

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 11
HOUSE BILL 2115

AN ACT

AMENDING SECTIONS 15-481 AND 15-491, ARIZONA REVISED STATUTES; REPEALING SECTION 15-492, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-511 AND 15-949, ARIZONA REVISED STATUTES; RELATING TO SCHOOL 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; informational
5 pamphlet; notice; ballot; 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
9 on the first Tuesday following the first Monday in November as prescribed
10 by section 16-204, subsection F for the purpose of presenting the proposed
11 budget to the qualified electors of the school district who by a majority
12 of those voting either shall affirm or reject the budget. At the same
13 time as the order of the election, the governing board shall publicly
14 declare the deadline for submitting arguments, as set by the county school
15 superintendent pursuant to subsection B, paragraph 9 of this section, to
16 be submitted in the informational ~~report~~ PAMPHLET 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
19 not 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
21 proposed budget, the governing board of the school district shall follow
22 the procedures prescribed in section 15-905 for adopting a budget that
23 includes the authorized increase. If the qualified electors disapprove
24 the proposed budget, the governing board shall follow the procedures
25 prescribed in section 15-905 for adopting a budget that does not include
26 the proposed increase or the portion of the proposed increase that exceeds
27 the amount authorized by a previously approved budget increase as
28 prescribed in subsection P of this section.

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

- 41 1. The date of the election.
- 42 2. The voter's polling place and the times it is open.
- 43 3. The proposed total increase in the budget that exceeds the
44 amount permitted pursuant to section 15-905.

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

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

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

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

16 8. The dollar amount and the purpose for which the proposed
17 increase in the budget is to be expended for the first year for which the
18 budget increase was adopted. The purpose statement shall only present
19 factual information in a neutral manner. Advocacy for the expenditures is
20 strictly limited to the arguments submitted pursuant to paragraph 9 of
21 this subsection.

22 9. At least two arguments, if submitted, but no more than ten
23 arguments for and two arguments, if submitted, but no more than ten
24 arguments against the proposed increase in the budget. The arguments
25 shall be in a form prescribed by the county school superintendent, and
26 each argument shall not exceed two hundred words. Arguments for the
27 proposed increase in the budget shall be provided in writing and signed by
28 the governing board. The ballot arguments for the proposed increase in
29 the budget shall be signed as the governing board of the school district
30 without listing any member's individual name for the arguments for the
31 proposed increase. If submitted, additional arguments in favor of the
32 proposed increase in the budget shall be provided in writing and signed by
33 those in favor. Arguments against the proposed increase in the budget
34 shall be provided in writing and signed by those in opposition. The names
35 of persons and entities submitting written arguments shall be included in
36 the ~~report~~ INFORMATIONAL PAMPHLET. The county school superintendent shall
37 review all factual statements contained in the written arguments and
38 correct any inaccurate statements of fact. The superintendent shall not
39 review and correct any portion of the written arguments that are
40 identified as statements of the author's opinion. The county school
41 superintendent shall make the written arguments available to the public as
42 provided in title 39, chapter 1, article 2. A deadline for submitting
43 arguments to be included in the informational ~~report~~ PAMPHLET shall be set
44 by the county school superintendent.

1 10. A statement that the alternate budget shall be adopted by the
2 governing board if the proposed budget is not adopted by the qualified
3 electors of the school district.

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

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

13 (b) An owner-occupied residence whose assessed valuation is
14 one-half of the assessed valuation of the residence in subdivision (a) of
15 this paragraph.

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

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

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

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

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

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

35 C. For the purpose of this section, the school district may use its
36 staff, equipment, materials, buildings or other resources only to
37 distribute the informational ~~report~~ PAMPHLET at the school district office
38 or at public hearings and to produce such information as required in
39 subsection B of this section, provided that nothing in this subsection
40 shall preclude school districts from holding or participating in any
41 public hearings at which testimony is given by at least one person for the
42 proposed increase and one person against the proposed increase. Any
43 written information provided by the district pertaining to the override
44 election shall include financial information showing the estimated first
45 year tax rate for the proposed budget override amount.

1 D. If any amount of the proposed increase will be funded by a levy
2 of taxes in the district, the election prescribed in subsection A of this
3 section shall be held on the first Tuesday following the first Monday in
4 November as prescribed by section 16-204, subsection F. If the proposed
5 increase will be fully funded by revenues from other than a levy of taxes,
6 the elections prescribed in subsection A of this section shall be held on
7 any date prescribed by section 16-204. The elections shall be conducted
8 as nearly as practicable in the manner prescribed in article 1 of this
9 chapter, sections 15-422 through 15-424 and section 15-426, relating to
10 special elections, except that:

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

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

15 E. If the election is to exceed the revenue control limit and if
16 the proposed increase will be fully funded by a levy of taxes on the
17 taxable property within the school district, the ballot shall contain the
18 words "budget increase, yes" and "budget increase, no", and the voter
19 shall signify the voter's desired choice. The ballot shall also contain
20 the amount of the proposed increase of the proposed budget over the
21 alternate budget, a statement that the amount of the proposed increase
22 will be based on a percentage of the school district's revenue control
23 limit in future years, if applicable, as provided in subsection P of this
24 section and the following statement:

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

39 F. If the election is to exceed the revenue control limit and if
40 the proposed increase will be fully funded by revenues from other than a
41 levy of taxes on the taxable property within the school district, the
42 ballot shall contain the words "budget increase, yes" and "budget
43 increase, no", and the voter shall signify the voter's desired choice.
44 The ballot shall also contain:

1 1. The amount of the proposed increase of the proposed budget over
2 the alternate budget.

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

6 3. The following statement:
7 Any budget increase authorized by this election shall be
8 entirely funded by this school district with revenues from
9 other than a levy of taxes on the taxable property within the
10 school district for the year for which adopted and for _____
11 subsequent years and shall not be realized from monies
12 furnished by the state.

13 G. Except as provided in subsection H of this section, the maximum
14 budget increase that may be requested and authorized as provided in
15 subsection E or F of this section or the combination of subsections E and
16 F of this section is fifteen percent of the revenue control limit as
17 provided in section 15-947, subsection A for the budget year. If a school
18 district requests an override pursuant to section 15-482 or to continue
19 with a budget override pursuant to section 15-482 for pupils in
20 kindergarten programs and grades one through three that was authorized
21 before December 31, 2008, the maximum budget increase that may be
22 requested and authorized as provided in subsection E or F of this section
23 or the combination of subsections E and F of this section is ten percent
24 of the revenue control limit as provided in section 15-947, subsection A
25 for the budget year.

