

REFERENCE TITLE: school districts; leases; affordable housing

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **HB 2465**

Introduced by  
Representative Ortiz: Senator Bennett

AN ACT

AMENDING SECTION 15-342, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT GOVERNING BOARDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-342, Arizona Revised Statutes, is amended to  
3 read:

4 15-342. Discretionary powers

5 The governing board may:

6 1. Expel pupils for misconduct.

7 2. Exclude from grades one through eight children under six years  
8 of age.

9 3. Make such separation of groups of pupils as it deems advisable.

10 4. Maintain such special schools during vacation as deemed  
11 necessary for the benefit of the pupils of the school district.

12 5. Allow a superintendent or principal or representatives of the  
13 superintendent or principal to travel for a school purpose, as determined  
14 by a majority vote of the board. The board may allow members and  
15 members-elect of the board to travel within or without the school district  
16 for a school purpose and receive reimbursement. Any expenditure for  
17 travel and subsistence pursuant to this paragraph shall be as provided in  
18 title 38, chapter 4, article 2. The designated post of duty referred to  
19 in section 38-621 shall be construed, for school district governing board  
20 members, to be the member's actual place of residence, as opposed to the  
21 school district office or the school district boundaries. Such  
22 expenditures shall be a charge against the budgeted school district funds.  
23 The governing board of a school district shall prescribe procedures and  
24 amounts for reimbursement of lodging and subsistence expenses.  
25 Reimbursement amounts shall not exceed the maximum amounts established  
26 pursuant to section 38-624, subsection C.

27 6. Construct or provide in rural districts housing facilities for  
28 teachers and other school employees that the board determines are  
29 necessary to operate the school.

30 7. Sell or lease to the state, a county, a city, another school  
31 district or a tribal government agency any school property required for a  
32 public purpose if the sale or lease of the property will not affect the  
33 normal operations of a school within the school district.

34 8. Annually budget and spend monies for membership in an  
35 association of school districts within this state.

36 9. Enter into leases or lease-purchase agreements for school  
37 buildings or grounds, or both, as lessor or as lessee, for periods of less  
38 than twenty years subject to voter approval for construction of school  
39 buildings as prescribed in section 15-341, subsection A, paragraph 7.

40 10. Subject to title 41, chapter 56, sell school sites or enter  
41 into leases or lease-purchase agreements for school buildings and grounds,  
42 as lessor or as lessee, for a period of twenty years or more, but not to  
43 exceed ninety-nine years, if authorized by a vote of the school district  
44 electors in an election called by the governing board as provided in  
45 section 15-491, except that authorization by the school district electors

1 in an election is not required if one of the following requirements is  
2 met:

3 (a) The market value of the school property is less than \$50,000 or  
4 the property is procured through a renewable energy development agreement,  
5 an energy performance contract, which among other items includes a  
6 renewable energy power service agreement, or a simplified energy  
7 performance contract pursuant to section 15-213.01.

8 (b) The buildings and sites are completely funded with monies  
9 distributed by the ~~school facilities~~ division OF SCHOOL FACILITIES within  
10 the department of administration or at the direction of the school  
11 facilities oversight board, or its predecessor.

12 (c) The transaction involves the sale of improved or unimproved  
13 property pursuant to an agreement with the school facilities oversight  
14 board in which the school district agrees to sell the improved or  
15 unimproved property and transfer the proceeds of the sale to the school  
16 facilities oversight board in exchange for monies from the school  
17 facilities oversight board for the acquisition of a more suitable school  
18 site. For a sale of property acquired by a school district before July 9,  
19 1998, a school district shall transfer to the school facilities oversight  
20 board that portion of the proceeds that equals the cost of the acquisition  
21 of a more suitable school site. If there are any remaining proceeds after  
22 the transfer of monies to the school facilities oversight board, a school  
23 district shall only use those remaining proceeds for future land purchases  
24 approved by the school facilities oversight board, or for capital  
25 improvements not funded by the school facilities oversight board for any  
26 existing or future facility.

