

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HOUSE BILL 2779

AN ACT

AMENDING SECTION 41-1276, ARIZONA REVISED STATUTES; APPROPRIATING MONIES;
RELATING TO PROPERTY TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-1276, Arizona Revised Statutes, is amended to
3 read:

4 41-1276. Truth in taxation levy for equalization assistance
5 to school districts

6 A. On or before February 15 of each year, the joint legislative
7 budget committee shall compute and transmit the truth in taxation rates
8 for equalization assistance for school districts for the following fiscal
9 year to:

10 1. The chairmen of the house of representatives ways and means
11 committee and the senate finance committee, or their successor committees.

12 2. The chairmen of the appropriations committees of the senate and
13 the house of representatives, or their successor committees.

14 B. The truth in taxation rates consist of the qualifying tax rate
15 for a high school district or a common school district within a high
16 school district that does not offer instruction in high school subjects
17 pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax
18 rate for a unified district, a common school district not within a high
19 school district or a common school district within a high school district
20 that offers instruction in high school subjects pursuant to section
21 15-971, subsection B, paragraph 2 and a state equalization assistance
22 property tax rate pursuant to section 15-994 that will offset the change
23 in net assessed valuation of property that was subject to tax in the prior
24 year.

25 C. The joint legislative budget committee shall compute the truth
26 in taxation rates as follows:

27 1. Determine the statewide net assessed value for the preceding tax
28 year as provided in section 42-17151, subsection A, paragraph 3.

29 2. Determine the statewide net assessed value for the current tax
30 year, excluding the net assessed value of property that was not subject to
31 tax in the preceding year.

32 3. Divide the amount determined in paragraph 1 of this subsection
33 by the amount determined in paragraph 2 of this subsection.

34 4. Adjust the qualifying tax rates and the state equalization
35 assistance property tax rate for the current fiscal year by the percentage
36 determined in paragraph 3 of this subsection in order to offset the change
37 in net assessed value.

38 D. Except as provided in subsections E and G of this section, the
39 qualifying tax rate for a high school district or a common school district
40 within a high school district that does not offer instruction in high
41 school subjects, the qualifying tax rate for a unified school district, a
42 common school district not within a high school district or a common
43 school district within a high school district that offers instruction in
44 high school subjects and the state equalization assistance property tax
45 rate for the following fiscal year shall be the rate determined by the

1 joint legislative budget committee pursuant to subsection C of this
2 section. The committee shall transmit the rates to the superintendent of
3 public instruction and the county boards of supervisors by March 15 each
4 year.

5 E. If the legislature proposes either qualifying tax rates or a
6 state equalization assistance property tax rate that exceeds the truth in
7 taxation rate:

8 1. The house of representatives ways and means committee and the
9 senate finance committee, or their successor committees, shall hold a
10 joint hearing on or before February 28 and publish a notice of a truth in
11 taxation hearing subject to the following requirements:

12 (a) The notice shall be published twice in a newspaper of general
13 circulation in this state that is published at the state capital. The
14 first publication shall be at least fourteen but not more than twenty days
15 before the date of the hearing. The second publication shall be at least
16 seven but not more than ten days before the date of the hearing.

17 (b) The notice shall be published in a location other than the
18 classified or legal advertising section of the newspaper.

19 (c) The notice shall be at least one-fourth page in size and shall
20 be surrounded by a solid black border at least one-eighth inch in width.

21 (d) The notice shall be in the following form, with the "truth in
22 taxation hearing - notice of tax increase" headline in at least
23 eighteen-point type:

24 Truth in Taxation Hearing
25 Notice of Tax Increase

26 In compliance with section 41-1276, Arizona Revised
27 Statutes, the state legislature is notifying property
28 taxpayers in Arizona of the legislature's intention to raise
29 the property tax levy over last year's level.

30 The proposed tax increase will cause the taxes on a
31 \$100,000 home to be \$(total proposed taxes including the tax
32 increase). Without the proposed tax increase, the total taxes
33 that would be owed on a \$100,000 home would have been
34 \$_____.

35 All interested citizens are invited to attend a public
36 hearing on the tax increase that is scheduled to be held
37 (date and time) at (location).

38 (e) For purposes of computing the tax increase on a \$100,000 home
39 as required by the notice, the joint meeting of the house of
40 representatives ways and means committee and the senate finance committee,
41 or their successor committees, shall consider the difference between the
42 truth in taxation rate and the proposed increased rate.

43 2. The joint meeting of the house of representatives ways and means
44 committee and the senate finance committee, or their successor committees,

1 shall consider any motion to recommend the proposed tax rates to the full
2 legislature by roll call vote.

3 F. In addition to publishing the truth in taxation notice under
4 subsection E, paragraph 1 of this section, the joint meeting of the house
5 of representatives ways and means committee and the senate finance
6 committee, or their successor committees, shall issue a press release
7 containing the truth in taxation notice.

8 G. Notwithstanding any other law, the legislature shall not adopt a
9 state budget that provides for either qualifying tax rates pursuant to
10 section 15-971 or a state equalization assistance property tax rate
11 pursuant to section 15-994 that exceeds the truth in taxation rates
12 computed pursuant to subsection A of this section unless the rates are
13 adopted by a concurrent resolution approved by an affirmative roll call
14 vote of two-thirds of the members of each house of the legislature before
15 the legislature enacts the general appropriations bill. If the resolution
16 is not approved by two-thirds of the members of each house of the
17 legislature, the rates for the following fiscal year shall be the truth in
18 taxation rates determined pursuant to subsection C of this section and
19 shall be transmitted to the superintendent of public instruction and the
20 county boards of supervisors.

21 H. Notwithstanding subsection C of this section and if approved by
22 the qualified electors voting at a statewide general election, the
23 legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a
24 common or high school district or \$4.253 for a unified school district.
25 The legislature shall not set a county equalization assistance for
26 education rate that exceeds \$0.5123.

27 I. Pursuant to subsection C of this section, the qualifying tax
28 rate in tax year 2019 for a high school district or a common school
29 district within a high school district that does not offer instruction in
30 high school subjects as provided in section 15-447 is \$1.8954 and for a
31 unified school district, a common school district not within a high school
32 district or a common school district within a high school district that
33 offers instruction in high school subjects as provided in section 15-447
34 is \$3.7908. The state equalization assistance property tax rate in tax
35 year 2019 is \$0.4566.

36 J. THE STATE EQUALIZATION ASSISTANCE PROPERTY TAX RATE IN TAX YEAR
37 2020 IS \$0.2974.

38 Sec. 2. Appropriation; department of education; basic state aid

39 In addition to any other appropriation made in fiscal year
40 2020-2021, the sum of \$100,000,000 is appropriated from the state general
41 fund in fiscal year 2020-2021 to the department of education for basic
42 state aid.

43 Sec. 3. Retroactivity

44 This act applies retroactively to tax years beginning from and after
45 June 30, 2020.