

REFERENCE TITLE: common school districts; tuition; elimination

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HB 2124

Introduced by
Representative Udall

AN ACT

AMENDING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2014, CHAPTER 211, SECTION 2; AMENDING SECTION 15-448, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2020, CHAPTER 14, SECTION 2; AMENDING SECTIONS 15-823, 15-824, 15-825, 15-910, 15-951, 15-971 AND 15-992, ARIZONA REVISED STATUTES; RELATING TO EDUCATION FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-448, Arizona Revised Statutes, as amended by Laws 2014, chapter 211, section 2, is amended to read:

15-448. Formation of unified school district; board membership; budget

A. One or more common school districts and a high school district with coterminous or overlapping boundaries may establish a unified school district pursuant to this section. Unification of a common school district and a high school district is not authorized by this section if any of the high school facilities owned by the new unified school district would not be located within its boundaries.

B. Formation of a unified school district shall be by resolutions approved by the governing boards of the unifying school districts and certification of approval by such governing boards to the county school superintendent of the county or counties in which such individual school districts are located. A common school district and high school district that unify pursuant to this section shall not exclude from the same unification a common school district that has overlapping boundaries with the high school district and that wishes to unify. Except as provided in subsection D of this section, the formation of a unified school district ~~shall become~~ BECOMES effective on July 1 of the next fiscal year following the certification of the county school superintendent. An election ~~shall~~ IS not ~~be~~ required to form a unified school district pursuant to this section. At least ninety days before the governing boards vote on the resolutions prescribed in this subsection, the governing boards shall mail a pamphlet to each household with one or more qualified electors that ~~shall list~~ LISTS the full cash value, the assessed valuation and the estimated amount of the primary property taxes and the estimated amount of the secondary property taxes under the proposed unification for each of the following:

1. An ~~owner-occupied~~ OWNER-OCCUPIED residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

2. An ~~owner-occupied~~ OWNER-OCCUPIED residence whose assessed valuation is one-half of the assessed valuation of the residence in paragraph 1 of this subsection.

3. An ~~owner-occupied~~ OWNER-OCCUPIED residence whose assessed valuation is twice the assessed valuation of the residence in paragraph 1 of this subsection.

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

1 C. The boundaries of the unified school district shall be the
2 boundaries of the former common school district or districts that unify.
3 The boundaries of the common school district or districts that are not
4 unifying remain unchanged. The county school superintendent, immediately
5 on receipt of the approved resolutions prescribed by subsection B of this
6 section, shall file with the board of supervisors, the county assessor and
7 the superintendent of public instruction a transcript of the boundaries of
8 the unified school district. The boundaries shown in the transcript shall
9 become the legal boundaries of the school districts on July 1 of the next
10 fiscal year.

11 D. On formation of the unified school district, the governing board
12 consists of the members of the former school district governing boards and
13 the members shall hold office until January 1 following the first general
14 election after formation of the district. For the purpose of all actions
15 that are necessary ~~for the operation of~~ TO OPERATE the unified district
16 for the next year, the unified school district governing board is
17 constituted and may conduct meetings after the adoption of the unification
18 resolutions prescribed by subsection B of this section.

19 E. Beginning on January 1 following the first general election
20 after formation of the unified school district, the governing board shall
21 have five members. At the first general election after the formation of
22 the district, members shall be elected in the following manner:

23 1. The three candidates receiving the highest, the second highest
24 and the third highest number of votes shall be elected to ~~four year~~
25 FOUR-YEAR terms.

26 2. The two candidates receiving the fourth and fifth highest number
27 of votes shall be elected to two year terms. Thereafter all offices shall
28 have ~~four year~~ FOUR-YEAR terms.

29 F. The new unified school district may appoint a resident of the
30 remaining common school district to serve as a nonvoting member of the
31 governing board to represent the interests of the high school pupils who
32 reside in the remaining common school district and who attend school in
33 the unified school district.

34 G. For the first year of operation, the unified school district
35 governing board shall prepare a consolidated budget based on the student
36 counts from the school districts comprising the unified school district,
37 except that for purposes of determining budget amounts and equalization
38 assistance, the student count for the former high school district shall
39 not include the prior year average daily membership attributable to high
40 school pupils from a common school district that was part of the former
41 high school district but is not part of the unified school district. The
42 unified school district shall charge the remaining common school district
43 tuition for these pupils as provided in subsection J of this section. The

1 unified school district may budget for unification assistance pursuant to
2 section 15-912.01.

3 H. The governing board of the unified school district shall prepare
4 policies, curricula and budgets for the district. These policies shall
5 require that:

6 1. The base compensation of each certificated teacher for the first
7 year of operation of the new unified school district shall not be lower
8 than the certificated teacher's base compensation for the prior year in
9 the previously existing school districts.

10 2. The certificated teacher's years of employment in the previously
11 existing school districts shall be included in determining the teacher's
12 certificated years of employment in the new unified school district.

13 I. On formation of a unified school district, any existing override
14 authorization of the former high school district and the former common
15 school district or districts shall continue until expiration based on the
16 revenue control limit of the school district or districts that had
17 override authorization ~~prior to~~ BEFORE unification. The unified school
18 district may request new override authorization for the budget year as
19 provided in section 15-481 based on the combined revenue control limit of
20 the new district after unification. If the unified school district's
21 request for override authorization is approved, it will replace any
22 existing override for the budget year.

23 J. The unified school district shall admit high school pupils who
24 reside in a common school district that was located within the boundaries
25 of the former high school district. Tuition shall be paid to the unified
26 school district by the common school district in which such pupils
27 reside. Such tuition amount shall be calculated in accordance with
28 section 15-824, subject to the following modifications:

29 1. If the former high school district had outstanding bonded
30 indebtedness at the time of unification, the combined tuition for the
31 group of high school pupils who reside in each common school district
32 shall include a debt service amount for the former high school district's
33 outstanding bonded indebtedness that is determined as follows:

34 (a) Divide the total net assessed valuation of the common school
35 district in which the group of pupils resides by the total net assessed
36 valuation of the former high school district. For the purposes of this
37 subdivision, "net assessed valuation" means net assessed valuation for the
38 tax year ~~prior to~~ BEFORE the year when the unified school district
39 governing board is constituted pursuant to subsection D of this section
40 and includes the values used to determine voluntary contributions
41 collected pursuant to title 9, chapter 4, article 3 and title 48, chapter
42 1, article 8.

1 (b) Multiply the quotient obtained in subdivision (a) of this
2 paragraph by the unified school district's annual debt service
3 expenditure.

4 2. The debt service portion of such tuition payments calculated
5 pursuant to paragraph 1 of this subsection shall be used exclusively for
6 debt service of the outstanding bonded indebtedness of the former high
7 school district. When such indebtedness is fully extinguished, the debt
8 service portion of a pupil's tuition shall be determined in accordance
9 with paragraph 3 of this subsection.

10 3. If the former high school district had no outstanding bonded
11 indebtedness at the time of unification, the tuition calculation shall
12 include the actual school district expenditures for the portion of any
13 debt service of the unified school district that pertains to any
14 construction or renovation of high school facilities divided by the school
15 district's student count for the high school portion of the school
16 district.

17 4. The unified school district shall not include in the tuition
18 calculation any debt service that pertains to any construction or
19 renovation of school facilities for preschool through grade eight.

20 5. ~~Notwithstanding section 15-951, subsection F,~~ The revenue
21 control limit of the common school district shall include the full amount
22 of the debt service portion of the tuition calculated pursuant to this
23 subsection.

24 K. All assets and liabilities of the unifying school districts
25 shall be transferred and assumed by the new unified school district. Any
26 existing bonded indebtedness of a common school district or a high school
27 district unifying pursuant to this section shall be assumed by the new
28 unified school district and shall be regarded as an indebtedness of the
29 new unified school district for the purpose of determining the debt
30 incurring authority of the district. Taxes for the payment of such bonded
31 indebtedness shall be levied on all taxable property in the new unified
32 school district, but nothing in this subsection shall be construed to
33 relieve from liability to taxation for the payment of all taxable property
34 of the former high school district if necessary to prevent a default in
35 the payment of any bonded indebtedness of the former high school district.
36 The residents of a common school district that does not unify shall not
37 vote in bond or override elections of the unified school district and
38 shall not be assessed taxes as a result of a bond or override election of
39 the unified school district.

