

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HOUSE BILL 2707

AN ACT

AMENDING TITLE 35, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.2; RELATING TO STATE REVENUE AND EXPENDITURE LIMITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 35, chapter 1, Arizona Revised Statutes, is amended
3 by adding article 2.2, to read:

4 ARTICLE 2.2. STATE REVENUE AND EXPENDITURE LIMITS

5 35-132. Definition of state general fund revenues

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES, "STATE GENERAL
7 FUND REVENUES":

8 1. INCLUDES ALL MONIES, REVENUES, FEES, FINES, PENALTIES, FUNDS,
9 PROPERTY AND RECEIPTS DEPOSITED IN THE STATE GENERAL FUND, AFTER
10 DISTRIBUTIONS TO THE URBAN REVENUE SHARING FUND ESTABLISHED BY SECTION
11 43-206, EXCEPT AS PROVIDED IN THIS SECTION.

12 2. DOES NOT INCLUDE:

13 (a) ANY AMOUNTS OR PROPERTY RECEIVED FROM THE ISSUANCE OR INCURRENCE
14 OF BONDS OR OTHER LAWFUL LONG-TERM OBLIGATIONS ISSUED OR INCURRED FOR A
15 SPECIFIC PURPOSE. FOR THE PURPOSES OF THIS SUBDIVISION, LONG-TERM
16 OBLIGATIONS DO NOT INCLUDE WARRANTS ISSUED IN THE ORDINARY COURSE OF
17 OPERATION OR REGISTERED FOR PAYMENT BY THIS STATE.

18 (b) ANY AMOUNTS OR PROPERTY RECEIVED BY THIS STATE IN THE CAPACITY OF
19 TRUSTEE, CUSTODIAN OR AGENT.

20 (c) ANY AMOUNTS RECEIVED AS GRANTS, AID, CONTRIBUTIONS OR GIFTS,
21 EXCEPT VOLUNTARY CONTRIBUTIONS OR OTHER CONTRIBUTIONS RECEIVED DIRECTLY OR
22 INDIRECTLY IN LIEU OF TAXES.

23 (d) ANY AMOUNTS RECEIVED AS THE PROCEEDS FROM THE SALE, LEASE OR
24 REDEMPTION OF PROPERTY OR AS CONSIDERATION FOR SERVICES OR THE USE OF
25 PROPERTY.

26 (e) ANY AMOUNTS RECEIVED PURSUANT TO A TRANSFER DURING A FISCAL YEAR
27 FROM A DEDICATED FUND TO THE STATE GENERAL FUND THAT WERE INCLUDED AS STATE
28 GENERAL FUND REVENUES FOR THAT FISCAL YEAR OR THAT ARE EXCLUDED FROM STATE
29 GENERAL FUND REVENUES UNDER OTHER PROVISIONS OF THIS PARAGRAPH.

30 (f) ANY AMOUNTS RECEIVED DURING A FISCAL YEAR AS REFUNDS,
31 REIMBURSEMENTS OR OTHER RECOVERIES OF AMOUNTS APPROPRIATED THAT WERE APPLIED
32 AGAINST THE LIMITATION UNDER THIS ARTICLE FOR THAT FISCAL YEAR OR THAT WERE
33 EXCLUDED FROM STATE GENERAL FUND REVENUES UNDER OTHER PROVISIONS OF THIS
34 PARAGRAPH.

35 35-132.01. Estimate of revenue limit

36 A. BEFORE FEBRUARY 1, 2012, THE JOINT LEGISLATIVE BUDGET COMMITTEE
37 SHALL DETERMINE AND PUBLISH:

38 1. THE ACTUAL AMOUNT OF STATE GENERAL FUND REVENUES IN FISCAL YEAR
39 2010-2011.

40 2. PRELIMINARY ESTIMATES OF THE MAXIMUM AMOUNT OF STATE GENERAL FUND
41 REVENUES ALLOWABLE UNDER THIS ARTICLE FOR FISCAL YEAR 2011-2012 AND FOR
42 FISCAL YEAR 2012-2013.

1 B. BEFORE FEBRUARY 1 OF EACH YEAR THEREAFTER, THE JOINT LEGISLATIVE
2 BUDGET COMMITTEE SHALL DETERMINE AND PUBLISH:

3 1. THE ACTUAL AMOUNT OF STATE GENERAL FUND REVENUES IN THE PRECEDING
4 FISCAL YEAR.

