



ARIZONA HOUSE OF REPRESENTATIVES FLOOR AMENDMENT EXPLANATION

57th Legislature, 2nd Regular Session

Majority Research Staff

HB 2384: school districts; lease agreements; requirements

GRESS FLOOR AMENDMENT

1. Restores language that caps the maximum length of a lease by a school district governing board for school property at not more than 99 years, rather than less than 20 years.
2. As session law, specifies property, buildings and improvements are exempt from taxation if leased from a school district pursuant to a lease or lease-purchase agreement as authorized by statute and:
 - a. the buildings and improvements are constructed on land that is leased from a school district;
 - b. the lease was executed by January 1, 2026; and
 - c. the buildings and improvements become the property of the school district on termination of the lease.

GRESS FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2384
(Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

[~~GREEN STRIKEOUT IN BRACKETS~~] indicates new text removed from statute or previously enacted session law.

[~~Green strikeout in brackets~~] indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

<<~~Green strikeout in carets~~>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

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

4 15-342. Discretionary powers

5 The governing board OF A SCHOOL DISTRICT may:

6 1. Expel pupils for misconduct.

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

9 3. Make such separation of groups of pupils as ~~it~~ THE GOVERNING
10 BOARD deems advisable.

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

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

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

4 7. Sell or lease to the state, a county, a city, another school
5 district or a tribal government agency any school property required for a
6 public purpose if the sale or lease of the property will not affect the
7 normal operations of a school within the school district. A LEASE THAT A
8 SCHOOL DISTRICT ENTERS INTO PURSUANT TO THIS PARAGRAPH MUST BE FOR A TERM
9 OF NOT MORE THAN TEN YEARS WITHOUT VOTER APPROVAL OR ~~[LESS THAN TWENTY]~~
10 ~~[NOT MORE THAN NINETY-NINE]~~ YEARS WITH VOTER APPROVAL.

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

13 9. Enter into leases or lease-purchase agreements for school
14 buildings or grounds, or both, as lessor or as lessee, for periods of less
15 than twenty years subject to voter approval for construction of school
16 buildings as prescribed in section 15-341, subsection A, paragraph 7 AND
17 VOTER APPROVAL FOR A LEASE FOR A PERIOD OF AT LEAST TEN YEARS. A SCHOOL
18 DISTRICT MAY ENTER INTO A LEASE-PURCHASE AGREEMENT AS LESSEE PURSUANT TO
19 THIS PARAGRAPH ONLY IF THE SCHOOL BUILDINGS OR GROUNDS ARE LOCATED WITHIN
20 THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.

21 10. Subject to title 41, chapter 56, sell school sites or enter
22 into leases or lease-purchase agreements for school buildings and grounds,
23 as lessor or as lessee, for a period of ~~[LESS THAN]~~ twenty years ~~[or more,~~
24 ~~but not to exceed ninety-nine years]~~ ~~if~~. A SCHOOL DISTRICT MAY ENTER INTO
25 A LEASE OR LEASE-PURCHASE AGREEMENT AS LESSEE PURSUANT TO THIS PARAGRAPH
26 ONLY IF THE SCHOOL BUILDINGS OR GROUNDS ARE LOCATED WITHIN THE GEOGRAPHIC
27 BOUNDARIES OF THE SCHOOL DISTRICT. BEFORE ANY SALE, LEASE OR
28 LEASE-PURCHASE AGREEMENT IS EXECUTED PURSUANT TO THIS PARAGRAPH, THE
29 PROPOSAL MUST BE authorized by a vote of the school district electors in
30 an election called by the governing board as provided in section 15-491,
31 except that authorization by the school district electors in an election
32 is not required if THE LEASE OR LEASE-PURCHASE AGREEMENT IS FOR A PERIOD
33 OF NOT MORE THAN TEN YEARS OR one of the following requirements is met:

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

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

43 (c) The transaction involves the sale of improved or unimproved
44 property pursuant to an agreement with the school facilities oversight
45 board in which the school district agrees to sell the improved or
46 unimproved property and transfer the proceeds of the sale to the school
47 facilities oversight board in exchange for monies from the school

1 facilities oversight board for the acquisition of a more suitable school
2 site. For a sale of property acquired by a school district before July 9,
3 1998, a school district shall transfer to the school facilities oversight
4 board that portion of the proceeds that equals the cost of the acquisition
5 of a more suitable school site. If there are any remaining proceeds after
6 the transfer of monies to the school facilities oversight board, a school
7 district shall only use those remaining proceeds for future land purchases
8 approved by the school facilities oversight board, or for capital
9 improvements not funded by the school facilities oversight board for any
10 existing or future facility.