40 L. If the remaining common school district had authorization for an
41 override as provided in section 15-481 or 15-482, the override
42 authorization continues for the remaining common school district or
43 districts in the same manner as before the formation of the unified school
44 district.

1 M. The bonding authorization and bonding limitations continue for
2 the remaining common school district or districts in the same manner as
3 before the formation of the unified school district.

4 N. ~~Nothing in~~ This section ~~shall be construed to~~ DOES NOT relieve a
5 school district formed pursuant to section 15-457 or 15-458 of its
6 liability for any outstanding bonded indebtedness.

7 O. For school districts that become unified after July 1, 2004 and
8 where all of the common schools were eligible for the small school
9 district weight pursuant to section 15-943, paragraph 1, subdivision (a)
10 when computing their base support level and base revenue control limit
11 before unification, the unified school district may continue to use the
12 small school district weight as follows:

13 1. Annually determine the common school student count and the
14 weighted student count pursuant to section 15-943, paragraph 1,
15 subdivision (a) for each common school district before unification.

16 2. Calculate the sum of the common school districts' student counts
17 and weighted student counts determined in paragraph 1 of this subsection.

18 3. Divide the sum of the weighted student counts by the sum of the
19 student counts determined in paragraph 2 of this subsection.

20 4. The amount determined in paragraph 3 of this subsection shall be
21 the weight for the common schools in the unified school district.

22 P. A unified school district may calculate its revenue control
23 limit and district support level by using subsection O of this section as
24 follows:

25 1. Determine the number of individual school districts that existed
26 before unification into a single school district.

27 2. Multiply the amount determined in paragraph 1 of this subsection
28 by six hundred.

29 3. Multiply the amount determined in paragraph 2 of this subsection
30 by 0.80.

31 4. If the amount determined in paragraph 3 of this subsection
32 exceeds the student count of the unified school district, the unified
33 school district is eligible to use subsection O of this section.

34 Q. Subsections O and P of this section shall remain in effect until
35 the aggregate student count of the common school districts before
36 unification exceeds the aggregate number of students of the common school
37 districts before unification authorized to utilize section 15-943,
38 paragraph 1, subdivision (a).

39 Sec. 2. Section 15-448, Arizona Revised Statutes, as amended by
40 Laws 2020, chapter 14, section 2, is amended to read:

41 15-448. Formation of unified school district; board
42 membership; budget

43 A. One or more common school districts and a high school district
44 with coterminous or overlapping boundaries may establish a unified school

1 district pursuant to this section. Unification of a common school
2 district and a high school district is not authorized by this section if
3 any of the high school facilities owned by the new unified school district
4 would not be located within its boundaries.

5 B. Formation of a unified school district shall be by resolutions
6 approved by the governing boards of the unifying school districts and
7 certification of approval by such governing boards to the county school
8 superintendent of the county or counties in which such individual school
9 districts are located. A common school district and high school district
10 that unify pursuant to this section shall not exclude from the same
11 unification a common school district that has overlapping boundaries with
12 the high school district and that wishes to unify. Except as provided in
13 subsection D of this section, the formation of a unified school district
14 becomes effective on July 1 of the next fiscal year following the
15 certification of the county school superintendent. An election is not
16 required to form a unified school district pursuant to this section.
17 Notice of the proposed vote of the governing boards on the resolutions
18 prescribed in this subsection shall be posted in at least three public
19 places in each of the school districts proposed to be unified at least
20 ninety days before the proposed vote. At least ninety days before the
21 governing boards vote on the resolutions prescribed in this subsection,
22 the governing boards shall mail a pamphlet to each household with one or
23 more qualified electors that lists the full cash value, the assessed
24 valuation and the estimated amount of the primary property taxes and the
25 estimated amount of the secondary property taxes under the proposed
26 unification for each of the following:

27 1. An owner-occupied residence whose assessed valuation is the
28 average assessed valuation of property classified as class three, as
29 prescribed by section 42-12003 for the current year in the school
30 district.

31 2. An owner-occupied residence whose assessed valuation is one-half
32 of the assessed valuation of the residence in paragraph 1 of this
33 subsection.

34 3. An owner-occupied residence whose assessed valuation is twice
35 the assessed valuation of the residence in paragraph 1 of this subsection.

36 4. A business whose assessed valuation is the average of the
37 assessed valuation of property classified as class one, as prescribed by
38 section 42-12001, paragraphs 12 and 13 for the current year in the school
39 district.

40 C. The boundaries of the unified school district shall be the
41 boundaries of the former common school district or districts that unify.
42 The boundaries of the common school district or districts that are not
43 unifying remain unchanged. The county school superintendent, immediately
44 on receipt of the approved resolutions prescribed by subsection B of this

1 section, shall file with the board of supervisors, the county assessor and
2 the superintendent of public instruction a transcript of the boundaries of
3 the unified school district. The boundaries shown in the transcript shall
4 become the legal boundaries of the school districts on July 1 of the next
5 fiscal year.

6 D. On formation of the unified school district, the governing board
7 consists of the members of the former school district governing boards and
8 the members shall hold office until January 1 following the first general
9 election after formation of the district. For the purpose of all actions
10 that are necessary to operate the unified district for the next year, the
11 unified school district governing board is constituted and may conduct
12 meetings after the adoption of the unification resolutions prescribed by
13 subsection B of this section.

14 E. Beginning on January 1 following the first general election
15 after formation of the unified school district, the governing board shall
16 have five members. At the first general election after the formation of
17 the district, members shall be elected in the following manner:

18 1. The three candidates receiving the highest, the second highest
19 and the third highest number of votes shall be elected to four-year terms.

20 2. The two candidates receiving the fourth and fifth highest number
21 of votes shall be elected to two-year terms. Thereafter all offices shall
22 have four-year terms.

23 F. The new unified school district may appoint a resident of the
24 remaining common school district to serve as a nonvoting member of the
25 governing board to represent the interests of the high school pupils who
26 reside in the remaining common school district and who attend school in
27 the unified school district.

28 G. For the first year of operation, the unified school district
29 governing board shall prepare a consolidated budget based on the student
30 counts from the school districts comprising the unified school district,
31 except that for purposes of determining budget amounts and equalization
32 assistance, the student count for the former high school district shall
33 not include the prior year average daily membership attributable to high
34 school pupils from a common school district that was part of the former
35 high school district but is not part of the unified school district. The
36 unified school district shall charge the remaining common school district
37 tuition for these pupils as provided in subsection J of this section. The
38 unified school district may budget for unification assistance pursuant to
39 section 15-912.01.

40 H. The governing board of the unified school district shall prepare
41 policies, curricula and budgets for the district. These policies shall
42 require that:

43 1. The base compensation of each certificated teacher for the first
44 year of operation of the new unified school district shall not be lower

1 than the certificated teacher's base compensation for the prior year in
2 the previously existing school districts.

3 2. The certificated teacher's years of employment in the previously
4 existing school districts shall be included in determining the teacher's
5 certificated years of employment in the new unified school district.

6 I. On formation of a unified school district, any existing override
7 authorization of the former high school district and the former common
8 school district or districts shall continue until expiration based on the
9 revenue control limit of the school district or districts that had
10 override authorization before unification. The unified school district
11 may request new override authorization for the budget year as provided in
12 section 15-481 based on the combined revenue control limit of the new
13 district after unification. If the unified school district's request for
14 override authorization is approved, it will replace any existing override
15 for the budget year.

