGH ANY OF THE METHODS SPECIFIED IN  
42 SECTION 15-2402.

1           ~~1.~~ 2. "Homeschool" means a nonpublic school conducted primarily by  
2 the parent, guardian or other person who has custody of the child or  
3 nonpublic instruction provided in the child's home.

4           ~~2.~~ 3. "Private school" means a nonpublic institution, other than the  
5 child's home, where academic instruction is provided for at least the same  
6 number of days and hours each year as a public school.

7           Sec. 4. Section 15-1182, Arizona Revised Statutes, is amended to read:

8           15-1182. Special education fund; administration

9           A. There is established a special education fund, which shall consist  
10 of legislative appropriations made to the fund for purposes of this section  
11 and section 15-1202 ~~and chapter 19, article 1 of this title.~~

12           B. The fund shall be administered by the superintendent of public  
13 instruction for the purposes provided in this article and article 7 of this  
14 chapter ~~and chapter 19, article 1 of this title.~~

15           C. Each fiscal year the state board of education shall include in its  
16 budget request for assistance to schools a separate line item for the fund.

17           D. The fund shall provide monies for the education of a child who has  
18 been placed in a residential facility by a state placing agency or who  
19 requires a residential special education placement as defined in section  
20 15-761 ~~or for deposit into an Arizona empowerment scholarship account~~  
21 ~~pursuant to section 15-2402.~~

22           E. If a child has been placed in a residential facility by a state  
23 placing agency, the fund shall provide monies for the following types of  
24 vouchers:

25           1. Initial residential education vouchers to fund the educational  
26 costs for any child, whether or not eligible for special education. This  
27 paragraph applies to a child who has been placed in a residential facility  
28 and who has either not received a comprehensive education evaluation as  
29 provided in section 15-766, who has previously received such an evaluation  
30 and was determined to be ineligible for special education services or who is  
31 eligible for special education and for whom necessary procedures for changing  
32 the child's educational placement must be completed. This voucher expires on  
33 the expiration of sixty calendar days or completion of the educational  
34 evaluation or review of special education placement, whichever occurs first.

35           2. Continuing residential education vouchers that fund the educational  
36 costs for any child, whether or not eligible for special education, who  
37 requires placement in a residential facility after the expiration of the  
38 initial education voucher and who is not eligible for a residential special  
39 education voucher.

40           F. When a school district makes a residential special education  
41 placement, the fund shall provide monies to fund the residential special  
42 education placement.

1 G. Monies in the fund are exempt from the provisions of section 35-190  
2 relating to lapsing of appropriations. Any monies left unexpended may be  
3 distributed to school districts by the department of education for the  
4 following purposes:

5 1. To provide educational counseling, training and support services to  
6 a child with a disability in order to maintain the child's educational  
7 placement in the least restrictive environment.

8 2. To provide educational transition assistance to children who return  
9 to their home after placement in a residential facility.

10 3. To train personnel for and develop and implement model programs for  
11 use by school districts to serve children with emotional disabilities.

12 H. The total amount of state monies that may be spent in any fiscal  
13 year by the superintendent of public instruction for the purposes of this  
14 article ~~and chapter 19, article 1 of this title~~ shall not exceed the amount  
15 appropriated or authorized by section 35-173 for that purpose. This article  
16 shall not be construed to impose a duty on an officer, agent or employee of  
17 this state to discharge a responsibility or to create any right in a person  
18 or group if the discharge or right would require an expenditure of state  
19 monies in excess of the expenditure authorized by legislative appropriation  
20 for that specific purpose.

21 Sec. 5. Section 15-2401, Arizona Revised Statutes, is amended to read:

22 15-2401. Definitions

23 In this chapter, unless the context otherwise requires:

24 1. "CURRICULUM" MEANS A COMPLETE COURSE OF STUDY FOR A PARTICULAR  
25 CONTENT AREA OR GRADE LEVEL, INCLUDING ANY SUPPLEMENTAL MATERIALS REQUIRED BY  
26 THE CURRICULUM.

27 ~~1.~~ 2. "Department" means the department of education.

