

REFERENCE TITLE: school districts; expenditure limitation; repeal.

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
First Regular Session  
2023

## **HCR 2022**

Introduced by  
Representative Shah

### **A CONCURRENT RESOLUTION**

**PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA; RELATING TO EXPENDITURE LIMITATIONS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

3 1. Article IX, section 21, Constitution of Arizona, is proposed to  
4 be amended as follows if approved by the voters and on proclamation of the  
5 Governor:

6 21. Expenditure limitations for community college  
7 districts; definitions

8 Section 21. (1) The economic estimates commission  
9 shall determine and publish ~~prior to~~ BEFORE April 1 of each  
10 year the expenditure limitation for the following fiscal year  
11 for each community college district. The expenditure  
12 limitations shall be determined by adjusting the amount of  
13 expenditures of local revenues for each such district for  
14 fiscal year 1979-1980 to reflect the changes in the student  
15 population of each district and the cost of living. The  
16 governing board of any community college district shall not  
17 authorize expenditures of local revenues in excess of the  
18 limitation prescribed in this section, except in the manner  
19 provided by law.

20 ~~(2) The economic estimates commission shall determine~~  
21 ~~and publish prior to May 1 of each year the aggregate~~  
22 ~~expenditure limitation for all school districts for the~~  
23 ~~following fiscal year. The aggregate expenditure limitation~~  
24 ~~shall be determined by adjusting the total amount of~~  
25 ~~expenditures of local revenues for all school districts for~~  
26 ~~fiscal year 1979-1980 to reflect the changes in student~~  
27 ~~population in the school districts and the cost of living, and~~  
28 ~~multiplying the result by 1.10. The aggregate expenditures of~~  
29 ~~local revenues for all school districts shall not exceed the~~  
30 ~~limitation prescribed in this section, except as provided in~~  
31 ~~subsection (3) of this section.~~

32 ~~(3) Expenditures in excess of the limitation determined~~  
33 ~~pursuant to subsection (2) of this section may be authorized~~  
34 ~~by the legislature for a single fiscal year, by concurrent~~  
35 ~~resolution, upon affirmative vote of two-thirds of the~~  
36 ~~membership of each house of the legislature.~~

37 ~~(4)~~ (2) As used in FOR THE PURPOSES OF this section:

38 (a) "Cost of living" means either:

39 (i) The price of goods and services as measured by the  
40 implicit price deflator for the gross national product or its  
41 successor as reported by the United States department of  
42 commerce, or its successor agency.

43 (ii) A different measure or index of the cost of living  
44 adopted at the direction of the legislature, by concurrent  
45 resolution, ~~upon~~ ON THE affirmative vote of two-thirds of the

1 membership of each house of the legislature. Such A measure  
2 or index shall apply for subsequent fiscal years, except it  
3 shall not apply for the fiscal year following the adoption of  
4 ~~such~~ THE measure or index if the measure or index is adopted  
5 after March 1 of the preceding fiscal year.

6 (b) "Expenditure" means any amounts budgeted to be paid  
7 from local revenues as prescribed by law.

8 (c) "Local revenues" includes all monies, revenues,  
9 funds, property and receipts of any kind whatsoever received  
10 by or for the account of a ~~school district or~~ community  
11 college district or any of its agencies, departments, offices,  
12 boards, commissions, authorities, councils and institutions,  
13 except:

14 (i) Any amounts or property received from the issuance  
15 or incurrence of bonds, or other lawful long-term obligations  
16 issued or incurred for a specific purpose, or any amounts or  
17 property collected or segregated to make payments or deposits  
18 required by a contract concerning such bonds or obligations.  
19 For the ~~purpose~~ PURPOSES of this subdivision, long-term  
20 obligations shall not include warrants issued in the ordinary  
21 course of operation or registered for payment by a political  
22 subdivision.

23 (ii) Any amounts or property received as payment of  
24 dividends and interest, or any gain on the sale or redemption  
25 of investment securities, the purchase of which is authorized  
26 by law.

27 (iii) Any amounts or property received by a ~~school~~  
28 ~~district or~~ community college district in the capacity of  
29 trustee, custodian or agent.

30 (iv) Any amounts received as grants and aid of any type  
31 received from the federal government or any of its agencies  
32 except school assistance in federally affected areas.

33 (v) Any amounts or property received as grants, gifts,  
34 aid or contributions of any type except amounts received  
35 directly or indirectly in lieu of taxes received directly or  
36 indirectly from any private agency or organization, or any  
37 individual.

38 (vi) Any amounts received from ~~the~~ THIS state for the  
39 purpose of purchasing land, buildings or improvements or  
40 constructing buildings or improvements.

41 (vii) Any amounts received pursuant to a transfer  
42 during a fiscal year from another agency, department, office,  
43 board, commission, authority, council or institution of the  
44 same community college district ~~or school district which~~ THAT  
45 were included as local revenues for such fiscal year or ~~which~~

1 THAT are excluded from local revenue under other provisions of  
2 this subsection.

3 (viii) Any amounts or property accumulated by a  
4 community college district for the purpose of purchasing land,  
5 buildings or improvements or constructing buildings or  
6 improvements.

