

COMMITTEE ON EDUCATION
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2089
(Reference to printed bill)

1 Page 1, between lines 1 and 2, insert:

2 "Section 1. Section 41-1279.07, Arizona Revised Statutes, is amended
3 to read:

4 41-1279.07. Uniform expenditure reporting system; reports by
5 counties, community college districts, cities
6 and towns; certification and attestation;
7 assistance by auditor general; attorney general
8 investigation; violation; classification

9 A. The auditor general shall prescribe a uniform expenditure
10 reporting system for all political subdivisions subject to the
11 constitutional expenditure limitations prescribed by article IX, sections
12 20 and 21, Constitution of Arizona. The system shall include:

13 1. For counties:

14 (a) An annual expenditure limitation report that includes at least
15 the following information:

16 (i) The expenditure limitation established for the reporting fiscal
17 year by the economic estimates commission.

18 (ii) Total expenditures, by fund, for the reporting fiscal year.

19 (iii) Total exclusions from local revenues, as defined by article
20 IX, section 20, Constitution of Arizona, by fund, for the reporting fiscal
21 year.

22 (iv) Total amounts, by fund, of expenditures subject to the
23 expenditure limitation for the reporting fiscal year.

1 (b) Annual financial statements prepared in accordance with
2 generally accepted accounting principles.

3 (c) A reconciliation of the total expenditures reported within the
4 financial statements to the total expenditures stated within the
5 expenditure limitation report.

6 2. For community college districts:

7 (a) An annual budgeted expenditure limitation report that includes
8 at least the following information:

9 (i) The expenditure limitation established for the reporting fiscal
10 year by the economic estimates commission.

11 (ii) Total budgeted expenditures for the reporting fiscal year.

12 (iii) Total exclusions from local revenues, as defined by article
13 IX, section 21, Constitution of Arizona, for the reporting fiscal year.

14 (iv) Total amounts of budgeted expenditures subject to the
15 expenditure limitation for the reporting fiscal year.

16 (b) Annual financial statements prepared in accordance with
17 generally accepted accounting principles.

18 (c) A reconciliation of the total expenditures reported within the
19 financial statements to the total expenditures reported within the
20 expenditure limitation report.

21 3. For cities and towns:

22 (a) An annual expenditure limitation report that includes at least
23 the following information:

24 (i) The expenditure limitation established for the reporting fiscal
25 year by the economic estimates commission and, if applicable, the voter
26 approved alternative expenditure limitation.

27 (ii) Total expenditures, by fund, for the reporting fiscal year.

28 (iii) Total exclusions from local revenues, as defined by article
29 IX, section 20, Constitution of Arizona, by fund, for the reporting fiscal
30 year or, if applicable, the total exclusions from the voter approved
31 alternative expenditure limitation.

1 (iv) Total amounts, by fund, of expenditures subject to the
2 expenditure limitation for the reporting fiscal year.

3 (b) Financial statements prepared in accordance with generally
4 accepted accounting principles.

5 (c) A reconciliation of the total expenditures reported within the
6 financial statements to the total expenditures reported within the
7 expenditure limitation report.

8 B. The auditor general shall provide detailed instructions for
9 completion and submission of the reports described in subsection A of this
10 section. The auditor general shall prescribe definitions for terms used in
11 and the form of the reports described in subsection A of this section. The
12 reports described in subsection A of this section are required of counties
13 and community college districts beginning with fiscal year 1981-1982. The
14 reports described in subsection A of this section are required of cities
15 and towns beginning with the fiscal year the political subdivision is
16 subject to the expenditure limitation. The annual reporting requirements
17 also apply to political subdivisions subject to an alternative expenditure
18 limitation enacted pursuant to article IX, section 20, subsection (9),
19 Constitution of Arizona.

20 C. The reports described in subsection A of this section must be
21 filed with the auditor general within nine months after the close of each
22 fiscal year.

23 D. The auditor general or a certified public accountant performing
24 the annual audit required pursuant to sections 41-1279.21 and 9-481 shall
25 attest to the expenditure limitation reports and financial statements for
26 counties, community college districts and cities. The certified public
27 accountant performing the annual or biennial audit required pursuant to
28 section 9-481 shall attest to the expenditure limitation reports and
29 financial statements for towns.

30 E. The governing body of each political subdivision shall provide to
31 the auditor general by July 31 each year the name of the chief fiscal
32 officer designated by the governing body of the political subdivision to

1 officially submit the current fiscal year's expenditure limitation report
2 on behalf of the governing body. The governing body of the political
3 subdivision shall notify the auditor general of any changes of individuals
4 designated to file the required reports. The designated chief fiscal
5 officer shall certify to the accuracy of the annual expenditure limitation
6 report.

