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REFERENCE TITLE: **community colleges; campus matching monies**

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

HB 2052

Introduced by
Representative Pearce

AN ACT

**AMENDING SECTIONS 15-1463, 15-1472, AND 42-5029, ARIZONA REVISED STATUTES;
RELATING TO COMMUNITY COLLEGES.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-1463, Arizona Revised Statutes, is amended to
3 read:

4 15-1463. State contribution for capital outlay for initial or
5 additional campus

6 A. This state, by legislative appropriation, shall pay to the district
7 a sum equal to fifty per cent of the total cost for capital outlay for an
8 initial campus in a newly formed district or in a county entering into an
9 intergovernmental agreement for providing courses pursuant to section
10 15-1470, not to exceed one million dollars.

11 B. If a district board in an existing district determines the need for
12 an additional campus or campuses, it shall submit a request to the joint
13 legislative budget committee for review. This state, by legislative
14 appropriation, shall pay a sum equal to fifty per cent of the total cost for
15 capital outlay for each approved campus within the district, but not to
16 exceed one million dollars at any one campus, including the purchase,
17 erection, remodeling or completion of buildings and the purchase of equipment
18 and facilities for educational or auxiliary purposes of the community
19 college, excluding the cost of any land granted to the district and
20 dormitories erected for the use of students or faculty members. **NOTHING IN**
21 **THIS SUBSECTION SHALL BE CONSTRUED TO AFFECT THE DISTRIBUTION OF MONIES**
22 **PURSUANT TO SECTION 15-1472, SUBSECTION D, PARAGRAPHS 1 AND 2.**

23 Sec. 2. Section 15-1472, Arizona Revised Statutes, is amended to read:

24 15-1472. Community college district workforce development
25 accounts; reports

26 A. Each community college district shall establish a separate
27 workforce development account to receive only tax revenues authorized
28 pursuant to section 42-5029, subsection E, paragraph 3. Each community
29 college district board shall approve the expenditure of these monies in
30 accordance with section 15-1461 and consistent with subsection B of this
31 section.

32 B. Monies received pursuant to subsection A of this section shall be
33 expended for workforce development and job training purposes. These
34 expenditures may include:

- 35 1. Partnerships with businesses and educational institutions.
- 36 2. Additional faculty for improved and expanded classroom instruction
37 and course offerings.
- 38 3. Technology, equipment and technology infrastructure for advanced
39 teaching and learning in classrooms or laboratories.
- 40 4. Student services such as assessment, advisement and counseling for
41 new and expanded job opportunities.
- 42 5. The purchase, lease or lease-purchase of real property, for new
43 construction, remodeling or repair of buildings or facilities on real
44 property.

1 C. The state treasurer shall transfer monies under this section into
2 each district's workforce development account by the fifteenth day of each
3 month. The state treasurer shall also allocate and distribute any pooled
4 interest earnings earned from revenues authorized in section 42-5029,
5 subsection E, paragraph 3 to each district in accordance with the method
6 prescribed in subsection D, paragraph ~~2~~ 3 of this section.

7 D. Revenues authorized for community college districts in section
8 42-5029, subsection E, paragraph 3 shall be distributed by the state in the
9 following manner:

10 1. For thirteen fiscal years beginning in fiscal year 2001-2002, the
11 state treasurer shall allocate one million dollars per fiscal year for the
12 purpose of bringing this state into compliance with the matching capital
13 requirements prescribed in section 15-1463. The state treasurer shall
14 distribute the monies authorized in this subsection to each district in the
15 FOLLOWING order: ~~in which each campus qualified for funding pursuant to~~
16 ~~section 15-1463.~~

