

REFERENCE TITLE: TPT and use tax; education

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

SCR 1011

Introduced by
Senators Brophy McGee: Boyer, Carter

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 12.2; AMENDING ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA; RELATING TO TRANSACTION PRIVILEGE AND USE TAXES.

(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, Constitution of Arizona, is proposed to be amended
4 by adding section 12.2 as follows if approved by the voters and on
5 proclamation of the Governor:

6 12.2. Education; transaction privilege and use tax

7 SECTION 12.2. A. A TAX IS LEVIED FOR THE PURPOSE OF
8 RAISING STATE REVENUES FOR PRIMARY, SECONDARY AND HIGHER
9 EDUCATION.

10 B. THE TAX IS LEVIED AND SHALL BE COLLECTED BEGINNING
11 FROM AND AFTER JUNE 30, 2021.

12 C. THE TAX IS LEVIED AS A SEPARATE RATE INCREMENT IN
13 ADDITION TO THE STATE TRANSACTION PRIVILEGE TAX RATES AND THE
14 USE TAX RATE. THE RATE OF THE TAX IS ONE PERCENT OF THE TAX
15 BASE FOR EACH TRANSACTION PRIVILEGE CLASSIFICATION THAT IS
16 SUBJECT TO A RATE OF FIVE PERCENT OR MORE AND ONE PERCENT OF
17 THE TAX BASE FOR THE USE TAX.

18 D. THE TAX IS SUBJECT TO THE SAME EXEMPTIONS,
19 DEDUCTIONS AND EXCLUSIONS AS PROVIDED BY LAW FOR EACH
20 TRANSACTION PRIVILEGE TAX CLASSIFICATION AND FOR THE USE TAX.

21 E. THE NET REVENUES DERIVED FROM THE TAX IMPOSED BY
22 THIS SECTION ARE NOT SUBJECT TO DISTRIBUTION TO COUNTIES,
23 MUNICIPALITIES OR OTHER GOVERNMENTAL ENTITIES BUT SHALL BE
24 CREDITED TO, AND SEPARATELY ACCOUNTED IN, THE STATE GENERAL
25 FUND AND APPROPRIATED AS FOLLOWS:

26 1. SEVENTY PERCENT FOR PRIMARY AND SECONDARY CLASSROOM
27 EDUCATION PURPOSES, AS PROVIDED BY LAW.

28 2. TWENTY PERCENT FOR MAINTAINING AN IN-STATE TUITION
29 RATE THAT IS CONSISTENT WITH ARTICLE XI, SECTION 6,
30 CONSTITUTION OF ARIZONA, AS PROVIDED BY LAW, AND FOR
31 TECHNOLOGY AND RESEARCH INITIATIVES, AS PROVIDED BY LAW.

32 3. FIVE PERCENT FOR COMMUNITY COLLEGE TRADE AND
33 WORKFORCE DEVELOPMENT PROGRAMS, AS PROVIDED BY LAW.

34 4. FIVE PERCENT FOR OVERSIGHT AND ACCOUNTABILITY, AS
35 PROVIDED BY LAW.

36 F. THE TAX IMPOSED BY THIS SECTION IS NOT SUBJECT TO
37 THE LIMITATIONS PRESCRIBED IN SECTION 25 OF THIS ARTICLE ON
38 ANY TAX, FEE, STAMP REQUIREMENT OR OTHER ASSESSMENT IN EFFECT
39 ON DECEMBER 31, 2017.

40 2. Article IX, section 21, Constitution of Arizona, is proposed to
41 be amended as follows if approved by the voters and on proclamation of the
42 Governor:

43 21. Expenditure limitations for school districts and
44 community college districts

45 Section 21. (1) The economic estimates commission
46 shall determine and publish prior to April 1 of each year the

1 expenditure limitation for the following fiscal year for each
 2 community college district. The expenditure limitations shall
 3 be determined by adjusting the amount of expenditures of local
 4 revenues for each such district for fiscal year 1979-1980 to
 5 reflect the changes in the student population of each district
 6 and the cost of living. The governing board of any community
 7 college district shall not authorize expenditures of local
 8 revenues in excess of the limitation prescribed in this
 9 section, except in the manner provided by law.

