

House Engrossed

state budget; structural balance; estimates

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

HOUSE BILL 2919

AN ACT

AMENDING SECTIONS 35-121 AND 35-125, ARIZONA REVISED STATUTES;
APPROPRIATING MONIES; RELATING TO THE STATE BUDGET.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 35-121, Arizona Revised Statutes, is amended to
3 read:

4 35-121. Format of appropriations; basic state aid; additional
5 state aid

6 A. The format of the appropriations for the support and maintenance
7 of state departments and institutions shall be for each fiscal year for
8 all budget units.

9 B. THE FORMAT OF THE APPROPRIATIONS FOR THE SUPPORT AND MAINTENANCE
10 OF THE DEPARTMENT OF EDUCATION AND THE SUPERINTENDENT OF PUBLIC
11 INSTRUCTION FOR EACH FISCAL YEAR SHALL RECOGNIZE THE BASIC STATE AID AND
12 ADDITIONAL STATE AID ENTITLEMENT PAID TO SCHOOL DISTRICTS IN THE SAME
13 FISCAL YEAR AS THE FISCAL YEAR THAT THE SCHOOL DISTRICTS BUDGET CAPACITY
14 RECOGNIZES THE STATE AID.

15 Sec. 2. Section 35-125, Arizona Revised Statutes, is amended to
16 read:

17 35-125. Revenue and expenditure estimates; three-year plan;
18 balanced budget; public hearing

19 A. THE GENERAL APPROPRIATION ACT MUST BE BALANCED FOR EACH FISCAL
20 YEAR. THE GENERAL APPROPRIATION ACT IS BALANCED FOR A FISCAL YEAR IF THE
21 UNRESERVED GENERAL FUND BEGINNING BALANCE, TOGETHER WITH THE GENERAL FUND
22 REVENUE ESTIMATE FOR THAT FISCAL YEAR, IS EQUAL TO OR GREATER THAN THE
23 GENERAL FUND EXPENDITURE ESTIMATE FOR THAT FISCAL YEAR.

24 B. The general appropriation act shall include a provision that
25 delineates the revenue and expenditure estimates for the following three
26 years. The expenditure estimates shall be based on existing statutory
27 funding requirements. THE EXPENDITURE ESTIMATES MUST BE BALANCED FOR EACH
28 FISCAL YEAR. THE ESTIMATES ARE BALANCED FOR A FISCAL YEAR IF THE
29 UNRESERVED GENERAL FUND BEGINNING BALANCE, TOGETHER WITH THE GENERAL FUND
30 REVENUE ESTIMATE FOR THAT FISCAL YEAR, IS EQUAL TO OR GREATER THAN THE
31 GENERAL FUND EXPENDITURE ESTIMATE FOR THAT FISCAL YEAR.

32 C. THE EXPENDITURE ESTIMATES MUST RECOGNIZE ANY SPENDING AUTHORIZED
33 IN THE BUDGET YEAR THAT WAS ALSO AUTHORIZED IN THE PRIOR FISCAL YEAR AS
34 ONGOING SPENDING FOR THE PURPOSES OF CALCULATING THE STRUCTURAL BALANCE OF
35 THE FISCAL YEAR.

36 D. Before the adoption of the general appropriation act, the
37 legislature shall discuss the estimates in a public hearing.

38 Sec. 3. Appropriation; reduction; school districts; ending
39 cash balances; basic state aid; additional state
40 aid

41 A. The amount owed to each school district in fiscal year 2025-2026
42 for basic state aid and additional state aid entitlements pursuant to Laws
43 2024, chapter 209, section 143, subsection B is reduced by the school
44 district's total ending cash balances as of June 30, 2024 from the school
45 district's maintenance and operations fund or unrestricted capital outlay

1 fund reported in the school district's annual financial report for fiscal
2 year 2023-2024 pursuant to section 15-904, Arizona Revised Statutes, that
3 was not included in the school district's adopted budget for fiscal year
4 2024-2025 pursuant to section 15-905, Arizona Revised Statutes.

5 B. Notwithstanding any other law, for fiscal year 2025-2026, the
6 governing board of a school district may use any portion of the school
7 district's total ending cash balances as of June 30, 2024 from the school
8 district's maintenance and operations fund or unrestricted capital outlay
9 fund reported in the school district's annual financial report for fiscal
10 year 2023-2024 pursuant to section 15-904, Arizona Revised Statutes, that
11 was not included in the school district's adopted budget for fiscal year
12 2024-2025 pursuant to section 15-905, Arizona Revised Statutes, to replace
13 any revenue resulting from the reduction required by subsection A of this
14 section.