7 (ix) Any amounts received in return for goods or  
8 services pursuant to a contract with another political  
9 subdivision, school district, ~~OR~~ OR community college district  
10 or ~~the~~ THIS state and expended by the other political  
11 subdivision, school district, ~~OR~~ OR community college district  
12 or ~~the~~ THIS state pursuant to the expenditure limitation in  
13 effect when the amounts are expended by the other political  
14 subdivision, school district, ~~OR~~ OR community college district  
15 or ~~the~~ THIS state.

16 (x) Any amounts received as tuition or fees directly or  
17 indirectly from any public or private agency or organization  
18 or any individual.

19 (xi) Any ad valorem taxes received pursuant to an  
20 election to exceed the limitation prescribed by section 19 of  
21 this article or for the purposes of funding expenditures in  
22 excess of the expenditure limitations prescribed by subsection  
23 ~~(7)~~ (4) of this section.

24 (xii) Any amounts received during a fiscal year as  
25 refunds, reimbursements or other recoveries of amounts  
26 expended ~~which~~ THAT were applied against the expenditure  
27 limitation for such fiscal year or ~~which~~ THAT were excluded  
28 from local revenues under other provisions of this subsection.

29 ~~(d) For the purpose of subsection (2) of this section,~~  
30 ~~the following items are also excluded from local revenues of~~  
31 ~~school districts:~~

32 ~~(i) Any amounts received as the proceeds from the sale,~~  
33 ~~lease or rental of school property as authorized by law.~~

34 ~~(ii) Any amounts received from the capital levy as~~  
35 ~~authorized by law.~~

36 ~~(iii) Any amounts received from the acquisition,~~  
37 ~~operation, or maintenance of school services of a commercial~~  
38 ~~nature which are entirely or predominantly self-supporting.~~

39 ~~(iv) Any amounts received for the purpose of funding~~  
40 ~~expenditures authorized in the event of destruction of or~~  
41 ~~damage to the facilities of a school district as authorized by~~  
42 ~~law.~~

1 ~~(v) Any revenues derived from an additional state~~  
2 ~~transaction privilege tax rate increment for educational~~  
3 ~~purposes that was authorized by the voters before January 1,~~  
4 ~~2001.~~

5 ~~(vi) Any amounts received pursuant to article XI,~~  
6 ~~section 8, Constitution of Arizona, that are approved by the~~  
7 ~~majority of qualified voters at a statewide general election~~  
8 ~~held after November 1, 2002, and before January 1, 2003.~~

9 ~~(e)~~ (d) "Student population" means the number of  
10 actual, full-time or the equivalent of actual full-time  
11 students enrolled in the ~~school district or~~ community college  
12 district determined in a manner prescribed by law.

13 ~~(5)~~ (3) The economic estimates commission shall adjust  
14 the amount of expenditures of local revenues in fiscal year  
15 1979-1980, as used to determine the expenditure limitation OF  
16 A COMMUNITY COLLEGE DISTRICT pursuant to subsection (1) ~~or (2)~~  
17 of this section, to reflect BOTH OF THE FOLLOWING:

18 (a) Subsequent transfers of all or any part of the cost  
19 of providing a governmental function, in a manner prescribed  
20 by law. The adjustment provided for in this ~~subsection~~  
21 PARAGRAPH shall be used in determining the expenditure  
22 limitation OF A COMMUNITY COLLEGE DISTRICT pursuant to  
23 subsection (1) ~~or (2)~~ of this section beginning with the  
24 fiscal year immediately following the transfer.

25 ~~(6) The economic estimates commission shall adjust the~~  
26 ~~amount of expenditures of local revenues in fiscal year~~  
27 ~~1979-1980, as used to determine the expenditure limitation of~~  
28 ~~a community college district pursuant to subsection (1) of~~  
29 ~~this section, to reflect~~

30 (b) Any subsequent annexation, creation of a new  
31 district, consolidation or change in the boundaries of a  
32 district, in a manner prescribed by law. The adjustment  
33 provided for in this ~~subsection~~ PARAGRAPH shall be used in  
34 determining the expenditure limitation OF A COMMUNITY COLLEGE  
35 DISTRICT pursuant to subsection (1) of this section beginning  
36 with the fiscal year immediately following the annexation,  
37 creation of a new district, consolidation or change in the  
38 boundaries of a district.

39 ~~(7)~~ (4) The legislature shall establish by law  
40 expenditure limitations for each school district ~~beginning~~  
41 ~~with the fiscal year beginning July 1, 1980.~~ Expenditures by  
42 a school district in excess of such an expenditure limitation  
43 must be approved by a majority of the electors voting on the  
44 excess expenditures.

1           ~~(8)~~ (5) The legislature shall establish by law a  
2           uniform reporting system for ~~school districts and~~ community  
3           college districts to ensure compliance with this section. The  
4           legislature shall establish by law sanctions and penalties for  
5           failure to comply with this section.  
6           2. Applicability  
7           This act applies to fiscal years beginning from and after June 30,  
8           2025.  
9           3. The Secretary of State shall submit this proposition to the  
10          voters at the next general election as provided by article XXI,  
11          Constitution of Arizona.