

COMMITTEE ON FINANCE
SENATE AMENDMENTS TO S.B. 1263
(Reference to printed bill)

1 Page 1, between lines 1 and 2, insert:

2 "Section 1. Section 15-445, Arizona Revised Statutes, is amended to
3 read:

4 15-445. Residents of unorganized territory; school district
5 elections

6 A. The county school superintendent, on receiving notification from
7 the state school superintendent pursuant to section 15-825.02, subsection
8 B, shall do all of the following before calling an election:

9 1. Establish the boundaries of the proposed school district, taking
10 into consideration communities of interest and excluding Indian
11 reservations and other federal lands where reasonable to do so. During the
12 period that the county school superintendent is considering the new school
13 district boundaries, the county school superintendent shall conduct at
14 least two public meetings at which public testimony is heard and questions
15 are answered.

16 2. Identify adjacent school districts that accept at least
17 twenty-five ~~per cent~~ PERCENT of their open enrollment or certificate of
18 educational convenience students from the unorganized territory and that
19 are willing to accept the unorganized territory into the existing school
20 district. If there is only one adjacent school district that meets these
21 criteria, the boundaries of that school district shall be reestablished to
22 include the unorganized territory without an election.

23 3. If there is more than one adjacent school district that meets the
24 criteria prescribed in paragraph 2 of this subsection, prepare a pamphlet
25 and a ballot question that includes the proposed boundaries and identifies

1 existing adjacent school districts that are willing to accept the
2 unorganized territory into the existing school district. The pamphlet
3 shall be mailed to each household with one or more qualified electors. The
4 pamphlet and ballot shall require the voters within the boundaries proposed
5 by the county school superintendent to join an existing adjacent school
6 district. The pamphlet and ballot shall include the full cash value, the
7 assessed valuation and the estimated amount of the primary property taxes
8 and the estimated amount of the secondary property taxes under each of the
9 ballot options for each of the following:

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

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

15 (c) An owner occupied residence whose assessed valuation is twice
16 the assessed valuation of the residence in subdivision (a).

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

21 B. The county school superintendent shall schedule the election on
22 the next available general election date allowed by law.

23 C. On a canvass of the vote and a determination by the county school
24 superintendent that a majority of the voters approve joining an existing
25 adjacent school district, the county school superintendent shall notify the
26 existing school district of the following:

27 1. That the boundaries of the school district shall be revised to
28 include the property identified in the boundaries established by the county
29 school superintendent.

30 2. That the school district shall provide the same educational
31 services that are currently provided to students who reside in current

1 boundaries of the school district to all students within the revised
2 boundaries at the beginning of the next school year.

3 D. If the adjacent school district is a common school district that
4 is within the boundaries of a union high school district, the unorganized
5 territory shall join both the common school district and the union high
6 school district. If the adjacent school district is a common school
7 district that is not within the boundaries of a UNION high school district,
8 the unorganized territory shall join the common school district, and high
9 school pupils who reside in the previously unorganized territory shall be
10 educated in the same manner as high school pupils who reside in the common
11 school district.

12 Sec. 2. Section 15-448, Arizona Revised Statutes, is amended to
13 read:

14 15-448. Formation of unified school district; board
15 membership; budget

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

22 B. Formation of a unified school district shall be by resolutions
23 approved by the governing boards of the unifying school districts and
24 certification of approval by such governing boards to the county school
25 superintendent of the county or counties in which such individual school
26 districts are located. A common school district and high school district
27 that unify pursuant to this section shall not exclude from the same
28 unification a common school district that has overlapping boundaries with
29 the high school district and that wishes to unify. Except as provided in
30 subsection D of this section, the formation of a unified school district
31 becomes effective on July 1 of the next fiscal year following the
32 certification of the county school superintendent. An election is not

1 required to form a unified school district pursuant to this section. Notice
2 of the proposed vote of the governing boards on the resolutions prescribed
3 in this subsection shall be posted in at least three public places in each
4 of the school districts proposed to be unified at least ninety days before
5 the proposed vote. At least ninety days before the governing boards vote
6 on the resolutions prescribed in this subsection, the governing boards
7 shall mail a pamphlet to each household with one or more qualified electors
8 that lists the full cash value, the assessed valuation and the estimated
9 amount of the primary property taxes and the estimated amount of the
10 secondary property taxes under the proposed unification for each of the
11 following:

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

15 2. An owner-occupied residence whose assessed valuation is one-half
16 of the assessed valuation of the residence in paragraph 1 of this
17 subsection.

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

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

24 C. The boundaries of the unified school district shall be the
25 boundaries of the former common school district or districts that unify.
26 The boundaries of the common school district or districts that are not
27 unifying remain unchanged. The county school superintendent, immediately
28 on receipt of the approved resolutions prescribed by subsection B of this
29 section, shall file with the board of supervisors, the county assessor and
30 the superintendent of public instruction a transcript of the boundaries of
31 the unified school district. The boundaries shown in the transcript shall

1 become the legal boundaries of the school districts on July 1 of the next
2 fiscal year.

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

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

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

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

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

25 G. For the first year of operation, the unified school district
26 governing board shall prepare a consolidated budget based on the student
27 counts from the school districts comprising the unified school district.
28 The unified school district may budget for unification assistance pursuant
29 to section 15-912.01.

30 H. The governing board of the unified school district shall prepare
31 policies, curricula and budgets for the district. These policies shall
32 require that:

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

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

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

18 J. The unified school district shall admit high school pupils who
19 reside in a common school district that was located within the boundaries
20 of the former high school district. For the purposes of determining
21 student count and for apportionment of state aid, the school membership of
22 these pupils is deemed to be enrollment in the unified school district.

23 K. All assets and liabilities of the unifying school districts shall
24 be transferred and assumed by the new unified school district. Any
25 existing bonded indebtedness of a common school district or a high school
26 district unifying pursuant to this section shall be assumed by the new
27 unified school district and shall be regarded as an indebtedness of the new
28 unified school district for the purpose of determining the debt incurring
29 authority of the district. Taxes for the payment of such bonded
30 indebtedness shall be levied on all taxable property in the new unified
31 school district, but nothing in this subsection shall be construed to
32 relieve from liability to taxation for the payment of all taxable property

1 of the former high school district if necessary to prevent a default in the
2 payment of any bonded indebtedness of the former high school district. The
3 residents of a common school district that does not unify shall not vote in
4 bond or override elections of the unified school district and shall not be
5 assessed taxes as a result of a bond or override election of the unified
6 school district.

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

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

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

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

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

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

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

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

1 P. A unified school district may calculate its revenue control limit
2 and district support level by using subsection 0 of this section as
3 follows:

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

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

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

10 4. If the amount determined in paragraph 3 of this subsection
11 exceeds the student count of the unified school district, the unified
12 school district is eligible to use subsection 0 of this section.

13 Q. Subsections 0 and P of this section shall remain in effect until
14 the aggregate student count of the common school districts before
15 unification exceeds the aggregate number of students of the common school
16 districts before unification authorized to utilize section 15-943,
17 paragraph 1, subdivision (a).

18 Sec. 3. Section 15-459, Arizona Revised Statutes, is amended to
19 read:

20 15-459. Consolidation of districts; petition; election;
21 notice; report; ballots; canvass of votes; governing
22 board

23 A. On the request of the governing boards of two or more school
24 districts in the same county or in adjacent counties or on receipt of
25 petitions bearing the signatures of ten percent or more of the number of
26 qualified electors who voted in whichever of the last two general elections
27 resulted in the higher number of ballots cast and who reside in each of two
28 or more school districts in the same county or in adjacent counties to
29 consolidate the school districts or parts of the districts, the county
30 school superintendent of each of the counties affected, within ten days,
31 shall call an election to determine the question on consolidation.

1 B. Consolidations allowed pursuant to subsection A of this section
2 include:

3 1. To change the boundaries of a school district to include any part
4 of an adjacent school district.

5 2. If all the common school districts within the boundaries of an
6 existing union high school district desire to consolidate into one common
7 school district.

8 3. If two or more adjacent school districts of the same type, both
9 or all being common, union high or unified school districts, desire to
10 consolidate into one common, union high or unified school district.

11 4. If a common school district that is not a part of a union high
12 school district desires to consolidate with an adjacent unified school
13 district.

