ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1093

property tax; class one; equalization assistance

Purpose

Reduces the percentage of assessed valuation of class 1 property over two years to 15 percent in calendar year (CY) 2027 and sets, at unspecified amounts, the state equalization assistance property tax rate (SETR) for TYs 2022 through 2027.

Background

Assessed Valuation of Class 1 Property

Class 1 property consists of properties of mining, telecommunication companies, utilities, standing timber, airport fuel delivery, oil and gas production, pipelines, shopping centers, golf courses and most other commercial uses (A.R.S. § 42-12001). The assessed valuation of class 1 property is currently 17.5 percent of its full cash value or limited valuation, as applicable (A.R.S. § 42-15001).

Laws 2021, Chapter 412 reduced the percentage of assessed valuation of class 1 property to: 1) 17 percent in CY 2023; 2) 16.5 percent in CY 2024; and 3) 16 percent thereafter.

State Equalization Assistance Property Tax Rate

Each county board of supervisors must levy the state equalization property tax each year and it is the responsibility of the county treasurer to apportion the monies to school districts within the county as provided by law (A.R.S. § 15-994). The SETR in tax year 2021 is $0.4263 (A.R.S. § 41-1276).

If the reduction of the percentage of assessed valuation of class 1 property and the modification of the SETR results in a change in revenue, there may be a fiscal impact to the state General Fund.

Provisions

1. Reduces the percentage of assessed valuation of class 1 property to:
   a) 15.5 percent in CY 2026; and
   b) 15 percent thereafter.

2. Sets the SETR at:
   a) $_____ in TY 2022;
   b) $_____ in TY 2023;
   c) $_____ in TY 2024;
   d) $_____ in TY 2025;

  e) $_____ in TY 2026; and
  f) $_____ in TY 2027.

3. Makes technical changes.

4. Becomes effective on the general effective date.