

REFERENCE TITLE: small school adjustment; student count

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 2883

Introduced by
Representative Tsosie

AN ACT

AMENDING SECTION 15-949, ARIZONA REVISED STATUTES; RELATING TO SCHOOL DISTRICT REVENUE LIMITATION FOR MAINTENANCE AND OPERATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-949, Arizona Revised Statutes, is amended to read:

15-949. Small school districts; exemption from general budget limit; budget revision

A. The governing board of a common school district with a student count in kindergarten programs and grades one through eight of one hundred ~~twenty-five~~ SIXTY or less, the governing board of a high school district with a student count of one hundred SIXTY or less or the governing board of a unified school district or the county school superintendent for an accommodation school with a student count of one hundred ~~twenty-five~~ SIXTY or less in kindergarten programs and grades one through eight or with a student count of one hundred SIXTY or less in grades nine through twelve shall compute a revenue control limit and a general budget limit, but the governing board or the county school superintendent may:

1. Adopt a budget in excess of the general budget limit without the necessity of an election under section 15-481, provided that for a unified school district or for an accommodation school the excess amount of expenditures shall be attributable to the student count in kindergarten programs and grades one through eight or to the student count in grades nine through twelve as provided in this subsection.

2. Revise its budget to include the costs for additional pupils who were not anticipated when the budget was adopted, if it receives permission as follows:

(a) If a governing board:

(i) The governing board shall send a petition to the county school superintendent requesting authority to revise its budget. The petition shall include a copy of the proposed budget.

(ii) The county school superintendent shall recommend the action to be taken on the petition and forward the recommendation and the petition to the board of supervisors.

(iii) The board of supervisors shall hold a hearing on the petition within twenty days after receipt of the petition and shall determine whether to allow the petition, allow the petition after revision or deny the petition.

(b) If a county school superintendent, the county school superintendent shall send the revised budget to the board of supervisors, and the board of supervisors shall hold a hearing on the recommendation within twenty days after receipt of the recommendation and shall determine whether to allow the revised budget, allow the revised budget after further revision or deny the revision.

B. If the board of supervisors revises or denies the petition or recommendation presented pursuant to subsection A, paragraph 2, subdivision (a), item (iii) or subdivision (b) of this section, the board shall state the reasons for revision or denial in writing.

1 C. School districts that in any year after fiscal year 1984-1985
2 but before fiscal year 1999-2000 ~~have~~ operated under the provisions of the
3 small school adjustment as provided for in subsection A of this section
4 and that ~~have~~ subsequently exceeded the student count limits expressed in
5 subsection A of this section may continue in successive years to adopt a
6 budget greater than the general budget limit without the necessity of an
7 election under section 15-481, except that the amount greater than the
8 general budget limit shall not exceed ~~fifty thousand dollars~~ \$50,000. The
9 amount that is adopted without the use of an election under section 15-481
10 and that is greater than the general budget limit is specifically exempt
11 from the revenue control limit.

12 D. Notwithstanding subsection C of this section, school districts
13 that exceeded the student count limits prescribed in subsection A of this
14 section may adopt, in the first year that these limits are exceeded, a
15 budget that exceeds the general budget limit without an election conducted
16 pursuant to section 15-481 or pursuant to subsection E of this section,
17 except that the amount that exceeds the general budget limit shall not
18 exceed the amount authorized pursuant to subsection C of this section plus
19 the limit prescribed in subsection E of this section. The amount that is
20 adopted without an election and that exceeds the general budget limit is
21 exempt from the revenue control limit.

22 E. School districts that in any year after fiscal year 1998-1999
23 ~~have~~ operated under the provisions of the small school adjustment as
24 provided in subsection A of this section and that ~~have~~ subsequently
25 exceeded the student count limits prescribed in subsection A of this
26 section may continue in successive years to adopt a budget greater than
27 the general budget limit subject to an election, except that the amount
28 that is greater than the general budget limit shall not exceed the amount
29 that is prescribed in this subsection. The amount that is adopted
30 pursuant to this subsection is specifically exempt from the revenue
31 control limit and shall be funded by a levy on secondary property taxes in
32 the school district. The maximum amount that may be adopted pursuant to
33 this subsection is computed as follows:

34 1. For a unified school district, separate the revenue control
35 limit into elementary and secondary components based on the weighted
36 student count as provided in section 15-971, subsection B, paragraph 2,
37 subdivision (a). Use the elementary component of the revenue control
38 limit for the purposes of paragraph 2 of this subsection and the secondary
39 component of the revenue control limit for the purposes of paragraph 3 of
40 this subsection.

