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ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS HB2185

Ensures accuracy in K-12 primary property taxes

Background:

In 2016, the Legislature passed bipartisan legislation to reform the calculation of the primary property tax rate for K-12 schools in HB2481. The bill improved transparency in the setting of tax rates so taxpayers would have greater ability to predict their tax liability while stabilizing rates.

The inaugural implementation this year revealed a few technical issues which require legislative changes.

A stakeholder group including ATRA, the County School Superintendents, and K-12 school district representatives crafted these technical changes to ensure the implementation is effective and does not create unintended consequences.

What the Bill Does:

- Uses the term “equalization base” instead of “district support level” which makes clear districts will continue to have their entire budget equalized to include district additional assistance, as has always been the case.
- Clarifies that tax rates are calculated independently for K-8 and 9-12, as has always been the case.
- Allows a district to levy less than their full “Transpo Delta” if they choose to budget less.
- Allows the few grandfathered districts who have access to “dropout prevention” program to continue the tax.
- The ability to adjust tax rates for cash corrections is clarified for its intended use, eliminating unnecessary steps while providing transparency to taxpayers.
- The changes in A.R.S. §15-991 remove reporting requirements that are no longer necessary.
- A.R.S. §15-993 is repealed because it is redundant and no longer necessary.

ATRA ASKS LAWMAKERS TO VOTE YES ON HB2185!