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REFERENCE TITLE: **taxpayer bill of rights**

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

HCR 2029

Introduced by
Representatives Pearce, Boone, Gray C, Murphy, Pierce, Rosati, Smith,
Stump, Yarbrough, Senators Harper, Johnson: Representatives Allen J,
Anderson, Biggs, Burges, Knaperek, McLain, Nichols, Senator Verschoor

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTIONS 17 AND 22, CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTIONS 24 AND 25; RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

3 1. Article IX, section 17, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 17. Economic estimates commission; limitation on
7 annual increase in state revenues; limitation
8 on appropriation of state revenues; definition
9 of state revenues

10 Section 17. ~~(1) A.~~ The economic estimates commission
11 shall be established by law, with a membership of not to exceed
12 three members. ~~, and shall determine and publish prior to~~
13 ~~February 1 of each year the estimated total personal income for~~
14 ~~the following fiscal year. By April 1 of each year the~~
15 ~~commission shall determine and publish a final estimate of the~~
16 ~~total personal income for the following fiscal year, which~~
17 ~~estimate shall be used in computing the appropriations limit for~~
18 ~~the legislature. For the purposes of this section, "total~~
19 ~~personal income" means the dollar amount that will be reported~~
20 ~~as total income by persons for the state of Arizona by the U. S.~~
21 ~~department of commerce or its successor agency.~~

22 B. THE ECONOMIC ESTIMATES COMMISSION SHALL DETERMINE AND
23 PUBLISH:

24 1. BEFORE FEBRUARY 1 OF EACH YEAR:

25 (a) THE ACTUAL AMOUNT OF STATE REVENUES IN THE PRECEDING
26 FISCAL YEAR.

27 (b) PRELIMINARY ESTIMATES OF THE MAXIMUM AMOUNT OF STATE
28 REVENUES ALLOWABLE UNDER THIS SECTION FOR THE CURRENT FISCAL
29 YEAR AND FOR THE IMMEDIATELY FOLLOWING FISCAL YEAR.

30 2. BY APRIL 1 OF EACH YEAR FINAL ESTIMATES OF THE MAXIMUM
31 AMOUNT OF STATE REVENUES ALLOWABLE UNDER THIS SECTION FOR THE
32 CURRENT FISCAL YEAR AND FOR THE IMMEDIATELY FOLLOWING FISCAL
33 YEAR. THE FINAL ESTIMATES SHALL BE USED IN COMPUTING THE
34 REVENUE LIMITATION UNDER THIS SECTION FOR THE CURRENT AND
35 FOLLOWING FISCAL YEARS AND THE APPROPRIATION LIMITATION UNDER
36 THIS SECTION FOR THE FOLLOWING FISCAL YEAR.

37 C. FOR FISCAL YEAR 2007-2008 AND FOR EACH FISCAL YEAR
38 THEREAFTER, THE MAXIMUM AMOUNT OF STATE REVENUES FOR THE FISCAL
39 YEAR SHALL NOT EXCEED THE MAXIMUM ALLOWABLE AMOUNT OF STATE
40 REVENUES UNDER THIS SECTION FOR THE PRECEDING FISCAL YEAR, OR
41 THE ACTUAL AMOUNT OF STATE REVENUES IN THE PRECEDING FISCAL
42 YEAR, WHICHEVER IS LESS, ADJUSTED FOR REVENUE CHANGES APPROVED
43 BY THE VOTERS AS REQUIRED BY SECTION 24 OF THIS ARTICLE AND, AS
44 PROVIDED BY SUBSECTION D OF THIS SECTION, FOR ANNUAL CHANGES IN
45 THE POPULATION OF THIS STATE AND IN THE COST OF LIVING.