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

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

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

38 (i)

39		Small School	Support Level Weight		Phase Down
40	Student	Student	for Small Isolated		Reduction
41	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
42	_____	- 125	x 1.358 + (0.0005 x	x \$ _____	= \$ _____
43			(500 - Student Count))		

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$$\begin{array}{rclcl} & \text{Phase Down} & \text{Phase Down} & & \text{Small Isolated} \\ & \underline{\text{Base}} & \underline{\text{Reduction Factor}} & & \text{School District} \\ & \$150,000 & - \$ & = \$ & \underline{\text{Elementary Limit}} \end{array}$$

5 (ii)
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$$\begin{array}{rclcl} & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\ & \text{Student} & \text{for Small} & & \text{Reduction} \\ & \underline{\text{Count Limit}} & \underline{\text{School Districts}} & & \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\ \underline{\hspace{2cm}} & - \underline{125} & \times 1.278 + (0.0003 \times & \times \$ & = \$ \\ & & (500 - \text{Student Count})) & & \end{array}$$

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$$\begin{array}{rclcl} & \text{Phase Down} & \text{Phase Down} & & \text{Small} \\ & \underline{\text{Base}} & \underline{\text{Reduction Factor}} & & \text{School District} \\ & \$150,000 & - \$ & = \$ & \underline{\text{Elementary Limit}} \end{array}$$

15 (b) For unified or union high school districts with a student count
16 of less than one hundred seventy-six in grades nine through twelve, the
17 limit computed as prescribed in item (i) or (ii) of this subdivision,
18 whichever is appropriate:

19 (i)
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$$\begin{array}{rclcl} & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\ & \text{Student} & \text{for Small Isolated} & & \text{Reduction} \\ & \underline{\text{Count Limit}} & \underline{\text{School Districts}} & & \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\ \underline{\hspace{2cm}} & - \underline{100} & \times 1.468 + (0.0005 \times & \times \$ & = \$ \\ & & (500 - \text{Student Count})) & & \end{array}$$

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$$\begin{array}{rclcl} & \text{Phase Down} & \text{Phase Down} & & \text{Small Isolated} \\ & \underline{\text{Base}} & \underline{\text{Reduction Factor}} & & \text{District} \\ & \$350,000 & - \$ & = \$ & \underline{\text{Secondary Limit}} \end{array}$$

29 (ii)
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$$\begin{array}{rclcl} & \text{Small School} & \text{Support Level Weight} & & \text{Phase Down} \\ & \text{Student} & \text{for Small} & & \text{Reduction} \\ & \underline{\text{Count Limit}} & \underline{\text{School Districts}} & & \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\ \underline{\hspace{2cm}} & - \underline{100} & \times 1.398 + (0.0004 \times & \times \$ & = \$ \\ & & (500 - \text{Student Count})) & & \end{array}$$

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$$\begin{array}{rclcl} & \text{Phase Down} & \text{Phase Down} & & \text{Small} \\ & \underline{\text{Base}} & \underline{\text{Reduction Factor}} & & \text{School District} \\ & \$350,000 & - \$ & = \$ & \underline{\text{Secondary Limit}} \end{array}$$

39 (c) If both subdivisions (a) and (b) of this paragraph apply to a
40 unified school district, its limit for the purposes of this paragraph is
41 the combination of its elementary limit and its secondary limit.

42 (d) If only subdivision (a) or (b) of this paragraph applies to a
43 unified school district, the district's limit for the purposes of this
44 paragraph is the sum of the limit computed as provided in subdivision (a)
45 or (b) of this paragraph plus ten percent of the revenue control limit

1 attributable to those grade levels that do not meet the eligibility
2 requirements of this subsection. If a school district budgets monies
3 outside the revenue control limit pursuant to section 15-949, subsection
4 E, the district's limit for the purposes of this paragraph is only the ten
5 percent of the revenue control limit attributable to those grade levels
6 that are not included under section 15-949, subsection E. For the
7 purposes of this subdivision, the revenue control limit is separated into
8 elementary and secondary components based on the weighted student count as
9 provided in section 15-971, subsection B, paragraph 2, subdivision (a).

10 2. If a school district utilizes this subsection to request an
11 override of more than one year, the ballot shall include an estimate of
12 the amount of the proposed increase in the future years in place of the
13 statement that the amount of the proposed increase will be based on a
14 percentage of the school district's revenue control limit in future years,
15 as prescribed in subsections E and F of this section.

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

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

20 I. If the election is to exceed the revenue control limit as
21 provided in section 15-482 and if the proposed increase will be fully
22 funded by a levy of taxes on the taxable property within the school
23 district, the ballot shall contain the words "budget increase, yes" and
24 "budget increase, no", and the voter shall signify the voter's desired
25 choice. The ballot shall also contain the amount of the proposed increase
26 of the budget over the alternate budget, a statement that the amount of
27 the proposed increase will be based on a percentage of the school
28 district's revenue control limit in future years, if applicable, as
29 provided in subsection Q of this section, and the following statement:

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

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

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

18 K. The maximum budget increase that may be requested and authorized
19 as provided in subsection I or J of this section, or a combination of both
20 of these subsections, is five percent of the revenue control limit as
21 provided in section 15-947, subsection A for the budget year. For a
22 common school district not within a high school district or a common
23 school district within a high school district that offers instruction in
24 high school subjects as provided in section 15-447, five percent of the
25 revenue control limit means five percent of the revenue control limit
26 attributable to the weighted student count in preschool programs for
27 children with disabilities, kindergarten programs and grades one through
28 eight as provided in section 15-971, subsection B. For a unified school
29 district, five percent of the revenue control limit means five percent of
30 the revenue control limit attributable to the weighted student count in
31 preschool programs for children with disabilities, kindergarten programs
32 and grades one through twelve. For a union high school district, five
33 percent of the revenue control limit means five percent of the revenue
34 control limit attributable to the weighted student count in grades nine
35 through twelve.

