

REFERENCE TITLE: expenditure limitations; community colleges

State of Arizona  
House of Representatives  
Fifty-second Legislature  
Second Regular Session  
2016

# HB 2126

Introduced by  
Representatives Shope, Olson

AN ACT

AMENDING SECTIONS 15-1444, 15-1471 AND 41-563, ARIZONA REVISED STATUTES;  
RELATING TO COMMUNITY COLLEGE DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 15-1444, Arizona Revised Statutes, is amended to  
3 read:  
4 15-1444. General powers and duties of district governing boards  
5 A. Except as otherwise provided, the district board shall:  
6 1. Maintain each community college for a period of not less than eight  
7 months in each year and, if the funds of the district are sufficient,  
8 maintain each community college for a longer period.  
9 2. Adopt policies in a public forum to offer programs that meet the  
10 educational needs of the population served by the community college.  
11 3. Enforce the courses of study prescribed by the district board.  
12 4. Visit each community college under its jurisdiction and examine  
13 carefully into its management, conditions and needs.  
14 5. Exclude from each community college all books, publications or  
15 papers of a sectarian, partisan or denominational character intended for use  
16 as textbooks.  
17 6. Appoint and employ a chancellor or chancellors, vice-chancellors, a  
18 president or presidents, vice-presidents, deans, professors, instructors,  
19 lecturers, fellows and such other officers and employees it deems necessary.  
20 The district board may enter into employment contracts with chancellors,  
21 vice-chancellors and presidents for a duration of more than one year but not  
22 more than five years.  
23 7. Determine the salaries of persons it appoints and employs.  
24 8. Remove any officer or employee if in its judgment the interests of  
25 education in this state require the removal.  
26 9. Award degrees, certificates and diplomas on the completion of  
27 courses and curriculum as it deems appropriate.  
28 10. Appoint or employ, if it deems necessary, police officers who shall  
29 have the authority and power of peace officers. The police officers who have  
30 received a certificate from the Arizona peace officer standards and training  
31 board are eligible for membership in and benefits under either title 38,  
32 chapter 5, article 2 or the public safety personnel retirement system under  
33 title 38, chapter 5, article 4.  
34 11. Determine the location within the district of a community college  
35 and purchase, receive, hold, make and take leases of, sell and convey real or  
36 personal property for the benefit of the community colleges under its  
37 jurisdiction.  
38 12. Obtain insurance or be self-insured, or a combination of insurance  
39 and self-insurance, against loss, to the extent it is determined necessary on  
40 community college buildings of the district. The local district shall have  
41 an insurable interest in the buildings.  
42 B. The district board may:  
43 1. Administer trusts declared or created for the district and receive  
44 by gift or devise and hold in trust or otherwise property wheresoever

1 located, and if not otherwise provided, dispose of the property for the  
2 benefit of the district.

3 2. Lease real property, as lessor or as lessee. If a district is the  
4 lessee, the lease may contain an option to purchase the property. The  
5 district board may adopt policies as are deemed necessary and may delegate in  
6 writing to the chancellor or president of the district, or their designees,  
7 all or any part of its authority to lease property under this paragraph. Any  
8 delegation by the district board pursuant to this paragraph may be rescinded  
9 in whole or in part at any time by the district board.

10 3. Sue and be sued.

11 4. Contract. The district board may adopt such policies as are deemed  
12 necessary and may delegate in writing to the chancellor or president of the  
13 district, or their designees, all or any part of its authority to contract  
14 under this paragraph. Any delegation of authority under this paragraph may  
15 be rescinded by the district board at any time in whole or in part.

16 5. Construct, remodel and repair buildings.

17 6. In conjunction with other districts, establish policies for  
18 procurement of goods and services.

19 7. Provide a plan or plans for employee benefits, which may include  
20 optional retirement programs pursuant to section 15-1451, subsection A, which  
21 allow for participation in a cafeteria plan that meets the requirements of  
22 the United States internal revenue code of 1986.

