

REFERENCE TITLE: 1% property tax limit; GPLET

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

HB 2330

Introduced by
Representative Leach

AN ACT

AMENDING SECTIONS 15-972, 42-5029, 42-5031, 42-6202 AND 42-15152, ARIZONA
REVISED STATUTES; RELATING TO STATE SHARED REVENUES.

(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:
6 definitions

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

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

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

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

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

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

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

22 (iii) Thirty-seven percent beginning from and after December 31,
23 2006 through December 31, 2007.

24 (iv) Thirty-eight percent beginning from and after December 31,
25 2007 through December 31, 2008.

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

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

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

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

35 (d) Multiply the rate selected in subdivision (c) of this paragraph
36 as a rate per one hundred dollars assessed valuation by the assessed
37 valuation used for primary property taxes of the residential property in
38 the school district.

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

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

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

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

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

4 (iii) Thirty-seven percent beginning from and after December 31,
5 2006 through December 31, 2007.

6 (iv) Thirty-eight percent beginning from and after December 31,
7 2007 through December 31, 2008.

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

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

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

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

17 (d) Multiply the rate selected in subdivision (c) of this paragraph
18 as a rate per one hundred dollars assessed valuation by the assessed
19 valuation used for primary property taxes of the residential property in
20 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
23 in August of each year the amount by school district of additional state
24 aid for education and the data used for computing the amount as provided
25 in subsection B of this section. The department of revenue shall verify
26 all of the amounts and report to the county board of supervisors not later
27 than August 30 of each year the property tax rate or rates that shall be
28 used for property tax reduction as provided in subsection E of this
29 section.

30 D. The board of supervisors shall reduce the property tax rate or
31 rates that would be levied in lieu of the provisions of this section by
32 the school district or districts on the assessed valuation used for
33 primary property taxes of the residential property in the school district
34 or districts by the rate or rates selected in subsection B, paragraph 1,
35 subdivision (c) and paragraph 2, subdivision (c) of this section. The
36 excess of the reduction in property taxes for a parcel of property
37 resulting from the reduction in the property tax rate pursuant to this
38 subsection over the amounts listed in this subsection shall be deducted
39 from the amount of additional state aid for education. The reduction in
40 property taxes on a parcel of property resulting from the reduction in the
41 property tax rate pursuant to this subsection shall not exceed the
42 following amounts except as provided in subsection I of this section:

43 1. Five hundred dollars through December 31, 2005.

44 2. Five hundred twenty dollars beginning from and after December
45 31, 2005 through December 31, 2006.

1 3. Five hundred forty dollars beginning from and after December 31,
2 2006 through December 31, 2007.

3 4. Five hundred sixty dollars beginning from and after December 31,
4 2007 through December 31, 2008.

5 5. Five hundred eighty dollars beginning from and after December
6 31, 2008 through December 31, 2009.

7 6. Six hundred dollars beginning from and after December 31, 2009.

8 E. ~~Prior to the~~ BEFORE levying ~~of~~ taxes for school purposes, the
9 board of supervisors shall determine whether the total primary property
10 taxes to be levied for all taxing jurisdictions on each parcel of
11 residential property, in lieu of the provisions of this subsection,
12 violate article IX, section 18, Constitution of Arizona. For those
13 properties that qualify for property tax exemptions pursuant to article
14 IX, sections 2, 2.1 and 2.2, Constitution of Arizona, eligibility for the
15 credit is determined on the basis of the limited property value that
16 corresponds to the taxable assessed value after reduction for the
17 applicable exemption. If the board of supervisors determines that such a
18 situation exists, the board shall apply a credit against the primary
19 property taxes due from each such parcel in the amount in excess of
20 article IX, section 18, Constitution of Arizona. Such excess amounts
21 ~~shall~~ ARE also CONSIDERED TO be additional state aid for education for the
22 school district or districts in which such parcel of property is located
23 AND ALL OF THE FOLLOWING APPLY: ~~---~~

