

REFERENCE TITLE: provisional community colleges; limits

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SB 1516

Introduced by
Senator Griffin

AN ACT

AMENDING SECTION 15-1409, ARIZONA REVISED STATUTES; AMENDING SECTION 41-563, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1998, CHAPTER 1, SECTION 115; AMENDING SECTION 41-563, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 23; AMENDING SECTION 42-17056, ARIZONA REVISED STATUTES; RELATING TO PROVISIONAL 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 15-1409, Arizona Revised Statutes, is amended to
3 read:

4 15-1409. Provisional community college districts; formation;
5 governing board; powers and duties; issuance and
6 sale of bonds for capital outlay

7 A. A provisional community college district shall contract with an
8 existing community college district to provide instructional and student
9 services within the provisional community college district.

10 B. The minimum assessed valuation and population requirements
11 prescribed in section 15-1402 do not apply to provisional community college
12 districts.

13 C. A provisional community college district shall be formed and a
14 provisional community college district governing board shall be elected in
15 the same manner prescribed in sections 15-1403, 15-1404 and 15-1441, except
16 that the county board of supervisors by majority vote may adopt a resolution
17 to submit the question of the formation of a provisional community college
18 district and the approval of a proposed tax rate to fund the provisional
19 community college district directly to the qualified electors of the county
20 at a special or general election called for that purpose as prescribed in
21 section 16-204 and title 35, chapter 3, article 3. The resolution adopted by
22 the county board of supervisors shall include a statement that the primary
23 property tax levy limit for the provisional community college district shall
24 be no less than the levy limit of the most recently formed community college
25 district in this state.

26 D. Except as provided in this section, a provisional community college
27 district governing board has the same powers and duties specified in section
28 15-1444 for community college districts.

29 E. A provisional community college district shall not award degrees,
30 certificates or diplomas.

31 F. A provisional community college district is not eligible to receive
32 equalization aid pursuant to section 15-1468 or state contribution for
33 capital outlay for initial or additional campuses pursuant to section
34 15-1463.

35 G. The state aid eligibility requirements prescribed in section
36 15-1466, subsection ~~G~~ E, paragraphs 1 and 2 do not apply to provisional
37 community college districts.

38 H. Notwithstanding any other law, the same student shall not be
39 counted twice as a full-time equivalent student in both a provisional
40 community college district and a community college district. Notwithstanding
41 any other law, beginning with the fiscal year after the year in which the
42 provisional community college district is formed and has established its
43 primary tax rate, a district that provides services in a provisional district
44 pursuant to section 15-1470 shall no longer count these students in the
45 district's full-time equivalent student count.

1 I. If a provisional community college district is converted into a
2 community college district by the formation of a community college district
3 pursuant to section 15-1402, the provisional community college district is
4 dissolved and any equipment, property, personnel, liabilities and assets are
5 transferred to the community college district.

6 J. If a provisional community college district is formed in a county
7 that provides reimbursement for the attendance of nonresident state students
8 pursuant to section 15-1469, that county shall continue to provide
9 reimbursement payments to community college districts for the remainder of
10 the fiscal year in which the provisional community college district is
11 formed, ~~provided that the county board of supervisors adopts a levy that is~~
12 ~~at least equal to the sum of the reimbursement payments and the amount of the~~
13 ~~community college services provided in the fiscal year immediately before the~~
14 ~~formation of the provisional community college district.~~

15 K. The board of supervisors of a county that has formed a provisional
16 community college district by majority vote may enter into an
17 intergovernmental agreement to loan monies to the governing board of the
18 provisional community college district in an amount that does not exceed two
19 hundred thousand dollars. Any loan pursuant to this subsection shall be
20 repaid from the next scheduled collection of property taxes to fund the
21 provisional community college district. The annual interest charges on any
22 loan pursuant to this subsection shall not exceed five per cent.

