The taxpayer's watchdog for 85 years

ARIZONA TAX RESEARCH ASSOCIATION

NEWSLETTER VOLUME 85 NUMBER 6 OCTOBER 2025

Statewide Debt at $36.7B in FY 2024

Non-compliance on the Rise

The total outstanding debt reported by the state and local governments decreased 3% to $36.7B in FY 2024. During FY 2024, various jurisdictions issued $4.8B in new debt, and of that amount, $704M was directly attributed to refunding. The total amount of debt in FY 2024 may be understated due to the increased level of non-compliance by state and local jurisdictions, which reached a new high in the *FY 2024 Report of Outstanding Indebtedness.*

The Debt Oversight Commission (DOC) is statutorily required to publish an annual report of the bonded indebtedness of all taxing jurisdictions in relation to their debt limits. Each year, counties, cities and towns, community colleges, school districts, special taxing districts and other jurisdictions are required to report whether or not they have outstanding debt to the Arizona Department of Administration (ADOA), who is responsible for compiling the data. The types of debt

See **Debt**, Page 2

Upcoming ATRA Events!

ATRA Golf Tournament

Wednesday, November 5th

ATRA Outlook Conference

Friday, Nov 21st

Statewide Average Tax Rate Falls for 9th Straight Year

Arizona's statewide average property tax rate fell for the 9th straight year as growth in assessed valuations continue to outpace tax levies. The 2025 statewide average rate of $10.56 is down $2.39 (18.4%) since 2016. The majority of the rate reduction ($2.21) was in primary tax rates, many of which are constrained by constitutional levy limits. Average secondary rates over the 9-year period only fell 18 cents.

Two thirds of the 9-year rate reduction can be credited to state policymakers (Legislature and Governor) who have consistently adhered to the state's Truth-in-Taxation (TNT) law. The TNT law requires the state to annually adjust the Qualifying Tax Rate (QTR) to offset growth in property valuations. The QTR is a K12 school equalization tax rate controlled by the state and is ultimately responsible for a large portion of property tax bills. Over the last 9 years, the QTR has been reduced $1.0742. Forty-three cents of the reduction also came courtesy of state policymaker's elimination of the state property tax rate.

For perspective, statewide tax levies over the 9-year period climbed $2.4 billion or 33%. However, statewide taxable property valuation growth climbed $35.7 billion (63%) resulting in the drop of the state average tax rate.

See **Avg Tax Rate**, Page 7

INSIDE:

Debt, *Continued from page 1*

reported include general obligation (G.O.) bonds, revenue bonds, municipal property corporation (MPC) bonds, certificates of participation (COP's), and other issuances of long-term debt. The publication is intended to provide the public with accurate and meaningful information regarding the total outstanding debt and debt limits of the state and local governments; however, reliability of the publication depends on the quality of the data being reported. Although there may have been instances in which jurisdictions were late in reporting or failed to report altogether, some report submissions may have been unintentionally omitted by ADOA and never made it into the final report, ultimately understating the total amount of outstanding debt to some degree. As a result, the accuracy of the publication dropped significantly in FY 2024.

Jurisdiction	FY 2023	FY 2024	1 YR CHG	% CHG
Universities	$4,160,502,222	$4,238,083,261	$77,581,039	1.9%
K-12 School Districts	$5,911,577,034	$6,003,118,312	$91,541,278	1.5%
Comm. Colleges	$354,963,570	$215,340,751	-$139,622,819	-39.3%
Cities & Towns	$16,842,190,398	$16,830,955,267	-$11,235,131	-0.1%
Special Districts	$2,356,432,716	$2,121,206,824	-$235,225,892	-10.0%
State Agencies	$1,685,523,120	$1,365,628,534	-$319,894,586	-19.0%
Counties	$2,088,303,555	$1,760,101,223	-$328,202,332	-15.7%
Other	$4,494,160,000	$4,212,410,000	-$281,750,000	-6.3%
TOTAL	**$37,893,652,615**	**$36,746,844,172**	**-$1,146,808,443**	**-3.0%**
Debt Type	**FY 2023**	**FY 2024**	**1 YR CHG**	**% CHG**
G.O.	$9,865,470,107	$9,976,422,779	$110,952,672	1.1%
Revenue & MPC	$22,560,234,947	$22,196,659,733	-$363,575,214	-1.6%
COP	$3,761,819,692	$2,341,820,536	-$1,419,999,156	-37.7%
Impact Aid	$28,885,000	$20,905,000	-$7,980,000	-27.6%
Spec. Assmt.	$190,086,780	$186,586,375	-$3,500,405	-1.8%
Lease Purchase & 3P	$1,377,159,077	$2,024,449,749	$647,290,672	47.0%
TOTAL	**$37,783,655,603**	**$36,746,844,172**	**-$1,036,811,431**	**-2.7%**