24 1. IF A SCHOOL DISTRICT OR SCHOOL DISTRICTS QUALIFY FOR ADDITIONAL
25 STATE AID PURSUANT TO THIS SUBSECTION IN THE FISCAL YEAR AND IF ALL OR
26 PART OF THE AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS IS LOCATED IN A
27 CITY, TOWN OR STADIUM DISTRICT IN WHICH ANY GOVERNMENT PROPERTY
28 IMPROVEMENT, AS DEFINED IN SECTION 42-6201, IS LOCATED, THE PROPERTY TAX
29 OVERSIGHT COMMISSION ESTABLISHED BY SECTION 42-17002 SHALL BOTH:

30 (a) DETERMINE THE FULL AMOUNT OF AD VALOREM PRIMARY PROPERTY TAX
31 THAT WOULD HAVE BEEN ASSESSED FOR THE TAX YEAR BY THE AFFECTED SCHOOL
32 DISTRICT OR SCHOOL DISTRICTS AGAINST EACH GOVERNMENT PROPERTY IMPROVEMENT
33 USING THE VALUES PROVIDED BY THE COUNTY ASSESSOR PURSUANT TO SECTION
34 42-6202, SUBSECTION H.

35 (b) NOTIFY THE CITY OR TOWN AND ANY AFFECTED STADIUM DISTRICT OF
36 THE AMOUNT DETERMINED IN SUBDIVISION (a) OF THIS PARAGRAPH AND NOTIFY THE
37 STATE TREASURER AND THE AFFECTED CITY, TOWN AND STADIUM DISTRICT OF THE
38 FOLLOWING PAYMENTS:

39 (i) IF THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED IN THE CITY
40 OR TOWN, BUT NOT IN A STADIUM DISTRICT, THE STATE TREASURER ON OR BEFORE
41 JANUARY 31 OF EACH YEAR SHALL WITHHOLD FROM STATE SHARED MONIES PURSUANT
42 TO SECTION 42-5029, SUBSECTION M AND PAY TO EACH APPROPRIATE SCHOOL
43 DISTRICT THE AMOUNT COMPUTED PURSUANT TO SUBDIVISION (a) OF THIS PARAGRAPH
44 FOR EACH GOVERNMENT PROPERTY IMPROVEMENT.

1 (ii) IF THE GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED IN THE CITY
2 OR TOWN AND ALSO IN A STADIUM DISTRICT, THE STATE TREASURER ON OR BEFORE
3 JANUARY 31 OF EACH YEAR SHALL WITHHOLD THE AMOUNT COMPUTED BY THE PROPERTY
4 TAX OVERSIGHT COMMISSION FOR EACH GOVERNMENT PROPERTY IMPROVEMENT FROM
5 STATE SHARED MONIES PURSUANT TO SECTION 42-5029, SUBSECTION M AND PURSUANT
6 TO SECTION 42-5031, SUBSECTION F AS APPLICABLE ACCORDING TO THE OWNERSHIP
7 OF THE GOVERNMENT PROPERTY IMPROVEMENT.

8 2. PAYMENTS FROM MONIES WITHHELD FROM STATE SHARED REVENUES
9 PURSUANT TO PARAGRAPH 1, SUBDIVISION (b) OF THIS SUBSECTION:

10 (a) ARE CONSIDERED TO BE ADDITIONAL STATE AID FOR EDUCATION
11 PURSUANT TO THIS SUBSECTION FOR THE SCHOOL DISTRICT OR SCHOOL DISTRICTS IN
12 WHICH EACH GOVERNMENT PROPERTY IMPROVEMENT IS LOCATED.

13 (b) ARE EXCLUDED FROM THE AFFECTED CITY'S OR TOWN'S CONSTITUTIONAL
14 EXPENDITURE LIMITATIONS.

15 3. ANY OTHER PAYMENTS OF ADDITIONAL STATE AID UNDER THIS SUBSECTION
16 SHALL BE MADE BY APPROPRIATION FROM THE STATE GENERAL FUND.