23 8. Accept grants or donations of monies from the United States, or  
24 from any of its agencies, departments or officers, or from persons,  
25 corporations, foundations or associations. A district board shall deposit  
26 the monies into a specific fund or account and a district board shall  
27 administer the monies in accordance with the purpose of the grant or donation  
28 with specific policies or restrictions as described or stipulated in the  
29 grant or donation. In the case of personal property granted or donated to or  
30 for the benefit of a community college district, a district board shall  
31 immediately transfer possession and ownership of the property to the  
32 designated district. **MONIES RECEIVED PURSUANT TO THIS PARAGRAPH ARE NOT**  
33 **CONSIDERED LOCAL REVENUES FOR THE PURPOSES OF ARTICLE IX, SECTION 21,**  
34 **CONSTITUTION OF ARIZONA.**

35 9. Enter into intergovernmental agreements or contracts pursuant to  
36 section 11-952.01 for participation in programs offered by public agency  
37 pools or separately contract with a trustee or board of trustees that  
38 provides a common self-insurance program with pooled funds and risks pursuant  
39 to section 15-382, subsection B, paragraph 2. The district board is not  
40 required to engage in competitive procurement in order to make the decision  
41 to participate in these programs.

42 10. Name a building or a group of buildings that is located on a  
43 community college campus on behalf of a person or entity that has made a  
44 significant contribution of monies or other property to the community college  
45 or the community college district.

1           11. Enter into research and development agreements, royalty  
2 agreements, development agreements, licensing agreements and profit-sharing  
3 agreements concerning the research, development, production, storing or  
4 marketing of new products developed or to be developed through community  
5 college district research. **MONIES RECEIVED PURSUANT TO THIS PARAGRAPH ARE**  
6 **NOT CONSIDERED LOCAL REVENUES FOR THE PURPOSES OF ARTICLE IX, SECTION 21,**  
7 **CONSTITUTION OF ARIZONA.**

8           12. Enter into an intergovernmental agreement pursuant to section  
9 15-1747 to participate in a reciprocity agreement subject to the terms of the  
10 reciprocity agreement.

11           13. **COLLECT AUXILIARY FEES, INCLUDING CAFETERIA FEES, FOOD SERVICE**  
12 **FEES, BOOKSTORE FEES AND DORMITORY FEES. MONIES RECEIVED PURSUANT TO THIS**  
13 **PARAGRAPH ARE NOT CONSIDERED LOCAL REVENUES FOR THE PURPOSES OF ARTICLE IX,**  
14 **SECTION 21, CONSTITUTION OF ARIZONA.**

15           14. **PROVIDE SERVICES FOR A TRIBAL COLLEGE. MONIES RECEIVED PURSUANT**  
16 **TO THIS PARAGRAPH ARE NOT CONSIDERED LOCAL REVENUES FOR THE PURPOSES OF**  
17 **ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA.**

18           C. If a district acquires real or personal property, whether by  
19 purchase, exchange, condemnation, gift or otherwise, the district shall pay  
20 to the county treasurer any taxes on the property that were unpaid as of the  
21 date of acquisition, including penalties and interest. The lien for unpaid  
22 delinquent taxes, penalties and interest on property acquired by the  
23 district:

24           1. Is not abated, extinguished, discharged or merged in the title to  
25 the property.

26           2. Is enforceable in the same manner as other delinquent tax liens.

27           D. In a district whose boundaries encompass a vehicle emissions  
28 control area as defined in section 49-541, the district board shall require  
29 all out-of-county and out-of-state students to sign an affidavit at the time  
30 of course registration that the student's vehicle meets the requirements of  
31 section 49-542. The district board on property under its jurisdiction within  
32 a vehicle emissions control area shall prohibit the parking of those vehicles  
33 that fail to comply with section 49-542.

34           E. A community college district and a joint technical education  
35 district governing board may enter into agreements for the provision of  
36 administrative, operational and educational services and facilities.

