

REFERENCE TITLE: expenditure limitation; local revenues; exception

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SCR 1035

Introduced by
Senators Diaz: Alston, Bravo, Sundareshan

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)

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

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

21. Expenditure limitations for school districts and community college districts

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

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

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

(4) ~~As used in~~ FOR THE PURPOSES OF this section:

(a) "Cost of living" means either:

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

(ii) A different measure or index of the cost of living adopted at the direction of the legislature, by concurrent resolution, ~~upon~~ ON AN affirmative vote of two-thirds of the

membership of each house of the legislature. Such measure or index shall apply for subsequent fiscal years, except it shall not apply for the fiscal year following the adoption of such measure or index if the measure or index is adopted after March 1 of the preceding fiscal year.

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

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

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

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

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

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

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

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

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

1 ~~THAT~~ are excluded from local revenue under other provisions of
2 this 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~~ THIS state and expended by the other political
11 subdivision, school district, community college district or
12 ~~the~~ THIS state pursuant to the expenditure limitation in
13 effect when the amounts are expended by the other political
14 subdivision, school district, community college district or
15 ~~the~~ THIS state.

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

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

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

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

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

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

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

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

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

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

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

(5) The economic estimates commission shall adjust the amount of expenditures of local revenues in fiscal year 1979-1980, as used to determine the expenditure limitation pursuant to subsection (1) or (2) of this section, to reflect subsequent transfers of all or any part of the cost of providing a governmental function, in a manner prescribed by law. The adjustment provided for in this subsection shall be used in determining the expenditure limitation pursuant to subsection (1) or (2) of this section beginning with the fiscal year immediately following the transfer.

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

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

1 (8) The legislature shall establish by law a uniform
2 reporting system for school districts and community college
3 districts to ensure compliance with this section. The
4 legislature shall establish by law sanctions and penalties for
5 failure to comply with this section.
6 2. The Secretary of State shall submit this proposition to the
7 voters at the next general election as provided by article XXI,
8 Constitution of Arizona.