27 (d) The transaction involves the sale of improved or unimproved  
28 property pursuant to a formally adopted plan and the school district uses  
29 the proceeds of this sale to purchase other property that will be used for  
30 similar purposes as the property that was originally sold if the sale  
31 proceeds of the improved or unimproved property are used within two years  
32 after the date of the original sale to purchase the replacement  
33 property. If the sale proceeds of the improved or unimproved property are  
34 not used within two years after the date of the original sale to purchase  
35 replacement property, the sale proceeds shall be used toward paying any  
36 outstanding bonded indebtedness. If any sale proceeds remain after paying  
37 for outstanding bonded indebtedness, or if the district has no outstanding  
38 bonded indebtedness, sale proceeds shall be used to reduce the district's  
39 primary tax levy. A school district shall not use this subdivision unless  
40 all of the following conditions exist:

41 (i) The school district is the sole owner of the improved or  
42 unimproved property that the school district intends to sell.

43 (ii) The school district did not purchase the improved or  
44 unimproved property that the school district intends to sell with monies  
45 that were distributed pursuant to title 41, chapter 56.

1 (iii) The transaction does not violate section 15-341,  
2 subsection G.

3 11. Review the decision of a teacher to promote a pupil to a grade  
4 or retain a pupil in a grade in a common school or to pass or fail a pupil  
5 in a course in high school. The pupil has the burden of proof to overturn  
6 the decision of a teacher to promote, retain, pass or fail the pupil. In  
7 order to sustain the burden of proof, the pupil shall demonstrate to the  
8 governing board that the pupil has mastered the academic standards adopted  
9 by the state board of education pursuant to sections 15-701 and 15-701.01.  
10 If the governing board overturns the decision of a teacher pursuant to  
11 this paragraph, the governing board shall adopt a written finding that the  
12 pupil has mastered the academic standards. Notwithstanding title 38,  
13 chapter 3, article 3.1, the governing board shall review the decision of a  
14 teacher to promote a pupil to a grade or retain a pupil in a grade in a  
15 common school or to pass or fail a pupil in a course in high school in  
16 executive session unless a parent or legal guardian of the pupil or the  
17 pupil, if emancipated, disagrees that the review should be conducted in  
18 executive session and then the review shall be conducted in an open  
19 meeting. If the review is conducted in executive session, the board shall  
20 notify the teacher of the date, time and place of the review and shall  
21 allow the teacher to be present at the review. If the teacher is not  
22 present at the review, the board shall consult with the teacher before  
23 making its decision. Any request, including the written request as  
24 provided in section 15-341, the written evidence presented at the review  
25 and the written record of the review, including the decision of the  
26 governing board to accept or reject the teacher's decision, shall be  
27 retained by the governing board as part of its permanent records.

28 12. Provide transportation or site transportation loading and  
29 unloading areas for any child or children if deemed for the best interest  
30 of the district, whether within or without the district, county or state.

31 13. Enter into intergovernmental agreements and contracts with  
32 school districts or other governing bodies as provided in section 11-952.  
33 Intergovernmental agreements and contracts between school districts or  
34 between a school district and other governing bodies as provided in  
35 section 11-952 are exempt from competitive bidding under the procurement  
36 rules adopted by the state board of education pursuant to section 15-213.

37 14. Include in the curricula it prescribes for high schools in the  
38 school district career and technical education, vocational education and  
39 technology education programs and career and technical, vocational and  
40 technology program improvement services for the high schools, subject to  
41 approval by the state board of education. The governing board may  
42 contract for the provision of career and technical, vocational and  
43 technology education as provided in section 15-789.

1           15. Suspend a teacher or administrator from the teacher's or  
2 administrator's duties without pay for a period of time of not to exceed  
3 ten school days, if the board determines that suspension is warranted  
4 pursuant to section 15-341, subsection A, paragraph 21 or 22.