11 (d) The transaction involves the sale of improved or unimproved
12 property pursuant to a formally adopted plan and the school district uses
13 the proceeds of this sale to purchase other property that will be used for
14 similar purposes as the property that was originally sold if the sale
15 proceeds of the improved or unimproved property are used within two years
16 after the date of the original sale to purchase the replacement
17 property. If the sale proceeds of the improved or unimproved property are
18 not used within two years after the date of the original sale to purchase
19 replacement property, the sale proceeds shall be used toward paying any
20 outstanding bonded indebtedness. If any sale proceeds remain after paying
21 for outstanding bonded indebtedness, or if the district has no outstanding
22 bonded indebtedness, sale proceeds shall be used to reduce the district's
23 primary tax levy. A school district shall not use this subdivision unless
24 all of the following conditions exist:

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

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

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

32 11. Review the decision of a teacher to promote a pupil to a grade
33 or retain a pupil in a grade in a common school or to pass or fail a pupil
34 in a course in high school. The pupil has the burden of proof to overturn
35 the decision of a teacher to promote, retain, pass or fail the pupil. In
36 order to sustain the burden of proof, the pupil shall demonstrate to the
37 governing board that the pupil has mastered the academic standards adopted
38 by the state board of education pursuant to sections 15-701 and 15-701.01.
39 If the governing board overturns the decision of a teacher pursuant to
40 this paragraph, the governing board shall adopt a written finding that the
41 pupil has mastered the academic standards. Notwithstanding title 38,
42 chapter 3, article 3.1, the governing board shall review the decision of a
43 teacher to promote a pupil to a grade or retain a pupil in a grade in a
44 common school or to pass or fail a pupil in a course in high school in
45 executive session unless a parent or legal guardian of the pupil or the
46 pupil, if emancipated, disagrees that the review should be conducted in
47 executive session and then the review shall be conducted in an open

1 meeting. If the review is conducted in executive session, the board shall
2 notify the teacher of the date, time and place of the review and shall
3 allow the teacher to be present at the review. If the teacher is not
4 present at the review, the board shall consult with the teacher before
5 making its decision. Any request, including the written request as
6 provided in section 15-341, the written evidence presented at the review
7 and the written record of the review, including the decision of the
8 governing board to accept or reject the teacher's decision, shall be
9 retained by the governing board as part of its permanent records.

10 12. Provide transportation or site transportation loading and
11 unloading areas for any child or children if deemed ~~for~~ **IN** the best
12 interest of the district, whether within or without the district, county
13 or state.

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

20 14. Include in the curricula ~~tt~~ **THE GOVERNING BOARD** prescribes for
21 high schools in the school district career and technical education,
22 vocational education and technology education programs and career and
23 technical, vocational and technology program improvement services for the
24 high schools, subject to approval by the state board of education. The
25 governing board may contract for the provision of career and technical,
26 vocational and technology education as provided in section 15-789.

27 15. Suspend a teacher or administrator from the teacher's or
28 administrator's duties without pay for a period of time of not ~~to exceed~~
29 **MORE THAN** ten school days, ~~if~~ if the board determines that suspension is
30 warranted pursuant to section 15-341, subsection A, paragraph 21 or 22.

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

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

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

39 17. Enter into option agreements for the purchase of school sites
40 **ONLY IF THE SCHOOL SITES ARE LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF**
41 **THE SCHOOL DISTRICT.**

42 18. Donate surplus or outdated learning materials, educational
43 equipment and furnishings to nonprofit community organizations if the
44 governing board determines that the anticipated cost of selling the
45 learning materials, educational equipment or furnishings equals or exceeds
46 the estimated market value of the materials.

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

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

10 21. Require a period of silence to be observed at the commencement
11 of the first class of the day in the schools. If a governing board
12 chooses to require a period of silence to be observed, the teacher in
13 charge of the room in which the first class is held shall announce that a
14 period of silence not to exceed one minute in duration will be observed
15 for meditation, and during that time no activities shall take place and
16 silence shall be maintained.

17 22. Require students to wear uniforms.