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

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

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

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

32 H. The department of revenue shall report to the state board of
33 education not later than October 12 of each year the amount by school
34 district of additional state aid for education as provided in this
35 section. The additional state aid for education provided in this section
36 shall be apportioned as provided in section 15-973.

37 I. If a parcel of property is owned by a cooperative apartment
38 corporation or is owned by the tenants of a cooperative apartment
39 corporation as tenants in common, the reduction in the property taxes
40 prescribed in subsection D of this section shall not exceed the amounts
41 listed in subsection D of this section for each owner-occupied housing
42 unit on the property. The assessed value used for determining the
43 reduction in taxes for the property is equal to the total assessed value
44 of the property times the ratio of the number of owner-occupied housing
45 units to the total number of housing units on the property. For the

1 purposes of this subsection, "cooperative apartment corporation" means a
2 corporation:

3 1. Having only one class of outstanding stock.

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

11 3. OF WHICH eighty percent or more of the gross income ~~of which~~ is
12 derived from tenant-stockholders. For the purposes of this paragraph,
13 "gross income" means gross income as defined by the United States internal
14 revenue code, as 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
17 amount appropriated or authorized by section 35-173 for that purpose.
18 This section shall not be construed to impose a duty on an officer, agent
19 or employee of this state to discharge a responsibility or to create any
20 right in a person or group if the discharge or right would require an
21 expenditure of state monies in excess of the expenditure authorized by
22 legislative appropriation for that specific purpose.

23 ~~K. Notwithstanding subsection E of this section, beginning in
24 fiscal year 2015-2016, the maximum amount of additional state aid for
25 education that will be funded by this state pursuant to subsection E of
26 this section shall be one million dollars per county. For any county with
27 a school district or districts that collectively would otherwise receive
28 more than one million in additional state aid for education pursuant to
29 subsection E of this section, the property tax oversight commission
30 established by section 42-17002 shall determine the proportion of the
31 violation of article IX, section 18, Constitution of Arizona, that is
32 attributable to each taxing jurisdiction within the affected school
33 district or districts. Based on those proportions, the property tax
34 oversight commission shall determine an amount that each taxing
35 jurisdiction within the affected school district or districts shall
36 transfer to the affected school district or districts during the fiscal
37 year in order to compensate the affected school district or districts for
38 its pro rata share of the reduction in additional state aid for education
39 funding required by this subsection. In determining the proportion of the
40 violation of article IX, section 18, Constitution of Arizona, that is
41 attributable to each taxing jurisdiction within the affected school
42 district or districts, the property tax oversight commission shall assume
43 a proportion of zero for any taxing jurisdiction that has a tax rate for
44 the fiscal year that is equal to or less than the tax rate of peer
45 jurisdictions, as determined by the property tax oversight commission.~~

1 ~~K.~~ K. For the purposes of this section:

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

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

8 3. "STADIUM DISTRICT" MEANS A COUNTY STADIUM DISTRICT ESTABLISHED
9 PURSUANT TO SECTION 48-4202, SUBSECTION B.

10 Sec. 2. Section 42-5029, Arizona Revised Statutes, is amended to
11 read:

12 42-5029. Remission and distribution of monies; withholding;
13 definition

14 A. The department shall deposit, pursuant to sections 35-146 and
15 35-147, all revenues collected under this article and articles 4, 5 and 8
16 of this chapter pursuant to section 42-1116, separately accounting for:

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

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

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

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

24 B. The department shall credit payments of estimated tax to an
25 estimated tax clearing account and each month shall transfer all monies in
26 the estimated tax clearing account to a fund designated as the transaction
27 privilege and severance tax clearing account. The department shall credit
28 all other payments to the transaction privilege and severance tax clearing
29 account, separately accounting for the monies designated as distribution
30 base under sections 42-5010, 42-5164 and 42-5205. Each month the
31 department shall report to the state treasurer the amount of monies
32 collected pursuant to this article and articles 4, 5 and 8 of this
33 chapter.

