

House Engrossed

~~cities and towns; technical correction~~
(now: school district tax levy)

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HOUSE BILL 2784

AN ACT

AMENDING SECTIONS 15-991 AND 15-992, ARIZONA REVISED STATUTES; RELATING TO
SCHOOL DISTRICT TAX LEVIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-991, Arizona Revised Statutes, is amended to
3 read:

4 15-991. County school superintendents; annual estimate;
5 monies for ensuing year; property tax calculations;
6 property tax oversight commission review

7 A. The county school superintendent shall recompute the
8 equalization assistance for education for each school district pursuant to
9 section 15-971, subsection A and compute the additional amount to be
10 levied pursuant to section 15-992, subsection B using the property values
11 provided by the county assessor under section 42-17052. The county school
12 superintendent must certify in writing to the property tax oversight
13 commission on or before July 25 of each year the amount of equalization
14 assistance for education and the amount to be levied for each school
15 district from the primary property tax pursuant to section 15-992.

16 B. The county school superintendent must prepare and file with the
17 governing board of each school district in the county and the property tax
18 oversight commission on or before July 25 of each year a written estimate
19 of the amount of monies required by each school district for the ensuing
20 school year based on the proposed budget adopted by each school district
21 governing board. The estimate shall contain:

22 1. A statement of the student count of each school district.

23 2. The additional amounts needed for each school district from the
24 primary property tax and the secondary property tax, as estimated by the
25 county school superintendent. The county school superintendent shall
26 certify those amounts to the board of supervisors and the property tax
27 oversight commission in writing at the time of filing the estimate.

28 3. ~~THE AMOUNT DETERMINED PURSUANT TO SECTION 15-992, SUBSECTION H.~~

29 ~~3-~~ 4. The calculation of the amount to be levied as prescribed by
30 section 15-992 using the values provided by the county assessor under
31 section 42-17052.

32 C. The property tax oversight commission must review the primary
33 property tax calculations filed under subsection B, paragraph ~~3-~~ 4 of this
34 section.

35 D. The county school superintendent must file in writing with the
36 county board of supervisors and the property tax oversight commission on
37 or before the third Monday in August of each year the amount that is
38 required to be levied for each school district from both the primary
39 property tax prescribed by section 15-992 and the secondary property tax.

40 E. On or before September 1 ~~OF EACH YEAR~~, the governing board of a
41 school district shall file with the county school superintendent an
42 estimate of the amount of title VIII of the elementary and secondary
43 education act of 1965 monies it is eligible to receive during the current
44 year. On or before June 1 ~~OF EACH YEAR~~, the governing board shall file
45 with the county school superintendent and the superintendent of public

1 instruction a statement of the actual amount of title VIII of the
2 elementary and secondary education act of 1965 monies it received during
3 the current year. This subsection does not apply to accommodation
4 schools.

5 F. The department may collect any other similar or related
6 information from school districts that the department may determine is
7 necessary to carry out the purposes of this section.

8 Sec. 2. Section 15-992, Arizona Revised Statutes, is amended to
9 read:

10 15-992. School district tax levy; additional tax in districts
11 ineligible for equalization assistance; primary
12 property tax levy reduction; definition

13 A. The board of supervisors of each county, at the time of levying
14 other taxes, shall annually levy school district taxes on the property in
15 any school district in which additional amounts are required, which shall
16 be at rates prescribed in this section. A delinquency factor for
17 estimated uncollected taxes may not be included in the computation of the
18 primary tax rate for school district taxes. Local property taxes may not
19 be levied for any deficit in the classroom site fund. The taxes shall be
20 added to and collected in the same manner as other county taxes on the
21 property within the school district. The amount of the school district
22 taxes levied on the property in a particular school district shall be paid
23 into the school fund of that school district.