18 23. Exchange unimproved property or improved property, including
19 school sites, if the governing board determines that the improved property
20 is unnecessary for the continued operation of the school district without
21 requesting authorization by a vote of the school district electors and if
22 the governing board determines that the exchange is necessary to protect
23 the health, safety or welfare of pupils or if the governing board
24 determines that the exchange is based on sound business principles for
25 either:

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

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

30 24. For common and high school pupils, assess reasonable fees for
31 optional extracurricular activities and programs conducted when the common
32 or high school is not in session, except that fees shall not be charged
33 for pupils' access to or use of computers or related materials. For high
34 school pupils, the governing board may assess reasonable fees for fine
35 arts and vocational education courses and for optional services, equipment
36 and materials offered to the pupils beyond those required to successfully
37 complete the basic requirements of any other course, except that fees
38 shall not be charged for pupils' access to or use of computers or related
39 materials. Fees assessed pursuant to this paragraph shall be adopted at a
40 public meeting after notice has been given to all parents of pupils
41 enrolled at schools in the district and shall not exceed the actual costs
42 of the activities, programs, services, equipment or materials. The
43 governing board shall authorize principals to waive the assessment of all
44 or part of a fee assessed pursuant to this paragraph if it creates an
45 economic hardship for a pupil. For the purposes of this paragraph,
46 "extracurricular activity" means any optional, noncredit, educational or

1 recreational activity that supplements the education program of the
2 school, whether offered before, during or after regular school hours.

3 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and
4 9, construct school buildings and purchase or lease school sites **FOR A**
5 **TERM OF NOT MORE THAN TEN YEARS**, without a vote of the school district
6 electors, if the buildings and sites are **LOCATED WITHIN THE GEOGRAPHIC**
7 **BOUNDARIES OF THE SCHOOL DISTRICT AND ARE** totally funded from one or more
8 of the following:

9 (a) Monies in the unrestricted capital outlay fund, except that the
10 estimated cost shall not exceed \$250,000 for a district that uses section
11 15-949.

12 (b) Monies distributed at the direction of the school facilities
13 oversight board established by section 41-5701.02 or by the ~~school~~
14 ~~facilities~~ division **OF SCHOOL FACILITIES** within the department of
15 administration pursuant to title 41, chapter 56.

16 (c) Monies specifically donated for the purpose of constructing
17 school buildings.

18 This paragraph does not eliminate the requirement for an election to raise
19 revenues for a capital outlay override pursuant to section 15-481 or a
20 bond election pursuant to section 15-491. **A SCHOOL DISTRICT GOVERNING**
21 **BOARD MAY PURCHASE A SCHOOL SITE PURSUANT TO THIS PARAGRAPH ONLY IF THE**
22 **SCHOOL SITE IS LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL**
23 **DISTRICT.**

24 26. Conduct a background investigation that includes a fingerprint
25 check conducted pursuant to section 41-1750, subsection G for certificated
26 personnel and personnel who are not paid employees of the school district,
27 as a condition of employment. A school district may release the results
28 of a background check to another school district for employment purposes.
29 The school district may charge the costs of fingerprint checks to its
30 fingerprinted employee, except that the school district may not charge the
31 costs of fingerprint checks for personnel who are not paid employees of
32 the school district.

33 27. Unless otherwise prohibited by law, sell advertising as
34 follows:

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

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

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

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

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

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

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

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

9 28. Assess reasonable damage deposits to pupils in grades seven
10 through twelve for using textbooks, musical instruments, band uniforms or
11 other equipment required for academic courses. The governing board shall
12 adopt policies on any damage deposits assessed pursuant to this paragraph
13 at a public meeting called for this purpose after providing notice to all
14 parents of pupils in grades seven through twelve in the school district.
15 Principals of individual schools within the district may waive the damage
16 deposit requirement for any textbook or other item if the payment of the
17 damage deposit would create an economic hardship for the pupil. The
18 school district shall return the full amount of the damage deposit for any
19 textbook or other item if the pupil returns the textbook or other item in
20 reasonably good condition within the time period prescribed by the
21 governing board. For the purposes of this paragraph, "in reasonably good
22 condition" means the textbook or other item is in the same or a similar
23 condition as it was when the pupil received it, plus ordinary wear and
24 tear.

25 29. Notwithstanding section 15-1105, ~~expend~~ SPEND surplus monies in
26 the civic center school fund for maintenance and operations or
27 unrestricted capital outlay if sufficient monies are available in the fund
28 after meeting the needs of programs established pursuant to section
29 15-1105.

30 30. Notwithstanding section 15-1143, spend surplus monies in the
31 community school program fund for maintenance and operations or
32 unrestricted capital outlay if sufficient monies are available in the fund
33 after meeting the needs of programs established pursuant to section
34 15-1142.

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

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

42 (a) The policy may provide reasonable exceptions to the parental
43 notification requirement.