16 J. The unified school district shall admit high school pupils who
17 reside in a common school district that was located within the boundaries
18 of the former high school district. Tuition shall be paid to the unified
19 school district by the common school district in which such pupils reside.
20 Such tuition amount shall be calculated in accordance with section 15-824,
21 subject to the following modifications:

22 1. If the former high school district had outstanding bonded
23 indebtedness at the time of unification, the combined tuition for the
24 group of high school pupils who reside in each common school district
25 shall include a debt service amount for the former high school district's
26 outstanding bonded indebtedness that is determined as follows:

27 (a) Divide the total net assessed valuation of the common school
28 district in which the group of pupils resides by the total net assessed
29 valuation of the former high school district. For the purposes of this
30 subdivision, "net assessed valuation" means net assessed valuation for the
31 tax year before the year when the unified school district governing board
32 is constituted pursuant to subsection D of this section and includes the
33 values used to determine voluntary contributions collected pursuant to
34 title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

35 (b) Multiply the quotient obtained in subdivision (a) of this
36 paragraph by the unified school district's annual debt service
37 expenditure.

38 2. The debt service portion of such tuition payments calculated
39 pursuant to paragraph 1 of this subsection shall be used exclusively for
40 debt service of the outstanding bonded indebtedness of the former high
41 school district. When such indebtedness is fully extinguished, the debt
42 service portion of a pupil's tuition shall be determined in accordance
43 with paragraph 3 of this subsection.

3. If the former high school district had no outstanding bonded indebtedness at the time of unification, the tuition calculation shall include the actual school district expenditures for the portion of any debt service of the unified school district that pertains to any construction or renovation of high school facilities divided by the school district's student count for the high school portion of the school district.

4. The unified school district shall not include in the tuition calculation any debt service that pertains to any construction or renovation of school facilities for preschool through grade eight.

5. ~~Notwithstanding section 15-951, subsection F,~~ The revenue control limit of the common school district shall include the full amount of the debt service portion of the tuition calculated pursuant to this subsection.

K. All assets and liabilities of the unifying school districts shall be transferred and assumed by the new unified school district. Any existing bonded indebtedness of a common school district or a high school district unifying pursuant to this section shall be assumed by the new unified school district and shall be regarded as an indebtedness of the new unified school district for the purpose of determining the debt incurring authority of the district. Taxes for the payment of such bonded indebtedness shall be levied on all taxable property in the new unified school district, but nothing in this subsection shall be construed to relieve from liability to taxation for the payment of all taxable property of the former high school district if necessary to prevent a default in the payment of any bonded indebtedness of the former high school district. The residents of a common school district that does not unify shall not vote in bond or override elections of the unified school district and shall not be assessed taxes as a result of a bond or override election of the unified school district.

L. If the remaining common school district had authorization for an override as provided in section 15-481 or 15-482, the override authorization continues for the remaining common school district or districts in the same manner as before the formation of the unified school district.

M. The bonding authorization and bonding limitations continue for the remaining common school district or districts in the same manner as before the formation of the unified school district.

N. This section does not relieve a school district formed pursuant to section 15-457 or 15-458 of its liability for any outstanding bonded indebtedness.

O. For school districts that become unified after July 1, 2004 and where all of the common schools were eligible for the small school district weight pursuant to section 15-943, paragraph 1, subdivision (a)

when computing their base support level and base revenue control limit before unification, the unified school district may continue to use the small school district weight as follows:

1. Annually determine the common school student count and the weighted student count pursuant to section 15-943, paragraph 1, subdivision (a) for each common school district before unification.

2. Calculate the sum of the common school districts' student counts and weighted student counts determined in paragraph 1 of this subsection.

3. Divide the sum of the weighted student counts by the sum of the student counts determined in paragraph 2 of this subsection.

4. The amount determined in paragraph 3 of this subsection shall be the weight for the common schools in the unified school district.

P. A unified school district may calculate its revenue control limit and district support level by using subsection O of this section as follows:

1. Determine the number of individual school districts that existed before unification into a single school district.

2. Multiply the amount determined in paragraph 1 of this subsection by six hundred.

3. Multiply the amount determined in paragraph 2 of this subsection by 0.80.

4. If the amount determined in paragraph 3 of this subsection exceeds the student count of the unified school district, the unified school district is eligible to use subsection O of this section.

Q. Subsections O and P of this section shall remain in effect until the aggregate student count of the common school districts before unification exceeds the aggregate number of students of the common school districts before unification authorized to utilize section 15-943, paragraph 1, subdivision (a).

Sec. 3. Section 15-823, Arizona Revised Statutes, is amended to read:

15-823. Admission; residents of other school districts; nonresidents of this state; tuition

A. Except as provided in subsections B, C, D, E, F, G and H of this section, children of nonresidents of this state may be admitted on payment of a reasonable tuition fixed by the governing board.

B. The governing board shall admit children of nonresident teaching and research faculty of community college districts and state universities and children of nonresident graduate or undergraduate students of community college districts and state universities whose parent's presence at the district or university is of international, national, state or local benefit without payment of tuition.

C. The governing board shall admit children who are residents of the United States but who are nonresidents of this state without payment

1 of tuition if evidence indicates that the child's physical, mental, moral
2 or emotional health is best served by placement with a grandparent,
3 brother, sister, stepbrother, stepsister, aunt or uncle who is a resident
4 within the school district, unless the governing board determines that the
5 placement is solely for the purpose of obtaining an education in this
6 state without payment of tuition.

7 D. The governing board may admit nonresident foreign students who
8 are in exchange programs without payment of tuition or as it may otherwise
9 prescribe.

10 E. Notwithstanding subsection D of this section, ~~beginning in the~~
11 ~~2016-2017 school year~~ the governing board may admit the same number of
12 nonresident foreign students who are in exchange programs and who are
13 recipients of a J-1 visa pursuant to federal law, that is equal to the
14 number of resident students enrolled in that local education agency who
15 are currently participating in a foreign exchange program, as determined
16 by the department, without the payment of tuition.

17 F. The governing board may admit children who are residents of the
18 United States without payment of tuition if evidence indicates that
19 because the parents are homeless or the child is abandoned, as defined in
20 section 8-201, the child's physical, mental, moral or emotional health is
21 best served by placement with a person who does not have legal custody of
22 the child and who is a resident within the school district, unless the
23 governing board determines that the placement is solely for the purpose of
24 obtaining an education in this state without payment of tuition.

25 G. The governing board may admit children who are residents of the
26 United States, but who are nonresidents of this state, without payment of
27 tuition if all of the following conditions exist:

28 1. The child is a member of a federally recognized Indian tribe.
29 2. The child resides on Indian lands that are under the
30 jurisdiction of the tribe of which the child is a member.

31 3. The area in the boundaries of the reservation where the child
32 resides is located both in this state and in another state of the United
33 States.

34 4. The governing board enters into an intergovernmental agreement
35 with the governing board of the school district in another state in which
36 the nonresident child resides. The intergovernmental agreement shall
37 specify the number of nonresident children admitted in this state and the
38 number of resident children that are admitted by the governing board in
39 another state.

40 H. The governing board may admit children who are residents of the
41 United States, but who are nonresidents of this state, without payment of
42 tuition if all of the following conditions exist:

1 1. The child is enrolled in a year-round residential boarding
2 academy located in this state specializing in intensive instruction and
3 skill development in sports, music or acting.

4 2. The child's parents have executed a current notarized
5 guardianship agreement covering the child while enrolled at the academy,
6 which is a condition of enrollment at the academy and authorizes academy
7 representatives to act on behalf of the child's parent or legal guardian
8 in making all decisions on a daily basis as to the child's activities and
9 needs for medical, educational and other personal issues.

10 I. The governing board shall charge reasonable tuition for the
11 number of nonresident pupils who reside in another state and who are
12 admitted by a governing board in this state pursuant to subsection G of
13 this section that exceeds the number of resident pupils from this state
14 who are admitted into a school district by the other state.

15 J. The governing board of a school district shall pay reasonable
16 tuition for the number of resident pupils who reside in that school
17 district and who are admitted by a school district in another state
18 pursuant to subsection G of this section that exceeds the number of
19 nonresident pupils from that other state who are admitted by the governing
20 board into that school district in this state.

