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# ARIZONA TAX RESEARCH ASSOCIATION

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## **ATRA SUPPORTS HB2476**

### ***Improves the use of proceeds from the sale/lease K-12 property***

#### **Background:**

Arguably the most convoluted and clumsy statute in Title 15, A.R.S. §15-1102 attempts to govern how school districts may expend the proceeds from the sale and lease of school property. Because most school property was acquired with taxpayer money, this law attempts to reduce the ability of school districts to use one-time monies for ongoing spending. It also attempts to relieve taxpayers in highly indebted school districts by directing fractional amounts of sale proceeds towards paying off existing debt. For a variety of reasons, none of the intended outcomes are working as designed and the result is a surplus of funds simply sitting in school plant funds.

#### **Basis for ATRA's Support:**

After deliberation with school business officials, ATRA agreed on several significant changes which both help schools and taxpayers. HB2476 creates a new provision whereby all sales of items less than \$100,000 can be expended at will, which will significantly reduce red tape and the administration of the sale of smaller items. In addition, the bill frees up all existing school plant funds for use on capital projects by creating prospective rules for the use of sale proceeds.

For taxpayers, HB2476 keeps the same definitions for high and low debt school districts, keeps one-time monies for one-time uses, and respects the Revenue Control Limit to ensure property wealth doesn't translate to inequitable spending. Additionally, the proposed measure reduces confusion by explicitly stating what a district will do when it sells property for more than \$100,000. Finally, the bill financially incentivizes school districts to sell and lease school property to other schools, which keeps taxpayer investments in the classroom and reduces redundant capital spending.

***ATRA ASKS FOR LAWMAKERS TO VOTE YES ON HB2476!***