- 17 (a) NAVAJO COMMUNITY COLLEGE DISTRICT, WINSLOW CAMPUS.
- 18 (b) NAVAJO COMMUNITY COLLEGE DISTRICT, SNOWFLAKE CAMPUS.
- 19 (c) COCONINO COMMUNITY COLLEGE DISTRICT, PAGE CAMPUS.
- 20 (d) MARICOPA COMMUNITY COLLEGE DISTRICT, PARADISE VALLEY CAMPUS.
- 21 (e) PINAL COMMUNITY COLLEGE DISTRICT, APACHE JUNCTION CAMPUS.
- 22 (f) YUMA/LA PAZ COMMUNITY COLLEGE DISTRICT, PARKER CAMPUS.
- 23 (g) MARICOPA COMMUNITY COLLEGE DISTRICT, ESTRELLA MOUNTAIN CAMPUS.
- 24 (h) PIMA COMMUNITY COLLEGE DISTRICT, DESERT VISTA CAMPUS.
- 25 (i) MARICOPA COMMUNITY COLLEGE DISTRICT, CHANDLER/GILBERT CAMPUS.
- 26 (j) MARICOPA COMMUNITY COLLEGE DISTRICT, WILLIAMS GATEWAY CAMPUS.
- 27 (k) MARICOPA COMMUNITY COLLEGE DISTRICT, EAST MESA CAMPUS.
- 28 (l) COCONINO COMMUNITY COLLEGE DISTRICT, FLAGSTAFF CAMPUS.
- 29 (m) MOHAVE COMMUNITY COLLEGE DISTRICT, COLORADO CITY CAMPUS.

30 2. ANY MONIES DISTRIBUTED IN AN ORDER OTHER THAN THAT PRESCRIBED IN
31 PARAGRAPH 1 OF THIS SUBSECTION SHALL BE RETURNED TO THE STATE TREASURER WITH
32 ACCRUED INTEREST. THE STATE TREASURER SHALL REDISTRIBUTE ALL CAPITAL OUTLAY
33 AND ACCRUED INTEREST THAT MEET THIS CRITERIA TO THE CORRECT DISTRICT.

34 ~~2-~~ 3. After the monies have been paid each year to the eligible
35 ~~district~~ DISTRICTS pursuant to paragraph 1 of this subsection, the state
36 treasurer shall distribute monies from the workforce development fund to each
37 community college district in the following manner:

38 (a) Each district shall receive the sum of two hundred thousand
39 dollars.

40 (b) After each district has received the payments prescribed in
41 subdivision (a) OF THIS PARAGRAPH, the remainder of monies in the fund shall
42 be distributed to each district according to each district's full-time
43 equivalent student enrollment percentage of the total state wide audited
44 full-time equivalent student enrollment in the preceding fiscal year

1 prescribed in section 15-1466.01. The percentage distribution under this
2 subdivision shall be adjusted annually on October 1 of each year.

3 E. Revenues received by community college districts shall not be used
4 by the legislature to supplant or reduce any state aid authorized in this
5 chapter or supplant any proceeds from the sale of bonds authorized in this
6 article and article 5 of this chapter.

7 F. Monies received under this section shall not be considered to be
8 local revenues for purposes of article IX, section 21, Constitution of
9 Arizona.

10 G. Each community college district shall submit a workforce
11 development plan by April 1 of each year to the department of commerce. The
12 plan shall outline the purpose and goals for which workforce development
13 monies are to be expended by the district.

14 H. Each community college district or community college that is owned,
15 operated or chartered by a qualifying Indian tribe on its own Indian
16 reservation shall submit a report once every two years of its workforce
17 development plan activities and the expenditures authorized in this section
18 to the governor, president of the senate, speaker of the house of
19 representatives, joint legislative budget committee and department of
20 commerce by December 1 of every even-numbered year. The report shall include
21 the purpose and goals for which the workforce development monies were
22 expended by each district or community college together with a general
23 accounting of the expenditures authorized in subsection B of this section. A
24 copy of the final report shall also be provided to the secretary of state and
25 the director of the Arizona state library, archives and public records. For
26 the purposes of this subsection, "qualifying Indian tribe" has the same
27 meaning prescribed in section 42-5031.01.

28 Sec. 3. Subject to the requirements of article IV, part 1, section 1,
29 subsection (6), Constitution of Arizona, section 42-5029, Arizona Revised
30 Statutes, is amended to read:

31 42-5029. Remission and distribution of monies; definition

32 A. The department shall deposit, pursuant to sections 35-146 and
33 35-147, all revenues collected under this article and articles 4, 5, 8 and 9
34 of this chapter pursuant to section 42-1116, separately accounting for:

35 1. Payments of estimated tax under section 42-5014, subsection D.

36 2. Revenues collected pursuant to section 42-5070.

37 3. Revenues collected under this article and article 5 of this chapter
38 from and after June 30, 2000 from sources located on Indian reservations in
39 this state.