Of the $36.7B in total debt, cities and towns carried the most at nearly $17B, followed by K-12 schools with $6B, and universities with $4.2B. The preferred debt instrument utilized by state and local governments are revenue bonds and MPC debt at $22.2B, which typically do not require voter approval, followed by G.O. bonds at approximately $10B.

FY24 Debt by Jurisdiction

Jurisdiction	G.O.	Revenue/MPC	COP	LP/3P	Special Assess.	Impact Aid	Total
Cities & Towns	$3,114,491,282	$11,095,473,106	$1,315,670,000	$1,262,311,721	$43,009,158		$16,830,955,267
School Districts	$5,542,232,955		$54,615,000	$385,365,357		$20,905,000	$6,003,118,312
Universities		$4,000,990,000	$200,225,000	$36,868,261			$4,238,083,261
State		$1,235,700,000	$59,350,536	$70,577,998			$1,365,628,534
Other		$4,212,410,000					$4,212,410,000
Special Districts	$1,155,308,542	$305,993,588	$277,905,000	$238,422,477	$143,577,217		$2,121,206,824
Counties	$44,590,000	$1,253,588,039	$434,055,000	$27,868,184			$1,760,101,223
Community Colleges	$119,800,000	$92,505,000		$3,035,751			$215,340,751
TOTAL	**$9,976,422,779**	**$22,196,659,733**	**$2,341,820,536**	**$2,024,449,749**	**$186,586,375**	**$20,905,000**	**$36,746,844,172**

See **Debt**, Page 3

1814 W. Washington Street
Phoenix, Arizona 85007
(602) 253-9121

www.arizonatax.org

Debt, *Continued from page 2*

Cities/Towns

The total amount of city debt remained level at $16.8B in FY 2024 as reported by 69 of the 91 cities and towns. By far, revenue bonds and MPC are the debt instruments of choice at $11.1B, followed by $3.1B in G.O. bonds, and $1.3B in COPs and LP/3P debt.

The City of Phoenix carries the most debt of all cities at $6.5B, followed by Mesa with $1.8B. On a per capita basis, Queen Creek was the highest at $9,779, followed by Williams with $6,866, and Sedona with $6,158.

Top 10 Outstanding Debt	
City	Outstanding Debt
Phoenix	$6,464,480,388
Mesa	$1,774,086,505
Tempe	$974,735,315
Tucson	$968,090,627
Glendale	$896,195,000
Gilbert	$863,325,000
Scottsdale	$721,339,524
Queen Creek	$630,622,902
Chandler	$496,840,000
Peoria	$353,423,434

FY24 Top 10 Per Capita Debt	
City/Town	Per Capita Total
Queen Creek	$9,779
Williams	$6,866
Sedona	$6,158
Bisbee	$5,734
Tempe	$5,019
Quartzsite	$4,101
Litchfield Park	$3,928
Phoenix	$3,843
Glendale	$3,474
Willcox	$3,437

K-12 School Districts

In FY 2024, 195 of the 240 school districts reported over $6B in debt, an increase of 1.5% over the previous year. Nearly all the debt issued by school districts is in G.O. bonds, accounting for 92% or $5.5B of the total. Pima school districts displayed the largest increases in debt by a collective $137M, followed by Maricopa schools with $34.5M. Those increases were offset by reductions in schools located in Pinal ($28.4M) and Yavapai ($26.7). counties

G.O. debt for schools is categorized as either Class A or Class B, depending when the bonds were issued. Class A bonds are those that were issued prior to December 31, 1998 and the constitution limits this class of G.O. debt

