

REFERENCE TITLE: community college districts; student population

State of Arizona
Senate
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2012

SB 1180

Introduced by
Senator Allen; Representatives Crandell: Barton, Olson

AN ACT

AMENDING SECTIONS 15-1409 AND 41-563, ARIZONA REVISED STATUTES; RELATING TO
COMMUNITY COLLEGE EXPENDITURE LIMITS.

(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 E, paragraphs 1 and 2 do not apply to provisional
37 community college districts.

38 H. Notwithstanding any other law, **FOR THE PURPOSES OF CALCULATING**
39 **STATE AID TO COMMUNITY COLLEGE DISTRICTS UNDER THIS CHAPTER**, the same student
40 shall not be counted twice as a full-time equivalent student in both a
41 provisional community college district and a community college district.
42 Notwithstanding any other law, beginning with the fiscal year after the year
43 in which the provisional community college district is formed and has
44 established its primary tax rate, **FOR THE PURPOSES OF CALCULATING STATE AID**
45 **TO COMMUNITY COLLEGE DISTRICTS UNDER THIS CHAPTER**, a district that provides

1 services in a provisional district pursuant to section 15-1470 shall no
2 longer count these students in the district's full-time equivalent student
3 count. THIS SUBSECTION DOES NOT APPLY FOR PURPOSES OF CALCULATING A
4 COMMUNITY COLLEGE DISTRICT'S EXPENDITURE LIMITATIONS PURSUANT TO SECTION
5 41-563, SUBSECTION B.

6 I. If a provisional community college district is converted into a
7 community college district by the formation of a community college district
8 pursuant to section 15-1402 or 15-1402.01, the provisional community college
9 district is dissolved and any equipment, property, personnel, liabilities and
10 assets are transferred to the community college district.

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

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

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

35 Sec. 2. Section 41-563, Arizona Revised Statutes, is amended to read:
36 41-563. Expenditure limitations; determination by the
37 commission; definitions

38 A. For political subdivisions the commission shall:

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

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

5 (a) The total of the estimated population of each such political
6 subdivision as of July 1 of the prior year and the estimated population of
7 any areas annexed by such political subdivisions thereafter, based on the
8 population estimates developed by the ~~department of economic security~~ OFFICE
9 OF EMPLOYMENT AND POPULATION STATISTICS. The population of any areas annexed
10 thereafter must be estimated as of July 1 of the prior year.

11 (b) The estimated change in the GDP price deflator used to determine
12 the expenditure limitation for the following fiscal year over the GDP price
13 deflator used to determine the expenditure limitation for the current fiscal
14 year.

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

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

21 (a) The total of the population of each such political subdivision as
22 of July 1 of the prior year and the population of any areas annexed by such
23 political subdivisions thereafter. The population of any areas annexed
24 thereafter must be estimated as of July 1 of the prior year.

25 (b) The estimated change in the GDP price deflator used to determine
26 the expenditure limitation for the following fiscal year over the GDP price
27 deflator used to determine the expenditure limitation for the current fiscal
28 year.

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

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

34 (a) Determine the population of the political subdivision as of July
35 1, 1978.

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

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

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

42 (e) Determine the estimated GDP price deflator for the calendar year
43 immediately preceding the fiscal year for which the expenditure limitation is
44 being determined.

1 (f) Divide the GDP price deflator determined in subdivision (e) of
2 this paragraph by the GDP price deflator determined in subdivision (d) of
3 this paragraph.

4 (g) Multiply the amount determined in paragraph 1 of this subsection
5 for the political subdivision by the quotient determined in subdivision (c)
6 of this paragraph and multiply the resulting product by the quotient
7 determined in subdivision (f) of this paragraph.

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

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

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

33 (a) Method one:

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

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

41 (iii) Multiply the per capita amount determined in item (ii) of this
42 subdivision by the population of the new county as of July 1 in the fiscal
43 year in which the new county government is established. The amount thus
44 determined is the expenditure limit for the new county for the first full
45 fiscal year following its establishment.