34 C. On notification by the department, the state treasurer shall
35 distribute the monies deposited in the transaction privilege and severance
36 tax clearing account in the manner prescribed by this section and by
37 sections 42-5164 and 42-5205, after deducting warrants drawn against the
38 account pursuant to sections 42-1118 and 42-1254.

39 D. Of the monies designated as distribution base, and subject to
40 the requirements of section 42-5041, the department shall:

41 1. Pay twenty-five percent to the various incorporated
42 municipalities in this state in proportion to their population to be used
43 by the municipalities for any municipal purpose.

44 2. Pay 38.08 percent to the counties in this state by averaging the
45 following proportions:

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

3 (b) The proportion that the distribution base monies collected
4 during the calendar month in each county under this article, section
5 42-5164, subsection B and section 42-5205, subsection B bear to the total
6 distribution base monies collected under this article, section 42-5164,
7 subsection B and section 42-5205, subsection B throughout the state for
8 the calendar month.

9 3. Pay an additional 2.43 percent to the counties in this state as
10 follows:

11 (a) Average the following proportions:

12 (i) The proportion that the assessed valuation used to determine
13 secondary property taxes of each county, after deducting that part of the
14 assessed valuation that is exempt from taxation at the beginning of the
15 month for which the amount is to be paid, bears to the total assessed
16 valuations used to determine secondary property taxes of all the counties
17 after deducting that portion of the assessed valuations that is exempt
18 from taxation at the beginning of the month for which the amount is to be
19 paid. Property of a city or town that is not within or contiguous to the
20 municipal corporate boundaries and from which water is or may be withdrawn
21 or diverted and transported for use on other property is considered to be
22 taxable property in the county for purposes of determining assessed
23 valuation in the county under this item.

24 (ii) The proportion that the distribution base monies collected
25 during the calendar month in each county under this article, section
26 42-5164, subsection B and section 42-5205, subsection B bear to the total
27 distribution base monies collected under this article, section 42-5164,
28 subsection B and section 42-5205, subsection B throughout the state for
29 the calendar month.

30 (b) If the proportion computed under subdivision (a) of this
31 paragraph for any county is greater than the proportion computed under
32 paragraph 2 of this subsection, the department shall compute the
33 difference between the amount distributed to that county under paragraph 2
34 of this subsection and the amount that would have been distributed under
35 paragraph 2 of this subsection using the proportion computed under
36 subdivision (a) of this paragraph and shall pay that difference to the
37 county from the amount available for distribution under this paragraph.
38 Any monies remaining after all payments under this subdivision shall be
39 distributed among the counties according to the proportions computed under
40 paragraph 2 of this subsection.

41 4. After any distributions required by sections 42-5030,
42 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making
43 any transfer to the water quality assurance revolving fund as required by
44 section 49-282, subsection B, credit the remainder of the monies

1 designated as distribution base to the state general fund. From this
2 amount the legislature shall annually appropriate to:

3 (a) The department of revenue sufficient monies to administer and
4 enforce this article and articles 5 and 8 of this chapter.

5 (b) The department of economic security monies to be used for the
6 purposes stated in title 46, chapter 1.

7 (c) The firearms safety and ranges fund established by section
8 17-273, fifty thousand dollars derived from the taxes collected from the
9 retail classification pursuant to section 42-5061 for the current fiscal
10 year.

11 E. If approved by the qualified electors voting at a statewide
12 general election, all monies collected pursuant to section 42-5010,
13 subsection G and section 42-5155, subsection D shall be distributed each
14 fiscal year pursuant to this subsection. The monies distributed pursuant
15 to this subsection are in addition to any other appropriation, transfer or
16 other allocation of public or private monies from any other source and
17 shall not supplant, replace or cause a reduction in other school district,
18 charter school, university or community college funding sources. The
19 monies shall be distributed as follows:

20 1. If there are outstanding state school facilities revenue bonds
21 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
22 amount that is necessary to pay the fiscal year's debt service on
23 outstanding state school improvement revenue bonds for the current fiscal
24 year shall be transferred each month to the school improvement revenue
25 bond debt service fund established by section 15-2084. The total amount
26 of bonds for which these monies may be allocated for the payment of debt
27 service shall not exceed a principal amount of eight hundred million
28 dollars exclusive of refunding bonds and other refinancing obligations.