7 F. The auditor general shall prescribe forms for the uniform
8 reporting system and may provide assistance to individuals, certified
9 public accountants or public accountants responsible for attesting to the
10 expenditure limitation reports and financial statements.

11 G. Each political subdivision, subject to the expenditure
12 limitations prescribed by article IX, sections 20 and 21, Constitution of
13 Arizona, shall comply with the uniform expenditure reporting system,
14 instructions and forms prescribed by the auditor general. The auditor
15 general may notify the committee and the attorney general if any political
16 subdivision does not comply with the uniform expenditure reporting system,
17 instructions or forms prescribed by the auditor general. The attorney
18 general may file a petition for special action in any court of competent
19 jurisdiction to compel any political subdivision to comply with this
20 section. The attorney general may apply for injunctive relief in any court
21 of competent jurisdiction to enjoin any political subdivision from
22 violating this section. Injunctive and special action proceedings are in
23 addition to all other penalties and other remedies prescribed by law.

24 H. A chief fiscal officer, designated pursuant to subsection E of
25 this section, who subsequent to July 1, 1983 refuses to file the reports
26 required by this section within the prescribed time periods or who
27 intentionally files erroneous reports is guilty of a class 1 misdemeanor.
28 A city or town exceeding the expenditure limitation prescribed or
29 authorized pursuant to article IX, section 20, Constitution of Arizona, for
30 any fiscal year, without authorization pursuant to such section, shall have
31 the amount specified in subsection I of this section of its allocations of
32 the state income tax, distributed pursuant to section 43-206, withheld and

1 redistributed to other cities and towns in the same manner as determined
2 pursuant to that section, except that the population of the city or town
3 exceeding the expenditure limitation shall not be included in the
4 computation, and the city or town exceeding the expenditure limitation
5 shall not be entitled to share in the redistribution. A community college
6 district exceeding the expenditure limitation prescribed pursuant to
7 article IX, section 21, Constitution of Arizona, for any fiscal year,
8 without authorization pursuant to such section or section 15-1471, shall
9 have the amount specified in subsection I of this section of its
10 ~~allocations of state aid,~~ FUNDING distributed pursuant to ~~section~~ SECTIONS
11 15-1464, 15-1466, ~~AND~~ 42-5029.02 withheld.

12 I. The auditor general shall hold a hearing to determine if any
13 political subdivision has exceeded the expenditure limitations prescribed
14 pursuant to article IX, sections 20 and 21, Constitution of Arizona. If a
15 county has exceeded the expenditure limitations prescribed pursuant to
16 article IX, section 20, Constitution of Arizona, without authorization
17 pursuant to that section, the auditor general shall notify the board of
18 supervisors of the county to reduce the allowable levy of primary property
19 taxes of the county pursuant to section 42-17051, subsection C. If any
20 political subdivision other than a county has exceeded the expenditure
21 limitations prescribed pursuant to article IX, sections 20 and 21,
22 Constitution of Arizona, without authorization, the auditor general shall
23 notify the state treasurer to withhold a portion of the political
24 subdivision's allocations of the revenues described in subsection H of this
25 section for the fiscal year subsequent to the auditor general's hearing as
26 follows:

- 27 1. If the excess expenditures are less than five percent of the
28 limitation, an amount equal to the excess expenditures.
- 29 2. If the excess expenditures are equal to or greater than five
30 percent but less than ten percent of the limitation, or are less than five
31 percent of the limitation but it is at least the second consecutive

1 instance of excess expenditures, an amount equal to triple the excess
2 expenditures.

3 3. If the excess expenditures are equal to or greater than ten
4 percent of the limitation, an amount equal to five times the excess
5 expenditures or one-third of the allocation of the revenues described in
6 subsection H of this section, whichever is less.

7 J. A county, city or town is not deemed to have exceeded the
8 expenditure limitation if the county, city or town makes expenditures for
9 capital improvements from utility revenues pursuant to title 9, chapter 5,
10 article 3 or from excise taxes levied by the county, city or town for a
11 specific purpose and the county, city or town repays the expenditure from
12 the proceeds of bonds or other lawful long-term obligations before the
13 hearing required by subsection I of this section."

14 Renumber to conform

15 Page 1, line 4, after the second comma insert "and Laws 2023, chapter 184,
16 section 3,"

17 Line 9, strike "state aid" insert "funding"; strike "section" insert "sections
18 15-1464,"; after "15-1466" insert "and 42-5029.02"

19 Line 34, strike "1" insert "2"

20 Amend title to conform

And, as so amended, it do pass

BEVERLY PINGERELLI
CHAIRMAN

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