37           F. Each district may establish a program for the exchange of students  
38 between the community colleges under its jurisdiction and colleges and  
39 universities located in Sonora, Mexico. The program may provide for in-state  
40 tuition for Sonora students at the community colleges under the jurisdiction  
41 of the district in exchange for similar tuition provisions for Arizona  
42 students enrolled or seeking enrollment in Sonora colleges and universities.  
43 The community colleges may work in conjunction with the Arizona-Mexico  
44 commission in the governor's office to coordinate recruitment and admissions  
45 activities to provide for in-state tuition for up to fifty Sonora students at

1 the community colleges under the jurisdiction of the district in exchange for  
2 similar tuition provisions for up to fifty total Arizona students enrolled or  
3 seeking enrollment in Sonora colleges and universities.

4 G. Each district shall facilitate transfer articulation coordination  
5 pursuant to section 15-1824.

6 Sec. 2. Section 15-1471, Arizona Revised Statutes, is amended to read:  
7 15-1471. Expenditure limitations; overrides; permanent change  
8 in base limit

9 A. A district board, on the approval of a majority of the qualified  
10 electors in the district voting at a regularly scheduled election on the  
11 first Tuesday after the first Monday in November, may authorize expenditures  
12 in excess of the district expenditure limitation prescribed pursuant to  
13 article IX, section 21, Constitution of Arizona. The excess expenditures  
14 authorized shall be a specified percentage of the expenditure limitation.  
15 The impact of the authorization shall appear on the ballot and in publicity  
16 pamphlets in the same manner as prescribed in section 41-563.03.

17 B. In the resolution requesting the voters to approve expenditures in  
18 excess of the district expenditure limitation prescribed pursuant to article  
19 IX, section 21, Constitution of Arizona, the district board shall state the  
20 number of years in which the authority to expend in excess of the limitation  
21 otherwise prescribed is to be in effect. The district board shall not  
22 request authority from the voters for a period of less than two years nor  
23 more than seven years.

24 C. Any authorization of expenditures made pursuant to this section  
25 shall be used in determining a modified expenditure limitation ~~which~~ THAT is  
26 equal to the expenditure limitation prescribed pursuant to article IX,  
27 section 21, Constitution of Arizona, increased by the specified percentage,  
28 beginning with the fiscal year immediately following the approval of the  
29 qualified electors of the district. The district board shall not authorize  
30 expenditures in excess of the modified expenditure limitation in subsequent  
31 fiscal years unless subsequent approval for additional excess expenditures is  
32 received as provided in subsection A of this section.

33 D. A DISTRICT BOARD, BY AN AFFIRMATIVE VOTE OF TWO-THIRDS OF THE  
34 MEMBERS OF THE BOARD, MAY REFER TO THE VOTERS IN THE DISTRICT A PERMANENT  
35 CHANGE IN THE BASE LIMIT USED TO DETERMINE THE DISTRICT EXPENDITURE  
36 LIMITATION PRESCRIBED PURSUANT TO ARTICLE IX, SECTION 21, CONSTITUTION OF  
37 ARIZONA. A PERMANENT CHANGE IN THE BASE LIMIT MAY BE AUTHORIZED ON THE  
38 APPROVAL OF A MAJORITY OF THE QUALIFIED ELECTORS IN THE DISTRICT VOTING AT A  
39 REGULARLY SCHEDULED ELECTION ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN  
40 NOVEMBER. THE IMPACT OF THE AUTHORIZATION SHALL APPEAR ON THE BALLOT AND IN  
41 PUBLICITY PAMPHLETS IN THE SAME MANNER AS PRESCRIBED IN SECTION 41-563.03.