40 4. Revenues collected pursuant to section 42-5010, subsection G and
41 section 42-5155, subsection D.

42 B. The department shall credit payments of estimated tax to an
43 estimated tax clearing account and each month shall transfer all monies in
44 the estimated tax clearing account to a fund designated as the transaction
45 privilege and severance tax clearing account. The department shall credit

1 all other payments to the transaction privilege and severance tax clearing
2 account, separately accounting for the monies designated as distribution base
3 under sections 42-5010, 42-5164, 42-5205, 42-5353 and 42-5409. Each month
4 the department shall report to the state treasurer the amount of monies
5 collected pursuant to this article and articles 4, 5, 8 and 9 of this
6 chapter.

7 C. On notification by the department, the state treasurer shall
8 distribute the monies deposited in the transaction privilege and severance
9 tax clearing account in the manner prescribed by this section and by sections
10 42-5164, 42-5205, 42-5353 and 42-5409, after deducting warrants drawn against
11 the account pursuant to sections 42-1118 and 42-1254.

12 D. Of the monies designated as distribution base the department shall:

13 1. Pay twenty-five per cent to the various incorporated municipalities
14 in this state in proportion to their population to be used by the
15 municipalities for any municipal purpose.

16 2. Pay 38.08 per cent to the counties in this state by averaging the
17 following proportions:

18 (a) The proportion that the population of each county bears to the
19 total state population.

20 (b) The proportion that the distribution base monies collected during
21 the calendar month in each county under this article, section 42-5164,
22 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
23 bear to the total distribution base monies collected under this article,
24 section 42-5164, subsection B, section 42-5205, subsection B and sections
25 42-5353 and 42-5409 throughout the state for the calendar month.

26 3. Pay an additional 2.43 per cent to the counties in this state as
27 follows:

28 (a) Average the following proportions:

29 (i) The proportion that the assessed valuation used to determine
30 secondary property taxes of each county, after deducting that part of the
31 assessed valuation that is exempt from taxation at the beginning of the month
32 for which the amount is to be paid, bears to the total assessed valuations
33 used to determine secondary property taxes of all the counties after
34 deducting that portion of the assessed valuations that is exempt from
35 taxation at the beginning of the month for which the amount is to be paid.
36 Property of a city or town that is not within or contiguous to the municipal
37 corporate boundaries and from which water is or may be withdrawn or diverted
38 and transported for use on other property is considered to be taxable
39 property in the county for purposes of determining assessed valuation in the
40 county under this item.

41 (ii) The proportion that the distribution base monies collected during
42 the calendar month in each county under this article, section 42-5164,
43 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
44 bear to the total distribution base monies collected under this article,

1 section 42-5164, subsection B, section 42-5205, subsection B and sections
2 42-5353 and 42-5409 throughout the state for the calendar month.

3 (b) If the proportion computed under subdivision (a) of this paragraph
4 for any county is greater than the proportion computed under paragraph 2 of
5 this subsection, the department shall compute the difference between the
6 amount distributed to that county under paragraph 2 of this subsection and
7 the amount that would have been distributed under paragraph 2 of this
8 subsection using the proportion computed under subdivision (a) of this
9 paragraph and shall pay that difference to the county from the amount
10 available for distribution under this paragraph. Any monies remaining after
11 all payments under this subdivision shall be distributed among the counties
12 according to the proportions computed under paragraph 2 of this subsection.

13 4. After any distributions required by sections 42-5030, 42-5030.01,
14 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water
15 quality assurance revolving fund as required by section 49-282, subsection B,
16 credit the remainder of the monies designated as distribution base to the
17 state general fund. From this amount:

18 (a) The legislature shall annually appropriate to:

19 (i) The department of revenue sufficient monies to administer and
20 enforce this article and articles 5, 8 and 9 of this chapter.

21 (ii) The department of economic security monies to be used for the
22 purposes stated in title 46, chapter 1.

23 (iii) The Arizona arts endowment fund established by section 41-986,
24 the full amount by which revenues derived from the amusement classification
25 pursuant to section 42-5073 for the current fiscal year exceed the revenues
26 that were derived from that classification in fiscal year 1993-1994, except
27 that this amount shall not exceed two million dollars through fiscal year
28 2008-2009.

