

Senate Engrossed

common school districts; tuition; expenditures

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SENATE BILL 1663

AN ACT

AMENDING SECTIONS 15-448, 15-824, 15-910, 15-943.01 AND 15-947, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-951; AMENDING SECTION 15-961, ARIZONA REVISED STATUTES; REPEALING SECTION 15-971, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2022, CHAPTER 285, SECTION 9; AMENDING SECTIONS 15-974 AND 15-992, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-448, Arizona Revised Statutes, is amended to
3 read:

4 15-448. Formation of unified school district; board
5 membership; budget

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

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

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

38 2. An owner-occupied residence whose assessed valuation is one-half
39 of the assessed valuation of the residence in paragraph 1 of this
40 subsection.

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

1 4. 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 12 and 13 for the current year in the school
4 district.

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

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

23 E. Beginning on January 1 following the first general election
24 after formation of the unified school district, the governing board shall
25 have five members. At the first general election after the formation of
26 the district, members shall be elected in the following manner:

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

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

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

37 G. For the first year of operation, the unified school district
38 governing board shall prepare a consolidated budget based on the student
39 counts from the school districts comprising the unified school
40 district, EXCEPT THAT FOR PURPOSES OF DETERMINING BUDGET AMOUNTS AND
41 EQUALIZATION ASSISTANCE, THE STUDENT COUNT FOR THE FORMER HIGH SCHOOL
42 DISTRICT SHALL NOT INCLUDE THE PRIOR YEAR AVERAGE DAILY MEMBERSHIP
43 ATTRIBUTABLE TO HIGH SCHOOL PUPILS FROM A COMMON SCHOOL DISTRICT THAT WAS
44 PART OF THE FORMER HIGH SCHOOL DISTRICT BUT IS NOT PART OF THE UNIFIED
45 SCHOOL DISTRICT. THE UNIFIED SCHOOL DISTRICT SHALL CHARGE THE REMAINING

1 COMMON SCHOOL DISTRICT TUITION FOR THESE PUPILS AS PROVIDED IN SUBSECTION
2 J OF THIS SECTION. The unified school district may budget for unification
3 assistance pursuant to section 15-912.01.

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

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

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

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

24 J. The unified school district shall admit high school pupils who
25 reside in a common school district that was located within the boundaries
26 of the former high school district. ~~For the purposes of determining
27 student count and for apportionment of state aid, the school membership of
28 these pupils is deemed to be enrollment in the unified school district.~~
29 TUITION SHALL BE PAID TO THE UNIFIED SCHOOL DISTRICT BY THE COMMON SCHOOL
30 DISTRICT IN WHICH SUCH PUPILS RESIDE. THE TUITION AMOUNT SHALL BE
31 CALCULATED IN ACCORDANCE WITH SECTION 15-824, SUBJECT TO THE FOLLOWING
32 MODIFICATIONS:

33 1. IF THE FORMER HIGH SCHOOL DISTRICT HAD OUTSTANDING BONDED
34 INDEBTEDNESS AT THE TIME OF UNIFICATION, THE COMBINED TUITION FOR THE
35 GROUP OF HIGH SCHOOL PUPILS WHO RESIDE IN EACH COMMON SCHOOL DISTRICT
36 SHALL INCLUDE A DEBT SERVICE AMOUNT FOR THE FORMER HIGH SCHOOL DISTRICT'S
37 OUTSTANDING BONDED INDEBTEDNESS THAT IS DETERMINED AS FOLLOWS:

38 (a) DIVIDE THE TOTAL NET ASSESSED VALUATION OF THE COMMON SCHOOL
39 DISTRICT IN WHICH THE GROUP OF PUPILS RESIDES BY THE TOTAL NET ASSESSED
40 VALUATION OF THE FORMER HIGH SCHOOL DISTRICT. FOR THE PURPOSES OF THIS
41 SUBDIVISION, "NET ASSESSED VALUATION" MEANS NET ASSESSED VALUATION FOR THE
42 TAX YEAR BEFORE THE YEAR THE UNIFIED SCHOOL DISTRICT GOVERNING BOARD IS
43 CONSTITUTED PURSUANT TO SUBSECTION D OF THIS SECTION AND INCLUDES THE
44 VALUES USED TO DETERMINE VOLUNTARY CONTRIBUTIONS COLLECTED PURSUANT TO
45 TITLE 9, CHAPTER 4, ARTICLE 3 AND TITLE 48, CHAPTER 1, ARTICLE 8.

1 (b) MULTIPLY THE QUOTIENT OBTAINED IN SUBDIVISION (a) OF THIS
2 PARAGRAPH BY THE UNIFIED SCHOOL DISTRICT'S ANNUAL DEBT SERVICE
3 EXPENDITURE.

4 2. THE DEBT SERVICE PORTION OF THE TUITION PAYMENTS CALCULATED
5 PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION SHALL BE USED EXCLUSIVELY FOR
6 DEBT SERVICE OF THE OUTSTANDING BONDED INDEBTEDNESS OF THE FORMER HIGH
7 SCHOOL DISTRICT. WHEN SUCH INDEBTEDNESS IS FULLY EXTINGUISHED, THE DEBT
8 SERVICE PORTION OF A PUPIL'S TUITION SHALL BE DETERMINED IN ACCORDANCE
9 WITH PARAGRAPH 3 OF THIS SUBSECTION.