41 2. For a common or unified district that used the provisions of
42 subsection A of this section based on its elementary student count, the
43 amount is determined as follows:

44 (a) Subtract one hundred ~~twenty-five~~ SIXTY from the elementary
45 student count.

1 (b) Multiply the difference in subdivision (a) of this paragraph by
2 0.45 percent.

3 (c) Subtract the product determined in subdivision (b) of this
4 paragraph from thirty-five percent. If the result is zero or less than
5 zero, the district is not eligible to use the provisions of this
6 paragraph.

7 (d) Multiply the difference determined in subdivision (c) of this
8 paragraph by the elementary revenue control limit.

9 3. For a high school or unified district that used the provisions
10 of subsection A of this section based on its secondary student count, the
11 amount is determined as follows:

12 (a) Subtract one hundred SIXTY from the secondary student count.

13 (b) Multiply the difference in subdivision (a) of this paragraph by
14 0.65 percent.

15 (c) Subtract the product determined in subdivision (b) of this
16 paragraph from sixty-five percent. If the result is zero or less than
17 zero, the district is not eligible to use the provisions of this
18 paragraph.

19 (d) Multiply the difference determined in subdivision (c) of this
20 paragraph by the secondary revenue control limit.

21 4. For a unified school district that used the provisions of
22 subsection A of this section for both its elementary and secondary pupils,
23 combine the amounts determined in paragraphs 2 and 3 of this subsection.

24 F. For the purposes of subsection E of this section:

25 1. "Elementary" means kindergarten programs and grades one through
26 eight.

27 2. "Secondary" means grades nine through twelve.

28 G. The part of the primary tax rate set to fund the small school
29 district adjustment as provided in subsections D and E of this section
30 shall not be included in the computation of additional state aid for
31 education as prescribed in section 15-972.

32 H. The election required pursuant to subsection E of this section
33 shall conform to the procedural requirements for calling the election,
34 preparing the informational pamphlet and preparing the ballot as
35 prescribed in section 15-481, subsections A, B, C and D. The maximum
36 number of years that a budget override approved pursuant to subsection E
37 of this section may be in effect is five years.

38 I. If the proposed budget override will be fully funded by a levy
39 of taxes on the taxable property within the school district, the ballot
40 shall contain the words "budget override, yes" and "budget override, no",
41 and the voter shall signify the voter's desired choice. The ballot shall
42 also contain the amount of the proposed budget override compared to the
43 amount the school district budgeted in the preceding year and the amount
44 the school district would be allowed to budget for if the measure is not
45 approved by the voters. The statement shall also include the estimated

1 amount of the override for each year the override is sought. The ballot
2 shall also include the following statement:

3 The budget override authorized by this election allows
4 the _____ school district to levy property taxes in
5 excess of the property tax levy allowed by law to fund the
6 school district's revenue control limit. The property tax
7 levy for the year for which adopted and for ____ subsequent
8 years will be annually adjusted based on a formula that
9 authorizes the _____ school district to exceed the
10 revenue control limit by up to thirty-five percent for
11 kindergarten programs and grades one through eight or up to
12 sixty-five percent for grades nine through twelve. The levy
13 shall not be realized from monies furnished by the state and
14 shall not be subject to the limitation on taxes specified in
15 article IX, section 18, Constitution of Arizona. Based on an
16 estimate of assessed valuation used for secondary property tax
17 purposes, the proposed override in the _____ school
18 district's budget over that allowed by the revenue control
19 limit would result in an estimated increase in the school
20 district's tax rate of \$_____ ~~dollars~~ per ~~one~~
21 ~~hundred dollars~~ \$100 of assessed valuation for the secondary
22 property tax purposes.

23 J. If the proposed budget override will be fully funded by revenues
24 from other than a levy of taxes on the taxable property within the school
25 district, the ballot shall contain the words "budget override, yes" and
26 "budget override, no", and the voter shall signify the voter's desired
27 choice. The ballot shall also contain the amount of the proposed budget
28 override compared to the amount the school district budgeted in the
29 preceding year and the amount the school district would be allowed to
30 budget for if the measure is not approved by the voters. The statement
31 shall also include the estimated amount of the override for each year the
32 override is sought. The ballot shall also include the following
33 statement:

34 Any budget override authorized by this election shall be
35 entirely funded by this school district with revenues from
36 other than a levy of taxes on the taxable property within the
37 school district for the year for which adopted and for _____
38 subsequent years and shall not be realized from monies
39 furnished by the state.

40 K. For the purposes of subsections H and I of this section, levy of
41 taxes on the taxable property does not include a levy of the government
42 property lease or park property lease excise taxes assessed pursuant to
43 title 42, chapter 6, article 5.