29 (iv) The firearms safety and ranges fund established by section
30 17-273, fifty thousand dollars derived from the taxes collected from the
31 retail classification pursuant to section 42-5061 for the current fiscal
32 year.

33 (b) The state treasurer shall transfer to the tourism fund an amount
34 equal to the sum of the following:

35 (i) Three and one-half per cent of the gross revenues derived from the
36 transient lodging classification pursuant to section 42-5070 during the
37 preceding fiscal year.

38 (ii) Three per cent of the gross revenues derived from the amusement
39 classification pursuant to section 42-5073 during the preceding fiscal year.

40 (iii) Two per cent of the gross revenues derived from the restaurant
41 classification pursuant to section 42-5074 during the preceding fiscal year.

42 E. If approved by the qualified electors voting at a statewide general
43 election, all monies collected pursuant to section 42-5010, subsection G and
44 section 42-5155, subsection D shall be distributed each fiscal year pursuant
45 to this subsection. The monies distributed pursuant to this subsection are

1 in addition to any other appropriation, transfer or other allocation of
2 public or private monies from any other source and shall not supplant,
3 replace or cause a reduction in other school district, charter school,
4 university or community college funding sources. The monies shall be
5 distributed as follows:

6 1. If there are outstanding state school ~~facilities~~ IMPROVEMENT
7 revenue bonds pursuant to title 15, chapter 16, article 7, each month
8 one-twelfth of the amount that is necessary to pay the fiscal year's debt
9 service on outstanding state school improvement revenue bonds for the current
10 fiscal year shall be transferred each month to the school improvement revenue
11 bond debt service fund established by section 15-2084. The total amount of
12 bonds for which these monies may be allocated for the payment of debt service
13 shall not exceed a principal amount of eight hundred million dollars
14 exclusive of refunding bonds and other refinancing obligations.

15 2. After any transfer of monies pursuant to paragraph 1 of this
16 subsection, twelve per cent of the remaining monies collected during the
17 preceding month shall be transferred to the technology and research
18 initiative fund established by section 15-1648 to be distributed among the
19 universities for the purpose of investment in technology and research-based
20 initiatives.

21 3. After the transfer of monies pursuant to paragraph 1 of this
22 subsection, three per cent of the remaining monies collected during the
23 preceding month shall be transferred to the workforce development account
24 established in each community college district pursuant to section 15-1472
25 for the purpose of investment in workforce development programs.

26 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
27 subsection, one-twelfth of the amount a community college that is owned,
28 operated or chartered by a qualifying Indian tribe on its own Indian
29 reservation would receive pursuant to section 15-1472, subsection D,
30 paragraph ~~2- 3~~ if it were a community college district shall be distributed
31 each month to the treasurer or other designated depository of a qualifying
32 Indian tribe. Monies distributed pursuant to this paragraph are for the
33 exclusive purpose of providing support to one or more community colleges
34 owned, operated or chartered by a qualifying Indian tribe and shall be used
35 in a manner consistent with section 15-1472, subsection B. For THE purposes
36 of this paragraph, "qualifying Indian tribe" has the same meaning ~~as defined~~
37 ~~PRESCRIBED~~ in section 42-5031.01, ~~subsection D~~.

38 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
39 subsection, one-twelfth of the following amounts shall be transferred each
40 month to the department of education for the increased cost of basic state
41 aid under section 15-971 due to added school days and associated teacher
42 salary increases enacted in 2000:

43 (a) In fiscal year 2001-2002, \$15,305,900.

44 (b) In fiscal year 2002-2003, \$31,530,100.

45 (c) In fiscal year 2003-2004, \$48,727,700.

1 (d) In fiscal year 2004-2005, \$66,957,200.

2 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
3 \$86,280,500.

4 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
5 subsection, seven million eight hundred thousand dollars is appropriated each
6 fiscal year, to be paid in monthly installments, to the department of
7 education to be used for school safety as provided in section 15-154 and two
8 hundred thousand dollars is appropriated each fiscal year, to be paid in
9 monthly installments to the department of education to be used for the
10 character education matching grant program as provided in section 15-154.01.

11 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
12 subsection, no more than seven million dollars may be appropriated by the
13 legislature each fiscal year to the department of education to be used for
14 accountability purposes as described in section 15-241 and title 15, chapter
15 9, article 8.