1 D. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR A
2 FISCAL YEAR IS THE SUM OF THE FOLLOWING:

3 1. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
4 PRECEDING FISCAL YEAR, OR THE ACTUAL AMOUNT OF STATE REVENUES IN
5 THE PRECEDING FISCAL YEAR, WHICHEVER IS LESS. FOR THE PURPOSES
6 OF COMPUTING THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR
7 FISCAL YEAR 2007-2008, THE ECONOMIC ESTIMATES COMMISSION SHALL
8 USE THE ACTUAL AMOUNT OF STATE REVENUES FOR FISCAL YEAR
9 2006-2007 AS THIS BASE AMOUNT.

10 2. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
11 PRECEDING FISCAL YEAR, OR THE ACTUAL AMOUNT OF STATE REVENUES IN
12 THE PRECEDING FISCAL YEAR, WHICHEVER IS LESS, MULTIPLIED BY THE
13 POSITIVE OR NEGATIVE PERCENTAGE CHANGE FOR THE MOST RECENT
14 AVAILABLE TWELVE MONTH PERIOD IN THE POPULATION OF THIS
15 STATE. FOR THE PURPOSES OF THIS PARAGRAPH, THE ECONOMIC
16 ESTIMATES COMMISSION SHALL DETERMINE THE POPULATION OF THIS
17 STATE BY USING ONLY THE MOST RECENT DATA FROM THE UNITED STATES
18 DECENNIAL CENSUS OR ONLY THE AVERAGE OF THE ANNUAL REVISIONS OF
19 POPULATION DATA BY THE DEPARTMENT OF ECONOMIC SECURITY, OR ITS
20 SUCCESSOR, AND DEMOGRAPHIC PUBLICATIONS OF STATE UNIVERSITIES.

21 3. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
22 PRECEDING FISCAL YEAR, OR THE ACTUAL AMOUNT OF STATE REVENUES IN
23 THE PRECEDING FISCAL YEAR, WHICHEVER IS LESS, MULTIPLIED BY THE
24 POSITIVE OR NEGATIVE PERCENTAGE CHANGE FOR THE MOST RECENT
25 AVAILABLE TWELVE MONTH PERIOD IN THE COST OF LIVING. FOR THE
26 PURPOSES OF THIS PARAGRAPH, THE ECONOMIC ESTIMATES COMMISSION
27 SHALL DETERMINE THE COST OF LIVING BY USING ONLY THE IMPLICIT
28 PRICE DEFLATOR FOR THE GROSS DOMESTIC PRODUCT OR THE GROSS STATE
29 PRODUCT FOR ARIZONA, WHICHEVER INDEX IS GREATER, OR A SUCCESSOR
30 INDEX, AS REPORTED BY THE RESPONSIBLE AGENCY OF THE UNITED
31 STATES GOVERNMENT. THE ECONOMIC ESTIMATES COMMISSION MAY TAKE
32 INTO ACCOUNT MINOR TECHNICAL ADJUSTMENTS TO THE INDEX THAT ARE
33 MADE OCCASIONALLY BY THE UNITED STATES GOVERNMENT.

34 E. IF STATE REVENUE COLLECTIONS IN ANY FISCAL YEAR EXCEED
35 THE MAXIMUM ALLOWABLE AMOUNT UNDER THIS SECTION FOR THAT FISCAL
36 YEAR:

37 1. ALL OF THE EXCESS REVENUES SHALL BE PAID AS A REFUND
38 TO PERSONS WHO FILED INDIVIDUAL INCOME TAX RETURNS IN THAT
39 FISCAL YEAR, EXCEPT AS PROVIDED IN PARAGRAPH 2 OR 3 OF THIS
40 SUBSECTION. REFUNDS UNDER THIS PARAGRAPH MUST BE PAID IN A
41 MANNER PRESCRIBED BY LAW WITHIN FOUR MONTHS AFTER THE END OF THE
42 FISCAL YEAR. THE LEGISLATURE MAY LIMIT REFUNDS UNDER THIS
43 PARAGRAPH TO AMOUNTS OF TEN DOLLARS OR MORE, AND ANY MONIES NOT
44 REFUNDED DUE TO THIS LIMIT SHALL BE CREDITED TO THE BUDGET
45 STABILIZATION FUND IN THE MANNER PRESCRIBED BY PARAGRAPH 2 OF
46 THIS SUBSECTION.

