

REFERENCE TITLE: full-time equivalent student; expenditure limitation

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1374

Introduced by
Senator Shope

AN ACT

AMENDING SECTIONS 15-1401, 15-1466.01 AND 41-563, ARIZONA REVISED
STATUTES; RELATING TO COMMUNITY COLLEGES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1401, Arizona Revised Statutes, is amended to
3 read:

4 15-1401. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Accredited" means accredited by a regional accrediting agency
7 recognized by the United States department of education or by the council
8 on postsecondary accreditation.

9 2. "Additional short-term classes" means those classes that are not
10 in session on the forty-fifth day of the fall or spring semester, that
11 commence at various times during the fiscal year and that are offered over
12 a period of less than sixteen weeks.

13 3. "Budget year" means the fiscal year for which the community
14 college district is budgeting and that immediately follows the current
15 year.

16 4. "Community college" means an educational institution that is
17 operated by a district board and that provides a program of not more than
18 four years' training in the arts, sciences and humanities beyond the
19 twelfth grade of the public or private high school course of study or
20 vocational education, including terminal courses of a technical and
21 vocational nature and basic adult education courses.

22 5. "Community college tuition financing district" means a district
23 that is organized pursuant to section 15-1409.

24 6. "Current year" means the fiscal year in which the community
25 college district is operating.

26 7. "District" means a community college district that is
27 established pursuant to sections 15-1402 and 15-1403 or section 15-1402.01
28 and that is a political subdivision of this state and, unless otherwise
29 specified, includes community college tuition financing districts
30 established pursuant to section 15-1409.

31 8. "District board" means the community college district governing
32 board.

33 9. "Full-time equivalent student" means:

34 (a) FOR THE PURPOSES OF SECTION 15-1466.01, SUBSECTION B, STUDENT
35 ENROLLMENT FOR TWELVE COMMUNITY COLLEGE SEMESTER CREDIT UNITS PER
36 SEMESTER.

37 (b) FOR ALL OTHER PURPOSES, student enrollment for fifteen
38 community college semester credit units per semester.

39 10. "Open entry, open exit classes" means those classes in which
40 students enter or exit based on mastery of specified competencies and that
41 commence at various times during the fiscal year.

42 11. "Operational expense budget" means the budget as adopted by the
43 district board pursuant to section 15-1461.

44 12. "Operational expenses" means the administration, instruction,
45 operation of community college plant, maintenance of community college

1 plant, fixed charges and contingencies incurred in the operation of a
2 district, excluding all capital outlay items, special levies, auxiliary
3 enterprise funds, restricted funds and bond service items.

4 13. "Provisional community college district" means a community
5 college district that was organized pursuant to section 15-1409 and that
6 began operations before January 1, 2015.

7 Sec. 2. Section 15-1466.01, Arizona Revised Statutes, is amended to
8 read:

9 15-1466.01. Calculation of full-time equivalent student
10 enrollment; report

11 A. In determining state aid under sections 15-1464 and 15-1466, the
12 number of full-time equivalent students shall be calculated in the
13 following manner:

14 1. For the basic actual full-time equivalent student enrollment,
15 add the number of full-time equivalent students enrolled as of forty-five
16 days after classes begin in the fall semester to the number of full-time
17 equivalent students enrolled as of forty-five days after classes begin in
18 the spring semester, not including additional short-term classes, and
19 divide the sum by two.

20 2. For the additional short-term and open entry, open exit
21 full-time equivalent student enrollments:

22 (a) Determine the total number of credit units for students enrolled
23 in additional short-term and open entry, open exit classes for the fiscal
24 year.

25 (b) Determine the total number of credit units for students who have
26 completed the additional short-term and open entry, open exit classes for
27 the fiscal year. Any student who has not completed the class by June 30
28 of each fiscal year ~~shall~~ IS not ~~be~~ eligible to be counted for state aid
29 purposes until the following year.

30 (c) Add the amounts in subdivisions (a) and (b) of this paragraph.

31 (d) Divide the amount determined in subdivision (c) of this
32 paragraph by two.

33 (e) Divide the quotient obtained in subdivision (d) of this
34 paragraph by thirty.

35 (f) The result in subdivision (e) of this paragraph is the
36 additional short-term and open entry, open exit full-time equivalent
37 student enrollments for the fiscal year.