42 E. IN THE RESOLUTION REQUESTING THE VOTERS TO APPROVE A PERMANENT  
43 CHANGE IN THE BASE LIMIT USED TO DETERMINE THE DISTRICT EXPENDITURE  
44 LIMITATION PRESCRIBED PURSUANT TO ARTICLE IX, SECTION 21, CONSTITUTION OF  
45 ARIZONA, THE DISTRICT BOARD SHALL STATE ALL OF THE FOLLOWING:

1           1. THE CURRENT BASE LIMIT USED TO DETERMINE THE DISTRICT EXPENDITURE  
2           LIMITATION.

3           2. THE PROPOSED BASE LIMIT TO BE USED TO DETERMINE THE DISTRICT  
4           EXPENDITURE LIMITATION.

5           3. THE INCREASE IN EXPENDITURE LIMITATION CAPACITY GENERATED BY A  
6           CHANGE IN THE BASE LIMIT FOR THE MOST RECENT CALCULATED EXPENDITURE  
7           LIMITATION.

8           4. A RATIONALE FOR THE REQUEST TO AUTHORIZE A PERMANENT CHANGE IN THE  
9           BASE LIMIT USED IN THE CALCULATION OF THE EXPENDITURE LIMITATION.

10          F. ANY AUTHORIZATION OF A PERMANENT CHANGE IN THE BASE LIMIT PURSUANT  
11          TO SUBSECTION D OF THIS SECTION SHALL BE USED IN DETERMINING A MODIFIED  
12          EXPENDITURE LIMITATION PRESCRIBED PURSUANT TO ARTICLE IX, SECTION 21,  
13          CONSTITUTION OF ARIZONA, BEGINNING WITH THE FISCAL YEAR IMMEDIATELY FOLLOWING  
14          THE APPROVAL OF THE PERMANENT CHANGE BY THE QUALIFIED ELECTORS OF THE  
15          DISTRICT.

16          Sec. 3. Section 41-563, Arizona Revised Statutes, is amended to read:  
17          41-563. Expenditure limitations; determination by the  
18          commission; definitions

19          A. For political subdivisions, the commission shall:

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

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

31           (a) The total of the estimated population of each such political  
32           subdivision as of July 1 of the prior year and the estimated population of  
33           any areas annexed by such political subdivisions thereafter, based on the  
34           population estimates developed by the ~~department of economic security~~ OFFICE  
35           OF EMPLOYMENT AND POPULATION STATISTICS. The population of any areas annexed  
36           thereafter must be estimated as of July 1 of the prior year.

37           (b) The estimated change in the GDP price deflator used to determine  
38           the expenditure limitation for the following fiscal year over the GDP price  
39           deflator used to determine the expenditure limitation for the current fiscal  
40           year.

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

43           3. Determine and report to the governing board of each political  
44           subdivision subject to an expenditure limitation pursuant to article IX,

1 section 20, Constitution of Arizona, prior to April 1 of each year, the  
2 following:

3 (a) The total of the population of each such political subdivision as  
4 of July 1 of the prior year and the population of any areas annexed by such  
5 political subdivisions thereafter. The population of any areas annexed  
6 thereafter must be estimated as of July 1 of 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 expenditure limitation for each such political subdivision for  
12 the following fiscal year.

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

16 (a) Determine the population of the political subdivision as of July  
17 1, 1978.

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

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

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

24 (e) Determine the estimated GDP price deflator for the calendar year  
25 immediately preceding the fiscal year for which the expenditure limitation is  
26 being determined.

27 (f) Divide the GDP price deflator determined in subdivision (e) of  
28 this paragraph by the GDP price deflator determined in subdivision (d) of  
29 this paragraph.

30 (g) Multiply the amount determined in paragraph 1 of this subsection  
31 for the political subdivision by the quotient determined in subdivision (c)  
32 of this paragraph and multiply the resulting product by the quotient  
33 determined in subdivision (f) of this paragraph.

