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ARIZONA TAX RESEARCH ASSOCIATION

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Teacher Pay Climbs to 31st Nationally

According to the National Education Association's (NEA) 2023 Rankings and Estimates Report, Arizona ranked 32nd in the nation for average public school teacher salaries in FY22. The NEA estimates for FY23 place Arizona in 31st. More interesting is the state's NEA ranking change since FY17, when Arizona ranked 46th. Between FY17 and FY23, Arizona experienced the fourth greatest rank change, behind New Mexico, which went from 47th to 21st, Utah, which went from 42nd to 23rd, and Washington, which went from 24th to 5th. In dollar terms, Arizona's average teacher salary increased by \$11,552, from \$48,723 in FY17 to \$60,275 in FY23. Washington experienced a comparatively steeper increase, growing from \$54,433 in FY17 to \$83,845 in FY23.

Statewide average teacher salary data compiled by the Arizona Auditor General (OAG) paints a similar picture. The data, which is contained in the OAG's School District Spending reports, shows a 5-year average teacher salary growth of 29%, while the NEA shows 28% growth. In fact, when the FY23 OAG figures are inserted into the FY23 NEA ranking tables, Arizona's average teacher pay ranking jumps from 31st to 24th. Much of this growth is largely attributable to state teacher pay improvement efforts in recent years, such as the "20% by 2020" plan. As a result, Arizona teachers continue to benefit from ever-increasing salaries, even amidst stagnant student enrollment growth.

- Jack Moody

See *Teacher Salaries*, pages 2 and 6 for detailed breakdown

Governor Vetoes GPLET Reform

ATRA's latest effort to reform the Government Property Lease Excise Tax (GPLET) was vetoed by the Governor. This year's proposal comes on the heels of two major court cases that struck down incentive deals that were in violation of Arizona's Constitutional Gift Clause (See *ATRA February 2024 Newsletter*). HB2309 would have reduced the GPLET abatement period from 8 to 4 years to reduce potential constitutional violations on future deals.

Under GPLET, a government lessor (city) may offer an 8-year abatement to shield a lessee (developer) from paying any taxes if the property is located in a Central Business District (CBD). Under such agreements, the developer constructs

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Governor Signs TPT Audit Bill

The Governor's signature on HB2380 reinforces the Department of Revenue's oversight and authority on multijurisdictional TPT taxpayer audits. As enacted, HB2380 also further reinforces the responsibility of the Unified Audit Committee (UAC) by requiring UAC to coordinate uniform TPT audit functions to improve the uniformity of state and local TPT audits.

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State	\$ Change		% Change		Rank Change	
	23 Salary	22 to 23	22 to 23	23 Rank	22 to 23	
Alabama	\$56,109	\$275	0%	37	4	
Alaska	\$75,259	\$1,092	1%	10	0	
Arizona	\$60,275	\$3,500	6%	31	-1	
Arkansas	\$53,317	\$707	1%	47	1	
California	\$90,151	\$1,643	2%	3	0	
Colorado	\$61,907	\$1,777	3%	25	0	
Connecticut	\$83,400	\$2,215	3%	6	0	
Delaware	\$66,243	\$596	1%	16	1	
District of Columbia	\$84,882	\$2,359	3%	4	0	
Florida	\$52,362	\$1,132	2%	49	1	
Georgia	\$64,461	\$2,221	4%	19	-2	
Hawaii	\$70,947	\$3,947	6%	14	0	
Idaho	\$56,365	\$2,133	4%	35	-7	
Illinois	\$73,933	\$1,618	2%	12	0	
Indiana	\$55,981	\$1,385	3%	38	-1	
Iowa	\$60,150	\$569	1%	32	5	
Kansas	\$54,810	-\$178	0%	44	9	
Kentucky	\$56,296	\$1,722	3%	36	-4	
Louisiana	\$55,362	\$1,265	2%	43	0	
Maine	\$60,391	\$1,634	3%	30	1	
Maryland	\$79,421	\$3,655	5%	8	-1	
Massachusetts	\$92,307	\$2,769	3%	1	-1	
Michigan	\$66,148	\$1,264	2%	17	1	
Minnesota	\$66,795	\$2,611	4%	15	-3	
Mississippi	\$48,530	\$628	1%	51	0	
Missouri	\$54,029	\$1,548	3%	46	-1	
Montana	\$55,909	\$2,281	4%	39	-5	
Nebraska	\$58,763	\$1,343	2%	33	2	
Nevada	\$61,719	\$3,915	7%	26	-4	
New Hampshire	\$64,169	\$1,386	2%	20	0	
New Jersey	\$82,126	\$3,081	4%	7	0	
New Mexico	\$63,580	\$9,308	17%	21	-20	
New York	\$92,065	\$968	1%	2	1	
North Carolina	\$56,559	\$1,696	3%	34	-2	
North Dakota	\$55,767	\$101	0%	41	7	
Ohio	\$65,825	\$1,472	2%	18	1	
Oklahoma	\$55,541	\$737	1%	42	4	
Oregon	\$71,842	\$1,440	2%	13	0	
Pennsylvania	\$74,116	\$1,044	1%	11	0	
Rhode Island	\$79,289	\$2,437	3%	9	1	
South Carolina	\$55,778	\$964	2%	40	3	
South Dakota	\$51,363	\$771	2%	50	1	
Tennessee	\$54,378	\$1,093	2%	45	0	
Texas	\$60,716	\$1,829	3%	29	1	
Utah	\$63,257	\$3,586	6%	23	-3	
Vermont	\$63,291	\$425	1%	22	3	
Virginia	\$62,104	\$737	1%	24	2	
Washington	\$83,845	\$2,335	3%	5	0	
West Virginia	\$53,006	\$2,691	5%	48	-2	
Wisconsin	\$61,393	\$669	1%	28	4	
Wyoming	\$61,437	\$618	1%	27	4	
United States	\$68,469	\$1,724	3%	N/A	N/A	