38 3. For the skill center and adult basic education courses full-time
39 equivalent student enrollment, divide by six hundred forty the total class
40 attended clock hours of persons who complete vocational training. Any
41 student who does not complete vocational training programs by June 30 of
42 each fiscal year ~~shall~~ IS not ~~be~~ eligible to be counted for state aid
43 purposes until the following year.

1 4. The total of basic actual, additional short-term and open entry,
2 open exit and skill center full-time equivalent student enrollment shall
3 be the basis of providing state aid.

4 5. For a student who takes a course for which credit is awarded by
5 both a community college and a high school, in which the instructor is an
6 employee of the high school and in which the class is being taught on the
7 high school campus during the normal high school operating hours, the
8 amount of state aid that the community college would otherwise receive for
9 that student shall be reduced by fifty percent.

10 B. For the purposes of calculating the district expenditure
11 limitation prescribed in article IX, section 21, Constitution of Arizona,
12 and pursuant to section 41-563, the number of full-time equivalent
13 students shall be calculated in the following manner:

14 1. Determine the total of basic actual, additional short-term and
15 open entry, open exit and skill center full-time equivalent students as
16 prescribed in subsection A of this section **USING THE DEFINITION OF**
17 **FULL-TIME EQUIVALENT STUDENT PRESCRIBED IN SECTION 15-1401, PARAGRAPH 9,**
18 **SUBDIVISION (a).**

19 2. Determine the number of full-time equivalent students included
20 in paragraph 1 of this subsection who were enrolled in career and
21 technical education courses that have been approved by the department of
22 education in accordance with the Carl D. Perkins career and technical
23 education improvement act of 2006.

24 3. Multiply the amount determined in paragraph 2 of this subsection
25 by 0.3.

26 4. Add the amounts in paragraphs 1 and 3 of this subsection. This
27 sum is the full-time equivalent student enrollment for the purpose of the
28 **DISTRICT** expenditure limitation.

29 C. The full-time equivalent student enrollment reported by each
30 district for all basic actual, additional short-term and open entry, open
31 exit classes and skill center and adult basic education courses pursuant
32 to subsection A of this section shall be audited annually by the auditor
33 general. The auditor general shall audit separately any full-time
34 equivalent student enrollment in which a student is enrolled in a course
35 for both high school and college credit simultaneously, except for credit
36 received at a private college or a college that is owned, operated or
37 chartered by an Indian tribe, taking into consideration any relevant law,
38 regulation or rule. ~~Beginning with the audit for the year ending June 30,~~
39 ~~2016,~~ The auditor general shall audit separately the calculation of
40 full-time equivalent student enrollment in subsection B of this section
41 for the purpose of the expenditure limitation for use pursuant to section
42 41-563. The auditor general shall report the results of the audit to the
43 staffs of the joint legislative budget committee, the governor's office of
44 strategic planning and budgeting and the economic estimates commission on
45 or before October 15 of each year.

1 D. Pursuant to section 15-1445, paragraph 4, a community college
2 district may submit to the economic estimates commission one of the
3 following estimates of full-time equivalent student enrollment:

4 1. The most recent audited full-time equivalent student enrollment
5 count calculated pursuant to subsection B of this section.

6 2. The average of the five most recent audited full-time equivalent
7 student enrollment counts calculated pursuant to subsection B of this
8 section.

9 3. A full-time equivalent student enrollment count that exceeds the
10 most recent audited full-time equivalent student enrollment count
11 calculated pursuant to subsection B of this section by up to five percent
12 if the actual full-time equivalent student enrollment count as of
13 forty-five days after classes begin in the current fall semester exceeds
14 the actual full-time equivalent student enrollment count as of forty-five
15 days after classes began in the fall semester of the previous year.

16 Sec. 3. Section 41-563, Arizona Revised Statutes, is amended to
17 read:

18 41-563. Expenditure limitations; determination by the
19 commission; definitions

20 A. For political subdivisions, the commission shall:

21 1. Determine the base limit level of political subdivisions for
22 each political subdivision subject to an expenditure limitation pursuant
23 to article IX, section 20, Constitution of Arizona. For the purposes of
24 this subsection and subsection D of this section, ~~the~~ "base limit" of each
25 political subdivision means the amount of actual payments of local
26 revenues by such political subdivision in fiscal year 1979-1980 as used to
27 determine the expenditure limitation pursuant to paragraph 4 of this
28 subsection.

