

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2480
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-943, Arizona Revised Statutes, is amended to
3 read:

4 15-943. Base support level

5 The base support level for each school district shall be computed as
6 follows:

7 1. The following support level weights shall be used in paragraph 2,
8 subdivision (a) of this section for the following school districts:

9 (a) For school districts whose student count in kindergarten programs
10 and grades one through eight is classified in column 1 of this subdivision,
11 the support level weight for kindergarten programs and grades one through
12 eight is the corresponding support level weight prescribed in column 2 or 3
13 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.559	1.399
100-499	$1.358 + [0.0005 \times (500$	$1.278 + [0.0003 \times (500$
	$- \text{student count})]$	$- \text{student count})]$
500-599	$1.158 + [0.002 \times (600$	$1.158 + [0.0012 \times (600$
	$- \text{student count})]$	$- \text{student count})]$

1 (b) For school districts whose student count in grades nine through
 2 twelve is classified in column 1 of this subdivision, the support level
 3 weight for grades nine through twelve is the corresponding support level
 4 weight prescribed in column 2 or 3 of this subdivision, whichever is
 5 appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated School Districts	Support Level Weight For Small School Districts
<u>Student Count</u>		
1-99	1.669	1.559
100-499	1.468 + [0.0005 x (500 - student count)]	1.398 + [0.0004 x (500 - student count)]
500-599	1.268 + [0.002 x (600 - student count)]	1.268 + [0.0013 x (600 - student count)]

15 2. Subject to paragraph 1 of this section, determine the weighted
 16 student count as follows:

17 (a)

<u>Grade Base</u>	<u>Group A</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
PSD 1.000	+	0.450	=	1.450 x _____
K-8 1.000	+	0.158	=	1.158 x _____
9-12 1.163	+	0.105	=	1.268 x _____
			Subtotal	A _____

25 (b)

<u>Funding Category</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
HI	4.771	x _____	= _____
K-3	0.060	x _____	= _____
K-3 reading	0.040	x _____	= _____
ELL	0.115	x _____	= _____

1 MD-R, A-R and					
2 SID-R	6.024	x	_____	=	_____
3 MD-SC, A-SC and					
4 SID-SC	5.833	x	_____	=	_____
5 MD-SSI	7.947	x	_____	=	_____
6 OI-R	3.158	x	_____	=	_____
7 OI-SC	6.773	x	_____	=	_____
8 P-SD	3.595	x	_____	=	_____
9 DD, ED, MIID, SLD,					
10 SLI and OHI	0.003	x	_____	=	_____
11 ED-P	4.822	x	_____	=	_____
12 MOID	4.421	x	_____	=	_____
13 VI	4.806	x	_____	=	_____
14			Subtotal	B	_____

15 (c) Total of subtotals A and B: _____

16 3. Multiply the total determined in paragraph 2 of this section by the
 17 base level.

18 4. Multiply the teacher experience index of the district or 1.00,
 19 whichever is greater, by the product obtained in paragraph 3 of this section.

20 5. BEGINNING IN FISCAL YEAR 2016-2017, FROM THE PRODUCT DETERMINED IN
 21 PARAGRAPH 4 OF THIS SECTION, SUBTRACT AN AMOUNT EQUAL TO THE AMOUNT OF
 22 ADDITIONAL STATE AID FOR EDUCATION THAT THE SCHOOL DISTRICT IS EXPECTED TO
 23 FORGO, IF ANY, FOR THE FISCAL YEAR PURSUANT TO SECTION 15-972, SUBSECTION K.

24 Sec. 2. Section 15-972, Arizona Revised Statutes, is amended to read:

25 15-972. State limitation on homeowner property taxes; additional
 26 state aid to school districts; definitions

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

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

1 1. For a high school district or for a common school district within a
2 high school district that does not offer instruction in high school subjects
3 as provided in section 15-447:

4 (a) Determine the qualifying tax rate pursuant to section 41-1276 for
5 the school district.

6 (b) Determine the following percentage of the qualifying tax rate
7 determined in subdivision (a) of this paragraph:

8 (i) Thirty-five percent through December 31, 2005.

9 (ii) Thirty-six percent beginning from and after December 31, 2005
10 through December 31, 2006.