10 3. IF THE FORMER HIGH SCHOOL DISTRICT HAD NO OUTSTANDING BONDED
11 INDEBTEDNESS AT THE TIME OF UNIFICATION, THE TUITION CALCULATION SHALL
12 INCLUDE THE ACTUAL SCHOOL DISTRICT EXPENDITURES FOR THE PORTION OF ANY
13 DEBT SERVICE OF THE UNIFIED SCHOOL DISTRICT THAT PERTAINS TO ANY
14 CONSTRUCTION OR RENOVATION OF HIGH SCHOOL FACILITIES DIVIDED BY THE SCHOOL
15 DISTRICT'S STUDENT COUNT FOR THE HIGH SCHOOL PORTION OF THE SCHOOL
16 DISTRICT.

17 4. THE UNIFIED SCHOOL DISTRICT SHALL NOT INCLUDE IN THE TUITION
18 CALCULATION ANY DEBT SERVICE THAT PERTAINS TO ANY CONSTRUCTION OR
19 RENOVATION OF SCHOOL FACILITIES FOR PRESCHOOL PROGRAMS AND GRADES ONE
20 THROUGH EIGHT.

21 5. NOTWITHSTANDING SECTION 15-951, SUBSECTION F, THE REVENUE
22 CONTROL LIMIT OF THE COMMON SCHOOL DISTRICT SHALL INCLUDE THE FULL AMOUNT
23 OF THE DEBT SERVICE PORTION OF THE TUITION CALCULATED PURSUANT TO THIS
24 SUBSECTION.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 Sec. 2. Section 15-824, Arizona Revised Statutes, is amended to
40 read:

41 15-824. Admission of pupils of other school districts;
42 homeless children; tuition charges; definitions

43 A. The governing board of a school district shall admit pupils from
44 another school district or area as follows:

1 1. On the presentation of a certificate of educational convenience
2 issued by the county school superintendent pursuant to section 15-825.

3 2. For three hundred fifty or fewer pupils, to a high school
4 without the presentation of a certificate of educational convenience, if
5 the pupil is a resident of a common school district within this state that
6 is not within a high school district and that does not offer instruction
7 in the pupil's grade. The three hundred fifty or fewer pupil limitation
8 prescribed in this paragraph does not apply to a small isolated school
9 district as defined in section 15-901. TUITION SHALL BE CHARGED AS
10 PRESCRIBED IN SUBSECTION E OF THIS SECTION FOR EACH PUPIL ADMITTED
11 PURSUANT TO THIS PARAGRAPH, EACH PUPIL FROM A SCHOOL DISTRICT THAT
12 PROVIDES ONLY FINANCING FOR PUPILS WHO ARE INSTRUCTED BY ANOTHER SCHOOL
13 DISTRICT AND EACH PUPIL FROM A UNIFIED DISTRICT THAT DOES NOT OFFER
14 INSTRUCTION IN THE PUPIL'S GRADE. The school membership of such pupils is
15 deemed, for the purposes PURPOSE of determining student count and
16 ~~providing a free and appropriate public education pursuant to the~~
17 ~~individuals with disabilities education act (20 United States Code~~
18 ~~chapter 33)~~ and for apportionment of state aid, to be enrollment in the
19 school district of the pupil's attendance RESIDENCE.

20 ~~3. To a high school without the presentation of a certificate of~~
21 ~~educational convenience if the pupil is a resident of a transporting~~
22 ~~school district that does not offer instruction in the pupil's grade.~~
23 ~~Tuition shall be charged as prescribed in subsection E of this section for~~
24 ~~each pupil who is admitted pursuant to this paragraph. For the purposes~~
25 ~~of determining student count and for apportionment of state aid, the~~
26 ~~school membership of these pupils is deemed to be enrollment in the school~~
27 ~~district of the pupil's residence.~~

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

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

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

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

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

43 D. The school enrollment of a pupil who is a resident of this state
44 or who is admitted to a school district under section 15-823, subsection
45 B, C, E, F or H is deemed, for the purpose of determining student count

1 and for apportionment of state aid, to be enrollment in the school
2 district of actual attendance, except as provided in section 15-825,
3 subsection A, paragraph 1 and subsection A, paragraph ~~3~~ 2 of this section
4 and except for pupils for whom the superintendent of public instruction is
5 charged tuition pursuant to section 15-825, subsections B and D and
6 section 15-976 or for whom another school district is charged tuition as
7 provided in subsections E and G of this section.

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

11 1. The number of high school pupils for which tuition may be
12 charged to a ~~transporting~~ COMMON school district THAT IS NOT WITHIN A HIGH
13 SCHOOL DISTRICT is equal to the average daily membership in the district
14 of attendance from the ~~transporting~~ COMMON school district for the prior
15 fiscal year, EXCEPT THAT FOR THE FIRST YEAR IN WHICH A COMMON SCHOOL
16 DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT STOPS TEACHING HIGH SCHOOL
17 SUBJECTS, THE DISTRICT OF ATTENDANCE MAY CHARGE TUITION FOR THE NUMBER OF
18 PUPILS THAT IS EQUAL TO THE AVERAGE DAILY MEMBERSHIP FOR HIGH SCHOOL
19 PUPILS IN THE COMMON SCHOOL DISTRICT FOR THE PRIOR FISCAL YEAR. This
20 number may be adjusted if the ~~transporting~~ COMMON school district
21 increases its revenue control limit and district support level.

22 2. The tuition for pupils attending school in a school district
23 other than that of their residence, except pupils provided for by section
24 15-825, subsections B and D and any pupils included in the definition of
25 child with a disability in section 15-761, shall not exceed the cost per
26 student count of the school district attended, as determined for the
27 current school year. Tuition for pupils included in the definition of
28 child with a disability in section 15-761 shall not exceed the actual cost
29 of the school attended for each pupil as determined for the current
30 year. The school district of attendance shall not include in the cost per
31 student count a charge for transportation if no transportation is
32 provided, and the charge for transportation shall not exceed the actual
33 costs of providing transportation for the pupils served, as prescribed in
34 the uniform system of financial records. The school district of
35 attendance shall provide the school district of residence with the final
36 tuition charge for the current year and with an estimate of the budget
37 year's tuition charge by May 1 of the current year. The school district
38 of residence shall pay at least one-fourth of the total amount of the
39 estimated tuition by September 30, December 31 and March 31, and it shall
40 pay the remaining amount it owes after adjustments are made by June 30.

