

COMMITTEE ON EDUCATION  
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2640  
(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 15-119, Arizona Revised Statutes, is amended to  
3 read:

4 15-119. Vacant and partially used buildings; list; sale or  
5 lease; lease termination and renewal; equipment;  
6 definitions

7 A. The division of school facilities within the department of  
8 administration shall annually publish a list of vacant buildings and  
9 partially used buildings that are owned by this state or by school  
10 districts in this state and that may be suitable for the operation of a  
11 school. The division of school facilities shall make the list publicly  
12 available on the website of the division of school facilities and on  
13 request to applicants for charter schools, to applicants applying to the  
14 division of school facilities for additional space and to existing  
15 district and charter schools. The list shall include the address of each  
16 building, a short description of the building, the name of the owner of  
17 the building and any other pertinent information related to the vacancy  
18 and capacity of the building. The division of school facilities shall  
19 annually submit the list to the governor, the president of the senate and  
20 the speaker of the house of representatives and provide a copy of the list  
21 to the secretary of state and the state board for charter schools.

22 B. If a school district decides to sell or lease a vacant building  
23 or partially used building, the school district may not prohibit a charter  
24 school or a private school from negotiating to buy or lease the property  
25 in the same manner as other potential buyers or lessees. [A CHARTER  
26 SCHOOL THAT IS LEASING A BUILDING FROM A SCHOOL DISTRICT OR THAT IS THE  
27 MOST RECENT LESSEE OF A VACANT BUILDING THAT IS OWNED BY A SCHOOL DISTRICT  
28 HAS THE RIGHT OF FIRST REFUSAL TO PURCHASE THE BUILDING IF THE SCHOOL

1 DISTRICT DECIDES TO SELL THE BUILDING.] A school district may not accept  
2 an offer for the sale or lease of the vacant building or partially used  
3 building from a potential buyer or lessee that is less than an offer from  
4 a charter school or private school. This section does not require the  
5 owner of a building on the list to sell or lease the building or a portion  
6 of the building to a charter school, to any other school or to any other  
7 prospective buyer or tenant, except that the owner of a building on the  
8 list may not withdraw the property from sale or lease solely because a  
9 charter school or private school is the highest bidder [OR EXERCISES ITS  
10 RIGHT OF FIRST REFUSAL PURSUANT TO THIS SUBSECTION].

11 C. At the conclusion of a lease for an existing tenant that is a  
12 public school OR PRIVATE SCHOOL or that ~~is providing~~ PROVIDES services to  
13 public school students, the lease may be terminated, renewed according to  
14 the terms of the existing agreement, or renewed with a negotiated  
15 increase, ~~—~~ EXCEPT THAT:

16 1. IF THE BUILDING OWNER INTENDS TO NEGOTIATE AN INCREASE, the  
17 building owner must provide the rationale for a proposed increase to the  
18 lessee, which may include considerations for the percentage of revenue  
19 that should be dedicated to educational facilities, inflators related to  
20 student enrollment increases or the annual GDP price deflator as defined  
21 in section 41-563, or expenses for building and parking lot maintenance  
22 and upgrades.

23 2. A SCHOOL DISTRICT, AS THE BUILDING OWNER, MAY TERMINATE THE  
24 LEASE OR REFUSE TO RENEW THE LEASE ONLY IF THE SCHOOL DISTRICT GOVERNING  
25 BOARD DOES ALL OF THE FOLLOWING:

26 (a) ANNOUNCES IN A PUBLIC HEARING THAT THE BOARD PROPOSES TO REFUSE  
27 TO RENEW OR TO TERMINATE THE LEASE.

28 (b) PROVIDES AN OPPORTUNITY FOR PUBLIC COMMENT REGARDING THE  
29 PROPOSAL THAT IS ANNOUNCED PURSUANT TO SUBDIVISION (a) OF THIS PARAGRAPH  
30 FOR AT LEAST NINETY DAYS AFTER THE DATE OF THE ANNOUNCEMENT AND BEFORE THE  
31 BOARD MAY VOTE ON THE PROPOSAL. PUBLIC COMMENT MAY INCLUDE WRITTEN  
32 COMMENTS, COMMENTS SUBMITTED THROUGH EMAIL OR ORAL COMMENTS DURING PUBLIC  
33 HEARINGS REQUIRED PURSUANT TO THIS PARAGRAPH.

34 (c) REVIEWS AND CONSIDERS ANY PUBLIC COMMENTS SUBMITTED PURSUANT TO  
35 SUBDIVISION (b) OF THIS PARAGRAPH BEFORE APPROVING THE NONRENEWAL OR  
36 TERMINATION OF THE LEASE.

37 (d) APPROVES THE PROPOSAL TO REFUSE TO RENEW OR TO TERMINATE THE  
38 LEASE IN A PUBLIC HEARING BEFORE THE DATE OF THE PROPOSED TERMINATION OR  
39 THE DATE ON WHICH THE LEASE IS SCHEDULED TO EXPIRE.

40 ~~C.~~ D. A school district may sell used equipment to a charter  
41 school or private school before the school district attempts to sell or  
42 dispose of the equipment by other means.

43 ~~D.~~ E. Buildings that are used for career and technical education,  
44 special education services, ~~—~~ OR preschool programs, schools that have been  
45 open for fewer than five years or magnet schools are not considered  
46 partially used buildings for the purposes of this section, except that

1 this exemption may not be applied to more than twenty-five percent of a  
2 district's school buildings.

3 ~~E.~~ F. For the purposes of this section:

4 1. "Partially used building" means a building with at least four  
5 thousand five hundred square feet of contiguous, unused space.

6 2. "Vacant building" means a building that has been vacant and  
7 unused for at least two years.