44 (b) The policy shall set forth whether and under what circumstances
45 a parent may be present when a law enforcement officer interviews the
46 pupil, including reasonable exceptions to the circumstances under which a
47 parent may be present when a law enforcement officer interviews the pupil,

1 and shall specify a reasonable maximum time after a parent is notified
2 that an interview of a pupil by a law enforcement officer may be delayed
3 to allow the parent to be present.

4 33. Enter into voluntary partnerships with any party to finance
5 with monies other than school district monies and cooperatively design
6 school facilities that comply with the adequacy standards prescribed in
7 section 41-5711 and the square footage per pupil requirements pursuant to
8 section 41-5741, subsection D, paragraph 3, subdivision (b). The design
9 plans and location of any such school facility shall be submitted to the
10 school facilities oversight board for approval pursuant to section
11 41-5741, subsection O. If the school facilities oversight board approves
12 the design plans and location of any such school facility, the party in
13 partnership with the school district may cause to be constructed and the
14 district may begin operating the school facility before monies are
15 distributed at the direction of the school facilities oversight board
16 pursuant to section 41-5741. Monies distributed from the new school
17 facilities fund to a school district in a partnership with another party
18 to finance and design the school facility shall be paid to the school
19 district pursuant to section 41-5741. The school district shall reimburse
20 the party in partnership with the school district from the monies paid to
21 the school district pursuant to section 41-5741, in accordance with the
22 voluntary partnership agreement. Before the school facilities oversight
23 board directs the distribution of any monies pursuant to this subsection,
24 the school district shall demonstrate to the school facilities oversight
25 board that the facilities to be funded pursuant to section 41-5741,
26 subsection O meet the minimum adequacy standards prescribed in section
27 41-5711. If the cost to construct the school facility exceeds the amount
28 that the school district receives from the new school facilities fund, the
29 partnership agreement between the school district and the other party
30 shall specify that, except as otherwise provided by the other party, any
31 such excess costs shall be the responsibility of the school district. The
32 school district governing board shall adopt a resolution in a public
33 meeting that an analysis has been conducted on the prospective effects of
34 the decision to operate a new school with existing monies from the school
35 district's maintenance and operations budget and how this decision may
36 affect other schools in the school district. If a school district
37 acquires land by donation at an appropriate school site approved by the
38 school facilities oversight board and a school facility is financed and
39 built on the land pursuant to this paragraph, the school facilities
40 oversight board shall direct the distribution of an amount equal to twenty
41 percent of the fair market value of the land that can be used for academic
42 purposes. The school district shall place the monies in the unrestricted
43 capital outlay fund and increase the unrestricted capital budget limit by
44 the amount of the monies placed in the fund. Monies distributed under
45 this paragraph shall be distributed from the new school facilities fund
46 pursuant to section 41-5741. If a school district acquires land by
47 donation at an appropriate school site approved by the school facilities

1 oversight board and a school facility is financed and built on the land
2 pursuant to this paragraph, the school district shall not receive monies
3 for the donation of real property pursuant to section 41-5741,
4 subsection F. It is unlawful for:

5 (a) A county, city or town to require as a condition of any land
6 use approval that a landowner or landowners that entered into a
7 partnership pursuant to this paragraph provide any contribution, donation
8 or gift, other than a site donation, to a school district. This
9 subdivision only applies to the property in the voluntary partnership
10 agreement pursuant to this paragraph.

11 (b) A county, city or town to require as a condition of any land
12 use approval that the landowner or landowners located within the
13 geographic boundaries of the school subject to the voluntary partnership
14 pursuant to this paragraph provide any donation or gift to the school
15 district except as provided in the voluntary partnership agreement
16 pursuant to this paragraph.

17 (c) A community facilities district established pursuant to title
18 48, chapter 4, article 6 to be used for reimbursement of financing the
19 construction of a school pursuant to this paragraph.

20 (d) A school district to enter into an agreement pursuant to this
21 paragraph with any party other than a master planned community party. Any
22 land area consisting of at least three hundred twenty acres that is the
23 subject of a development agreement with a county, city or town entered
24 into pursuant to section 9-500.05 or 11-1101 shall be deemed to be a
25 master planned community. For the purposes of this subdivision, "master
26 planned community" means a land area consisting of at least three hundred
27 twenty acres, which may be noncontiguous, that is the subject of a zoning
28 ordinance approved by the governing body of the county, city or town in
29 which the land is located that establishes the use of the land area as a
30 planned area development or district, planned community development or
31 district, planned unit development or district or other land use category
32 or district that is recognized in the local ordinance of such county, city
33 or town and that specifies the use of such land is for a master planned
34 development.

