



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: APPROP DP 9-7-1-0

HCR2065: expenditure limit; school districts; authorization

Sponsor: Representative Livingston (with permission of Committee on Rules), LD 28

House Engrossed

Overview

Allows school districts to exceed the aggregate expenditure limitation (AEL) in FY 2025.

History

In 1980, Arizona voters approved [Proposition 109](#), which established the AEL for school districts in the Arizona Constitution. The AEL functions as an aggregate spending cap for all school districts. The state Constitution and statute detail the formula to calculate the AEL and procedures if the AEL is exceeded.

Prior to May 1, the Economic Estimates Commission (EEC) must publish the AEL for the following year. The AEL is calculated by adjusting FY 1980 local revenue expenditures for all school districts to reflect changes in student population and the cost of living. This amount is then multiplied by 10%. The state Constitution details the monies, revenues, funds, property and receipts that comprise *local revenues* ([Ariz. Const. art. 9 § 21](#)).

By November 1, the State Board of Education (SBE) must determine the current year aggregate expenditures of local revenues for all school districts. If this amount exceeds the AEL, two options may occur. The Legislature may authorize, by March 1, the expenditures of local revenues in excess of the AEL upon two-thirds approval in both the House of Representatives and Senate. If the Legislature does not authorize the expenditures of local revenues in excess of the AEL, SBE must inform each school district, by March 5, of the amount by which the school district must reduce its expenditures of local revenues. Then, by April 1, each school district governing board must adopt a revised current year budget that is reduced by the amount determined by SBE ([A.R.S. § 15-911](#)).

For FY 2025, the AEL is \$6,959,222,573 ([EEC](#)).

Provisions

1. Authorizes school districts to spend local revenues in excess of the AEL in FY 2025, subject to two-thirds approval in both the House of Representatives and Senate.

Prop 105 (45 votes)

Prop 108 (40 votes)

Emergency (40 votes)

Fiscal Note