41 3. Notwithstanding paragraph 2 of this subsection and subsection G
42 of this section, if two school districts enter into a voluntary agreement
43 for the payment of tuition, the agreement shall specify the method for
44 computing the tuition amount and the timing of the payments. The
45 agreement shall not be longer than five consecutive years. If two school

1 districts enter into an agreement and choose to renew the agreement, each
2 renewal shall not be longer than five consecutive years. The agreement
3 shall specify that a parent or legal guardian of a pupil affected by a
4 tuition agreement entered pursuant to this section or section 15-816.01
5 may choose not to send the pupil or pupils to a school district or school
6 that is a party to the agreement.

7 4. Tuition of pupils as provided in section 15-825, subsection D
8 shall not exceed the excess costs for group B children with disabilities
9 minus the amount generated by the equalization base as determined in
10 section 15-971, subsection A for these pupils. A school district may
11 submit to the superintendent of public instruction a record of actual
12 excess costs to educate a group B child with a disability if the costs are
13 higher than the calculated excess costs or if a pupil has been placed in a
14 private school for special education services. The superintendent shall
15 determine if the additional costs will be paid, and if the costs are paid,
16 whether the additional costs will be paid by the state or the resident
17 district.

18 5. The amount received representing contributions to capital outlay
19 as provided in subsection G, paragraph 1, subdivision (b) of this section
20 shall be applied to the capital outlay fund or the debt service fund of
21 the school district.

22 6. The amount received representing contributions to debt service
23 as provided in subsection G, paragraph 1, ~~subdivision~~ SUBDIVISIONS (c) AND
24 (d) of this section shall be applied to the debt service fund of the
25 school district if there is one. Otherwise the amount shall be credited
26 to the capital outlay fund of the school district.

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

35 G. For the purposes of this section:

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

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

44 (b) The actual school district expenditures for the capital outlay
45 section of the budget as provided in sections 15-903 and 15-905 excluding

1 expenditures for transportation equipment and buildings if no
2 transportation is provided and expenditures for the acquisition of
3 building sites, divided by the school district's student count for the
4 common or high school portion of the school district, whichever is
5 applicable.

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

9 (d) THE RESULT OBTAINED IN SUBDIVISION (c) OF THIS PARAGRAPH SHALL
10 NOT EXCEED:

11 (i) \$750 IF THE PUPIL'S SCHOOL DISTRICT OF RESIDENCE PAYS TUITION
12 FOR SEVEN HUNDRED FIFTY OR FEWER PUPILS TO OTHER SCHOOL DISTRICTS OR \$150
13 IF THE STATE PAYS TUITION FOR SEVEN HUNDRED FIFTY OR FEWER PUPILS TO A
14 SCHOOL DISTRICT PURSUANT TO SECTION 15-825, SUBSECTION D OR SECTION
15 15-976.

16 (ii) \$800 IF THE PUPIL'S SCHOOL DISTRICT OF RESIDENCE PAYS TUITION
17 FOR ONE THOUSAND OR FEWER, BUT MORE THAN SEVEN HUNDRED FIFTY, PUPILS TO
18 OTHER SCHOOL DISTRICTS OR \$200 IF THE STATE PAYS TUITION FOR ONE THOUSAND
19 OR FEWER, BUT MORE THAN SEVEN HUNDRED FIFTY, PUPILS TO A SCHOOL DISTRICT
20 PURSUANT TO SECTION 15-825, SUBSECTION D OR SECTION 15-976.

21 (iii) THE ACTUAL COST PER STUDENT COUNT IF EITHER THE PUPIL'S
22 SCHOOL DISTRICT OF RESIDENCE OR THE STATE PAYS TUITION FOR MORE THAN ONE
23 THOUSAND PUPILS TO OTHER SCHOOL DISTRICTS.

24 2. "Legal custody" means:

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

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

31 Sec. 3. Section 15-910, Arizona Revised Statutes, is amended to
32 read:

33 15-910. School district budgets; excess utility costs;
34 desegregation costs; tuition costs for bond issues;
35 costs for registering warrants; report

36 A. The governing board may budget for the district's excess utility
37 costs that are specifically exempt from the district's revenue control
38 limit. If approved by the qualified electors voting at a statewide
39 general election, the exemption from the revenue control limit under this
40 subsection expires at the end of the 2008-2009 budget year. The uniform
41 system of financial records shall specify expenditure items allowable as
42 excess utility costs, which are limited to direct operational costs of
43 heating, cooling, water and electricity, telephone communications and
44 sanitation fees. The department of education and the auditor general
45 shall include in the maintenance and operation section of the budget

1 format, as provided in section 15-903, a separate line for utility
2 expenditures and a special excess utility cost category. The special
3 excess utility cost category shall contain budgeted expenditures for
4 excess utility costs, determined as follows:

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

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

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

13 4. Additional expenditures for utilities are budgeted in the excess
14 utility cost category.

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

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

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

27 E. If the revised excess utility cost category results in an
28 expenditure of monies in excess of school district revenues for the
29 current year, the county school superintendent shall include within the
30 revenue estimate for the budget year monies necessary to meet the
31 liabilities incurred by the school district in the current year in excess
32 of revenues received for the current year.

