

REFERENCE TITLE: expenditure limitation; local revenues; exception

State of Arizona  
Senate  
Fifty-seventh Legislature  
Second Regular Session  
2026

## **SCR 1044**

Introduced by  
Senators Diaz: Bravo, Fernandez, Gonzales, Hatathlie, Kuby, Miranda,  
Ortiz, Sears

### 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~~ 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~~ BEFORE 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~~ ON AN affirmative vote of two-thirds of the  
36 membership of each house of the legislature.

37 (4) ~~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 AN affirmative vote of two-thirds of the

1 membership of each house of the legislature. Such measure or  
2 index shall apply for subsequent fiscal years, except it shall  
3 not apply for the fiscal year following the adoption of such  
4 measure or index if the measure or index is adopted after  
5 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  
19 obligations. For the ~~purpose~~ PURPOSES of this subdivision,  
20 long-term obligations shall not include warrants issued in the  
21 ordinary course of operation or registered for payment by a  
22 political 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, 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.

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

5 (v) Any revenues derived from an additional state  
6 transaction privilege tax rate increment for educational  
7 purposes ~~that was authorized by the voters before January 1,~~  
8 ~~2001.~~

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

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

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

27 (6) The economic estimates commission shall adjust the  
28 amount of expenditures of local revenues in fiscal year  
29 1979-1980, as used to determine the expenditure limitation of  
30 a community college district pursuant to subsection (1) of  
31 this section, to reflect any subsequent annexation, creation  
32 of a new district, consolidation or change in the boundaries  
33 of a district, in a manner prescribed by law. The adjustment  
34 provided for in this subsection shall be used in determining  
35 the expenditure limitation pursuant to subsection (1) of this  
36 section beginning with the fiscal year immediately following  
37 the annexation, creation of a new district, consolidation or  
38 change in the boundaries of a district.

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