29 2. Determine and report to the governing board of each political
30 subdivision subject to an expenditure limitation pursuant to article IX,
31 section 20, Constitution of Arizona, ~~prior to~~ BEFORE February 1 of each
32 year, the following:

33 (a) The total of the estimated population of each such political
34 subdivision as of July 1 of the prior year and the estimated population of
35 any areas annexed by such political subdivisions thereafter, based on the
36 population estimates developed by the ~~department~~ OFFICE of economic
37 ~~security~~ OPPORTUNITY. The population of any areas annexed thereafter must
38 be estimated as of July 1 of the prior year.

39 (b) The estimated change in the GDP price deflator used to
40 determine the expenditure limitation for the following fiscal year over
41 the GDP price deflator used to determine the expenditure limitation for
42 the current fiscal year.

43 (c) The estimated expenditure limitation for each such political
44 subdivision for the following fiscal year.

1 3. Determine and report to the governing board of each political
2 subdivision subject to an expenditure limitation pursuant to article IX,
3 section 20, Constitution of Arizona, ~~prior to~~ BEFORE April 1 of each year,
4 the following:

5 (a) The total of the population of each such political subdivision
6 as of July 1 of the prior year and the population of any areas annexed by
7 such political subdivisions thereafter. The population of any areas
8 annexed thereafter must be estimated as of July 1 of the prior year.

9 (b) The estimated change in the GDP price deflator used to
10 determine the expenditure limitation for the following fiscal year over
11 the GDP price deflator used to determine the expenditure limitation for
12 the current fiscal year.

13 (c) The expenditure limitation for each such political subdivision
14 for the following fiscal year.

15 4. Determine the expenditure limitation for each political
16 subdivision subject to an expenditure limitation pursuant to article IX,
17 section 20, Constitution of Arizona, as follows:

18 (a) Determine the population of the political subdivision as of
19 July 1, 1978.

20 (b) Determine the total population of the political subdivision as
21 required by paragraph 3, subdivision (a) of this subsection.

22 (c) Divide the population determined in subdivision (b) of this
23 paragraph by the population determined in subdivision (a) of this
24 paragraph.

25 (d) Determine the estimated or actual GDP price deflator for the
26 1978 calendar year.

27 (e) Determine the estimated GDP price deflator for the calendar
28 year immediately preceding the fiscal year for which the expenditure
29 limitation is being determined.

30 (f) Divide the GDP price deflator determined in subdivision (e) of
31 this paragraph by the GDP price deflator determined in subdivision (d) of
32 this paragraph.

33 (g) Multiply the amount determined in paragraph 1 of this
34 subsection for the political subdivision by the quotient determined in
35 subdivision (c) of this paragraph and multiply the resulting product by
36 the quotient determined in subdivision (f) of this paragraph.

37 5. If any annexation, consolidation or change in the boundaries of
38 a political subdivision occurs after the determination and report required
39 by paragraph 3 of this subsection but before July 1 of the current year,
40 the commission, as promptly as feasible, shall redetermine the total
41 population, calculated in paragraph 4, subdivision (b) of this subsection,
42 of the political subdivisions affected by the annexation, consolidation or
43 change in boundaries. The commission shall determine respective amended
44 expenditure limitations based on the amended population, which shall be
45 promptly reported to the governing board of each of the affected political

1 subdivisions. The political subdivisions affected shall use the revised
2 expenditure limitation if it is received before the annual financial
3 statement and estimate of expenses is prepared as required by section
4 42-17101.

5 6. In the event of the creation of a new city or town, the base
6 limit of the new city or town shall be determined by multiplying the
7 average amount of actual fiscal year 1979-1980 per capita payments of
8 local revenues for all cities and towns within the county in which the new
9 city or town is located by the population of the new city or town.

10 7. In the event of the division of a county into two or more new
11 counties, determine the expenditure limitation for each of the new
12 counties or the consolidation of counties, pursuant to article IX, section
13 20, Constitution of Arizona, using one of the following two methods. The
14 board of supervisors of each new county ~~upon~~ ON the affirmative vote of
15 two-thirds of the members of the board of supervisors, on or before
16 February 1 following the county's establishment, shall adopt one of the
17 expenditure limitations determined:

18 (a) Method one:

19 (i) Determine the existing county ~~which~~ THAT has a population
20 closest to the population of the new county as of July 1 for the fiscal
21 year preceding the fiscal year for which the expenditure limit is being
22 determined.