33 F. If a school district receives a refund of utility expenditures
34 or a rebate on energy saving devices or services, the refund or rebate
35 shall be applied against utility expenditures for the current year as a
36 reduction of the expenditures, except that the reduction of expenditures
37 shall not exceed the amount of actual utility expenditures.

38 G. The governing board may budget for expenses of complying with or
39 continuing to implement activities that were required or permitted by a
40 court order of desegregation or administrative agreement with the United
41 States department of education office for civil rights directed toward
42 remediating alleged or proven racial discrimination that are specifically
43 exempt in whole or in part from the revenue control limit and district
44 additional assistance. This exemption applies only to expenses incurred
45 for activities that are begun before the termination of the court order or

1 administrative agreement. If a district is levying a property tax on
2 February 23, 2006 and using those monies to administer an English language
3 learner program to remedy alleged or proven discrimination under title VI
4 of the civil rights act of 1964 (42 United States Code section 2000d), the
5 district may spend those monies to remedy a violation of the equal
6 educational opportunities act of 1974 (20 United States Code section
7 1703(f)). Nothing in this subsection allows a school district to levy a
8 property tax for violations of the equal educational opportunities act of
9 1974 (20 United States Code section 1703(f)) in the absence of an alleged
10 or proven discrimination under title VI of the civil rights act of 1964
11 (42 United States Code section 2000d).

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

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

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

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

26 I. If a governing board chooses to budget monies outside of
27 district additional assistance as provided in subsection G of this
28 section, the governing board may notify the county school superintendent
29 to include the cost of the excess expenses in the county school
30 superintendent's estimate of the additional amount needed for the school
31 district from the secondary property tax as provided in section 15-991.

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

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

43 2. Shall prepare as a part of the annual financial report a
44 detailed report of expenditures incurred solely as a result of compliance
45 with or continuing to implement activities that were required or permitted

1 by a court order of desegregation or administrative agreement with the
2 United States department of education office for civil rights directed
3 toward remediating alleged or proven racial discrimination, in a format
4 prescribed by the auditor general in conjunction with the Arizona
5 department of education as provided by section 15-904.

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

25 (a) A district-wide budget summary and a budget summary on a
26 school-by-school basis for each school in the school district that lists
27 the sources and uses of monies that are designated for desegregation
28 purposes.

29 (b) A detailed list of desegregation activities on a district-wide
30 basis and on a school-by-school basis for each school in the school
31 district.

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

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

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

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

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

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

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

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

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

22 (l) Verification that the desegregation funding is educationally
23 justifiable.

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

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

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

32 (p) Verification that the desegregation funding will be used to
33 accomplish specific actions to remediate proven discrimination pursuant to
34 title VI of the civil rights act of 1964 (42 United States Code section
35 2000d) as specified in the court order or administrative agreement.

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

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

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

43 K. If a school district governing board budgets for expenses of
44 complying with a court order of desegregation or an administrative
45 agreement with the United States department of education office for civil

1 rights directed toward remediating alleged or proven racial
2 discrimination, the governing board shall ensure that the desegregation
3 expenses will:

4 1. Be educationally justifiable.

5 2. Result in equal education opportunities for all pupils in the
6 school district.

7 3. Be used to promote systemic and organizational changes within
8 the school district.

9 4. Be used in accordance with the academic standards adopted by the
10 state board of education pursuant to sections 15-701 and 15-701.01.

11 5. Be used to accomplish specific actions to remediate proven
12 discrimination pursuant to title VI of the civil rights act of 1964
13 (42 United States Code section 2000d) as specified in the court order or
14 administrative agreement.

15 6. Be used in accordance with a plan submitted to the department of
16 education that includes an estimate of the amount of monies that will be
17 required to bring the school district into compliance with the court order
18 or administrative agreement and an estimate of when the school district
19 will be in compliance with the court order or administrative agreement.

20 7. Each fiscal year, not exceed the amount budgeted by the school
21 district for desegregation expenses in fiscal year 2008-2009.

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

33 M. THE GOVERNING BOARD MAY BUDGET FOR THE BOND ISSUES PORTION OF
34 THE COST OF TUITION CHARGED TO THE DISTRICT AS PROVIDED IN SECTION 15-824
35 FOR THE PUPILS ATTENDING SCHOOL IN ANOTHER SCHOOL DISTRICT, EXCEPT THAT IF
36 THE DISTRICT IS A COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL
37 DISTRICT, THE DISTRICT MAY ONLY INCLUDE THAT PART OF TUITION THAT IS
38 EXCLUDED FROM THE REVENUE CONTROL LIMIT AND DISTRICT SUPPORT LEVEL AS
39 PROVIDED IN SECTION 15-951. THE BOND ISSUES PORTION OF THE COST OF
40 TUITION CHARGED IS SPECIFICALLY EXEMPT FROM THE REVENUE CONTROL LIMIT OF
41 THE SCHOOL DISTRICT OF RESIDENCE, AND THE PRIMARY PROPERTY TAX RATE SET TO
42 FUND THIS AMOUNT SHALL NOT BE INCLUDED IN THE COMPUTATION OF ADDITIONAL
43 STATE AID FOR EDUCATION AS PROVIDED IN SECTION 15-972, EXCEPT AS PROVIDED
44 IN SECTION 15-972, SUBSECTION E. THE DEPARTMENT OF EDUCATION AND THE
45 AUDITOR GENERAL SHALL INCLUDE IN THE MAINTENANCE AND OPERATION SECTION OF

1 THE BUDGET FORMAT, AS PROVIDED IN SECTION 15-903, A SEPARATE CATEGORY FOR
2 THE BOND ISSUES PORTION OF THE COST OF TUITION.