14 5. If two or more common school districts desire to consolidate into
15 one school district and unify the consolidated district with a union high
16 school district to form one unified school district.

17 6. To change the boundaries of a school district that has received a
18 letter grade of A or B pursuant to section 15-241 to include another school
19 district within twenty miles.

20 C. If a school district provides only financing for pupils who are
21 instructed by another school district in the same county or in an adjacent
22 county, the school district or any part of the school district may be
23 consolidated with the school district providing the instructional program
24 as follows:

25 1. The governing board of the financing school district approves the
26 consolidation or ten percent of the qualified electors residing in the
27 school district, or that part of the school district proposed for
28 consolidation, petitions the county school superintendent to call an
29 election to approve the proposed consolidation.

30 2. At an election called by the county school superintendent of each
31 of the counties affected, a majority of the persons voting in the school
32 district, or that part of the school district providing financing, approve

1 the proposed consolidation and a majority of the persons voting in the
2 district providing instruction approve the proposed consolidation.

3 D. Elections held as provided in subsection C of this section shall
4 be conducted in the same manner as elections prescribed in subsections F
5 through J of this section and shall be held concurrently as prescribed in
6 section 15-458.

7 E. Sections 15-457, 15-975 and 15-997 apply to school districts that
8 are consolidated as provided in subsection C of this section.

9 F. Notice of the election to determine consolidation of school
10 districts shall be posted in at least three public places in each of the
11 school districts proposed to be consolidated at least ninety days before
12 the election.

13 G. The county school superintendent shall prepare and the governing
14 board shall distribute a report on the proposed boundary changes in a
15 manner similar to that prescribed in section 15-481, subsection B. The
16 report shall contain the following information:

17 1. The date of the election.

18 2. The polling places and times they are open.

19 3. The full cash value, the assessed valuation and the estimated
20 amount of the primary property taxes and the estimated amount of the
21 secondary property taxes under the proposed boundary changes for each of
22 the following:

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

26 (b) An owner-occupied residence whose assessed valuation is one-half
27 of the assessed valuation of the residence in subdivision (a) of this
28 paragraph.

29 (c) An owner-occupied residence whose assessed valuation is twice
30 the assessed valuation of the residence in subdivision (a) of this
31 paragraph.

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

5 4. A consolidation plan to include:

6 (a) The proposed boundary changes.

7 (b) The impact of the proposed boundary changes, including where
8 pupils will attend school, changes in pupil transportation services,
9 changes in availability of special education services, changes in
10 pupil-teacher ratio and operational costs.

11 (c) If subsection P of this section applies to one or more of the
12 existing school districts, a detailed description of desegregation funding
13 and expenses for the resulting school district as set forth in subsection P
14 of this section.

15 (d) Any other information the county school superintendent deems
16 appropriate to include.

17 H. Ballots shall be prepared by the county school superintendent,
18 shall be delivered to the inspector at least forty-eight hours before the
19 opening of the polls as prescribed in section 16-509 and shall contain the
20 information prescribed in subsection G, paragraph 3 of this section and the
21 following statement: "Do you support consolidation under the specified
22 provisions of the consolidation plan? Yes () No ()." If the election is
23 to simultaneously consolidate and unify two or more common school
24 districts, the ballot shall contain: "Do you support the consolidation of
25 the (insert names of common school districts) and the subsequent
26 unification of the consolidated districts with the (insert name of union
27 high school district) to form one unified school district under the
28 consolidation and unification plan? Yes () No ()."

29 I. The county school superintendent shall hold the election during
30 the fiscal year preceding the fiscal year consolidation is proposed to be
31 effective on a date prescribed by section 16-204. The election shall be
32 held in the manner and electors shall possess qualifications as prescribed

1 for the election of governing board members. The results of the election
2 shall be reported to the county school superintendent.

3 J. The county school superintendent and the chairman of the board of
4 supervisors, on the seventh day after the election, shall canvass the
5 vote. If a majority of the votes cast in each district approved the
6 consolidation, the districts are consolidated and become one district from
7 and after June 30 next following the election. If parts of two or more
8 school districts are proposed to be consolidated, a majority of the voters
9 in the part of a school district or districts not included in the proposed
10 consolidation and a majority of the voters in the part of the school
11 district or districts proposed for consolidation must approve the
12 consolidation.

13 K. If the consolidated district includes territory located in two or
14 more counties, the county of jurisdiction is the county in which the
15 largest number of qualified electors of the consolidated school district
16 resides, except that if all of the existing school buildings are in one
17 county, that county is the county of jurisdiction. The county school
18 superintendent of the jurisdictional county shall perform all duties for
19 and with respect to the consolidated school district as required to be
20 performed by county school superintendents. The board of supervisors of
21 the jurisdictional county shall perform all duties for and with respect to
22 the consolidated school district as required to be performed by boards of
23 supervisors, except that school district taxes to be levied on property in
24 the portion of the consolidated school district lying in another county
25 shall be levied by the board of supervisors of the other county or counties
26 and on receipt shall be transferred to the county of jurisdiction. All
27 school buildings located within the consolidated school district, together
28 with all equipment and furnishings, become the property of the consolidated
29 school district. Any assumed indebtedness is an indebtedness of the
30 consolidated school district for the purpose of determining the debt
31 incurring authority of the consolidated school district.

1 L. Consolidation pursuant to this section is not allowed if the
2 resulting school district would have a student count for the current year
3 of more than ten percent of the total student count of all school districts
4 in this state.

5 M. The governing board is constituted, may conduct meetings and
6 shall prepare policies, curricula and budgets for the new school district
7 after the canvass pursuant to subsection J of this section demonstrates
8 that a majority of the votes cast in each school district approved the
9 consolidation. These policies shall require that:

10 1. The base salary and benefits of each employee for the first year
11 of operation of the new school district shall not be lower than the
12 employee's base salary and benefits for the prior year in the previously
13 existing school district.

14 2. The employee's years of employment in the previously existing
15 school district shall be included in determining the employee's years of
16 employment in the new school district. An employee who was entitled to
17 continuing employment contract status in the previously existing school
18 district is entitled to continuing employment contract status in the new
19 school district.

20 3. Notwithstanding paragraphs 1 and 2 of this subsection and
21 pursuant to section 15-544, this section does not restrict the ability of
22 the governing board to implement a reduction in force or to scale back
23 salaries of certified teachers, administrators or noncertificated employees
24 for reasons of economy or to improve the efficient conduct of schools
25 within the district following a school district consolidation.

26 N. If all of the districts to be consolidated have authorization for
27 an override as provided in section 15-481 that would have continued after
28 the consolidation, the override authorization continues for the new
29 district and expires at the time that the earliest override would have
30 expired.

31 O. If one or more, but not all, of the districts to be consolidated
32 have authorization for an override as provided in section 15-481 that would

1 have continued after the consolidation, the override authorization shall
2 only apply to the schools included under the terms of the prior override
3 authorization. Consolidation of school districts does not consolidate or
4 pool the liability to be taxed for the override, and only property that was
5 located within the boundaries of the district that approved the override
6 before consolidation is to pay taxes to support the override. This
7 subsection also applies if all of the districts to be consolidated have
8 authorization for overrides, but the authorizations are pursuant to
9 different subsections of section 15-481 or the override amounts are not the
10 same percentage of the revenue control limit.

11 P. Notwithstanding section 15-457, consolidation of school districts
12 does not consolidate or pool the liability of the former school districts
13 into the resulting school district. Outstanding indebtedness incurred by a
14 school district before consolidation shall be repaid without interruption
15 according to existing debt schedules as determined by the county board of
16 supervisors. If a school district consolidates after July 1, 2004, the new
17 school district may pay tuition to the district of attendance when a pupil
18 is precluded by distance or lack of transportation from attending school in
19 the district of a pupil's residence.

20 Q. If one or more of the previously existing school districts were
21 authorized to budget for expenses of complying with or continuing to
22 implement activities that were required or permitted by court order of
23 desegregation or administrative agreement with the United States department
24 of education office for civil rights directed toward remediating alleged or
25 proven racial discrimination pursuant to section 15-910, this authorization
26 does not expire on the effective date of consolidation but only applies to
27 schools included in the court order or administrative agreement.