23 L. A provisional community college district may issue bonds for
24 capital outlay purposes in the same manner prescribed in section 15-1465 for
25 community college districts. The governing board of the provisional
26 community college district is solely responsible for determining the
27 encumbrance and approval of the expenditure of the proceeds of the bonds
28 issued pursuant to this subsection and shall not delegate or transfer this
29 authority to any other entity.

30 Sec. 2. Section 41-563, Arizona Revised Statutes, as amended by Laws
31 1998, chapter 1, section 115, is amended to read:

32 41-563. Expenditure limitations; determination by the
33 commission; definitions

34 A. For political subdivisions the commission shall:

35 1. Determine the base limit level of political subdivisions for each
36 political subdivision subject to an expenditure limitation pursuant to
37 article IX, section 20, Constitution of Arizona. For purposes of this
38 subsection and subsection D of this section, the "base limit" of each
39 political subdivision means the amount of actual payments of local revenues
40 by such political subdivision in fiscal year 1979-1980 as used to determine
41 the expenditure limitation pursuant to paragraph 4 of this subsection.

42 2. Determine and report to the governing board of each political
43 subdivision subject to an expenditure limitation pursuant to article IX,
44 section 20, Constitution of Arizona, prior to February 1 of each year, the
45 following:

1 (a) The total of the estimated population of each such political
2 subdivision as of July 1 of the prior year and the estimated population of
3 any areas annexed by such political subdivisions thereafter, based on the
4 population estimates developed by the department of economic security. The
5 population of any areas annexed thereafter must be estimated as of July 1 of
6 the prior year.

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

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

13 3. Determine and report to the governing board of each political
14 subdivision subject to an expenditure limitation pursuant to article IX,
15 section 20, Constitution of Arizona, prior to April 1 of each year, the
16 following:

17 (a) The total of the population of each such political subdivision as
18 of July 1 of the prior year and the population of any areas annexed by such
19 political subdivisions thereafter. The population of any areas annexed
20 thereafter must be estimated as of July 1 of the prior year.

21 (b) The estimated change in the GDP price deflator used to determine
22 the expenditure limitation for the following fiscal year over the GDP price
23 deflator used to determine the expenditure limitation for the current fiscal
24 year.

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

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

30 (a) Determine the population of the political subdivision as of July
31 1, 1978.

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

34 (c) Divide the population determined in subdivision (b) of this
35 paragraph by the population determined in subdivision (a) of this paragraph.

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

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

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

44 (g) Multiply the amount determined in paragraph 1 of this subsection
45 for the political subdivision by the quotient determined in subdivision (c)

1 of this paragraph and multiply the resulting product by the quotient
2 determined in subdivision (f) of this paragraph.

3 5. If any annexation, consolidation or change in the boundaries of a
4 political subdivision occurs after the determination and report required by
5 paragraph 3 of this subsection but before July 1 of the current year, the
6 commission shall, as promptly as feasible, redetermine the total population,
7 calculated in paragraph 4, subdivision (b) of this subsection, of the
8 political subdivisions affected by the annexation, consolidation or change in
9 boundaries. The commission shall determine respective amended expenditure
10 limitations based on the amended population which shall be promptly reported
11 to the governing board of each of the affected political subdivisions. The
12 political subdivisions affected shall use the revised expenditure limitation
13 if it is received before the annual financial statement and estimate of
14 expenses is prepared as required by section 42-17101.

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

20 7. In the event of the division of a county into two or more new
21 counties, determine the expenditure limitation for each of the new counties
22 or the consolidation of counties, pursuant to article IX, section 20,
23 Constitution of Arizona, using one of the following two methods. The board
24 of supervisors of each new county upon the affirmative vote of two-thirds of
25 the members of the board of supervisors shall, on or before February 1
26 following the county's establishment, adopt one of the expenditure
27 limitations determined:

28 (a) Method one:

29 (i) Determine the existing county which has a population closest to
30 the population of the new county as of July 1 for the fiscal year preceding
31 the fiscal year for which the expenditure limit is being determined.

