

REFERENCE TITLE: aggregate expenditure limitation; school districts

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SCR 1004

Introduced by

Senators Marsh: Alston, Burch, Diaz, Epstein, Fernandez, Gabaldón,
Gonzales, Miranda, Terán; Representatives Aguilar, Bravo, Hernandez C,
Hernandez M, Ortiz, Pawlik, Schwiebert, Seaman, Stahl Hamilton, Terech,
Hernandez A

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 Senate of the State of Arizona, the House of
2 Representatives 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 school districts and
7 community college districts

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~~ BEFORE 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~~ 2024-2025 to reflect the changes in
27 student population in the school districts and the cost of
28 living, ~~and~~ multiplying the result by 1.10. The aggregate
29 expenditures of local revenues for all school districts shall
30 not exceed the limitation prescribed in this section, except
31 as provided in 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~~ ON AN affirmative vote of two-thirds of the
36 membership of each house of the legislature.

37 (4) ~~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 AN affirmative vote of two-thirds of the

1 membership of each house of the legislature. Such measure or
2 index shall apply for subsequent fiscal years, except it shall
3 not apply for the fiscal year following the adoption of ~~such~~
4 ~~THE~~ measure or index if the measure or index is adopted after
5 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~~ community college district
10 or ~~the~~ THIS state and expended by the other political
11 subdivision, school district, ~~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~~ 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) 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~~ PURPOSES of subsection (2) of this
30 section, the following items are also excluded from local
31 revenues of school districts:

32 (i) Any amounts received as the proceeds from the
33 sale, ~~OR~~ lease ~~or rental~~ FOR ANY PERIOD OF TIME of school
34 property as authorized by law.

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

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

41 (iv) Any amounts received for the purpose of funding
42 expenditures authorized in the event of destruction of or
43 damage to the facilities of a school district as authorized by
44 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) "Student population" means:

10 (i) FOR A SCHOOL DISTRICT, THE WEIGHTED STUDENT COUNT
11 FOR THE SCHOOL DISTRICT DETERMINED IN A MANNER PRESCRIBED BY
12 LAW.

13 (ii) FOR A COMMUNITY COLLEGE DISTRICT, the number of
14 actual, full-time or the equivalent of actual full-time
15 students enrolled in the ~~school district or~~ community college
16 district determined in a manner prescribed by law.

17 (5) The economic estimates commission shall adjust the
18 amount of expenditures of local revenues in fiscal year
19 ~~1979-1980~~ 2024-2025, as used to determine the AGGREGATE
20 expenditure limitation FOR ALL SCHOOL DISTRICTS pursuant to
21 subsection ~~(1) or~~ (2) of this section, to reflect subsequent
22 transfers of all or any part of the cost of providing a
23 governmental function, in a manner prescribed by law. The
24 adjustment provided for in this subsection shall be used in
25 determining the AGGREGATE expenditure limitation FOR ALL
26 SCHOOL DISTRICTS pursuant to subsection ~~(1) or~~ (2) of this
27 section beginning with the fiscal year immediately following
28 the transfer.

29 (6) The economic estimates commission shall adjust the
30 amount of expenditures of local revenues in fiscal year
31 1979-1980, as used to determine the expenditure limitation of
32 a community college district pursuant to subsection (1) of
33 this section, to reflect BOTH OF THE FOLLOWING:

34 (a) SUBSEQUENT TRANSFERS OF ALL OR ANY PART OF THE COST
35 OF PROVIDING A GOVERNMENTAL FUNCTION, IN A MANNER PRESCRIBED
36 BY LAW. THE ADJUSTMENT PROVIDED FOR IN THIS PARAGRAPH SHALL
37 BE USED IN DETERMINING THE EXPENDITURE LIMITATION OF A
38 COMMUNITY COLLEGE DISTRICT PURSUANT TO SUBSECTION (1) OF THIS
39 SECTION BEGINNING WITH THE FISCAL YEAR IMMEDIATELY FOLLOWING
40 THE TRANSFER.

41 (b) Any subsequent annexation, creation of a new
42 district, consolidation or change in the boundaries of a
43 district, in a manner prescribed by law. The adjustment
44 provided for in this ~~subsection~~ PARAGRAPH shall be used in
45 determining the expenditure limitation OF A COMMUNITY COLLEGE

1 DISTRICT pursuant to subsection (1) of this section beginning
2 with the fiscal year immediately following the annexation,
3 creation of a new district, consolidation or change in the
4 boundaries of a district.

5 (7) The legislature shall establish by law expenditure
6 limitations for each school district ~~beginning with the fiscal~~
7 ~~year beginning July 1, 1980~~. Expenditures by a school
8 district in excess of such an expenditure limitation must be
9 approved by a majority of the electors voting on the excess
10 expenditures.

11 (8) The legislature shall establish by law a uniform
12 reporting system for school districts and community college
13 districts to ensure compliance with this section. The
14 legislature shall establish by law sanctions and penalties for
15 failure to comply with this section.

16 2. Applicability

17 This act applies to fiscal years beginning from and after June 30,
18 2025.

19 3. The Secretary of State shall submit this proposition to the
20 voters at the next general election as provided by article XXI,
21 Constitution of Arizona.