36 L. If the election is to exceed district additional assistance and
37 if the proposed increase will be fully funded by a levy of taxes on the
38 taxable property within the school district, the ballot shall contain the
39 words "budget increase, yes" and "budget increase, no", and the voter
40 shall signify the voter's desired choice. An election held pursuant to
41 this subsection shall be held on the first Tuesday after the first Monday
42 of November. The ballot shall also contain the amount of the proposed
43 increase of the proposed budget over the alternate budget and the
44 following statement:

1 Any budget increase authorized by this election shall be
2 entirely funded by a levy of taxes on the taxable property
3 within this school district for the year in 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 the current net assessed
8 valuation used for secondary property tax purposes, to fund
9 the proposed increase in the school district's budget would
10 require an estimated tax rate of _____ dollar per
11 one hundred dollars of net assessed valuation used for
12 secondary property tax purposes and is in addition to the
13 school district's tax rate that will be levied to fund the
14 school district's district additional assistance allowed by
15 law.

16 M. If the election is to exceed district additional assistance and
17 if the proposed increase will be fully funded by revenues from other than
18 a levy of taxes on the taxable property within the school district, the
19 ballot shall contain the words "budget increase, yes" and "budget
20 increase, no", and the voter shall signify the voter's desired choice. An
21 election held pursuant to this subsection shall be held on the first
22 Tuesday after the first Monday of November. The ballot shall also contain
23 the amount of the proposed increase of the proposed budget over the
24 alternate budget and the following statement:

25 Any budget increase authorized by this election shall be
26 entirely funded by this school district with revenues from
27 other than a levy of taxes on the taxable property within the
28 school district for the year in which adopted and for _____
29 subsequent years and shall not be realized from monies
30 furnished by the state.

31 N. If the election is to exceed a combination of the revenue
32 control limit as provided in subsection E or F of this section, the
33 revenue control limit as provided in subsection I or J of this section or
34 district additional assistance as provided in subsection L or M of this
35 section, the ballot shall be prepared so that the voters may vote on each
36 proposed increase separately and shall contain statements required in the
37 same manner as if each proposed increase were submitted separately.

38 O. If the election provides for a levy of taxes on the taxable
39 property within the school district, at least thirty days prior to the
40 election, the department of revenue shall provide the school district
41 governing board and the county school superintendent with the current net
42 assessed valuation of the school district. The governing board and the
43 county school superintendent shall use the current net assessed valuation
44 of the school district to translate the amount of the proposed dollar

1 increase in the budget of the school district over that allowed by law
2 into a tax rate figure.

3 P. If the voters in a school district vote to adopt a budget in
4 excess of the revenue control limit as provided in subsection E or F of
5 this section, any additional increase shall be included in the aggregate
6 budget limit for each of the years authorized. Any additional increase
7 shall be excluded from the determination of equalization assistance. The
8 school district governing board, however, may levy on the net assessed
9 valuation used for secondary property tax purposes of the property in the
10 school district the additional increase if adopted under subsection E of
11 this section for the period of one year, two years or five through seven
12 years as authorized. If an additional increase is approved as provided in
13 subsection F of this section, the school district governing board may only
14 use revenues derived from the school district's prior year's maintenance
15 and operation fund ending cash balance to fund the additional
16 increase. If a budget increase was previously authorized and will be in
17 effect for the budget year or budget year and subsequent years, as
18 provided in subsection E or F of this section, the governing board may
19 request a new budget increase as provided in the same subsection under
20 which the prior budget increase was adopted, which shall not exceed the
21 maximum amount permitted under subsection G of this section. If the
22 voters in the school district authorize the new budget increase amount,
23 the existing budget increase no longer is in effect. If the voters in the
24 school district do not authorize the budget increase amount, the existing
25 budget increase remains in effect for the time period for which it was
26 authorized. The maximum additional increase authorized as provided in
27 subsection E or F of this section and the additional increase that is
28 included in the aggregate budget limit is based on a percentage of a
29 school district's revenue control limit in future years, if the budget
30 increase is authorized for more than one year. If the additional
31 increase:

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

34 2. Is for five years or more, the proposed increase is equal to the
35 initial proposed percentage increase in the following years of the
36 proposed increase, except that in the next to last year it is two-thirds
37 of the initial proposed percentage increase and it is one-third of the
38 initial proposed percentage increase in the last year of the proposed
39 increase.

40 Q. If the voters in a school district vote to adopt a budget in
41 excess of the revenue control limit as provided in subsection I or J of
42 this section, any additional increase shall be included in the aggregate
43 budget limit for each of the years authorized. Any additional increase
44 shall be excluded from the determination of equalization assistance. The
45 school district governing board, however, may levy on the net assessed

1 valuation used for secondary property tax purposes of the property in the
2 school district the additional increase if adopted under subsection I of
3 this section for the period of one year, two years or five through seven
4 years as authorized. If an additional increase is approved as provided in
5 subsection J of this section, the increase may only be budgeted and
6 expended if sufficient monies are available in the maintenance and
7 operation fund of the school district. If a budget increase was
8 previously authorized and will be in effect for the budget year or budget
9 year and subsequent years, as provided in subsection I or J of this
10 section, the governing board may request a new budget increase as provided
11 in the same subsection under which the prior budget increase was adopted
12 that does not exceed the maximum amount permitted under subsection K of
13 this section. If the voters in the school district authorize the new
14 budget increase amount, the existing budget increase no longer is in
15 effect. If the voters in the school district do not authorize the budget
16 increase amount, the existing budget increase remains in effect for the
17 time period for which it was authorized. The maximum additional increase
18 authorized as provided in subsection I or J of this section and the
19 additional increase that is included in the aggregate budget limit is
20 based on a percentage of a school district's revenue control limit in
21 future years, if the budget increase is authorized for more than one year.
22 If the additional increase:

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

25 2. Is for five years or more, the proposed increase is equal to the
26 initial proposed percentage increase in the following years of the
27 proposed increase, except that in the next to last year it is two-thirds
28 of the initial proposed percentage increase and it is one-third of the
29 initial proposed percentage increase in the last year of the proposed
30 increase.

31 R. If the voters in a school district vote to adopt a budget in
32 excess of district additional assistance as provided in subsection L of
33 this section, any additional increase shall be included in the aggregate
34 budget limit for each of the years authorized. The additional increase
35 shall be excluded from the determination of equalization assistance. The
36 school district governing board, however, may levy on the net assessed
37 valuation used for secondary property tax purposes of the property in the
38 school district the additional increase for the period authorized but not
39 to exceed ten years. For overrides approved by a vote of the qualified
40 electors of the school district at an election held from and after October
41 31, 1998, the period of the additional increase prescribed in this
42 subsection shall not exceed seven years for any capital override election.

