

PRESS RELEASE

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School Districts Slam Taxpayers with \$100 Million Property Tax Increase

School districts avoided considerable costs not using their school buses much last year but in a twist of fate, it's going to cost property taxpayers almost \$100 million. As a result of a bizarre and antiquated formula, districts may add a local property tax which makes up the difference between their current formula transportation funding and their historic high amount of transportation funding. Sometimes referred to as "Transpo Delta", this tax totaled \$79.2 million statewide last year. Districts are proposing to tax \$178 million this year. This \$98.9 million tax increase will hit property taxpayers beginning in October unless districts change their mind before August 16 when rates are adopted.

As a result of the pandemic, Arizona school districts used their school buses far less last school year. The state funding formula is based on route-miles driven in the prior year. State law allows districts to tax for the difference between that and their historic high "or a lesser amount" if their governing board so chooses. Instead of using a small portion of the \$3.7 billion from the federal government for pandemic assistance, almost every school district in the state except a few decided to levy the maximum amount which results in a \$98.9 million tax increase.

The few districts who propose to spare their taxpayers include Santa Cruz Valley Unified and Alpine, Palominas, and San Fernando Elementary. A few districts, such as Mesa Unified, did not decrease transportation last year and therefore don't face this issue.

The federal government provided three rounds of pandemic assistance to public schools totaling \$3.7 billion. They are one-time monies and mostly unrestricted, meaning they can be used for any legal purpose. The one-time decrease in formula monies for transportation is a perfect example of what federal dollars should backfill. It's not as though this \$3.7 billion can be used for permanent pay raises for employees—it's one-time money.

For most districts, their one-time decrease in formula transportation funding represents a tiny fraction of the federal monies they received. Tucson Unified is increasing taxes \$10.4 million this year associated with the Transpo Delta and yet they have received a total of \$267.8 million from the federal government for pandemic assistance. For Alhambra Elementary, their proposed tax increase is \$1.2 million when they received \$93.3 million. For Paradise Valley Unified, they are increasing taxes \$4.2 million when they got \$64.5 million from the feds.

ATRA encourages school districts to consider their property taxpayers when they adopt tax rates next Monday. The federal money was designed for one-time pandemic-related assistance and supporting their transportation formula is a justified use of this money. Saddling your community with increased property taxes when schools actually *saved money* on these programs last year is insulting and shows a complete lack of regard for taxpayers.