1 (iv) Determine a base limit for the new county which will yield the
2 new expenditure limit determined in item (iii) of this subdivision for the
3 first full fiscal year following the establishment of the new county
4 government.

5 (b) Method two:

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

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

15 (iii) Determine a base limit for the new county which will yield the
16 new expenditure limit determined in item (ii) of this subdivision for the
17 first full fiscal year following the establishment of the new county
18 government.

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

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

35 B. For community college districts the commission shall:

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

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

- 1 (a) The estimated student population, utilizing the procedure
2 prescribed in section 15-1466.01, of each community college district for the
3 following fiscal year.
- 4 (b) The estimated change in the GDP price deflator as prescribed in
5 subsection A, paragraph 2, subdivision (b) of this section.
- 6 (c) The expenditure limitation for each community college district for
7 the following fiscal year.
- 8 (d) The modified expenditure limitation as prescribed in section
9 15-1471, if applicable.
- 10 3. Determine and report to the governing board of each community
11 college district prior to April 1 of each year the following:
- 12 (a) The student population, utilizing the procedure prescribed in
13 section 15-1466.01, of each community college district for the following
14 fiscal year.
- 15 (b) The estimated change in the GDP price deflator as prescribed in
16 subsection A, paragraph 2, subdivision (b) of this section.
- 17 (c) The expenditure limitation for each community college district for
18 the following fiscal year.
- 19 (d) The modified expenditure limitation as prescribed in section
20 15-1471, if applicable.
- 21 4. Determine the expenditure limitation for each community college
22 district, as follows:
- 23 (a) Determine the student population of each community college
24 district for fiscal year 1979-1980 using the definition of full-time
25 equivalent student in section 15-1401 in 1979-1980, except that if a
26 redefinition of full-time equivalent student changes the number of semester
27 credit units per semester from fifteen units, the student population for the
28 1979-1980 base year shall be recalculated using the new number of units.
- 29 (b) Determine the estimated student population of each community
30 college district for the fiscal year for which the expenditure limitation is
31 being determined using the definition of full-time equivalent student in
32 section 15-1401.
- 33 (c) Divide the student population determined in subdivision (b) of
34 this paragraph by the student population determined in subdivision (a) of
35 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 community college district by the quotient determined in subdivision

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

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

7 (a) In the event of the creation of a new community college district,
8 the base limit of the community college district shall be determined by
9 multiplying the average amount of 1979-1980 per capita expenditures of local
10 revenues for all community college districts within the state by the student
11 population of the new community college district. The expenditure limit of
12 the county in which the new community college district is located shall be
13 reduced by the amount paid to other community college districts for tuition
14 in the fiscal year preceding the fiscal year in which the new community
15 college district is created.

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

22 (c) If an existing community college district consolidates with a
23 contiguous county not part of a community college district the commission
24 shall:

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

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

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

1 C. For school districts the commission shall:

2 1. Determine the base limit of school districts subject to the
3 expenditure limitation prescribed by article IX, section 21, subsection (2),
4 Constitution of Arizona. For the purposes of this subsection and subsection
5 D of this section, "base limit" means the total amount of expenditures of
6 local revenues of all school districts in fiscal year 1979-1980 as used to
7 determine the expenditure limitation pursuant to paragraph 4 of this
8 subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (g) Multiply the amount determined in paragraph 1 of this subsection
43 by the quotient determined in subdivision (c) of this paragraph and multiply
44 the resulting product by the quotient determined in subdivision (f) of this
45 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. For the purposes of 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. **FOR THE**
23 **PURPOSES OF SUBSECTION B OF THIS SECTION, STUDENT POPULATION OF A COMMUNITY**
24 **COLLEGE DISTRICT INCLUDES STUDENTS IN A PROVISIONAL COMMUNITY COLLEGE**
25 **DISTRICT ESTABLISHED PURSUANT TO SECTION 15-1409 THAT RECEIVES SERVICES FROM**
26 **THE COMMUNITY COLLEGE DISTRICT SUBJECT TO THE EXPENDITURE LIMITATION.**