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

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

6           7. In the event of the division of a county into two or more new  
7 counties, determine the expenditure limitation for each of the new counties  
8 or the consolidation of counties, pursuant to article IX, section 20,  
9 Constitution of Arizona, using one of the following two methods. The board  
10 of supervisors of each new county upon the affirmative vote of two-thirds of  
11 the members of the board of supervisors, on or before February 1 following  
12 the county's establishment, shall adopt one of the expenditure limitations  
13 determined:

14           (a) Method one:

15           (i) Determine the existing county ~~which~~ THAT has a population closest  
16 to the population of the new county as of July 1 for the fiscal year  
17 preceding the fiscal year for which the expenditure limit is being  
18 determined.

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

23           (iii) Multiply the per capita amount determined in item (ii) of this  
24 subdivision by the population of the new county as of July 1 in the fiscal  
25 year in which the new county government is established. The amount thus  
26 determined is the expenditure limit for the new county for the first full  
27 fiscal year following its establishment.

28           (iv) Determine a base limit for the new county ~~which~~ THAT will yield  
29 the new expenditure limit determined in item (iii) of this subdivision for  
30 the first full fiscal year following the establishment of the new county  
31 government.

32           (b) Method two:

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

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

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

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

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

17           B. For community college districts, the commission shall:

18           1. Determine the base limit of each community college district subject  
19 to an expenditure limitation pursuant to article IX, section 21, Constitution  
20 of Arizona. For the purposes of this subsection and subsection D of this  
21 section, the "base limit" of each community college district means the amount  
22 of expenditures of local revenues in fiscal year 1979-1980 as used to  
23 determine the expenditure limitation pursuant to paragraph ~~4~~ 3 of this  
24 subsection.

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

27           ~~(a) The estimated student population, utilizing the procedure~~  
28 ~~prescribed in section 15-1466.01, of each community college district for the~~  
29 ~~following fiscal year.~~

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

32           ~~(c) The expenditure limitation for each community college district for~~  
33 ~~the following fiscal year.~~

34           ~~(d) The modified expenditure limitation as prescribed in section~~  
35 ~~15-1471, if applicable.~~

36           ~~3.~~ 2. Determine and report to the governing board of each community  
37 college district prior to April 1 of each year the following:

38           (a) The ESTIMATED student population, ~~utilizing the procedure~~  
39 ~~prescribed in section 15-1466.01, of each community college district for the~~  
40 ~~following fiscal year.~~ USING ANY OF THE FOLLOWING METHODS AS SELECTED BY THE  
41 GOVERNING BOARD OF THE COMMUNITY COLLEGE DISTRICT:

42           (i) THE AVERAGE OF THE FIVE MOST RECENTLY PUBLISHED FULL-TIME  
43 EQUIVALENT STUDENT REPORTS PRODUCED BY THE AUDITOR GENERAL.

44           (ii) THE MOST RECENT PUBLISHED FULL-TIME EQUIVALENT STUDENT REPORT  
45 PRODUCED BY THE AUDITOR GENERAL.

1 (iii) IF APPROVED BY THE JOINT LEGISLATIVE BUDGET COMMITTEE, AN AMOUNT  
2 NOT TO EXCEED FIVE PERCENT MORE THAN THE MOST RECENT PUBLISHED FULL-TIME  
3 EQUIVALENT STUDENT REPORT PRODUCED BY THE AUDITOR GENERAL.

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 ~~4-~~ 3. Determine the expenditure limitation for each community college  
11 district, as follows:

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

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

22 (c) Divide the student population determined in subdivision (b) of  
23 this paragraph by the student population determined in subdivision (a) of  
24 this paragraph.

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

27 (e) Determine the estimated GDP price deflator for the calendar year  
28 immediately preceding the fiscal year for which the expenditure limitation is  
29 being determined.

30 (f) Divide the GDP price deflator determined in subdivision (e) of  
31 this paragraph by the GDP price deflator determined in subdivision (d) of  
32 this paragraph.

33 (g) Multiply the amount determined in paragraph 1 of this subsection  
34 for the community college district by the quotient determined in subdivision  
35 (c) of this paragraph and multiply the resulting product by the quotient  
36 determined in subdivision (f) of this paragraph.

