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REFERENCE TITLE: **homeowner property taxes; class one**

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

HB 2508

Introduced by
Representatives Huffman, Weiers J, Yarbrough: Biggs, Gray C, Paton,
Reagan, Tully

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-EIGHT PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2005
20 THROUGH DECEMBER 31, 2006.
21 (iii) FORTY-ONE PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2006
22 THROUGH DECEMBER 31, 2007.
23 (iv) FORTY-FOUR PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2007
24 THROUGH DECEMBER 31, 2008.
25 (v) FORTY-SEVEN PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2008
26 THROUGH DECEMBER 31, 2009.
27 (vi) FIFTY 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-EIGHT PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2005
43 THROUGH DECEMBER 31, 2006.
44 (iii) FORTY-ONE PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2006
45 THROUGH DECEMBER 31, 2007.

1 (iv) FORTY-FOUR PER CENT BEGINNING FROM AND AFTER DECEMBER 31, 2007
2 THROUGH DECEMBER 31, 2008.

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

5 (vi) FIFTY 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
25 reduction in property taxes on a parcel of property resulting from the
26 reduction in the property tax rate pursuant to this subsection shall not
27 exceed five hundred dollars except as provided in subsection I of this
28 section. The excess of the reduction in property taxes for a parcel of
29 property resulting from the reduction in the property tax rate pursuant to
30 this subsection over five hundred dollars shall be deducted from the amount
31 of additional state aid for education.

32 E. Prior to the levying of taxes for school purposes the board of
33 supervisors shall determine whether the total primary property taxes to be
34 levied for all taxing jurisdictions on each parcel of residential property,
35 in lieu of the provisions of this subsection, violate article IX, section 18,
36 Constitution of Arizona. For those properties that qualify for property tax
37 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of
38 Arizona, eligibility for the credit is determined on the basis of the limited
39 property value that corresponds to the taxable assessed value after reduction
40 for the applicable exemption. If the board of supervisors determines that
41 such a situation exists, the board shall apply a credit against the primary
42 property taxes due from each such parcel in the amount in excess of article
43 IX, section 18, Constitution of Arizona. Such excess amounts shall also be
44 additional state aid for education for the school district or districts in
45 which such parcel of property is located.

1 F. The clerk of the board of supervisors shall report to the
2 department of revenue not later than September 5 of each year the amount by
3 school district of additional state aid for education and the data used for
4 computing the amount as provided in subsection B of this section. The
5 department of revenue shall verify all of the amounts and report to the board
6 of supervisors not later than September 10 of each year the property tax rate
7 which shall be used for property tax reduction as provided in subsection E of
8 this section.

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

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

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

16 H. The department of revenue shall report to the state board of
17 education not later than October 12 of each year the amount by school
18 district of additional state aid for education as provided in this section.
19 The additional state aid for education provided in this section shall be
20 apportioned as provided in section 15-973, except that payments for
21 additional state aid for education for unsecured property shall be paid on
22 the fifteenth day of the month based on claims submitted by the department of
23 revenue. The department of revenue shall submit claims for unsecured
24 property before the first day of each month for which payments are requested.

25 I. If a parcel of property is owned by a cooperative apartment
26 corporation or is owned by the tenants of a cooperative apartment corporation
27 as tenants in common, the reduction in the property taxes prescribed in
28 subsection D of this section shall not exceed five hundred dollars for each
29 owner occupied housing unit on the property. The assessed value used for
30 determining the reduction in taxes for the property is equal to the total
31 assessed value of the property times the ratio of the number of owner
32 occupied housing units to the total number of housing units on the property.

33 ~~As used in~~ FOR THE PURPOSES OF this subsection, "cooperative apartment
34 corporation" means a corporation:

35 1. Having only one class of outstanding stock.

36 2. All of the stockholders of which are entitled, solely by reason of
37 their ownership of stock in the corporation, to occupy for dwelling purposes
38 apartments in a building owned or leased by such corporation and who are not
39 entitled, either conditionally or unconditionally, except upon a complete or
40 partial liquidation of the corporation, to receive any distribution not out
41 of earnings and profits of the corporation.

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

1 J. The total amount of state monies that may be spent in any fiscal
2 year for state aid for education in this section shall not exceed the amount
3 appropriated or authorized by section 35-173 for that purpose. This section
4 shall not be construed to impose a duty on an officer, agent or employee of
5 this state to discharge a responsibility or to create any right in a person
6 or group if the discharge or right would require an expenditure of state
7 monies in excess of the expenditure authorized by legislative appropriation
8 for that specific purpose.

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

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

15 42-15001. Assessed valuation of class one property

16 The assessed valuation of class one property described in section
17 42-12001 is ~~twenty-five per cent~~ THE FOLLOWING PERCENTAGE of its full cash
18 value or limited valuation, as applicable: ~~—~~

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

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

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

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

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

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