35 34. Enter into an intergovernmental agreement with a presiding
36 judge of the juvenile court to implement a law-related education program
37 as defined in section 15-154. The presiding judge of the juvenile court
38 may assign juvenile probation officers to participate in a law-related
39 education program in any school district in the county. The cost of
40 juvenile probation officers who participate in the program implemented
41 pursuant to this paragraph shall be funded by the school district.

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

46 36. If the school district is a small school district as defined in
47 section 15-901, and if allowed by federal law, opt out of federal grant

1 opportunities if the governing board determines that the federal
2 requirements impose unduly burdensome reporting requirements.

3 37. Prescribe and enforce policies and procedures for the emergency
4 administration of inhalers by trained employees of the school district and
5 nurses who are under contract with the school district pursuant to section
6 15-158.

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

9 39. Subject to article IX, section 7, Constitution of Arizona, the
10 laws pertaining to travel and subsistence, gifts, grants, including
11 federal grants, or devises and policies adopted by the department of
12 education, provide food and beverages at school district events, including
13 official school functions and trainings.

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

16 15-491. Elections on school property: exceptions

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

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

22 2. To purchase or sell school sites or buildings or sell school
23 sites pursuant to section 15-342 or to build school buildings, but the
24 authorization by vote of the school district shall not necessarily specify
25 the site to be purchased. A SCHOOL DISTRICT GOVERNING BOARD MAY NOT
26 PURCHASE A SCHOOL SITE OR BUILDING THAT IS LOCATED OUTSIDE THE GEOGRAPHIC
27 BOUNDARIES OF THE SCHOOL DISTRICT.

28 3. To decide whether the bonds of the school district shall be
29 issued and sold for the purpose of raising monies for purchasing or
30 leasing school lots, for building or renovating school buildings, for
31 supplying school buildings with furniture, equipment and technology, for
32 improving school grounds, for purchasing pupil transportation vehicles or
33 for liquidating any indebtedness already incurred for such purposes.
34 Bonds issued for furniture, equipment and technology, other than fixtures,
35 shall mature not later than the July 1 that follows the fifth year after
36 the bonds were issued. A school district shall not issue class B bonds
37 until the school district has obligated in contract the entire proceeds of
38 any class A bonds issued by the school district. The total amount of
39 class A and class B bonds issued by a school district shall not exceed the
40 debt limitations prescribed in article IX, sections 8 and 8.1,
41 Constitution of Arizona.

42 4. To lease for AT LEAST TEN YEARS BUT NOT MORE THAN [twenty] or
43 more [NINETY-NINE] years, as lessor or as lessee, school buildings or
44 grounds. Approval by a majority of the school district electors voting
45 authorizes the governing board to negotiate for and enter into a
46 lease. The ballot shall list the school buildings or grounds for which a
47 lease is sought. If the governing board does not enter into a lease of

1 THAT IS AT LEAST TEN YEARS BUT NOT MORE THAN [twenty] ~~or more~~
2 [NINETY-NINE] years of the school buildings or grounds listed on the
3 ballot within ~~twenty~~ TEN years after the date of the election and the
4 board continues to seek such a lease, the governing board shall call a
5 special election to reauthorize the board to negotiate for and to enter
6 into a lease ~~of~~ THAT IS AT LEAST TEN YEARS BUT NOT MORE THAN [twenty] ~~or~~
7 ~~more~~ [NINETY-NINE] years.

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

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

14 B. A petition is not required for holding the first election to be
15 held in a joint common school district for any of the purposes specified
16 in subsection A of this section. The certification of election results
17 required by section 15-493 shall be made to the board of supervisors of
18 the jurisdictional county.

19 C. When the election is called to determine whether or not bonds of
20 the school district shall be issued and sold for the purposes enumerated
21 in the call for the election, the question shall be submitted to the vote
22 of the qualified electors of the school district as defined in section
23 15-401 and subject to section 15-402.

24 D. The governing board shall order the election to be held and the
25 election notice and procedures to be conducted in the manner prescribed in
26 title 35, chapter 3, article 3. If a petition for an election has been
27 filed with the governing board as provided in subsection A of this
28 section, the board shall act on the petition within sixty days by ordering
29 the election to be held as provided in this subsection. If a school
30 district bond election is scheduled for the same date a school district
31 will hold an override election, the governing body shall deliver a copy of
32 the notice of election and ballot to the county school superintendent who
33 shall include the notice of election and ballot with the informational
34 pamphlet and ballot prepared for the override election. Mailing of the
35 information required for both the override and bond elections shall
36 constitute compliance with the notice provisions of this section.