21 ~~K. Children admitted under this section shall be counted or not~~
22 ~~counted as resident pupils as prescribed in section 15-824, subsection D.~~

23 ~~t.~~ K. Except as provided in subsections E, ~~AND~~ H ~~and K~~ of this
24 section, a school district or a charter school shall not include pupils
25 who are not residents of this state in the district's or charter school's
26 student count and shall not obtain state funding for those pupils.

27 Sec. 4. Section 15-824, Arizona Revised Statutes, is amended to
28 read:

29 15-824. Admission of pupils of other school districts;
30 homeless children; tuition charges; definitions

31 A. The governing board of a school district shall admit pupils from
32 another school district or area ~~as follows:~~

33 ~~1.~~ on the presentation of a certificate of educational convenience
34 issued by the county school superintendent pursuant to section 15-825.

35 ~~2. For three hundred fifty or fewer pupils, to a high school~~
36 ~~without the presentation of such a certificate, if the pupil is a resident~~
37 ~~of a common school district within this state that is not within a high~~
38 ~~school district and that does not offer instruction in the pupil's grade.~~
39 ~~The three hundred fifty or fewer pupil limitation prescribed in this~~
40 ~~paragraph does not apply to a small isolated school district as defined in~~
41 ~~section 15-901. Tuition shall be charged as prescribed in subsection E of~~
42 ~~this section for each pupil admitted pursuant to this paragraph, each~~
43 ~~pupil from a school district that provides only financing for pupils who~~
44 ~~are instructed by another school district and each pupil from a unified~~

~~district that does not offer instruction in the pupil's grade. The school membership of such pupils is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of the pupil's residence.~~

B. The residence of the person having legal custody of the pupil is considered the residence of the pupil, except as provided in subsection C of this section and in section 15-825, subsection B.

C. The current residence of a homeless pupil who does not reside with the person having legal custody of the pupil is considered to be the residence of the homeless pupil if the person having legal custody of the pupil is a resident of the United States. For the purposes of this subsection, "homeless pupil" means a pupil who has a primary residence that is:

1. A supervised publicly or privately operated shelter designed to provide temporary living accommodations.

2. An institution that provides a temporary residence for individuals intended to be institutionalized.

3. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

D. The school enrollment of a pupil who is a resident of this state or who is admitted to a school district under section 15-823, subsection B, C, E, F or H is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of actual attendance, except as provided in section 15-825, subsection A, paragraph 1 ~~and subsection A, paragraph 2 of this section~~ and except for pupils for whom the superintendent of public instruction is charged tuition pursuant to section 15-825, subsections B and D and section 15-976 or for whom another school district is charged tuition as provided in subsections E and G of this section.

E. If tuition is required to be charged for pupils attending school in a school district other than that of their residence, the tuition shall be determined and paid in the following manner:

~~1. The number of high school pupils for which tuition may be charged to a common school district that is not within a high school district is equal to the average daily membership in the district of attendance from the common school district for the prior fiscal year, except that for the first year in which a common school district not within a high school district stops teaching high school subjects, the district of attendance may charge tuition for the number of pupils that is equal to the average daily membership for high school pupils in the common school district for the prior fiscal year. This number may be adjusted if the common school district increases its revenue control limit and district support level.~~

1 ~~2.~~ 1. The tuition for pupils attending school in a school district
2 other than that of their residence, except pupils provided for by section
3 15-825, subsections B and D and any pupils included in the definition of
4 child with a disability in section 15-761, shall not exceed the cost per
5 student count of the school district attended, as determined for the
6 current school year. Tuition for pupils included in the definition of
7 child with a disability in section 15-761 shall not exceed the actual cost
8 of the school attended for each pupil as determined for the current
9 year. The school district of attendance shall not include in the cost per
10 student count a charge for transportation if no transportation is
11 provided, and the charge for transportation shall not exceed the actual
12 costs of providing transportation for the pupils served, as prescribed in
13 the uniform system of financial records. The school district of
14 attendance shall provide the school district of residence with the final
15 tuition charge for the current year and with an estimate of the budget
16 year's tuition charge by May 1 of the current year. The school district of
17 residence shall pay at least one-fourth of the total amount of the
18 estimated tuition by September 30, December 31 and March 31, and it shall
19 pay the remaining amount it owes after adjustments are made by June 30.

20 ~~3.~~ 2. Notwithstanding paragraph ~~2~~ 1 of this subsection and
21 subsection G of this section, if two school districts enter into a
22 voluntary agreement for the payment of tuition, the agreement shall
23 specify the method for computing the tuition amount and the timing of the
24 payments. The agreement shall not be longer than five consecutive years.
25 If two school districts enter into an agreement and choose to renew the
26 agreement, each renewal shall not be longer than five consecutive years.
27 The agreement shall specify that a parent or legal guardian of a pupil
28 affected by a tuition agreement entered pursuant to this section or
29 section 15-816.01 may choose not to send the pupil or pupils to a school
30 district or school that is a party to the agreement.

31 ~~4.~~ 3. Tuition of pupils as provided in section 15-825, subsection
32 D shall not exceed the excess costs for group B children with disabilities
33 minus the amount generated by the equalization base as determined in
34 section 15-971, subsection A for these pupils. A school district may
35 submit to the superintendent of public instruction a record of actual
36 excess costs to educate a group B child with a disability if the costs are
37 higher than the calculated excess costs or if a pupil has been placed in a
38 private school for special education services. The superintendent shall
39 determine if the additional costs will be paid, and if the costs are paid,
40 whether the additional costs will be paid by the state or the resident
41 district.

42 ~~5.~~ 4. The amount received representing contributions to capital
43 outlay as provided in subsection G, paragraph 1, subdivision (b) of this

section shall be applied to the capital outlay fund or the debt service fund of the school district.

~~6.~~ 5. The amount received representing contributions to debt service as provided in subsection G, paragraph 1, subdivisions (c) and (d) of this section shall be applied to the debt service fund of the school district if there is one. Otherwise the amount shall be credited to the capital outlay fund of the school district.

F. A school district may submit to the superintendent of public instruction a record of actual costs paid by the school district to educate a pupil who qualifies for a certificate of educational convenience under section 15-825, subsection B. If the actual costs for that pupil exceed the costs per student count computed pursuant to subsection G of this section, the superintendent of public instruction shall reimburse the school district for these additional costs subject to legislative appropriation.

G. For the purposes of this section:

1. "Costs per student count" means the sum of the following for the common or high school portion of the school district attended, whichever is applicable to the pupil involved, as prescribed in the uniform system of financial records:

(a) The actual school district expenditures for the regular education program subsection of the maintenance and operation section of the budget divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(b) The actual school district expenditures for the capital outlay section of the budget as provided in sections 15-903 and 15-905 excluding expenditures for transportation equipment and buildings if no transportation is provided and expenditures for the acquisition of building sites, divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(c) The actual school district expenditures for debt service divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(d) The result obtained in subdivision (c) of this paragraph shall not exceed:

(i) ~~Seven hundred fifty dollars~~ \$750 if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts or ~~one hundred fifty dollars~~ \$150 if the state pays tuition for seven hundred fifty or fewer pupils to a school district pursuant to section 15-825, subsection D or section 15-976.

(ii) ~~Eight hundred dollars~~ \$800 if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty, pupils to other school districts or ~~two hundred dollars~~

1 \$200 if the state pays tuition for one thousand or fewer, but more than
2 seven hundred fifty, pupils to a school district pursuant to section
3 15-825, subsection D or section 15-976.

4 (iii) The actual cost per student count if either the pupil's
5 school district of residence or the state pays tuition for more than one
6 thousand pupils to other school districts.

7 2. "Legal custody" means:

8 (a) Custody exercised by the natural or adoptive parents with whom
9 a pupil resides.

10 (b) Custody granted by order of a court of competent jurisdiction
11 to a person or persons with whom a pupil resides unless the primary
12 purpose for which custody was requested was to circumvent the payment of
13 tuition as provided in this section.

