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House Engrossed

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

# HOUSE BILL 2508

AN ACT

AMENDING SECTIONS 15-972 AND 42-15001, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-972, Arizona Revised Statutes, is amended to  
3 read:

4 15-972. State limitation on homeowner property taxes:  
5 additional state aid to school districts: definition

6 A. Notwithstanding section 15-971, there shall be additional state aid  
7 for education computed for school districts as provided in subsection B of  
8 this section.

9 B. The clerk of the board of supervisors shall compute such additional  
10 state aid for education as follows:

11 1. For a high school district or for a common school district within a  
12 high school district which does not offer instruction in high school subjects  
13 as provided in section 15-447:

14 (a) Determine the tax rate for primary property taxes for the school  
15 district which would be levied in lieu of the provisions of this section.

16 (b) Determine ~~thirty-five per cent~~ THE FOLLOWING PERCENTAGE of the tax  
17 rate determined in subdivision (a) of this paragraph: ~~—~~

18 (i) THIRTY-FIVE PER CENT THROUGH DECEMBER 31, 2005.

19 (ii) THIRTY-SIX AND FOUR-TENTHS PER CENT BEGINNING FROM AND AFTER  
20 DECEMBER 31, 2005 THROUGH DECEMBER 31, 2006.

21 (iii) THIRTY-SEVEN AND EIGHT-TENTHS PER CENT BEGINNING FROM AND AFTER  
22 DECEMBER 31, 2006 THROUGH DECEMBER 31, 2007.

23 (iv) THIRTY-NINE AND TWO-TENTHS PER CENT BEGINNING FROM AND AFTER  
24 DECEMBER 31, 2007 THROUGH DECEMBER 31, 2008.

25 (v) FORTY AND SIX-TENTHS PER CENT BEGINNING FROM AND AFTER DECEMBER  
26 31, 2008 THROUGH DECEMBER 31, 2009.

27 (vi) FORTY-TWO PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2009.

28 (c) Select the lesser of the amount determined in subdivision (b) of  
29 this paragraph or the current qualifying tax rate for the district.

30 (d) Multiply the rate selected in subdivision (c) of this paragraph as  
31 a rate per one hundred dollars assessed valuation by the assessed valuation  
32 used for primary property taxes of the residential property in the school  
33 district.

34 2. For a unified school district, for a common school district not  
35 within a high school district or for a common school district which offers  
36 instruction in high school subjects as provided in section 15-447:

37 (a) Determine the tax rate for primary property taxes for the school  
38 district which would be levied in lieu of the provisions of this section.

39 (b) Determine ~~thirty-five per cent~~ THE FOLLOWING PERCENTAGE of the tax  
40 rate determined in subdivision (a) of this paragraph: ~~—~~

41 (i) THIRTY-FIVE PER CENT THROUGH DECEMBER 31, 2005.

42 (ii) THIRTY-SIX AND FOUR-TENTHS PER CENT BEGINNING FROM AND AFTER  
43 DECEMBER 31, 2005 THROUGH DECEMBER 31, 2006.

44 (iii) THIRTY-SEVEN AND EIGHT-TENTHS PER CENT BEGINNING FROM AND AFTER  
45 DECEMBER 31, 2006 THROUGH DECEMBER 31, 2007.

1 (iv) THIRTY-NINE AND TWO-TENTHS PER CENT BEGINNING FROM AND AFTER  
2 DECEMBER 31, 2007 THROUGH DECEMBER 31, 2008.

3 (v) FORTY AND SIX-TENTHS PER CENT BEGINNING FROM AND AFTER DECEMBER  
4 31, 2008 THROUGH DECEMBER 31, 2009.

5 (vi) FORTY-TWO PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2009.

6 (c) Select the lesser of the amount determined in subdivision (b) of  
7 this paragraph or the current qualifying tax rate for the district.

8 (d) Multiply the rate selected in subdivision (c) of this paragraph as  
9 a rate per one hundred dollars assessed valuation by the assessed valuation  
10 used for primary property taxes of the residential property in the district.

