

15-972. State limitation on homeowner property taxes; additional state aid to school districts; definitions

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

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

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

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

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

(i) Thirty-five **per cent percent** through December 31, 2005.

(ii) Thirty-six **per cent percent** beginning from and after December 31, 2005 through December 31, 2006.

(iii) Thirty-seven **per cent percent** beginning from and after December 31, 2006 through December 31, 2007.

(iv) Thirty-eight **per cent percent** beginning from and after December 31, 2007 through December 31, 2008.

(v) Thirty-nine **per cent percent** beginning from and after December 31, 2008 through December 31, 2009.

(vi) Forty **per cent percent** beginning from and after December 31, 2009.

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

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

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

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

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

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

(i) Thirty-five **per cent percent** through December 31, 2005.

(ii) Thirty-six **per cent percent** beginning from and after December 31, 2005 through December 31, 2006.

(iii) Thirty-seven **per cent percent** beginning from and after December 31, 2006 through December 31, 2007.

(iv) Thirty-eight **per cent percent** beginning from and after December 31, 2007 through December 31, 2008.

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

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

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

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

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

C. The clerk of the board of supervisors shall report to the department of revenue not later than the Friday following the third Monday in August of each year the amount by school district of additional state aid for education and the data used for computing the amount as provided in subsection B of this section. The department of revenue shall verify all of the amounts and report to the county board of supervisors not later than August 30 of each year the property tax rate or rates which that shall be used for property tax reduction as provided in subsection E of this section.

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

1. Five hundred dollars through December 31, 2005.

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

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

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

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

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

E. Prior to the levying of taxes for school purposes the board of supervisors shall determine whether the total primary property taxes to be levied for all taxing jurisdictions on each parcel of residential property, in lieu of the provisions of this subsection, violate article IX, section 18, Constitution of Arizona. For those properties that qualify for property tax exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of Arizona, eligibility for the credit is determined on the basis of the limited property value that corresponds to the taxable assessed value after reduction for the applicable exemption. If the board of supervisors

determines that such a situation exists, the board shall apply a credit against the primary property taxes due from each such parcel in the amount in excess of article IX, section 18, Constitution of Arizona. Such excess amounts shall also be additional state aid for education for the school district or districts in which such parcel of property is located.

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

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

1. The data processing specifications used in the calculations provided for in subsections B and E of this section.
2. At a minimum, copies of two actual tax bills for residential property for each distinct tax area.

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

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

1. Having only one class of outstanding stock.
2. All of the stockholders of which are entitled, solely by reason of their ownership of stock in the corporation, to occupy for dwelling purposes apartments in a building owned or leased by such corporation and who are not entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the corporation, to receive any distribution not out of earnings and profits of the corporation.
3. Eighty **per cent percent** or more of the gross income of which is derived from tenant-stockholders. For the purposes of this paragraph, "gross income" means gross income as defined by the United States internal revenue code, as defined in section 43-105.

J. The total amount of state monies that may be spent in any fiscal year for state aid for education in this section shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. This section shall not be construed to impose a duty on an officer, agent or employee of this state to discharge a responsibility or to create any right in a person or group if the discharge or right

would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose.

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

K. L. For the purposes of this section:

1. "Owner" includes any purchaser under a contract of sale or under a deed of trust.
2. "Residential property" includes owner-occupied real property and improvements to the property and owner-occupied mobile homes that are used as the owner's primary residence and classified as class three property pursuant to section