14 Sec. 5. Section 15-825, Arizona Revised Statutes, is amended to
15 read:

16 15-825. Certificate of educational convenience; issuance;
17 effect on enrollment records

18 A. A pupil who is precluded by distance or lack of adequate
19 transportation facilities from attending a school in the school district
20 or county of the pupil's residence or who resides in unorganized territory
21 may apply to the county school superintendent for a certificate of
22 educational convenience. If it appears to the county school
23 superintendent that it is not feasible for the pupil to attend a school in
24 the school district or county of residence, the county school
25 superintendent shall issue a certificate authorizing the pupil to attend a
26 school in an adjoining school district or county, whether within or
27 without this state. If a certificate of educational convenience is issued
28 as provided in this subsection, the school enrollment of a pupil is as
29 follows:

30 1. The school enrollment of a pupil who is precluded from attending
31 a school in this state and who must attend school in another state, when
32 certified to the county school superintendent by the official in charge of
33 the school attended, is deemed for the purpose of determining student
34 count to be enrollment in the school of the county or school district of
35 the student's residence.

36 2. The school enrollment of a pupil from unorganized territory or
37 from another school district is deemed for the purpose of determining
38 student count to be enrollment in the school district of actual
39 attendance.

40 B. The county school superintendent of any county in which a pupil
41 is placed as described in this subsection shall issue a certificate of
42 educational convenience for the pupil to attend school in the school
43 district or adjoining school district to that in which the pupil is placed

1 by an agency of this state or a state or federal court of competent
2 jurisdiction in one of the following:

3 1. A state rehabilitation or corrective institution.

4 2. A foster home or child care agency or institution ~~which~~ THAT is
5 licensed and supervised by the department of child safety or the
6 department of health services.

7 3. A residential facility THAT IS operated or supported by the
8 department of economic security or the department of health services.

9 4. Under the supervision of the department of juvenile corrections,
10 ~~in~~ a residence pursuant to the interstate compact on juveniles.
11 Notwithstanding section 41-1959, the placing agency, department or
12 institution shall provide the school district of attendance with the
13 necessary information to enable the district to obtain a certificate of
14 educational convenience pursuant to this subsection.

15 C. A pupil attending school under a certificate of educational
16 convenience issued pursuant to subsection B of this section is deemed for
17 the purpose of determining student count to be enrolled in the school
18 district of attendance. The county school superintendent of any county
19 shall not issue a certificate of educational convenience as provided in
20 subsection B of this section if the pupil is placed in the same district
21 of the pupil's parents' or legal guardians' residence or if the pupil is
22 placed without a court order and the pupil's parents or legal guardians
23 are not residents of this state.

24 D. If a certificate of educational convenience is issued as
25 provided in subsection B of this section, or for a pupil whose parent or
26 guardian is employed and domiciled by a state institution as prescribed by
27 section 15-976, tuition may be charged as follows:

28 1. For group B children with disabilities:

29 (a) Who are from unorganized territory, whose parent or guardian is
30 employed by a state institution as prescribed by section 15-976 or who
31 have been issued a certificate of educational convenience pursuant to
32 subsection B of this section, the superintendent of public instruction
33 shall reimburse the district of attendance for the excess costs as
34 provided in section 15-824, subsection E, paragraph ~~4~~ 3.

35 (b) Who are from another school district, the school district of
36 residence shall reimburse the district of attendance for the excess costs
37 as provided in section 15-824, subsection E, paragraph ~~4~~ 3.

38 2. For pupils who are precluded from attending a school in this
39 state and who must attend a school in another state:

40 (a) If the pupil resides in a school district in this state, the
41 district of residence shall pay the amount charged by the district of
42 attendance.

(b) If the pupil resides in unorganized territory, the superintendent of public instruction shall pay the amount charged by the district of attendance.

E. The county school superintendent who issues a certificate of educational convenience shall notify the superintendent of public instruction of the issuance of the certificate. The superintendent of public instruction shall draw a warrant in favor of the school district of actual attendance for the amount charged, whether for common or high school attendance, as provided in section 15-824.

F. The total amount of state monies that may be spent in any fiscal year by the superintendent of public instruction for certificates of educational convenience shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. This section does not impose a duty on an officer, agent or employee of this state to discharge a responsibility or ~~to~~ create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose.

Sec. 6. Section 15-910, Arizona Revised Statutes, is amended to read:

15-910. School district budgets; excess utility costs; desegregation costs; tuition costs for bond issues; costs for registering warrants; report

A. The governing board may budget for the district's excess utility costs that are specifically exempt from the district's revenue control limit. If approved by the qualified electors voting at a statewide general election, the exemption from the revenue control limit under this subsection expires at the end of the 2008-2009 budget year. The uniform system of financial records shall specify expenditure items allowable as excess utility costs, which are limited to direct operational costs of heating, cooling, water and electricity, telephone communications and sanitation fees. The department of education and the auditor general shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate line for utility expenditures and a special excess utility cost category. The special excess utility cost category shall contain budgeted expenditures for excess utility costs, determined as follows:

1. Determine the lesser of the total budgeted or total actual utility expenditures for fiscal year 1984-1985.

2. Multiply the amount in paragraph 1 of this subsection by the total percentage increase or decrease in the revenue control limit and the capital outlay revenue limit for the budget year over the revenue control limit and the capital outlay revenue limit for fiscal year 1984-1985

1 excluding monies available from a teacher compensation program provided
2 for in section 15-952.

3 3. The sum of the amounts in paragraphs 1 and 2 of this subsection
4 is the amount budgeted in the utility expenditure line.

5 4. Additional expenditures for utilities are budgeted in the excess
6 utility cost category.

7 B. The governing board shall apply the same percentage increase or
8 decrease allowed in the revenue control limit and the capital outlay
9 revenue limit as provided in section 15-905, subsection E to the utility
10 expenditure line of the budget.

11 C. The governing board may expend from the excess utility cost
12 category only after it has expended for utility purposes the full amount
13 budgeted in the utility expenditure line of the budget.

14 D. The governing board, after notice is given and a public meeting
15 is held as provided in section 15-905, subsection D, may revise at any
16 time before May 15 the amount budgeted in the excess utility cost category
17 for the current year. Not later than May 18, the budget as revised shall
18 be submitted electronically to the superintendent of public instruction.

19 E. If the revised excess utility cost category results in an
20 expenditure of monies in excess of school district revenues for the
21 current year, the county school superintendent shall include within the
22 revenue estimate for the budget year monies necessary to meet the
23 liabilities incurred by the school district in the current year in excess
24 of revenues received for the current year.

25 F. If a school district receives a refund of utility expenditures
26 or a rebate on energy saving devices or services, the refund or rebate
27 shall be applied against utility expenditures for the current year as a
28 reduction of the expenditures, except that the reduction of expenditures
29 shall not exceed the amount of actual utility expenditures.

30 G. The governing board may budget for expenses of complying with or
31 continuing to implement activities that were required or permitted by a
32 court order of desegregation or administrative agreement with the United
33 States department of education office for civil rights directed toward
34 remediating alleged or proven racial discrimination that are specifically
35 exempt in whole or in part from the revenue control limit and district
36 additional assistance. This exemption applies only to expenses incurred
37 for activities that are begun before the termination of the court order or
38 administrative agreement. If a district is levying a property tax on
39 February 23, 2006 and using those monies to administer an English language
40 learner program to remedy alleged or proven discrimination under title VI
41 of the civil rights act of 1964 (42 United States Code section 2000d), the
42 district may spend those monies to remedy a violation of the equal
43 educational opportunities act of 1974 (20 United States Code section
44 1703(f)). Nothing in this subsection allows a school district to levy a

1 property tax for violations of the equal educational opportunities act of
2 1974 (20 United States Code section 1703(f)) in the absence of an alleged
3 or proven discrimination under title VI of the civil rights act of 1964
4 (42 United States Code section 2000d).

5 H. If a governing board chooses to budget monies outside of the
6 revenue control limit as provided in subsection G of this section, the
7 governing board may do one of the following:

8 1. Use monies from the maintenance and operation fund equal to any
9 excess desegregation or compliance expenses beyond the revenue control
10 limit before June 30 of the current year.

