

ATRA SUPPORTS HB2287

Accommodation schools-levy limit recalculation

Background

The Arizona Constitution limits the primary property taxes levied by counties, community colleges, and cities to 2% plus new construction. After more than 25 years since the voters initially approved the limitation, approximately \$185 million in excess capacity had developed in the system by 2006, which reduced the effectiveness of the levy limits. Therefore, in 2006, the voters approved a recalculation of the Constitutional levy limits by removing the excess capacity from the system.

For many years, Pinal County has levied a primary property tax to support its accommodation school. Prior to the recalculation of the local government levy limits in 2006, Pinal County had the capacity to levy a tax for the accommodation school, and although that levy should have been included in the 2006 recalculation of the levy limit, it was not.

Basis for ATRA's Support

HB2287 makes clear that an accommodation school cannot levy a primary or secondary property tax. However, a county may provide funding to an accommodation school from its primary property taxes. Therefore, HB2287 requires the Property Tax Oversight Commission (PTOC) to consider any amount of property taxes levied by a county in support of an accommodation school as part of the county's constitutional primary levy limit, which is limited to 2% plus growth.