10 (2) The economic estimates commission shall determine
 11 and publish prior to May 1 of each year the aggregate
 12 expenditure limitation for all school districts for the
 13 following fiscal year. The aggregate expenditure limitation
 14 shall be determined by adjusting the total amount of
 15 expenditures of local revenues for all school districts for
 16 fiscal year 1979-1980 to reflect the changes in student
 17 population in the school districts and the cost of living, and
 18 multiplying the result by 1.10. The aggregate expenditures of
 19 local revenues for all school districts shall not exceed the
 20 limitation prescribed in this section, except as provided in
 21 subsection (3) of this section.

22 (3) Expenditures in excess of the limitation determined
 23 pursuant to subsection (2) of this section may be authorized
 24 by the legislature for a single fiscal year, by concurrent
 25 resolution, ~~upon~~ ON affirmative vote of two-thirds of the
 26 membership of each house of the legislature.

27 (4) As used in this section:

28 (a) "Cost of living" means either:

29 (i) The price of goods and services as measured by the
 30 implicit price deflator for the gross national product or its
 31 successor as reported by the United States department of
 32 commerce, or its successor agency.

33 (ii) A different measure or index of the cost of living
 34 adopted at the direction of the legislature, by concurrent
 35 resolution, ~~upon~~ ON affirmative vote of two-thirds of the
 36 membership of each house of the legislature. Such measure or
 37 index shall apply for subsequent fiscal years, except it shall
 38 not apply for the fiscal year following the adoption of such
 39 measure or index if the measure or index is adopted after
 40 March 1 of the preceding fiscal year.

41 (b) "Expenditure" means any amounts budgeted to be paid
 42 from local revenues as prescribed by law.

43 (c) "Local revenues" includes all monies, revenues,
 44 funds, property and receipts of any kind whatsoever received
 45 by or for the account of a school district or community
 46 college district or any of its agencies, departments, offices,

1 boards, commissions, authorities, councils and institutions,
2 except:

3 (i) Any amounts or property received from the issuance
4 or incurrence of bonds, or other lawful long-term obligations
5 issued or incurred for a specific purpose, or any amounts or
6 property collected or segregated to make payments or deposits
7 required by a contract concerning such bonds or obligations.
8 For the purpose of this subdivision long-term obligations
9 shall not include warrants issued in the ordinary course of
10 operation or registered for payment by a political
11 subdivision.

12 (ii) Any amounts or property received as payment of
13 dividends and interest, or any gain on the sale or redemption
14 of investment securities, the purchase of which is authorized
15 by law.

16 (iii) Any amounts or property received by a school
17 district or community college district in the capacity of
18 trustee, custodian or agent.

19 (iv) Any amounts received as grants and aid of any type
20 received from the federal government or any of its agencies
21 except school assistance in federally affected areas.

22 (v) Any amounts or property received as grants, gifts,
23 aid or contributions of any type except amounts received
24 directly or indirectly in lieu of taxes received directly or
25 indirectly from any private agency or organization, or any
26 individual.

27 (vi) Any amounts received from the state for the
28 purpose of purchasing land, buildings or improvements or
29 constructing buildings or improvements.

30 (vii) Any amounts received pursuant to a transfer
31 during a fiscal year from another agency, department, office,
32 board, commission, authority, council or institution of the
33 same community college district or school district which were
34 included as local revenues for such fiscal year or which are
35 excluded from local revenue under other provisions of this
36 subsection.

37 (viii) Any amounts or property accumulated by a
38 community college district for the purpose of purchasing land,
39 buildings or improvements or constructing buildings or
40 improvements.