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

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

40 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of
41 this subsection, one-twelfth of the amount a community college that is
42 owned, operated or chartered by a qualifying Indian tribe on its own
43 Indian reservation would receive pursuant to section 15-1472, subsection
44 D, paragraph 2 if it were a community college district shall be
45 distributed each month to the treasurer or other designated depository of

1 a qualifying Indian tribe. Monies distributed pursuant to this paragraph
2 are for the exclusive purpose of providing support to one or more
3 community colleges owned, operated or chartered by a qualifying Indian
4 tribe and shall be used in a manner consistent with section 15-1472,
5 subsection B. For the purposes of this paragraph, "qualifying Indian
6 tribe" has the same meaning as defined in section 42-5031.01,
7 subsection D.

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

- 13 (a) In fiscal year 2001-2002, \$15,305,900.
- 14 (b) In fiscal year 2002-2003, \$31,530,100.
- 15 (c) In fiscal year 2003-2004, \$48,727,700.
- 16 (d) In fiscal year 2004-2005, \$66,957,200.
- 17 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
18 \$86,280,500.

19 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of
20 this subsection, seven million eight hundred thousand dollars is
21 appropriated each fiscal year, to be paid in monthly installments, to the
22 department of education to be used for school safety as provided in
23 section 15-154 and two hundred thousand dollars is appropriated each
24 fiscal year, to be paid in monthly installments to the department of
25 education to be used for the character education matching grant program as
26 provided in section 15-154.01.

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

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

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

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

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

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

5 (c) Forty per cent shall be allocated for maintenance and operation
6 purposes.

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

10 G. Notwithstanding subsection D of this section, if a court of
11 competent jurisdiction finally determines that tax monies distributed
12 under this section were illegally collected under this article or articles
13 5 and 8 of this chapter and orders the monies to be refunded to the
14 taxpayer, the department shall compute the amount of such monies that was
15 distributed to each city, town and county under this section. Each
16 city's, town's and county's proportionate share of the costs shall be
17 based on the amount of the original tax payment each municipality and
18 county received. Each month the state treasurer shall reduce the amount
19 otherwise distributable to the city, town and county under this section by
20 one thirty-sixth of the total amount to be recovered from the city, town
21 or county until the total amount has been recovered, but the monthly
22 reduction for any city, town or county shall not exceed ten per cent of
23 the full monthly distribution to that entity. The reduction shall begin
24 for the first calendar month after the final disposition of the case and
25 shall continue until the total amount, including interest and costs, has
26 been recovered.

27 H. On receiving a certificate of default from the greater Arizona
28 development authority pursuant to section 41-2257 or 41-2258 and to the
29 extent not otherwise expressly prohibited by law, the state treasurer
30 shall withhold from the next succeeding distribution of monies pursuant to
31 this section due to the defaulting political subdivision the amount
32 specified in the certificate of default and immediately deposit the amount
33 withheld in the greater Arizona development authority revolving fund. The
34 state treasurer shall continue to withhold and deposit the monies until
35 the greater Arizona development authority certifies to the state treasurer
36 that the default has been cured. In no event may the state treasurer
37 withhold any amount that the defaulting political subdivision certifies to
38 the state treasurer and the authority as being necessary to make any
39 required deposits then due for the payment of principal and interest on
40 bonds of the political subdivision that were issued before the date of the
41 loan repayment agreement or bonds and that have been secured by a pledge
42 of distributions made pursuant to this section.

43 I. Except as provided by sections 42-5033 and 42-5033.01, the
44 population of a county, city or town as determined by the most recent
45 United States decennial census plus any revisions to the decennial census

1 certified by the United States bureau of the census shall be used as the
2 basis for apportioning monies pursuant to subsection D of this section.

