

Arizona State Equalization Tax Rate



STATE EQUALIZATION PROPERTY TAX RATE

What is the state equalization property tax rate formerly known as the county equalization assistance for education tax rate)?

This tax was enacted in 1981 at a rate of \$0.50 per \$100 of assessed value. It was called the county equalization assistance for education tax rate at that time. The board of supervisors in each county is required to levy the tax each year and it is the responsibility of the county treasurer to apportion the monies to the school districts within the county as provided by law. It is important to note that under the school funding formula, a decrease in the county education rate does not decrease the amount of funds a school district will receive. If a school district still requires funding after raising revenues through the qualifying tax rate and county equalization for education rate, the Legislature appropriates the remaining amount needed through basic state aid (hence, the General Fund picks up the cost of the loss of tax revenue).

In 1990, the rate was increased to \$0.53 per \$100 of assessed value. Since the enactment of the Truth-In-Taxation (TNT) provisions in 1998, the rate has fallen each year to reflect the increases in property valuation. In addition, the 1998 law changed the name of the county equalization assistance for education tax rate to the state equalization property tax rate.

For tax years 2006, 2007 and 2008, the state equalization assistance property tax rate is set at zero. This means the General Fund will pick up the cost of the lost tax revenue for each of these three tax years. In the 2006 tax year, the cost to the General Fund was \$215.2 million.

Without further legislation, the state equalization property tax rate will be determined under the TNT statutes for tax year 2009 and beyond. The rate will be calculated based on the truth in taxation adjusted rate from the 2005 tax year.