

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SENATE CONCURRENT RESOLUTION 1026

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 17, CONSTITUTION OF ARIZONA; RELATING TO PUBLIC DEBT, REVENUE AND TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

9 Section 17. ~~(1)~~ A. The economic estimates commission
10 shall be established by law, with a membership of not to exceed
11 three members. ~~, and shall determine and publish prior to~~

12 B. BY February 1 of each year the ~~estimated~~ COMMISSION
13 SHALL DETERMINE AND PUBLISH A PRELIMINARY ESTIMATE OF THE total
14 ~~personal income~~ STATE REVENUES for the following fiscal year.
15 By April 1 of each year the commission shall determine and
16 publish a final estimate of the total ~~personal income~~ STATE
17 REVENUES for the following fiscal year. ~~, which THE FINAL~~
18 estimate shall be used in computing the appropriations limit for
19 the legislature UNDER THIS SECTION. ~~For the purposes of this~~
20 ~~section, "total personal income" means the dollar amount that~~
21 ~~will be reported as total income by persons for the state of~~
22 ~~Arizona by the U. S. department of commerce or its successor~~
23 ~~agency.~~

24 C. EXCEPT AS OTHERWISE PROVIDED BY THIS SECTION,
25 BEGINNING WITH FISCAL YEAR 2013-2014, THE AMOUNT OF STATE
26 REVENUES THAT MAY BE APPROPRIATED BY THE LEGISLATURE SHALL NOT
27 EXCEED THE AMOUNT OF STATE REVENUE APPROPRIATIONS FOR THE
28 PRECEDING FISCAL YEAR, ADJUSTED BY THE SUM OF THE FOLLOWING
29 PERCENTAGES:

30 1. THE POSITIVE OR NEGATIVE PERCENTAGE CHANGE FOR THE
31 MOST RECENT AVAILABLE TWELVE MONTH PERIOD IN THE POPULATION OF
32 THIS STATE. FOR THE PURPOSES OF THIS PARAGRAPH, THE ECONOMIC
33 ESTIMATES COMMISSION SHALL DETERMINE THE POPULATION OF THIS
34 STATE BY USING ONLY THE MOST RECENT DATA FROM THE UNITED STATES
35 DECENNIAL CENSUS OR ONLY THE AVERAGE OF THE ANNUAL REVISIONS OF
36 POPULATION DATA BY THE DEPARTMENT OF ECONOMIC SECURITY, OR ITS
37 SUCCESSOR, AND DEMOGRAPHIC PUBLICATIONS OF STATE UNIVERSITIES.

38 2. THE POSITIVE OR NEGATIVE PERCENTAGE CHANGE FOR THE
39 MOST RECENT AVAILABLE TWELVE MONTH PERIOD IN THE COST OF LIVING.
40 FOR THE PURPOSES OF THIS PARAGRAPH, THE ECONOMIC ESTIMATES
41 COMMISSION SHALL DETERMINE THE COST OF LIVING BY USING ONLY THE
42 IMPLICIT PRICE DEFLATOR FOR THE GROSS DOMESTIC PRODUCT OR THE
43 GROSS STATE PRODUCT FOR ARIZONA, WHICHEVER INDEX IS GREATER, OR
44 A SUCCESSOR INDEX, AS REPORTED BY THE RESPONSIBLE AGENCY OF THE
45 UNITED STATES GOVERNMENT. THE ECONOMIC ESTIMATES COMMISSION MAY

1 TAKE INTO ACCOUNT MINOR TECHNICAL ADJUSTMENTS TO THE INDEX THAT
2 ARE MADE OCCASIONALLY BY THE UNITED STATES GOVERNMENT.