43 S. If the voters in a school district vote to adopt a budget in
44 excess of district additional assistance as provided in subsection M of
45 this section, any additional increase shall be included in the aggregate

1 budget limit for each of the years authorized. The additional increase
2 shall be excluded from the determination of equalization assistance. The
3 school district governing board may only use revenues derived from the
4 school district's prior year's maintenance and operation fund ending cash
5 balance and capital outlay fund ending cash balance to fund the additional
6 increase for the period authorized but not to exceed ten years. For
7 overrides approved by a vote of the qualified electors of the school
8 district at an election held from and after October 31, 1998, the period
9 of the additional increase prescribed in this subsection shall not exceed
10 seven years for any capital override election.

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

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

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

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

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

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

35 _____ school district is proposing to increase its
36 budget by \$_____ to fund capital improvements over and
37 above those funded by the state. Under the students first
38 capital funding system, _____ school district is entitled
39 to state monies for new construction and renovation of school
40 buildings in accordance with state law.

41 2. The ballot shall contain the words "budget increase, yes" and
42 "budget increase, no", and the voter shall signify the voter's desired
43 choice.

44 3. At least eighty-five days before the election, the school
45 district shall submit proposed ballot language to the director of the

1 Arizona legislative council. The director of the Arizona legislative
2 council shall review the proposed ballot language to determine whether the
3 proposed ballot language complies with this section. If the director of
4 the Arizona legislative council determines that the proposed ballot
5 language does not comply with this section, the director, within ten
6 calendar days of the receipt of the proposed ballot language, shall notify
7 the school district of the director's objections and the school district
8 shall resubmit revised ballot language to the director for approval.

9 X. If the voters approve the budget increase pursuant to subsection
10 L or M of this section, the school district shall not use the override
11 proceeds for any purposes other than the proposed capital improvements
12 listed in the ~~publicity~~ INFORMATIONAL pamphlet, except that up to ten
13 percent of the override proceeds may be used for general capital expenses,
14 including cost overruns of proposed capital improvements.

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

20 1. If the increase is pursuant to subsection L or M of this
21 section, at a minimum, the update shall include the progress of capital
22 improvements financed through the override, a comparison of the current
23 status and the original projections on the construction of capital
24 improvements, the costs of capital improvements and the costs of capital
25 improvements in progress or completed since the prior meeting and the
26 future capital plans of the school district. The school district shall
27 include in the public meeting a discussion of the school district's use of
28 state capital aid and voter-approved bonding in funding capital
29 improvements, if any.

30 2. If the increase is pursuant to subsection E, F, I or J of this
31 section, the update shall include at a minimum the amount expended in the
32 previous fiscal year and the amount included in the current budget for
33 each of the purposes listed in the informational ~~report~~ PAMPHLET
34 prescribed by subsection B of this section.

35 Z. If a budget in excess of district additional assistance was
36 previously adopted by the voters in a school district and will be in
37 effect for the budget year or budget year and subsequent years, as
38 provided in subsection L or M of this section, the governing board may
39 request an additional budget in excess of district additional assistance.
40 If the voters in a school district authorize the additional budget in
41 excess of district additional assistance, the existing district additional
42 assistance budget increase remains in effect.

43 AA. Notwithstanding any other law, the maximum budget increase that
44 may be authorized pursuant to subsection L or M of this section is ten
45 percent of the school district's revenue control limit.

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

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

27 CC. If the election is to continue to exceed the revenue control
28 limit as provided in section 15-482 and if the proposed override will be
29 fully funded by a continuation of a levy of taxes on the taxable property
30 in the school district, the ballot shall contain the words "budget
31 override continuation, yes" and "budget override continuation, no", and
32 the voter shall signify the voter's desired choice. The ballot shall also
33 contain the amount of the proposed continuation of the budget increase of
34 the proposed budget over the alternate budget, a statement that the amount
35 of the proposed increase will be based on a percentage of the school
36 district's revenue control limit in future years, if applicable, as
37 provided in subsection P of this section and the following statement:

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

1 proposed continuation of the increase in the school district's
2 budget would require an estimated continuation of a tax rate of
3 _____ dollar per one hundred dollars of net assessed
4 valuation used for secondary property tax purposes and is in
5 addition to the school district's tax rate that will be levied
6 to fund the school district's revenue control limit allowed by
7 law.

8 Sec. 2. Section 15-491, Arizona Revised Statutes, is amended to
9 read:

10 15-491. Elections on school property: exceptions

11 A. The governing board of a school district may, and on petition of
12 fifteen percent of the school electors as shown by the poll list at the
13 last preceding annual school election shall, call an election for the
14 following purposes:

15 1. To locate or change the location of school buildings.

16 2. To purchase or sell school sites or buildings or sell school
17 sites pursuant to section 15-342 or to build school buildings, but the
18 authorization by vote of the school district shall not necessarily specify
19 the site to be purchased.

20 3. To decide whether the bonds of the school district shall be
21 issued and sold for the purpose of raising money for purchasing or leasing
22 school lots, for building or renovating school buildings, for supplying
23 school buildings with furniture, equipment and technology, for improving
24 school grounds, for purchasing pupil transportation vehicles or for
25 liquidating any indebtedness already incurred for such purposes. Bonds
26 issued for furniture, equipment and technology, other than fixtures, shall
27 mature no later than the July 1 that follows the fifth year after the
28 bonds were issued. A school district shall not issue class B bonds until
29 the school district has obligated in contract the entire proceeds of any
30 class A bonds issued by the school district. The total amount of class A
31 and class B bonds issued by a school district shall not exceed the debt
32 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
33 Arizona.

34 4. To lease for ten or more years, as lessor or as lessee, school
35 buildings or grounds. Approval by a majority of the school district
36 electors voting authorizes the governing board to negotiate for and enter
37 into a lease. The ballot shall list the school buildings or grounds for
38 which a lease is sought. If the governing board does not enter into a
39 lease of ten or more years of the school buildings or grounds listed on
40 the ballot within ten years of the date of the election and the board
41 continues to seek such a lease, the governing board shall call a special
42 election to reauthorize the board to negotiate for and to enter into a
43 lease of ten or more years.

44 5. To change the list of capital projects or the purposes
45 authorized by prior voter approval to issue bonds.

1 6. To extend from six to ten years the time period to issue class B
2 bonds authorized in 2009 or earlier. Elections pursuant to this paragraph
3 may not be held later than the sixth November after the election approving
4 the issuance of the bonds.