37 E. The elections to be held pursuant to this section shall only be
38 held on dates prescribed by section 16-204, except that elections held
39 pursuant to this section to decide whether class B bonds shall be issued,
40 or any other obligation incurred that will require the assessment of
41 secondary property taxes, shall only be held on the first Tuesday after
42 the first Monday of November.

43 F. Subsection A, paragraph 2 of this section does not apply to the
44 sale of school property if the market value of the school property is less
45 than \$50,000.

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

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

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

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

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

19 2. For a school district that is a career technical education
20 district, the ballot shall include the following statement:

21 _____, a career technical education district, is
22 proposing to issue class B general obligation bonds totaling
23 \$_____ to fund capital improvements at a campus owned or
24 operated and maintained by the career technical education
25 district.

26 3. The ballot shall conform to the requirements of title 35,
27 chapter 3, article 3.

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

40 5. Not later than thirty-five days before a class B bond election
41 conducted pursuant to this section, the school district shall mail an
42 informational pamphlet prepared by the county school superintendent to
43 each household that contains a qualified elector in the school
44 district. The informational pamphlet shall contain, at a minimum, the
45 following information:

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

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

6 (c) The tax rate associated with each of the proposed capital
7 improvements and the estimated cost of each capital improvement for the
8 owner of a single family home that is valued at \$100,000.

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

11 1. The ballot shall include the following statement:

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

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

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

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

34 4. Not later than thirty-five days before an impact aid revenue
35 bond election conducted pursuant to this section, the school district
36 shall mail an informational pamphlet prepared by the county school
37 superintendent to each household that contains a qualified elector in the
38 school district. The informational pamphlet shall contain, at a minimum,
39 the following information:

40 (a) The date of the election.

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

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

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

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

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

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

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

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

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

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

43 2. Not later than thirty-five days before the election, the school
44 district shall mail an informational pamphlet prepared by the county
45 school superintendent to each household in the school district that
46 contains a qualified elector. The informational pamphlet shall contain,
47 at a minimum, the following information:

- 1 (a) The date of the election.
- 2 (b) The voter's polling place and the times it is open.
- 3 (c) A statement as to why the election was called.
- 4 (d) A complete list of each proposed capital improvement that is in
5 addition to the initial capital improvements presented in the
6 informational pamphlet when the bonds were approved and the proposed cost
7 of each improvement, including a separate aggregation of capital
8 improvements for administrative purposes as defined by the school
9 facilities oversight board.
- 10 (e) A complete list of each capital improvement that was presented
11 in the informational pamphlet when the bonds were initially approved and
12 that is proposed to be eliminated or to have its cost reduced, and the
13 proposed cost of each improvement, including a separate aggregation of
14 capital improvements for administrative purposes as defined by the school
15 facilities oversight board.
- 16 (f) Arguments for and against the proposed change, if submitted, as
17 provided by section 15-481, subsection B, paragraph 9. The ballot
18 arguments for the proposed change shall be signed as the governing board
19 of the school district without listing any member's individual name for
20 the arguments for the proposed change.
- 21 3. The ballot shall contain the words "change capital improvements,
22 yes" and "change capital improvements, no", and the voter shall signify
23 the voter's desired choice.
- 24 4. If the election is to add a purpose that was not on the initial
25 ballot, the ballot shall list the purpose that is proposed to be added.
- 26 M. If an election is held to extend the time to issue bonds
27 pursuant to subsection A, paragraph 6 of this section, the following
28 requirements apply:
 - 29 1. The election may be held only on the first Tuesday after the
30 first Monday in November.
 - 31 2. Not later than thirty-five days before the election, the school
32 district shall mail an informational pamphlet prepared by the county
33 school superintendent to each household in the school district that
34 contains a qualified elector. The informational pamphlet shall contain,
35 at a minimum, the following information:
 - 36 (a) The date of the election.
 - 37 (b) The voter's polling place and the times it is open.
 - 38 (c) A statement as to why the election was called.
 - 39 (d) Arguments for and against the proposed change, if submitted, as
40 provided in section 15-481, subsection B, paragraph 9. The ballot
41 arguments for the proposed change shall be signed as the governing board
42 of the school district without listing any member's individual name for
43 the arguments for the proposed change.
 - 44 3. The ballot shall contain the words "extend time to issue bonds,
45 yes" and "extend time to issue bonds, no", and the voter shall signify the
46 voter's desired choice.

