

REFERENCE TITLE: school districts; bonds; overrides; ballots

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1436

Introduced by
Senator Hoffman

AN ACT

AMENDING SECTIONS 15-481, 15-491 AND 15-949, ARIZONA REVISED STATUTES;
RELATING TO SCHOOL FINANCE ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-481, Arizona Revised Statutes, is amended to
3 read:

4 15-481. Override election; budget increases; informational
5 pamphlet; notice; ballot; effect

6 A. If a proposed budget of a school district exceeds the aggregate
7 budget limit for the budget year, at least ninety days before the proposed
8 election the governing board shall order an override election to be held
9 on the first Tuesday following the first Monday in November as prescribed
10 by section 16-204, subsection F for the purpose of presenting the proposed
11 budget to the qualified electors of the school district who by a majority
12 of those voting either shall affirm or reject the budget. At the same
13 time as the order of the election, the governing board shall publicly
14 declare the deadline for submitting arguments, as set by the county school
15 superintendent pursuant to subsection B, paragraph 9 of this section, to
16 be submitted in the informational pamphlet and shall immediately post the
17 deadline in a prominent location on the district's website. In addition,
18 the governing board shall prepare an alternate budget that does not
19 include an increase in the budget of more than the amount allowed as
20 provided in section 15-905. If the qualified electors approve the
21 proposed budget, the governing board of the school district shall follow
22 the procedures prescribed in section 15-905 for adopting a budget that
23 includes the authorized increase. If the qualified electors disapprove
24 the proposed budget, the governing board shall follow the procedures
25 prescribed in section 15-905 for adopting a budget that does not include
26 the proposed increase or the portion of the proposed increase that exceeds
27 the amount authorized by a previously approved budget increase as
28 prescribed in subsection P of this section.

29 B. The county school superintendent shall prepare an informational
30 pamphlet on the proposed increase in the budget and a sample ballot and,
31 at least forty days before the election, shall transmit the informational
32 pamphlet and the sample ballot to the governing board of the school
33 district. The governing board, on receipt of the informational pamphlet
34 and the ballot, shall mail or distribute the informational pamphlet and
35 the ballot to the households in which qualified electors reside within the
36 school district at least thirty-five days before the election. Any
37 distribution of material concerning the proposed increase in the budget
38 shall not be conducted by children enrolled in the school district. The
39 informational pamphlet shall contain the following information:

- 40 1. The date of the election.
- 41 2. The voter's polling place and the times it is open.
- 42 3. The proposed total increase in the budget that exceeds the
- 43 amount allowed pursuant to section 15-905.

1 4. The total amount of the current year's budget, the total amount
2 of the proposed budget and the total amount of the alternate budget.

3 5. If the override is for a period of more than one year, a
4 statement indicating the number of years the proposed increase in the
5 budget would be in effect and the percentage of the school district's
6 revenue control limit that the district is requesting for the future
7 years.

8 6. The proposed total amount of revenues that will fund the
9 increase in the budget and the amount that will be obtained from a levy of
10 taxes on the taxable property within the school district for the first
11 year for which the budget increase was adopted.

12 7. The proposed amount of revenues that will fund the increase in
13 the budget and that will be obtained from other than a levy of taxes on
14 the taxable property within the school district for the first year for
15 which the budget increase was adopted.

16 8. The dollar amount and the purpose for which the proposed
17 increase in the budget is to be expended for the first year for which the
18 budget increase was adopted. The purpose statement shall only present
19 factual information in a neutral manner. Advocacy for the expenditures is
20 strictly limited to the arguments submitted pursuant to paragraph 9 of
21 this subsection.

22 9. At least two arguments, if submitted, but not more than ten
23 arguments for and two arguments, if submitted, but not more than ten
24 arguments against the proposed increase in the budget. The arguments
25 shall be in a form prescribed by the county school superintendent, and
26 each argument shall not exceed two hundred words. Arguments for the
27 proposed increase in the budget shall be provided in writing and signed by
28 the governing board. The ballot arguments for the proposed increase in
29 the budget shall be signed as the governing board of the school district
30 without listing any member's individual name for the arguments for the
31 proposed increase. If submitted, additional arguments in favor of the
32 proposed increase in the budget shall be provided in writing with a
33 signed, sworn statement by those in favor. Arguments against the proposed
34 increase in the budget shall be provided in writing with a signed, sworn
35 statement by those in opposition. If the argument is submitted by an
36 organization, it shall contain the sworn statement of two executive
37 officers of the organization. If the argument is submitted by a political
38 committee, it shall contain the sworn statement of the committee's
39 chairperson or treasurer. If the argument is submitted by an individual
40 and not on behalf of an organization, a political committee or any other
41 group, the ~~person~~ INDIVIDUAL shall submit the argument with a sworn,
42 notarized statement. The names of persons and entities submitting written
43 arguments shall be included in the informational pamphlet. Persons
44 signing the argument shall identify themselves by giving their residence
45 address and telephone number, which may not appear in the informational

1 pamphlet, except that the person's city or town and state of residence
2 shall appear in the pamphlet. Any argument that is submitted and that
3 does not comply with this paragraph may not be included in the
4 pamphlet. The county school superintendent shall review all factual
5 statements contained in the written arguments and correct any inaccurate
6 statements of fact. The superintendent shall not review and correct any
7 portion of the written arguments that are identified as statements of the
8 author's opinion. The county school superintendent shall make the written
9 arguments available to the public as provided in title 39, chapter 1,
10 article 2. A deadline for submitting arguments to be included in the
11 informational pamphlet shall be set by the county school superintendent.

