



### **SB 1059 TPT; use tax; education (S. Allen)**

This bill establishes new distributions for education for revenue from Proposition 301. Prop. 301 was legislatively renewed in 2018 to continue the existing 0.6% TPT tax that was set to expire in 2021. SB 1059 changes the distribution of this revenue and contains a conditional repeal. If the voters approve SCR 1002, the 0.6% TPT currently in statute will be repealed and replaced with the 1% tax authorized in SCR 1002.

#### **Provisions**

- Specifies that all revenue collected by the 0.6% TPT tax or by the proposed 1% TPT tax should be distributed as follows:
  - \$86.3 M to fund basic state aid for additional school days
  - \$7.8M to the school safety program
  - 82% of the remaining revenue for primary and secondary classroom education purposes, distributed as monthly deposits to the Classroom Site Fund
  - 13.75% of the remaining revenue to the universities:
    - \$86.5M to the Technology and Research Initiative Fund, with a 2% annual increase starting in FY23
    - Remaining money to be distributed proportionally to subsidize the cost of in-state tuition
  - 4.25% of the remaining revenue for community college trade and workforce development programs
    - \$1.5M to the trade and workforce development account at each community college
    - Remaining money to be distributed to provisional community college districts and Indian tribes with community colleges based on enrollment
- Specifies that revenue distributed from the tax trust supplement, not supplant, revenue received from any other source
- Specifies that if the tax collects insufficient money to appropriate the outlined dollar amounts, each amount will be reduced proportionally
- Removes the existing requirement for school districts and charter schools to use Classroom Site Fund money in the following way:
  - 40% for teacher compensation based on performance and employment-related expenses
  - 40% for maintenance and operations
  - 20% for teacher base salary increases and employment-related expenses
- Allows Classroom Site Fund money to be spent for the following purposes:
  - Class size reduction



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- Teacher compensation, including base pay and a performance pay component
- Teacher development
- Educational interventions and dropout prevention programs
- Voluntary full-day kindergarten
- Student support services
- Tutoring
- Character education
- School safety
- Career and technical education
- School improvement
- Transportation
- Continues the income tax credit to offset the increased state transaction privilege tax and use tax rate for education that was included in the original Proposition 301.
  - Continues the tax credit capped at \$25 per individual and \$100 per household for taxpayers whose federal adjusted gross income is \$25,000 or less for a married couple or head of household and \$12,500 or less for a single person or married person filing separately.