28 R. If the formation of a new consolidated and unified school
29 district is authorized, the terms of the governing board members of the
30 common and union high school districts do not expire on the effective date
31 of the unification. The governing board members of the previously existing
32 school districts shall serve as provided in section 15-430, except that the

1 power of the governing board members of the previously existing school
2 districts acting as the governing board of the unified school district is
3 limited to the maintenance and operation of the previously existing school
4 districts and compliance with the consolidation and unification plan.

5 Sec. 4. Section 15-481, Arizona Revised Statutes, is amended to
6 read:

7 15-481. Override election; budget increases; informational
8 pamphlet; notice; ballot; effect

9 A. If a proposed budget of a school district exceeds the aggregate
10 budget limit for the budget year, at least ninety days before the proposed
11 election the governing board shall order an override election to be held on
12 the first Tuesday following the first Monday in November as prescribed by
13 section 16-204, subsection F for the purpose of presenting the proposed
14 budget to the qualified electors of the school district who by a majority
15 of those voting either shall affirm or reject the budget. At the same time
16 as the order of the election, the governing board shall publicly declare
17 the deadline for submitting arguments, as set by the county school
18 superintendent pursuant to subsection B, paragraph 9 of this section, to be
19 submitted in the informational pamphlet and shall immediately post the
20 deadline in a prominent location on the district's website. In addition,
21 the governing board shall prepare an alternate budget that does not include
22 an increase in the budget of more than the amount allowed as provided in
23 section 15-905. If the qualified electors approve the proposed budget, the
24 governing board of the school district shall follow the procedures
25 prescribed in section 15-905 for adopting a budget that includes the
26 authorized increase. If the qualified electors disapprove the proposed
27 budget, the governing board shall follow the procedures prescribed in
28 section 15-905 for adopting a budget that does not include the proposed
29 increase or the portion of the proposed increase that exceeds the amount
30 authorized by a previously approved budget increase as prescribed in
31 subsection P of this section.

1 B. The county school superintendent shall prepare an informational
2 pamphlet on the proposed increase in the budget and a sample ballot and, at
3 least forty days before the election, shall transmit the informational
4 pamphlet and the sample ballot to the governing board of the school
5 district. The governing board, on receipt of the informational pamphlet
6 and the ballot, shall mail or distribute the informational pamphlet and the
7 ballot to the households in which qualified electors reside within the
8 school district at least thirty-five days before the election. Any
9 distribution of material concerning the proposed increase in the budget
10 shall not be conducted by children enrolled in the school district. The
11 informational pamphlet shall contain the following information:

12 1. The date of the election.

13 2. The voter's polling place and the times it is open.

14 3. The proposed total increase in the budget that exceeds the amount
15 allowed pursuant to section 15-905.

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

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

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

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

30 8. The dollar amount and the purpose for which the proposed increase
31 in the budget is to be expended for the first year for which the budget
32 increase was adopted. The purpose statement shall only present factual

1 information in a neutral manner. Advocacy for the expenditures is strictly
2 limited to the arguments submitted pursuant to paragraph 9 of this
3 subsection.

4 9. At least two arguments, if submitted, but not more than ten
5 arguments for and two arguments, if submitted, but not more than ten
6 arguments against the proposed increase in the budget. The arguments shall
7 be in a form prescribed by the county school superintendent, and each
8 argument shall not exceed two hundred words. Arguments for the proposed
9 increase in the budget shall be provided in writing and signed by the
10 governing board. The ballot arguments for the proposed increase in the
11 budget shall be signed as the governing board of the school district
12 without listing any member's individual name for the arguments for the
13 proposed increase. If submitted, additional arguments in favor of the
14 proposed increase in the budget shall be provided in writing with a signed,
15 sworn statement by those in favor. Arguments against the proposed increase
16 in the budget shall be provided in writing with a signed, sworn statement
17 by those in opposition. If the argument is submitted by an organization,
18 it shall contain the sworn statement of two executive officers of the
19 organization. If the argument is submitted by a political committee, it
20 shall contain the sworn statement of the committee's chairperson or
21 treasurer. If the argument is submitted by an individual and not on behalf
22 of an organization, a political committee or any other group, the ~~person~~
23 **INDIVIDUAL** shall submit the argument with a sworn, notarized statement.
24 The names of persons and entities submitting written arguments shall be
25 included in the informational pamphlet. Persons signing the argument shall
26 identify themselves by giving their residence address and telephone number,
27 which may not appear in the informational pamphlet, except that the
28 person's city or town and state of residence shall appear in the pamphlet.
29 Any argument that is submitted and that does not comply with this paragraph
30 may not be included in the pamphlet. The county school superintendent
31 shall review all factual statements contained in the written arguments and
32 correct any inaccurate statements of fact. The superintendent shall not

1 review and correct any portion of the written arguments that are identified
2 as statements of the author's opinion. The county school superintendent
3 shall make the written arguments available to the public as provided in
4 title 39, chapter 1, article 2. A deadline for submitting arguments to be
5 included in the informational pamphlet shall be set by the county school
6 superintendent.

7 10. A statement that the alternate budget shall be adopted by the
8 governing board if the proposed budget is not adopted by the qualified
9 electors of the school district.

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

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

17 (b) An owner-occupied residence whose assessed valuation is one-half
18 of the assessed valuation of the residence in subdivision (a) of this
19 paragraph.

20 (c) An owner-occupied residence whose assessed valuation is twice
21 the assessed valuation of the residence in subdivision (a) of this
22 paragraph.

23 (d) A business whose assessed valuation is the average of the
24 assessed valuation of property classified as class one, as prescribed by
25 section 42-12001, ~~paragraphs~~ PARAGRAPH 12 ~~and 13~~ for the current year in
26 the school district.

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

29 (a) An executive summary of the school district's most recent
30 capital improvement plan submitted to the school facilities oversight
31 board.

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

6 (c) The tax rate associated with each of the proposed capital
7 improvements and the estimated cost of each capital improvement for the
8 owner of a single family home that is valued at \$80,000.

9 C. For the purpose of this section, the school district may use its
10 staff, equipment, materials, buildings or other resources only to
11 distribute the informational pamphlet at the school district office or at
12 public hearings and to produce such information as required in subsection B
13 of this section. This subsection does not preclude school districts from
14 holding or participating in any public hearings at which testimony is given
15 by at least one person for the proposed increase and one person against the
16 proposed increase. Any written information provided by the district
17 pertaining to the override election shall include financial information
18 showing the estimated first year tax rate for the proposed budget override
19 amount.

20 D. If any amount of the proposed increase will be funded by a levy
21 of taxes in the district, the election prescribed in subsection A of this
22 section shall be held on the first Tuesday following the first Monday in
23 November as prescribed by section 16-204, subsection F. If the proposed
24 increase will be fully funded by revenues from other than a levy of taxes,
25 the elections prescribed in subsection A of this section shall be held on
26 any date prescribed by section 16-204. The elections shall be conducted as
27 nearly as practicable in the manner prescribed in article 1 of this
28 chapter, ~~AND~~ sections 15-422, ~~through~~ 15-423, 15-424 and ~~section~~ 15-426,
29 relating to special elections, except that:

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

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

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

15 Any budget increase authorized by this election shall be
16 entirely funded by a levy of taxes on the taxable property
17 within this school district for the year for which adopted and
18 for ____ subsequent years, shall not be realized from monies
19 furnished by the state and shall not be subject to the
20 limitation on taxes specified in article IX, section 18,
21 Constitution of Arizona. Based on the current net assessed
22 valuation used for secondary property tax purposes, to fund the
23 proposed increase in the school district's budget would require
24 an estimated tax rate of \$_____ per \$100 of net
25 assessed valuation used for secondary property tax purposes and
26 is in addition to the school district's tax rate that will be
27 levied to fund the school district's revenue control limit
28 allowed by law.

29 F. If the election is to exceed the revenue control limit and if the
30 proposed increase will be fully funded by revenues from other than a levy
31 of taxes on the taxable property within the school district, the ballot
32 shall contain the words "budget increase, yes" and "budget increase, no",

1 and the voter shall signify the voter's desired choice. The ballot shall
2 also contain:

3 1. The amount of the proposed increase of the proposed budget over
4 the alternate budget.