11 (iii) Thirty-seven percent beginning from and after December 31, 2006
12 through December 31, 2007.

13 (iv) Thirty-eight percent beginning from and after December 31, 2007
14 through December 31, 2008.

15 (v) Thirty-nine percent beginning from and after December 31, 2008
16 through December 31, 2009.

17 (vi) Forty percent beginning from and after December 31, 2009.

18 (vii) Such further adjustments of the percentage beginning from and
19 after December 31, 2012 as provided by law.

20 (c) Select the lesser of the amount determined in subdivision (b) of
21 this paragraph or forty percent of the primary property tax rate that would
22 be levied in lieu of the provisions of this section for the district.

23 (d) Multiply the rate selected in subdivision (c) of this paragraph as
24 a rate per one hundred dollars assessed valuation by the assessed valuation
25 used for primary property taxes of the residential property in the school
26 district.

27 2. For a unified school district, for a common school district not
28 within a high school district or for a common school district that offers
29 instruction in high school subjects as provided in section 15-447:

30 (a) Determine the qualifying tax rate pursuant to section 41-1276 for
31 the school district.

1 (b) Determine the following percentage of the tax rate determined in
2 subdivision (a) of this paragraph:

3 (i) Thirty-five percent through December 31, 2005.

4 (ii) Thirty-six percent beginning from and after December 31, 2005
5 through December 31, 2006.

6 (iii) Thirty-seven percent beginning from and after December 31, 2006
7 through December 31, 2007.

8 (iv) Thirty-eight percent beginning from and after December 31, 2007
9 through December 31, 2008.

10 (v) Thirty-nine percent beginning from and after December 31, 2008
11 through December 31, 2009.

12 (vi) Forty percent beginning from and after December 31, 2009.

13 (vii) Such further adjustments of the percentage beginning from and
14 after December 31, 2012 as provided by law.

15 (c) Select the lesser of the amount determined in subdivision (b) of
16 this paragraph or forty percent of the primary property tax rate that would
17 be levied in lieu of the provisions of this section for the district.

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

21 C. The clerk of the board of supervisors shall report to the
22 department of revenue not later than the Friday following the third Monday in
23 August of each year the amount by school district of additional state aid for
24 education and the data used for computing the amount as provided in
25 subsection B of this section. The department of revenue shall verify all of
26 the amounts and report to the county board of supervisors not later than
27 August 30 of each year the property tax rate or rates that shall be used for
28 property tax reduction as provided in subsection E of this section.

29 D. The board of supervisors shall reduce the property tax rate or
30 rates that would be levied in lieu of the provisions of this section by the
31 school district or districts on the assessed valuation used for primary
32 property taxes of the residential property in the school district or

1 districts by the rate or rates selected in subsection B, paragraph 1,
2 subdivision (c) and paragraph 2, subdivision (c) of this section. The excess
3 of the reduction in property taxes for a parcel of property resulting from
4 the reduction in the property tax rate pursuant to this subsection over the
5 amounts listed in this subsection shall be deducted from the amount of
6 additional state aid for education. The reduction in property taxes on a
7 parcel of property resulting from the reduction in the property tax rate
8 pursuant to this subsection shall not exceed the following amounts except as
9 provided in subsection I of this section:

- 10 1. Five hundred dollars through December 31, 2005.
- 11 2. Five hundred twenty dollars beginning from and after December 31,
12 2005 through December 31, 2006.
- 13 3. Five hundred forty dollars beginning from and after December 31,
14 2006 through December 31, 2007.
- 15 4. Five hundred sixty dollars beginning from and after December 31,
16 2007 through December 31, 2008.
- 17 5. Five hundred eighty dollars beginning from and after December 31,
18 2008 through December 31, 2009.
- 19 6. Six hundred dollars beginning from and after December 31, 2009.

20 E. Prior to the levying of taxes for school purposes the board of
21 supervisors shall determine whether the total primary property taxes to be
22 levied for all taxing jurisdictions on each parcel of residential property,
23 in lieu of the provisions of this subsection, violate article IX, section 18,
24 Constitution of Arizona. For those properties that qualify for property tax
25 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of
26 Arizona, eligibility for the credit is determined on the basis of the limited
27 property value that corresponds to the taxable assessed value after reduction
28 for the applicable exemption. If the board of supervisors determines that
29 such a situation exists, the board shall apply a credit against the primary
30 property taxes due from each such parcel in the amount in excess of article
31 IX, section 18, Constitution of Arizona. Such excess amounts shall also be

1 additional state aid for education for the school district or districts in
2 which such parcel of property is located.

