

Senate Engrossed House Bill

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

FILED
KEN BENNETT
SECRETARY OF STATE

CHAPTER 209

HOUSE BILL 2395

AN ACT

AMENDING SECTIONS 15-991, 42-17001, 42-17003, 42-17004 AND 42-17005, ARIZONA
REVISED STATUTES; RELATING TO SCHOOL DISTRICT PROPERTY TAX.

(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. Annual estimate by county school superintendent of
5 monies for ensuing year; review and approval by
6 property tax oversight commission

7 ~~A. The county school superintendent, not later than August 1 each~~
8 ~~year, shall file in writing with the governing board of each school district~~
9 ~~in the county and the board of supervisors the superintendent's estimate of~~
10 ~~the amount of school monies required by each school district for the ensuing~~
11 ~~year, based on the budgets adopted by the governing boards of the school~~
12 ~~districts. The county school superintendent, concurrent with the board of~~
13 ~~supervisors adopting tax rates each year, shall file in writing with the~~
14 ~~property tax oversight commission the finalized estimate of the amount of~~
15 ~~school monies required by each school district for the ensuing year, based on~~
16 ~~the budgets adopted by the school district governing boards.~~

17 A. THE COUNTY SCHOOL SUPERINTENDENT SHALL RECOMPUTE THE EQUALIZATION
18 ASSISTANCE FOR EDUCATION FOR EACH SCHOOL DISTRICT PURSUANT TO SECTION 15-971,
19 SUBSECTION A AND COMPUTE THE ADDITIONAL AMOUNT TO BE LEVIED PURSUANT TO
20 SECTION 15-992, SUBSECTION B USING THE PROPERTY VALUES PROVIDED BY THE COUNTY
21 ASSESSOR UNDER SECTION 42-17052. THE COUNTY SCHOOL SUPERINTENDENT MUST
22 CERTIFY IN WRITING TO THE PROPERTY TAX OVERSIGHT COMMISSION ON OR BEFORE JULY
23 25 OF EACH YEAR THE AMOUNT OF EQUALIZATION ASSISTANCE FOR EDUCATION AND THE
24 AMOUNT TO BE LEVIED FOR EACH SCHOOL DISTRICT FROM THE PRIMARY PROPERTY TAX
25 PURSUANT TO SECTION 15-992.

26 B. THE COUNTY SCHOOL SUPERINTENDENT MUST PREPARE AND FILE WITH THE
27 GOVERNING BOARD OF EACH SCHOOL DISTRICT IN THE COUNTY AND THE PROPERTY TAX
28 OVERSIGHT COMMISSION ON OR BEFORE JULY 25 OF EACH YEAR A WRITTEN ESTIMATE OF
29 THE AMOUNT OF MONIES REQUIRED BY EACH SCHOOL DISTRICT FOR THE ENSUING SCHOOL
30 YEAR BASED ON THE PROPOSED BUDGET ADOPTED BY EACH SCHOOL DISTRICT GOVERNING
31 BOARD. The estimate shall contain:

- 32 1. A statement of the student count of each school district.
- 33 2. The total amount to be received for the year by each school
34 district from the county school fund and the special county school reserve
35 fund.
- 36 3. The projected ending cash balance from the previous year adjusted
37 for encumbrances and payables for each school district as provided by the
38 school district and as certified by the president of the school district
39 governing board. A governing board may delegate to a superintendent, head
40 teacher or business manager the authority to certify the projected cash
41 balance.
- 42 4. The anticipated interest earnings for each school district.
- 43 5. Revenues equal to the amount included in the adopted budget for the
44 maintenance and operation section of the budget permitted by section 15-947,
45 subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and

1 (vi) and subdivision (c). The county school superintendent shall subtract
2 from each school district's budgeted expenditures the total amount of
3 estimated revenues including the projected ending cash balance from the
4 previous year adjusted for encumbrances and payables in order to estimate the
5 additional amounts needed for each school district from the primary property
6 tax and the secondary property tax. The county school superintendent shall
7 certify such amounts to the board of supervisors and the property tax
8 oversight commission in writing at the time of filing the estimate. When
9 estimating the additional amount needed from the primary property tax for a
10 school district that is not eligible for any equalization assistance as
11 provided in section 15-971, the county school superintendent shall include
12 the school district governing board's estimate of the increase in the revenue
13 control limit as prescribed by section 15-948 for the applicable year, except
14 that the percentage increase in average daily membership used to compute the
15 estimated increase in the revenue control limit may not exceed the average of
16 the percentage increase in average daily membership in the three years before
17 the year for which the estimate is made.