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

8 3. The following statement:

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

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

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

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

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

9 (i)

10	Small School	Support Level Weight		Phase Down
11	Student	Student	for Small Isolated	Reduction
12	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
13	_____	- 125	x 1.358 + (0.0005 x	x \$ _____ = \$ _____
14			(500 - Student Count))	
15				Small Isolated
16	Phase Down	Phase Down		School District
17	<u>Base</u>	<u>Reduction Factor</u>		<u>Elementary Limit</u>
18	\$150,000	- \$ _____		= \$ _____

19 (ii)

20	Small School	Support Level Weight		Phase Down
21	Student	Student	for Small	Reduction
22	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
23	_____	- 125	x 1.278 + (0.0003 x	x \$ _____ = \$ _____
24			(500 - Student Count))	
25				Small
26	Phase Down	Phase Down		School District
27	<u>Base</u>	<u>Reduction Factor</u>		<u>Elementary Limit</u>
28	\$150,000	- \$ _____		= \$ _____

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

1 (i)

2 Small School Support Level Weight Phase Down
 3 Student Student for Small Isolated Reduction
 4 Count Count Limit School Districts Base Level Factor
 5 _____ - 100 x 1.468 + (0.0005 x _____ x \$ _____ = \$ _____
 6 (500 - Student Count))
 7 Small Isolated
 8 Phase Down Phase Down District
 9 Base Reduction Factor Secondary Limit
 10 \$350,000 - \$ _____ = \$ _____

11 (ii)

12 Small School Support Level Weight Phase Down
 13 Student Student for Small Reduction
 14 Count Count Limit School Districts Base Level Factor
 15 _____ - 100 x 1.398 + (0.0004 x _____ x \$ _____ = \$ _____
 16 (500 - Student Count))
 17 Small
 18 Phase Down Phase Down School District
 19 Base Reduction Factor Secondary Limit
 20 \$350,000 - \$ _____ = \$ _____

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

24 (d) If only subdivision (a) or (b) of this paragraph applies to a
 25 unified school district, the district's limit for the purposes of this
 26 paragraph is the sum of the limit computed as provided in subdivision (a)
 27 or (b) of this paragraph plus ten percent of the revenue control limit
 28 attributable to those grade levels that do not meet the eligibility
 29 requirements of this subsection. If a school district budgets monies
 30 outside the revenue control limit pursuant to section 15-949, subsection E,
 31 the district's limit for the purposes of this paragraph is only the ten
 32 percent of the revenue control limit attributable to those grade levels

1 that are not included under section 15-949, subsection E. For the purposes
2 of this subdivision, the revenue control limit is separated into elementary
3 and secondary components based on the weighted student count as provided in
4 section 15-971, subsection B, paragraph 2, subdivision (a).

5 2. If a school district utilizes this subsection to request an
6 override of more than one year, the ballot shall include an estimate of the
7 amount of the proposed increase in the future years in place of the
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 as prescribed in subsections E and F of this section.

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

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

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

1 proposed increase in the school district's budget that will be
2 funded by a levy of taxes on the taxable property within this
3 school district would require an estimated tax rate of
4 \$_____ per \$100 of net assessed valuation used for
5 secondary property tax purposes and is in addition to the
6 school district's tax rate that will be levied to fund the
7 school district's revenue control limit allowed by law.

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

19 Any budget increase authorized by this election shall be
20 entirely funded by this school district with revenues from
21 other than a levy of taxes on the taxable property within the
22 school district for the year for which adopted and for _____
23 subsequent years and shall not be realized from monies
24 furnished by the state.

25 K. The maximum budget increase that may be requested and authorized
26 as provided in subsection I or J of this section, or a combination of both
27 of these subsections, is five percent of the revenue control limit as
28 provided in section 15-947, subsection A for the budget year. For a common
29 school district not within a high school district or a common school
30 district within a high school district that offers instruction in high
31 school subjects as provided in section 15-447, five percent of the revenue
32 control limit means five percent of the revenue control limit attributable

1 to the weighted student count in preschool programs for children with
2 disabilities, kindergarten programs and grades one through eight as
3 provided in section 15-971, subsection B. For a unified school district,
4 five percent of the revenue control limit means five percent of the revenue
5 control limit attributable to the weighted student count in preschool
6 programs for children with disabilities, kindergarten programs and grades
7 one through twelve. For a union high school district, five percent of the
8 revenue control limit means five percent of the revenue control limit
9 attributable to the weighted student count in grades nine through twelve.

10 L. If the election is to exceed district additional assistance and
11 if the proposed increase will be fully funded by a levy of taxes on the
12 taxable property within the school district, the ballot shall contain the
13 words "budget increase, yes" and "budget increase, no", and the voter shall
14 signify the voter's desired choice. An election held pursuant to this
15 subsection shall be held on the first Tuesday after the first Monday of
16 November. The ballot shall also contain the amount of the proposed
17 increase of the proposed budget over the alternate budget and the following
18 statement:

19 Any budget increase authorized by this election shall be
20 entirely funded by a levy of taxes on the taxable property
21 within this school district for the year in which adopted and
22 for _____ subsequent years, shall not be realized from monies
23 furnished by the state and shall not be subject to the
24 limitation on taxes specified in article IX, section 18,
25 Constitution of Arizona. Based on the current net assessed
26 valuation used for secondary property tax purposes, to fund the
27 proposed increase in the school district's budget would require
28 an estimated tax rate of \$_____ per \$100 of net assessed
29 valuation used for secondary property tax purposes and is in
30 addition to the school district's tax rate that will be levied
31 to fund the school district's district additional assistance
32 allowed by law.

1 M. If the election is to exceed district additional assistance and
2 if the proposed increase will be fully funded by revenues from other than a
3 levy of taxes on the taxable property within the school district, the
4 ballot shall contain the words "budget increase, yes" and "budget increase,
5 no", and the voter shall signify the voter's desired choice. An election
6 held pursuant to this subsection shall be held on the first Tuesday after
7 the first Monday of November. The ballot shall also contain the amount of
8 the proposed increase of the proposed budget over the alternate budget and
9 the following statement:

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

16 N. If the election is to exceed a combination of the revenue control
17 limit as provided in subsection E or F of this section, the revenue control
18 limit as provided in subsection I or J of this section or district
19 additional assistance as provided in subsection L or M of this section, the
20 ballot shall be prepared so that the voters may vote on each proposed
21 increase separately and shall contain statements required in the same
22 manner as if each proposed increase were submitted separately.

23 O. If the election provides for a levy of taxes on the taxable
24 property within the school district, at least thirty days before the
25 election, the department of revenue shall provide the school district
26 governing board and the county school superintendent with the current net
27 assessed valuation of the school district. The governing board and the
28 county school superintendent shall use the current net assessed valuation
29 of the school district to translate the amount of the proposed dollar
30 increase in the budget of the school district over that allowed by law into
31 a tax rate figure.

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

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

31 2. Is for five years or more, the proposed increase is equal to the
32 initial proposed percentage increase in the following years of the proposed

1 increase, except that in the next to last year it is two-thirds of the
2 initial proposed percentage increase and it is one-third of the initial
3 proposed percentage increase in the last year of the proposed increase.

4 Q. If the voters in a school district vote to adopt a budget in
5 excess of the revenue control limit as provided in subsection I or J of
6 this section, any additional increase shall be included in the aggregate
7 budget limit for each of the years authorized. Any additional increase
8 shall be excluded from the determination of equalization assistance. The
9 school district governing board, however, may levy on the net assessed
10 valuation used for secondary property tax purposes of the property in the
11 school district the additional increase if adopted under subsection I of
12 this section for the period of one year, two years or five through seven
13 years as authorized. If an additional increase is approved as provided in
14 subsection J of this section, the increase may only be budgeted and
15 expended if sufficient monies are available in the maintenance and
16 operation fund of the school district. If a budget increase was previously
17 authorized and will be in effect for the budget year or budget year and
18 subsequent years, as provided in subsection I or J of this section, the
19 governing board may request a new budget increase as provided in the same
20 subsection under which the prior budget increase was adopted that does not
21 exceed the maximum amount permitted under subsection K of this section. If
22 the 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 I or J of this section and the additional increase that is
28 included in the aggregate budget limit is based on a percentage of a school
29 district's revenue control limit in future years, if the budget increase is
30 authorized for more than one year. If the additional increase:

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

1 2. Is for five years or more, the proposed increase is equal to the
2 initial proposed percentage increase in the following years of the proposed
3 increase, except that in the next to last year it is two-thirds of the
4 initial proposed percentage increase and it is one-third of the initial
5 proposed percentage increase in the last year of the proposed increase.