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

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

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

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

18 H. The department of revenue shall report to the state board of
19 education not later than October 12 of each year the amount by school
20 district of additional state aid for education as provided in this section.
21 The additional state aid for education provided in this section shall be
22 apportioned as provided in section 15-973.

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

1 1. Having only one class of outstanding stock.

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

8 3. **OF WHICH** eighty percent or more of the gross income ~~of which~~ is
9 derived from tenant-stockholders. For the purposes of this paragraph, "gross
10 income" means gross income as defined by the United States internal revenue
11 code, as defined in section 43-105.

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

20 ~~K. Notwithstanding subsection E of this section, beginning in fiscal~~
21 ~~year 2015-2016, the maximum amount of additional state aid for education that~~
22 ~~will be funded by this state pursuant to subsection E of this section shall~~
23 ~~be one million dollars per county. For any county with a school district or~~
24 ~~districts that collectively would otherwise receive more than one million in~~
25 ~~additional state aid for education pursuant to subsection E of this section,~~
26 ~~the property tax oversight commission established by section 42-17002 shall~~
27 ~~determine the proportion of the violation of article IX, section 18,~~
28 ~~Constitution of Arizona, that is attributable to each taxing jurisdiction~~
29 ~~within the affected school district or districts. Based on those~~
30 ~~proportions, the property tax oversight commission shall determine an amount~~
31 ~~that each taxing jurisdiction within the affected school district or~~
32 ~~districts shall transfer to the affected school district or districts during~~

~~the fiscal year in order to compensate the affected school district or districts for its pro rata share of the reduction in additional state aid for education funding required by this subsection. In determining the proportion of the violation of article IX, section 18, Constitution of Arizona, that is attributable to each taxing jurisdiction within the affected school district or districts, the property tax oversight commission shall assume a proportion of zero for any taxing jurisdiction that has a tax rate for the fiscal year that is equal to or less than the tax rate of peer jurisdictions, as determined by the property tax oversight commission.~~

K. NOTWITHSTANDING SUBSECTION E OF THIS SECTION, BEGINNING IN FISCAL YEAR 2016-2017, THE MAXIMUM AMOUNT OF ADDITIONAL STATE AID FOR EDUCATION THAT MAY BE FUNDED BY THIS STATE FOR A FISCAL YEAR PURSUANT TO SUBSECTION E OF THIS SECTION IS ONE MILLION DOLLARS PER COUNTY. FOR ANY COUNTY WITH A SCHOOL DISTRICT OR SCHOOL DISTRICTS THAT COLLECTIVELY WOULD OTHERWISE RECEIVE MORE THAN ONE MILLION DOLLARS IN ADDITIONAL STATE AID FOR EDUCATION FOR A FISCAL YEAR PURSUANT TO SUBSECTION E OF THIS SECTION, THE PROPERTY TAX OVERSIGHT COMMISSION ESTABLISHED BY SECTION 42-17002 SHALL DETERMINE THE PROPORTION OF THE VIOLATION OF ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA, FOR A FISCAL YEAR THAT IS ATTRIBUTABLE TO EACH TAXING JURISDICTION, OTHER THAN THIS STATE, WITHIN THE AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS, INCLUDING THE AFFECTED SCHOOL DISTRICTS. BASED ON THOSE PROPORTIONS AND AFTER DEDUCTING THE AMOUNT OF ADDITIONAL STATE AID THAT THIS STATE WOULD CONTINUE TO PAY UNDER THIS SUBSECTION PURSUANT TO SUBSECTION O OF THIS SECTION, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL COMPUTE AN AMOUNT THAT EACH TAXING JURISDICTION, OTHER THAN THIS STATE, WITHIN THE AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS SHALL TRANSFER TO THE AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS DURING THE FISCAL YEAR IN ORDER TO COMPENSATE THE AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS FOR THE TAXING JURISDICTION'S PRO RATA SHARE OF THE REDUCTION IN ADDITIONAL STATE AID FOR EDUCATION FUNDING REQUIRED BY THIS SECTION AND SHALL NOTIFY THE AFFECTED TAXING JURISDICTIONS, OTHER THAN THIS STATE, OF THIS AMOUNT ON OR BEFORE DECEMBER 31 OF THE FISCAL YEAR. THE PROPERTY TAX OVERSIGHT COMMISSION ALSO SHALL COMPUTE THE AMOUNT OF ADDITIONAL

