

REFERENCE TITLE: aggregate expenditure limitation; school districts

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SCR 1021

Introduced by
Senator Boyer

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA; RELATING TO EXPENDITURE LIMITATIONS.

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

6 21. Expenditure limitations for school districts and
7 community college districts

8 Section 21. (1) The economic estimates commission
9 shall determine and publish prior to April 1 of each year the
10 expenditure limitation for the following fiscal year for each
11 community college district. The expenditure limitations shall
12 be determined by adjusting the amount of expenditures of local
13 revenues for each such district for fiscal year 1979-1980 to
14 reflect the changes in the student population of each district
15 and the cost of living. The governing board of any community
16 college district shall not authorize expenditures of local
17 revenues in excess of the limitation prescribed in this
18 section, except in the manner provided by law.

19 (2) The economic estimates commission shall determine
20 and publish prior to May 1 of each year the aggregate
21 expenditure limitation for all school districts for the
22 following fiscal year. The aggregate expenditure limitation
23 shall be determined by adjusting the total amount of
24 expenditures of local revenues for all school districts for
25 fiscal year ~~1979-1980~~ 2022-2023 to reflect the changes in
26 student population in the school districts and the cost of
27 living, and multiplying the result by 1.10. The aggregate
28 expenditures of local revenues for all school districts shall
29 not exceed the limitation prescribed in this section, except
30 as provided in subsection (3) of this section.

31 (3) Expenditures in excess of the limitation determined
32 pursuant to subsection (2) of this section may be authorized
33 by the legislature for a single fiscal year, by concurrent
34 resolution, ~~upon~~ ON AN affirmative vote of two-thirds of the
35 membership of each house of the legislature.

36 (4) As used in this section:

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

38 (i) The price of goods and services as measured by the
39 implicit price deflator for the gross national product or its
40 successor as reported by the United States department of
41 commerce, or its successor agency.

42 (ii) A different measure or index of the cost of living
43 adopted at the direction of the legislature, by concurrent
44 resolution, ~~upon~~ ON AN affirmative vote of two-thirds of the
45 membership of each house of the legislature. Such measure or

1 index shall apply for subsequent fiscal years, except it shall
2 not apply for the fiscal year following the adoption of such
3 measure or index if the measure or index is adopted after
4 March 1 of the preceding fiscal year.

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

7 (c) "Local revenues" includes all monies, revenues,
8 funds, property and receipts of any kind whatsoever received
9 by or for the account of a school district or community
10 college district or any of its agencies, departments, offices,
11 boards, commissions, authorities, councils and institutions,
12 except:

13 (i) Any amounts or property received from the issuance
14 or incurrence of bonds, or other lawful long-term obligations
15 issued or incurred for a specific purpose, or any amounts or
16 property collected or segregated to make payments or deposits
17 required by a contract concerning such bonds or obligations.
18 For the ~~purpose~~ PURPOSES of this subdivision, long-term
19 obligations shall not include warrants issued in the ordinary
20 course of operation or registered for payment by a political
21 subdivision.

22 (ii) Any amounts or property received as payment of
23 dividends and interest, or any gain on the sale or redemption
24 of investment securities, the purchase of which is authorized
25 by law.

26 (iii) Any amounts or property received by a school
27 district or community college district in the capacity of
28 trustee, custodian or agent.

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

32 (v) Any amounts or property received as grants, gifts,
33 aid or contributions of any type except amounts received
34 directly or indirectly in lieu of taxes received directly or
35 indirectly from any private agency or organization, or any
36 individual.

37 (vi) Any amounts received from the state for the
38 purpose of purchasing land, buildings or improvements or
39 constructing buildings or improvements.

40 (vii) Any amounts received pursuant to a transfer
41 during a fiscal year from another agency, department, office,
42 board, commission, authority, council or institution of the
43 same community college district or school district which were
44 included as local revenues for such fiscal year or which are

1 excluded from local revenue under other provisions of this
2 subsection.

3 (viii) Any amounts or property accumulated by a
4 community college district for the purpose of purchasing land,
5 buildings or improvements or constructing buildings or
6 improvements.