1 Sec. 3. Section 15-1105, Arizona Revised Statutes, is amended to
2 read:

3 15-1105. Lease of school property; immunity; fee schedule;
4 use of monies; prohibition; definitions

5 A. The SCHOOL DISTRICT governing board, or the superintendent or
6 chief administrative officer with the approval of the governing board, may
7 lease school property, including school buildings, grounds, buses and
8 equipment, FOR A TERM OF NOT MORE THAN TEN YEARS WITHOUT VOTER APPROVAL OR
9 ~~LESS THAN TWENTY~~ [NOT MORE THAN NINETY-NINE] YEARS WITH VOTER APPROVAL
10 to any person, group or organization for any lawful purpose, including ANY
11 recreational, educational, political, economic, artistic, moral,
12 scientific, social, religious or other civic or governmental purpose in
13 the interest of the community, including extended day resource programs.
14 The governing board, superintendent or chief administrative officer shall
15 charge a reasonable use fee for the lease of the school property, which
16 may include goods contributed or services rendered by the person, group or
17 organization to the school district.

18 B. The governing board, or the superintendent or chief
19 administrative officer with the approval of the governing board, may
20 ~~permit~~ ALLOW the uncompensated use of school buildings, grounds, buses,
21 equipment and other school property by any ~~school-related~~ SCHOOL-RELATED
22 group, including student political organizations, or by any organization
23 whose membership is open to the public and whose activities promote the
24 educational function of the school district as determined in good faith by
25 the school district's governing board, or the superintendent or chief
26 administrative officer with the approval of the governing board, including
27 extended day resource programs, except as provided in section 15-511.

28 C. A school district and its employees, including the governing
29 board, superintendent or chief administrative officer, are immune from
30 civil liability with respect to all decisions made and actions taken to
31 allow the lease or use of school property, unless the school district or
32 its employees are guilty of gross negligence or intentional misconduct.
33 This subsection does not limit any other immunity provisions that are
34 prescribed by law.

35 D. A person, group or organization that is otherwise eligible to
36 lease school property shall not be denied use of or charged differentiated
37 fees for school property on the basis of the person's, group's or
38 organization's beliefs, expression of beliefs or exercise of the rights of
39 association that are protected under the laws of this state, the
40 Constitution of Arizona, the laws of the United States ~~or~~ AND the United
41 States Constitution.

42 E. The governing board shall annually approve a fee schedule for
43 the lease of school property. The fee schedule shall include a
44 designation of the persons, groups or organizations that ~~shall~~ have
45 uncompensated use of the school property, and a procedure for determining
46 the value of goods and services being provided as compensation for the use
47 of school property. The governing board, superintendent or chief

1 administrative officer shall require proof of liability insurance for such
2 use or lease of school property.

3 F. Except as provided in section 15-1102, monies received for and
4 derived from the use or lease of school property under this section shall
5 be promptly deposited with the county treasurer, who shall credit the
6 deposits to the civic center school fund of the respective school
7 district. Monies placed to the credit of a civic center school fund may
8 be ~~expended~~ SPENT for civic center school purposes by warrants drawn ~~upon~~
9 ON AN order of the school district governing board, or the superintendent
10 or chief administrative officer with the approval of the governing board.
11 The civic center school fund of a school district or multiple school
12 district civic center school program is a continuing fund not subject to
13 reversion, except ~~upon~~ ON termination of a civic center school program.
14 ~~upon~~ ON termination of a civic center school program, any remaining ~~funds~~
15 ~~shall~~ MONIES revert to the school plant fund of the school district or
16 districts.

17 G. NOTWITHSTANDING SECTIONS 15-342, 15-491, 15-789 AND 41-5704 AND
18 SUBSECTION A OF THIS SECTION, A SCHOOL DISTRICT GOVERNING BOARD MAY NOT
19 LEASE, OR APPROVE THE LEASE, OF SCHOOL PROPERTY TO ANY PERSON OR FOR ANY
20 PERSON IF THE SCHOOL DISTRICT LEASED THAT PROPERTY, IN WHOLE OR IN PART,
21 FROM ANOTHER PERSON.

22 ~~G.~~ H. For the purposes of this section:

23 1. "Educational function" means ~~uses~~ A USE that ~~are~~ IS directly
24 related to the educational mission of the school district as adopted by
25 the school district governing board and includes parent-teacher
26 organizations, youth organizations and school employee organizations.

27 2. "Extended day resource programs" means activities offered on
28 school property before or after school or at times when school is not
29 customarily in session for children who are of the age required for
30 kindergarten programs and grades one through eight. The program may be
31 offered for children who are of the age required for a kindergarten
32 program or for one grade or for any combination of kindergarten programs
33 and grades. Activities may include physical conditioning, tutoring,
34 supervised homework or arts activities.

35 3. "Reasonable use fee" means an amount that is at least equal to
36 the school district's cost for utilities, services, supplies or personnel
37 that the school provides to the lessee pursuant to the terms of the lease.

