



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, Second Regular Session*

FACT SHEET FOR S.C.R. 1006

property tax; refund; nuisance enforcement

Purpose

Subject to voter approval statutorily allows, from TY 2025 through TY 2035, a property owner to annually apply for a property tax refund if a city, town or county fails to abate a public nuisance that affects the property owner's real property as specified. Requires the State Treasurer to withhold aggregate refund amounts from affected city, town or county distribution base monies.

Background

All property in Arizona is subject to taxation with certain exemptions. Arizona has two distinct types of property taxes, primary and secondary. Primary property taxes are levied to pay for the maintenance and operation of a taxing jurisdiction. Primary property tax rates are determined and collected by each individual taxing jurisdiction ([Ariz. Const. art. 9 § 2](#) and [A.R.S. § 42-17151](#)).

The Arizona Department of Revenue (ADOR) is responsible for providing an integrated, coordinated and uniform system of tax administration and revenue collection for the state, including a coordinated electronic method of collecting state and municipal transaction privilege and affiliated excise taxes. ADOR transmits transaction privilege tax (TPT) revenues to the State Treasurer, separately accounting for certain categories with dedicated uses.

A portion of TPT and severance taxes is referred to as the distribution base and is designated for distribution to cities, towns, counties and other purposes specified in statute. Statute directs ADOR to monthly allocate monies in the distribution base and requires 25 percent to be paid to cities and towns in proportion to population and 40.51 percent to be paid to counties according to a prescribed formula. After the distribution base is distributed to cities, towns, counties and other purposes, ADOR credits remaining distribution base monies to the state General Fund (A.R.S. §§ [42-1004](#) and [42-5029](#)).

The fiscal impact to the state General Fund is unknown at this time.

Provisions

1. Allows, beginning TY 2025 through TY 2035, a property owner to annually apply for a primary property tax refund on the property owner's real property if the city, town, or county in which the property is located maintains a public nuisance or adopts and follows a policy, pattern or practice of declining to enforce existing laws, ordinances or other legislation that prohibits illegal camping, obstructing public thoroughfares, loitering, panhandling, public urination or defecation, public consumption of alcoholic beverages or possession or use of illegal substances, and either:
  - a) the property's fair market value is reduced by the policy, pattern, practice or public nuisance; or
  - b) the property owner incurs expenses to mitigate the effects of the policy, pattern, practice or public nuisance on the property.

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2. Sets the amount of a property owner's refund, at the property owner's election, at either:
  - a) the property's reduction in fair market value that results from a city's, town's or county's policy, pattern, practice or public nuisance; or
  - b) the expenses incurred by the property owner that were reasonably necessary to mitigate the effects of the policy, pattern, practice or public nuisance.
3. Entitles a property owner to another refund in a subsequent tax year if a city's, town's or county's policy, pattern, practice or public nuisance remains in place after the property owner's initial refund application, unless:
  - a) the city, town or county and the property owner enter into a knowing and voluntary settlement; or
  - b) the city, town or county ends the policy, pattern or practice or abates the public nuisance.
4. Requires the State Treasurer, on notice from ADOR, to:
  - a) withhold the respective aggregate property tax refund amounts from the distribution of distribution base monies to the affected city, town or county; and
  - b) continue to withhold the monies until the entire refund amount has been withheld.
5. Requires the State Treasurer to credit withheld distribution base monies to the state General Fund.
6. Prohibits the State Treasurer from withholding any payments for debt service on bonds or other long-term obligations of a city, town or county that were issued or incurred before the refund was issued.
7. Requires, in any challenge to a property tax refund, a city, town or county to bear the burden of demonstrating that its actions are lawful or that the refund amount is unreasonable.
8. Stipulates that a property owner is not required to submit a claim as a prerequisite to demanding or receiving just compensation in the form of a property tax refund.
9. Requires the property tax refund to be paid by ADOR in the same manner as the standard tax refund and specifies that the refund is in lieu of any claim for monetary damages or any rights under the Private Property Rights Protection Act.
10. Specifies that the remedy created by the property tax refund is in addition to any other remedy provided by Arizona laws, the Arizona Constitution or the U.S. Constitution and is not intended to modify or replace any other remedy.
11. Specifies that the property tax refund requirements do not apply to:
  - a) decisions by city, town or county authorities to exercise prosecutorial discretion not to prosecute alleged offenders if the decisions are made on a case-by-case basis and the justifications for each decision are published monthly by the city, town or county;
  - b) acts of executive clemency;
  - c) acts or omissions taken due to a declared state of emergency; and
  - d) acts or omissions mandated by federal law.
12. Directs ADOR to prescribe the procedure and form to administer the property tax refund.

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13. Defines terms.

14. Repeals the nuisance enforcement property tax refund on January 1, 2036.

15. Requires the Secretary of State to submit the proposition to the voters at the next general election.

16. Becomes effective if approved by the voters and on proclamation of the Governor.

Prepared by Senate Research

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