

State of Arizona
Senate
Forty-ninth Legislature
Second Regular Session
2010

SENATE CONCURRENT RESOLUTION 1060

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 5, CONSTITUTION OF ARIZONA; RELATING TO POWER OF STATE TO CONTRACT DEBTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Article IX, section 5, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 5. Power of state to contract debts; purposes; limit;
7 restrictions; application

8 Section 5. ~~The state may contract debts to supply the~~
9 ~~casual deficits or failures in revenues, or to meet expenses not~~
10 ~~otherwise provided for; but the aggregate amount of such debts,~~
11 ~~direct and contingent, whether contracted by virtue of one or~~
12 ~~more laws, or at different periods of time, shall never exceed~~
13 ~~the sum of three hundred and fifty thousand dollars; and~~

14 A. THE STATE MAY CONTRACT DEBTS TO MEET EXPENSES NOT
15 OTHERWISE PROVIDED FOR, EXCEPT THAT ANY SUCH DEBTS ARE SUBJECT
16 TO THE FOLLOWING CONDITIONS:

17 1. THE AGGREGATE PRINCIPAL AMOUNT OF ANY SUCH DEBTS
18 OUTSTANDING AT ANY TIME SHALL NEVER EXCEED FIVE PER CENT OF THE
19 NET ASSESSED PROPERTY VALUE IN THE STATE, REGARDLESS OF WHEN THE
20 DEBT WAS ISSUED OR INCURRED OR WHETHER CONTRACTED AT DIFFERENT
21 PERIODS OF TIME OR PURSUANT TO ONE OR MORE LAWS. SECTION 18,
22 SUBSECTIONS (3), (4), (5) AND (6) OF THIS ARTICLE DO NOT APPLY
23 FOR THE PURPOSES OF THIS PARAGRAPH. NOTWITHSTANDING THIS
24 PARAGRAPH:

25 (a) ANY DECREASE IN THE NET ASSESSED PROPERTY VALUE IN
26 THIS STATE HAS NO EFFECT ON THE VALIDITY OF DEBT OBLIGATIONS
27 THAT WERE WITHIN THE PRESCRIBED LIMIT AT THE TIME THEY WERE
28 ISSUED OR INCURRED.

29 (b) IF ANY DEBT OBLIGATION IS REFINANCED, THE OUTSTANDING
30 PRINCIPAL AMOUNT OF THE OBLIGATION BEFORE REFINANCING CONTINUES
31 TO APPLY WITH RESPECT TO THE OBLIGATION FOR THE PURPOSES OF
32 DETERMINING COMPLIANCE WITH THE PRESCRIBED LIMIT.

33 2. THE LEGISLATURE MUST PROVIDE FOR A SOURCE OF REVENUE
34 OTHER THAN THE STATE GENERAL FUND TO PAY PRINCIPAL, INTEREST AND
35 ISSUANCE, REDEMPTION AND ADMINISTRATIVE COSTS OF DEBTS THAT ARE
36 AUTHORIZED BY ANY LAW ENACTED AFTER DECEMBER 31, 2011.

37 3. The money arising from the creation of such debts
38 shall be applied to the purpose for which it was obtained or to
39 repay the debts so contracted, and to no other purpose.

40 B. In addition to the above limited power to contract
41 debts the state may borrow money to repel invasion, suppress
42 insurrection, or defend the state in time of war; but the money
43 thus raised shall be applied exclusively to the object for which

1 the loan shall have been authorized or to the repayment of the
2 debt thereby created.

3 C. No money shall be paid out of the state treasury,
4 except in the manner provided by law.

5 D. BOND ISSUES AND OTHER OBLIGATIONS THAT ARE SECURED BY
6 THE FULL FAITH AND CREDIT OF THIS STATE ARE SUBJECT TO APPROVAL
7 BY THE QUALIFIED ELECTORS AS PROVIDED BY ARTICLE VII,
8 SECTION 13.