3 J. Except as otherwise provided by this subsection, on notice from
4 the department of revenue pursuant to section 42-6010, subsection B, the
5 state treasurer shall withhold from the distribution of monies pursuant to
6 this section to the affected city or town the amount of the penalty for
7 business location municipal tax incentives provided by the city or town to
8 a business entity that locates a retail business facility in the city or
9 town. The state treasurer shall continue to withhold monies pursuant to
10 this subsection until the entire amount of the penalty has been
11 withheld. The state treasurer shall credit any monies withheld pursuant
12 to this subsection to the state general fund as provided by subsection D,
13 paragraph 4 of this section. The state treasurer shall not withhold any
14 amount that the city or town certifies to the department of revenue and
15 the state treasurer as being necessary to make any required deposits or
16 payments for debt service on bonds or other long-term obligations of the
17 city or town that were issued or incurred before the location incentives
18 provided by the city or town.

19 K. On notice from the auditor general pursuant to section 9-626,
20 subsection D, the state treasurer shall withhold from the distribution of
21 monies pursuant to this section to the affected city the amount computed
22 pursuant to section 9-626, subsection D. The state treasurer shall
23 continue to withhold monies pursuant to this subsection until the entire
24 amount specified in the notice has been withheld. The state treasurer
25 shall credit any monies withheld pursuant to this subsection to the state
26 general fund as provided by subsection D, paragraph 4 of this section.

27 L. Except as otherwise provided by this subsection, on notice from
28 the attorney general pursuant to section 41-194.01, subsection B,
29 paragraph 1 that an ordinance, regulation, order or other official action
30 adopted or taken by the governing body of a county, city or town violates
31 state law or the Constitution of Arizona, the state treasurer shall
32 withhold the distribution of monies pursuant to this section to the
33 affected county, city or town and shall continue to withhold monies
34 pursuant to this subsection until the attorney general certifies to the
35 state treasurer that the violation has been resolved. The state treasurer
36 shall redistribute the monies withheld pursuant to this subsection among
37 all other counties, cities and towns in proportion to their population as
38 provided by subsection D of this section. The state treasurer shall not
39 withhold any amount that the county, city or town certifies to the
40 attorney general and the state treasurer as being necessary to make any
41 required deposits or payments for debt service on bonds or other long-term
42 obligations of the county, city or town that were issued or incurred
43 before committing the violation.

44 M. ON NOTICE FROM THE PROPERTY TAX OVERSIGHT COMMISSION THAT A CITY
45 OR TOWN OWES COMPENSATION IN ANY FISCAL YEAR TO A SCHOOL DISTRICT OR

1 SCHOOL DISTRICTS FOR ADDITIONAL STATE AID FOR EDUCATION, THE STATE
2 TREASURER SHALL WITHHOLD THE DISTRIBUTION OF MONIES TO THE AFFECTED CITY
3 OR TOWN PURSUANT TO THIS SECTION AND PAY THE WITHHELD MONIES TO THE
4 AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS AS PROVIDED BY SECTION
5 15-972, SUBSECTION E. THE STATE TREASURER SHALL CONTINUE TO WITHHOLD
6 MONIES PURSUANT TO THIS SUBSECTION UNTIL THE FULL PAYMENT AMOUNT REPORTED
7 BY THE PROPERTY TAX OVERSIGHT COMMISSION HAS BEEN MADE.

8 ~~M.~~ N. For the purposes of this section, "community college
9 district" means a community college district that is established pursuant
10 to sections 15-1402 and 15-1403 and that is a political subdivision of
11 this state and, unless otherwise specified, includes a community college
12 tuition financing district established pursuant to section 15-1409.