5           16. Dedicate school property within an incorporated city or town to  
6 that city or town or within a county to that county for use as a public  
7 right-of-way if both of the following apply:

8           (a) Pursuant to an ordinance adopted by the city, town or county,  
9 there will be conferred on the school district privileges and benefits  
10 that may include benefits related to zoning.

11           (b) The dedication will not affect the normal operation of any  
12 school within the district.

13           17. Enter into option agreements for the purchase of school sites.

14           18. Donate surplus or outdated learning materials, educational  
15 equipment and furnishings to nonprofit community organizations if the  
16 governing board determines that the anticipated cost of selling the  
17 learning materials, educational equipment or furnishings equals or exceeds  
18 the estimated market value of the materials.

19           19. Prescribe policies to assess reasonable fees for students to  
20 use district-provided parking facilities. The fees are to be applied by  
21 the district solely against costs incurred in operating or securing the  
22 parking facilities. Any policy adopted by the governing board pursuant to  
23 this paragraph shall include a fee waiver provision in appropriate cases  
24 of need or economic hardship.

25           20. Establish alternative education programs that are consistent  
26 with the laws of this state to educate pupils, including pupils who have  
27 been reassigned pursuant to section 15-841, subsection E or F.

28           21. Require a period of silence to be observed at the commencement  
29 of the first class of the day in the schools. If a governing board  
30 chooses to require a period of silence to be observed, the teacher in  
31 charge of the room in which the first class is held shall announce that a  
32 period of silence not to exceed one minute in duration will be observed  
33 for meditation, and during that time no activities shall take place and  
34 silence shall be maintained.

35           22. Require students to wear uniforms.

36           23. Exchange unimproved property or improved property, including  
37 school sites, if the governing board determines that the improved property  
38 is unnecessary for the continued operation of the school district without  
39 requesting authorization by a vote of the school district electors and if  
40 the governing board determines that the exchange is necessary to protect  
41 the health, safety or welfare of pupils or if the governing board  
42 determines that the exchange is based on sound business principles for  
43 either:

1 (a) Unimproved or improved property of equal or greater value.

2 (b) Unimproved property that the owner contracts to improve if the  
3 value of the property ultimately received by the school district is of  
4 equal or greater value.

5 24. For common and high school pupils, assess reasonable fees for  
6 optional extracurricular activities and programs conducted when the common  
7 or high school is not in session, except that fees shall not be charged  
8 for pupils' access to or use of computers or related materials. For high  
9 school pupils, the governing board may assess reasonable fees for fine  
10 arts and vocational education courses and for optional services, equipment  
11 and materials offered to the pupils beyond those required to successfully  
12 complete the basic requirements of any other course, except that fees  
13 shall not be charged for pupils' access to or use of computers or related  
14 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
15 public meeting after notice has been given to all parents of pupils  
16 enrolled at schools in the district and shall not exceed the actual costs  
17 of the activities, programs, services, equipment or materials. The  
18 governing board shall authorize principals to waive the assessment of all  
19 or part of a fee assessed pursuant to this paragraph if it creates an  
20 economic hardship for a pupil. For the purposes of this paragraph,  
21 "extracurricular activity" means any optional, noncredit, educational or  
22 recreational activity that supplements the education program of the  
23 school, whether offered before, during or after regular school hours.

24 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and  
25 9, construct school buildings and purchase or lease school sites, without  
26 a vote of the school district electors, if the buildings and sites are  
27 totally funded from one or more of the following:

28 (a) Monies in the unrestricted capital outlay fund, except that the  
29 estimated cost shall not exceed \$250,000 for a district that uses section  
30 15-949.

31 (b) Monies distributed at the direction of the school facilities  
32 oversight board established by section 41-5701.02 or by the ~~school~~  
33 ~~facilities~~ division OF SCHOOL FACILITIES within the department of  
34 administration pursuant to title 41, chapter 56.