11 C. The clerk of the board of supervisors shall report to the  
12 department of revenue not later than the Friday following the third Monday in  
13 August of each year the amount by school district of additional state aid for  
14 education and the data used for computing the amount as provided in  
15 subsection B of this section. The department of revenue shall verify all of  
16 the amounts and report to the county board of supervisors not later than  
17 August 30 of each year the property tax rate or rates which shall be used for  
18 property tax reduction as provided in subsection E of this section.

19 D. The board of supervisors shall reduce the property tax rate or  
20 rates that would be levied in lieu of the provisions of this section by the  
21 school district or districts on the assessed valuation used for primary  
22 property taxes of the residential property in the school district or  
23 districts by the rate or rates selected in subsection B, paragraph 1,  
24 subdivision (c) and paragraph 2, subdivision (c) of this section. ~~THE EXCESS~~  
25 ~~OF THE REDUCTION IN PROPERTY TAXES FOR A PARCEL OF PROPERTY RESULTING FROM~~  
26 ~~THE REDUCTION IN THE PROPERTY TAX RATE PURSUANT TO THIS SUBSECTION OVER THE~~  
27 ~~AMOUNTS LISTED IN THIS SUBSECTION SHALL BE DEDUCTED FROM THE AMOUNT OF~~  
28 ~~ADDITIONAL STATE AID FOR EDUCATION.~~ The reduction in property taxes on a  
29 parcel of property resulting from the reduction in the property tax rate  
30 pursuant to this subsection shall not exceed ~~five hundred dollars~~ ~~THE~~  
31 ~~FOLLOWING AMOUNTS~~ except as provided in subsection I of this section: ~~—The~~  
32 ~~excess of the reduction in property taxes for a parcel of property resulting~~  
33 ~~from the reduction in the property tax rate pursuant to this subsection over~~  
34 ~~five hundred dollars shall be deducted from the amount of additional state~~  
35 ~~aid for education.~~

36 1. FIVE HUNDRED DOLLARS THROUGH DECEMBER 31, 2005.

37 2. FIVE HUNDRED TWENTY DOLLARS BEGINNING FROM AND AFTER DECEMBER 31,  
38 2005 THROUGH DECEMBER 31, 2006.

39 3. FIVE HUNDRED FORTY DOLLARS BEGINNING FROM AND AFTER DECEMBER 31,  
40 2006 THROUGH DECEMBER 31, 2007.

41 4. FIVE HUNDRED SIXTY DOLLARS BEGINNING FROM AND AFTER DECEMBER 31,  
42 2007 THROUGH DECEMBER 31, 2008.

43 5. FIVE HUNDRED EIGHTY DOLLARS BEGINNING FROM AND AFTER DECEMBER 31,  
44 2008 THROUGH DECEMBER 31, 2009.

45 6. SIX HUNDRED DOLLARS BEGINNING FROM AND AFTER DECEMBER 31, 2009.

1 E. Prior to the levying of taxes for school purposes the board of  
2 supervisors shall determine whether the total primary property taxes to be  
3 levied for all taxing jurisdictions on each parcel of residential property,  
4 in lieu of the provisions of this subsection, violate article IX, section 18,  
5 Constitution of Arizona. For those properties that qualify for property tax  
6 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of  
7 Arizona, eligibility for the credit is determined on the basis of the limited  
8 property value that corresponds to the taxable assessed value after reduction  
9 for the applicable exemption. If the board of supervisors determines that  
10 such a situation exists, the board shall apply a credit against the primary  
11 property taxes due from each such parcel in the amount in excess of article  
12 IX, section 18, Constitution of Arizona. Such excess amounts shall also be  
13 additional state aid for education for the school district or districts in  
14 which such parcel of property is located.

15 F. The clerk of the board of supervisors shall report to the  
16 department of revenue not later than September 5 of each year the amount by  
17 school district of additional state aid for education and the data used for  
18 computing the amount as provided in subsection B of this section. The  
19 department of revenue shall verify all of the amounts and report to the board  
20 of supervisors not later than September 10 of each year the property tax rate  
21 which shall be used for property tax reduction as provided in subsection E of  
22 this section.