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

36 (iii) Multiply the per capita amount determined in item (ii) of this
37 subdivision by the population of the new county as of July 1 in the fiscal
38 year in which the new county government is established. The amount thus
39 determined is the expenditure limit for the new county for the first full
40 fiscal year following its establishment.

41 (iv) Determine a base limit for the new county which will yield the
42 new expenditure limit determined in item (iii) of this subdivision for the
43 first full fiscal year following the establishment of the new county
44 government.

1 (b) Method two:

2 (i) Determine the per capita expenditure limit of the old county or
3 counties for the last full fiscal year prior to the establishment of the new
4 county government based upon the amount determined in paragraph 3,
5 subdivision (c) of this subsection.

6 (ii) Multiply the per capita amount determined in item (i) of this
7 subdivision by the population of the new county as of July 1 in the fiscal
8 year in which the new county government is established. The amount thus
9 determined is the expenditure limit for the new county for the first full
10 fiscal year following its establishment.

11 (iii) Determine a base limit for the new county which will yield the
12 new expenditure limit determined in item (ii) of this subdivision for the
13 first full fiscal year following the establishment of the new county
14 government.

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

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

31 B. For community college districts the commission shall:

32 1. Determine the base limit of each community college district subject
33 to an expenditure limitation pursuant to article IX, section 21, Constitution
34 of Arizona. For purposes of this subsection and subsection D of this
35 section, the "base limit" of each community college district means the amount
36 of expenditures of local revenues in fiscal year 1979-1980 as used to
37 determine the expenditure limitation pursuant to paragraph 4 of this
38 subsection.

39 2. Determine and report to the governing board of each community
40 college district prior to February 1 of each year the following:

41 (a) The estimated student population, utilizing the procedure
42 prescribed in section 15-1466.01, of each community college district for the
43 following fiscal year.

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

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

3 (d) The modified expenditure limitation as prescribed in section
4 15-1471, if applicable.

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

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

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

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

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

16 4. Determine the expenditure limitation for each community college
17 district, as follows:

18 (a) Determine the student population of each community college
19 district for fiscal year 1979-1980 using the definition of full-time
20 equivalent student in section 15-1401 in 1979-1980, except that if a
21 redefinition of full-time equivalent student changes the number of semester
22 credit units per semester from fifteen units, the student population for the
23 1979-1980 base year shall be recalculated using the new number of units.

24 (b) Determine the estimated student population of each community
25 college district for the fiscal year for which the expenditure limitation is
26 being determined using the definition of full-time equivalent student in
27 section 15-1401.

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

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

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

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

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

43 5. In the event of an annexation, creation of a new community college
44 district or a consolidation or change in the boundaries of a community

1 college district, the base limit of a community college district shall be
2 adjusted by the commission according to the following guidelines:

3 (a) In the event of the creation of a new community college district,
4 the base limit of the community college district shall be determined by
5 multiplying the average amount of 1979-1980 per capita expenditures of local
6 revenues for all community college districts within the state by the student
7 population of the new community college district. The expenditure limit of
8 the county in which the new community college district is located shall be
9 reduced by the amount paid to other community college districts for tuition
10 in the fiscal year preceding the fiscal year in which the new community
11 college district is created. THIS SUBDIVISION DOES NOT APPLY TO PROVISIONAL
12 COMMUNITY COLLEGE DISTRICTS FORMED PURSUANT TO SECTION 15-1409.

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

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

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

27 (ii) Decrease the base limit of the contiguous county by the amount of
28 reimbursement prescribed by section 15-1469, subsection B, paragraph 1, paid
29 by such county in the 1979-1980 base year, except that no decrease shall be
30 made to the base limit of such county if the reimbursement prescribed by
31 section 15-1469, subsection B, paragraph 1 in the immediately prior year was
32 paid by the state pursuant to section 15-1469.01.