5 2. PRELIMINARY ESTIMATES OF THE MAXIMUM AMOUNT OF STATE GENERAL FUND
6 REVENUES ALLOWABLE UNDER THIS ARTICLE FOR THE CURRENT FISCAL YEAR AND FOR THE
7 IMMEDIATELY FOLLOWING FISCAL YEAR.

8 C. BEFORE APRIL 1, 2012, THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL
9 DETERMINE AND PUBLISH FINAL ESTIMATES OF THE MAXIMUM AMOUNT OF STATE GENERAL
10 FUND REVENUES ALLOWABLE UNDER THIS ARTICLE FOR FISCAL YEAR 2011-2012 AND FOR
11 FISCAL YEAR 2012-2013. THE FINAL ESTIMATES SHALL BE USED IN COMPUTING THE
12 GENERAL FUND REVENUE LIMITATION UNDER THIS ARTICLE FOR FISCAL YEAR 2011-2012
13 AND THE GENERAL FUND EXPENDITURE LIMITATION UNDER THIS ARTICLE FOR FISCAL
14 YEAR 2012-2013.

15 D. BEFORE APRIL 1 OF EACH YEAR THEREAFTER, THE JOINT LEGISLATIVE
16 BUDGET COMMITTEE SHALL DETERMINE AND PUBLISH FINAL ESTIMATES OF THE MAXIMUM
17 AMOUNT OF STATE GENERAL FUND REVENUES ALLOWABLE UNDER THIS ARTICLE FOR THE
18 CURRENT FISCAL YEAR AND FOR THE IMMEDIATELY FOLLOWING FISCAL YEAR. THE FINAL
19 ESTIMATES SHALL BE USED IN COMPUTING THE GENERAL FUND REVENUE LIMITATION
20 UNDER THIS ARTICLE FOR THE CURRENT FISCAL YEAR AND THE GENERAL FUND
21 EXPENDITURE LIMITATION UNDER THIS ARTICLE FOR THE FOLLOWING FISCAL YEAR.

22 35-132.02. Maximum annual general fund revenues

23 A. FOR FISCAL YEAR 2012-2013 AND FOR EACH FISCAL YEAR THEREAFTER, THE
24 MAXIMUM AMOUNT OF STATE GENERAL FUND REVENUES FOR THE FISCAL YEAR SHALL NOT
25 EXCEED THE MAXIMUM ALLOWABLE AMOUNT OF GENERAL FUND REVENUES UNDER THIS
26 ARTICLE FOR THE PRECEDING FISCAL YEAR, OR THE ACTUAL AMOUNT OF GENERAL FUND
27 REVENUES IN THE PRECEDING FISCAL YEAR, WHICHEVER IS LESS, ADJUSTED AS
28 DETERMINED BY THE JOINT LEGISLATIVE BUDGET COMMITTEE PURSUANT TO THIS
29 SECTION.

30 B. FOR EACH FISCAL YEAR THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL
31 ADJUST THE MAXIMUM ALLOWABLE AMOUNT OF GENERAL FUND REVENUES ACCORDING TO THE
32 SUM OF THE ANNUAL POSITIVE OR NEGATIVE PERCENTAGE CHANGES IN:

33 1. THE POPULATION OF THIS STATE USING ONLY THE MOST RECENT DATA FROM
34 THE UNITED STATES DECENNIAL CENSUS OR THE ANNUAL REVISIONS OF POPULATION DATA
35 BY THE COMMERCE OR ITS SUCCESSOR.

36 2. INFLATION ACCORDING TO THE ANNUAL CHANGE IN THE METROPOLITAN
37 PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES BUREAU OF LABOR
38 STATISTICS.

39 35-132.03. Maximum annual general fund appropriations;
40 disposition of excess general fund revenues

41 A. FOR FISCAL YEAR 2012-2013 AND FOR EACH FISCAL YEAR THEREAFTER, THE
42 LEGISLATURE SHALL NOT APPROPRIATE STATE GENERAL FUND REVENUES IN AN AMOUNT
43 EXCEEDING THE MAXIMUM GENERAL FUND REVENUES AS DETERMINED PURSUANT TO SECTION
44 35-132.02, EXCEPT AS PROVIDED BY THIS SECTION.