12 10. A statement that the alternate budget shall be adopted by the
13 governing board if the proposed budget is not adopted by the qualified
14 electors of the school district.

15 11. The current limited property value and the net assessed
16 valuation provided by the department of revenue, the first year tax rate
17 for the proposed override and the estimated amount of the secondary
18 property taxes if the proposed budget is adopted for each of the
19 following:

20 (a) An owner-occupied residence whose assessed valuation is the
21 average assessed valuation of property classified as class three, as
22 prescribed by section 42-12003 for the current year in the school
23 district.

24 (b) An owner-occupied residence whose assessed valuation is
25 one-half of the assessed valuation of the residence in subdivision (a) of
26 this paragraph.

27 (c) An owner-occupied residence whose assessed valuation is twice
28 the assessed valuation of the residence in subdivision (a) of this
29 paragraph.

30 (d) A business whose assessed valuation is the average of the
31 assessed valuation of property classified as class one, as prescribed by
32 section 42-12001, paragraphs 12 and 13 for the current year in the school
33 district.

34 12. If the election is conducted pursuant to subsection L or M of
35 this section, the following information:

36 (a) An executive summary of the school district's most recent
37 capital improvement plan submitted to the school facilities oversight
38 board.

39 (b) A complete list of each proposed capital improvement that will
40 be funded with the budget increase and a description of the proposed cost
41 of each improvement, including a separate aggregation of capital
42 improvements for administrative purposes as defined by the school
43 facilities oversight board.

1 (c) The tax rate associated with each of the proposed capital
2 improvements and the estimated cost of each capital improvement for the
3 owner of a single family home that is valued at \$80,000.

4 C. For the purpose of this section, the school district may use its
5 staff, equipment, materials, buildings or other resources only to
6 distribute the informational pamphlet at the school district office or at
7 public hearings and to produce such information as required in subsection
8 B of this section. This subsection does not preclude school districts from
9 holding or participating in any public hearings at which testimony is
10 given by at least one person for the proposed increase and one person
11 against the proposed increase. Any written information provided by the
12 district pertaining to the override election shall include financial
13 information showing the estimated first year tax rate for the proposed
14 budget override amount.

15 D. If any amount of the proposed increase will be funded by a levy
16 of taxes in the district, the election prescribed in subsection A of this
17 section shall be held on the first Tuesday following the first Monday in
18 November as prescribed by section 16-204, subsection F. If the proposed
19 increase will be fully funded by revenues from other than a levy of taxes,
20 the elections prescribed in subsection A of this section shall be held on
21 any date prescribed by section 16-204. The elections shall be conducted
22 as nearly as practicable in the manner prescribed in article 1 of this
23 chapter, sections 15-422, ~~through 15-423~~, 15-424 and ~~section~~ 15-426,
24 relating to special elections, except that:

25 1. The notices required pursuant to section 15-403 shall be posted
26 not less than twenty-five days before the election.

27 2. Ballots shall be counted pursuant to title 16, chapter 4,
28 article 10.

29 E. If the election is to exceed the revenue control limit and if
30 the proposed increase will be fully funded by a levy of taxes on the
31 taxable property within the school district, the ballot shall contain the
32 words "budget increase, yes" and "budget increase, no", and the voter
33 shall signify the voter's desired choice. The ballot shall also contain:

34 1. The amount of the proposed increase of the proposed budget over
35 the alternate budget. ~~;~~

36 2. A statement that the amount of the proposed increase will be
37 based on a percentage of the school district's revenue control limit in
38 future years, if applicable, as provided in subsection P of this section.

39 ~~and~~

40 3. The following statement:

41 Any budget increase authorized by this election shall be
42 entirely funded by a levy of taxes on the taxable property
43 within this school district for the year for which adopted and
44 for ____ subsequent years, shall not be realized from monies
45 furnished by the state and shall not be subject to the

1 limitation on taxes specified in article IX, section 18,
2 Constitution of Arizona. Based on the current net assessed
3 valuation used for secondary property tax purposes, to fund
4 the proposed increase in the school district's budget would
5 require an estimated tax rate of \$_____ per \$100 of
6 net assessed valuation used for secondary property tax
7 purposes and is in addition to the school district's tax rate
8 that will be levied to fund the school district's revenue
9 control limit allowed by law.

10 F. If the election is to exceed the revenue control limit and if
11 the proposed increase will be fully funded by revenues from other than a
12 levy of taxes on the taxable property within the school district, the
13 ballot shall contain the words "budget increase, yes" and "budget
14 increase, no", and the voter shall signify the voter's desired choice.
15 The ballot shall also contain:

16 1. The amount of the proposed increase of the proposed budget over
17 the alternate budget.

18 2. A statement that the amount of the proposed increase will be
19 based on a percentage of the school district's revenue control limit in
20 future years, if applicable, as provided in subsection P of this section.

21 3. The following statement:

22 Any budget increase authorized by this election shall be
23 entirely funded by this school district with revenues from
24 other than a levy of taxes on the taxable property within the
25 school district for the year for which adopted and for _____
26 subsequent years and shall not be realized from monies
27 furnished by the state.

28 G. Except as provided in subsection H of this section, the maximum
29 budget increase that may be requested and authorized as provided in
30 subsection E or F of this section or the combination of subsections E and
31 F of this section is fifteen percent of the revenue control limit as
32 provided in section 15-947, subsection A for the budget year. If a school
33 district requests an override pursuant to section 15-482 or to continue
34 with a budget override pursuant to section 15-482 for pupils in
35 kindergarten programs and grades one through three that was authorized
36 before December 31, 2008, the maximum budget increase that may be
37 requested and authorized as provided in subsection E or F of this section
38 or the combination of subsections E and F of this section is ten percent
39 of the revenue control limit as provided in section 15-947, subsection A
40 for the budget year.