3 ~~M.~~ N. The governing board may budget for interest expenses it
4 incurred for registering warrants drawn against a fund of the school
5 district or net interest expense on tax anticipation notes as prescribed
6 in section 35-465.05, subsection C for the fiscal year preceding the
7 current year if the county treasurer pooled all school district monies for
8 investment as provided in section 15-996 for the fiscal year preceding the
9 current year and, in those school districts that receive state aid, the
10 school districts applied for an apportionment of state aid before the date
11 set for the apportionment as provided in section 15-973 for the fiscal
12 year preceding the current year. The governing board may budget an amount
13 for interest expenses for registering warrants or issuing tax anticipation
14 notes equal to or less than the amount of the warrant interest expense or
15 net interest expense on tax anticipation notes as prescribed in section
16 35-465.05, subsection C for the fiscal year preceding the current year as
17 provided in this subsection that is specifically exempt from the revenue
18 control limit. For the purposes of this subsection, "state aid" means
19 state aid as determined in sections 15-971 and 15-972.

20 Sec. 4. Section 15-943.01, Arizona Revised Statutes, is amended to
21 read:

22 15-943.01. Maintenance and operation budget balance;
23 definition

24 A. The governing board of a school district may budget any budget
25 balance in the maintenance and operation section of the budget, as
26 provided in section 15-903, from the current fiscal year for use in the
27 maintenance and operation section of the budget in the budget year. The
28 amount that may be budgeted as the budget balance carryforward in any one
29 fiscal year shall not include any budget balance attributable to any
30 reduction in the district's general budget limit, including reductions for
31 items that are exempt from the revenue control limit and for which
32 expenditures are limited to a designated purpose such as monies levied
33 pursuant to section 15-910, subsection G **OR FOR THE BOND ISSUES PORTION OF**
34 **THE COST OF TUITION.** The amount budgeted as the budget balance
35 carryforward is specifically exempt from the revenue control limit.

36 B. If the actual amount of the allowable budget balance
37 carryforward is less than the amount budgeted for the budget balance
38 carryforward, the governing board shall adjust the general budget limit
39 and expenditures before May 15 based on the actual allowable budget
40 balance carryforward. If the actual amount of the allowable budget
41 balance carryforward is more than the amount budgeted for the budget
42 balance carryforward, the governing board may adjust its budget before May
43 15 based on the actual amount of the allowable fund balance carryforward.
44 Not later than May 18, the budget as revised shall be submitted
45 electronically to the superintendent of public instruction.

1 C. If the governing board is eligible to budget for a budget
2 balance carryforward as provided in subsection A of this section, the
3 governing board may transfer an amount from the district's ending cash
4 balance of the maintenance and operations fund to the school opening
5 fund. The school opening fund is a cash controlled fund as provided in
6 section 15-905, subsection N, and may be spent only for the additional
7 maintenance and operations expenses incurred in the first year of
8 operation of a new school within the school district. The monies in the
9 school opening fund are not subject to reversion, except that at the end
10 of five years of no activity in the fund, any remaining monies revert to
11 the maintenance and operations fund. Any monies so reverted may be
12 considered additional budget balance for that fiscal year.

13 D. If a governing board transfers monies as provided in subsection
14 C of this section, the amount so transferred in a fiscal year shall be
15 subtracted from the amount the district would otherwise be eligible to
16 budget for that fiscal year as provided in subsection A of this
17 section. The difference, if any, is the maximum amount that may be
18 budgeted for that fiscal year as a budget balance carryforward.

19 E. For the purposes of this section, "budget balance" means the
20 difference between actual and budgeted expenditures.

21 Sec. 5. Section 15-947, Arizona Revised Statutes, is amended to
22 read:

23 15-947. Revenue control limit; district support level;
24 general budget limit; unrestricted total capital
25 budget limit; district additional assistance limit

26 A. The revenue control limit for a school district is equal to the
27 sum of the base revenue control limit determined in section 15-944 and the
28 transportation revenue control limit determined in section 15-946.

29 B. The district support level for a school district is equal to the
30 sum of the base support level determined in section 15-943 and the
31 transportation support level determined in section 15-945.

32 C. The general budget limit for each school district, for each
33 fiscal year, is the sum of the following:

34 1. The maintenance and operations portion of the revenue control
35 limit for the budget year.

36 2. The maintenance and operation portion of the following amounts:

37 (a) Amounts that are fully funded by revenues other than a levy of
38 taxes on the taxable property within the school district, as listed below:

39 (i) Amounts budgeted as the budget balance carryforward as provided
40 in section 15-943.01.

41 (ii) Tuition revenues for attendance of nonresident pupils.

42 (iii) State assistance as provided in section 15-976.

43 (iv) Special education revenues as provided in section 15-825,
44 subsection D and section 15-1204.

1 (v) Title VIII of the elementary and secondary education act of
2 1965 assistance determined for children with disabilities, children with
3 specific learning disabilities, children residing on Indian lands and
4 children residing within the boundaries of an accommodation school that is
5 located on a military reservation and that is classified as a heavily
6 impacted local educational agency pursuant to 20 United States Code
7 section 7703 as provided in section 15-905, subsections K and O.

8 (vi) Title VIII of the elementary and secondary education act of
9 1965 administrative costs as provided in section 15-905, subsection P.

10 (vii) State assistance for excess tuition as provided in section
11 15-825.01.

12 (viii) Transportation revenues for attendance of nonresident
13 pupils.

14 (b) Amounts approved pursuant to an override election as provided
15 in section 15-481 for the applicable fiscal year.

