

REFERENCE TITLE: expenditure limitation; school districts; repeal.

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HCR 2042

Introduced by
Representatives Volk: Abeytia, Austin, Connolly, Contreras L, Garcia,
Gutierrez, Hernandez A, Hernandez C, Hernandez L, Liguori, Márquez,
Simacek, Stahl Hamilton, Travers, Villegas; Senator Ortiz

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 House of Representatives of the State of Arizona,
2 the Senate 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 community college
7 districts; definitions

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

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

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

37 ~~(4)~~ (2) As used in FOR THE PURPOSES OF this section:

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

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

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

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

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

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

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

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

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

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

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

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

41 (vii) Any amounts received pursuant to a transfer
42 during a fiscal year from another agency, department, office,
43 board, commission, authority, council or institution of the
44 same community college district ~~or school district which~~ THAT
45 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, ~~OR~~ community college district
10 or ~~the~~ THIS state and expended by the other political
11 subdivision, school district, ~~OR~~ community college district
12 or ~~the~~ THIS state pursuant to the expenditure limitation in
13 effect when the amounts are expended by the other political
14 subdivision, school district, ~~OR~~ community college district
15 or ~~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)~~ (4) 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~~ THAT were excluded
28 from 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 of school 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)~~ (d) "Student population" means the number of
10 actual, full-time or the equivalent of actual full-time
11 students enrolled in the ~~school district or~~ community college
12 district determined in a manner prescribed by law.

13 ~~(5)~~ (3) The economic estimates commission shall adjust
14 the amount of expenditures of local revenues in fiscal year
15 1979-1980, as used to determine the expenditure limitation OF
16 A COMMUNITY COLLEGE DISTRICT pursuant to subsection (1) ~~or (2)~~
17 of this section, to reflect BOTH OF THE FOLLOWING:

18 (a) Subsequent transfers of all or any part of the cost
19 of providing a governmental function, in a manner prescribed
20 by law. The adjustment provided for in this ~~subsection~~
21 PARAGRAPH shall be used in determining the expenditure
22 limitation OF A COMMUNITY COLLEGE DISTRICT pursuant to
23 subsection (1) ~~or (2)~~ of this section beginning with the
24 fiscal year immediately following 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~~

30 (b) Any subsequent annexation, creation of a new
31 district, consolidation or change in the boundaries of a
32 district, in a manner prescribed by law. The adjustment
33 provided for in this ~~subsection~~ PARAGRAPH shall be used in
34 determining the expenditure limitation OF A COMMUNITY COLLEGE
35 DISTRICT pursuant to subsection (1) of this section beginning
36 with the fiscal year immediately following the annexation,
37 creation of a new district, consolidation or change in the
38 boundaries of a district.

39 ~~(7)~~ (4) The legislature shall establish by law
40 expenditure limitations for each school district ~~beginning~~
41 ~~with the fiscal year beginning July 1, 1980.~~ Expenditures by
42 a school district in excess of such an expenditure limitation
43 must be approved by a majority of the electors voting on the
44 excess expenditures.

1 ~~(8)~~ (5) The legislature shall establish by law a
2 uniform reporting system for ~~school districts and~~ community
3 college 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. Applicability

7 This act applies to fiscal years beginning from and
8 after June 30, 2027.

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