41 H. Special budget override provisions for school districts with a
42 student count of less than one hundred fifty-four in kindergarten programs
43 and grades one through eight or with a student count of less than one
44 hundred seventy-six in grades nine through twelve are as follows:

1 1. The maximum budget increase that may be requested and authorized
 2 as provided in subsections E and F of this section is the greater of the
 3 amount prescribed in subsection G of this section or a limit computed as
 4 follows:

5 (a) For common or unified districts with a student count of less
 6 than one hundred fifty-four in kindergarten programs and grades one
 7 through eight, the limit computed as prescribed in item (i) or (ii) of
 8 this subdivision, whichever is appropriate:

9 (i)

10		Small School	Support Level Weight		Phase Down
11	Student	Student	for Small Isolated		Reduction
12	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
13	_____ -	125	x 1.358 + (0.0005 x	x \$ _____ =	\$ _____
14			(500 - Student Count))		
15				Small Isolated	
16		Phase Down	Phase Down	School District	
17		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
18		\$150,000 -	\$ _____	=	\$ _____

19 (ii)

20		Small School	Support Level Weight		Phase Down
21	Student	Student	for Small		Reduction
22	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
23	_____ -	125	x 1.278 + (0.0003 x	x \$ _____ =	\$ _____
24			(500 - Student Count))		
25				Small	
26		Phase Down	Phase Down	School District	
27		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
28		\$150,000 -	\$ _____	=	\$ _____

29 (b) For unified or union high school districts with a student count
 30 of less than one hundred seventy-six in grades nine through twelve, the
 31 limit computed as prescribed in item (i) or (ii) of this subdivision,
 32 whichever is appropriate:

33 (i)

34		Small School	Support Level Weight		Phase Down
35	Student	Student	for Small Isolated		Reduction
36	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
37	_____ -	100	x 1.468 + (0.0005 x	x \$ _____ =	\$ _____
38			(500 - Student Count))		
39				Small Isolated	
40		Phase Down	Phase Down	District	
41		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
42		\$350,000 -	\$ _____	=	\$ _____

1 (ii)

$$\begin{array}{r}
 2 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 3 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 4 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 5 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.398 + (0.0004 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 6 \quad \hspace{10em} (500 - \text{Student Count})) \\
 7 \quad \hspace{10em} \text{Small} \\
 8 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 9 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 10 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

11 (c) If both subdivisions (a) and (b) of this paragraph apply to a
 12 unified school district, its limit for the purposes of this paragraph is
 13 the combination of its elementary limit and its secondary limit.

14 (d) If only subdivision (a) or (b) of this paragraph applies to a
 15 unified school district, the district's limit for the purposes of this
 16 paragraph is the sum of the limit computed as provided in subdivision (a)
 17 or (b) of this paragraph plus ten percent of the revenue control limit
 18 attributable to those grade levels that do not meet the eligibility
 19 requirements of this subsection. If a school district budgets monies
 20 outside the revenue control limit pursuant to section 15-949, subsection
 21 E, the district's limit for the purposes of this paragraph is only the ten
 22 percent of the revenue control limit attributable to those grade levels
 23 that are not included under section 15-949, subsection E. For the
 24 purposes of this subdivision, the revenue control limit is separated into
 25 elementary and secondary components based on the weighted student count as
 26 provided in section 15-971, subsection B, paragraph 2, subdivision (a).

27 2. If a school district utilizes this subsection to request an
 28 override of more than one year, the ballot shall include an estimate of
 29 the amount of the proposed increase in the future years in place of the
 30 statement that the amount of the proposed increase will be based on a
 31 percentage of the school district's revenue control limit in future years,
 32 as prescribed in subsections E and F of this section.

33 3. Notwithstanding subsection P of this section, the maximum period
 34 of an override authorized pursuant to this subsection is five years.

35 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
 36 overrides authorized pursuant to this subsection.

37 I. If the election is to exceed the revenue control limit as
 38 provided in section 15-482 and if the proposed increase will be fully
 39 funded by a levy of taxes on the taxable property within the school
 40 district, the ballot shall contain the words "budget increase, yes" and
 41 "budget increase, no", and the voter shall signify the voter's desired
 42 choice. The ballot shall also contain:

43 1. The amount of the proposed increase of the budget over the
 44 alternate budget. ~~;~~

1 2. A statement that the amount of the proposed increase will be
2 based on a percentage of the school district's revenue control limit in
3 future years, if applicable, as provided in subsection Q of this section.

4 ~~, and~~

5 3. The following statement:

6 Any budget increase authorized by this election shall be
7 entirely funded by a levy of taxes on the taxable property
8 within this school district for the year for which adopted and
9 for _____ subsequent years, shall not be realized from monies
10 furnished by the state and shall not be subject to the
11 limitation on taxes specified in article IX, section 18,
12 Constitution of Arizona. Based on the current net assessed
13 valuation used for secondary property tax purposes, to fund
14 the proposed increase in the school district's budget that
15 will be funded by a levy of taxes on the taxable property
16 within this school district would require an estimated tax
17 rate of \$_____ per \$100 of net assessed valuation used
18 for secondary property tax purposes and is in addition to the
19 school district's tax rate that will be levied to fund the
20 school district's revenue control limit allowed by law.