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

43 C. For school districts the commission shall:

44 1. Determine the base limit of school districts subject to the
45 expenditure limitation prescribed by article IX, section 21, subsection (2),

1 Constitution of Arizona. For purposes of this subsection and subsection D of
2 this section, the "base limit" means the total amount of expenditures of
3 local revenues of all school districts in fiscal year 1979-1980 as used to
4 determine the expenditure limitation pursuant to paragraph 4 of this
5 subsection.

6 2. Determine and report to the legislature prior to March 1 of each
7 year the following:

8 (a) The estimated total student population, utilizing the procedure
9 prescribed in section 15-902, subsection A, of all school districts for the
10 current year.

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

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

15 3. Determine and report to the legislature, prior to May 1 of each
16 year, the following:

17 (a) The total student population, utilizing the procedure prescribed
18 in section 15-902, subsection A, of all school districts for the current
19 year.

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

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

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

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

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

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

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

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

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

41 (g) Multiply the amount determined in paragraph 1 of this subsection
42 by the quotient determined in subdivision (c) of this paragraph and multiply
43 the resulting product by the quotient determined in subdivision (f) of this
44 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 is
6 applicable, shall be adjusted by the commission to reflect the transfer by
7 increasing the base limit of the political subdivision, community college
8 district or school district to which the cost is transferred and decreasing
9 the base limit of the political subdivision, community college district or
10 school district from which the cost is transferred by the amount of the cost
11 of the transferred governmental function.

12 E. In this section:

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

14 2. "GDP price deflator" means the average of the four implicit price
15 deflators for the gross domestic product reported by the United States
16 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. 3. Section 41-563, Arizona Revised Statutes, as amended by Laws
24 2010, chapter 318, section 23, is amended to read:

25 41-563. Expenditure limitations: determination by the
26 commission: definitions

27 A. For political subdivisions the commission shall:

28 1. Determine the base limit level of political subdivisions for each
29 political subdivision subject to an expenditure limitation pursuant to
30 article IX, section 20, Constitution of Arizona. For the purposes of this
31 subsection and subsection D of this section, the "base limit" of each
32 political subdivision means the amount of actual payments of local revenues
33 by such political subdivision in fiscal year 1979-1980 as used to determine
34 the expenditure limitation pursuant to paragraph 4 of this subsection.

35 2. Determine and report to the governing board of each political
36 subdivision subject to an expenditure limitation pursuant to article IX,
37 section 20, Constitution of Arizona, prior to February 1 of each year, the
38 following:

39 (a) The total of the estimated population of each such political
40 subdivision as of July 1 of the prior year and the estimated population of
41 any areas annexed by such political subdivisions thereafter, based on the
42 population estimates developed by the department of economic security. The
43 population of any areas annexed thereafter must be estimated as of July 1 of
44 the prior year.

1 (b) The estimated change in the GDP price deflator used to determine
2 the expenditure limitation for the following fiscal year over the GDP price
3 deflator used to determine the expenditure limitation for the current fiscal
4 year.

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

7 3. Determine and report to the governing board of each political
8 subdivision subject to an expenditure limitation pursuant to article IX,
9 section 20, Constitution of Arizona, prior to April 1 of each year, the
10 following:

11 (a) The total of the population of each such political subdivision as
12 of July 1 of the prior year and the population of any areas annexed by such
13 political subdivisions thereafter. The population of any areas annexed
14 thereafter must be estimated as of July 1 of the prior year.

15 (b) The estimated change in the GDP price deflator used to determine
16 the expenditure limitation for the following fiscal year over the GDP price
17 deflator used to determine the expenditure limitation for the current fiscal
18 year.

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

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

24 (a) Determine the population of the political subdivision as of July
25 1, 1978.

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

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

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

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

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

38 (g) Multiply the amount determined in paragraph 1 of this subsection
39 for the political subdivision by the quotient determined in subdivision (c)
40 of this paragraph and multiply the resulting product by the quotient
41 determined in subdivision (f) of this paragraph.