					As Incorrectly stated in Debt Report	
El/Un Districts	Outstanding Debt	FCV	Debt Limit (10%)	% Capacity Used	Debt Limit (15%)	% Capacity Used
Tolleson Union	$258,395,000	$4,179,400,844	$417,940,084	61.8%	$626,910,127	41.22%
Roosevelet El	$104,350,000	$1,992,868,221	$199,286,822	52.4%	$298,930,233	34.91%
Agua Fria Union	$238,675,000	$4,645,045,806	$464,504,581	51.4%	$696,756,871	34.26%
Madison El	$103,555,000	$2,549,656,370	$254,965,637	40.6%	$382,448,456	27.08%
Kyrene El	$143,065,000	$4,694,007,171	$469,400,717	30.5%	$704,101,076	20.32%
Tempe EL	$126,650,000	$4,156,339,381	$415,633,938	30.5%	$623,450,907	20.31%
Glendale Union	$151,480,000	$5,026,793,742	$502,679,374	30.1%	$754,019,061	20.09%
Phoenix Union HS	$364,285,000	$14,948,027,838	$1,494,802,784	24.4%	$2,242,204,176	16.25%
Unified Districts	Outstanding Debt	FCV	Debt Limit (20%)	% Capacity Used	Debt Limit (30%)	% Capacity Used
Marana Unified	$188,630,000	$1,805,438,457	$361,087,691	52.2%	$541,631,537	34.83%
Chandler Unified	$374,280,000	$7,275,383,815	$1,455,076,763	25.7%	$2,182,615,145	17.15%
Paradise Valley Unified	$323,977,222	$8,437,672,993	$1,687,534,599	19.2%	$2,531,301,898	12.80%
Tucson Unified	$199,830,000	$6,176,451,585	$1,235,290,317	16.2%	$1,852,935,476	10.78%
Deer Valley Unified	$176,740,000	$6,694,852,089	$1,338,970,418	13.2%	$2,008,455,627	8.80%
Peoria Unified	$133,955,000	$5,215,457,615	$1,043,091,523	12.8%	$1,564,637,285	8.56%
Mesa Unified	$211,485,000	$8,495,887,069	$1,699,177,414	12.4%	$2,548,766,121	8.30%
Gilbert Unified	$108,900,000	$5,516,315,222	$1,103,263,044	9.9%	$1,654,894,567	6.58%
Scottsdale Unified	$153,625,000	$12,857,481,653	$2,571,496,331	6.0%	$3,857,244,496	3.98%

See **Debt**, Page 4

Debt, *Continued from page 3*

to 15% for K-8 and 9-12 districts, and 30% for unified school districts. G.O. debt issued after 1998 are classified as Class B and are limited by statute to 10% for K-8 and 9-12 districts, and 20% for unified school districts.

County	Outstanding Debt	Per Capita Debt
Pima	$953,167,342	$882.00
Pinal	$338,771,191	$725.00
Maricopa	$214,169,326	$46.00
Coconino	$93,830,000	$623.00
Yuma	$82,873,836	$387.00
Gila	$27,568,734	$512.00
Navajo	$21,710,000	$198.00
Santa Cruz	$21,690,222	$434.00
La Paz	$4,474,282	$265.00
Mohave	$1,184,733	$5.00
Graham	$661,557	$17.00
Cochise	$0	$0.00
Apache	non-compliant	non-compliant
Greenlee	non-compliant	non-compliant
Yavapai	N/A	N/A

*Yavapai County was incorrectly listed as non-compliant.

Surprisingly and over ATRA's objections, ADOA made the unilateral decision to apply the higher Class A debt limits to all school G.O. debt, even though less than 2% is actually Class A debt. As a result, the report cannot be relied upon by citizens to determine district adherence to debt limits. For example, the report reflects that Tolleson Union and Marana Unified school districts have issued nearly 41% and 35% of their respective debt capacity. However, when calculating the capacity based on the correct debt limits for Class B (as reported in the official county tax rate and levy worksheets), the two districts have actually accessed approximately 62% and 52% of their respective debt limits.

Counties

Arizona's counties reported approximately $1.8B in total outstanding debt in FY 2024. Pima County held the most debt at $953.2M and the most debt per capita at $882. Pinal County held the second most in debt of $338.8M and in debt per capita at $725. The 15.7% ($328M) reduction in the total debt reported by the counties is mainly due to reductions in debt reported by Maricopa ($155.5M) and Pima ($138.4M).

Special Districts

Total debt reported by the special taxing districts dropped 10% in FY 2024 to $2.1B. The majority of debt is in voter-approved G.O. bonds, accounting for 54% ($1.2B) of total debt. The residual special district debt is $306M in non-voter-approved revenue bonds, $277M in COP's, $238.4M in LP/3P debt, and $143.6M in special assessment bonds.