21 J. If the election is to exceed the revenue control limit as
22 provided in section 15-482 and if the proposed increase will be fully
23 funded by revenues other than a levy of taxes on the taxable property
24 within the school district, the ballot shall contain the words "budget
25 increase, yes" and "budget increase, no", and the voter shall signify the
26 voter's desired choice. The ballot shall also contain:

27 1. The amount of the proposed increase of the proposed budget over
28 the alternate budget. ~~,~~

29 2. A statement that the amount of the proposed increase will be
30 based on a percentage of the school district's revenue control limit in
31 future years, if applicable, as provided in subsection Q of this section.

32 ~~and~~

33 3. The following statement:

34 Any budget increase 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. The maximum budget increase that may be requested and authorized
41 as provided in subsection I or J of this section, or a combination of both
42 of these subsections, is five percent of the revenue control limit as
43 provided in section 15-947, subsection A for the budget year. For a
44 common school district not within a high school district or a common
45 school district within a high school district that offers instruction in

1 high school subjects as provided in section 15-447, five percent of the
2 revenue control limit means five percent of the revenue control limit
3 attributable to the weighted student count in preschool programs for
4 children with disabilities, kindergarten programs and grades one through
5 eight as provided in section 15-971, subsection B. For a unified school
6 district, five percent of the revenue control limit means five percent of
7 the revenue control limit attributable to the weighted student count in
8 preschool programs for children with disabilities, kindergarten programs
9 and grades one through twelve. For a union high school district, five
10 percent of the revenue control limit means five percent of the revenue
11 control limit attributable to the weighted student count in grades nine
12 through twelve.

13 L. If the election is to exceed district additional assistance and
14 if the proposed increase will be fully funded by a levy of taxes on the
15 taxable property within the school district, the ballot shall contain the
16 words "budget increase, yes" and "budget increase, no", and the voter
17 shall signify the voter's desired choice. An election held pursuant to
18 this subsection shall be held on the first Tuesday after the first Monday
19 of November. The ballot shall also contain:

20 1. The amount of the proposed increase of the proposed budget over
21 the alternate budget. ~~and~~

22 2. The following statement:

23 Any budget increase authorized by this election shall be
24 entirely funded by a levy of taxes on the taxable property
25 within this school district for the year in which adopted and
26 for _____ subsequent years, shall not be realized from monies
27 furnished by the state and shall not be subject to the
28 limitation on taxes specified in article IX, section 18,
29 Constitution of Arizona. Based on the current net assessed
30 valuation used for secondary property tax purposes, to fund
31 the proposed increase in the school district's budget would
32 require an estimated tax rate of \$_____ per \$100 of net
33 assessed valuation used for secondary property tax purposes
34 and is in addition to the school district's tax rate that will
35 be levied to fund the school district's district additional
36 assistance allowed by law.

37 3. IF A BUDGET IN EXCESS OF DISTRICT ADDITIONAL ASSISTANCE WAS
38 PREVIOUSLY ADOPTED BY THE VOTERS IN A SCHOOL DISTRICT AND THE ELECTION IS
39 TO CONTINUE EXCEEDING THE DISTRICT ADDITIONAL ASSISTANCE, THE FOLLOWING
40 STATEMENT:

41 WITHOUT THE BUDGET INCREASE AUTHORIZED BY THIS ELECTION,
42 THE ESTIMATED TAX RATE WILL BE REDUCED BY \$_____ PER \$100
43 OF NET ASSESSED VALUATION USED FOR SECONDARY PROPERTY TAX
44 PURPOSES BEGINNING ON (DATE CURRENT AUTHORIZATION EXPIRES).

1 M. If the election is to exceed district additional assistance and
2 if the proposed increase will be fully funded by revenues from other than
3 a levy of taxes on the taxable property within the school district, the
4 ballot shall contain the words "budget increase, yes" and "budget
5 increase, no", and the voter shall signify the voter's desired choice. An
6 election held pursuant to this subsection shall be held on the first
7 Tuesday after the first Monday of November. The ballot shall also
8 contain:

9 1. The amount of the proposed increase of the proposed budget over
10 the alternate budget. ~~and~~

11 2. The following statement:

12 Any budget increase authorized by this election shall be
13 entirely funded by this school district with revenues from
14 other than a levy of taxes on the taxable property within the
15 school district for the year in which adopted and for _____
16 subsequent years and shall not be realized from monies
17 furnished by the state.

18 N. If the election is to exceed a combination of the revenue
19 control limit as provided in subsection E or F of this section, the
20 revenue control limit as provided in subsection I or J of this section or
21 district additional assistance as provided in subsection L or M of this
22 section, the ballot shall be prepared so that the voters may vote on each
23 proposed increase separately and shall contain statements required in the
24 same manner as if each proposed increase were submitted separately.

25 O. If the election provides for a levy of taxes on the taxable
26 property within the school district, at least thirty days before the
27 election, the department of revenue shall provide the school district
28 governing board and the county school superintendent with the current net
29 assessed valuation of the school district. The governing board and the
30 county school superintendent shall use the current net assessed valuation
31 of the school district to translate the amount of the proposed dollar
32 increase in the budget of the school district over that allowed by law
33 into a tax rate figure.