6 R. If the voters in a school district vote to adopt a budget in
7 excess of district additional assistance as provided in subsection L of
8 this section, any additional increase shall be included in the aggregate
9 budget limit for each of the years authorized. The additional increase
10 shall be excluded from the determination of equalization assistance. The
11 school district governing board, however, may levy on the net assessed
12 valuation used for secondary property tax purposes of the property in the
13 school district the additional increase for the period authorized but not
14 to exceed ten years. For overrides approved by a vote of the qualified
15 electors of the school district at an election held from and after
16 October 31, 1998, the period of the additional increase prescribed in this
17 subsection shall not exceed seven years for any capital override election.

18 S. If the voters in a school district vote to adopt a budget in
19 excess of district additional assistance as provided in subsection M of
20 this section, any additional increase shall be included in the aggregate
21 budget limit for each of the years authorized. The additional increase
22 shall be excluded from the determination of equalization assistance. The
23 school district governing board may only use revenues derived from the
24 school district's prior year's maintenance and operation fund ending cash
25 balance and capital outlay fund ending cash balance to fund the additional
26 increase for the period authorized but not to exceed ten years. For
27 overrides approved by a vote of the qualified electors of the school
28 district at an election held from and after October 31, 1998, the period of
29 the additional increase prescribed in this subsection shall not exceed
30 seven years for any capital override election.

31 T. In addition to subsections P and S of this section, from the
32 maintenance and operation fund and capital outlay fund ending cash

1 balances, the school district governing board shall first use any available
2 revenues to reduce its primary tax rate to zero and shall use any remaining
3 revenues to fund the additional increase authorized as provided in
4 subsections F and M of this section.

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

10 V. The governing board may request that any override election be
11 cancelled if any change in chapter 9 of this title changes the amount of
12 the aggregate budget limit as provided in section 15-905. The request to
13 cancel the override election shall be made to the county school
14 superintendent at least eighty days before the date of the scheduled
15 override election.

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

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

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

23 _____ school district is proposing to increase its
24 budget by \$_____ to fund capital improvements over and
25 above those funded by the state. Under the students first
26 capital funding system, _____ school district is entitled
27 to state monies for new construction and renovation of school
28 buildings in accordance with state law.

29 2. The ballot shall contain the words "budget increase, yes" and
30 "budget increase, no", and the voter shall signify the voter's desired
31 choice.

1 3. At least eighty-five days before the election, the school
2 district shall submit proposed ballot language to the director of the
3 Arizona legislative council. The director of the Arizona legislative
4 council shall review the proposed ballot language to determine whether the
5 proposed ballot language complies with this section. If the director of
6 the Arizona legislative council determines that the proposed ballot
7 language does not comply with this section, the director, within ten
8 calendar days after receiving the proposed ballot language, shall notify
9 the school district of the director's objections, and the school district
10 shall resubmit revised ballot language to the director for approval.

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

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

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

31 2. If the increase is pursuant to subsection E, F, I or J of this
32 section, the update shall include at a minimum the amount expended in the

1 previous fiscal year and the amount included in the current budget for each
2 of the purposes listed in the informational pamphlet prescribed by
3 subsection B of this section.

4 Z. If a budget in excess of district additional assistance was
5 previously adopted by the voters in a school district and will be in effect
6 for the budget year or budget year and subsequent years, as provided in
7 subsection L or M of this section, the governing board may request an
8 additional budget in excess of district additional assistance. If the
9 voters in a school district authorize the additional budget in excess of
10 district additional assistance, the existing district additional assistance
11 budget increase remains in effect.

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

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

26 Any budget increase continuation authorized by this
27 election shall be entirely funded by a levy of taxes on the
28 taxable property in this school district for the year for which
29 adopted and for _____ subsequent years, shall not be realized
30 from monies furnished by the state and shall not be subject to
31 the limitation on taxes specified in article IX, section 18,
32 Constitution of Arizona. Based on the current net assessed

1 valuation used for secondary property tax purposes, to fund the
2 proposed continuation of the increase in the school district's
3 budget would require an estimated continuation of a tax rate of
4 \$_____ per \$100 of assessed valuation used for
5 secondary property tax purposes and is in addition to the
6 school district's tax rate that will be levied to fund the
7 school district's revenue control limit allowed by law.

8 CC. If the election is to continue to exceed the revenue control
9 limit as provided in section 15-482 and if the proposed override will be
10 fully funded by a continuation of a levy of taxes on the taxable property
11 in the school district, the ballot shall contain the words "budget override
12 continuation, yes" and "budget override continuation, no", and the voter
13 shall signify the voter's desired choice. The ballot shall also contain
14 the amount of the proposed continuation of the budget increase of the
15 proposed budget over the alternate budget, a statement that the amount of
16 the proposed increase will be based on a percentage of the school
17 district's revenue control limit in future years, if applicable, as
18 provided in subsection P of this section and the following statement:

19 Any budget increase continuation authorized by this
20 election shall be entirely funded by a levy of taxes on the
21 taxable property in this school district for the year for which
22 adopted and for _____ subsequent years, shall not be realized
23 from monies furnished by the state and shall not be subject to
24 the limitation on taxes specified in article IX, section 18,
25 Constitution of Arizona. Based on the current net assessed
26 valuation used for secondary property tax purposes, to fund the
27 proposed continuation of the increase in the school district's
28 budget would require an estimated continuation of a tax rate of
29 \$_____ per \$100 of net assessed valuation used for
30 secondary property tax purposes and is in addition to the
31 school district's tax rate that will be levied to fund the
32 school district's revenue control limit allowed by law.

1 Sec. 4. Section 42-11054, Arizona Revised Statutes, is amended to
2 read:

3 42-11054. Standard appraisal methods and techniques

4 A. ~~Subject to subsection B of this section,~~ The department shall:

5 1. Prescribe guidelines for applying standard appraisal methods and
6 techniques that shall be used by the department and county assessors in
7 determining the valuation of property.

8 2. Prepare and maintain manuals and other necessary guidelines,
9 consistent with this section, reflecting the standard methods and
10 techniques to perpetuate a current inventory of taxable property and the
11 valuation of that property.

12 ~~B. Before they are adopted, the department shall submit each~~
13 ~~substantive proposed guideline, table and manual that is developed, amended~~
14 ~~or otherwise modified from and after December 31, 2006 to the joint~~
15 ~~legislative oversight committee on property tax assessment and appeals.~~
16 ~~The department shall not finally adopt, amend or otherwise modify a~~
17 ~~substantive guideline, table or manual for at least thirty days after~~
18 ~~submitting the measure to the committee. The committee may hold one or~~
19 ~~more informational hearings on the proposed measure within thirty days~~
20 ~~after submission. In adopting, amending or modifying the measure the~~
21 ~~department shall consider the committee's comments. If the committee fails~~
22 ~~to hold a hearing within thirty days after submission, the department may~~
23 ~~adopt, amend or modify the measure without further consideration.~~

24 ~~C.~~ B. In applying prescribed standard appraisal methods and
25 techniques:

26 1. Current usage shall be included in the formula for reaching a
27 determination of full cash value.

28 2. Solar energy devices, as defined in section 44-1761, grid-tied
29 photovoltaic systems and any other device or system designed to produce
30 solar energy primarily for on-site consumption are considered to add no
31 value to the property on which such a device or system is installed.

1 ~~3. If characterized as personal property, subject to any applicable~~
2 ~~constitutional exemption from taxation, solar energy devices, as defined in~~
3 ~~section 44-1761, grid-tied photovoltaic systems and any other device or~~
4 ~~system designed to produce solar energy primarily for on-site consumption~~
5 ~~shall be valued as provided in section 42-13056.~~

6 4. 3. Energy efficient building components, renewable energy
7 equipment and combined heat and power systems are considered to add no
8 value to the property, if the property owner provides the county assessor
9 with documentation of all elements that qualify pursuant to this paragraph,
10 including documents showing actual acquisition and installation costs. The
11 documentation must be submitted to the county assessor not later than six
12 months before the notice of full cash value is issued for the initial
13 evaluation year pursuant to section 42-15101 or, if the component is added
14 after September 30 of the preceding year, not later than March 31 of the
15 initial valuation year. For the purposes of this paragraph:

16 (a) "Combined heat and power system" means a system that generates
17 electricity or mechanical power and useful thermal energy in a single,
18 integrated system such that the useful power output of the facility plus
19 one-half the useful thermal output during any twelve-month period is not
20 less than 42.5 percent of the total energy input of fuel to the facility.