13 Sec. 3. Section 42-5031, Arizona Revised Statutes, is amended to
14 read:

15 42-5031. Distribution of multipurpose facility revenues to
16 district

17 A. Subject to the requirements of ~~subsection~~ SUBSECTIONS D AND F of
18 this section, if a county stadium district is authorized by an election
19 pursuant to section 48-4237, subsection E, paragraph 5 to use the amounts
20 paid to the district pursuant to subsection B of this section as permitted
21 by law, then after delivery of a resolution of the district board of
22 directors requesting payment, ~~which resolution shall contain~~ THAT CONTAINS
23 notice of the exercise of the option to begin payments provided for in
24 this subsection, ~~the~~ the state treasurer shall pay each month, beginning with
25 the second calendar month after the optional payment commencement event
26 contained in the resolution, from the amount designated as distribution
27 base pursuant to section 42-5029, subsection D, the amount determined
28 under subsection B of this section to the district. Payments under this
29 section shall continue until July 1, 2025 or until the date all authorized
30 debt service payments are completed as provided by section 48-4203,
31 subsection B, paragraph 3, whichever date is earlier.

32 B. The amount to be paid each month under subsection A of this
33 section is one-half of the amount of state transaction privilege tax
34 revenues received in the second preceding calendar month from all persons
35 conducting business under any business classification under this article
36 at a multipurpose facility site, or in the construction of a multipurpose
37 facility, the public or district owned components of which cost at least
38 two hundred million dollars to construct. ~~in no event shall~~ The amount to
39 be paid each month under this section SHALL NOT exceed the net new state
40 transaction privilege tax revenues received from the multipurpose facility
41 site as compared to the revenues received in the same month during the
42 twelve months ~~prior to~~ BEFORE the month in which the public vote pursuant
43 to section 48-4237 is held. The amount paid to the district shall not
44 exceed the amount required to service the debts and obligations of the

1 district and to meet the purposes set forth in section 48-4204,
2 subsection B.

3 C. The primary component, as described in section 48-4201, shall be
4 constructed during the first phase of the project.

5 D. To qualify for payments under this section, the municipality in
6 which the multipurpose facility site is located must either obtain voter
7 approval for a local transaction privilege tax to pay costs associated
8 with a multipurpose facility, or make a financial commitment by
9 intergovernmental agreement between the municipality and the district to
10 make direct payments to the district from any lawful source, including
11 municipal transaction privilege taxes or to expend monies for land,
12 infrastructure or other improvements directly related to the multipurpose
13 facility or the multipurpose facility site, by the end of the date
14 referred to in subsection A of this section in an aggregate amount equal
15 to the amount received by the district pursuant to this section.

16 E. If the municipality in which the multipurpose facility site is
17 located fails to satisfy the obligations of the municipality pursuant to
18 subsection D of this section, then beginning six months after the date
19 referred to in subsection A of this section, ~~—~~ distributions otherwise
20 payable to the municipality pursuant to section 42-5029, subsection C
21 shall be reduced by an amount equal to the excess of the amount received
22 by the district pursuant to this section over the amount paid or expended
23 by the municipality. The amount of the reduction shall be distributed to
24 the district to satisfy the financial commitment of the municipality
25 pursuant to subsection D of this section.

26 F. ON NOTICE FROM THE PROPERTY TAX OVERSIGHT COMMISSION THAT THE
27 COUNTY STADIUM DISTRICT OWES COMPENSATION IN ANY FISCAL YEAR TO A SCHOOL
28 DISTRICT OR SCHOOL DISTRICTS FOR ADDITIONAL STATE AID FOR EDUCATION, THE
29 STATE TREASURER SHALL WITHHOLD THE DISTRIBUTION OF MONIES TO THE COUNTY
30 STADIUM DISTRICT PURSUANT TO THIS SECTION AND PAY THE WITHHELD MONIES TO
31 THE AFFECTED SCHOOL DISTRICT OR SCHOOL DISTRICTS AS PROVIDED BY SECTION
32 15-972, SUBSECTION E. THE STATE TREASURER SHALL CONTINUE TO WITHHOLD
33 MONIES PURSUANT TO THIS SUBSECTION UNTIL THE FULL PAYMENT AMOUNT REPORTED
34 BY THE PROPERTY TAX OVERSIGHT COMMISSION HAS BEEN MADE.

35 ~~F.~~ G. To comply with the requirements of this section, the county
36 stadium district board of directors ~~or~~ AND any city or town that is part
37 of the county stadium district shall supply the department with all
38 requested information necessary to administer this section.