Community College	Outstanding Debt	Per Student Debt
Yuma/La Paz	$65,435,000	$305
Cochise	$10,695,000	$84
Pima	$47,536,291	$44
Maricopa	$87,320,000	$19
Yavapai	$2,360,000	$9
Navajo	$754,340	$7
Mohave	$1,240,120	$6
Coconino	$0	$0
Gila Provisional	$0	$0
Graham	$0	$0
Pinal	$0	$0
Santa Cruz Provisional	$0	$0

The $574.2M held by Maricopa County Special Health Care District (MCSHC) in G.O. debt accounted for nearly half of the total G.O. debt reported by the special districts. Oddly, the identical amount that was reported by MCSHC in the prior year. The remaining G.O. debt is held by the

See **Debt**, Page 5

Debt, *Continued from page 4*

special districts for community facilities at $398.8M and fire districts with $123.1 million in G.O. debt.

Arizona's 144 fire districts reported having a total of $423.3M in total outstanding debt. In addition to the $123.1M in G.O. bonds, fire districts held $278.4M in revenue/COP debt and $21.8M in LP/3P debt. The fire districts carrying the largest levels of debt included Golder Ranch in Pima/Pinal Counties with $55.9M, Sun City FD in Maricopa County with $50.7M, and Central Arizona FMD in Yavapai County with $49.6M.

Community College Districts (CCD)

Arizona's community colleges reportedly held $215.3M in total debt in FY 2024, 39.3% less than the prior fiscal year. The decrease in total CCD debt is partly due to the $48.3M decrease in debt reported by Maricopa CCD. The total amount reported in FY 2024 may also be understated since Pinal (Central Arizona) is shown to be non-compliant, after reporting $77.9M in outstanding debt in FY 2023.

State Agencies & Universities

State agency debt dropped 19% in FY 2024 to $1.4B. The Arizona Department of Transportation (ADOT) carried the most debt of $1B, following a 21% ($284.6M) decline from last year.

Debt held by Arizona's three universities increased 1.9% to $4.2B in FY 2024, solely due to the $199M increase in debt by Arizona State University, which holds the most debt of all the universities at $2.4B. The University of Arizona reduced its debt $88.8M to $1.3B and Northern Arizona University reduced its debt by $32.6M to $494.6M.

	Non-Compliant	
Entity	FY 24	FY 23
City/Town	22	9
Community College	2	5
County	3	0
Other Jurisdiction	0	0
School District	45	18
Special District	169	104
State Agency/University	35	11
TOTAL	276	147

Other Jurisdictions

The total debt reported by Other Jurisdictions declined 6.3% to $4.2B. The two entities included in this category are the Salt River Project with over $4B in debt and the Arizona Sports & Tourism Authority with $150M in debt.

Non-compliance:

The FY 2024 Debt Report reflected a surge in entities not reporting as required by law. Non-compliant entities jumped from 147 in FY 2023 to 276 in FY 2024. The reasons for the spike are unclear but current law prohibits non-compliant entities from issuing any new bonds or other securities and any person knowingly omitting or refusing to comply is guilty of a class 2 misdemeanor.

The FY 2024 Debt Report can be viewed here from the ADOA website.

- Jennifer Stielow

$1.96 billion in K12 School Bonds on November Ballots

Voters in 16 Maricopa, Pima and Pinal County school districts are being asked to approve close to $2.0 billion in general obligation (GO) bonds this November. Including interest, the property tax increases to fund the debt service on the bonds approaches $3 billion. Three of the requests are from districts where voters rejected the bonds last year. General obligation bonds have increasingly become concentrated in Maricopa County. Forty-one of the 64 elections in the last three years have been in Maricopa.

The largest request this year is Western Maricopa Education Center's (West-MEC) $415 million. West-MEC is a Career and Technical Education district in northwest Maricopa County. Unlike most traditional K12 districts that are experiencing declining enrollment, West-MEC says its enrollment nearly doubled between 2013 and 2023. As is often the case with K12 GO bond requests, West-MEC is timing the bond request just as the tax rates for the existing debt service are scheduled to decrease significantly. The consistent refrain with most of these elections is the request comes with "no expected increase in the bond tax rate."

Chandler Unified is again on the ballot this year with a $271 million request. Chandler's $487 million bond proposal last year was rejected. Buckeye Union has increased its request to $163 million after voters failed to approve $155 million in 2024. Dysart is back on the ballot with the identical $127 million rejected last year. Often time these bonds are only defeated through an underfunded grass roots effort that is significantly out spent by the district's campaign apparatus. After defeating the bonds, these taxpayers are discouraged to learn they are not allowed to say no when the district simply places it back on the ballot the next year.