24 B. At the same time of levying taxes as provided in subsection A of
25 this section, the county board of supervisors shall annually levy an
26 additional tax in each school district that is not eligible for
27 equalization assistance as provided in section 15-971 in an amount
28 determined as follows:

29 1. Determine the levy that would be produced by fifty percent of
30 the applicable qualifying tax rate, prescribed in section 15-971,
31 subsection B, per \$100 assessed valuation.

32 2. Subtract the amounts determined in section 15-971, subsection A
33 and subsection F of this section from the levy determined in paragraph 1
34 of this subsection. This difference is the additional amount levied or
35 collected as voluntary contributions pursuant to title 48, chapter 1,
36 article 8, except that if the difference is zero or is a negative number,
37 there shall be no levy.

38 C. Monies collected pursuant to subsections B and F of this section
39 shall be transmitted to the state treasurer for deposit in the state
40 general fund to aid in school financial assistance.

41 D. The additional tax prescribed in subsection B of this section is
42 considered to be primary property tax for purposes of section 15-972,
43 subsection B, except that this state is not required to make the payments
44 prescribed in section 15-972, subsection H for these reductions in taxes.

1 E. The tax levy prescribed in subsection A of this section shall be
2 a rate equal to the applicable qualifying tax rate or rates as prescribed
3 in section 15-971, subsection B or a rate that would result in a levy that
4 equals the school district equalization assistance base prescribed in
5 section 15-971 subtracted by any amount received pursuant to section
6 15-905, subsections K, O and P per \$100 of assessed valuation used for
7 primary property taxes, whichever is less.

8 F. At the same time of levying taxes as provided in subsection A of
9 this section, the county board of supervisors shall annually levy an
10 additional tax in each common school district not within a high school
11 district that is equal to the lesser of:

12 1. A rate that is equal to the applicable qualifying tax rate or
13 rates as prescribed in section 15-971, subsection B.

14 2. A rate that would result in a levy that equals the statewide
15 average per pupil funding for high school pupils multiplied by the student
16 count as defined in section 15-901 of resident high school pupils in the
17 common school district not within a high school district during the prior
18 school year. On or before July 1 of each year, the department of
19 education shall provide each common school district not within a high
20 school district with the student count as defined in section 15-901 of
21 resident high school pupils in the district during the prior school
22 year. On or before July 1 of each year, the department of education shall
23 provide each county board of supervisors with the statewide average per
24 pupil funding for high school pupils, the student count as defined in
25 section 15-901 of resident high school pupils in the common school
26 district not within a high school district during the prior school year
27 and any other information requested by the county board of supervisors for
28 the purposes of levying the tax prescribed in this subsection. For the
29 purposes of this paragraph, "per pupil funding" means the amount
30 calculated pursuant to section 15-943, paragraph 2, subdivision (a) for
31 grades nine through twelve multiplied by the sum of the following:

32 (a) District additional assistance pursuant to section 15-961,
33 subsections A, B and C for a school district with a student count of six
34 hundred or more in grades nine through twelve.

35 (b) The base level amount prescribed by section 15-901.

36 G. At the time of levying taxes as provided in subsection E of this
37 section, the county school superintendent shall annually validate any
38 additional primary school district tax levy amount requests from each
39 school district and levy the sum of the following amounts:

40 1. A rate that would result in a levy that equals the difference
41 between the transportation revenue control limit as determined in section
42 15-946 and the transportation support level as determined in section
43 15-945 or a lesser amount.

1 2. A rate that would result in a levy that equals any amount
2 pursuant to section 15-910.

3 3. A rate that would result in a levy that equals any amount for
4 tuition loss as determined in section 15-954.

5 4. A rate that would result in a levy that equals any amount for
6 the small school adjustment as determined in section 15-949.

7 5. A rate that would result in a levy that equals any amount for
8 liabilities in excess of the school district budget pursuant to section
9 15-907.

10 6. A rate that would result in a levy that equals any amount for
11 adjacent ways pursuant to section 15-995.