11 2. Notify the county school superintendent to include the cost of
12 the excess expenses in the county school superintendent's estimate of the
13 additional amount needed for the school district from the secondary
14 property tax as provided in section 15-991.

15 3. Employ the provisions of both paragraphs 1 and 2 of this
16 subsection, provided that the total amount transferred and included in the
17 amount needed from property taxes does not exceed the total amount
18 budgeted as prescribed in subsection J, paragraph 1 of this section.

19 I. If a governing board chooses to budget monies outside of
20 district additional assistance as provided in subsection G of this
21 section, the governing board may notify the county school superintendent
22 to include the cost of the excess expenses in the county school
23 superintendent's estimate of the additional amount needed for the school
24 district from the secondary property tax as provided in section 15-991.

25 J. A governing board using subsections G, H and I of this section:

26 1. Shall prepare and employ a separate maintenance and operation
27 desegregation budget and capital outlay desegregation budget on a form
28 prescribed by the superintendent of public instruction in conjunction with
29 the auditor general. The budget format shall be designed to allow a
30 school district to plan and provide in detail for expenditures to be
31 incurred solely as a result of compliance with or continuing to implement
32 activities that were required or permitted by a court order of
33 desegregation or administrative agreement with the United States
34 department of education office for civil rights directed toward
35 remediating alleged or proven racial discrimination.

36 2. Shall prepare as a part of the annual financial report a
37 detailed report of expenditures incurred solely as a result of compliance
38 with or continuing to implement activities that were required or permitted
39 by a court order of desegregation or administrative agreement with the
40 United States department of education office for civil rights directed
41 toward remediating alleged or proven racial discrimination, in a format
42 prescribed by the auditor general in conjunction with the Arizona
43 department of education as provided by section 15-904.

1 3. On or before July 15 each year, shall collect and report data
2 regarding activities related to a court order of desegregation or an
3 administrative agreement with the United States department of education
4 office for civil rights directed toward remediating alleged or proven
5 racial discrimination in a format prescribed by the Arizona department of
6 education. The Arizona department of education shall compile and submit
7 copies of the reports to the governor, the president of the senate, the
8 speaker of the house of representatives and the chairpersons of the
9 education committees of the senate and the house of representatives and
10 shall submit a copy to the secretary of state. A school district that
11 becomes subject to a new court order of desegregation or a party to an
12 administrative agreement with the United States department of education
13 office for civil rights directed toward remediating alleged or proven
14 racial discrimination shall submit these reports on or before July 15 or
15 within ninety days of the date of the court order or administrative
16 agreement, whichever occurs first. The Arizona department of education,
17 in consultation with the auditor general, shall develop reporting
18 requirements to ensure that school districts submit at least the following
19 information and documentation to the Arizona department of education:

20 (a) A district-wide budget summary and a budget summary on a
21 school-by-school basis for each school in the school district that lists
22 the sources and uses of monies that are designated for desegregation
23 purposes.

24 (b) A detailed list of desegregation activities on a district-wide
25 basis and on a school-by-school basis for each school in the school
26 district.

27 (c) The date that the school district was determined to be out of
28 compliance with title VI of the civil rights act of 1964 (42 United States
29 Code section 2000d) and the basis for that determination.

30 (d) The initial date that the school district began to levy
31 property taxes to provide funding for desegregation expenses and any dates
32 that these property tax levies were increased.

33 (e) If applicable, a current and accurate description of all magnet
34 type programs that are in operation pursuant to the court order during the
35 current school year on a district-wide basis and on a school-by-school
36 basis. This information shall contain the eligibility and attendance
37 criteria of each magnet type program, the capacity of each magnet type
38 program, the ethnic composition goals of each magnet type program, the
39 actual attending ethnic composition of each magnet type program and the
40 specific activities offered in each magnet type program.

41 (f) The number of pupils who participate in desegregation
42 activities on a district-wide basis and on a school-by-school basis for
43 each school in the school district.

1 (g) A detailed summary of the academic achievement of pupils on a
2 district-wide basis and on a school-by-school basis for each school in the
3 school district.

4 (h) The number of employees, including teachers and administrative
5 personnel, on a district-wide basis and on a school-by-school basis for
6 each school in the school district that is necessary to conduct
7 desegregation activities.

8 (i) The number of employees, including teachers and administrative
9 personnel, on a district-wide basis and on a school-by-school basis for
10 each school in the school district and the number of employees at school
11 district administrative offices that are funded in whole or in part with
12 desegregation monies received pursuant to this section.

13 (j) The amount of monies that is not derived through a primary or
14 secondary property tax levy and that is budgeted and spent on
15 desegregation activities on a district-wide basis and on a
16 school-by-school basis for each school in the school district.

17 (k) Verification that the desegregation funding will supplement and
18 not supplant funding for other academic and extracurricular activities.

19 (l) Verification that the desegregation funding is educationally
20 justifiable.

21 (m) Any documentation that supports the proposition that the
22 requested desegregation funding is intended to result in equal education
23 opportunities for all pupils in the school district.

24 (n) Verification that the desegregation funding will be used to
25 promote systemic and organizational changes within the school district.

26 (o) Verification that the desegregation funding will be used in
27 accordance with the academic standards adopted by the state board of
28 education pursuant to sections 15-701 and 15-701.01.

29 (p) Verification that the desegregation funding will be used to
30 accomplish specific actions to remediate proven discrimination pursuant to
31 title VI of the civil rights act of 1964 (42 United States Code section
32 2000d) as specified in the court order or administrative agreement.

33 (q) An evaluation by the school district of the effectiveness of
34 the school district's desegregation measures.

35 (r) An estimate of when the school district will be in compliance
36 with the court order or administrative agreement and a detailed account of
37 the steps that the school district will take to achieve compliance.

38 (s) Any other information that the Arizona department of education
39 deems necessary to carry out the purposes of this paragraph.

40 K. If a school district governing board budgets for expenses of
41 complying with a court order of desegregation or an administrative
42 agreement with the United States department of education office for civil
43 rights directed toward remediating alleged or proven racial

1 discrimination, the governing board shall ensure that the desegregation
2 expenses will:

- 3 1. Be educationally justifiable.
- 4 2. Result in equal education opportunities for all pupils in the
5 school district.
- 6 3. Be used to promote systemic and organizational changes within
7 the school district.
- 8 4. Be used in accordance with the academic standards adopted by the
9 state board of education pursuant to sections 15-701 and 15-701.01.
- 10 5. Be used to accomplish specific actions to remediate proven
11 discrimination pursuant to title VI of the civil rights act of 1964
12 (42 United States Code section 2000d) as specified in the court order or
13 administrative agreement.
- 14 6. Be used in accordance with a plan submitted to the department of
15 education that includes an estimate of the amount of monies that will be
16 required to bring the school district into compliance with the court order
17 or administrative agreement and an estimate of when the school district
18 will be in compliance with the court order or administrative agreement.
- 19 7. Each fiscal year, not exceed the amount budgeted by the school
20 district for desegregation expenses in fiscal year 2008-2009.

21 L. ~~Beginning in fiscal year 2018-2019,~~ Subsections G through K of
22 this section apply only if the governing board uses revenues from
23 secondary property taxes rather than primary property taxes to fund
24 expenses of complying with or continuing to implement activities that were
25 required or allowed by a court order of desegregation or administrative
26 agreement with the United States department of education office for civil
27 rights directed toward remediating alleged or proven racial discrimination
28 that are specifically exempt in whole or in part from the revenue control
29 limit and district additional assistance. Secondary property taxes levied
30 pursuant to this subsection do not require voter approval, but shall be
31 separately delineated on a property owner's property tax statement.