Typically, districts that rely on bonds for recurring costs like furniture, technology and buses tend to separate the bond elections by several years. However, Tolleson Union is before voters for the fourth time in the last five years with an identical $125 million request. Tolleson's current outstanding debt (including interest) tops $655 million. Although the current proposal doesn't specifically address it, Tolleson has drawn considerable attention with discussion of building a domed stadium. Tolleson's ability to tap significant bond funding on a recurring basis highlights the disequalizing impact that GO bonds have on Arizona's K12 finance system. In a Superior Court decision this past August, Arizona's school capitol finance structure was again ruled unconstitutional.

In recent years, ATRA has expressed considerable concerns about the abuse of the statutorily mandated publicity pamphlets districts are required to mail to voters. Those pamphlets are primarily designed to inform taxpayers about the property tax impacts of the proposed bonds. Despite clear property tax increases reflected in the proposed debt service schedules, many of the pamphlets provide conflicting information suggesting there will be no tax increase. The misleading statements almost always lean on a new debt service schedule that plugs into a declining debt service schedule for existing bonds. In 2024, a few districts actually used the official district statement in the publicity pamphlet to state that the bonds would not increase the tax rate. In the 2025 legislative session, ATRA pursued House Bill 2515, sponsored by Representative Justin Olson, that required districts to include the following statement in the pamphlets: "Principal of and interest on the bonds will be payable from a continuing, direct, annual, ad valorem tax levied against all taxable property located within the boundaries of the district. **The bonds will be payable from the tax without limit as to rate or amount."** Despite the fact that this language was identical to that found in the official bond prospectuses when the bonds are sold, Governor Hobbs vetoed the legislation.

See **K12 Bonds**, Page 5

K12 Bonds, *Continued from page 6*

State policymakers should consider a complete overhaul of the publicity pamphlet statute. In most districts, these pamphlets are largely taxpayer financed advocacy pieces. Instead of neutral language outlining the projects requested, the pamphlets often peddle glowing success stories. The pro and con arguments are dramatically weighted towards supporters who are obviously coached to meet the filing deadlines. In the 16 district pamphlets, there were 350 pro arguments and 51 con arguments. However, the con arguments were almost entirely concentrated in 3 Maricopa districts. There were no con arguments in any Pinal and Pima County districts.

2025 School District Bond Elections

District	Bond Amount	Avg. Tax Rate
Maricopa County		
Buckeye Union	$ 163,000,000	0.5119
Chandler Unified	$ 271,500,000	0.3151
Dysart Unified	$ 127,000,000	0.3200
Isaac Elementary	$ 10,000,000	1.0200
Nadaburg Unified	$ 15,000,000	0.4300
Pendergast Elementary	$ 60,000,000	0.5042
Saddle Mountain Unified	$ 150,000,000	1.1700
Tempe Elementary	$ 196,500,000	0.4900
Tolleson Union	$ 125,000,000	0.3800
West-MEC	$ 415,000,000	0.1200
Pima County		
Flowing Wells USD	$ 30,000,000	0.7212
Sunnyside USD	$ 120,000,000	0.9255
Pinal County		
Casa Grande ESD	$ 48,000,000	0.2991
Casa Grande UHSD	$ 48,000,000	0.2163
Florence USD	$ 98,000,000	0.4500
JO Combs USD	$ 80,000,000	0.7739
Total	**$ 1,957,000,000**	

Avg Tax Rate, *Continued from page 1*

This year's state average rate is down 11 cents from the 2024 rate of $10.67. The primary rate is down 9 cents while the secondary rate fell 3 cents. All of the primary rate reduction is with K12 schools where again taxpayers benefited from the legislature's reduction in the QTR. The average primary rate for counties was the only one to increase as several counties, including Maricopa, increased taxes over their TNT levels.

The average secondary rate of $4.04 was a 3-cent reduction from 2024. A larger reduction was offset as result of a noticeable 4-cent increase in special district tax rates. That increase was largely driven by a $22.8 million (15%) increase in the levy for the Maricopa Hospital District. The average rate for community colleges continues to drop as the Maricopa College District winds down the bond debt service in favor of a cash financed capital program.

Statewide Average Property Tax Rates