28 ~~2.~~ 3. "Eligible postsecondary institution" means a community college  
29 as defined in section 15-1401, a university under the jurisdiction of the  
30 Arizona board of regents or an accredited private postsecondary institution.

31 ~~3.~~ 4. "Parent" means a resident of this state who is the parent or  
32 legal guardian of a qualified student.

33 ~~4.~~ 5. "Qualified school" means a nongovernmental primary or secondary  
34 school or a preschool for handicapped students that is located in this state  
35 and that does not discriminate on the basis of race, color or national  
36 origin.

37 ~~5.~~ 6. "Qualified student" means a resident of this state who:

38 (a) Is ~~either~~ ANY OF THE FOLLOWING:

39 (i) Identified as having a disability under section 504 of the  
40 rehabilitation act OF 1973 (29 United States Code section 794). ~~—~~

41 (ii) Identified by a school district as a child with a disability as  
42 defined in section 15-761. ~~or~~

43 (iii) A child with a disability who is eligible to receive services  
44 from a school district under section 15-763.

45 (iv) ATTENDING A SCHOOL OR SCHOOL DISTRICT THAT HAS BEEN ASSIGNED A  
46 LETTER GRADE OF D OR F PURSUANT TO SECTION 15-241.

1 (v) A PREVIOUS RECIPIENT OF A SCHOLARSHIP ISSUED PURSUANT TO SECTION  
2 15-891 OR THIS SECTION.

3 (vi) A CHILD OF A PARENT WHO IS A MEMBER OF THE ARMED FORCES OF THE  
4 UNITED STATES AND WHO IS ON ACTIVE DUTY.

5 (vii) A CHILD WITH A GUARDIAN WHO IS A MEMBER OF THE ARMED FORCES OF  
6 THE UNITED STATES AND WHO IS ON ACTIVE DUTY.

7 (viii) A CHILD WHO IS A WARD OF THE JUVENILE COURT AND WHO IS RESIDING  
8 WITH A PROSPECTIVE PERMANENT PLACEMENT PURSUANT TO SECTION 8-862 AND THE CASE  
9 PLAN IS ADOPTION OR PERMANENT GUARDIANSHIP.

10 (ix) A CHILD WHO WAS A WARD OF THE JUVENILE COURT AND WHO ACHIEVED  
11 PERMANENCY THROUGH ADOPTION OR PERMANENT GUARDIANSHIP.

12 (b) And who did any of the following:

13 ~~(a)~~ (i) Attended a governmental primary or secondary school as a  
14 full-time student as defined in section 15-901 for at least the first one  
15 hundred days of the prior fiscal year and who transferred from a governmental  
16 primary or secondary school ~~to a qualified school~~ UNDER A CONTRACT TO  
17 PARTICIPATE IN AN EMPOWERMENT SCHOLARSHIP ACCOUNT.

18 ~~(b)~~ (ii) PREVIOUSLY participated in the empowerment scholarship  
19 account program ~~in the previous year and whose parent renews the agreement~~  
20 ~~pursuant to section 15-2402, subsection B.~~

21 ~~(c)~~ (iii) Received a scholarship under section 43-1505 and who  
22 continues to attend a qualified school.

23 (iv) WAS ELIGIBLE FOR AN ARIZONA SCHOLARSHIP FOR PUPILS WITH  
24 DISABILITIES AND RECEIVED MONIES FROM A SCHOOL TUITION ORGANIZATION PURSUANT  
25 TO SECTION 43-1505 OR RECEIVED AN ARIZONA SCHOLARSHIP FOR PUPILS WITH  
26 DISABILITIES BUT DID NOT RECEIVE MONIES FROM A SCHOOL TUITION ORGANIZATION  
27 PURSUANT TO SECTION 43-1505 AND WHO CONTINUES TO ATTEND A QUALIFIED SCHOOL.

28 ~~6.~~ 7. "Treasurer" means the office of the state treasurer.

29 Sec. 6. Section 15-2402, Arizona Revised Statutes, is amended to read:  
30 15-2402. Arizona empowerment scholarship accounts

31 A. Arizona empowerment scholarship accounts are established to provide  
32 options for the education of students in this state.