23 (ii) Determine the per capita expenditure limit for the existing
24 county determined in item (i) of this subdivision based on the amount
25 determined in paragraph 3, subdivision (c) of this subsection for the
26 first full fiscal year following the establishment of the new county
27 government.

28 (iii) Multiply the per capita amount determined in item (ii) of
29 this subdivision by the population of the new county as of July 1 in the
30 fiscal year in which the new county government is established. The amount
31 ~~thus~~ determined is the expenditure limit for the new county for the first
32 full fiscal year following its establishment.

33 (iv) Determine a base limit for the new county ~~which~~ THAT will
34 yield the new expenditure limit determined in item (iii) of this
35 subdivision for the first full fiscal year following the establishment of
36 the new county government.

37 (b) Method two:

38 (i) Determine the per capita expenditure limit of the old county or
39 counties for the last full fiscal year ~~prior to~~ BEFORE the establishment
40 of the new county government based ~~upon~~ ON the amount determined in
41 paragraph 3, subdivision (c) of this subsection.

42 (ii) Multiply the per capita amount determined in item (i) of this
43 subdivision by the population of the new county as of July 1 in the fiscal
44 year in which the new county government is established. The amount ~~thus~~

1 determined is the expenditure limit for the new county for the first full
2 fiscal year following its establishment.

3 (iii) Determine a base limit for the new county ~~which~~ THAT will
4 yield the new expenditure limit determined in item (ii) of this
5 subdivision for the first full fiscal year following the establishment of
6 the new county government.

7 8. If the governing board of a political subdivision authorizes
8 expenditures in excess of the expenditure limitation determined pursuant
9 to paragraph 4 of this subsection as provided in article IX, section 20,
10 subsection (2), paragraph (b), subdivision (i), Constitution of Arizona,
11 the expenditure limitation for such political subdivision for the
12 following fiscal year shall be reduced by the amount of expenditures in
13 excess of the limitation, unless the governing board has held an election
14 as provided in article IX, section 20, subsection (2), paragraph (b),
15 subdivision (ii), Constitution of Arizona, and the excess expenditure has
16 been approved by a majority of the qualified electors voting in such
17 election.

18 9. If the citizens of a political subdivision approve an increase
19 or decrease in the expenditure limitation as provided in article IX,
20 section 20, subsection (6), Constitution of Arizona, the base limit of a
21 political subdivision shall be adjusted by the commission such that the
22 expenditure limitation of the political subdivision for the fiscal year
23 following approval reflects the approved increase or decrease.

24 B. For community college districts, the commission shall:

25 1. Determine the base limit of each community college district
26 subject to an expenditure limitation pursuant to article IX, section 21,
27 Constitution of Arizona. For the purposes of this subsection and
28 subsection D of this section, ~~the~~ "base limit" of each community college
29 district means the amount of expenditures of local revenues in fiscal year
30 1979-1980 as used to determine the expenditure limitation pursuant to
31 paragraph 4 of this subsection.

32 2. Determine and report to the governing board of each community
33 college district ~~prior to~~ BEFORE February 1 of each year the following:

34 (a) The estimated student population, ~~utilizing~~ USING the procedure
35 prescribed in section 15-1466.01, of each community college district for
36 the following fiscal year.

37 (b) The estimated change in the GDP price deflator as prescribed in
38 subsection A, paragraph 2, subdivision (b) of this section.

39 (c) The expenditure limitation for each community college district
40 for the following fiscal year.

41 (d) The modified expenditure limitation as prescribed in section
42 15-1471, if applicable.

1 3. Determine and report to the governing board of each community
2 college district ~~prior to~~ BEFORE April 1 of each year the following:

3 (a) The student population, utilizing the procedure prescribed in
4 section 15-1466.01, of each community college district for the following
5 fiscal year.

6 (b) The estimated change in the GDP price deflator as prescribed in
7 subsection A, paragraph 2, subdivision (b) of this section.

8 (c) The expenditure limitation for each community college district
9 for the following fiscal year.

10 (d) The modified expenditure limitation as prescribed in section
11 15-1471, if applicable.

12 4. Determine the expenditure limitation for each community college
13 district, as follows:

14 (a) Determine the student population of each community college
15 district for fiscal year 1979-1980 BY CALCULATING THE NUMBER OF FULL-TIME
16 EQUIVALENT STUDENTS IN FISCAL YEAR 1979-1980 using the ~~definition of~~
17 ~~full-time equivalent student in section 15-1401 in 1979-1980, except that~~
18 ~~if a redefinition of full-time equivalent student changes the number of~~
19 ~~semester credit units per semester from fifteen units, the student~~
20 ~~population for the 1979-1980 base year shall be recalculated using the new~~
21 ~~number of units~~ CALCULATION PRESCRIBED IN SECTION 15-1466.01,
22 SUBSECTION A.