35 (c) Monies specifically donated for the purpose of constructing  
36 school buildings.

37 This paragraph does not eliminate the requirement for an election to raise  
38 revenues for a capital outlay override pursuant to section 15-481 or a  
39 bond election pursuant to section 15-491.

40 26. Conduct a background investigation that includes a fingerprint  
41 check conducted pursuant to section 41-1750, subsection G for certificated  
42 personnel and personnel who are not paid employees of the school district,  
43 as a condition of employment. A school district may release the results  
44 of a background check to another school district for employment purposes.  
45 The school district may charge the costs of fingerprint checks to its

1 fingerprinted employee, except that the school district may not charge the  
2 costs of fingerprint checks for personnel who are not paid employees of  
3 the school district.

4 27. Unless otherwise prohibited by law, sell advertising as  
5 follows:

6 (a) Advertisements shall be age appropriate and not promote any  
7 substance that is illegal for minors such as alcohol, tobacco and drugs or  
8 gambling. Advertisements shall comply with the state sex education policy  
9 of abstinence.

10 (b) Advertising approved by the governing board for the exterior of  
11 school buses may appear only on the sides of the bus in the following  
12 areas:

13 (i) The signs shall be below the seat level rub rail and not extend  
14 above the bottom of the side windows.

15 (ii) The signs shall be at least three inches from any required  
16 lettering, lamp, wheel well or reflector behind the service door or stop  
17 signal arm.

18 (iii) The signs shall not extend from the body of the bus so as to  
19 allow a handhold or present a danger to pedestrians.

20 (iv) The signs shall not interfere with the operation of any door  
21 or window.

22 (v) The signs shall not be placed on any emergency doors.

23 (c) The school district shall establish an advertisement fund that  
24 is composed of revenues from the sale of advertising. The monies in an  
25 advertisement fund are not subject to reversion.

26 28. Assess reasonable damage deposits to pupils in grades seven  
27 through twelve for using textbooks, musical instruments, band uniforms or  
28 other equipment required for academic courses. The governing board shall  
29 adopt policies on any damage deposits assessed pursuant to this paragraph  
30 at a public meeting called for this purpose after providing notice to all  
31 parents of pupils in grades seven through twelve in the school district.  
32 Principals of individual schools within the district may waive the damage  
33 deposit requirement for any textbook or other item if the payment of the  
34 damage deposit would create an economic hardship for the pupil. The  
35 school district shall return the full amount of the damage deposit for any  
36 textbook or other item if the pupil returns the textbook or other item in  
37 reasonably good condition within the time period prescribed by the  
38 governing board. For the purposes of this paragraph, "in reasonably good  
39 condition" means the textbook or other item is in the same or a similar  
40 condition as it was when the pupil received it, plus ordinary wear and  
41 tear.

42 29. Notwithstanding section 15-1105, expend surplus monies in the  
43 civic center school fund for maintenance and operations or unrestricted  
44 capital outlay if sufficient monies are available in the fund after  
45 meeting the needs of programs established pursuant to section 15-1105.

1           30. Notwithstanding section 15-1143, spend surplus monies in the  
2 community school program fund for maintenance and operations or  
3 unrestricted capital outlay if sufficient monies are available in the fund  
4 after meeting the needs of programs established pursuant to section  
5 15-1142.

6           31. Adopt guidelines to standardize the format of the school report  
7 cards required by section 15-746 for schools within the district.

8           32. Adopt policies that require parental notification when a law  
9 enforcement officer interviews a pupil on school grounds. Policies  
10 adopted pursuant to this paragraph shall not impede a peace officer from  
11 performing the peace officer's duties. If the school district governing  
12 board adopts a policy that requires parental notification:

13           (a) The policy may provide reasonable exceptions to the parental  
14 notification requirement.