5 B. No petition shall be required for the holding of the first
6 election to be held in a joint common school district for any of the
7 purposes specified in subsection A of this section. ~~The notice of~~
8 ~~election required by section 15-492 shall be published in each of the~~
9 ~~counties that comprise the joint common school district.~~ The
10 certification of election results required by section 15-493 shall be made
11 to the board of supervisors of the jurisdictional county.

12 C. When the election is called to determine whether or not bonds of
13 the school district shall be issued and sold for the purposes enumerated
14 in the call for the election, the question shall be submitted to the vote
15 of the qualified electors of the school district as defined in section
16 15-401 and subject to section 15-402.

17 D. The governing board shall order the election to be held **AND THE**
18 **ELECTION NOTICE AND PROCEDURES TO BE CONDUCTED** in the manner prescribed in
19 title 35, chapter 3, article 3. If a petition for an election has been
20 filed with the governing board as provided in subsection A of this
21 section, the board shall act on the petition within sixty days by ordering
22 the election to be held as provided in this subsection. If a school
23 district bond election is scheduled for the same date a school district
24 will hold an override election, the governing body shall deliver a copy of
25 the notice of election and ballot to the county school superintendent who
26 shall include the notice of election and ballot with the ~~information~~
27 ~~report~~ **INFORMATIONAL PAMPHLET** and ballot prepared for the override
28 election. Mailing of the information required for both the override and
29 bond elections shall constitute compliance with the notice provisions of
30 this section.

31 E. The elections to be held pursuant to this section shall only be
32 held on dates prescribed by section 16-204, except that elections held
33 pursuant to this section to decide whether class B bonds shall be issued,
34 or any other obligation incurred that will require the assessment of
35 secondary property taxes, shall only be held on the first Tuesday after
36 the first Monday of November.

37 F. Subsection A, paragraph 2 of this section does not apply to the
38 sale of school property if the market value of the school property is less
39 than fifty thousand dollars.

40 G. Bond counsel fees, financial advisory fees, printing costs and
41 paying agent and registrar fees for bonds issued pursuant to an election
42 under this section shall be paid from either the amount authorized by the
43 qualified electors of the school district or current operating funds.
44 Bond election expenses shall be paid from current operating funds only.

1 H. For any election conducted to decide whether class B bonds will
2 be issued pursuant to this section:

3 1. Except as provided in paragraph 2 of this subsection, the ballot
4 shall include the following statement:

5 The capital improvements that are proposed to be funded
6 through this bond issuance are to exceed the state standards
7 and are in addition to monies provided by the state.

8 _____ school district is proposing to issue class B
9 general obligation bonds totaling \$_____ to fund capital
10 improvements over and above those funded by the state. Under
11 the students first capital funding system, _____ school
12 district is entitled to state monies for new construction and
13 renovation of school buildings in accordance with state law.

14 2. For a school district that is a joint technical education
15 district, the ballot shall include the following statement:

16 _____, a joint technical education district, is
17 proposing to issue class B general obligation bonds totaling
18 \$_____ to fund capital improvements at a campus owned or
19 operated and maintained by the joint technical education
20 district.

21 3. The ballot shall ~~contain the words "bond approval, yes" and~~
22 ~~"bond approval, no", and the voter shall signify the voter's desired~~
23 ~~choice.~~

24 ~~4. The ballot shall also contain the phrase "the issuance of these~~
25 ~~bonds will result in an annual levy of property taxes sufficient to pay~~
26 ~~the debt on the bonds"~~ CONFORM TO THE REQUIREMENTS OF TITLE 35, CHAPTER 3,
27 ARTICLE 3.

28 ~~5.~~ 4. At least eighty-five days before the election, the school
29 district shall submit proposed ballot language to the COUNTY SCHOOL
30 SUPERINTENDENT AND THE director of the Arizona legislative council. The
31 director of the Arizona legislative council shall review the proposed
32 ballot language to determine whether the proposed ballot language complies
33 with this section. If the director of the Arizona legislative council
34 determines that the proposed ballot language does not comply with this
35 section, the director, within ten calendar days of the receipt of the
36 proposed ballot language, shall notify the school district AND THE COUNTY
37 SCHOOL SUPERINTENDENT of the director's objections and the school district
38 shall resubmit revised ballot language to the director for approval.

39 ~~6.~~ 5. No later than thirty-five days before a class B bond
40 election conducted pursuant to this section, the school district shall
41 mail a ~~publicity~~ AN INFORMATIONAL pamphlet PREPARED BY THE COUNTY SCHOOL
42 SUPERINTENDENT to each household that contains a qualified elector in the
43 school district. The ~~publicity~~ INFORMATIONAL pamphlet shall contain, at a
44 minimum, the following information:

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

3 (b) A complete list of each proposed capital improvement that will
4 be funded with the proceeds of the bonds and a description of the proposed
5 cost of each improvement, including a separate aggregation of capital
6 improvements for administrative purposes as defined by the school
7 facilities board.

8 (c) The tax rate associated with each of the proposed capital
9 improvements and the estimated cost of each capital improvement for the
10 owner of a single family home that is valued at one hundred thousand
11 dollars.

12 I. For any election conducted to decide whether impact aid revenue
13 bonds shall be issued pursuant to this section:

14 1. The ballot shall include the following statement:

15 The capital improvements that are proposed to be funded
16 through this bond issuance are to exceed the state standards
17 and are in addition to monies provided by the state.

18 _____ school district is proposing to issue impact
19 aid revenue bonds totaling \$_____ to fund capital
20 improvements over and above those funded by the state. Under
21 the students first capital funding system, _____ school
22 district is entitled to state monies for new construction and
23 renovation of school buildings in accordance with state law.

24 2. The ballot shall contain the words "bond approval, yes" and
25 "bond approval, no", and the voter shall signify the voter's desired
26 choice.

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

37 4. No later than thirty-five days before an impact aid revenue bond
38 election conducted pursuant to this section, the school district shall
39 mail ~~a publicity~~ AN INFORMATIONAL pamphlet PREPARED BY THE COUNTY SCHOOL
40 SUPERINTENDENT to each household that contains a qualified elector in the
41 school district. The ~~publicity~~ INFORMATIONAL pamphlet shall contain, at a
42 minimum, the following information:

43 (a) The date of the election.

44 (b) The voter's polling place and the times it is open.

1 (c) An executive summary of the school district's most recent
2 capital plan submitted to the school facilities board.