34 P. If the voters in a school district vote to adopt a budget in
35 excess of the revenue control limit as provided in subsection E or F of
36 this section, any additional increase shall be included in the aggregate
37 budget limit for each of the years authorized. Any additional increase
38 shall be excluded from the determination of equalization assistance. The
39 school district governing board, however, may levy on the net assessed
40 valuation used for secondary property tax purposes of the property in the
41 school district the additional increase if adopted under subsection E of
42 this section for the period of one year, two years or five through seven
43 years as authorized. If an additional increase is approved as provided in
44 subsection F of this section, the school district governing board may only
45 use revenues derived from the school district's prior year's maintenance

1 and operation fund ending cash balance to fund the additional increase.
2 If a budget increase was previously authorized and will be in effect for
3 the budget year or budget year and subsequent years, as provided in
4 subsection E or F of this section, the governing board may request a new
5 budget increase as provided in the same subsection under which the prior
6 budget increase was adopted, which shall not exceed the maximum amount
7 allowed under subsection G of this section. If the voters in the school
8 district authorize the new budget increase amount, the existing budget
9 increase no longer is in effect. If the voters in the school district do
10 not authorize the budget increase amount, the existing budget increase
11 remains in effect for the time period for which it was authorized. The
12 maximum additional increase authorized as provided in subsection E or F of
13 this section and the additional increase that is included in the aggregate
14 budget limit is based on a percentage of a school district's revenue
15 control limit in future years, if the budget increase is authorized for
16 more than one year. If the additional increase:

17 1. Is for two years, the proposed increase in the second year is
18 equal to the initial proposed percentage increase.

19 2. Is for five years or more, the proposed increase is equal to the
20 initial proposed percentage increase in the following years of the
21 proposed increase, except that in the next to last year it is two-thirds
22 of the initial proposed percentage increase and it is one-third of the
23 initial proposed percentage increase in the last year of the proposed
24 increase.

25 Q. If the voters in a school district vote to adopt a budget in
26 excess of the revenue control limit as provided in subsection I or J of
27 this section, any additional increase shall be included in the aggregate
28 budget limit for each of the years authorized. Any additional increase
29 shall be excluded from the determination of equalization assistance. The
30 school district governing board, however, may levy on the net assessed
31 valuation used for secondary property tax purposes of the property in the
32 school district the additional increase if adopted under subsection I of
33 this section for the period of one year, two years or five through seven
34 years as authorized. If an additional increase is approved as provided in
35 subsection J of this section, the increase may only be budgeted and
36 expended if sufficient monies are available in the maintenance and
37 operation fund of the school district. If a budget increase was
38 previously authorized and will be in effect for the budget year or budget
39 year and subsequent years, as provided in subsection I or J of this
40 section, the governing board may request a new budget increase as provided
41 in the same subsection under which the prior budget increase was adopted
42 that does not exceed the maximum amount permitted under subsection K of
43 this section. If the voters in the school district authorize the new
44 budget increase amount, the existing budget increase no longer is in
45 effect. If the voters in the school district do not authorize the budget

1 increase amount, the existing budget increase remains in effect for the
2 time period for which it was authorized. The maximum additional increase
3 authorized as provided in subsection I or J of this section and the
4 additional increase that is included in the aggregate budget limit is
5 based on a percentage of a school district's revenue control limit in
6 future years, if the budget increase is authorized for more than one year.
7 If the additional increase:

8 1. Is for two years, the proposed increase in the second year is
9 equal to the initial proposed percentage increase.

10 2. Is for five years or more, the proposed increase is equal to the
11 initial proposed percentage increase in the following years of the
12 proposed increase, except that in the next to last year it is two-thirds
13 of the initial proposed percentage increase and it is one-third of the
14 initial proposed percentage increase in the last year of the proposed
15 increase.

16 R. If the voters in a school district vote to adopt a budget in
17 excess of district additional assistance as provided in subsection L of
18 this section, any additional increase shall be included in the aggregate
19 budget limit for each of the years authorized. The additional increase
20 shall be excluded from the determination of equalization assistance. The
21 school district governing board, however, may levy on the net assessed
22 valuation used for secondary property tax purposes of the property in the
23 school district the additional increase for the period authorized but not
24 to exceed ten years. For overrides approved by a vote of the qualified
25 electors of the school district at an election held from and after
26 October 31, 1998, the period of the additional increase prescribed in this
27 subsection shall not exceed seven years for any capital override election.

28 S. If the voters in a school district vote to adopt a budget in
29 excess of district additional assistance as provided in subsection M of
30 this section, any additional increase shall be included in the aggregate
31 budget limit for each of the years authorized. The additional increase
32 shall be excluded from the determination of equalization assistance. The
33 school district governing board may only use revenues derived from the
34 school district's prior year's maintenance and operation fund ending cash
35 balance and capital outlay fund ending cash balance to fund the additional
36 increase for the period authorized but not to exceed ten years. For
37 overrides approved by a vote of the qualified electors of the school
38 district at an election held from and after October 31, 1998, the period
39 of the additional increase prescribed in this subsection shall not exceed
40 seven years for any capital override election.

41 T. In addition to subsections P and S of this section, from the
42 maintenance and operation fund and capital outlay fund ending cash
43 balances, the school district governing board shall first use any
44 available revenues to reduce its primary tax rate to zero and shall use

1 any remaining revenues to fund the additional increase authorized as
2 provided in subsections F and M of this section.

3 U. If the voters in a school district disapprove the proposed
4 budget, the alternate budget that, except for any budget increase
5 authorized by a prior election, does not include an increase in the budget
6 in excess of the amount provided in section 15-905 shall be adopted by the
7 governing board as provided in section 15-905.