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the project and transfers title to the city upon completion in order to exempt the property from the property tax.

Billions in Value Evades Property Tax Roll

Nearly \$3 billion in value is exempt from the property tax rolls due to GPLET deals entered into between select developers and the cities of Phoenix, Tempe, and Tucson/Rio Nuevo. Leveraging the tax abatement to bankroll developers of luxury condos and other expensive high rise buildings requires taxpayers statewide to subsidize these deals, which vary from \$6 million to \$10 million annually depending on the number of abated projects each year.

The cities age-old argument of having “limited tools in the toolbox” to maintain GPLET for economic development purposes, regardless of the constitutional infirmities, is commonly used. Truth is, cities do have other options, but that would entail using their own revenues rather than the revenues of other jurisdictions.

Harvesting Others’ Property Taxes

It’s much easier to spend money when it’s not your own and cities are no different. Unlike the counties, community colleges, and school districts, cities don’t rely heavily on property taxes. When the cities enter into these deals, they don’t have to ask permission of the other jurisdictions, they simply need to notify them they’re doing it.

The city, on the other hand, is always made whole by requiring the developers to make annual “rent” payments to the city throughout the abatement period. And specifically in the City of Phoenix, the property taxes levied to fund its downtown enhanced municipal services district are the only property taxes not abated under the agreement.

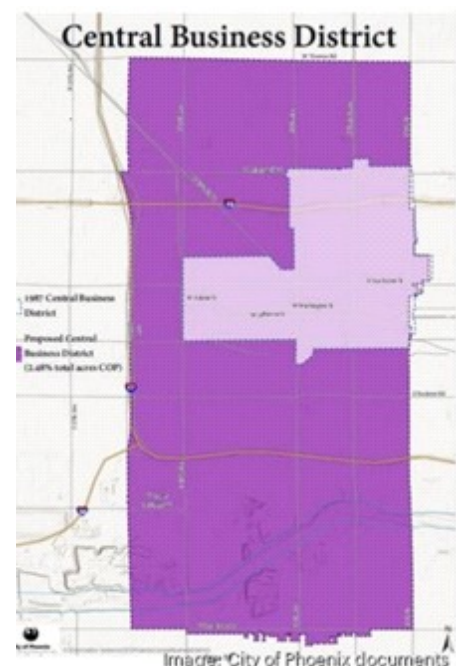
Although these agreements usually include small amounts to appease the school districts (though not even close to what the property tax would be otherwise), the county and community college districts receive no such kickbacks. Unbelievably, the taxpayers in these jurisdictions are left paying higher taxes than they would otherwise.