18 6. THE CALCULATION OF THE AMOUNT TO BE LEVIED AS PRESCRIBED BY SECTION
19 15-992 USING THE VALUES PROVIDED BY THE COUNTY ASSESSOR UNDER SECTION
20 42-17052.

21 ~~B. The county school superintendent shall recompute equalization~~
22 ~~assistance for education for each school district as provided in section~~
23 ~~15-971, subsection A using the property values provided by the county~~
24 ~~assessor as provided in section 42-17052. The county school superintendent~~
25 ~~shall certify in writing the amount of equalization assistance for education~~
26 ~~and the amount needed for each school district from the primary property tax~~
27 ~~to the board of supervisors and the property tax oversight commission on or~~
28 ~~before the third day before the day the board of supervisors is required to~~
29 ~~levy school district taxes as provided in section 15-992.~~

30 ~~C. The county school superintendent shall compute the additional~~
31 ~~amount to be levied as provided in section 15-992, subsection B, using the~~
32 ~~property values provided in section 42-17052. The county school~~
33 ~~superintendent shall certify in writing the additional amount to be levied to~~
34 ~~the county board of supervisors and the property tax oversight commission on~~
35 ~~or before the third day before the day the board of supervisors is required~~
36 ~~to levy school district taxes as provided in section 15-992.~~

37 C. THE PROPERTY TAX OVERSIGHT COMMISSION MUST REVIEW THE PRIMARY
38 PROPERTY TAX CALCULATIONS FILED UNDER SUBSECTION B, PARAGRAPH 6 OF THIS
39 SECTION.

40 D. THE COUNTY SCHOOL SUPERINTENDENT MUST FILE IN WRITING WITH THE
41 COUNTY BOARD OF SUPERVISORS AND THE PROPERTY TAX OVERSIGHT COMMISSION ON OR
42 BEFORE THE THIRD MONDAY IN AUGUST OF EACH YEAR THE AMOUNT THAT IS REQUIRED TO
43 BE LEVIED FOR EACH SCHOOL DISTRICT FROM BOTH THE PRIMARY PROPERTY TAX
44 PRESCRIBED BY SECTION 15-992 AND THE SECONDARY PROPERTY TAX.

1 ~~D.~~ E. On or before September 1, the governing board of a school
2 district shall file with the county school superintendent an estimate of the
3 amount of title VIII of the elementary and secondary education act of 1965
4 monies it is eligible to receive during the current year. On or before June
5 1, the governing board shall file with the county school superintendent and
6 the superintendent of public instruction a statement of the actual amount of
7 title VIII of the elementary and secondary education act of 1965 monies it
8 received during the current year. This subsection does not apply to
9 accommodation schools.

10 ~~E.~~ F. The department may collect any other similar or related
11 information from school districts that the department may determine is
12 necessary to carry out the purposes of this section.

13 Sec. 2. Section 42-17001, Arizona Revised Statutes, is amended to
14 read:

15 42-17001. Definitions

16 In this chapter, unless the context otherwise requires:

17 1. "Commission" means the property tax oversight commission
18 established by section 42-17002.

19 2. "Fire district" means a fire district established pursuant to title
20 48, chapter 5.

21 3. "Political subdivision" means a county, charter county, city,
22 charter city, town, ~~or~~ community college district OR SCHOOL DISTRICT.