8 V. The governing board may request that any override election be
9 cancelled if any change in chapter 9 of this title changes the amount of
10 the aggregate budget limit as provided in section 15-905. The request to
11 cancel the override election shall be made to the county school
12 superintendent at least eighty days before the date of the scheduled
13 override election.

14 W. For any election conducted pursuant to subsection L or M of this
15 section:

16 1. The ballot shall include the following statement in addition to
17 any other statement required by this section:

18 The capital improvements that are proposed to be funded
19 through this override election are to exceed the state
20 standards and are in addition to monies provided by the state.

21 _____ school district is proposing to increase its
22 budget by \$_____ to fund capital improvements over and
23 above those funded by the state. Under the students first
24 capital funding system, _____ school district is entitled
25 to state monies for new construction and renovation of school
26 buildings in accordance with state law.

27 2. The ballot shall contain the words "budget increase, yes" and
28 "budget increase, no", and the voter shall signify the voter's desired
29 choice.

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

40 X. If the voters approve the budget increase pursuant to subsection
41 L or M of this section, the school district shall not use the override
42 proceeds for any purposes other than the proposed capital improvements
43 listed in the informational pamphlet, except that up to ten percent of the
44 override proceeds may be used for general capital expenses, including cost
45 overruns of proposed capital improvements.

1 Y. Each school district that currently increases its budget
2 pursuant to this section shall hold a public meeting each year between
3 September 1 and October 31 at which an update of the programs or capital
4 improvements financed through the override is discussed and at which the
5 public is allowed an opportunity to comment and:

6 1. If the increase is pursuant to subsection L or M of this
7 section, at a minimum, the update shall include the progress of capital
8 improvements financed through the override, a comparison of the current
9 status and the original projections on the construction of capital
10 improvements, the costs of capital improvements and the costs of capital
11 improvements in progress or completed since the prior meeting and the
12 future capital plans of the school district. The school district shall
13 include in the public meeting a discussion of the school district's use of
14 state capital aid and voter-approved bonding in funding capital
15 improvements, if any.

16 2. If the increase is pursuant to subsection E, F, I or J of this
17 section, the update shall include at a minimum the amount expended in the
18 previous fiscal year and the amount included in the current budget for
19 each of the purposes listed in the informational pamphlet prescribed by
20 subsection B of this section.

21 Z. If a budget in excess of district additional assistance was
22 previously adopted by the voters in a school district and will be in
23 effect for the budget year or budget year and subsequent years, as
24 provided in subsection L or M of this section, the governing board may
25 request an additional budget in excess of district additional assistance.
26 If the voters in a school district authorize the additional budget in
27 excess of district additional assistance, the existing district additional
28 assistance budget increase remains in effect.

29 AA. Notwithstanding any other law, the maximum budget increase that
30 may be authorized pursuant to subsection L or M of this section is ten
31 percent of the school district's revenue control limit.

32 BB. If the election is to continue to exceed the revenue control
33 limit and if the proposed override will be fully funded by a continuation
34 of a levy of taxes on the taxable property in the school district, the
35 ballot shall contain the words "budget override continuation, yes" and
36 "budget override continuation, no", and the voter shall signify the
37 voter's desired choice. The ballot shall also contain:

38 1. The amount of the proposed continuation of the budget increase
39 of the proposed budget over the alternate budget. ~~;~~

40 2. A statement that the amount of the proposed increase will be
41 based on a percentage of the school district's revenue control limit in
42 future years, if applicable, as provided in subsection P of this section.

43 and

1 3. The following statement:

2 Any budget increase continuation authorized by this
3 election shall be entirely funded by a levy of taxes on the
4 taxable property in this school district for the year for
5 which adopted and for _____ subsequent years, shall not be
6 realized from monies furnished by the state and shall not be
7 subject to the limitation on taxes specified in article IX,
8 section 18, Constitution of Arizona. Based on the current net
9 assessed valuation used for secondary property tax purposes,
10 to fund the proposed continuation of the increase in the
11 school district's budget would require an estimated
12 continuation of a tax rate of \$_____ per \$100 of
13 assessed valuation used for secondary property tax purposes
14 and is in addition to the school district's tax rate that will
15 be levied to fund the school district's revenue control limit
16 allowed by law. WITHOUT THE CONTINUATION AUTHORIZED BY THIS
17 ELECTION, THE ESTIMATED TAX RATE WILL BE REDUCED BY \$_____
18 PER \$100 OF NET ASSESSED VALUATION USED FOR SECONDARY PROPERTY
19 TAX PURPOSES BEGINNING ON (DATE CURRENT AUTHORIZATION
20 EXPIRES).

21 CC. If the election is to continue to exceed the revenue control
22 limit as provided in section 15-482 and if the proposed override will be
23 fully funded by a continuation of a levy of taxes on the taxable property
24 in the school district, the ballot shall contain the words "budget
25 override continuation, yes" and "budget override continuation, no", and
26 the voter shall signify the voter's desired choice. The ballot shall also
27 contain:

28 1. The amount of the proposed continuation of the budget increase
29 of the proposed budget over the alternate budget. ~~;~~

30 2. A statement that the amount of the proposed increase will be
31 based on a percentage of the school district's revenue control limit in
32 future years, if applicable, as provided in subsection P of this section.