3 (d) A complete list of each proposed capital improvement that will
4 be funded with the proceeds of the bonds and a description of the proposed
5 cost of each improvement, including a separate aggregation of capital
6 improvements for administrative purposes as defined by the school
7 facilities board.

8 (e) A statement that impact aid revenue bonds will be fully funded
9 by aid that the school district receives from the federal government and
10 do not require a levy of taxes in the district.

11 (f) A statement that if the bonds are approved, the first priority
12 for the impact aid will be to pay the debt service for the bonds and that
13 other uses of the monies are prohibited until the debt service obligation
14 is met.

15 (g) A statement that if the impact aid revenue bonds are approved,
16 the school district shall not issue or sell class B bonds while the
17 district has existing indebtedness from impact aid revenue bonds, except
18 for bonds issued to refund any bonds issued by the board.

19 J. If the voters approve the issuance of school district class B
20 bonds or impact aid revenue bonds, the school district shall not use the
21 bond proceeds for any purposes other than the proposed capital
22 improvements listed in the **publicity** **INFORMATIONAL** pamphlet, except that
23 up to ten percent of the bond proceeds may be used for general capital
24 expenses, including cost overruns of proposed capital improvements. The
25 proposed capital improvements may be changed by a subsequent election as
26 provided by this section.

27 K. Each school district that issues bonds under this section is
28 required to hold a public meeting each year between September 1 and
29 October 31, until the bond proceeds are spent, at which an update of the
30 progress of capital improvements financed through bonding is discussed and
31 at which the public is permitted an opportunity to comment. At a minimum,
32 the update shall include a comparison of the current status and the
33 original projections on the construction of capital improvements, the
34 costs of capital improvements and the costs of capital improvements in
35 progress or completed since the prior meeting and the future capital
36 bonding plans of the school district. The school district shall include
37 in the public meeting a discussion of the school district's use of state
38 capital aid and voter-approved capital overrides in funding capital
39 improvements, if any.

40 L. If an election is held to change the purpose or list of capital
41 projects authorized by prior voter approval to issue bonds pursuant to
42 subsection A, paragraph 5 of this section, the following requirements
43 apply:

44 1. The election may be held only on the first Tuesday after the
45 first Monday in November.

1 2. No later than thirty-five days before the election, the school
2 district shall mail ~~a~~ ~~publicity~~ AN INFORMATIONAL pamphlet PREPARED BY THE
3 COUNTY SCHOOL SUPERINTENDENT to each household in the school district that
4 contains a qualified elector. The ~~publicity~~ INFORMATIONAL pamphlet shall
5 contain, at a minimum, the following information:

6 (a) The date of the election.

7 (b) The voter's polling place and the times it is open.

8 (c) A statement as to why the election was called.

9 (d) A complete list of each proposed capital improvement that is in
10 addition to the initial capital improvements presented in the ~~publicity~~
11 INFORMATIONAL pamphlet when the bonds were approved and the proposed cost
12 of each improvement, including a separate aggregation of capital
13 improvements for administrative purposes as defined by the school
14 facilities board.

15 (e) A complete list of each capital improvement that was presented
16 in the ~~publicity~~ INFORMATIONAL pamphlet when the bonds were initially
17 approved and that is proposed to be eliminated or to have its cost
18 reduced, and the proposed cost of each improvement, including a separate
19 aggregation of capital improvements for administrative purposes as defined
20 by the school facilities board.

21 (f) Arguments for and against the proposed change, if submitted, as
22 provided by section 15-481, subsection B, paragraph 9. The ballot
23 arguments for the proposed change shall be signed as the governing board
24 of the school district without listing any member's individual name for
25 the arguments for the proposed change.

26 3. The ballot shall contain the words "change capital improvements,
27 yes" and "change capital improvements, no", and the voter shall signify
28 the voter's desired choice.

29 4. If the election is to add a purpose that was not on the initial
30 ballot, the ballot shall list the purpose that is proposed to be added.

31 M. If an election is held to extend the time to issue bonds
32 pursuant to subsection A, paragraph 6 of this section, the following
33 requirements apply:

34 1. The election may be held only on the first Tuesday after the
35 first Monday in November.

36 2. No later than thirty-five days before the election, the school
37 district shall mail ~~a~~ ~~publicity~~ AN INFORMATIONAL pamphlet PREPARED BY THE
38 COUNTY SCHOOL SUPERINTENDENT to each household in the school district that
39 contains a qualified elector. The ~~publicity~~ INFORMATIONAL pamphlet shall
40 contain, at a minimum, the following information:

41 (a) The date of the election.

42 (b) The voter's polling place and the times it is open.

43 (c) A statement as to why the election was called.

44 (d) Arguments for and against the proposed change, if submitted, as
45 provided in section 15-481, subsection B, paragraph 9. The ballot

1 arguments for the proposed change shall be signed as the governing board
2 of the school district without listing any member's individual name for
3 the arguments for the proposed change.

4 3. The ballot shall contain the words "extend time to issue bonds,
5 yes" and "extend time to issue bonds, no", and the voter shall signify the
6 voter's desired choice.

7 Sec. 3. Repeal

8 Section 15-492, Arizona Revised Statutes, is repealed.

9 Sec. 4. Section 15-511, Arizona Revised Statutes, is amended to
10 read:

11 15-511. Use of school district or charter school resources or
12 employees to influence elections; prohibition;
13 civil penalty; definitions

14 A. A person acting on behalf of a school district or a person who
15 aids another person acting on behalf of a school district shall not spend
16 or use school district or charter school resources, including the use or
17 expenditure of monies, accounts, credit, facilities, vehicles, postage,
18 telecommunications, computer hardware and software, web pages, personnel,
19 equipment, materials, buildings or any other thing of value of the school
20 district or charter school, for the purpose of influencing the outcomes of
21 elections. Notwithstanding this section, a school district may distribute
22 informational ~~reports~~ PAMPHLETS on a proposed budget override election as
23 provided in section 15-481, subsections B and C or informational ~~reports~~
24 PAMPHLETS on a proposed bond election as provided in section 15-491,
25 subsection D if those informational ~~reports~~ PAMPHLETS present factual
26 information in a neutral manner, except for those arguments presented as
27 prescribed in section 15-481, subsection B, paragraph 9. Nothing in this
28 section precludes a school district from reporting on official actions of
29 the governing board.