3 D. THE LIMITATION ON STATE REVENUE APPROPRIATIONS
4 PRESCRIBED BY SUBSECTION C OF THIS SECTION MAY BE SUSPENDED FOR
5 ONE FISCAL YEAR AS FOLLOWS:

6 1. ON APPROVAL BY THE QUALIFIED ELECTORS OF THIS STATE AT
7 A REGULAR STATEWIDE GENERAL ELECTION, OR AT A SPECIAL STATEWIDE
8 ELECTION CALLED FOR THAT PURPOSE IN THE MANNER PRESCRIBED BY
9 LAW. THE PROPOSAL TO SUSPEND THE LIMITATION MUST BE SUBMITTED
10 TO THE QUALIFIED ELECTORS ON THE AFFIRMATIVE VOTE OF AT LEAST
11 TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE WITH
12 THE APPROVAL OF THE GOVERNOR. THE APPROVAL BY THE ELECTORS
13 UNDER THIS PARAGRAPH MUST OCCUR BEFORE THE LEGISLATURE
14 APPROPRIATES MONIES IN EXCESS OF THE LIMITATION THAT WOULD
15 OTHERWISE APPLY. THE LIMITATION ON STATE REVENUE APPROPRIATIONS
16 FOR THE FISCAL YEAR FOLLOWING THE SUSPENSION SHALL BE BASED ON
17 THE AMOUNT OF THE LIMITATION THAT WOULD HAVE APPLIED IF THE
18 SUSPENSION HAD NOT BEEN APPROVED, EXCEPT THAT IF SUSPENSIONS OF
19 THE LIMITATION ARE SEPARATELY APPROVED FOR THREE CONSECUTIVE
20 FISCAL YEARS, THE LIMITATION IN THE FOLLOWING FISCAL YEAR SHALL
21 BE BASED ON THE ACTUAL AMOUNT OF STATE REVENUE APPROPRIATIONS IN
22 THE THIRD FISCAL YEAR OF THE SUSPENSION.

23 2. IN THE CASE OF A DECLARED EMERGENCY AND BY A VOTE OF
24 AT LEAST THREE-FOURTHS OF THE MEMBERS OF EACH HOUSE OF THE
25 LEGISLATURE WITH THE APPROVAL OF THE GOVERNOR. MONIES
26 APPROPRIATED PURSUANT TO THIS PARAGRAPH IN EXCESS OF THE
27 LIMITATION THAT WOULD OTHERWISE APPLY:

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

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

36 E. THE LEGISLATURE MAY APPROPRIATE MONIES IN EXCESS OF
37 THE LIMITATION ON STATE REVENUE APPROPRIATIONS PRESCRIBED BY
38 SUBSECTION C OF THIS SECTION FOR THE PURPOSES OF:

39 1. A STATE BUDGET STABILIZATION FUND. THE BUDGET
40 STABILIZATION FUND SHALL NOT EXCEED IN ANY FISCAL YEAR AN AMOUNT
41 EQUAL TO TEN PER CENT OF THE AMOUNT OF THE CURRENT LIMIT ON
42 STATE REVENUE APPROPRIATIONS PRESCRIBED BY SUBSECTION C OF THIS
43 SECTION.

1 2. A STATE EMERGENCY FUND. THE EMERGENCY FUND SHALL NOT
2 EXCEED IN ANY FISCAL YEAR AN AMOUNT EQUAL TO FIVE PER CENT OF
3 THE AMOUNT OF THE CURRENT LIMIT ON STATE REVENUE APPROPRIATIONS
4 PRESCRIBED BY SUBSECTION C OF THIS SECTION.

5 3. ANY PROGRAM ESTABLISHED BY LAW TO PROPORTIONATELY
6 REFUND EXCESS STATE REVENUES TO TAXPAYERS IN THIS STATE.

7 4. REPAYMENT OF ANY OBLIGATIONS OF THIS STATE OR OF ANY
8 DEPARTMENT, OFFICE, AGENCY, COMMISSION, BOARD OR OTHER
9 INSTRUMENTALITY OF STATE GOVERNMENT.

10 5. REPAYMENT OF ANY OBLIGATION FOR THE RESTORATION OF
11 PAYMENTS DEFERRED FROM ONE FISCAL YEAR TO ANOTHER.