8 <<Sec. 2. Section 15-1102, Arizona Revised Statutes, is amended to  
9 read:

10 15-1102. Disposition of proceeds from sale or lease of school  
11 property; school plant monies; payment of bonded  
12 indebtedness; definition

13 A. The governing board, or the superintendent or chief  
14 administrative officer with the approval of the governing board, may  
15 expend the proceeds from the sale or lease of school property for the  
16 payment of any outstanding bonded indebtedness of the school district or  
17 for the reduction of school district taxes.

18 B. A common school district or a high school district that has an  
19 outstanding bonded indebtedness of seven percent of the current year's  
20 assessed valuation or less or a unified school district that has an  
21 outstanding bonded indebtedness of fourteen percent of the current year's  
22 assessed valuation or less may expend the proceeds from the sale or lease  
23 of school property as follows:

24 1. The total sum of the proceeds from the sale of school property  
25 executed before July 1, 2016~~[, for the total sum of the proceeds from the~~  
26 ~~sale of property to a school]~~ or the total sum of the proceeds from the  
27 lease of school property to persons or entities other than schools for  
28 more than one year:

29 (a) May be expended for maintenance and operation in an amount that  
30 does not exceed fifteen percent of the revenue control limit for that year  
31 as provided in section 15-947, subsection A in any year.

32 (b) May be expended for capital outlay in any amount.

33 2. From and after June 30, 2016, proceeds from the sale of school  
34 property that exceed ~~[one hundred thousand dollars]~~ ~~[\$100,000]~~ per sales  
35 transaction to persons or entities other than schools may not be expended  
36 for maintenance and operation and may be expended for capital outlay in  
37 any amount.

38 C. A common school district or a high school district that has an  
39 outstanding bonded indebtedness of greater than seven percent of the  
40 current year's assessed valuation or a unified school district that has an  
41 outstanding bonded indebtedness of greater than fourteen percent of the  
42 current year's assessed valuation may expend the proceeds from the lease  
43 or sale of school property as follows:

44 1. For the total sum of the proceeds from the sale of school  
45 property executed before July 1, 2016~~[, for the total sum of the proceeds~~  
46 ~~from the sale of property to a school]~~ or for the total sum of the

1 proceeds from the lease of school property to persons or entities other  
2 than schools for more than one year:

3 (a) Up to twenty-five percent of the sales proceeds may be expended  
4 for maintenance and operation in an amount that does not exceed fifteen  
5 percent of the revenue control limit for that year as provided in section  
6 15-947, subsection A in any year.

7 (b) The sales or lease proceeds may be expended for capital outlay  
8 in any amount.

9 2. From and after June 30, 2016, for proceeds from the sale of  
10 school property that exceed ~~[one hundred thousand dollars]~~ [\$100,000] per  
11 sales transaction to persons or entities other than schools:

12 (a) The sales proceeds may not be expended for maintenance and  
13 operation.

14 (b) At least thirty-eight percent of the sales proceeds shall be  
15 used for the payment of any outstanding bonded indebtedness of the school  
16 district or for the reduction of school district taxes.

17 (c) The remainder of the sales proceeds that are not obligated  
18 pursuant to subdivision (b) of this paragraph may be expended for capital  
19 outlay in any amount.

20 D. The governing board, or the superintendent or chief  
21 administrative officer with the approval of the governing board, shall  
22 promptly deposit monies received for and derived from the sale or lease of  
23 school property with the county treasurer who shall establish a school  
24 plant fund. Monies placed to the credit of the school plant fund may be  
25 expended as provided in this section. The school plant fund is a  
26 continuing fund that is not subject to reversion.

27 E. Proceeds from sales by condemnation or sales under threat of  
28 condemnation may be deposited with the county treasurer for deposit in the  
29 condemnation fund or the school plant fund of the school district. The  
30 condemnation fund is a continuing fund that is not subject to reversion,  
31 except that after ten years any unspent monies shall be placed in the  
32 school plant fund to be used as prescribed in this section. The governing  
33 board, or the superintendent or chief administrative officer with the  
34 approval of the governing board, may apply the proceeds in the  
35 condemnation fund to:

36 1. ~~[The payment of]~~ [PAY] any outstanding bonded indebtedness of  
37 the school district that is payable from the levy of taxes on property  
38 within the school district.

39 2. Construct, acquire, improve, repair or furnish school facilities  
40 or sites after notice and a hearing.

41 F. Proceeds from a right-of-way settlement shall be deposited with  
42 the county treasurer for deposit in the condemnation fund of the school  
43 district. The governing board, or the superintendent or chief  
44 administrative officer with the approval of the governing board, shall  
45 apply those proceeds in the condemnation fund to construct, acquire,  
46 improve, repair or furnish school facilities or sites after notice and a  
47 hearing.

1 G. The restrictions prescribed in subsections B and C of this  
2 section do not apply to the proceeds from:

3 1. Leases of school property to other schools.

4 2. Leases of school property for less than one year.

5 3. Sales of school property of less than one hundred thousand  
6 dollars per transaction.

7 [4. SALES OF SCHOOL PROPERTY TO OTHER SCHOOLS.]

8 H. A lease of school property for less than one year that includes  
9 an automatic lease renewal resulting in a total lease duration that  
10 exceeds one year is considered a lease for more than one year for the  
11 purposes of this section.

12 I. For the purposes of this section, "capital outlay" means  
13 unrestricted capital outlay as prescribed in section 15-903,  
14 subsection C.>>

15 Sec. 3. Retroactivity

16 [This act] [Section 15-119, Arizona Revised Statutes, as amended by  
17 this act.] applies retroactively to from and after January 1, 2025.

18 Enroll and engross to conform

19 Amend title to conform

And, as so amended, it do pass

MATT GRESS  
CHAIRMAN

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C: VS/ra