30 B. The prohibition on the use of public resources to influence the
31 outcome of bond, budget override and other tax-related elections includes
32 the use of school district-focused promotional expenditures that occur
33 after an election is called and through election day. This prohibition
34 does not include routine school district communications.

35 C. This section does not prohibit the use of school district or
36 charter school resources, including facilities and equipment, for
37 government-sponsored forums or debates if the government sponsor remains
38 impartial and the events are purely informational and provide an equal
39 opportunity to all viewpoints. The rental and use of a public facility by
40 a private person or entity that may lawfully attempt to influence the
41 outcome of an election is permitted if it does not occur at the same time
42 and place as a government-sponsored forum or debate.

43 D. An employee of a school district or charter school who is acting
44 as an agent of or working in an official capacity for the school district
45 or charter school may not give pupils written materials to influence the

1 outcome of an election or to advocate support for or opposition to pending
2 or proposed legislation.

3 E. Employees of a school district or charter school may not use the
4 authority of their positions to influence the vote or political activities
5 of any subordinate employee.

6 F. Notwithstanding section 15-342, paragraph 8, a school district
7 shall not spend monies for membership in an association that attempts to
8 influence the outcome of an election.

9 G. ~~Nothing contained in~~ This section ~~shall be construed as denying~~
10 DOES NOT DENY the civil and political liberties of any person as
11 guaranteed by the United States and Arizona Constitutions.

12 H. The attorney general shall publish and distribute to school
13 districts and charter schools a detailed guideline regarding activities
14 prohibited under this section. The attorney general may distribute these
15 guidelines through a website or electronically.

16 I. The attorney general or the county attorney for the county in
17 which an alleged violation of this section occurred may initiate a suit in
18 the superior court in the county in which the school district or charter
19 school is located for the purpose of complying with this section.

20 J. For each violation of this section, the court may impose a civil
21 penalty not to exceed five thousand dollars plus any amount of misused
22 funds subtracted from the school district budget against a person who
23 knowingly violates or a person who knowingly aids another person in
24 violating this section. The person determined to be out of compliance
25 with this section shall be responsible for the payment of all penalties
26 and misused funds. School district funds or insurance payments shall not
27 be used to pay these penalties or misused funds. All misused funds
28 collected pursuant to this section shall be returned to the school
29 district or charter school whose funds were misused.

30 K. An attorney acting on behalf of a public school may request a
31 legal opinion of the county attorney or attorney general as to whether a
32 proposed use of school district resources would violate this section.

33 L. All penalties collected by the court for a suit initiated in
34 superior court by the attorney general shall be paid to the office of the
35 attorney general for the use and reimbursement of costs of prosecution
36 pursuant to this section. All penalties collected by the court for a suit
37 initiated in superior court by a county attorney shall be paid to the
38 county treasurer of the county in which the court is held for the use and
39 reimbursement of costs of prosecution pursuant to this section.

40 M. For the purposes of this section:

41 1. "Government-sponsored forum or debate" means any event, or part
42 of an event or meeting, in which the government is an official sponsor,
43 which is open to the public or to invited members of the public, and whose
44 purpose is to inform the public about an issue or proposition that is
45 before the voters.

1 2. "Influencing the outcomes of elections" means supporting or
2 opposing a candidate for nomination or election to public office or the
3 recall of a public officer or supporting or opposing a ballot measure,
4 question or proposition, including any bond, budget or override election
5 and supporting or opposing the circulation of a petition for the recall of
6 a public officer or a petition for a ballot measure, question or
7 proposition in any manner that is not impartial or neutral.

8 3. "Misused funds" means school district monies or resources used
9 unlawfully pursuant to this section.

10 4. "Routine school district communications" means messages or
11 advertisements that are germane to the functions of the school district
12 and that maintain the frequency, scope and distribution consistent with
13 past practices or are necessary for public safety.

14 Sec. 5. Section 15-949, Arizona Revised Statutes, is amended to
15 read:

16 15-949. Small school districts; exemption from general budget
17 limit; budget revision

18 A. The governing board of a common school district with a student
19 count in kindergarten programs and grades one through eight of one hundred
20 twenty-five or less, the governing board of a high school district with a
21 student count of one hundred or less or the governing board of a unified
22 school district or the county school superintendent for an accommodation
23 school with a student count of one hundred twenty-five or less in
24 kindergarten programs and grades one through eight or with a student count
25 of one hundred or less in grades nine through twelve shall compute a
26 revenue control limit and a general budget limit, but the governing board
27 or the county school superintendent may:

28 1. Adopt a budget in excess of the general budget limit without the
29 necessity of an election under section 15-481, provided that for a unified
30 school district or for an accommodation school the excess amount of
31 expenditures shall be attributable to the student count in kindergarten
32 programs and grades one through eight or to the student count in grades
33 nine through twelve as provided in this subsection.

34 2. Revise its budget to include the costs for additional pupils who
35 were not anticipated when the budget was adopted, if it receives
36 permission as follows:

37 (a) If a governing board:

38 (i) The governing board shall send a petition to the county school
39 superintendent requesting authority to revise its budget. The petition
40 shall include a copy of the proposed budget.

41 (ii) The county school superintendent shall recommend the action to
42 be taken on the petition and forward the recommendation and the petition
43 to the board of supervisors.

44 (iii) The board of supervisors shall hold a hearing on the petition
45 within twenty days after receipt of the petition and shall determine

1 whether to allow the petition, allow the petition after revision or deny
2 the petition.

3 (b) If a county school superintendent, the county school
4 superintendent shall send the revised budget to the board of supervisors,
5 and the board of supervisors shall hold a hearing on the recommendation
6 within twenty days after receipt of the recommendation and shall determine
7 whether to allow the revised budget, allow the revised budget after
8 further revision or deny the revision.

9 B. If the board of supervisors revises or denies the petition or
10 recommendation presented pursuant to subsection A, paragraph 2,
11 subdivision (a), item (iii) or subdivision (b) of this section, **THE BOARD**
12 **SHALL STATE** the reasons for revision or denial ~~shall be stated~~ in writing.

13 C. School districts that in any year after fiscal year 1984-1985
14 but before fiscal year 1999-2000 have operated under the provisions of the
15 small school adjustment as provided for in subsection A of this section
16 and that have subsequently exceeded the student count limits expressed in
17 subsection A of this section may continue in successive years to adopt a
18 budget greater than the general budget limit without the necessity of an
19 election under section 15-481, except that the amount greater than the
20 general budget limit shall not exceed fifty thousand dollars. The amount
21 that is adopted without the use of an election under section 15-481 and
22 that is greater than the general budget limit is specifically exempt from
23 the revenue control limit.