1 2. IN LIEU OF PAYING REFUNDS UNDER PARAGRAPH 1 OF THIS
2 SUBSECTION, THE LEGISLATURE MAY ELECT TO CREDIT ALL OR PART OF
3 THE SURPLUS REVENUE TO A STATE BUDGET STABILIZATION FUND. AN
4 ELECTION TO CREDIT SURPLUS STATE REVENUE TO THE BUDGET
5 STABILIZATION FUND MUST BE ENACTED AS A BILL APPROPRIATING A
6 LUMP SUM OF STATE REVENUE TO THE FUND IN THE CURRENT FISCAL YEAR
7 IN LIEU OF REFUNDING THAT AMOUNT PURSUANT TO PARAGRAPH 1 OF THIS
8 SUBSECTION, AND CONTAINING NO OTHER APPROPRIATION, CONDITION,
9 MATTER, SUBJECT OR ISSUE. EXCEPT AS PROVIDED IN PARAGRAPH 3 OF
10 THIS SUBSECTION, ANY AMOUNT OF THE SURPLUS STATE REVENUE NOT
11 APPROPRIATED TO THE FUND SHALL BE REFUNDED PURSUANT TO PARAGRAPH
12 1 OF THIS SUBSECTION. THE BUDGET STABILIZATION FUND SHALL NOT
13 EXCEED IN ANY FISCAL YEAR AN AMOUNT EQUAL TO 9.8% OF THE MAXIMUM
14 ALLOWABLE AMOUNT OF STATE REVENUES FOR THAT YEAR. MONIES IN THE
15 BUDGET STABILIZATION FUND MAY BE USED ONLY TO PAY CURRENT
16 EXTRAORDINARY NONRECURRING EXPENSES AND MAY NOT BE USED TO
17 SUPPLEMENT REVENUE SHORTFALLS OR PAY THE ORDINARY COSTS OF
18 ADMINISTERING, MAINTAINING OR OPERATING STATE GOVERNMENT.

19 3. IN THE CASE OF A DECLARED EMERGENCY, BY A VOTE OF AT
20 LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE
21 WITH THE APPROVAL OF THE GOVERNOR OR, IF THE GOVERNOR VETOES THE
22 MEASURE, ON THE AFFIRMATIVE VOTE OF AT LEAST THREE-FOURTHS OF
23 THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, THE LEGISLATURE
24 MAY ELECT TO APPROPRIATE ALL OR PART OF THE SURPLUS REVENUE FOR
25 THE SOLE PURPOSE OF PAYING THE EMERGENCY COSTS INCURRED BY THE
26 STATE. MONIES APPROPRIATED PURSUANT TO THIS PARAGRAPH:

27 (a) MAY BE USED ONLY TO PAY CURRENT EXTRAORDINARY
28 NONRECURRING EXPENSES THAT COULD NOT HAVE BEEN REASONABLY
29 FORESEEN OR PREVENTED AND THAT ARE REQUIRED IMMEDIATELY TO
30 PRESERVE THE HEALTH, SAFETY AND GENERAL WELFARE OF THE PEOPLE.

31 (b) MAY NOT BE USED TO PAY THE ORDINARY COSTS OF
32 ADMINISTERING, MAINTAINING OR OPERATING STATE GOVERNMENT OR TO
33 MEET REVENUE OR BUDGET SHORTFALLS OF STATE GOVERNMENT.