1 STATE AID FOR EDUCATION THAT THE AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS
2 WILL FORGO FOR THE FISCAL YEAR UNDER THIS SUBSECTION AS THE SCHOOL DISTRICT'S
3 OR SCHOOL DISTRICTS' PRO RATA SHARE OF THE OVERALL ADDITIONAL STATE AID
4 REDUCTION REQUIRED BY THIS SUBSECTION. IN COMPUTING THE PROPORTION OF THE
5 VIOLATION OF ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA, THAT IS
6 ATTRIBUTABLE TO EACH TAXING JURISDICTION, OTHER THAN THIS STATE, WITHIN THE
7 AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS AND FOR THE AFFECTED SCHOOL
8 DISTRICT OR SCHOOL DISTRICTS, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL
9 ASSUME A PROPORTION OF ZERO FOR ANY TAXING JURISDICTION, OTHER THAN THIS
10 STATE, THAT HAS A PRIMARY PROPERTY TAX RATE FOR THE FISCAL YEAR THAT IS LESS
11 THAN OR EQUAL TO THE AVERAGE PRIMARY PROPERTY TAX RATE FOR THE FISCAL YEAR
12 FOR PEER JURISDICTIONS. FOR THE PURPOSES OF THIS SUBSECTION, THE PRIMARY
13 PROPERTY TAX RATES FOR SCHOOL DISTRICTS THAT ARE USED TO DETERMINE THE
14 PROPORTION OF THE VIOLATION OF ARTICLE IX, SECTION 18, CONSTITUTION OF
15 ARIZONA, SHALL BE THE NET EFFECTIVE RATES THAT EXIST AFTER THE ADJUSTMENT IS
16 APPLIED PURSUANT TO SUBSECTION B OF THIS SECTION. FOR THE PURPOSES OF THIS
17 SUBSECTION, "PEER JURISDICTIONS" MEANS ALL TAXING JURISDICTIONS OF THE SAME
18 TYPE WITHIN THIS STATE.

19 L. BEGINNING IN FISCAL YEAR 2016-2017, A TAXING JURISDICTION FOR WHICH
20 THE PROPERTY TAX OVERSIGHT COMMISSION HAS COMPUTED AN AMOUNT THAT MUST BE
21 TRANSFERRED FOR A FISCAL YEAR TO A SCHOOL DISTRICT OR SCHOOL DISTRICTS
22 PURSUANT TO SUBSECTION K OF THIS SECTION SHALL TRANSFER THAT AMOUNT TO THE
23 SCHOOL DISTRICT OR SCHOOL DISTRICTS ON OR BEFORE JANUARY 31 OF THE FISCAL
24 YEAR. IF A COUNTY, CITY OR TOWN DOES NOT MAKE THE TRANSFER ON OR BEFORE
25 JANUARY 31 OF THE FISCAL YEAR, THE SCHOOL DISTRICT OR SCHOOL DISTRICTS SHALL
26 NOTIFY THE STATE TREASURER OF THE AMOUNT OWED AND THE STATE TREASURER, AFTER
27 CONFIRMING THE NONTRANSFER, SHALL WITHHOLD THE AMOUNT, INCLUDING ANY
28 ADDITIONAL INTEREST AS PROVIDED IN SECTION 42-1123, FROM ANY TRANSACTION
29 PRIVILEGE TAX REVENUES THAT WOULD OTHERWISE BE DISTRIBUTED TO THE COUNTY,
30 CITY OR TOWN. THE STATE TREASURER SHALL TRANSFER IN A TIMELY MANNER TO A
31 SCHOOL DISTRICT AFFECTED BY THIS SUBSECTION THE AMOUNT OF REVENUES WITHHELD

1 FROM A COUNTY, CITY OR TOWN ON THE SCHOOL DISTRICT'S BEHALF UNDER THIS
2 SUBSECTION.

3 M. COUNTY, CITY, TOWN AND COMMUNITY COLLEGE DISTRICT TRANSFERS MADE
4 PURSUANT TO SUBSECTION L OF THIS SECTION ARE EXCLUDED FROM THE COUNTY, CITY,
5 TOWN AND COMMUNITY COLLEGE DISTRICT EXPENDITURE LIMITATIONS.