23 Sec. 3. Section 42-17003, Arizona Revised Statutes, is amended to
24 read:

25 42-17003. Duties

26 A. The commission shall:

27 1. Establish procedures for deriving the information required by
28 sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

29 2. Review the primary property tax levy of each political subdivision
30 to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and
31 article 2 of this chapter.

32 3. Review the secondary property tax levy of each fire district to
33 determine violations of section 48-807.

34 4. REVIEW FOR ACCURACY THE TAX LEVY AND RATE AS PRESCRIBED BY SECTION
35 15-992.

36 ~~4.~~ 5. Review the reports made by the department concerning valuation
37 accuracy.

38 ~~5.~~ 6. Hold hearings to determine the adequacy of compliance with
39 articles 2 and 3 of this chapter.

40 ~~6.~~ 7. Upon the request of a county, city, town or community college
41 district, hold hearings as prescribed in section 42-17004 regarding the
42 calculation of the maximum allowable primary property tax levy limits
43 prescribed in section 42-17051, subsection A.

44 B. If the commission determines that a political subdivision has
45 violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this

1 chapter, ~~or~~ that a fire district has violated section 48-807 OR THAT A SCHOOL
2 DISTRICT INCORRECTLY CALCULATED THE TAX LEVY AND RATE AS PRESCRIBED BY
3 SECTION 15-992, then on or before September 15 the commission shall notify
4 the political subdivision or district, and the county board of supervisors,
5 in writing, of:

6 1. The nature of the violation.

7 2. The necessary adjustment to:

8 (a) The primary property tax levy and tax rate to comply with section
9 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

10 (b) The secondary property tax levy and tax rate to comply with
11 section 48-807.

12 (c) FOR SCHOOL DISTRICTS, THE TAX LEVY AND RATE TO COMPLY WITH SECTION
13 15-992.

14 Sec. 4. Section 42-17004, Arizona Revised Statutes, is amended to
15 read:

16 42-17004. Hearing and appeals of commission findings

17 A. If the commission notifies a political subdivision of a violation
18 of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, ~~or~~
19 notifies a fire district of a violation of section 48-807, ~~OR NOTIFIES A~~
20 SCHOOL DISTRICT OF AN INCORRECT CALCULATION OF THE TAX LEVY AND RATE AS
21 PRESCRIBED BY SECTION 15-992, and the political subdivision or district
22 disputes the commission's findings, then on or before October 1 the political
23 subdivision or district may request a hearing before the commission to
24 attempt to resolve the dispute.

25 B. A governing body of a county, city, town, community college
26 district, SCHOOL DISTRICT or fire district may request a hearing before the
27 commission regarding the calculation of the maximum allowable primary or
28 secondary property tax levy limits prescribed in section 42-17051 or 48-807
29 OR THE CALCULATION OF THE TAX LEVY AND RATE AS PRESCRIBED IN SECTION 15-992,
30 AS APPLICABLE. The commission may resolve any disputes.

31 C. The commission shall conduct the hearing as prescribed in title 41,
32 chapter 6, article 10.

33 D. If the dispute is resolved at the hearing, the commission shall
34 immediately notify the county board of supervisors of the proper primary or
35 secondary tax levy and tax rate.

36 E. If a political subdivision or fire district continues to dispute
37 the commission's findings after the hearing under this section, the political
38 subdivision or district may:

39 1. Appeal the matter to tax court within thirty days after the
40 commission renders the decision.

41 2. Levy primary or secondary property taxes in the amount that the
42 political subdivision or district considers to be proper, pending the outcome
43 of the appeal.

1 Sec. 5. Section 42-17005, Arizona Revised Statutes, is amended to
2 read:

3 42-17005. Adjustments to levy

4 A. If a governing body of a political subdivision or a fire district
5 receives written notice of a violation of its allowable levy limit or truth
6 in taxation limit under section 42-17003, and has not appealed the
7 commission's decision pursuant to section 42-17004, the governing body shall
8 correct its property tax levy and tax rate to properly reflect the allowable
9 levy for the current year. The county board of supervisors shall make the
10 necessary adjustments to the political subdivision's or district's property
11 tax levy and tax rate to ensure that the corrected information is contained
12 in the assessment and tax roll that is transmitted to the county treasurer
13 pursuant to section 42-18003. If the governing body receives the notice
14 after it is too late to correct the levy in the current year, the difference
15 between the amount actually levied and the allowable property tax levy shall
16 be set aside in a special fund and used to reduce the property taxes levied
17 in the following year.