34 F. IN ORDER TO PERMIT THE ASSUMPTION AND DEVOLUTION OF
35 GOVERNMENTAL FUNCTIONS AND RESPONSIBILITIES AMONG THE VARIOUS
36 LEVELS OF GOVERNMENT, AND CONSISTENT WITH THE PURPOSES OF THIS
37 SECTION, THE LEGISLATURE SHALL PROVIDE FOR ADJUSTING THE
38 LIMITATION ON STATE REVENUES UNDER SUBSECTION C OF THIS SECTION
39 CONSISTENT WITH THE FOLLOWING PRINCIPLES:

40 1. IF THE RESPONSIBILITY FOR FUNDING ALL OR PART OF THE
41 COST OF A GOVERNMENTAL FUNCTION OR PROGRAM IS TRANSFERRED FROM
42 THE STATE TO THE FEDERAL GOVERNMENT, A TRIBAL GOVERNMENT OR A
43 LOCAL LEVEL OF GOVERNMENT, THE LIMITATION ON STATE REVENUES
44 UNDER THIS SECTION SHALL BE COMMENSURATELY DECREASED.

45 2. IF THE RESPONSIBILITY FOR FUNDING ALL OR PART OF THE
46 COST OF A GOVERNMENTAL FUNCTION OR PROGRAM IS TRANSFERRED TO THE

1 STATE FROM THE FEDERAL GOVERNMENT, A TRIBAL GOVERNMENT OR A
2 LOCAL LEVEL OF GOVERNMENT, THE LIMITATION ON STATE REVENUES
3 UNDER THIS SECTION SHALL BE COMMENSURATELY INCREASED.

4 3. ANY ADJUSTMENT PURSUANT TO THIS SUBSECTION SHALL BE
5 MADE FOR THE FIRST FISCAL YEAR OF THE TRANSFER AND SHALL REMAIN
6 IN EFFECT UNTIL A SUBSEQUENT ADJUSTMENT.

7 4. EACH ACT PROVIDING FOR THE DEVOLUTION FROM OR
8 ASSUMPTION BY THE STATE OF THE RESPONSIBILITY FOR FUNDING ALL OR
9 PART OF THE COST OF A GOVERNMENTAL FUNCTION OR PROGRAM SHALL
10 INCLUDE A SEPARATE PROVISION DESCRIBING THE REQUIREMENTS OF THIS
11 SUBSECTION AND PROVIDING FOR THE INCREASE OR DECREASE IN THE
12 LIMITATION ON STATE REVENUES UNDER THIS SECTION.

13 G. FOR FISCAL YEAR 2007-2008 AND FOR EACH FISCAL YEAR
14 THEREAFTER, THE LEGISLATURE SHALL NOT APPROPRIATE STATE REVENUES
15 IN AN AMOUNT EXCEEDING NINETY-EIGHT PER CENT OF THE MAXIMUM
16 ALLOWABLE AMOUNT OF STATE REVENUES FOR THAT FISCAL YEAR. THE
17 REMAINING STATE REVENUES SHALL BE CARRIED FORWARD AND ARE
18 CONSIDERED TO BE STATE REVENUES IN THE FOLLOWING FISCAL YEAR FOR
19 THE PURPOSES OF COMPUTING THE LIMIT UNDER SUBSECTION C OF THIS
20 SECTION. THE AMOUNT APPROPRIATED BY THE LEGISLATURE IN ANY
21 FISCAL YEAR IS SUBJECT TO REDUCTION IF THE ACTUAL AMOUNT OF
22 STATE REVENUES IN THE PRECEDING FISCAL YEAR CAUSES A REDUCTION
23 IN THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
24 CURRENT FISCAL YEAR. FOR THE PURPOSES OF THIS SUBSECTION:

25 1. AN APPROPRIATION PRESUMPTIVELY INCLUDES:

26 (a) ANY AUTHORIZATION BY THE LEGISLATURE FOR THE
27 EXPENDITURE, DISTRIBUTION OR ALLOCATION OF MONIES BY THIS STATE,
28 WHETHER BY STATUTE OR AN INDIVIDUAL ENACTMENT OR PURSUANT TO A
29 FORMULAIC CALCULATION, INCLUDING CONTINUING APPROPRIATIONS.

30 (b) THE APPROPRIATION OF ALL STATE GENERAL FUND REVENUES.

31 (c) THE APPROPRIATION OF ALL REVENUES DEPOSITED OR
32 CREDITED TO SPECIAL FUNDS ESTABLISHED BY LAW AFTER JUNE 30,
33 2006.