12 F. ANY APPROPRIATIONS LISTED IN SUBSECTION E OF THIS
13 SECTION ARE EXCLUDED FROM THE CALCULATION OF THE APPROPRIATION
14 LIMIT UNDER SUBSECTION C OF THIS SECTION.

15 G. ANY RESIDENT TAXPAYER OF THIS STATE HAS STANDING IN
16 COURT TO ENFORCE THE LIMITATION ON STATE REVENUE APPROPRIATIONS
17 PRESCRIBED BY SUBSECTION C OF THIS SECTION.

18 ~~(2)~~ H. For THE purposes of this section, "state
19 revenues":

20 ~~(a)~~ 1. ~~include~~ INCLUDES all monies, revenues, fees,
21 fines, penalties, funds, tuitions, property and receipts of any
22 kind whatsoever received by or for the account of the state or
23 any of its agencies, departments, offices, boards, commissions,
24 authorities, councils and ~~insitutions~~ INSTITUTIONS except as
25 provided in this subsection.

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

27 ~~(i)~~ (a) Any amounts or property received from the
28 issuance or incurrence of bonds or other lawful long-term
29 obligations issued or incurred for a specific purpose. For the
30 purpose of this subdivision long-term obligations shall not
31 include warrants issued in the ordinary course of operation or
32 registered for payment by the state.

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

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

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

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

1 ~~(vi)~~ (f) Any amounts received as grants, aid,
2 contributions or gifts of any type, except voluntary
3 contributions or other contributions received directly or
4 indirectly in lieu of taxes.

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

8 ~~(viii)~~ (h) Any amounts received pursuant to a transfer
9 during a fiscal year from another agency, department, office,
10 board, commission, authority, council or institution of the
11 state which were included as state revenues for such fiscal year
12 or which are excluded from state revenue under other provisions
13 of this subsection.

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

17 ~~(x)~~ (j) Any amounts received during a fiscal year as
18 refunds, reimbursements or other recoveries of amounts
19 appropriated which were applied against the appropriation
20 limitation for such fiscal year or which were excluded from
21 state revenues under other provisions of this subsection.

22 ~~(3) The legislature shall not appropriate for any fiscal~~
23 ~~year state revenues in excess of seven per cent of the total~~
24 ~~personal income of the state for that fiscal year as determined~~
25 ~~by the economic estimates commission. The limitation may be~~
26 ~~exceeded upon affirmative vote of two thirds of the membership~~
27 ~~of each house of the legislature on each measure that~~
28 ~~appropriates amounts in excess of the limitation. If the~~
29 ~~legislature authorizes a specific dollar amount of appropriation~~
30 ~~for more than one fiscal year, for the purpose of measuring such~~
31 ~~appropriation against the appropriation limitation, the entire~~
32 ~~amount appropriated shall be applied against the limitation in~~
33 ~~the first fiscal year during which any expenditures are~~
34 ~~authorized, and in no other fiscal year.~~

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

1 ~~(a)~~ 1. If the federal government assumes all or any part
2 of the cost of providing a governmental function which the state
3 previously funded in whole or in part, the appropriation
4 limitation shall be commensurately decreased.

5 ~~(b)~~ 2. If the federal government requires the state to
6 assume all or any part of the cost of providing a governmental
7 function the appropriation limitation shall be commensurately
8 increased.

9 ~~(c)~~ 3. If the state assumes all or any part of the cost
10 of providing a governmental function and the state requires the
11 political subdivision, which previously funded all or any part
12 of the cost of the function to commensurately decrease its tax
13 revenues, the appropriation ~~percentage~~ limitation shall be
14 commensurately increased.

15 ~~(d)~~ 4. If a political subdivision assumes all or any
16 part of the cost of providing a governmental function previously
17 funded in whole or in part by the state, the appropriation
18 ~~percentage~~ limitation shall be commensurately decreased.

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

23 2. The Secretary of State shall submit this proposition to the voters
24 at the next general election as provided by article XXI, Constitution of
25 Arizona.