21 (b) "Energy efficient building components" means high performance
22 sustainable building components installed so that the buildings or building
23 components meet or exceed the energy efficiencies prescribed by the United
24 States environmental protection agency energy star program or by a
25 leadership in energy and environmental design green building rating
26 standard developed by the United States green building council, or an
27 equivalent green building standard, or that are at least fifteen percent
28 more energy efficient than the international energy conservation code in
29 effect at the time of building permit issuance.

30 (c) "Renewable energy equipment" means equipment that is used to
31 produce energy primarily for on-site consumption from renewable resources,
32 including wind, forest thinnings, agricultural waste, biogas, biomass,

1 geothermal, low-impact hydropower and solar energy not included under
2 paragraph 2 of this subsection.

3 ~~C.~~ C. If the methods and techniques prescribe using market data as
4 an indication of market value, the price paid for future anticipated
5 property value increments shall be excluded.

6 ~~E.~~ D. For the purposes of determining full cash value the
7 department and county assessors shall use and apply the ratio standard
8 guidelines issued by the department for tax year 1993 in the same manner as
9 they were applied in tax year 1993. This subsection does not apply to
10 property that is valued according to prescribed statutory methods or to
11 property for which values are determined in the year after an appeal
12 pursuant to section 42-16002."

13 Renumber to conform

14 Page 1, line 6, after the first "property" strike remainder of line

15 Line 7, strike "42-12002, paragraph 2, subdivision (a) or (b) and"

16 Line 8, after "or" strike remainder of line

17 Line 9, strike "pursuant to section 42-12001 and that is"; strike "as"

18 Page 1, line 10, strike "described in section 42-12001, paragraphs 8 through 11
19 or 13" insert "AND THAT IS NOT VALUED PURSUANT TO CHAPTER 14 OF THIS TITLE"

20 Between lines 21 and 22, insert:

21 "Sec. 6. Section 42-12001, Arizona Revised Statutes, is amended to
22 read:

23 42-12001. Class one property

24 For THE purposes of taxation, class one is established consisting of
25 the following subclasses:

26 1. Producing mines and mining claims, personal property used on
27 mines and mining claims, improvements to mines and mining claims and mills
28 and smelters operated in conjunction with mines and mining claims that are
29 valued at full cash value pursuant to section 42-14053.

30 2. Standing timber that is valued at full cash value.

31 3. Real and personal property of gas distribution companies,
32 electric transmission companies, electric distribution companies,

1 combination gas and electric transmission and distribution companies, and
2 companies engaged in the generation of electricity that are valued at full
3 cash value pursuant to section 42-14151.

4 4. Real and personal property of airport fuel delivery companies
5 that are valued pursuant to section 42-14503.

6 5. Real and personal property that is used by producing oil, gas and
7 geothermal resource interests that are valued at full cash value pursuant
8 to section 42-14102.

9 6. Real and personal property of water, sewer and wastewater utility
10 companies that are valued at full cash value pursuant to section 42-14151.

11 7. Real and personal property of pipeline companies that are valued
12 at full cash value pursuant to section 42-14201.

13 8. Real ~~and personal~~ property of shopping centers that are valued at
14 full cash value or pursuant to chapter 13, article 5 of this title, as
15 applicable, other than property that is included in class nine.

16 9. Real ~~and personal~~ property of golf courses that are valued at
17 full cash value or pursuant to chapter 13, article 4 of this title.

18 10. All REAL property, ~~both real and personal~~, of manufacturers,
19 assemblers or fabricators, other than property that is specifically
20 included in another class described in this article, that is valued under
21 this title.

22 11. Real and personal property that is used in communications
23 transmission facilities and that provides public telephone or
24 telecommunications exchange or interexchange access for compensation to
25 effect two-way communication to, from, through or within this state.

26 12. Real property and improvements that are devoted to any other
27 commercial or industrial use, other than property that is specifically
28 included in another class described in this article, and that are valued at
29 full cash value.

30 ~~13. Personal property that is devoted to any other commercial or~~
31 ~~industrial use, other than property that is specifically included in~~

1 ~~another class described in this article, and that is valued at full cash~~
2 ~~value.~~

3 ~~14.~~ 13. Real ~~and personal~~ property of electric cooperatives that
4 are valued at full cash value pursuant to section 42-14159.

5 Sec. 7. Section 42-12002, Arizona Revised Statutes, is amended to
6 read:

7 42-12002. Class two property

8 For purposes of taxation, class two is established consisting of
9 three subclasses:

10 1. Class two (R) consists of:

11 (a) Real property and improvements to property that are used for
12 agricultural purposes and that are valued at full cash value or pursuant to
13 chapter 13, article 3 of this title, as applicable.

14 (b) Real property and improvements to property that are primarily
15 used for agricultural purposes to produce trees other than standing timber,
16 vines, rosebushes, ornamental plants or other horticultural crops,
17 regardless of whether the crop is grown in containers, soil or any other
18 medium, that are not included in class one, three, four, six, seven or
19 eight and that are valued at full cash value or pursuant to chapter 13,
20 article 3 of this title, as applicable.

21 (c) Real property and improvements to property that are owned and
22 controlled by a nonprofit organization that is exempt from taxation under
23 section 501(c)(3), (4), (7), (10) or (14) of the internal revenue code if
24 the property is not used or intended for the financial benefit of members
25 of the organization or any other individual or organization, unless the
26 financial benefit is for charitable, religious, scientific, literary or
27 educational purposes, and that are valued at full cash value.

28 (d) Real property of golf courses that is valued at full cash value
29 or pursuant to chapter 13, article 4 of this title.

30 (e) Real property and improvements to property of a guest ranch that
31 are valued pursuant to chapter 13, article 12 of this title.

1 (f) All other real property and improvements to property, if any,
2 that are not included in class one, three, four, six, seven or eight and
3 that are valued at full cash value.

4 ~~2. Class two (P) consists of:~~

5 ~~(a) Personal property that is used for agricultural purposes and~~
6 ~~that is valued at full cash value or pursuant to chapter 13, article 3 of~~
7 ~~this title, as applicable.~~

8 ~~(b) Personal property that is primarily used for agricultural~~
9 ~~purposes to produce trees other than standing timber, vines, rosebushes,~~
10 ~~ornamental plants or other horticultural crops, regardless of whether the~~
11 ~~crop is grown in containers, soil or any other medium, that is not included~~
12 ~~in class one, three, four, six, seven or eight and that is valued at full~~
13 ~~cash value or pursuant to chapter 13, article 3 of this title, as~~
14 ~~applicable.~~

15 ~~(c) Personal property that is owned and controlled by a nonprofit~~
16 ~~organization that is exempt from taxation under section 501(c)(3), (4),~~
17 ~~(7), (10) or (14) of the internal revenue code if the property is not used~~
18 ~~or intended for the financial benefit of members of the organization or any~~
19 ~~other individual or organization, unless the financial benefit is for~~
20 ~~charitable, religious, scientific, literary or educational purposes, and~~
21 ~~that is valued at full cash value.~~

22 ~~(d) Personal property of golf courses that is valued at full cash~~
23 ~~value or pursuant to chapter 13, article 4 of this title.~~

24 ~~(e) Personal property of a guest ranch that is valued pursuant to~~
25 ~~chapter 13, article 12 of this title.~~

26 ~~(f) All other personal property that is not included in class one,~~
27 ~~three, four, six, seven or eight and that is valued at full cash value.~~

28 ~~3.~~ 2. Class two (C) consists of real property, and improvements to
29 real property, that is burdened by a conservation easement that has been
30 created and is currently in effect pursuant to title 33, chapter 2,
31 article 4.

1 Sec. 8. Section 42-12004, Arizona Revised Statutes, is amended to
2 read:

3 42-12004. Class four property

4 A. For the purposes of taxation, class four is established
5 consisting of:

6 1. Real and personal property and improvements to the property that
7 are used for residential purposes, including residential property that is
8 owned in foreclosure by a financial institution, that is not otherwise
9 included in another classification and that is valued at full cash value.

10 The homesite that is included in class four may include:

11 (a) Up to ten acres on a single parcel of real property on which the
12 residential improvement is located.