15           (b) The policy shall set forth whether and under what circumstances  
16 a parent may be present when a law enforcement officer interviews the  
17 pupil, including reasonable exceptions to the circumstances under which a  
18 parent may be present when a law enforcement officer interviews the pupil,  
19 and shall specify a reasonable maximum time after a parent is notified  
20 that an interview of a pupil by a law enforcement officer may be delayed  
21 to allow the parent to be present.

22           33. Enter into voluntary partnerships with any party to finance  
23 with monies other than school district monies and cooperatively design  
24 school facilities that comply with the adequacy standards prescribed in  
25 section 41-5711 and the square footage per pupil requirements pursuant to  
26 section 41-5741, subsection D, paragraph 3, subdivision (b). The design  
27 plans and location of any such school facility shall be submitted to the  
28 school facilities oversight board for approval pursuant to section  
29 41-5741, subsection 0. If the school facilities oversight board approves  
30 the design plans and location of any such school facility, the party in  
31 partnership with the school district may cause to be constructed and the  
32 district may begin operating the school facility before monies are  
33 distributed at the direction of the school facilities oversight board  
34 pursuant to section 41-5741. Monies distributed from the new school  
35 facilities fund to a school district in a partnership with another party  
36 to finance and design the school facility shall be paid to the school  
37 district pursuant to section 41-5741. The school district shall reimburse  
38 the party in partnership with the school district from the monies paid to  
39 the school district pursuant to section 41-5741, in accordance with the  
40 voluntary partnership agreement. Before the school facilities oversight  
41 board directs the distribution of any monies pursuant to this subsection,  
42 the school district shall demonstrate to the school facilities oversight  
43 board that the facilities to be funded pursuant to section 41-5741,  
44 subsection 0 meet the minimum adequacy standards prescribed in section  
45 41-5711. If the cost to construct the school facility exceeds the amount



1 that the school district receives from the new school facilities fund, the  
 2 partnership agreement between the school district and the other party  
 3 shall specify that, except as otherwise provided by the other party, any  
 4 such excess costs shall be the responsibility of the school district. The  
 5 school district governing board shall adopt a resolution in a public  
 6 meeting that an analysis has been conducted on the prospective effects of  
 7 the decision to operate a new school with existing monies from the school  
 8 district's maintenance and operations budget and how this decision may  
 9 affect other schools in the school district. If a school district  
 10 acquires land by donation at an appropriate school site approved by the  
 11 school facilities oversight board and a school facility is financed and  
 12 built on the land pursuant to this paragraph, the school facilities  
 13 oversight board shall direct the distribution of an amount equal to twenty  
 14 percent of the fair market value of the land that can be used for academic  
 15 purposes. The school district shall place the monies in the unrestricted  
 16 capital outlay fund and increase the unrestricted capital budget limit by  
 17 the amount of the monies placed in the fund. Monies distributed under  
 18 this paragraph shall be distributed from the new school facilities fund  
 19 pursuant to section 41-5741. If a school district acquires land by  
 20 donation at an appropriate school site approved by the school facilities  
 21 oversight board and a school facility is financed and built on the land  
 22 pursuant to this paragraph, the school district shall not receive monies  
 23 for the donation of real property pursuant to section 41-5741,  
 24 subsection F. It is unlawful for:

25 (a) A county, city or town to require as a condition of any land  
 26 use approval that a landowner or landowners that entered into a  
 27 partnership pursuant to this paragraph provide any contribution, donation  
 28 or gift, other than a site donation, to a school district. This  
 29 subdivision only applies to the property in the voluntary partnership  
 30 agreement pursuant to this paragraph.

31 (b) A county, city or town to require as a condition of any land  
 32 use approval that the landowner or landowners located within the  
 33 geographic boundaries of the school subject to the voluntary partnership  
 34 pursuant to this paragraph provide any donation or gift to the school  
 35 district except as provided in the voluntary partnership agreement  
 36 pursuant to this paragraph.

37 (c) A community facilities district established pursuant to title  
 38 48, chapter 4, article 6 to be used for reimbursement of financing the  
 39 construction of a school pursuant to this paragraph.