Inequitable Treatment between Similarly Situated Properties

In addition to higher taxes on all other taxpayers, GPLET causes inequitable treatment between similarly situated properties. Case and point: two multifamily complexes were constructed in the same year on the corner of McDowell and Central Avenues (see page 4). One property pays \$860k annually in property taxes and the other is 100% abated from the property tax, resulting in a total tax subsidy of at least \$6 million over the 8-year abatement period.

It’s all about the People

A few Arizona cities are addicted to these GPLET deals and claim they are necessary to meet the demand for multi-housing, as if the current demand isn’t enough to naturally drive development. When in fact, the



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attractiveness of a city luring big development away from other cities simply comes down to people—the more people a city can draw away from other cities means higher local sales tax revenue and state shared revenue from sales and income taxes for that city.

Abatements on the Rise

HB2309 bill sponsor Rep. Travis Grantham questioned the Phoenix representative in Committee, “when is enough, enough? At what point have you primed the pump enough?” The Phoenix Economic Development Director responded that the city is winding down its use of GPLET, implying that there’s really no need to amend statute to limit its use. Truth is, the City of Phoenix has no intention of slowing down, and in fact, major plans are in the works to drastically expand its use. In a recent [Phoenix Business Journal article](#), Phoenix city council will be considering an expansion to their Central Business District (CBD) six fold, from two square miles to twelve square miles.

- Jennifer Stielow

GPLETs Treat Similar Properties Inequitably

One Pays \$860k in Property Taxes Annually

The Other Gets a \$6 Million 8-Year Abatement



Pinal County Transportation Sales Tax Refund Update

As previously reported in the *ATRA March 2022 Newsletter*, the Arizona Supreme Court invalidated the Pinal County transportation sales tax that had been collected beginning in April 2018 through March 2022. Finally on March 11, 2024, the [Arizona Department of Revenue released taxpayer guidance](#) to refund the more than \$85 million collected in overpaid taxes.

Business taxpayers who paid the Pinal County Transportation excise tax may request some or all of the monies paid, plus applicable interest, or waive their rights to any such refund. Refund requests must be submitted to Pinal

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County for review, and the County will notify taxpayers whether the request is approved or denied. Taxpayers have until April 9, 2026 to submit their electronic refund requests.

Auditor General Audits Raise Serious Concerns

One of the important responsibilities of the Office of the Arizona Auditor General (OAG) is to regularly audit Arizona's school districts. Recently, the OAG released a performance audit of the Cochise Technology District and published a number of concerns, namely surrounding funds paid to its Superintendent, Joel Todd, but also on the efficacy of the District's spending on CTED programs.

The OAG found that since 2012, the District had been reimbursing District employees for the use of their personal residences as office space. The report found that from 2020 to 2024, the District paid a total of \$30,000 to the superintendent for these purposes. In other words, the District paid Todd an additional \$30,000 over those years to work from home. The OAG report considers this a substantial conflict-of-interest, which Todd claims he was unaware of.

Misuse and mismanagement of District funds is an unfortunate common occurrence as demonstrated by OAG audits. District audits are regularly fraught with concerns surrounding bank account mismanagement, payroll inconsistencies, unapproved District purchases, and credit card misuse. In an October 2023 performance audit of Ganado Unified School District, the OAG found that the District was holding Board meetings out of town, which lead to over \$48,000 of District funds being "wasted for unnecessary travel expenses." This isn't the first time a district has done this. In a 2020 performance audit of Gadsden Elementary School District, the OAG found that the District held Board meetings in Coronado, California, and had wasted over \$65,000 in unnecessary travel expenses to do so. Holding public meetings out of town not only flagrantly violates Arizona public meeting laws, but taxpayers are forced to bear the burden of wasted public funds to pay for them.

Statute requires that Arizona's CTED programs prepare students for high-need occupations, lead to any applicable certification or licensure, and otherwise provide students with requisite skills for employment in these occupations. Review of OAG CTED audits reveals that many CTED districts are noncompliant with this specific requirement. For example, the OAG's audit of the Northeast Arizona Technological Institute of Vocational Education found that the District was unable to demonstrate how the nearly \$3 million it spent on these programs was effective. Numerous other OAG reports found other Districts had similar efficacy shortfalls. When districts are unable to demonstrate their efficacy, it raises the question of whether the CTEDs are fulfilling their primary obligation.

- Jack Moody

Teacher Salaries, *Continued from page 1*