24 D. Notwithstanding subsection C of this section, school districts
25 that exceeded the student count limits prescribed in subsection A of this
26 section may adopt, in the first year that these limits are exceeded, a
27 budget that exceeds the general budget limit without an election conducted
28 pursuant to section 15-481 or pursuant to subsection E of this section,
29 except that the amount that exceeds the general budget limit shall not
30 exceed the amount authorized pursuant to subsection C of this section plus
31 the limit prescribed in subsection E of this section. The amount that is
32 adopted without an election and that exceeds the general budget limit is
33 exempt from the revenue control limit.

34 E. School districts that in any year after fiscal year 1998-1999
35 have operated under the provisions of the small school adjustment as
36 provided in subsection A of this section and that have subsequently
37 exceeded the student count limits prescribed in subsection A of this
38 section may continue in successive years to adopt a budget greater than
39 the general budget limit subject to an election, except that the amount
40 that is greater than the general budget limit shall not exceed the amount
41 that is prescribed in this subsection. The amount that is adopted
42 pursuant to this subsection is specifically exempt from the revenue
43 control limit and shall be funded by a levy on secondary property taxes in
44 the school district. The maximum amount that may be adopted pursuant to
45 this subsection is computed as follows:

1 1. For a unified school district, separate the revenue control
2 limit into elementary and secondary components based on the weighted
3 student count as provided in section 15-971, subsection B, paragraph 2,
4 subdivision (a). Use the elementary component of the revenue control
5 limit for the purposes of paragraph 2 of this subsection and the secondary
6 component of the revenue control limit for the purposes of paragraph 3 of
7 this subsection.

8 2. For a common or unified district that used the provisions of
9 subsection A of this section based on its elementary student count, the
10 amount is determined as follows:

11 (a) Subtract one hundred twenty-five from the elementary student
12 count.

13 (b) Multiply the difference in subdivision (a) of this paragraph by
14 0.45 ~~per cent~~ PERCENT.

15 (c) Subtract the product determined in subdivision (b) of this
16 paragraph from thirty-five ~~per cent~~ PERCENT. If the result is zero or
17 less than zero, the district is not eligible to use the provisions of this
18 paragraph.

19 (d) Multiply the difference determined in subdivision (c) of this
20 paragraph by the elementary revenue control limit.

21 3. For a high school or unified district that used the provisions
22 of subsection A of this section based on its secondary student count, the
23 amount is determined as follows:

24 (a) Subtract one hundred from the secondary student count.

25 (b) Multiply the difference in subdivision (a) of this paragraph by
26 0.65 ~~per cent~~ PERCENT.

27 (c) Subtract the product determined in subdivision (b) of this
28 paragraph from sixty-five ~~per cent~~ PERCENT. If the result is zero or less
29 than zero, the district is not eligible to use the provisions of this
30 paragraph.

31 (d) Multiply the difference determined in subdivision (c) of this
32 paragraph by the secondary revenue control limit.

33 4. For a unified school district that used the provisions of
34 subsection A of this section for both its elementary and secondary pupils,
35 combine the amounts determined in paragraphs 2 and 3 of this subsection.

36 F. For the purposes of subsection E of this section:

37 1. "Elementary" means kindergarten programs and grades one through
38 eight.

39 2. "Secondary" means grades nine through twelve.

40 G. The part of the primary tax rate set to fund the small school
41 district adjustment as provided in subsections D and E of this section
42 shall not be included in the computation of additional state aid for
43 education as prescribed in section 15-972.

44 H. The election required pursuant to subsection E of this section
45 shall conform to the procedural requirements for calling the election,

1 preparing the informational ~~report~~ PAMPHLET and preparing the ballot as
2 prescribed in section 15-481, subsections A, B, C and D. The maximum
3 number of years that a budget override approved pursuant to subsection E
4 of this section may be in effect is five years.

5 I. If the proposed budget override will be fully funded by a levy
6 of taxes on the taxable property within the school district, the ballot
7 shall contain the words "budget override, yes" and "budget override, no",
8 and the voter shall signify the voter's desired choice. The ballot shall
9 also contain the amount of the proposed budget override compared to the
10 amount the school district budgeted in the preceding year and the amount
11 the school district would be allowed to budget for if the measure is not
12 approved by the voters. The statement shall also include the estimated
13 amount of the override for each year the override is sought. The ballot
14 shall also include the following statement:

15 The budget override authorized by this election allows
16 the _____ school district to levy property taxes in
17 excess of the property tax levy allowed by law to fund the
18 school district's revenue control limit. The property tax
19 levy for the year for which adopted and for ____ subsequent
20 years will be annually adjusted based on a formula that
21 authorizes the _____ school district to exceed the
22 revenue control limit by up to thirty-five ~~per cent~~ PERCENT
23 for kindergarten programs and grades one through eight or up
24 to sixty-five ~~per cent~~ PERCENT for grades nine through twelve.
25 The levy shall not be realized from monies furnished by the
26 state and shall not be subject to the limitation on taxes
27 specified in article IX, section 18, Constitution of
28 Arizona. Based on an estimate of assessed valuation used for
29 secondary property tax purposes, the proposed override in the
30 _____ school district's budget over that allowed by
31 the revenue control limit would result in an estimated
32 increase in the school district's tax rate of
33 _____ dollars per one hundred dollars of assessed
34 valuation for the secondary property tax purposes.

35 J. If the proposed budget override will be fully funded by revenues
36 from other than a levy of taxes on the taxable property within the school
37 district, the ballot shall contain the words "budget override, yes" and
38 "budget override, no", and the voter shall signify the voter's desired
39 choice. The ballot shall also contain the amount of the proposed budget
40 override compared to the amount the school district budgeted in the
41 preceding year and the amount the school district would be allowed to
42 budget for if the measure is not approved by the voters. The statement
43 shall also include the estimated amount of the override for each year the
44 override is sought. The ballot shall also include the following
45 statement:

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

7 K. For the purposes of subsections H and I of this section, levy of
8 taxes on the taxable property does not include a levy of the government
9 property lease or park property lease excise taxes assessed pursuant to
10 title 42, chapter 6, article 5.

APPROVED BY THE GOVERNOR MARCH 16, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 16, 2018.