13 (b) More than ten, but not more than forty, acres on a single parcel
14 of real property on which the residential improvement is located if it is
15 zoned exclusively for residential purposes or contains legal restrictions
16 or physical conditions that prevent the division of the parcel. For the
17 purposes of this subdivision, "physical conditions" means topography,
18 mountains, washes, rivers, roads or any other configuration that limits the
19 residential usable land area.

20 2. Real and personal property and improvements to the property that
21 are used for residential purposes and solely leased or rented, that are not
22 included in class one, two, three, six, seven or eight and that are valued
23 at full cash value.

24 3. Child care facilities that are licensed under title 36, chapter
25 7.1 and that are valued at full cash value.

26 4. Real ~~and personal~~ property and improvements to property that are
27 used to operate nonprofit residential housing facilities that are
28 structured to house or care for persons with disabilities or who are at
29 least sixty-two years of age and that are valued at full cash value.

1 5. Real ~~and personal~~ property and improvements that are used to
2 operate licensed residential care institutions or licensed nursing care
3 institutions that provide medical services, nursing services or
4 health-related services and that are structured to house or care for
5 persons with disabilities or who are at least sixty-two years of age and
6 that are valued at full cash value.

7 6. Real ~~and personal~~ property consisting of not more than eight
8 rooms of residential property that are leased or rented to transient
9 lodgers, together with furnishing not more than a breakfast meal, by the
10 owner who resides on the property and that is valued at full cash value.

11 7. Real ~~and personal~~ property that consists of residential dwellings
12 maintained for occupancy by agricultural employees as a condition of
13 employment or as a convenience to the employer, that is not included in
14 class three and that is valued at full cash value. The land associated
15 with these dwellings shall be valued as agricultural land pursuant to
16 chapter 13, article 3 of this title.

17 8. Real property and improvements to property constituting common
18 areas that are valued pursuant to chapter 13, article 9 of this title.

19 9. Real ~~and personal~~ property that is defined as timeshare property
20 by section 32-2197 and valued pursuant to chapter 13, article 10 of this
21 title, except for any property used for commercial, industrial or transient
22 occupancy purposes and included in class one to the extent of that use.

23 10. Real ~~and personal~~ property and improvements that are used for
24 residential purposes and that are leased or rented to lodgers, except for:

25 (a) Property occupied by the owner of the property as the owner's
26 primary residence and included in class three.

27 (b) Property used for commercial purposes and included in class one.

28 11. Low-income multifamily residential rental properties that are
29 valued pursuant to chapter 13, article 13 of this title.

30 B. Subsection A, paragraphs 4 and 5 of this section do not limit
31 eligibility for exemption from taxation under chapter 11, article 3 of this
32 title.

1 Sec. 9. Section 42-12006, Arizona Revised Statutes, is amended to
2 read:

3 42-12006. Class six property

4 For the purposes of taxation, class six is established consisting of:

5 1. Noncommercial historic property as defined in section 42-12101
6 and valued at full cash value.

7 2. Real ~~and personal~~ property that is located within the area of a
8 foreign trade zone or subzone established under 19 United States Code
9 sections 81a through 81u and title 44, chapter 18, that is activated for
10 foreign trade zone use by the district director of the United States
11 customs service pursuant to 19 Code of Federal Regulations section 146.6
12 and that is valued at full cash value. Property that is classified under
13 this paragraph shall not thereafter be classified under paragraph 6 of this
14 section.

15 3. Real ~~and personal~~ property and improvements that are located in a
16 military reuse zone that is established under title 41, chapter 10, article
17 3 and that is devoted to providing aviation or aerospace services or to
18 manufacturing, assembling or fabricating aviation or aerospace products,
19 valued at full cash value and subject to the following terms and
20 conditions:

21 (a) Property may not be classified under this paragraph for more
22 than five tax years.

23 (b) Any new addition or improvement to property already classified
24 under this paragraph qualifies separately for classification under this
25 paragraph for not more than five tax years.

26 (c) If a military reuse zone is terminated, the property in that
27 zone that was previously classified under this paragraph shall be
28 reclassified as prescribed by this article.

29 (d) Property that is classified under this paragraph shall not
30 thereafter be classified under paragraph 6 of this section.

31 4. Real ~~and personal~~ property and improvements or a portion of such
32 property comprising an environmental technology manufacturing, producing or

1 processing facility that qualified under section 41-1514.02, valued at full
2 cash value and subject to the following terms and conditions:

3 (a) Property shall be classified under this paragraph for twenty tax
4 years from the date placed in service.

5 (b) Any addition or improvement to property already classified under
6 this paragraph qualifies separately for classification under this
7 subdivision for an additional twenty tax years from the date placed in
8 service.

9 (c) After revocation of certification under section 41-1514.02,
10 property that was previously classified under this paragraph shall be
11 reclassified as prescribed by this article.

12 (d) Property that is classified under this paragraph shall not
13 thereafter be classified under paragraph 6 of this section.

14 5. That portion of real ~~and personal~~ property that is used on or
15 after January 1, 1999 specifically and solely for remediation of the
16 environment by an action that has been determined to be reasonable and
17 necessary to respond to the release or threatened release of a hazardous
18 substance by the department of environmental quality pursuant to section
19 49-282.06 or pursuant to its corrective action authority under rules
20 adopted pursuant to section 49-922, subsection B, paragraph 4 or by the
21 United States environmental protection agency pursuant to the national
22 contingency plan (40 Code of Federal Regulations part 300) and that is
23 valued at full cash value. Property that is not being used specifically
24 and solely for the remediation objectives described in this paragraph shall
25 not be classified under this paragraph. For the purposes of this
26 paragraph, "remediation of the environment" means one or more of the
27 following actions:

28 (a) Monitoring, assessing or evaluating the release or threatened
29 release.

30 (b) Excavating, removing, transporting, treating and disposing of
31 contaminated soil.

32 (c) Pumping and treating contaminated water.

1 (d) Treating, containing or removing ~~of~~ contaminants in groundwater
2 or soil.

3 6. Real ~~and personal~~ property and improvements constructed or
4 installed from and after December 31, 2004 through December 31, 2024 and
5 owned by a qualified business under section 41-1516 and used solely for the
6 purpose of harvesting, transporting or processing qualifying forest
7 products removed from qualifying projects as defined in section 41-1516.
8 The classification under this paragraph is subject to the following terms
9 and conditions:

10 (a) Property may be initially classified under this paragraph only
11 in valuation years 2005 through 2024.

12 (b) Property may not be classified under this paragraph for more
13 than five years.

14 (c) Any new addition or improvement, constructed or installed from
15 and after December 31, 2004 through December 31, 2024, to property already
16 classified under this paragraph qualifies separately for classification and
17 assessment under this paragraph for not more than five years.

18 (d) Property that is classified under this paragraph shall not
19 thereafter be classified under paragraph 2, 3 or 4 of this section.

20 7. Real ~~and personal~~ property and improvements to the property that
21 are used specifically and solely to manufacture from and after December 31,
22 2006 through December 31, 2023 biodiesel fuel that is one hundred percent
23 biodiesel and its by-products or motor vehicle biofuel and its by-products
24 and that are valued at full cash value. This paragraph applies only to the
25 portion of property that is used specifically for manufacturing and
26 processing one hundred ~~percent~~ PERCENT biodiesel fuel, or its related by-
27 products, or motor vehicle biofuel, or its related by-products, from raw
28 feedstock obtained from off-site sources, including necessary on-site
29 storage facilities that are intrinsically associated with the manufacturing
30 process. Any other commercial or industrial use disqualifies the entire
31 property from classification under this paragraph. For the purposes of
32 this paragraph, "motor vehicle biofuel" means a solid, liquid or gaseous

1 fuel that is derived from biological material such as plant or animal
2 matter, excluding organic material that has been transformed by geological
3 processes into substances such as coal or petroleum or derivatives thereof,
4 and that:

5 (a) Contains fuel additives in compliance with federal and state
6 law.

7 (b) Is manufactured exclusively for use in a motor vehicle.

