



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
Second Regular Session

House: APPROP 9-7-1-0-0

## HB 2909: taxation; 2024 - 2025

**Sponsor: Representative Livingston, LD 28**

**House Engrossed**

### Overview

Contains provisions relating to taxation needed to implement the FY 2025 budget.

### History

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#) of the Constitution of Arizona requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

### Provisions

#### **Department of Revenue**

1. Changes the implementation date of Laws 2024, Chapter 142 (HB2382), from January 1, 2026 to January 1, 2028, which required the Department of Revenue to establish a process by which a third-party provider that offers sourcing services to taxpayers for transactions involving tangible personal property to become certified. (Sec. 1)
2. Extends the transaction privilege and use tax exemption for qualifying equipment purchased by businesses certified as healthy forest enterprises from June 30, 2024 to December 31, 2026. (Sec. 2, 3)
3. Caps the aggregate dollar level of the Corporate Low Income Student Tuition Tax Credit at \$135 million annually, beginning in FY25. (Sec. 4)
4. Expands the eligibility for scholarships from the "Switcher" Individual Income Tax Credit and Corporate Low-Income Student Tuition Tax Credit programs to include foster care children that meet certain requirements and that if a court rules these provisions unenforceable these provisions would not become effective. (Sec. 5, 6)
5. Requires, as session law, county supervisors to reduce property tax levies in FY25 in elementary districts without a high school that are non-state districts and that were required to levy the minimum qualifying tax rate (MQTR) in FY24 and beginning in FY25, Type 03 county levies will be deducted from the MQTR on an ongoing basis pursuant to Laws 2024, Chapter 134 (HB2173). (Sec. 7)
6. Stipulates, as session law, legislative intent that the amount to be charged to all counties, cities, towns, Council of Governments and regional transportation authorities with a

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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population greater than 800,000 for the Integrated Tax System Project shall not exceed \$6,626,900 for FY25 and provides the mechanism to apportion the amount. (Sec 10)

7. Stipulates, as session law, legislative intent that the amounts charged to 16% recreational marijuana excise tax and the 0.6% education sales tax for the Integrated Tax System Project shall not exceed \$179,000 and \$803,600, respectively in FY25. (Sec. 10)

***Qasimyar v. Maricopa County Tax Litigation***

8. Stipulates, as session law, that taxing jurisdictions, including school districts, that are liable for tax refunds in the *Qasimyar v. Maricopa County* litigation and that estimate the judgement would result in a property tax increase of 4% or more may issue tax anticipation notes that mature four years following the issuance of the notes or request that the state loan commissioners issue bonds to redeem or refund the tax anticipation notes and repeals this provision December 31, 2030. (Sec. 8)
9. Authorizes, as session law, the AZ Department of Education (ADE) to re-calculate basic state aid for districts liable for *Qasimyar v. Maricopa County* tax refunds without the adoption of a resolution by a school district governing board and requires ADE to submit proposed re-calculations to JLBC for review. (Sec. 9)
10. Requires, as session law, school districts to reduce their levies to cover property tax refunds ordered in the *Qasimyar v. Maricopa County* litigation to account for estimated revenues from basic state aid re-calculations authorized by A.R.S. 15-915.B. Requires ADE to estimate the A.R.S. 15-915.B recalculations by district by August 1, 2024 and provide its estimate to the Property Tax Oversight Commission, JLBC and OSPB. (Sec. 9)
11. Authorizes, as session law, school districts liable for *Qasimyar v. Maricopa County* tax refunds to use any unbudgeted cash balances from FY23 from their Maintenance and Operations Fund or Unrestricted Capital Fund that were not included in the school district's adopted FY24 budget to cover the cost of the refunds. (Sec. 9)
12. Clarifies, as session law, that any limitations on school district tax levies for *Qasimyar v. Maricopa County* tax refunds shall not be construed to prevent school districts from levying sufficient property taxes to pay required debt service on general obligation bonds. (Sec. 9)
13. Requires, as session law, the Maricopa County Treasurer to include a statement on the TY24 property tax bills stating, "Your tax rate includes an increase to cover the cost of tax refunds ordered in class action litigation." (Sec. 9)
14. Contains an emergency clause. (Sec. 11)