33 ~~and~~

34 3. The following statement:

35 Any budget increase continuation authorized by this
36 election shall be entirely funded by a levy of taxes on the
37 taxable property in this school district for the year for which
38 adopted and for _____ subsequent years, shall not be realized
39 from monies furnished by the state and shall not be subject to
40 the limitation on taxes specified in article IX, section 18,
41 Constitution of Arizona. Based on the current net assessed
42 valuation used for secondary property tax purposes, to fund the
43 proposed continuation of the increase in the school district's
44 budget would require an estimated continuation of a tax rate of
45 \$_____ per \$100 of net assessed valuation used for

1 secondary property tax purposes and is in addition to the
2 school district's tax rate that will be levied to fund the
3 school district's revenue control limit allowed by law.
4 WITHOUT THE CONTINUATION AUTHORIZED BY THIS ELECTION, THE
5 ESTIMATED TAX RATE WILL BE REDUCED BY \$_____ PER \$100 OF
6 NET ASSESSED VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES
7 BEGINNING ON (DATE CURRENT AUTHORIZATION EXPIRES) .

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

10 15-491. Elections on school property: exceptions

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

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

16 2. To purchase or sell school sites or buildings or sell school
17 sites pursuant to section 15-342 or to build school buildings, but the
18 authorization by vote of the school district shall not necessarily specify
19 the site to be purchased.

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

34 4. To lease for twenty or more years, as lessor or as lessee,
35 school buildings or grounds. Approval by a majority of the school
36 district electors voting authorizes the governing board to negotiate for
37 and enter into a lease. The ballot shall list the school buildings or
38 grounds for which a lease is sought. If the governing board does not
39 enter into a lease of twenty or more years of the school buildings or
40 grounds listed on the ballot within twenty years after the date of the
41 election and the board continues to seek such a lease, the governing board
42 shall call a special election to reauthorize the board to negotiate for
43 and to enter into a lease of twenty or more years.

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

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

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

10 C. When the election is called to determine whether or not bonds of
11 the school district shall be issued and sold for the purposes enumerated
12 in the call for the election, the question shall be submitted to the vote
13 of the qualified electors of the school district as defined in section
14 15-401 and subject to section 15-402.

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

28 E. The elections to be held pursuant to this section shall only be
29 held on dates prescribed by section 16-204, except that elections held
30 pursuant to this section to decide whether class B bonds shall be issued,
31 or any other obligation incurred that will require the assessment of
32 secondary property taxes, shall only be held on the first Tuesday after
33 the first Monday of November.

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

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

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

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

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

4 _____ school district is proposing to issue class B
5 general obligation bonds totaling \$_____ to fund capital
6 improvements over and above those funded by the state. Under
7 the students first capital funding system, _____ school
8 district is entitled to state monies for new construction and
9 renovation of school buildings in accordance with state law.

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

12 _____, a career technical education district, is
13 proposing to issue class B general obligation bonds totaling
14 \$_____ to fund capital improvements at a campus owned or
15 operated and maintained by the career technical education
16 district.

17 3. The ballot shall conform to the requirements of title 35,
18 chapter 3, article 3.

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

31 5. Not later than thirty-five days before a class B bond election
32 conducted pursuant to this section, the school district shall mail an
33 informational pamphlet prepared by the county school superintendent to
34 each household that contains a qualified elector in the school
35 district. The informational pamphlet shall contain, at a minimum, the
36 following information:

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

39 (b) A complete list of each proposed capital improvement that will
40 be funded with the proceeds of the bonds and a description of the proposed
41 cost of each improvement, including a separate aggregation of capital
42 improvements for administrative purposes as defined by the school
43 facilities oversight board.

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

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

6 1. The ballot shall include the following statement:

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

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

16 2. The ballot shall contain the words "bond approval, yes" and
17 "bond approval, no", and the voter shall signify the voter's desired
18 choice.

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

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

35 (a) The date of the election.

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

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

39 (d) A complete list of each proposed capital improvement that will
40 be funded with the proceeds of the bonds and a description of the proposed
41 cost of each improvement, including a separate aggregation of capital
42 improvements for administrative purposes as defined by the school
43 facilities oversight board.

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

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

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

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

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

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

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

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

43 (a) The date of the election.

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

45 (c) A statement as to why the election was called.

1 (d) A complete list of each proposed capital improvement that is in
2 addition to the initial capital improvements presented in the
3 informational pamphlet when the bonds were approved and the proposed cost
4 of each improvement, including a separate aggregation of capital
5 improvements for administrative purposes as defined by the school
6 facilities oversight board.

7 (e) A complete list of each capital improvement that was presented
8 in the informational pamphlet when the bonds were initially approved and
9 that is proposed to be eliminated or to have its cost reduced, and the
10 proposed cost of each improvement, including a separate aggregation of
11 capital improvements for administrative purposes as defined by the school
12 facilities oversight board.

13 (f) Arguments for and against the proposed change, if submitted, as
14 provided by section 15-481, subsection B, paragraph 9. The ballot
15 arguments for the proposed change shall be signed as the governing board
16 of the school district without listing any member's individual name for
17 the arguments for the proposed change.

18 3. The ballot shall contain the words "change capital improvements,
19 yes" and "change capital improvements, no", and the voter shall signify
20 the voter's desired choice.

21 4. If the election is to add a purpose that was not on the initial
22 ballot, the ballot shall list the purpose that is proposed to be added.

23 M. If an election is held to extend the time to issue bonds
24 pursuant to subsection A, paragraph 6 of this section, the following
25 requirements apply:

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

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

33 (a) The date of the election.

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

35 (c) A statement as to why the election was called.

36 (d) Arguments for and against the proposed change, if submitted, as
37 provided in section 15-481, subsection B, paragraph 9. The ballot
38 arguments for the proposed change shall be signed as the governing board
39 of the school district without listing any member's individual name for
40 the arguments for the proposed change.