41 (ix) Any amounts received in return for goods or
42 services pursuant to a contract with another political
43 subdivision, school district, community college district or
44 the state and expended by the other political subdivision,
45 school district, community college district or the state
46 pursuant to the expenditure limitation in effect when the

1 amounts are expended by the other political subdivision,
2 school district, community college district or the state.

3 (x) Any amounts received as tuition or fees directly or
4 indirectly from any public or private agency or organization
5 or any individual.

6 (xi) Any ad valorem taxes received pursuant to an
7 election to exceed the limitation prescribed by section 19 of
8 this article or for the purposes of funding expenditures in
9 excess of the expenditure limitations prescribed by subsection
10 (7) of this section.

11 (xii) Any amounts received during a fiscal year as
12 refunds, reimbursements or other recoveries of amounts
13 expended which were applied against the expenditure limitation
14 for such fiscal year or which were excluded from local
15 revenues under other provisions of this subsection.

16 (d) For the purpose of subsection (2) of this section,
17 the following items are also excluded from local revenues of
18 school districts:

19 (i) Any amounts received as the proceeds from the
20 sale, ~~OR lease or rental~~ FOR ANY PERIOD OF TIME of school
21 property as authorized by law.

22 (ii) Any amounts received from the capital levy as
23 authorized by law.

24 (iii) Any amounts received from the acquisition,
25 operation, or maintenance of school services of a commercial
26 nature which are entirely or predominantly self-supporting.

27 (iv) Any amounts received for the purpose of funding
28 expenditures authorized in the event of destruction of or
29 damage to the facilities of a school district as authorized by
30 law.

31 (v) Any revenues derived from an additional state
32 transaction privilege tax rate increment for educational
33 purposes that ~~was~~ IS authorized by the voters ~~before January~~
34 ~~1, 2001~~.

35 (vi) Any amounts received pursuant to article XI,
36 section 8, Constitution of Arizona, that are approved by the
37 majority of qualified voters at a statewide general election
38 held after November 1, 2002, and before January 1, 2003.

39 (e) "Student population" means the number of actual,
40 full-time or the equivalent of actual full-time students
41 enrolled in the school district or community college district
42 determined in a manner prescribed by law.

43 (5) The economic estimates commission shall adjust the
44 amount of expenditures of local revenues in fiscal year
45 1979-1980, as used to determine the expenditure limitation
46 pursuant to subsection (1) or (2) of this section, to reflect

1 subsequent transfers of all or any part of the cost of
2 providing a governmental function, in a manner prescribed by
3 law. The adjustment provided for in this subsection shall be
4 used in determining the expenditure limitation pursuant to
5 subsection (1) or (2) of this section beginning with the
6 fiscal year immediately following the transfer.

7 (6) The economic estimates commission shall adjust the
8 amount of expenditures of local revenues in fiscal year
9 1979-1980, as used to determine the expenditure limitation of
10 a community college district pursuant to subsection (1) of
11 this section, to reflect any subsequent annexation, creation
12 of a new district, consolidation or change in the boundaries
13 of a district, in a manner prescribed by law. The adjustment
14 provided for in this subsection shall be used in determining
15 the expenditure limitation pursuant to subsection (1) of this
16 section beginning with the fiscal year immediately following
17 the annexation, creation of a new district, consolidation or
18 change in the boundaries of a district.

19 (7) The legislature shall establish by law expenditure
20 limitations for each school district ~~beginning with the fiscal~~
21 ~~year beginning July 1, 1980~~. Expenditures by a school
22 district in excess of such an expenditure limitation must be
23 approved by a majority of the electors voting on the excess
24 expenditures.

25 (8) The legislature shall establish by law a uniform
26 reporting system for school districts and community college
27 districts to ensure compliance with this section. The
28 legislature shall establish by law sanctions and penalties for
29 failure to comply with this section.

30 3. The Secretary of State shall submit this proposition to the
31 voters at the next general election as provided by article XXI,
32 Constitution of Arizona.