33 B. To enroll a qualified student for an empowerment scholarship  
34 account, the parent of the qualified student must sign an agreement to do all  
35 of the following:

36 1. Provide an education for the qualified student in at least the  
37 subjects of reading, grammar, mathematics, social studies and science.

38 2. Not enroll the qualified student in a school district or charter  
39 school and release the school district from all obligations to educate the  
40 qualified student. THIS PARAGRAPH DOES NOT RELIEVE THE SCHOOL DISTRICT OR  
41 CHARTER SCHOOL THAT THE QUALIFIED STUDENT PREVIOUSLY ATTENDED FROM THE  
42 OBLIGATION TO CONDUCT AN EVALUATION PURSUANT TO SECTION 15-766.

43 3. Not accept a scholarship from a school tuition organization  
44 pursuant to title 43 CONCURRENTLY WITH AN EMPOWERMENT SCHOLARSHIP ACCOUNT for  
45 the qualified student in the same year a parent signs the agreement pursuant  
46 to ~~subsection B of~~ this section.

1           4. Use the money deposited in the qualified student's Arizona  
2 empowerment scholarship account only for the following expenses of the  
3 qualified student:

- 4           (a) Tuition or fees at a qualified school.
- 5           (b) Textbooks required by a qualified school.
- 6           (c) Educational therapies or services for the qualified student from a  
7 licensed or accredited practitioner or provider, **INCLUDING LICENSED OR**  
8 **ACCREDITED PARAPROFESSIONALS OR EDUCATIONAL AIDES.**
- 9           (d) Tutoring services provided by a tutor accredited by a state,  
10 regional or national accrediting organization.
- 11           (e) Curriculum.
- 12           (f) Tuition or fees for a nonpublic online learning program.
- 13           (g) Fees for a nationally standardized norm-referenced achievement  
14 test, advanced placement examinations or any exams related to college or  
15 university admission.
- 16           (h) Contributions to a qualified tuition program established pursuant  
17 to ~~11~~ **26** United States Code section 529 **FOR THE BENEFIT OF THE QUALIFIED**  
18 **STUDENT.**
- 19           (i) Tuition or fees at an eligible postsecondary institution.
- 20           (j) Textbooks required by an eligible postsecondary institution.
- 21           (k) Fees for management of the empowerment scholarship account by  
22 firms selected by the ~~department~~ **TREASURER.**

23           **(l) SERVICES PROVIDED BY A PUBLIC SCHOOL, INCLUDING INDIVIDUAL CLASSES**  
24 **AND EXTRACURRICULAR PROGRAMS.**

25           **5. NOT FILE AN AFFIDAVIT OF INTENT TO HOMESCHOOL PURSUANT TO SECTION**  
26 **15-802, SUBSECTION B, PARAGRAPH 2 OR 3.**

27           **6. NOT USE MONIES DEPOSITED IN THE QUALIFIED STUDENT'S ACCOUNT FOR ANY**  
28 **OF THE FOLLOWING:**

- 29           **(a) COMPUTER HARDWARE OR OTHER TECHNOLOGICAL DEVICES.**
- 30           **(b) TRANSPORTATION OF THE PUPIL.**
- 31           **(c) CONSUMABLE EDUCATIONAL SUPPLIES, INCLUDING PAPER, PENS OR MARKERS.**