34 2. AN APPROPRIATION DOES NOT INCLUDE THE USE OF THE
35 FOLLOWING REVENUE IN THE MANNER PRESCRIBED BY LAW:

36 (a) REVENUES DEPOSITED OR CREDITED TO SPECIAL FUNDS IN
37 EXISTENCE BEFORE JULY 1, 2006, IF THEY ARE USED FOR THE PURPOSES
38 FOR WHICH THE FUND WAS ESTABLISHED.

39 (b) LICENSE TAX REVENUES AND HIGHWAY USER REVENUES THAT
40 ARE COLLECTED PURSUANT TO OR SUBJECT TO SECTIONS 11, 14, 15 AND
41 16 OF THIS ARTICLE.

42 (c) STATE UNIVERSITY TUITION REVENUE THAT IS USED
43 SPECIFICALLY FOR UNIVERSITY PURPOSES.

44 (d) MONIES THAT ARE RECEIVED FROM THE UNITED STATES IF
45 THEY ARE NOT SUBJECT TO APPROPRIATION BY THE LEGISLATURE.

1 (e) STATE TAX REVENUES THAT ARE ACTUALLY REMITTED TO
2 CITIES, TOWNS AND COUNTIES FOR GENERAL, UNRESTRICTED MUNICIPAL
3 OR COUNTY USE IN A PERCENTAGE OF STATE TAX COLLECTIONS THAT DOES
4 NOT EXCEED THE PERCENTAGE AUTHORIZED FOR FISCAL YEAR 2007-2008.

5 (f) INCOME AND REVENUES THAT ARE DERIVED FROM STATE AND
6 SCHOOL LANDS HELD IN TRUST, AND PERMANENT FUNDS ESTABLISHED,
7 PURSUANT TO ARTICLE X.

8 (g) REVENUES DEPOSITED OR CREDITED TO FUNDS ESTABLISHED
9 WITH DEDICATED FUNDING SOURCES PURSUANT TO VOTER APPROVED
10 MEASURES.

11 H. NOTWITHSTANDING ARTICLE IV, PART 1, SECTION 1(6)(D):

12 1. IF A REDUCTION IN TOTAL APPROPRIATIONS FROM THE
13 IMMEDIATELY PRECEDING FISCAL YEAR IS REQUIRED TO COMPLY WITH THE
14 LIMIT ON APPROPRIATIONS UNDER SUBSECTION G OF THIS SECTION, THE
15 LEGISLATURE, BY A VOTE OF A MAJORITY OF THE MEMBERS OF EACH
16 HOUSE OF THE LEGISLATURE WITH THE APPROVAL OF THE GOVERNOR OR,
17 IF THE GOVERNOR VETOES THE MEASURE, ON THE AFFIRMATIVE VOTE OF
18 AT LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE
19 LEGISLATURE, MAY ADJUST THE APPROPRIATION REQUIRED BY INITIATIVE
20 OR REFERENDUM FOR SPECIFIC PURPOSES OR FUNDS.

21 2. IN THE CASE OF A DECLARED EMERGENCY, BY A VOTE OF AT
22 LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE
23 WITH THE APPROVAL OF THE GOVERNOR OR, IF THE GOVERNOR VETOES THE
24 MEASURE, ON THE AFFIRMATIVE VOTE OF AT LEAST THREE-FOURTHS OF
25 THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, THE LEGISLATURE
26 MAY ADJUST THE APPROPRIATION REQUIRED BY INITIATIVE OR
27 REFERENDUM FOR SPECIFIC PURPOSES OR FUNDS. FOR THE PURPOSES OF
28 THIS PARAGRAPH, EMERGENCY DOES NOT INCLUDE THE ORDINARY COSTS OF
29 ADMINISTERING, MAINTAINING OR OPERATING STATE GOVERNMENT OR
30 REVENUE OR BUDGET SHORTFALLS OF STATE GOVERNMENT.