9 E. EXCEPT AS PROVIDED BY SUBSECTION F OF THIS SECTION,
10 THIS SECTION APPLIES TO:

11 1. ANY OBLIGATION OF THIS STATE OR OF ANY DEPARTMENT,
12 OFFICE, AGENCY, COMMISSION, BOARD OR OTHER INSTRUMENTALITY OF
13 STATE GOVERNMENT REGARDLESS OF THE SOURCE OF REVENUES OR FUNDS
14 PLEDGED FOR THE PAYMENT OF THE OBLIGATION, INCLUDING INSTRUMENTS
15 COMMONLY KNOWN AS GENERAL OBLIGATION BONDS, REVENUE BONDS,
16 LONG-TERM NOTES AND OBLIGATIONS AND CERTIFICATES OF
17 PARTICIPATION AND OTHER INSTRUMENTS OF INDEBTEDNESS PURSUANT TO
18 LEASE-PURCHASE AGREEMENTS.

19 2. ANY OBLIGATION, HOWEVER DENOMINATED, INCURRED FOR THE
20 ACQUISITION OF ANY MAJOR CAPITAL ASSET BY THIS STATE OR ANY
21 DEPARTMENT, OFFICE, AGENCY, COMMISSION, BOARD OR OTHER
22 INSTRUMENTALITY OF STATE GOVERNMENT.

23 3. BONDS AND OTHER OBLIGATIONS SECURED BY STATE REVENUES
24 THAT ARE DIVERTED FROM THE STATE GENERAL FUND FOR DISTRIBUTION
25 TO A POLITICAL SUBDIVISION OR OTHER ENTITY ESTABLISHED FOR A
26 SPECIFIC PURPOSE.

27 F. THIS SECTION DOES NOT APPLY WITH RESPECT TO:

28 1. COUNTIES, CITIES, TOWNS, SCHOOL DISTRICTS AND OTHER
29 MUNICIPAL CORPORATIONS THAT ARE SUBJECT TO DEBT LIMITS
30 PRESCRIBED BY SECTIONS 8 AND 8.1 OF THIS ARTICLE OR ANY OTHER
31 PROVISION OF THIS CONSTITUTION.

32 2. PROPERTY IMPROVEMENT ASSESSMENT DISTRICTS, IMPROVEMENT
33 DISTRICTS AND OTHER SPECIAL PURPOSE TAXING DISTRICTS AND
34 POLITICAL SUBDIVISIONS OF THIS STATE THAT HAVE THE AUTHORITY TO
35 INDEPENDENTLY IMPOSE OR LEVY TAXES OR ASSESSMENTS FOR THEIR
36 RESPECTIVE PURPOSES.

37 3. BONDS AND OTHER OBLIGATIONS ISSUED OR INCURRED BY
38 PUBLIC AUTHORITIES ESTABLISHED BY LAW IF THE BONDS AND
39 OBLIGATIONS ARE NOT SECURED BY STATE GENERAL FUND REVENUES.

40 4. SHORT-TERM WARRANT NOTES THAT ARE USED SOLELY FOR CASH
41 MANAGEMENT PURPOSES.

42 5. ANY OBLIGATION FOR THE RESTORATION OF PAYMENTS
43 DEFERRED FROM ONE FISCAL YEAR TO ANOTHER.

- 1 6. BONDS AND OTHER OBLIGATIONS THAT ARE SECURED BY FEES,
2 EXCISES OR LICENSE TAXES RELATING TO REGISTRATION, OPERATION OR
3 USE OF VEHICLES ON THE PUBLIC HIGHWAYS OR TO FUELS OR OTHER
4 ENERGY SOURCES USED FOR THE PROPULSION OF VEHICLES ON THE PUBLIC
5 HIGHWAYS OR STREETS AS PROVIDED BY SECTION 14 OF THIS ARTICLE.
- 6 7. BONDS AND OTHER OBLIGATIONS ISSUED OR INCURRED BY
7 UNIVERSITIES UNDER THE JURISDICTION OF THE ARIZONA BOARD OF
8 REGENTS OR BY COMMUNITY COLLEGES.
- 9 8. OBLIGATIONS INCURRED BY:
 - 10 (a) ANY RETIREMENT SYSTEM ESTABLISHED FOR STATE OFFICERS
11 OR EMPLOYEES.
 - 12 (b) ANY UNEMPLOYMENT COMPENSATION FUND OR SUCCESSOR
13 ENTITY ESTABLISHED BY LAW.
 - 14 (c) ANY WORKERS' COMPENSATION SYSTEM ESTABLISHED PURSUANT
15 TO ARTICLE XVIII, SECTION 8.
- 16 2. The Secretary of State shall submit this proposition to the voters
17 at the next general election as provided by article XXI, Constitution of
18 Arizona.