32           C. In exchange for the parent's agreement pursuant to subsection B of  
33 this section, the department shall transfer from the ~~special education fund~~  
34 ~~pursuant to section 15-1182~~ **MONIES THAT WOULD OTHERWISE BE ALLOCATED TO A**  
35 **RECIPIENT'S PRIOR SCHOOL DISTRICT** to the treasurer for deposit into an  
36 Arizona empowerment scholarship account an amount that is equivalent to  
37 ninety per cent of the base support level prescribed in section 15-943 for  
38 that particular student. **THE DEPARTMENT MAY RETAIN UP TO FIVE PER CENT OF**  
39 **THE BASE SUPPORT LEVEL PRESCRIBED IN SECTION 15-943 FOR EACH STUDENT WITH AN**  
40 **EMPOWERMENT SCHOLARSHIP ACCOUNT FOR DEPOSIT IN THE DEPARTMENT OF EDUCATION**  
41 **EMPOWERMENT SCHOLARSHIP ACCOUNT FUND ESTABLISHED IN SUBSECTION D OF THIS**  
42 **SECTION, OUT OF WHICH THE DEPARTMENT SHALL TRANSFER ONE PER CENT OF THE BASE**  
43 **SUPPORT LEVEL PRESCRIBED IN SECTION 15-943 FOR EACH STUDENT WITH AN**  
44 **EMPOWERMENT SCHOLARSHIP ACCOUNT TO THE STATE TREASURER FOR DEPOSIT IN THE**  
45 **STATE TREASURER EMPOWERMENT SCHOLARSHIP ACCOUNT FUND ESTABLISHED IN**  
46 **SUBSECTION E OF THIS SECTION.**



1 D. THE DEPARTMENT OF EDUCATION EMPOWERMENT SCHOLARSHIP ACCOUNT FUND IS  
2 ESTABLISHED CONSISTING OF MONIES RETAINED BY THE DEPARTMENT PURSUANT TO  
3 SUBSECTION C OF THIS SECTION. THE DEPARTMENT SHALL ADMINISTER THE FUND.  
4 MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES IN THE  
5 FUND SHALL BE USED FOR THE DEPARTMENT'S COSTS IN ADMINISTERING EMPOWERMENT  
6 SCHOLARSHIP ACCOUNTS UNDER THIS CHAPTER. MONIES IN THE FUND ARE EXEMPT FROM  
7 THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS. IF  
8 THE NUMBER OF EMPOWERMENT SCHOLARSHIP ACCOUNTS SIGNIFICANTLY INCREASES AFTER  
9 FISCAL YEAR 2012-2013, THE DEPARTMENT MAY REQUEST AN INCREASE IN THE AMOUNT  
10 APPROPRIATED TO THE FUND IN ANY SUBSEQUENT FISCAL YEAR IN THE BUDGET ESTIMATE  
11 SUBMITTED PURSUANT TO SECTION 35-113.

12 E. THE STATE TREASURER EMPOWERMENT SCHOLARSHIP ACCOUNT FUND IS  
13 ESTABLISHED CONSISTING OF MONIES TRANSFERRED BY THE DEPARTMENT TO THE STATE  
14 TREASURER PURSUANT TO SUBSECTION C OF THIS SECTION. THE STATE TREASURER  
15 SHALL ADMINISTER THE FUND. MONIES IN THE FUND SHALL BE USED FOR THE STATE  
16 TREASURER'S COSTS IN ADMINISTERING THE EMPOWERMENT SCHOLARSHIP ACCOUNTS UNDER  
17 THIS CHAPTER. IF THE NUMBER OF EMPOWERMENT SCHOLARSHIP ACCOUNTS  
18 SIGNIFICANTLY INCREASES AFTER FISCAL YEAR 2013-2014, THE STATE TREASURER MAY  
19 REQUEST AN INCREASE IN THE AMOUNT APPROPRIATED TO THE FUND IN ANY SUBSEQUENT  
20 FISCAL YEAR IN THE BUDGET ESTIMATE SUBMITTED PURSUANT TO SECTION  
21 35-113. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES  
22 IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO  
23 LAPSING OF APPROPRIATIONS.

24 ~~D-~~ F. A parent must renew the qualified student's empowerment  
25 scholarship account on an annual basis. NOTWITHSTANDING ANY CHANGES TO THE  
26 STUDENT'S MULTIDISCIPLINARY EVALUATION TEAM PLAN, A STUDENT WHO HAS  
27 PREVIOUSLY QUALIFIED FOR AN EMPOWERMENT SCHOLARSHIP ACCOUNT SHALL REMAIN  
28 ELIGIBLE TO APPLY FOR RENEWAL UNTIL THE STUDENT FINISHES HIGH SCHOOL.

29 ~~E-~~ G. A signed agreement under this section constitutes school  
30 attendance required by section 15-802.