31 3. AN ADJUSTMENT PURSUANT TO PARAGRAPH 1 OR 2 OF THIS
32 SUBSECTION OF MONIES APPROVED BY INITIATIVE OR REFERENDUM IS NOT
33 CONSIDERED TO BE AN APPROPRIATION OR DIVERSION OF FUNDS CREATED
34 OR ALLOCATED TO A SPECIFIC PURPOSE.

35 ~~(2)~~ I. For THE purposes of this section, "state
36 revenues":

37 ~~(a)~~ 1. ~~Include~~ INCLUDES all monies, revenues, fees,
38 fines, penalties, funds, tuitions, property and receipts of any
39 kind whatsoever received by or for the account of the state or
40 any of its agencies, departments, offices, boards, commissions,
41 authorities, councils and ~~insitutions~~ INSTITUTIONS except as
42 provided in this subsection.

43 ~~(b)~~ 2. ~~Do~~ DOES not include:

44 ~~(i)~~ (a) Any amounts or property received from the
45 issuance or incurrence of bonds or other lawful long-term
46 obligations issued or incurred for a specific purpose. For the

1 purpose of this subdivision long-term obligations shall not
2 include warrants issued in the ordinary course of operation or
3 registered for payment by the state.

4 ~~(ii)~~ (b) Any amounts or property received as payment of
5 dividends or interest.

6 ~~(iii)~~ (c) Any amounts or property received by the state
7 in the capacity of trustee, custodian or agent.

8 ~~(iv)~~ (d) Any amounts received from employers for deposit
9 in the unemployment compensation fund or any successor fund.

10 ~~(v)~~ (e) Any amounts collected by the state for
11 distribution to counties, cities and towns without specific
12 restrictions on the use of the ~~funds~~ MONIES other than the
13 restrictions included in section 14 of this article.

14 ~~(vi)~~ (f) Any amounts received as grants, aid,
15 contributions or gifts of any type, except voluntary
16 contributions or other contributions received directly or
17 indirectly in lieu of taxes.

18 ~~(vii)~~ (g) Any amounts received as the proceeds from the
19 sale, lease or redemption of property or as consideration for
20 services or the use of property.

21 ~~(viii)~~ (h) Any amounts received pursuant to a transfer
22 during a fiscal year from another agency, department, office,
23 board, commission, authority, council or institution of the
24 state which were included as state revenues for such fiscal year
25 or which are excluded from state revenue under other provisions
26 of this subsection.

27 ~~(ix)~~ (i) Any amounts attributable to an increase in the
28 rates of tax subsequent to July 1, 1979 on vehicle users,
29 gasoline and diesel fuel which were levied on July 1, 1979.

30 ~~(x)~~ (j) Any amounts received during a fiscal year as
31 refunds, reimbursements or other recoveries of amounts
32 appropriated which were applied against the appropriation
33 limitation for such fiscal year or which were excluded from
34 state revenues under other provisions of this subsection.

35 ~~(3) The legislature shall not appropriate for any fiscal~~
36 ~~year state revenues in excess of seven per cent of the total~~
37 ~~personal income of the state for that fiscal year as determined~~
38 ~~by the economic estimates commission. The limitation may be~~
39 ~~exceeded upon affirmative vote of two-thirds of the membership~~
40 ~~of each house of the legislature on each measure that~~
41 ~~appropriates amounts in excess of the limitation. If the~~
42 ~~legislature authorizes a specific dollar amount of appropriation~~
43 ~~for more than one fiscal year, for the purpose of measuring such~~
44 ~~appropriation against the appropriation limitation, the entire~~
45 ~~amount appropriated shall be applied against the limitation in~~
46 ~~the first fiscal year during which any expenditures are~~

~~authorized, and in no other fiscal year.~~

~~(4) In order to permit the transference of governmental functions or funding responsibilities between the federal and state governments and between the state government and its political subdivisions without abridging the purpose of this section to limit state appropriations to a percentage of total personal income, the legislature shall provide for adjustments of the appropriation percentage limitation consistent with the following principles:~~