18 B. If, after a hearing under section 42-17004, the commission
19 determines that errors were made in the calculation of the maximum allowable
20 primary property tax levy limit pursuant to section 42-17051, subsection A,
21 THE PRIMARY PROPERTY TAX LEVY PURSUANT TO SECTION 15-992 or THE secondary
22 property tax levy limit pursuant to section 48-807, the commission shall have
23 five days to notify the governing body of the county, city, town, community
24 college district, SCHOOL DISTRICT or fire district of the corrected levy
25 limit. The commission shall also notify the county board of supervisors
26 within five days. The corrected maximum allowable primary property tax levy
27 shall be used in section 42-17051, subsection A, paragraph 1 in determining
28 the following year's levy limit. The corrected maximum allowable secondary
29 property tax levy shall be used in section 48-807 in determining the
30 following year's levy limit.

31 C. If, after a hearing under section 42-17004, it is impossible for
32 the board of supervisors to correct a property tax levy in the current year,
33 the political subdivision or fire district shall hold the difference between
34 the amount the political subdivision or district actually levied and the
35 allowable property tax levy prescribed by the commission in a separate fund
36 to be used to reduce the property taxes levied by the political subdivision
37 or district in the following year.

38 D. If the commission discovers that it has made an error in computing
39 the levy limit after September 15, it shall notify the political
40 subdivision's or fire district's governing body about the error. The error
41 shall be corrected as prescribed in subsection A of this section. If the
42 error results in the maximum allowable property tax levy being raised:

43 1. The corrected maximum allowable primary property tax levy shall be
44 used in section 42-17051, subsection A, paragraph 1 in determining the
45 following year's levy limit.

1 2. The corrected maximum allowable secondary property tax levy shall
2 be used for the purposes of section 48-807 in determining the following
3 year's levy limit.

4 E. If, on appeal under section 42-17004, subsection E, the ruling of
5 the court provides for a property tax levy in an amount that is less than the
6 amount levied by the political subdivision or fire district, the political
7 subdivision or district shall hold the difference between the amounts in a
8 separate fund to be used to reduce the property taxes levied by the political
9 subdivision or district in the following year.

APPROVED BY THE GOVERNOR APRIL 23, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 24, 2014.

Passed the House February 27, 2014

by the following vote: 33 Ayes,

25 Nays, 2 Not Voting



Speaker of the House

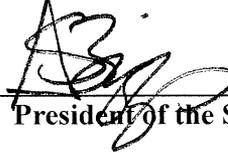


Chief Clerk of the House

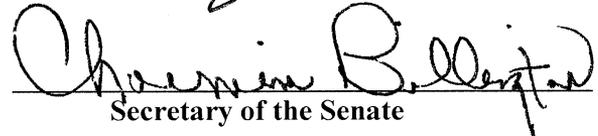
Passed the Senate April 17, 2014

by the following vote: 17 Ayes,

11 Nays, 2 Not Voting



President of the Senate



Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20____

at _____ o'clock _____ M.

Secretary of State

H.B. 2395

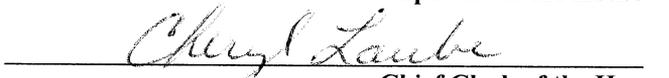
HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 21, 2014,

by the following vote: 40 Ayes,

15 Nays, 5 Not Voting


Speaker of the House


Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

22 day of April, 2014,

at 8:30 o'clock A M.


Secretary to the Governor

Approved this 23rd day of

April, 2014,

at 11:31 o'clock P M.


Governor of Arizona

H.B. 2395

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 24th day of April, 2014,

at 9:57 o'clock a M.


Secretary of State