23 (b) BEGINNING IN FISCAL YEAR 2022-2023, determine the estimated
24 student population of each community college district for the fiscal year
25 for which the expenditure limitation is being determined BY CALCULATING
26 THE NUMBER OF FULL-TIME EQUIVALENT STUDENTS using the ~~definition of~~
27 ~~full-time equivalent student in section 15-1401~~ CALCULATION PRESCRIBED IN
28 SECTION 15-1466.01, SUBSECTION B.

29 (c) Divide the student population determined in subdivision (b) of
30 this paragraph by the student population determined in subdivision (a) of
31 this paragraph.

32 (d) Determine the estimated or actual GDP price deflator for the
33 1978 calendar year.

34 (e) Determine the estimated GDP price deflator for the calendar
35 year immediately preceding the fiscal year for which the expenditure
36 limitation is being determined.

37 (f) Divide the GDP price deflator determined in subdivision (e) of
38 this paragraph by the GDP price deflator determined in subdivision (d) of
39 this paragraph.

40 (g) Multiply the amount determined in paragraph 1 of this
41 subsection for the community college district by the quotient determined
42 in subdivision (c) of this paragraph and multiply the resulting product by
43 the quotient determined in subdivision (f) of this paragraph.

1 5. In the event of an annexation, creation of a new community
2 college district or a consolidation or change in the boundaries of a
3 community college district, the base limit of a community college district
4 shall be adjusted by the commission according to the following guidelines:

5 (a) In the event of the creation of a new community college
6 district, the base limit of the community college district shall be
7 determined by multiplying the average amount of 1979-1980 per capita
8 expenditures of local revenues for all community college districts within
9 ~~the~~ THIS state by the student population of the new community college
10 district. The expenditure limit of the county in which the new community
11 college district is located shall be reduced by the amount paid to other
12 community college districts for tuition in the fiscal year preceding the
13 fiscal year in which the new community college district is created.

14 (b) In the case of an annexation, consolidation or change in the
15 boundaries of a community college district, the base limit of a community
16 college district shall be adjusted by the commission to reflect the change
17 by increasing the base limit of the community college district gaining the
18 newly included territory and decreasing the base limit of the community
19 college district losing the territory.

20 (c) If an existing community college district consolidates with a
21 contiguous county THAT IS not part of a community college district, the
22 commission shall:

23 (i) Increase the base limit of the existing community college
24 district by an amount equal to the amount of revenue ~~which~~ THAT would have
25 been generated by applying the primary property tax rate of the existing
26 community college district in the immediately prior year to the limited
27 assessed valuation of the contiguous county in the immediately prior year.

28 (ii) Decrease the base limit of the contiguous county by the amount
29 of reimbursement prescribed by section 15-1469, subsection B, paragraph 1,
30 paid by such county in the 1979-1980 base year, except that ~~no~~ A decrease
31 shall NOT be made to the base limit of such county if the reimbursement
32 prescribed by section 15-1469, subsection B, paragraph 1 in the
33 immediately prior year was paid by the state pursuant to section
34 15-1469.01.

35 (d) In the case of a decrease in service boundaries of a community
36 college district, the base limit of the community college district shall
37 be reduced by the commission to reflect the amount attributable to the
38 service area in fiscal year 1979-1980 and the base student population of
39 the community college district shall be reduced by the commission to
40 reflect fiscal year 1979-1980 student population attributable to the
41 service area. The adjusted base limit and the adjusted fiscal year
42 1979-1980 student population shall be used in determining the expenditure
43 limitation for the community college district in the first year in which
44 the service boundaries are diminished and in each subsequent year.

1 C. For school districts, the commission shall:

2 1. Determine the base limit of school districts subject to the
3 expenditure limitation prescribed by article IX, section 21, subsection
4 (2), Constitution of Arizona. For the purposes of this subsection and
5 subsection D of this section, "base limit" means the total amount of
6 expenditures of local revenues of all school districts in fiscal year
7 1979-1980 as used to determine the expenditure limitation pursuant to
8 paragraph 4 of this subsection.