8 8. Real ~~and personal~~ property and improvements that are used for
9 renewable energy manufacturing or headquarters operations as provided by
10 section 42-12057. This paragraph applies only to property that is used in
11 manufacturing and headquarters operations of renewable energy companies,
12 including necessary on-site research and development, testing and storage
13 facilities that are associated with the manufacturing process. Up to ten
14 percent of the aggregate full cash value of the property may be derived
15 from uses that are ancillary to and intrinsically associated with the
16 manufacturing process or headquarters operation. Any additional ancillary
17 property is not qualified for classification under this paragraph. No new
18 properties may be classified pursuant to this paragraph from and after
19 December 31, 2014. Property that is classified under this paragraph shall
20 not thereafter be classified under any other paragraph of this section.

21 Sec. 10. Section 42-12054, Arizona Revised Statutes, is amended to
22 read:

23 42-12054. Change in classification of owner-occupied residence

24 A. If a person purchases or converts property that is listed as
25 class one pursuant to section 42-12001, paragraph 12 ~~or 13~~, class two or
26 class four pursuant to article 1 of this chapter and occupies the property
27 as the person's primary residence, the person may have the classification
28 reviewed for change to class three from the date of conversion and
29 occupancy as a primary residence and may appeal from the decision resulting
30 from the review in the same manner as provided by law for review of a
31 valuation for ad valorem property taxes and appeal from that review.

1 B. If a person purchases or converts property that is listed as
2 class one pursuant to section 42-12001, paragraph 12 ~~or 13~~, class two or
3 class four pursuant to article 1 of this chapter and the property is
4 occupied by a member of the owner's immediate family as described in
5 section 42-12053, the person may have the classification reviewed for
6 change to class three from the date of occupancy and may appeal the
7 decision resulting from the review in the same manner as provided by law
8 for review of a valuation for ad valorem property taxes and appeal from
9 that review.

10 C. If a person makes such a conversion or occupancy or appeals the
11 classification after the county assessor has closed the rolls, the person
12 may petition the county board of supervisors to change the classification
13 and reduce the assessed valuation from the date of conversion or occupancy.

14 D. The board of supervisors shall entertain the petition in the same
15 manner as a board of equalization hears a request for reduction in
16 valuation.

17 E. The petitioner may appeal the board of supervisors' decision in
18 the same manner as provided in section 42-16111, except that the petitioner
19 shall file the notice of appeal within fifteen days after the board's
20 finding.

21 F. If the board of supervisors finds that the property is in fact
22 the owner's primary residence and should be listed as class three property,
23 the board shall change the classification on the roll and fix the assessed
24 valuation from the date of occupancy. The amount of taxes that is assessed
25 against the property shall be computed by applying the current tax rate to
26 the original assessed valuation prorated for the portion of the tax year
27 before the property was occupied plus the current tax rate applied to the
28 reassessed value of the property prorated for the balance of the year.

29 G. The board of supervisors shall notify the department, assessor
30 and county treasurer of the change in classification, the change in
31 assessed valuation and the amount of tax assessed. The department and the
32 assessor may appeal any such decision in the same manner as provided in

1 section 42-16111. The assessor and treasurer shall note the change on
2 their records, and the treasurer may issue a future tax credit, endorsed by
3 the board, to the person whose property is liable for the tax. The tax
4 credit shall be used on the next or several succeeding property tax
5 assessments that the person may owe thereafter.

6 Sec. 11. Section 42-12058, Arizona Revised Statutes, is amended to
7 read:

8 42-12058. Registry of real property burdened by conservation
9 easements

10 A. The county assessor in each county shall establish and maintain a
11 public digital registry of each parcel of property in the county that is
12 classified as class two (C) pursuant to section 42-12002, paragraph ~~3~~ 2
13 from and after December 31, 2016 because it is burdened by a conservation
14 easement.

15 B. The registry shall include the following information regarding
16 each parcel:

17 1. The name of the owner or owners of the real property that is
18 burdened by the conservation easement.

19 2. The name of the holder of the conservation easement and the name
20 of any governmental body, charitable corporation or trustee of a charitable
21 trust having a third-party right of enforcement.

22 3. The date the conservation easement was created or recorded.

23 4. Whether the conservation easement is perpetual or limited in
24 duration and, if so limited, the date or conditions under which the
25 conservation easement terminates.

26 5. The value of the real property that is burdened by the
27 conservation easement as determined by an independent appraisal prior to
28 the creation and recording of the conservation easement.

29 C. The assessor shall periodically review and revise as necessary
30 the information contained in the registry for the purpose of verifying that
31 the listed properties should remain classified as class two (C).

1 Sec. 12. Repeal

2 Section 42-13054, Arizona Revised Statutes, is repealed.

3 Sec. 13. Section 42-13055, Arizona Revised Statutes, is amended to
4 read:

5 42-13055. Reducing minimum value for property in use

6 A. Beginning in valuation year 2000, the department shall reduce the
7 minimum value prescribed for class one, paragraphs 8, 9, 10 and 13 ~~and~~
8 ~~class two (P)~~ valued by the assessor by 2.5 ~~per cent~~ PERCENT good each
9 year.

10 B. This section does not require the department to reduce the
11 minimum value for any property in use below 2.5 ~~per cent~~ PERCENT good.

12 Sec. 14. Repeal

13 Section 42-13056, Arizona Revised Statutes, is repealed.

14 Sec. 15. Section 42-13304, Arizona Revised Statutes, is amended to
15 read:

16 42-13304. Exemptions from limitation

17 The limitations prescribed by this article do not apply to:

18 1. Personal property, other than mobile homes. The full cash value
19 of personal property, other than mobile homes, shall be used for all
20 purposes in lieu of limited property value.

21 2. Property included in property class one under section 42-12001,
22 paragraphs 1 through 7, 11 and ~~14~~ 13. The full cash value of that property
23 shall be used for all purposes in lieu of limited property value."

24 Renumber to conform

25 Page 1, between lines 34 and 35, insert:

26 "Sec. 17. Section 42-15053, Arizona Revised Statutes, is amended to
27 read:

28 42-15053. Duty to report personal property; exemption;
29 contents of report; confidentiality

30 A. On or before February 1 of each year, the assessor shall mail a
31 form, notice or demand to each person that owns or has charge or control of
32 taxable personal property in this state. Each person shall prepare and

1 deliver to the assessor a correct report of property on or before April 1
2 of each year. On written request and for good cause shown, the assessor
3 may extend for up to thirty days the time for filing the report.

4 B. Property that is not required to be reported as provided by
5 subsection D of this section is exempt from the reporting requirement of
6 subsection A of this section. The county assessor may not require a person
7 that owns or has charge or control of property that is not required to be
8 reported as provided by subsection D of this section to apply to be exempt
9 from the reporting requirement of subsection A of this section.

10 C. The duty to report taxable property pursuant to this section
11 applies regardless of whether the person or entity that owns or has charge
12 or control of the personal property also owns real property in the county
13 with a value of \$200 or more.

14 D. The assessor shall not require a report of:

15 1. The breed, number, age or location of livestock on hand from
16 individuals, corporations, partnerships or any other business if the
17 livestock is exempt from taxation pursuant to article IX, section 13,
18 Constitution of Arizona.

19 2. The personal property ~~that is class two (P) property pursuant to~~
20 ~~section 42-12002, paragraph 2 and~~ that is used for agricultural purposes or
21 ~~that is class one, subclasses 8 through 11 and 13 property pursuant to~~
22 ~~section 42-12001 and that is~~ used in a trade or business AND that is exempt
23 from taxation pursuant to article IX, section 2, subsection E, Constitution
24 of Arizona, AND SECTION 42-11127.

25 E. Every assessment made against property that is subject to
26 taxation is valid whether or not the form, notice or demand was sent or
27 received.

28 F. The department shall prescribe in detail the contents of property
29 reports including the specific wording to be used by county assessors and
30 the method of reporting property. The report shall not include any
31 question that is not germane to the valuation function.

- 1 G. A report that is furnished under this section:
- 2 1. Is not open to public inspection, but the report may be used as
- 3 evidence in any prosecution brought under section 42-15055.
- 4 2. May be subject to audit. On completing an audit or on
- 5 discovering property that has not been reported, any property that was
- 6 found to have escaped taxation is liable for the amount of taxes due
- 7 determined under chapter 16, article 6 of this title, plus a penalty equal
- 8 to ten percent of that amount. The county treasurer shall credit monies
- 9 received as penalties under this paragraph to the county general fund."
- 10 Renumber to conform
- 11 Amend title to conform

1263FIN.docx
02/03/2023
9:39 AM
C: ED