40 (d) A school district to enter into an agreement pursuant to this  
 41 paragraph with any party other than a master planned community party. Any  
 42 land area consisting of at least three hundred twenty acres that is the  
 43 subject of a development agreement with a county, city or town entered  
 44 into pursuant to section 9-500.05 or 11-1101 shall be deemed to be a  
 45 master planned community. For the purposes of this subdivision, "master

1 planned community" means a land area consisting of at least three hundred  
2 twenty acres, which may be noncontiguous, that is the subject of a zoning  
3 ordinance approved by the governing body of the county, city or town in  
4 which the land is located that establishes the use of the land area as a  
5 planned area development or district, planned community development or  
6 district, planned unit development or district or other land use category  
7 or district that is recognized in the local ordinance of such county, city  
8 or town and that specifies the use of such land is for a master planned  
9 development.

10 34. Enter into an intergovernmental agreement with a presiding  
11 judge of the juvenile court to implement a law-related education program  
12 as defined in section 15-154. The presiding judge of the juvenile court  
13 may assign juvenile probation officers to participate in a law-related  
14 education program in any school district in the county. The cost of  
15 juvenile probation officers who participate in the program implemented  
16 pursuant to this paragraph shall be funded by the school district.

17 35. Offer to sell outdated learning materials, educational  
18 equipment or furnishings at a posted price commensurate with the value of  
19 the items to pupils who are currently enrolled in that school district  
20 before those materials are offered for public sale.

21 36. If the school district is a small school district as defined in  
22 section 15-901, and if allowed by federal law, opt out of federal grant  
23 opportunities if the governing board determines that the federal  
24 requirements impose unduly burdensome reporting requirements.

25 37. Prescribe and enforce policies and procedures for the emergency  
26 administration of inhalers by trained employees of the school district and  
27 nurses who are under contract with the school district pursuant to section  
28 15-158.

29 38. Develop policies and procedures to allow principals to budget  
30 for or assist with budgeting federal, state and local monies.

31 39. Subject to article IX, section 7, constitution of Arizona, the  
32 laws pertaining to travel and subsistence, gifts, grants, including  
33 federal grants, or devises and policies adopted by the department of  
34 education, provide food and beverages at school district events, including  
35 official school functions and trainings.

36 40. NOTWITHSTANDING PARAGRAPHS 9 AND 10 OF THIS SECTION, ENTER INTO  
37 A LEASE FOR SCHOOL BUILDINGS OR GROUNDS, OR BOTH, AS LESSOR, FOR A PERIOD  
38 OF LESS THAN NINETY-NINE YEARS IF BOTH OF THE FOLLOWING ARE MET:

39 (a) THE LESSEE IS A NONPROFIT ENTITY THAT HAS RECEIVED OR WILL  
40 RECEIVE PUBLIC ASSISTANCE TO PROVIDE HOUSING FOR THE BENEFIT OF THE PUBLIC  
41 GOOD. FOR THE PURPOSES OF THIS SUBDIVISION:

42 (i) "PUBLIC ASSISTANCE" MEANS TAX CREDITS OR OTHER GOVERNMENT  
43 INCENTIVES.

44 (ii) "PUBLIC GOOD" MEANS SERVING HIGH-NEED OR UNDERSERVED WORKFORCE  
45 SECTORS.

1           (b) THE CONSIDERATION FOR THE LEASE INCLUDES AN AGREEMENT THAT THE  
2 LESSEE WILL OFFER A MINIMUM NUMBER OF RENTAL UNITS TO SCHOOL DISTRICT  
3 EMPLOYEES AT BELOW-MARKET RENTAL RATES. THE TERMS OF THE AGREEMENT,  
4 INCLUDING THE MINIMUM NUMBER OF RENTAL UNITS AND THE RENTAL RATES, SHALL  
5 BE DETERMINED BY THE SCHOOL DISTRICT AND LESSEE.