16 (c) Amounts authorized by the county school superintendent pursuant
17 to section 15-974, subsection B.

18 (d) Expenditures for complying with a court order of desegregation
19 as provided in section 15-910.

20 (e) EXPENDITURES FOR THE BOND ISSUES PORTION OF THE COST OF TUITION
21 AS PROVIDED IN SECTION 15-910.

22 ~~(e)~~ (f) Interest on registered warrants or tax anticipation notes
23 as provided in section 15-910.

24 ~~(f)~~ (g) Amounts budgeted for a jointly owned and operated career
25 and technical education and vocational education center as provided in
26 section 15-910.01.

27 3. The maintenance and operations portion of district additional
28 assistance for the budget year.

29 4. Any other budget item that is budgeted in the maintenance and
30 operation section of the budget and that is specifically exempt from the
31 revenue control limit or district additional assistance.

32 D. The unrestricted capital budget limit, for each school district
33 for each fiscal year, is the sum of the following:

34 1. The federal impact adjustment as determined in section 15-964
35 for the budget year.

36 2. Any other budget item that is budgeted in the capital outlay
37 section of the budget and that is specifically exempt from district
38 additional assistance.

39 3. The unrestricted capital portion of the amounts contained in
40 subsection C of this section.

41 4. The unexpended budget balance in the unrestricted capital outlay
42 fund from the previous fiscal year.

43 5. The net interest earned in the unrestricted capital outlay fund
44 from the previous fiscal year.

1 Sec. 6. Title 15, chapter 9, article 3, Arizona Revised Statutes,
2 is amended by adding section 15-951, to read:

3 15-951. District additional assistance, district support
4 level and student count for a common school
5 district not within a high school district

6 A. NOTWITHSTANDING SECTION 15-947, THE REVENUE CONTROL LIMIT FOR A
7 COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT IS THE SUM OF THE
8 FOLLOWING:

9 1. THE BASE REVENUE CONTROL LIMIT COMPUTED AS PRESCRIBED IN SECTION
10 15-944 BUT EXCLUDING PUPILS ADMITTED TO ANOTHER SCHOOL DISTRICT AS
11 PROVIDED IN SECTION 15-824, SUBSECTION A, PARAGRAPH 2.

12 2. THE TUITION PAYABLE FOR HIGH SCHOOL PUPILS WHO ATTEND SCHOOL IN
13 ANOTHER SCHOOL DISTRICT AS PROVIDED IN SECTION 15-824, SUBSECTION A,
14 PARAGRAPH 2, INCLUDING ANY TRANSPORTATION CHARGE, EXCEPT AS PROVIDED IN
15 SUBSECTION F OF THIS SECTION.

16 3. THE TRANSPORTATION REVENUE CONTROL LIMIT FOR ALL PUPILS WHO
17 RESIDE IN THE DISTRICT EXCEPT THOSE HIGH SCHOOL PUPILS TRANSPORTED BY
18 ANOTHER DISTRICT.

19 B. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, FOR THE PURPOSES
20 OF SECTIONS 15-481, 15-482 AND 15-1102, THE REVENUE CONTROL LIMIT FOR A
21 COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT IS THE SUM OF THE
22 FOLLOWING:

23 1. THE BASE REVENUE CONTROL LIMIT FOR PUPILS COMPUTED AS PRESCRIBED
24 IN SECTION 15-944 BUT EXCLUDING PUPILS ADMITTED TO ANOTHER SCHOOL DISTRICT
25 AS PROVIDED IN SECTION 15-824, SUBSECTION A, PARAGRAPH 2.

26 2. THE TRANSPORTATION REVENUE CONTROL LIMIT FOR ALL PUPILS WHO
27 RESIDE IN THE DISTRICT EXCEPT THOSE HIGH SCHOOL PUPILS TRANSPORTED BY
28 ANOTHER DISTRICT.

29 C. NOTWITHSTANDING SECTION 15-961, DISTRICT ADDITIONAL ASSISTANCE
30 FOR A COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT IS DISTRICT
31 ADDITIONAL ASSISTANCE AS PRESCRIBED IN SECTION 15-961 BUT EXCLUDING PUPILS
32 WHO ARE ADMITTED TO ANOTHER SCHOOL DISTRICT AS PROVIDED IN SECTION 15-824,
33 SUBSECTION A, PARAGRAPH 2, EXCEPT THAT IF THE SCHOOL DISTRICT TRANSPORTS
34 HIGH SCHOOL PUPILS, THE DISTRICT ADDITIONAL ASSISTANCE AMOUNT PRESCRIBED
35 IN SECTION 15-961 SHALL BE INCREASED BY AN AMOUNT EQUAL TO FIFTY PERCENT
36 OF THE DISTRICT ADDITIONAL ASSISTANCE PER PUPIL AMOUNT PRESCRIBED FOR THE
37 SCHOOL DISTRICT PURSUANT TO SECTION 15-961 MULTIPLIED BY THE NUMBER OF
38 HIGH SCHOOL PUPILS TRANSPORTED.

39 D. NOTWITHSTANDING SECTION 15-947, THE DISTRICT SUPPORT LEVEL FOR A
40 COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT IS THE SUM OF THE
41 FOLLOWING:

42 1. THE BASE SUPPORT LEVEL COMPUTED AS PRESCRIBED IN SECTION 15-943
43 BUT EXCLUDING PUPILS WHO ARE ADMITTED TO ANOTHER SCHOOL DISTRICT AS
44 PROVIDED IN SECTION 15-824, SUBSECTION A, PARAGRAPH 2.