38 Sec. 4. Title 41, chapter 56, article 1, Arizona Revised Statutes,
39 is amended by adding section 41-5702.01, to read:

40 41-5702.01. School district real estate holdings; reporting
41 requirements; definition

42 A. ON OR BEFORE OCTOBER 1, 2026 AND EACH YEAR THEREAFTER, EACH
43 SCHOOL DISTRICT SHALL REPORT TO THE DIVISION ALL OF THE FOLLOWING
44 INFORMATION ABOUT EACH REAL ESTATE HOLDING THAT IS OWNED OR LEASED BY THE
45 SCHOOL DISTRICT DURING THE IMMEDIATELY PRECEDING SCHOOL YEAR:

46 1. THE ADDRESS OF THE REAL ESTATE HOLDING.

1 2. A DESCRIPTION OF THE REAL ESTATE HOLDING, INCLUDING ANY
2 STRUCTURE, BUILDING OR OTHER IMPROVEMENT THAT IS PART OF THE REAL ESTATE
3 HOLDING. THE DESCRIPTION REQUIRED BY THIS PARAGRAPH MUST INCLUDE THE SIZE
4 OF THE LOT AND THE SQUARE FOOTAGE OF ANY STRUCTURE THAT IS LOCATED ON THE
5 LOT.

6 3. A DESCRIPTION OF THE CURRENT USE OF EACH BUILDING THAT IS PART
7 OF THE REAL ESTATE HOLDING.

8 4. WHETHER THE REAL ESTATE HOLDING, OR ANY PART OF THE REAL ESTATE
9 HOLDING, IS LOCATED OUTSIDE THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL
10 DISTRICT.

11 5. THE OWNER OF THE REAL ESTATE HOLDING.

12 6. IF THE REAL ESTATE HOLDING IS SUBJECT TO A LEASE AGREEMENT, ALL
13 OF THE FOLLOWING:

14 (a) THE PARTIES TO THE LEASE AGREEMENT.

15 (b) THE TERM OF THE LEASE.

16 (c) AN ESTIMATE OF THE TOTAL AMOUNT OF REVENUE THAT WILL BE
17 GENERATED BY THE LEASE AGREEMENT.

18 (d) THE TOTAL AMOUNT THAT WAS RECEIVED OR PAID BY THE SCHOOL
19 DISTRICT PURSUANT TO THE LEASE AGREEMENT DURING THE IMMEDIATELY PRECEDING
20 SCHOOL YEAR.

21 B. THE DIVISION SHALL COMPILE THE REPORTS RECEIVED FROM EACH SCHOOL
22 DISTRICT PURSUANT TO SUBSECTION A OF THIS SECTION INTO A SINGLE
23 COMPREHENSIVE REPORT FOR THE PREVIOUS SCHOOL YEAR AND, ON OR BEFORE
24 DECEMBER 1, 2026 AND EACH YEAR THEREAFTER, SHALL SUBMIT THIS REPORT TO THE
25 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
26 REPRESENTATIVES AND SHALL PROVIDE A COPY TO THE SECRETARY OF STATE.

27 C. FOR THE PURPOSES OF THIS SECTION, "REAL ESTATE HOLDING" MEANS
28 ANY REAL PROPERTY IF THE SCHOOL DISTRICT EITHER OWNS THE PROPERTY OR
29 LEASES THE PROPERTY AS LESSEE AND ANY OF THE FOLLOWING APPLIES:

30 1. THE SCHOOL DISTRICT LEASES THE PROPERTY AS LESSOR.

31 2. THE PROPERTY, OR ANY PART OF THE PROPERTY, IS USED FOR
32 NONACADEMIC PURPOSES.

33 3. THE PROPERTY, OR ANY PART OF THE PROPERTY, IS LOCATED OUTSIDE
34 THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.

35 Sec. 5. Existing leases; applicability; tax exemption

36 [A.] Sections 15-342, 15-491 and 15-1105, Arizona Revised Statutes,
37 as amended by this act, apply to any lease that is executed, renewed or
38 amended after the effective date of this act.

39 [B. Property, buildings and improvements are exempt from taxation
40 pursuant to section 42-11104, subsection B, paragraph 1, Arizona Revised
41 Statutes, if all of the following apply:

42 1. The buildings and improvements are constructed on land that is
43 leased from a school district.

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- 1 2. The lease was executed on or before January 1, 2026.
2 3. The buildings and improvements become the property of the school
3 district on termination of the lease.]

- 4 Enroll and engross to conform
5 Amend title to conform

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