12 7. A rate that would result in a levy that equals the amount not
13 captured by the qualifying tax rate as a result of property subject to the
14 government property lease excise tax pursuant to title 42, chapter 6,
15 article 5 as calculated in section 15-971, subsection B, paragraph 2.

16 8. Following the recommendation of the county school superintendent
17 and on approval by the county board of supervisors, for a school district
18 that is not eligible for state aid, a rate that would result in a levy
19 that equals any legal amount not levied in the current year as a result of
20 underestimated average daily membership in the current year or as a result
21 of a judgment in accordance with section 42-16213.

22 9. A rate that would result in a levy that equals any amount
23 pursuant to a qualifying dropout prevention program that was originally
24 established by law in 1987.

25 10. On the recommendation of the county school superintendent and
26 on approval by the county board of supervisors before adoption of tax
27 rates pursuant to section 42-17151, a rate that would result in a levy
28 that equals any separately stated cash deficit from the prior fiscal year
29 resulting from an anticipated or actual deviation in the property tax
30 roll, including resolutions or judgments pursuant to title 42, chapter 16,
31 articles 5 and 6.

32 H. AT THE TIME OF LEVYING TAXES AS PROVIDED IN SUBSECTIONS E AND G
33 OF THIS SECTION, THE COUNTY SCHOOL SUPERINTENDENT SHALL ANNUALLY REDUCE
34 THE PRIMARY SCHOOL DISTRICT TAX LEVY AMOUNT REQUESTS FROM EACH SCHOOL
35 DISTRICT BY AN AMOUNT DETERMINED AS FOLLOWS:

36 1. DETERMINE THE TOTAL ENDING CASH BALANCES FROM THE SCHOOL
37 DISTRICT'S MAINTENANCE AND OPERATIONS FUND AND UNRESTRICTED CAPITAL OUTLAY
38 FUND REPORTED IN THE SCHOOL DISTRICT'S ANNUAL FINANCIAL REPORT FOR THE
39 IMMEDIATELY PRECEDING FISCAL YEAR PURSUANT TO SECTION 15-904.

40 2. DETERMINE THE AMOUNT THAT THE SCHOOL DISTRICT GOVERNING BOARD
41 BUDGETED FROM BUDGET BALANCES FOR THE CURRENT YEAR PURSUANT TO SECTION
42 15-947, SUBSECTION C, PARAGRAPH 2, SUBDIVISION (a), ITEM (i) AND
43 SUBSECTION D, PARAGRAPH 4.

1 3. SUBTRACT THE AMOUNT DETERMINED IN PARAGRAPH 2 OF THIS SUBSECTION
2 FROM THE AMOUNT DETERMINED IN PARAGRAPH 1 OF THIS SUBSECTION.

3 4. EIGHTY-FIVE PERCENT OF THE AMOUNT CALCULATED PURSUANT TO
4 PARAGRAPH 3 OF THIS SUBSECTION IS THE AMOUNT OF THE REDUCTION.

5 ~~H.~~ I. For the purposes of this section, "assessed valuation"
6 includes the values used to determine voluntary contributions collected
7 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1,
8 article 8.

9 Sec. 3. School district property tax levy reductions; tax
10 years 2027 through 2031; delayed repeal

11 A. Notwithstanding sections 15-991 and 15-992, Arizona Revised
12 Statutes, as amended by this act, in each of tax years 2027, 2028, 2029,
13 2030 and 2031, the county school superintendent of each county shall
14 reduce the primary school district tax levy amounts requested by each
15 school district pursuant to section 15-992, Arizona Revised Statutes, as
16 amended by this act, by an amount determined by the school district,
17 except that the amount of the reduction for any tax year may not be less
18 than twenty percent of the amount calculated pursuant to section 15-992,
19 subsection H, paragraph 3, Arizona Revised Statutes, as added by this act.

20 B. This section is repealed from and after July 1, 2032.