41 3. The ballot shall contain the words "extend time to issue bonds,
42 yes" and "extend time to issue bonds, no", and the voter shall signify the
43 voter's desired choice.

1 N. IF A SCHOOL DISTRICT'S AUTHORITY TO ISSUE AND SELL BONDS THAT
2 ARE FUNDED BY A LEVY OF TAXES IN THE DISTRICT IS EXPIRING AND THE SCHOOL
3 DISTRICT GOVERNING BOARD CALLS AN ELECTION TO DETERMINE WHETHER THE SCHOOL
4 DISTRICT MAY ISSUE AND SELL BONDS AT THE SAME RATE IN SUBSEQUENT YEARS,
5 THE BALLOT SHALL CONTAIN THE FOLLOWING STATEMENT:

6 WITHOUT THE CONTINUATION AUTHORIZED BY THIS ELECTION, THE
7 ESTIMATED TAX RATE WILL BE REDUCED BY \$_____ PER \$100 OF
8 NET ASSESSED VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES
9 BEGINNING ON (DATE CURRENT AUTHORIZATION EXPIRES).

10 Sec. 3. Section 15-949, Arizona Revised Statutes, is amended to
11 read:

12 15-949. Small school districts; exemption from general budget
13 limit; budget revision

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

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

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

33 (a) If a governing board:

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

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

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

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

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

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

22 D. Notwithstanding subsection C of this section, school districts
23 that exceeded the student count limits prescribed in subsection A of this
24 section may adopt, in the first year that these limits are exceeded, a
25 budget that exceeds the general budget limit without an election conducted
26 pursuant to section 15-481 or pursuant to subsection E of this section,
27 except that the amount that exceeds the general budget limit shall not
28 exceed the amount authorized pursuant to subsection C of this section plus
29 the limit prescribed in subsection E of this section. The amount that is
30 adopted without an election and that exceeds the general budget limit is
31 exempt from the revenue control limit.

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

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

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

11 (a) Subtract one hundred twenty-five from the elementary student
12 count.

13 (b) Multiply the difference in subdivision (a) of this paragraph by
14 0.45 percent.

15 (c) Subtract the product determined in subdivision (b) of this
16 paragraph from thirty-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 elementary revenue control limit.

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

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

25 (b) Multiply the difference in subdivision (a) of this paragraph by
26 0.65 percent.

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

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

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

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

37 1. "Elementary" means kindergarten programs and grades one through
38 eight.

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

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

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

7 I. If the proposed budget override will be fully funded by a levy
8 of taxes on the taxable property within the school district, the ballot
9 shall contain the words "budget override, yes" and "budget override, no",
10 and the voter shall signify the voter's desired choice. The ballot shall
11 also contain:

12 1. The amount of the proposed budget override compared to the
13 amount the school district budgeted in the preceding year. ~~and~~

14 2. The amount the school district would be allowed to budget for if
15 the measure is not approved by the voters.

16 3. The ~~statement shall also include the~~ estimated amount of the
17 override for each year the override is sought.

18 4. The ~~ballot shall also include the~~ following statement:

19 The budget override authorized by this election allows
20 the _____ school district to levy property taxes in
21 excess of the property tax levy allowed by law to fund the
22 school district's revenue control limit. The property tax
23 levy for the year for which adopted and for ____ subsequent
24 years will be annually adjusted based on a formula that
25 authorizes the _____ school district to exceed the
26 revenue control limit by up to thirty-five percent for
27 kindergarten programs and grades one through eight or up to
28 sixty-five percent for grades nine through twelve. The levy
29 shall not be realized from monies furnished by the state and
30 shall not be subject to the limitation on taxes specified in
31 article IX, section 18, Constitution of Arizona. Based on an
32 estimate of assessed valuation used for secondary property tax
33 purposes, the proposed override in the _____ school
34 district's budget over that allowed by the revenue control
35 limit would result in an estimated increase in the school
36 district's tax rate of \$_____ ~~dollars~~ per ~~one~~
37 ~~hundred dollars~~ \$100 of assessed valuation for the secondary
38 property tax purposes.

39 5. IF A BUDGET OVERRIDE WAS PREVIOUSLY ADOPTED BY THE VOTERS IN A
40 SCHOOL DISTRICT AND THE ELECTION IS TO CONTINUE THE BUDGET OVERRIDE, THE
41 FOLLOWING STATEMENT:

42 WITHOUT THE BUDGET INCREASE AUTHORIZED BY THIS ELECTION,
43 THE ESTIMATED TAX RATE WILL BE REDUCED BY \$_____ PER \$100
44 OF NET ASSESSED VALUATION USED FOR SECONDARY PROPERTY TAX
45 PURPOSES BEGINNING ON (DATE CURRENT AUTHORIZATION EXPIRES).

1 J. If the proposed budget override will be fully funded by revenues
2 from other than a levy of taxes on the taxable property within the school
3 district, the ballot shall contain the words "budget override, yes" and
4 "budget override, no", and the voter shall signify the voter's desired
5 choice. The ballot shall also contain the amount of the proposed budget
6 override compared to the amount the school district budgeted in the
7 preceding year and the amount the school district would be allowed to
8 budget for if the measure is not approved by the voters. The statement
9 shall also include the estimated amount of the override for each year the
10 override is sought. The ballot shall also include the following
11 statement:

12 Any budget override authorized by this election shall be
13 entirely funded by this school district with revenues from
14 other than a levy of taxes on the taxable property within the
15 school district for the year for which adopted and for _____
16 subsequent years and shall not be realized from monies
17 furnished by the state.

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