

REFERENCE TITLE: state appropriation limit; reduction

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

## HCR 2038

Introduced by  
Representatives Pearce, Barnes, Burges, Groe, Kavanagh, Murphy, Stump,  
Yarbrough, Senators Burns, Gould, Harper, Johnson: Representatives  
Anderson, Biggs, Crump, Farnsworth, Weiers J, Senator Verschoor

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX,  
SECTION 17, CONSTITUTION OF ARIZONA; RELATING TO STATE APPROPRIATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

3 1. Article IX, section 17, Constitution of Arizona, is proposed to be  
4 amended as follows if approved by the voters and on proclamation of the  
5 Governor:

6 17. Economic estimates commission; appropriation  
7 limitation; powers and duties of commission

8 Section 17. (1) The economic estimates commission shall  
9 be established by law, with a membership of not to exceed three  
10 members, and shall determine and publish prior to February 1 of  
11 each year the estimated total personal income for the following  
12 fiscal year. By April 1 of each year the commission shall  
13 determine and publish a final estimate of the total personal  
14 income for the following fiscal year, which estimate shall be  
15 used in computing the appropriations limit for the legislature.  
16 For the purposes of this section, "total personal income" means  
17 the dollar amount that will be reported as total income by  
18 persons for the state of Arizona by the U.S. department of  
19 commerce or its successor agency.

20 (2) For THE purposes of this section, "state revenues":

21 (a) Include all monies, revenues, fees, fines, penalties,  
22 funds, tuitions, property and receipts of any kind whatsoever  
23 received by or for the account of the state or any of its  
24 agencies, departments, offices, boards, commissions,  
25 authorities, councils and ~~insitutions~~ INSTITUTIONS except as  
26 provided in this subsection.

27 (b) Do not include:

28 (i) Any amounts or property received from the issuance or  
29 incurrence of bonds or other lawful long-term obligations issued  
30 or incurred for a specific purpose. For the purpose of this  
31 subdivision long-term obligations shall not include warrants  
32 issued in the ordinary course of operation or registered for  
33 payment by the state.

34 (ii) Any amounts or property received as payment of  
35 dividends or interest.

36 (iii) Any amounts or property received by the state in  
37 the capacity of trustee, custodian or agent.

38 (iv) Any amounts received from employers for deposit in  
39 the unemployment compensation fund or any successor fund.

40 (v) Any amounts collected by the state for distribution  
41 to counties, cities and towns without specific restrictions on  
42 the use of the ~~funds~~ MONIES other than the restrictions included  
43 in section 14 of this article.

1 (vi) Any amounts received as grants, aid, contributions  
2 or gifts of any type, except voluntary contributions or other  
3 contributions received directly or indirectly in lieu of taxes.

4 (vii) Any amounts received as the proceeds from the sale,  
5 lease or redemption of property or as consideration for  
6 services or the use of property.

7 (viii) Any amounts received pursuant to a transfer during  
8 a fiscal year from another agency, department, office, board,  
9 commission, authority, council or institution of the state which  
10 were included as state revenues for such fiscal year or which  
11 are excluded from state revenue under other provisions of this  
12 subsection.

13 (ix) Any amounts attributable to an increase in the rates  
14 of tax subsequent to July 1, 1979 on vehicle users, gasoline and  
15 diesel fuel which were levied on July 1, 1979.

16 (x) Any amounts received during a fiscal year as refunds,  
17 reimbursements or other recoveries of amounts appropriated which  
18 were applied against the appropriation limitation for such  
19 fiscal year or which were excluded from state revenues under  
20 other provisions of this subsection.

21 (3) THROUGH FISCAL YEAR 2008-2009, the legislature shall  
22 not appropriate for any fiscal year state revenues in excess of  
23 seven per cent of the total personal income of the state for  
24 that fiscal year as determined by the economic estimates  
25 commission. FOR FISCAL YEARS BEGINNING AFTER JUNE 30, 2009, THE  
26 LEGISLATURE SHALL NOT APPROPRIATE FOR ANY FISCAL YEAR STATE  
27 REVENUES IN EXCESS OF SIX AND FOUR-TENTHS PER CENT OF THE TOTAL  
28 PERSONAL INCOME OF THE STATE FOR THAT FISCAL YEAR, WITHOUT ANY  
29 ADJUSTMENT PURSUANT TO SUBSECTION (4) FOR TRANSFERENCE OF  
30 GOVERNMENTAL FUNCTIONS OR FUNDING RESPONSIBILITIES THAT OCCURRED  
31 BEFORE FISCAL YEAR 2009-2010. The limitation may be exceeded  
32 upon affirmative vote of two-thirds of the membership of each  
33 house of the legislature on each measure that appropriates  
34 amounts in excess of the limitation. If the legislature  
35 authorizes a specific dollar amount of appropriation for more  
36 than one fiscal year, for the purpose of measuring such  
37 appropriation against the appropriation limitation, the entire  
38 amount appropriated shall be applied against the limitation in  
39 the first fiscal year during which any expenditures are  
40 authorized, and in no other fiscal year.

41 (4) In order to permit the transference of governmental  
42 functions or funding responsibilities between the federal and  
43 state governments and between the state government and its  
44 political subdivisions without abridging the purpose of this  
45 section to limit state appropriations to a percentage of total

1 personal income, the legislature shall provide for adjustments  
2 of the appropriation percentage limitation consistent with the  
3 following principles:

4 (a) If the federal government assumes all or any part of  
5 the cost of providing a governmental function which the state  
6 previously funded in whole or in part, the appropriation  
7 limitation shall be commensurately decreased.

8 (b) If the federal government requires the state to  
9 assume all or any part of the cost of providing a governmental  
10 function the appropriation limitation shall be commensurately  
11 increased.

12 (c) If the state assumes all or any part of the cost of  
13 providing a governmental function and the state requires the  
14 political subdivision, which previously funded all or any part  
15 of the cost of the function to commensurately decrease its tax  
16 revenues, the appropriation percentage limitation shall be  
17 commensurately increased.

18 (d) If a political subdivision assumes all or any part of  
19 the cost of providing a governmental function previously funded  
20 in whole or in part by the state, the appropriation percentage  
21 limitation shall be commensurately decreased.

22 Any adjustments made pursuant to this subsection shall be  
23 made for the first fiscal year of the assumption of the cost.  
24 Such adjustment shall remain in effect for each subsequent  
25 fiscal year.

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