23 G. The clerk of the board of supervisors shall report to the  
24 department of revenue not later than September 30 of each year in writing the  
25 following:

26 1. The data processing specifications used in the calculations  
27 provided for in subsections B and E of this section.

28 2. At a minimum, copies of two actual tax bills for residential  
29 property for each distinct tax area.

30 H. The department of revenue shall report to the state board of  
31 education not later than October 12 of each year the amount by school  
32 district of additional state aid for education as provided in this section.  
33 The additional state aid for education provided in this section shall be  
34 apportioned as provided in section 15-973, except that payments for  
35 additional state aid for education for unsecured property shall be paid on  
36 the fifteenth day of the month based on claims submitted by the department of  
37 revenue. The department of revenue shall submit claims for unsecured  
38 property before the first day of each month for which payments are requested.

39 I. If a parcel of property is owned by a cooperative apartment  
40 corporation or is owned by the tenants of a cooperative apartment corporation  
41 as tenants in common, the reduction in the property taxes prescribed in  
42 subsection D of this section shall not exceed ~~five hundred dollars~~ THE  
43 AMOUNTS LISTED IN SUBSECTION D OF THIS SECTION for each owner occupied  
44 housing unit on the property. The assessed value used for determining the  
45 reduction in taxes for the property is equal to the total assessed value of  
46 the property times the ratio of the number of owner occupied housing units to

1 the total number of housing units on the property. ~~As used in~~ FOR THE  
2 PURPOSES OF this subsection, "cooperative apartment corporation" means a  
3 corporation:

4 1. Having only one class of outstanding stock.

5 2. All of the stockholders of which are entitled, solely by reason of  
6 their ownership of stock in the corporation, to occupy for dwelling purposes  
7 apartments in a building owned or leased by such corporation and who are not  
8 entitled, either conditionally or unconditionally, except upon a complete or  
9 partial liquidation of the corporation, to receive any distribution not out  
10 of earnings and profits of the corporation.

11 3. Eighty per cent or more of the gross income of which is derived  
12 from tenant-stockholders. For THE purposes of this paragraph, "gross income"  
13 means gross income as defined by the United States internal revenue code, as  
14 defined in section 43-105.

15 J. The total amount of state monies that may be spent in any fiscal  
16 year for state aid for education in this section shall not exceed the amount  
17 appropriated or authorized by section 35-173 for that purpose. This section  
18 shall not be construed to impose a duty on an officer, agent or employee of  
19 this state to discharge a responsibility or to create any right in a person  
20 or group if the discharge or right would require an expenditure of state  
21 monies in excess of the expenditure authorized by legislative appropriation  
22 for that specific purpose.

23 K. For THE purposes of this section, "residential property" means  
24 residential property as defined in article IX, section 18, subsection (1),  
25 Constitution of Arizona, except that it does not mean leased or rented  
26 property that is listed as class four pursuant to section 42-12004.

27 Sec. 2. Section 42-15001, Arizona Revised Statutes, is amended to  
28 read:

29 42-15001. Assessed valuation of class one property

30 The assessed valuation of class one property described in section  
31 42-12001 is ~~twenty-five per cent~~ THE FOLLOWING PERCENTAGE of its full cash  
32 value or limited valuation, as applicable: ~~—~~

33 1. TWENTY-FIVE PER CENT THROUGH DECEMBER 31, 2005.

34 2. TWENTY-FOUR PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2005  
35 THROUGH DECEMBER 31, 2006.

36 3. TWENTY-THREE PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2006  
37 THROUGH DECEMBER 31, 2007.

38 4. TWENTY-TWO PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2007  
39 THROUGH DECEMBER 31, 2008.

40 5. TWENTY-ONE PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2008  
41 THROUGH DECEMBER 31, 2009.

42 6. TWENTY PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2009.