31 ~~F-~~ H. A qualified school or a provider of services purchased pursuant  
32 to subsection B, paragraph 4 of this section may not share, refund or rebate  
33 any Arizona empowerment scholarship account monies with the parent or  
34 qualified ~~child~~ STUDENT in any manner.

35 ~~G-~~ I. On the qualified student's graduation from a postsecondary  
36 institution or after any period of four consecutive years after high school  
37 graduation in which the student is not enrolled in an eligible postsecondary  
38 institution, the qualified student's Arizona empowerment scholarship account  
39 shall be closed and any remaining funds shall be returned to the state.

40 ~~H-~~ J. Monies received pursuant to this article ~~does~~ DO not constitute  
41 taxable income to the parent of the ~~qualifying~~ QUALIFIED student.

42 Sec. 7. Section 15-2403, Arizona Revised Statutes, is amended to read:  
43 15-2403. Empowerment scholarship accounts; administration;  
44 audit; rules

1           A. The treasurer may contract with private financial management firms  
2 to manage Arizona empowerment scholarship accounts with the supervision of  
3 the treasurer.

4           B. The department shall conduct or contract for annual audits of a  
5 random sample of empowerment scholarship accounts to ensure compliance with  
6 section 15-2402, subsection B, paragraph 4. The department may also conduct  
7 or contract for audits of empowerment scholarship accounts as needed to  
8 ensure compliance with section 15-2402, subsection B, paragraph 4.

9           C. The department may remove any parent or qualified student from  
10 eligibility for an Arizona empowerment scholarship account and shall notify  
11 the treasurer. A parent may appeal the department's decision pursuant to  
12 title 41, chapter 6, article 10.

13           D. The department may refer cases of substantial misuse of monies to  
14 the attorney general for investigation if the department obtains evidence of  
15 fraudulent use of an account.

16           ~~E. The treasurer may deduct up to three per cent of the amount of~~  
17 ~~student state aid from each empowerment scholarship account for the costs of~~  
18 ~~administering empowerment scholarship accounts under this chapter, including~~  
19 ~~costs incurred by the department.~~

20           ~~F.~~ E. The department shall make quarterly transfers of the amount  
21 calculated pursuant to section 15-2402, subsection C to the treasurer for  
22 deposit into the empowerment scholarship account of each qualified student.

23           F. THE DEPARTMENT SHALL DETERMINE A PERIOD THAT IS BETWEEN JULY 1 AND  
24 MAY 1 OF EACH YEAR DURING WHICH IT WILL ACCEPT APPLICATIONS FOR THE FOLLOWING  
25 FISCAL YEAR. ON OR BEFORE MAY 30 OF EACH YEAR, THE DEPARTMENT SHALL FURNISH  
26 TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AN ESTIMATE OF THE AMOUNT REQUIRED  
27 TO FUND EMPOWERMENT SCHOLARSHIP ACCOUNTS FOR THE FOLLOWING FISCAL YEAR. THE  
28 DEPARTMENT SHALL INCLUDE IN ITS BUDGET REQUEST FOR THE FOLLOWING FISCAL YEAR  
29 THE AMOUNT ESTIMATED IN SECTION 15-2402, SUBSECTION C FOR EACH QUALIFIED  
30 STUDENT.

31           G. The department may adopt rules AND POLICIES necessary for the  
32 administration of empowerment scholarship accounts.

33           Sec. 8. Appropriation; department of education; exemption

34           A. The sum of \$200,000 is appropriated from the department of  
35 education empowerment scholarship account fund established by section  
36 15-2402, Arizona Revised Statutes, as amended by this act, in fiscal year  
37 2012-2013 to the department of education for the purposes prescribed in that  
38 section.

39           B. The appropriation made in subsection A of this section is exempt  
40 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
41 lapsing of appropriations.

42           Sec. 9. Effective date

43           Section 15-1182, Arizona Revised Statutes, as amended by this act, is  
44 effective from and after June 30, 2013.

H.B. 2622

APPROVED BY THE GOVERNOR MAY 14, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 15, 2012.