32 ~~M. The governing board may budget for the bond issues portion of~~
33 ~~the cost of tuition charged the district as provided in section 15-824 for~~
34 ~~the pupils attending school in another school district, except that if the~~
35 ~~district is a common school district not within a high school district,~~
36 ~~the district may only include that part of tuition that is excluded from~~
37 ~~the revenue control limit and district support level as provided in~~
38 ~~section 15-951. The bond issues portion of the cost of tuition charged is~~
39 ~~specifically exempt from the revenue control limit of the school district~~
40 ~~of residence, and the primary property tax rate set to fund this amount~~
41 ~~shall not be included in the computation of additional state aid for~~
42 ~~education as provided in section 15-972, except as provided in section~~
43 ~~15-972, subsection E. The department of education and the auditor general~~
44 ~~shall include in the maintenance and operation section of the budget~~

~~format, as provided in section 15-903, a separate category for the bond issues portion of the cost of tuition.~~

~~N.~~ M. The governing board may budget for interest expenses it incurred for registering warrants drawn against a fund of the school district or net interest expense on tax anticipation notes as prescribed in section 35-465.05, subsection C for the fiscal year preceding the current year if the county treasurer pooled all school district monies for investment as provided in section 15-996 for the fiscal year preceding the current year and, in those school districts that receive state aid, the school districts applied for an apportionment of state aid before the date set for the apportionment as provided in section 15-973 for the fiscal year preceding the current year. The governing board may budget an amount for interest expenses for registering warrants or issuing tax anticipation notes equal to or less than the amount of the warrant interest expense or net interest expense on tax anticipation notes as prescribed in section 35-465.05, subsection C for the fiscal year preceding the current year as provided in this subsection that is specifically exempt from the revenue control limit. For the purposes of this subsection, "state aid" means state aid as determined in sections 15-971 and 15-972.

Sec. 7. Section 15-951, Arizona Revised Statutes, is amended to read:

15-951. District additional assistance, district support level and student count for a common school district not within a high school district

A. Notwithstanding section 15-947, the revenue control limit for a common school district not within a high school district is the sum of the following:

1. The base revenue control limit computed as prescribed in section 15-944 ~~but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.~~

2. The ~~tuition payable~~ EQUALIZATION BASE for high school pupils who attend school in another school district, ~~as provided in section 15-824, subsection A, paragraph 2, including any transportation charge, except as provided in subsection F of this section~~ WHICH SHALL BE DETERMINED BY MULTIPLYING THE COUNTYWIDE AVERAGE PER-PUPIL EQUALIZATION BASE FOR HIGH SCHOOL PUPILS BY THE NUMBER OF RESIDENT HIGH SCHOOL PUPILS IN THE COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT DURING THE PRIOR SCHOOL YEAR.

3. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

B. Notwithstanding subsection A of this section, for the purposes of sections 15-481, 15-482 and 15-1102, the revenue control limit for a

common school district not within a high school district is the sum of the following:

1. The base revenue control limit for pupils computed as prescribed in section 15-944 ~~but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.~~

2. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

~~C. Notwithstanding section 15-961, district additional assistance for a common school district not within a high school district is district additional assistance as prescribed in section 15-961 but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2, except that if the school district transports high school pupils, the district additional assistance amount prescribed in section 15-961 shall be increased by an amount equal to fifty percent of the district additional assistance per pupil amount prescribed for the school district pursuant to section 15-961 multiplied by the number of high school pupils transported.~~

~~D.~~ C. Notwithstanding section 15-947, the district support level for a common school district not within a high school district is the sum of the following:

1. The base support level computed as prescribed in section 15-943 ~~but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2.~~

2. The ~~tuition payable~~ EQUALIZATION BASE for high school pupils who are admitted to another school district, ~~as provided in section 15-824, subsection A, paragraph 2, including any transportation charge, except as provided in subsection F of this section~~ WHICH SHALL BE DETERMINED BY MULTIPLYING THE COUNTYWIDE AVERAGE PER-PUPIL EQUALIZATION BASE FOR HIGH SCHOOL PUPILS BY THE NUMBER OF RESIDENT HIGH SCHOOL PUPILS IN THE COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT DURING THE PRIOR SCHOOL YEAR.

3. The transportation support level for all pupils who reside in the school district except those high school pupils transported by another school district.

~~E. For the purpose of determining eligibility to increase the revenue control limit and district support level, the student count for a common school district not within a high school district is the student count for pupils in kindergarten programs and grades one through twelve, including pupils enrolled in another school district as provided in section 15-824, subsection A, paragraph 2.~~

~~F. The tuition amount in subsections A and D of this section shall not include amounts per student count for bond issues as prescribed by~~

~~section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the following:~~

~~1. \$150 if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts.~~

~~2. \$200 if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty pupils to other school districts.~~

~~3. The actual cost per student count if the pupil's school district of residence pays tuition for more than one thousand pupils to other school districts.~~

~~G. A common school district that is not within the boundaries of a high school district and that was authorized by the qualified electors to establish a unified school district with boundaries coterminous with the boundaries of the common school district may continue calculating its budget and equalization assistance pursuant to this section for fifteen years after the election or until a high school is built, whichever occurs first.~~

~~H. A newly formed unified school district that meets the requirements of subsection G of this section and that phases in instruction for pupils in grades nine through twelve may continue calculating its budget and equalization assistance pursuant to this section for a maximum of five years after the first year of the operation of the new high school in the newly formed unified school district.~~

~~I. Notwithstanding any other law, a school district may retroactively adjust its budget for fiscal year 2020-2021 pursuant to subsection G or H of this section but may not retroactively adjust its budget for any other fiscal year pursuant to subsection G or H of this section.~~

Sec. 8. Section 15-971, Arizona Revised Statutes, is amended to read:

15-971. Determination of equalization assistance payments from county and state funds for school districts

A. Equalization assistance for education is computed by determining the total of the following:

1. The lesser of a school district's revenue control limit or district support level as determined in section 15-947 or 15-951.

2. District additional assistance of a school district as determined in section 15-951 or 15-961.

B. From the total of the amounts determined in subsection A of this section subtract:

1. The amount that would be produced by levying the applicable qualifying tax rate determined pursuant to section 41-1276 for a high school district or a common school district within a high school district

1 that does not offer instruction in high school subjects as provided in
2 section 15-447.

3 2. The amount that would be produced by levying the applicable
4 qualifying tax rate determined pursuant to section 41-1276 for a unified
5 school district, a common school district not within a high school
6 district or a common school district within a high school district that
7 offers instruction in high school subjects as provided in section 15-447.
8 The qualifying tax rate shall be applied in the following manner:

9 (a) For the purposes of the amount determined in subsection A,
10 paragraph 1 of this section:

11 (i) Determine separately the percentage that the weighted student
12 count in preschool programs for children with disabilities, kindergarten
13 programs and grades one through eight and the weighted student count in
14 grades nine through twelve is to the weighted student count determined in
15 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

16 (ii) Apply the percentages determined in item (i) of this
17 subdivision to the amount determined in subsection A, paragraph 1 of this
18 section.

19 (b) For the purposes of the amounts determined in subsection A,
20 paragraph 2 of this section, determine separately the amount of the
21 district additional assistance attributable to the student count in
22 preschool programs for children with disabilities, kindergarten programs
23 and grades one through eight and grades nine through twelve.

24 (c) From the amounts determined in subdivisions (a) and (b) of this
25 paragraph, subtract the levy that would be produced by the current
26 qualifying tax rate for a high school district or a common school district
27 within a high school district that does not offer instruction in high
28 school subjects as provided in section 15-447. If the qualifying tax rate
29 generates a levy that is in excess of the total determined in subsection A
30 of this section, the school district ~~shall~~ IS not ~~be~~ eligible for
31 equalization assistance. For the purposes of this subsection, "assessed
32 valuation" includes the values used to determine voluntary contributions
33 collected pursuant to title 9, chapter 4, article 3 and title 48, chapter
34 1, article 8 and the assessed value of all property subject to the
35 government property lease excise tax pursuant to title 42, chapter 6,
36 article 5.

37 3. The amount that would be produced by levying a qualifying tax
38 rate in a career technical education district, which shall be ~~five cents~~
39 ~~\$.05~~ per ~~one hundred dollars~~ \$100 assessed valuation unless the
40 legislature sets a lower rate by law.

41 C. County aid for equalization assistance for education shall be
42 computed as follows:

1 1. Determine the total equalization assistance for all school
2 districts in the county as provided in subsections A and B of this
3 section.