6 N. NOTWITHSTANDING ANY OTHER LAW, BEGINNING IN FISCAL YEAR 2016-2017,
7 A TAXING JURISDICTION FOR WHICH THE PROPERTY TAX OVERSIGHT COMMISSION
8 COMPUTED A PROPORTION OF THE VIOLATION OF ARTICLE IX, SECTION 18,
9 CONSTITUTION OF ARIZONA, OF GREATER THAN ZERO FOR THE PRIOR FISCAL YEAR MAY
10 NOT LEVY IN THE FISCAL YEAR A PRIMARY PROPERTY TAX RATE THAT EXCEEDS THE
11 PRIMARY PROPERTY TAX RATE THE TAXING JURISDICTION LEVIED IN THE PRIOR FISCAL
12 YEAR. FOR FISCAL YEAR 2016-2017, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL
13 DETERMINE, ON OR BEFORE JULY 15, 2016, WHETHER EACH SCHOOL DISTRICT, COUNTY,
14 CITY, TOWN OR COMMUNITY COLLEGE DISTRICT IN THIS STATE WOULD HAVE HAD A
15 PROPORTION OF THE VIOLATION OF ARTICLE IX, SECTION 18, CONSTITUTION OF
16 ARIZONA, OF GREATER THAN ZERO FOR FISCAL YEAR 2015-2016 IF SUBSECTION K OF
17 THIS SECTION HAD BEEN IN EFFECT FOR FISCAL YEAR 2015-2016 AND SHALL NOTIFY
18 THE SCHOOL DISTRICT, COUNTY, CITY, TOWN OR COMMUNITY COLLEGE DISTRICT OF THAT
19 DETERMINATION ON OR BEFORE JULY 15, 2016.

20 O. THE MAXIMUM ONE MILLION DOLLARS OF ADDITIONAL STATE AID FOR
21 EDUCATION THAT IS DISTRIBUTED IN A COUNTY PURSUANT TO SUBSECTION K OF THIS
22 SECTION EACH FISCAL YEAR SHALL BE DISTRIBUTED FIRST TO SCHOOL DISTRICTS IN
23 THE COUNTY THAT HAVE THE SMALLEST ADDITIONAL STATE AID FOR EDUCATION COSTS
24 FOR THE FISCAL YEAR IN ORDER TO FULLY FUND ADDITIONAL STATE AID FOR EDUCATION
25 COSTS FOR AS MANY OF THOSE SCHOOL DISTRICTS AS POSSIBLE. AFTER THOSE
26 DISTRIBUTIONS ARE MADE, ANY REMAINING AMOUNT OF THE ONE MILLION DOLLARS OF
27 ADDITIONAL STATE AID FOR EDUCATION PER COUNTY, IF ANY, SHALL BE ALLOCATED TO
28 THE REMAINING AFFECTED SCHOOL DISTRICTS ON A PRO RATA BASIS BASED ON THE
29 AMOUNT OF ADDITIONAL STATE AID FOR EDUCATION THAT THE SCHOOL DISTRICTS WILL
30 FORGO FOR THE FISCAL YEAR PURSUANT TO SUBSECTION K OF THIS SECTION.

31 ~~L.~~ P. For the purposes of this section:

1 1. "Owner" includes any purchaser under a contract of sale or under a
2 deed of trust.

3 2. "Residential property" includes owner-occupied real property and
4 improvements to the property and owner-occupied mobile homes that are used as
5 the owner's primary residence and classified as class three property pursuant
6 to section 42-12003.

7 Sec. 3. Retroactivity

8 This act applies retroactively to from and after June 30, 2016."

9 Amend title to conform

JUSTIN OLSON

2480jo.doc
02/09/2016
04:02 PM
C: tdb