House Engrossed

public resources; expenditures; prohibition

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2722

AN ACT

AMENDING TITLE 1, CHAPTER 5, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2; RELATING TO PUBLIC RESOURCES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Heading change

The chapter heading of title 1, chapter 5, Arizona Revised Statutes, is changed from "PUBLIC PROGRAMS" to "PUBLIC RESOURCES".

Sec. 2. Title 1, chapter 5, Arizona Revised Statutes, is amended by adding article 2, to read:

ARTICLE 2. LIMIT ON PUBLIC ENTITY EXPENDITURES

1-551. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "CONSIDERATION":

(a) MEANS AN EXCHANGE FOR GOODS, SERVICES OR MONEY THAT IS PROPORTIONAL, DIRECT, ASCERTAINABLE AND CONTRACTUALLY OBLIGATORY.

(b) DOES NOT INCLUDE INDIRECT BENEFITS THAT ARE SPECULATIVE OR ANTICIPATORY.

2. "CONTROL" MEANS THAT THE PUBLIC ENTITY MAINTAINS STRICT AND CONTINUING AUTHORITY OVER THE PUBLIC EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES TO ENSURE THAT THE PUBLIC PURPOSE OF THE EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES IS ACCOMPLISHED.

3. "PUBLIC ENTITY":

(a) MEANS THIS STATE, ANY AGENCY OR UNIT OF STATE GOVERNMENT AND ANY CITY, TOWN, COUNTY, SCHOOL DISTRICT OR OTHER POLITICAL SUBDIVISION OF THIS STATE AND SHALL BE BROADLY CONSTRUED.

(b) DOES NOT INCLUDE IRRIGATION, POWER, ELECTRICAL, AGRICULTURAL IMPROVEMENT, DRAINAGE AND FLOOD CONTROL DISTRICTS AND TAX LEVYING PUBLIC IMPROVEMENT DISTRICTS THAT ARE EXEMPT FROM ARTICLE IX, SECTION 7, CONSTITUTION OF ARIZONA.

4. "PUBLIC PURPOSE":

(a) MEANS AN ACTIVITY THAT IS DIRECTLY RELATED TO A FUNCTION OF GOVERNMENT AND FOR WHICH THE PRIMARY BENEFICIARY IS THE PUBLIC AS A WHOLE AND NOT A PRIVATE ENTITY.

(b) DOES NOT INCLUDE PROVIDING SUBSIDIES, GRANTS, LOANS OR OTHER AID TO PRIVATE BUSINESSES, INDIVIDUALS OR ENTITIES FOR THE PURPOSES OF ECONOMIC DEVELOPMENT.

5. "PUBLIC RESOURCES" INCLUDES ALL REVENUE, REAL PROPERTY AND OTHER ASSETS OWNED AND CONTROLLED BY A PUBLIC ENTITY AND SHALL BE BROADLY CONSTRUED.

1-552. Limit on public entity expenditures

A PUBLIC ENTITY MAY NOT SPEND, LOAN OR ALLOW THE USE OF PUBLIC RESOURCES OR USE THE PUBLIC ENTITY'S TAXING POWER IN AID OF ANY INDIVIDUAL, ASSOCIATION, CORPORATION OR OTHER PRIVATE PARTY UNLESS THE EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES IS FOR A PUBLIC PURPOSE, IS SUPPORTED BY CONSIDERATION AND THE PUBLIC ENTITY EXERCISES CONTINUING CONTROL OVER THE EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES.

1-553. Enforcement

A. THE ATTORNEY GENERAL OR A TAXPAYER IN THIS STATE MAY FILE AN ACTION IN A COURT OF GENERAL JURISDICTION TO CHALLENGE AN EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES.

B. IN AN ACTION FILED PURSUANT TO SUBSECTION A OF THIS SECTION, THE PLAINTIFF SHALL PREVAIL IF THE COURT FINDS BY A PREPONDERANCE OF EVIDENCE THAT ANY OF THE FOLLOWING APPLIES:

1. THE CHALLENGED EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES DOES NOT ADVANCE A PUBLIC PURPOSE.

2. THE CHALLENGED EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES IS NOT SUPPORTED BY CONSIDERATION.

3. THE PUBLIC ENTITY FAILED TO MAINTAIN CONTROL OVER THE EXPENDITURE, LOAN OR USE OF PUBLIC RESOURCES.

Sec. 3. Short title

This act may be cited as the "Taxpayer Protection Act".