1 2. THE TUITION PAYABLE FOR HIGH SCHOOL PUPILS WHO ARE ADMITTED TO
2 ANOTHER SCHOOL DISTRICT AS PROVIDED IN SECTION 15-824, SUBSECTION A,
3 PARAGRAPH 2, INCLUDING ANY TRANSPORTATION CHARGE, EXCEPT AS PROVIDED IN
4 SUBSECTION F OF THIS SECTION.

5 3. THE TRANSPORTATION SUPPORT LEVEL FOR ALL PUPILS WHO RESIDE IN
6 THE SCHOOL DISTRICT EXCEPT THOSE HIGH SCHOOL PUPILS TRANSPORTED BY ANOTHER
7 SCHOOL DISTRICT.

8 E. FOR THE PURPOSE OF DETERMINING ELIGIBILITY TO INCREASE THE
9 REVENUE CONTROL LIMIT AND DISTRICT SUPPORT LEVEL, THE STUDENT COUNT FOR A
10 COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT IS THE STUDENT
11 COUNT FOR PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH TWELVE,
12 INCLUDING PUPILS ENROLLED IN ANOTHER SCHOOL DISTRICT AS PROVIDED IN
13 SECTION 15-824, SUBSECTION A, PARAGRAPH 2.

14 F. THE TUITION AMOUNT IN SUBSECTIONS A AND D OF THIS SECTION SHALL
15 NOT INCLUDE AMOUNTS PER STUDENT COUNT FOR BOND ISSUES AS PRESCRIBED BY
16 SECTION 15-824, SUBSECTION G, PARAGRAPH 1, SUBDIVISION (c) IN EXCESS OF
17 THE FOLLOWING:

18 1. \$150 IF THE PUPIL'S SCHOOL DISTRICT OF RESIDENCE PAYS TUITION
19 FOR SEVEN HUNDRED FIFTY OR FEWER PUPILS TO OTHER SCHOOL DISTRICTS.

20 2. \$200 IF THE PUPIL'S SCHOOL DISTRICT OF RESIDENCE PAYS TUITION
21 FOR ONE THOUSAND OR FEWER, BUT MORE THAN SEVEN HUNDRED FIFTY, PUPILS TO
22 OTHER SCHOOL DISTRICTS.

23 3. THE ACTUAL COST PER STUDENT COUNT IF THE PUPIL'S SCHOOL DISTRICT
24 OF RESIDENCE PAYS TUITION FOR MORE THAN ONE THOUSAND PUPILS TO OTHER
25 SCHOOL DISTRICTS.

26 G. A COMMON SCHOOL DISTRICT THAT IS NOT WITHIN THE BOUNDARIES OF A
27 HIGH SCHOOL DISTRICT AND THAT WAS AUTHORIZED BY THE QUALIFIED ELECTORS TO
28 ESTABLISH A UNIFIED SCHOOL DISTRICT WITH BOUNDARIES COTERMINOUS WITH THE
29 BOUNDARIES OF THE COMMON SCHOOL DISTRICT MAY CONTINUE CALCULATING ITS
30 BUDGET AND EQUALIZATION ASSISTANCE PURSUANT TO THIS SECTION FOR FIFTEEN
31 YEARS AFTER THE ELECTION OR UNTIL A HIGH SCHOOL IS BUILT, WHICHEVER OCCURS
32 FIRST.

33 H. A NEWLY FORMED UNIFIED SCHOOL DISTRICT THAT MEETS THE
34 REQUIREMENTS OF SUBSECTION G OF THIS SECTION AND THAT PHASES IN
35 INSTRUCTION FOR PUPILS IN GRADES NINE THROUGH TWELVE MAY CONTINUE
36 CALCULATING ITS BUDGET AND EQUALIZATION ASSISTANCE PURSUANT TO THIS
37 SECTION FOR A MAXIMUM OF FIVE YEARS AFTER THE FIRST YEAR OF THE OPERATION
38 OF THE NEW HIGH SCHOOL IN THE NEWLY FORMED UNIFIED SCHOOL DISTRICT.

39 I. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT MAY
40 RETROACTIVELY ADJUST ITS BUDGET FOR FISCAL YEAR 2020-2021 PURSUANT TO
41 SUBSECTION G OR H OF THIS SECTION BUT MAY NOT RETROACTIVELY ADJUST ITS
42 BUDGET FOR ANY OTHER FISCAL YEAR PURSUANT TO SUBSECTION G OR H OF THIS
43 SECTION.

1 Sec. 7. Section 15-961, Arizona Revised Statutes, is amended to
2 read:

3 15-961. District additional assistance; growth rate

4 A. District additional assistance per student count is established
5 as follows:

6 1. For school districts with a student count of less than one
7 hundred for kindergarten programs and grades one through eight,
8 \$663.81. For school districts with a student count of one hundred or more
9 and less than six hundred for kindergarten programs and grades one through
10 eight, multiply \$474.47 by the weight that corresponds to the student
11 count for kindergarten programs and grades one through eight for the
12 school district as provided in section 15-943, paragraph 1, subdivision
13 (a), column 3. For a school district with a student count of six hundred
14 or more in kindergarten programs and grades one through eight, the limit
15 is \$549.45.

16 2. For school districts with a student count of less than one
17 hundred for grades nine through twelve, \$732.87. For school districts
18 with a student count of one hundred or more and less than six hundred for
19 grades nine through twelve, multiply \$494.39 by the weight that
20 corresponds to the student count for grades nine through twelve for the
21 school district as provided in section 15-943, paragraph 1, subdivision
22 (b), column 3. For a school district with a student count of six hundred
23 or more in grades nine through twelve, the limit is \$600.86.

24 3. For programs for preschool children with disabilities, \$549.45.