42 5. If any annexation, consolidation or change in the boundaries of a
43 political subdivision occurs after the determination and report required by
44 paragraph 3 of this subsection but before July 1 of the current year, the
45 commission, as promptly as feasible, shall redetermine the total population,

1 calculated in paragraph 4, subdivision (b) of this subsection, of the
 2 political subdivisions affected by the annexation, consolidation or change in
 3 boundaries. The commission shall determine respective amended expenditure
 4 limitations based on the amended population, which shall be promptly reported
 5 to the governing board of each of the affected political subdivisions. The
 6 political subdivisions affected shall use the revised expenditure limitation
 7 if it is received before the annual financial statement and estimate of
 8 expenses is prepared as required by section 42-17101.

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

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

22 (a) Method one:

23 (i) Determine the existing county which has a population closest to
 24 the population of the new county as of July 1 for the fiscal year preceding
 25 the fiscal year for which the expenditure limit is being determined.

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

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

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

39 (b) Method two:

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

1 (ii) Multiply the per capita amount determined in item (i) of this
2 subdivision by the population of the new county as of July 1 in the fiscal
3 year in which the new county government is established. The amount thus
4 determined is the expenditure limit for the new county for the first full
5 fiscal year following its establishment.

6 (iii) Determine a base limit for the new county which will yield the
7 new expenditure limit determined in item (ii) of this subdivision for the
8 first full fiscal year following the establishment of the new county
9 government.

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

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

26 B. For community college districts the commission shall:

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

34 2. Determine and report to the governing board of each community
35 college district prior to February 1 of each year the following:

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

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

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

1 (d) The modified expenditure limitation as prescribed in section
2 15-1471, if applicable.

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

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

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

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

12 (d) The modified expenditure limitation as prescribed in section
13 15-1471, if applicable.

14 4. Determine the expenditure limitation for each community college
15 district, as follows:

16 (a) Determine the student population of each community college
17 district for fiscal year 1979-1980 using the definition of full-time
18 equivalent student in section 15-1401 in 1979-1980, except that if a
19 redefinition of full-time equivalent student changes the number of semester
20 credit units per semester from fifteen units, the student population for the
21 1979-1980 base year shall be recalculated using the new number of units.

22 (b) Determine the estimated student population of each community
23 college district for the fiscal year for which the expenditure limitation is
24 being determined using the definition of full-time equivalent student in
25 section 15-1401.

26 (c) Divide the student population determined in subdivision (b) of
27 this paragraph by the student population determined in subdivision (a) of
28 this paragraph.

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

31 (e) Determine the estimated GDP price deflator for the calendar year
32 immediately preceding the fiscal year for which the expenditure limitation is
33 being determined.

34 (f) Divide the GDP price deflator determined in subdivision (e) of
35 this paragraph by the GDP price deflator determined in subdivision (d) of
36 this paragraph.

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

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

1 (a) In the event of the creation of a new community college district,
2 the base limit of the community college district shall be determined by
3 multiplying the average amount of 1979-1980 per capita expenditures of local
4 revenues for all community college districts within the state by the student
5 population of the new community college district. The expenditure limit of
6 the county in which the new community college district is located shall be
7 reduced by the amount paid to other community college districts for tuition
8 in the fiscal year preceding the fiscal year in which the new community
9 college district is created. THIS SUBDIVISION DOES NOT APPLY TO PROVISIONAL
10 COMMUNITY COLLEGE DISTRICTS FORMED PURSUANT TO SECTION 15-1409.

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

17 (c) If an existing community college district consolidates with a
18 contiguous county not part of a community college district the commission
19 shall:

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

25 (ii) Decrease the base limit of the contiguous county by the amount of
26 reimbursement prescribed by section 15-1469, subsection B, paragraph 1, paid
27 by such county in the 1979-1980 base year, except that no decrease shall be
28 made to the base limit of such county if the reimbursement prescribed by
29 section 15-1469, subsection B, paragraph 1 in the immediately prior year was
30 paid by the state pursuant to section 15-1469.01.