9 2. Determine and report to the legislature ~~prior to~~ BEFORE March 1
10 of each year the following:

11 (a) The estimated total student population of all school districts
12 for the current year.

13 (b) The estimated change in the GDP price deflator as prescribed in
14 subsection A, paragraph 2, subdivision (b) of this section.

15 (c) The estimated aggregate expenditure limitation for all school
16 districts for the following fiscal year.

17 3. Determine and report to the legislature, ~~prior to~~ BEFORE May 1
18 of each year, the following:

19 (a) The total student population of all school districts for the
20 current year.

21 (b) The estimated change in the GDP price deflator as prescribed in
22 subsection A, paragraph 2, subdivision (b) of this section.

23 (c) The aggregate expenditure limitation for all school districts
24 for the following fiscal year.

25 4. Determine the aggregate expenditure limitation for all school
26 districts as follows:

27 (a) Determine the aggregate student population of all school
28 districts for the school year 1978-1979.

29 (b) Determine the total student population of all school districts
30 for the current year.

31 (c) Divide the aggregate student population determined in
32 subdivision (b) of this paragraph by the aggregate student population in
33 subdivision (a) of this paragraph.

34 (d) Determine the estimated or actual GDP price deflator for the
35 1978 calendar year.

36 (e) Determine the estimated GDP price deflator for the calendar
37 year immediately preceding the fiscal year for which the aggregate
38 expenditure limitation is being determined.

39 (f) Divide the GDP price deflator determined in subdivision (e) of
40 this paragraph by the GDP price deflator determined in subdivision (d) of
41 this paragraph.

42 (g) Multiply the amount determined in paragraph 1 of this
43 subsection by the quotient determined in subdivision (c) of this paragraph
44 and multiply the resulting product by the quotient determined in
45 subdivision (f) of this paragraph.

1 D. In the case of a transfer of all or any part of the cost of
2 providing a governmental function, pursuant to article IX, section 20,
3 subsection (4), Constitution of Arizona, or article IX, section 21,
4 subsection (5), Constitution of Arizona, the base limit of political
5 subdivisions, community college districts or school districts, whichever
6 is applicable, shall be adjusted by the commission to reflect the transfer
7 by increasing the base limit of the political subdivision, community
8 college district or school district to which the cost is transferred and
9 decreasing the base limit of the political subdivision, community college
10 district or school district from which the cost is transferred by the
11 amount of the cost of the transferred governmental function.

12 E. For the purposes of this section:

13 1. "Commission" means the economic estimates commission.

14 2. "GDP price deflator" means the average of the four implicit
15 price deflators for the gross domestic product reported by the United
16 States department of commerce for the four quarters of the calendar year.

17 3. "Political subdivision" means any county, city, including any
18 charter city, or town.

19 4. "Population" shall be defined pursuant to article IX, section
20 20, subsection (3), paragraph (f), Constitution of Arizona.

21 5. "Student population" shall be defined pursuant to article IX,
22 section 21, subsection (4), paragraph (e), Constitution of Arizona.

23 Sec. 4. Community college districts; expenditure limitations;
24 withholding

25 Notwithstanding section 41-1279.07, Arizona Revised Statutes, for
26 fiscal years 2022-2023 and 2023-2024, if a community college district
27 exceeds its expenditure limitation prescribed in article IX, section 21,
28 Constitution of Arizona, and pursuant to section 41-563, Arizona Revised
29 Statutes, as amended by this act, the community college district shall
30 have its state aid pursuant to section 15-1466, Arizona Revised Statutes,
31 withheld as follows:

32 1. If the excess expenditures are less than five percent of the
33 limitation, an amount equal to \$5,000.

34 2. If the excess expenditures are equal to or greater than five
35 percent but less than ten percent of the limitation, an amount equal to
36 \$15,000.

37 3. If the excess expenditures are equal to or greater than ten
38 percent but less than twelve percent of the limitation, an amount equal to
39 \$20,000.

40 4. If the excess expenditures are equal to or greater than twelve
41 percent of the limitation, an amount calculated according to section
42 41-1279.07, Arizona Revised Statutes.

1 Sec. 5. Applicability
2 Sections 1, 2 and 3 of this act apply to fiscal years beginning from
3 and after June 30, 2022.

4 Sec. 6. Retroactivity

5 A. Section 4 of this act applies retroactively to from and after
6 June 30, 2021.

7 B. Sections 1, 2 and 3 of this act apply retroactively to from and
8 after June 30, 2022.