25 B. District additional assistance for a school district shall be
26 computed as follows:

27 1. Select the applicable district additional assistance per student
28 count for the school district.

29 2. Multiply the amount or amounts selected in paragraph 1 of this
30 subsection by the appropriate student count of the school district.

31 3. If a school district's student count used for the budget year is
32 greater than one hundred five percent of the student count used for the
33 current year's budget, increase the adjusted district additional
34 assistance determined in paragraph 2 of this subsection by fifty percent
35 of the actual percentage increase in the school district's student count.

36 C. An amount for the purchase of required textbooks and related
37 printed subject matter materials shall be used to increase the district
38 additional assistance for a school district as determined in subsection B,
39 paragraph 2 or 3 of this section, whichever is applicable. This amount
40 shall equal the student count in grades nine through twelve multiplied by
41 \$84.93.

42 ~~D. Notwithstanding subsections A, B and C of this section, district~~
43 ~~additional assistance for a common school district that is not within a~~
44 ~~high school district or for a transporting school district is district~~
45 ~~additional assistance as prescribed in this section but excluding pupils~~

~~who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2 or 3, except that if the school district transports high school pupils, the district additional assistance amount prescribed in this section shall be increased by an amount equal to fifty percent of the district additional assistance per pupil amount prescribed for the school district pursuant to this section multiplied by the number of high school pupils transported.~~

Sec. 8. Repeal

Section 15-971, Arizona Revised Statutes, as amended by Laws 2022, chapter 285, section 9, is repealed.

Sec. 9. Section 15-974, Arizona Revised Statutes, is amended to read:

15-974. Equalization assistance for education for accommodation schools

A. Equalization assistance for education for accommodation schools shall be paid from appropriations for that purpose to the school districts as provided in section 15-973.

B. When an accommodation school has a positive total cash balance at the end of a fiscal year in its maintenance and operation fund, the county school superintendent of the county in which the accommodation school is located may authorize an addition to the accommodation school's revenue control limit as provided in section 15-947, subsection A for the following fiscal year. The county school superintendent may not authorize an addition that exceeds the lesser of the ending cash balance minus the amount budgeted for the budget balance carryforward as provided in section 15-943.01 or ten percent of the revenue control limit of the accommodation school and five percent of the revenue control limit pursuant to section 15-482, without the necessity of an election pursuant to section 15-481. If an accommodation school has a cash balance in excess of the amount needed to fund the budget balance carryforward, ~~and~~ the addition authorized pursuant to this subsection AND EXPENDITURES PURSUANT TO SECTION 15-947, SUBSECTION C, PARAGRAPH 2, SUBDIVISION (e) for the following fiscal year, the remaining cash balance may be used for capital expenditures.

C. Subsection B of this section does not apply to an accommodation school with a student count of one hundred twenty-five or less in kindergarten programs and grades one through eight or to an accommodation school that offers instruction in grade nine, ten, eleven or twelve and that has a student count of one hundred or less in grades nine through twelve.

1 Sec. 10. Section 15-992, Arizona Revised Statutes, is amended to
2 read:

3 15-992. School district tax levy; additional tax in districts
4 ineligible for equalization assistance; definition

5 A. The board of supervisors of each county, at the time of levying
6 other taxes, shall annually levy school district taxes on the property in
7 any school district in which additional amounts are required, which shall
8 be at rates prescribed in this section. A delinquency factor for
9 estimated uncollected taxes may not be included in the computation of the
10 primary tax rate for school district taxes. Local property taxes may not
11 be levied for any deficit in the classroom site fund. The taxes shall be
12 added to and collected in the same manner as other county taxes on the
13 property within the school district. The amount of the school district
14 taxes levied on the property in a particular school district shall be paid
15 into the school fund of that school district.

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

21 1. Determine the levy that would be produced by fifty percent of
22 the applicable qualifying tax rate, prescribed in section 15-971,
23 subsection B, per \$100 assessed valuation.

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

29 C. Monies collected pursuant to subsection B of this section shall
30 be transmitted to the state treasurer for deposit in the state general
31 fund to aid in school financial assistance.

32 D. The additional tax prescribed in subsection B of this section is
33 considered to be primary property tax for purposes of section 15-972,
34 subsection B, except that this state is not required to make the payments
35 prescribed in section 15-972, subsection H for these reductions in taxes.

36 E. The tax levy prescribed in subsection A of this section shall be
37 a rate equal to the applicable qualifying tax rate or rates as prescribed
38 in section 15-971, subsection B or a rate that would result in a levy that
39 equals the school district equalization assistance base prescribed in
40 section 15-971 subtracted by any amount received pursuant to section
41 15-905, subsections K, O and P per \$100 of assessed valuation used for
42 primary property taxes, whichever is less.

43 ~~F. At the same time of levying taxes as provided in subsection A of~~
44 ~~this section, the county board of supervisors shall annually levy an~~
45 ~~additional tax in each common school district not within a high school~~

~~district that is equal to the countywide average per pupil equalization base for high school pupils multiplied by the number of resident high school pupils in the common school district not within a high school district during the prior school year. The monies collected pursuant to this subsection shall be added to county aid for equalization assistance for education pursuant to section 15-971, subsection C. On or before July 1 of each year, the department of education shall provide each county board of supervisors with the countywide average per pupil equalization base for high school pupils, the number of resident high school pupils in the common school district not within a high school district during the prior school year and any other information requested by the county board of supervisors for the purposes of levying the tax prescribed in this subsection.~~

~~6.~~ F. At the time of levying taxes as provided in subsection E of this section, the county school superintendent shall annually validate any additional primary school district tax levy amount requests from each school district and levy the sum of the following amounts:

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

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

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

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

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

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

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

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

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