4 2. Determine the total amount of state equalization assistance
5 collected for all school districts in the county as provided in section
6 15-994 AND THE MONIES COLLECTED PURSUANT TO SECTION 15-992, SUBSECTION F.

7 3. Divide the amount determined in paragraph 2 of this subsection
8 by the amount determined in paragraph 1 of this subsection.

9 4. Multiply the amount determined in subsections A and B of this
10 section by the quotient determined in paragraph 3 of this subsection for
11 each school district.

12 5. The amount determined in paragraph 4 of this subsection shall be
13 the county aid for equalization assistance for education for a school
14 district.

15 D. State aid for equalization assistance for education for a school
16 district shall be computed as follows:

17 1. Determine the equalization assistance for education for a school
18 district as provided in subsections A and B of this section.

19 2. For each county, determine the levy that would be produced by
20 the state equalization assistance property tax rate prescribed in section
21 15-994, subsection A.

22 3. Prorate the amount determined in paragraph 2 of this subsection
23 to each school district in the county as prescribed by subsection C of
24 this section.

25 4. Subtract the amount determined in paragraph 3 of this subsection
26 from the amount determined in paragraph 1 of this subsection.

27 E. Equalization assistance for education shall be paid from
28 appropriations for that purpose to the school districts as provided in
29 section 15-973.

30 F. A school district shall report expenditures on approved career
31 and technical education and vocational education programs in the annual
32 financial report according to uniform guidelines prescribed by the uniform
33 system of financial records and in order to facilitate compliance with
34 sections 15-255 and 15-904.

35 G. The additional weight for state aid purposes given to special
36 education as provided in section 15-943 shall be given to school districts
37 only if special education programs comply with chapter 7, article 4 of
38 this title and the conditions and standards prescribed by the
39 superintendent of public instruction pursuant to rules of the state board
40 of education for pupil identification and placement pursuant to sections
41 15-766 and 15-767.

42 H. In addition to state general fund appropriations, all amounts
43 received pursuant to section 37-521, subsection B, paragraph 3, section
44 42-5029, subsection E, paragraph 5 and SECTION 42-5029.02, subsection A,

1 paragraph 5 and from any other source for the purposes of this section are
2 appropriated for state aid to schools as provided in this section.

3 I. The total amount of state monies that may be spent in any fiscal
4 year for state equalization assistance shall not exceed the amount
5 appropriated or authorized by section 35-173 for that purpose. This
6 section does not impose a duty on an officer, agent or employee of this
7 state to discharge a responsibility or create any right in a person or
8 group if the discharge or right would require an expenditure of state
9 monies in excess of the expenditure authorized by legislative
10 appropriation for that specific purpose.

11 Sec. 9. Section 15-992, Arizona Revised Statutes, is amended to
12 read:

13 15-992. School district tax levy; additional tax in districts
14 ineligible for equalization assistance; definition

15 A. The board of supervisors of each county, at the time of levying
16 other taxes, shall annually levy school district taxes on the property in
17 any school district in which additional amounts are required, which shall
18 be at rates prescribed in this section. A delinquency factor for
19 estimated uncollected taxes may not be included in the computation of the
20 primary tax rate for school district taxes. Local property taxes may not
21 be levied for any deficit in the classroom site fund. The taxes shall be
22 added to and collected in the same manner as other county taxes on the
23 property within the school district. The amount of the school district
24 taxes levied on the property in a particular school district shall be paid
25 into the school fund of that school district.

26 B. At the same time of levying taxes as provided in subsection A of
27 this section, the county board of supervisors shall annually levy an
28 additional tax in each school district that is not eligible for
29 equalization assistance as provided in section 15-971 in an amount
30 determined as follows:

31 1. Determine the levy that would be produced by fifty percent of
32 the applicable qualifying tax rate, prescribed in section 15-971,
33 subsection B, per ~~one hundred dollars~~ \$100 assessed valuation.

34 2. Subtract the amount determined in section 15-971, subsection A
35 from the levy determined in paragraph 1 of this subsection. This
36 difference is the additional amount levied or collected as voluntary
37 contributions pursuant to title 48, chapter 1, article 8, except that if
38 the difference is zero or is a negative number, there shall be no levy.

39 C. ~~EXCEPT AS PRESCRIBED IN SUBSECTION F OF THIS SECTION,~~ monies
40 collected pursuant to subsection B of this section shall be transmitted to
41 the state treasurer for deposit in the state general fund to aid in school
42 financial assistance.

43 D. The additional tax prescribed in subsection B of this section is
44 considered to be primary property tax for purposes of section 15-972,

1 subsection B, except that this state is not required to make the payments
2 prescribed in section 15-972, subsection H for these reductions in taxes.

3 E. The tax levy prescribed in subsection A of this section shall be
4 a rate equal to the applicable qualifying tax rate or rates as prescribed
5 in section 15-971, subsection B or a rate that would result in a levy that
6 equals the school district equalization assistance base prescribed in
7 section 15-971 subtracted by any amount received pursuant to section
8 15-905, subsections K, O and P per ~~one hundred dollars~~ \$100 of assessed
9 valuation used for primary property taxes, whichever is less.

10 F. MONIES COLLECTED PURSUANT TO SECTION 15-951 FOR THE EQUALIZATION
11 BASE FOR HIGH SCHOOL PUPILS WHO RESIDE IN A COMMON SCHOOL DISTRICT NOT
12 WITHIN A HIGH SCHOOL DISTRICT AND WHO ATTEND SCHOOL IN ANOTHER SCHOOL
13 DISTRICT SHALL BE ADDED TO COUNTY AID FOR EQUALIZATION ASSISTANCE PURSUANT
14 TO SECTION 15-971, SUBSECTION C.

15 ~~F.~~ G. At the time of levying taxes as provided in subsection E of
16 this section, the county school superintendent shall annually validate any
17 additional primary school district tax levy amount requests from each
18 school district and levy the sum of the following amounts:

19 1. A rate that would result in a levy that equals the difference
20 between the transportation revenue control limit as determined in section
21 15-946 and the transportation support level as determined in section
22 15-945 or a lesser amount.

23 2. A rate that would result in a levy that equals any amount
24 pursuant to section 15-910.

25 3. A rate that would result in a levy that equals any amount for
26 tuition loss as determined in section 15-954.

27 4. A rate that would result in a levy that equals any amount for
28 the small school adjustment as determined in section 15-949.

29 5. A rate that would result in a levy that equals any amount for
30 liabilities in excess of the school district budget pursuant to section
31 15-907.

32 6. A rate that would result in a levy that equals any amount for
33 adjacent ways pursuant to section 15-995.

34 7. A rate that would result in a levy that equals the amount not
35 captured by the qualifying tax rate as a result of property subject to the
36 government property lease excise tax pursuant to title 42, chapter 6,
37 article 5 as calculated in section 15-971, subsection B, paragraph 2.

38 8. Following the recommendation of the county school superintendent
39 and on approval by the county board of supervisors, for a school district
40 that is not eligible for state aid, a rate that would result in a levy
41 that equals any legal amount not levied in the current year as a result of
42 underestimated average daily membership in the current year or as a result
43 of a judgment in accordance with section 42-16213.

1 9. A rate that would result in a levy that equals any amount
2 pursuant to a qualifying dropout prevention program that was originally
3 established by law in 1987.

4 10. On the recommendation of the county school superintendent and
5 on approval by the county board of supervisors before adoption of tax
6 rates pursuant to section 42-17151, a rate that would result in a levy
7 that equals any separately stated cash deficit from the prior fiscal year
8 resulting from an anticipated or actual deviation in the property tax
9 roll, including resolutions or judgments pursuant to title 42, chapter 16,
10 articles 5 and 6.

11 ~~G.~~ H. For the purposes of this section, "assessed valuation"
12 includes the values used to determine voluntary contributions collected
13 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1,
14 article 8.

15 Sec. 10. Effective date

16 Section 15-448, Arizona Revised Statutes, as amended by Laws 2020,
17 chapter 14, section 2 and this act, is effective from and after December
18 31, 2022.