16 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
17 subsection, one million five hundred thousand dollars is appropriated each
18 fiscal year, to be paid in monthly installments, to the failing schools
19 tutoring fund established by section 15-241.

20 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
21 subsection, twenty-five million dollars shall be transferred each fiscal year
22 to the state general fund to reimburse the general fund for the cost of the
23 income tax credit allowed by section 43-1072.01.

24 10. After the payment of monies pursuant to paragraphs 1 through 9 of
25 this subsection, the remaining monies collected during the preceding month
26 shall be transferred to the classroom site fund established by section
27 15-977. The monies shall be allocated as follows in the manner prescribed by
28 section 15-977:

29 (a) Forty per cent shall be allocated for teacher compensation based
30 on performance.

31 (b) Twenty per cent shall be allocated for increases in teacher base
32 compensation and employee related expenses.

33 (c) Forty per cent shall be allocated for maintenance and operation
34 purposes.

35 F. The department shall credit the remainder of the monies in the
36 transaction privilege and severance tax clearing account to the state general
37 fund, subject to any distribution required by section 42-5030.01.

38 G. Notwithstanding subsection D of this section, if a court of
39 competent jurisdiction finally determines that tax monies distributed under
40 this section were illegally collected under this article or articles 5, 8 and
41 9 of this chapter and orders the monies to be refunded to the taxpayer, the
42 department shall compute the amount of such monies that was distributed to
43 each city, town and county under this section. The department shall notify
44 the state treasurer of that amount plus the proportionate share of additional
45 allocated costs required to be paid to the taxpayer. Each city's, town's and

1 county's proportionate share of the costs shall be based on the amount of the
2 original tax payment each municipality and county received. Each month the
3 state treasurer shall reduce the amount otherwise distributable to the city,
4 town and county under this section by one thirty-sixth of the total amount to
5 be recovered from the city, town or county until the total amount has been
6 recovered, but the monthly reduction for any city, town or county shall not
7 exceed ten per cent of the full monthly distribution to that entity. The
8 reduction shall begin for the first calendar month after the final
9 disposition of the case and shall continue until the total amount, including
10 interest and costs, has been recovered.

11 H. On receiving a certificate of default from the greater Arizona
12 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
13 extent not otherwise expressly prohibited by law, the state treasurer shall
14 withhold from the next succeeding distribution of monies pursuant to this
15 section due to the defaulting political subdivision the amount specified in
16 the certificate of default and immediately deposit the amount withheld in the
17 greater Arizona development authority revolving fund. The state treasurer
18 shall continue to withhold and deposit the monies until the greater Arizona
19 development authority certifies to the state treasurer that the default has
20 been cured. In no event may the state treasurer withhold any amount that the
21 defaulting political subdivision certifies to the state treasurer and the
22 authority as being necessary to make any required deposits then due for the
23 payment of principal and interest on bonds of the political subdivision that
24 were issued before the date of the loan repayment agreement or bonds and that
25 have been secured by a pledge of distributions made pursuant to this section.

26 I. Except as provided by sections 42-5033 and 42-5033.01, the
27 population of a county, city or town as determined by the most recent United
28 States decennial census plus any revisions to the decennial census certified
29 by the United States bureau of the census shall be used as the basis for
30 apportioning monies pursuant to subsection D of this section.

31 J. For the purposes of this section, "community college district"
32 means a community college district **THAT IS** established pursuant to sections
33 15-1402 and 15-1403 **AND** that is a political subdivision of this state.

34 Sec. 4. Retroactivity

35 The order for the distribution of monies to community college districts
36 prescribed in section 15-1472, subsection D, paragraph 1, Arizona Revised
37 Statutes, as amended by this act, applies retroactively to fiscal year
38 2001-2002.

39 Sec. 5. Requirements for enactment; three-fourths vote

40 Pursuant to article IV, part 1, section 1, subsection (6), Constitution
41 of Arizona, section 42-5029, Arizona Revised Statutes, as amended by this
42 act, is effective only on the affirmative vote of at least three-fourths of
43 the members of each house of the legislature.

44 Sec. 6. Emergency

1 This act is an emergency measure that is necessary to preserve the
2 public peace, health or safety and is operative immediately as provided by
3 law.