37 ~~5-~~ 4. In the event of an annexation, THE creation of a new community  
38 college district or a consolidation or change in the boundaries of a  
39 community college district, the base limit of a community college district  
40 shall be adjusted by the commission according to the following guidelines:

41 (a) In the event of the creation of a new community college district,  
42 the base limit of the community college district shall be determined by  
43 multiplying the average amount of 1979-1980 per capita expenditures of local  
44 revenues for all community college districts within the state by the student  
45 population of the new community college district. The expenditure limit of

1 the county in which the new community college district is located shall be  
2 reduced by the amount paid to other community college districts for tuition  
3 in the fiscal year preceding the fiscal year in which the new community  
4 college district is created.

5 (b) In the case of an annexation, consolidation or change in the  
6 boundaries of a community college district, the base limit of a community  
7 college district shall be adjusted by the commission to reflect the change by  
8 increasing the base limit of the community college district gaining the newly  
9 included territory and decreasing the base limit of the community college  
10 district losing the territory.

11 (c) If an existing community college district consolidates with a  
12 contiguous county not part of a community college district, the commission  
13 shall:

14 (i) Increase the base limit of the existing community college district  
15 by an amount equal to the amount of revenue ~~which~~ THAT would have been  
16 generated by applying the primary property tax rate of the existing community  
17 college district in the immediately prior year to the limited assessed  
18 valuation of the contiguous county in the immediately prior year.

19 (ii) Decrease the base limit of the contiguous county by the amount of  
20 reimbursement prescribed by section 15-1469, subsection B, paragraph 1, paid  
21 by such county in the 1979-1980 base year, except that no decrease shall be  
22 made to the base limit of such county if the reimbursement prescribed by  
23 section 15-1469, subsection B, paragraph 1 in the immediately prior year was  
24 paid by the state pursuant to section 15-1469.01.

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

35 C. For school districts, the commission shall:

36 1. Determine the base limit of school districts subject to the  
37 expenditure limitation prescribed by article IX, section 21, subsection (2),  
38 Constitution of Arizona. For the purposes of this subsection and subsection  
39 D of this section, "base limit" means the total amount of expenditures of  
40 local revenues of all school districts 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 legislature prior to March 1 of each  
44 year the following:

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

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

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

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

9 (a) The total student population 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 aggregate expenditure limitation for all school districts for  
14 the following fiscal year.

15 4. Determine the aggregate expenditure limitation for all school  
16 districts as follows:

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

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

21 (c) Divide the aggregate student population determined in subdivision  
22 (b) of this paragraph by the aggregate student population in subdivision (a)  
23 of this paragraph.

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

26 (e) Determine the estimated GDP price deflator for the calendar year  
27 immediately preceding the fiscal year for which the aggregate expenditure  
28 limitation is being determined.

29 (f) Divide the GDP price deflator determined in subdivision (e) of  
30 this paragraph by the GDP price deflator determined in subdivision (d) of  
31 this paragraph.

32 (g) Multiply the amount determined in paragraph 1 of this subsection  
33 by the quotient determined in subdivision (c) of this paragraph and multiply  
34 the resulting product by the quotient determined in subdivision (f) of this  
35 paragraph.

36 D. In the case of a transfer of all or any part of the cost of  
37 providing a governmental function, pursuant to article IX, section 20,  
38 subsection (4), Constitution of Arizona, or article IX, section 21,  
39 subsection (5), Constitution of Arizona, the base limit of political  
40 subdivisions, community college districts or school districts, whichever is  
41 applicable, shall be adjusted by the commission to reflect the transfer by  
42 increasing the base limit of the political subdivision, community college  
43 district or school district to which the cost is transferred and decreasing  
44 the base limit of the political subdivision, community college district or

1 school district from which the cost is transferred by the amount of the cost  
2 of the transferred governmental function.

3 E. For the purposes of this section:

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

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

8 3. "Political subdivision" means any county, city, including any  
9 charter city, or town.

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

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