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

41 C. For school districts the commission shall:

42 1. Determine the base limit of school districts subject to the
43 expenditure limitation prescribed by article IX, section 21, subsection (2),
44 Constitution of Arizona. For the purposes of this subsection and subsection
45 D of this section, "base limit" means the total amount of expenditures of

1 local revenues of all school districts in fiscal year 1979-1980 as used to
2 determine the expenditure limitation pursuant to paragraph 4 of this
3 subsection.

4 2. Determine and report to the legislature prior to March 1 of each
5 year the following:

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

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

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

12 3. Determine and report to the legislature, prior to May 1 of each
13 year, the following:

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

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

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

20 4. Determine the aggregate expenditure limitation for all school
21 districts as follows:

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

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

26 (c) Divide the aggregate student population determined in subdivision
27 (b) of this paragraph by the aggregate student population in subdivision (a)
28 of this paragraph.

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

31 (e) Determine the estimated GDP price deflator for the calendar year
32 immediately preceding the fiscal year for which the aggregate expenditure
33 limitation is being determined.

34 (f) Divide the GDP price deflator determined in subdivision (e) of
35 this paragraph by the GDP price deflator determined in subdivision (d) of
36 this paragraph.

37 (g) Multiply the amount determined in paragraph 1 of this subsection
38 by the quotient determined in subdivision (c) of this paragraph and multiply
39 the resulting product by the quotient determined in subdivision (f) of this
40 paragraph.

41 D. In the case of a transfer of all or any part of the cost of
42 providing a governmental function, pursuant to article IX, section 20,
43 subsection (4), Constitution of Arizona, or article IX, section 21,
44 subsection (5), Constitution of Arizona, the base limit of political
45 subdivisions, community college districts or school districts, whichever is

1 applicable, shall be adjusted by the commission to reflect the transfer by
2 increasing the base limit of the political subdivision, community college
3 district or school district to which the cost is transferred and decreasing
4 the base limit of the political subdivision, community college district or
5 school district from which the cost is transferred by the amount of the cost
6 of the transferred governmental function.

7 E. For the purposes of this section:

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

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

12 3. "Political subdivision" means any county, city, including any
13 charter city, or town.

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

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

18 Sec. 4. Section 42-17056, Arizona Revised Statutes, is amended to
19 read:

20 42-17056. Initial base levy limit if no primary property taxes
21 were levied in the preceding tax year

22 A. If a county, city, town or community college district did not levy
23 primary property taxes in the preceding tax year, the governing body shall
24 submit a proposed amount to be raised by primary property taxes for approval
25 of the voters.

26 B. The election shall be held on the third Tuesday in May before the
27 beginning of the fiscal year in as nearly as practicable the same manner as
28 prescribed by title 35, chapter 3, article 3. The ballot shall state that if
29 the amount is approved by the voters, it will be the base for determining
30 levy limitations for the county, city, town or district for subsequent fiscal
31 years.

32 C. If a majority of the qualified electors voting ~~approves~~ APPROVE the
33 proposed levy amount for primary property taxes, the levy applicable for the
34 county, city, town or district for the next fiscal year shall be an amount
35 not exceeding the approved amount.

36 D. On acceptance by the voters, the governing body shall send a copy
37 of the approved resolution to the property tax oversight commission.

38 E. If the proposed levy amount is not approved, the county, city, town
39 or community college district shall not levy a primary property tax for that
40 year.

41 F. THIS SECTION DOES NOT APPLY TO PROVISIONAL COMMUNITY COLLEGE
42 DISTRICTS FORMED PURSUANT TO SECTION 15-1409.

1 Sec. 5. Retroactivity

2 A. Sections 15-1409 and 42-17056, Arizona Revised Statutes, as amended
3 by this act, and section 41-563, Arizona Revised Statutes, as amended by Laws
4 1998, chapter 1, section 115 and this act, apply retroactively to from and
5 after May 16, 2010.

6 B. Section 41-563, Arizona Revised Statutes, as amended by Laws 2010,
7 chapter 318, section 23 and this act, applies retroactively to from and after
8 June 30, 2011.