1 B. IF STATE GENERAL FUND REVENUES IN ANY FISCAL YEAR EXCEED THE
2 MAXIMUM ALLOWABLE AMOUNT AS DETERMINED PURSUANT TO SECTION 35-132.02, THE
3 LEGISLATURE SHALL PROVIDE FOR THE DISPOSITION OF THE EXCESS AMOUNT IN THE
4 FOLLOWING ORDER OF PRIORITY:

5 1. IN THE CASE OF A CATASTROPHIC NATURAL DISASTER, PAYMENTS OF THE
6 EMERGENCY COSTS INCURRED BY THIS STATE. MONIES APPROPRIATED PURSUANT TO THIS
7 PARAGRAPH:

8 (a) MAY BE USED ONLY TO PAY CURRENT EXTRAORDINARY NONRECURRING
9 EXPENSES THAT COULD NOT HAVE BEEN REASONABLY FORESEEN OR PREVENTED AND THAT
10 ARE REQUIRED IMMEDIATELY TO PRESERVE THE HEALTH, SAFETY AND GENERAL WELFARE
11 OF THE PUBLIC.

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

15 2. PAYMENTS OF:

16 (a) CERTIFICATES OF PARTICIPATION AND OTHER INSTRUMENTS OF
17 INDEBTEDNESS PURSUANT TO LEASE-PURCHASE AND THE SALE AND LEASEBACK AGREEMENTS
18 RELATING TO STATE CAPITAL ASSETS, AND REVENUE BONDS WHOSE PROCEEDS WERE USED
19 TO PAY THE ORDINARY COSTS OF ADMINISTERING AND OPERATING STATE GOVERNMENT.

20 (b) ANY OBLIGATIONS FOR THE RESTORATION OF GENERAL FUND PAYMENTS
21 DEFERRED FROM ONE FISCAL YEAR TO ANOTHER.

22 (c) PRINCIPAL, INTEREST AND ISSUANCE, REDEMPTION AND ADMINISTRATIVE
23 COSTS, PAID WITH STATE GENERAL FUND MONIES, OF OBLIGATIONS OF THIS STATE OR
24 OF ANY DEPARTMENT, OFFICE, AGENCY, COMMISSION, BOARD OR OTHER INSTRUMENTALITY
25 OF STATE GOVERNMENT, INCLUDING INSTRUMENTS COMMONLY KNOWN AS CERTIFICATES OF
26 PARTICIPATION, GENERAL OBLIGATION BONDS, REVENUE BONDS AND LONG-TERM NOTES
27 AND OBLIGATIONS NOT INCLUDED IN SUBDIVISION (a) OF THIS PARAGRAPH.

28 3. PAYMENTS TO THE BUDGET STABILIZATION FUND ESTABLISHED BY SECTION
29 35-144.

30 4. PAYMENTS AS A REFUND TO PERSONS WHO FILED INDIVIDUAL INCOME TAX
31 RETURNS IN THE FISCAL YEAR. THE REFUNDS MUST BE PAID WITHIN FOUR MONTHS
32 AFTER THE END OF THE FISCAL YEAR. THE LEGISLATURE MAY LIMIT REFUNDS UNDER
33 THIS PARAGRAPH TO AMOUNTS OF TEN DOLLARS OR MORE.

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

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

1 2. IF THE RESPONSIBILITY FOR FUNDING ALL OR PART OF THE COST OF A
2 GOVERNMENTAL FUNCTION OR PROGRAM IS TRANSFERRED TO THIS STATE FROM THE
3 FEDERAL GOVERNMENT, A TRIBAL GOVERNMENT OR A LOCAL LEVEL OF GOVERNMENT, THE
4 LIMITATION ON STATE APPROPRIATIONS UNDER THIS SECTION SHALL BE COMMENSURATELY
5 INCREASED.

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

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

14 D. IF THE LEGISLATURE PROVIDES FOR THE TRANSFER OR DIVERSION OF
15 REVENUES, WHICH WOULD OTHERWISE HAVE BEEN CREDITED TO THE STATE GENERAL FUND,
16 TO ANOTHER STATE FUND, THE LIMITATION ON STATE APPROPRIATIONS UNDER THIS
17 SECTION SHALL BE COMMENSURATELY REDUCED. AN ADJUSTMENT PURSUANT TO THIS
18 SUBSECTION SHALL BE MADE IN THE FIRST FISCAL YEAR OF THE TRANSFER OR
19 DIVERSION AND SHALL REMAIN IN EFFECT AS LONG AS THE TRANSFER OR DIVERSION
20 CONTINUES.

21 Sec. 2. Short title

22 This act may be referred to as the "Fiscal Accountability Act".