~~(a) If the federal government assumes all or any part of the cost of providing a governmental function which the state previously funded in whole or in part, the appropriation limitation shall be commensurately decreased.~~

~~(b) If the federal government requires the state to assume all or any part of the cost of providing a governmental function the appropriation limitation shall be commensurately increased.~~

~~(c) If the state assumes all or any part of the cost of providing a governmental function and the state requires the political subdivision, which previously funded all or any part of the cost of the function to commensurately decrease its tax revenues, the appropriation percentage limitation shall be commensurately increased.~~

~~(d) If a political subdivision assumes all or any part of the cost of providing a governmental function previously funded in whole or in part by the state, the appropriation percentage limitation shall be commensurately decreased.~~

~~Any adjustments made pursuant to this subsection shall be made for the first fiscal year of the assumption of the cost. Such adjustment shall remain in effect for each subsequent fiscal year.~~

2. Article IX, section 22, Constitution of Arizona, is proposed to be amended as follows if approved by the voters and on proclamation of the Governor:

22. Vote required to increase state revenues; application; exceptions

SECTION 22. (A) ~~An act~~ IN ADDITION TO THE REQUIREMENTS OF SECTION 24 OF THIS ARTICLE, A MEASURE ENACTED BY THE LEGISLATURE that provides for a net increase in state revenues, as described in subsection B OF THIS SECTION, is effective on the affirmative vote of two-thirds of the members of each house of the legislature. If ~~the~~ SUCH AN act THAT IS NOT REQUIRED TO BE SUBMITTED TO THE VOTERS receives such an affirmative vote, it becomes effective immediately on the signature of the governor as provided by article IV, part 1, section 1. If the governor vetoes the measure, it shall not become effective unless it is

1 approved by an affirmative vote of three-fourths of the members
2 of each house of the legislature.

3 (B) The requirements of this section apply to any ~~act~~
4 **MEASURE ENACTED BY THE LEGISLATURE** that provides for a net
5 increase in state revenues in the form of:

- 6 1. The imposition of any new tax.
- 7 2. An increase in a tax rate or rates.
- 8 3. A reduction or elimination of a tax deduction,
9 exemption, exclusion, credit or other tax exemption feature in
10 computing tax liability.
- 11 4. An increase in a statutorily prescribed state fee or
12 assessment or an increase in a statutorily prescribed maximum
13 limit for an administratively set fee.
- 14 5. The imposition of any new state fee or assessment or
15 the authorization of any new administratively set fee.
- 16 6. The elimination of an exemption from a statutorily
17 prescribed state fee or assessment.
- 18 7. A change in the allocation among the state, counties
19 or cities of Arizona transaction privilege, severance, jet fuel
20 and use, rental occupancy, or other taxes.
- 21 8. Any combination of the elements described in
22 paragraphs 1 through 7.

23 (C) This section does not apply to:

- 24 1. The effects of inflation, increasing assessed
25 valuation or any other similar effect that increases state
26 revenue but is not caused by an affirmative act of the
27 legislature.
- 28 2. Fees and assessments that are authorized by statute,
29 but are not prescribed by formula, amount or limit, and are set
30 by a state officer or agency.
- 31 3. Taxes, fees or assessments that are imposed by
32 counties, cities, towns and other political subdivisions of this
33 state.

34 (D) Each ~~act~~ **MEASURE** to which this section applies shall
35 include a separate provision describing the requirements for
36 enactment prescribed by this section.