7 (ix) Any amounts received in return for goods or
8 services pursuant to a contract with another political
9 subdivision, school district, community college district or
10 the state and expended by the other political subdivision,
11 school district, community college district or the state
12 pursuant to the expenditure limitation in effect when the
13 amounts are expended by the other political subdivision,
14 school district, community college district or the state.

15 (x) Any amounts received as tuition or fees directly or
16 indirectly from any public or private agency or organization
17 or any individual.

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

23 (xii) Any amounts received during a fiscal year as
24 refunds, reimbursements or other recoveries of amounts
25 expended which were applied against the expenditure limitation
26 for such fiscal year or which were excluded from local
27 revenues under other provisions of this subsection.

28 (d) For the ~~purpose~~ PURPOSES of subsection (2) of this
29 section, the following items are also excluded from local
30 revenues of school districts:

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

34 (ii) Any amounts received from the capital levy as
35 authorized by law.

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

39 (iv) Any amounts received for the purpose of funding
40 expenditures authorized in the event of destruction of or
41 damage to the facilities of a school district as authorized by
42 law.

1 (v) Any revenues derived from an additional state
2 transaction privilege tax rate increment for educational
3 purposes ~~that was authorized by the voters before January 1,~~
4 ~~2001.~~

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

9 (e) "Student population" means the number of actual,
10 full-time or the equivalent of actual full-time students
11 enrolled in the school district or community college district
12 determined in a manner prescribed by law.

13 (5) The economic estimates commission shall adjust the
14 amount of expenditures of local revenues in fiscal year
15 ~~1979-1980~~ 2022-2023, as used to determine the AGGREGATE
16 expenditure limitation FOR ALL SCHOOL DISTRICTS pursuant to
17 subsection ~~(1)~~ or (2) of this section, to reflect subsequent
18 transfers of all or any part of the cost of providing a
19 governmental function, in a manner prescribed by law. The
20 adjustment provided for in this subsection shall be used in
21 determining the AGGREGATE expenditure limitation FOR ALL
22 SCHOOL DISTRICTS pursuant to subsection ~~(1)~~ or (2) of this
23 section beginning with the fiscal year immediately following
24 the transfer.

25 (6) The economic estimates commission shall adjust the
26 amount of expenditures of local revenues in fiscal year
27 1979-1980, as used to determine the expenditure limitation of
28 a community college district pursuant to subsection (1) of
29 this section, to reflect BOTH OF THE FOLLOWING:

30 (a) SUBSEQUENT TRANSFERS OF ALL OR ANY PART OF THE COST
31 OF PROVIDING A GOVERNMENTAL FUNCTION, IN A MANNER PRESCRIBED
32 BY LAW. THE ADJUSTMENT PROVIDED FOR IN THIS PARAGRAPH SHALL
33 BE USED IN DETERMINING THE EXPENDITURE LIMITATION OF A
34 COMMUNITY COLLEGE DISTRICT PURSUANT TO SUBSECTION (1) OF THIS
35 SECTION BEGINNING WITH THE FISCAL YEAR IMMEDIATELY FOLLOWING
36 THE TRANSFER.

37 (b) Any subsequent annexation, creation of a new
38 district, consolidation or change in the boundaries of a
39 district, in a manner prescribed by law. The adjustment
40 provided for in this ~~subsection~~ PARAGRAPH shall be used in
41 determining the expenditure limitation OF A COMMUNITY COLLEGE
42 DISTRICT pursuant to subsection (1) of this section beginning
43 with the fiscal year immediately following the annexation,
44 creation of a new district, consolidation or change in the
45 boundaries of a district.

1 (7) The legislature shall establish by law expenditure
2 limitations for each school district ~~beginning with the fiscal~~
3 ~~year beginning July 1, 1980~~. Expenditures by a school
4 district in excess of such an expenditure limitation must be
5 approved by a majority of the electors voting on the excess
6 expenditures.

7 (8) The legislature shall establish by law a uniform
8 reporting system for school districts and community college
9 districts to ensure compliance with this section. The
10 legislature shall establish by law sanctions and penalties for
11 failure to comply with this section.

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