



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1093

~~property tax; class one; equalization assistance~~
(NOW: equalization assistance; class one property)

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](#)).

Fire District Board Tax Levy

For TY 2023 and each year thereafter, a fire district board must levy a tax on property situated within the district boundaries that appeared on the last assessment roll not to exceed \$3.50 per \$100 of assessed valuation, or the amount of the levy in the previous tax year multiplied by 1.08, whichever is less, and minus any amounts required to reduce the levy resulting from property annexation or a fire district merger or consolidation ([A.R.S. § 48-807](#)).

The Joint Legislative Budget Committee fiscal note estimates that S.B. 1093, as introduced, would increase the state General Fund cost for the K-12 school funding formula by \$48.2 million in FY 2027 and \$88.2 million in FY 2028 ([JLBC fiscal note](#)).

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) \$0.4128 in TY 2022;
 - b) \$0.4009 in TY 2023;
 - c) \$0.3909 in TY 2024;
 - d) \$0.3824 in TY 2025;
 - e) \$0.3295 in TY 2026; and
 - f) \$0.2871 in TY 2027.
3. Makes technical changes.
4. Becomes effective on the general effective date.

Amendments Adopted by Committee

- Inserts the SETR for TYs 2022 through 2027 in the blank spaces provided for that purpose.

Amendments Adopted by the House of Representatives

1. Increases the cap, from \$3.50 to \$3.75 per \$100 of assessed valuation for TY 2024 and each year thereafter, on the fire district board tax levy.
2. Increases the SETR for TYs 2022 through 2027.

Senate Action

FIN 1/26/22 DPA 7-3-0
3rd Read 2/2/22 18-11-1

House Action

WM 3/2/22 DP 6-4-0-0
3rd Read 3/23/22 31-28-1

Prepared by Senate Research

March 23, 2022

MG/slp