37 3. Article IX, Constitution of Arizona, is proposed to be amended by
38 adding section 24 as follows if approved by the voters and on proclamation of
39 the Governor:

40 24. Election required to authorize increased public
41 revenues

42 SECTION 24. A. BEGINNING JANUARY 1, 2007, THE STATE AND
43 ANY COUNTY, CITY, TOWN, SCHOOL DISTRICT, COMMUNITY COLLEGE
44 DISTRICT AND SPECIAL PURPOSE TAXING DISTRICT MUST HAVE VOTER
45 APPROVAL IN ADVANCE FOR ANY:

- 46 1. NEW TAX THAT IT WAS NOT LEVYING ON OR BEFORE JANUARY

- 1 1, 2007.
- 2 2. NEW TAX RATE INCREASE.
- 3 3. TAX LEVY INCREASE OVER THE PRECEDING TAX YEAR.
- 4 4. ASSESSMENT RATIO INCREASE FOR A CLASS OF PROPERTY.
- 5 5. EXTENSION OF AN EXPIRING TAX.
- 6 6. CHANGE IN TAX POLICY THAT DIRECTLY CAUSES A NET TAX
- 7 REVENUE GAIN TO ANY TAXING JURISDICTION.
- 8 7. CREATION OF ANY MULTIYEAR DIRECT OR INDIRECT DEBT OR
- 9 OTHER FINANCIAL OBLIGATION OF A TAXING JURISDICTION WITHOUT
- 10 ADEQUATE PRESENT CASH RESERVES PLEDGED IRREVOCABLY AND HELD FOR
- 11 PAYMENTS IN ALL FUTURE YEARS, EXCEPT FOR REFINANCING EXISTING
- 12 BONDED INDEBTEDNESS AT A LOWER INTEREST RATE OR ADDING NEW
- 13 EMPLOYEES TO EXISTING PENSION PLANS.
- 14 B. FOR THE PURPOSES OF THIS SECTION, VOTER APPROVAL
- 15 CONSISTS OF THE AFFIRMATIVE VOTE OF A MAJORITY OF THE QUALIFIED
- 16 ELECTORS VOTING AT A REGULAR ELECTION HELD FOR THE NOMINATION OR
- 17 ELECTION OF MEMBERS OF THE GOVERNING BODY OF THE TAXING
- 18 JURISDICTION.
- 19 C. THE REQUIREMENTS FOR VOTER APPROVAL UNDER SUBSECTION A
- 20 OF THIS SECTION OF STATE FISCAL ACTIONS CREATING A NET INCREASE
- 21 IN STATE REVENUE ARE IN ADDITION TO THE REQUIREMENTS FOR
- 22 LEGISLATIVE APPROVAL PRESCRIBED BY SECTION 22 OF THIS ARTICLE.
- 23 4. Article IX, Constitution of Arizona, is proposed to be amended by
- 24 adding section 25 as follows if approved by the voters and on proclamation of
- 25 the Governor:
- 26 25. Mandated and shifted costs
- 27 SECTION 25. A. THE STATE SHALL NOT IMPOSE ON ANY LOCAL
- 28 UNIT OF GOVERNMENT ANY PART OF THE TOTAL COSTS OF NEW PROGRAMS
- 29 OR SERVICES, OR INCREASES IN EXISTING PROGRAMS OR SERVICES,
- 30 UNLESS A SPECIFIC APPROPRIATION IS MADE SUFFICIENT TO PAY THE
- 31 LOCAL UNIT OF GOVERNMENT FOR THAT PURPOSE.
- 32 B. THE PROPORTION OF STATE REVENUE PAID TO ALL LOCAL
- 33 UNITS OF GOVERNMENT, TAKEN AS A GROUP, SHALL NOT BE REDUCED
- 34 BELOW THE PROPORTION IN EFFECT AS OF JANUARY 1, 2007.
- 35 C. IF COSTS OF GOVERNMENTAL PROGRAMS ARE TRANSFERRED TO
- 36 OR FROM THE STATE FROM ANOTHER UNIT OF GOVERNMENT, EITHER BY LAW
- 37 OR COURT ORDER, THE LIMITATION ON STATE REVENUES PRESCRIBED BY
- 38 SECTION 17 OF THIS ARTICLE SHALL BE ADJUSTED ACCORDINGLY.
- 39 5. The Secretary of State shall submit this proposition to the voters
- 40 at the next general election as provided by article XXI, Constitution of
- 41 Arizona.