39 Sec. 4. Section 42-6202, Arizona Revised Statutes, is amended to
40 read:

41 42-6202. Commercial government property lease excise tax;
42 database

43 A. A government lessor shall levy and the county treasurer shall
44 collect an annual excise tax on each prime lessee for the use or occupancy
45 of each government lessor's government property improvement.

1 B. A government lessor may not own or operate a government property
2 improvement unless one of the following applies:

3 1. The improvement is subject to the government property lease
4 excise tax under this article with respect to the improvement.

5 2. The improvement is exempt from tax under section 42-6208.

6 3. Tax on the improvement has been abated under section 42-6209.

7 C. Within thirty days after entering into a lease for the occupancy
8 of a government property improvement, the government lessor shall:

9 1. Record a memorandum of lease in the office of the county
10 recorder in the county in which the government property improvement is
11 located. The memorandum of lease must include the basic lease terms,
12 including the names of the parties, the leased property, the lease term,
13 including the beginning and ending dates, and any options to renew the
14 lease or to purchase any of the government property improvement or
15 ~~government owned~~ GOVERNMENT-OWNED land.

16 2. Submit to the county treasurer copies of the lease or an
17 abstract of the lease.

18 D. The government lessor shall maintain a public database by
19 county, city and town, as applicable, or post its lease agreements on THE
20 WEBSITE OF a county, city or town ~~website~~ where the government property
21 improvement is located, of all government property leases that are subject
22 to the tax under this article.

23 E. The government lessor shall submit a current link to the public
24 database as described in subsection D of this section to the department of
25 revenue and notify the department when the database no longer contains any
26 active leases.

27 F. The department of revenue shall place links to all of the
28 government lessors' databases with active leases on their website.

29 G. If a county assessor becomes aware of a government property
30 improvement that is or should be subject to the tax under this article,
31 the assessor shall notify the county treasurer and the government lessor
32 for confirmation that the improvement is included in their database.

33 H. FOR THE PURPOSES OF SECTION 15-972, SUBSECTION E AND SECTION
34 42-15152, THE COUNTY ASSESSOR SHALL DETERMINE THE FULL CASH VALUE OF
35 GOVERNMENT PROPERTY IMPROVEMENTS, INCLUDING THOSE THAT ARE SUBJECT TO
36 ABATEMENT UNDER SECTION 42-6209, AT MARKET VALUE AND TRANSMIT THOSE
37 VALUATIONS TO THE PROPERTY TAX OVERSIGHT COMMISSION AND THE COUNTY BOARD
38 OF SUPERVISORS ON OR BEFORE DECEMBER 31 OF EACH VALUATION YEAR.

39 Sec. 5. Section 42-15152, Arizona Revised Statutes, is amended to
40 read:

41 ~~42-15152.~~ Inclusion of all property on the roll

42 A. In addition to all other property that is required by law to be
43 placed on the roll: ~~;~~

44 1. All real property that is subject to the jurisdiction of this
45 state, regardless of ownership or by whom it is claimed, possessed or

1 controlled, and regardless of whether it is exempt from taxation by law or
2 by the Constitution of Arizona, shall be listed on the roll in the manner
3 prescribed by this article.

4 2. GOVERNMENT PROPERTY IMPROVEMENTS THAT ARE SUBJECT TO GOVERNMENT
5 PROPERTY LEASE EXCISE TAX PURSUANT TO CHAPTER 6, ARTICLE 5 OF THIS TITLE,
6 INCLUDING PROPERTIES THAT ARE SUBJECT TO ABATEMENT OF THE TAX PURSUANT TO
7 SECTION 42-6209, SHALL BE LISTED ON THE ROLL AS PROVIDED BY THIS ARTICLE.

8 B. ~~This~~ Subsection A OF THIS SECTION does not alter any statute or
9 constitutional provision relating to property that is exempt from
10 taxation.

11 ~~B.~~ C. The roll shall also include the total personal property tax
12 roll as provided in section 42-17053.