

**PROPOSITION 104**  
**OFFICIAL TITLE**

**HOUSE CONCURRENT RESOLUTION 2028**

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTIONS 1 AND 18, CONSTITUTION OF ARIZONA; RELATING TO RESIDENTIAL PROPERTY TAX VALUATION.

**TEXT OF PROPOSED AMENDMENT**

Be it resolved by the House of Representatives of the State of Arizona, the Senate concurring:

1. Article IX, section 1, Constitution of Arizona, is proposed to be amended as follows if approved by the voters and on proclamation of the Governor:

1. Surrender of power of taxation: uniformity of taxes

Section 1. The power of taxation shall never be surrendered, suspended, or contracted away. EXCEPT AS PROVIDED BY SECTION 18 OF THIS ARTICLE, all taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax, and shall be levied and collected for public purposes only.

2. Article IX, section 18, Constitution of Arizona, is proposed to be amended as follows if approved by the voters and on proclamation of the Governor:

18. Residential ad valorem tax limits: limit on increase in values: definitions

Section 18. (1) The maximum amount of ad valorem taxes that may be collected from residential property in any tax year shall not exceed one per cent of the property's full cash value as limited by this section. ~~For the purpose of this section, "residential property" includes all owner-occupied real property and improvements thereto and all owner-occupied mobile homes used for residential purposes. For the purpose of this section, "owner" includes any purchaser under a contract of sale or under a deed of trust.~~

(2) The limitation provided in subsection (1) does not apply to:

(a) Ad valorem taxes or special assessments levied to pay the principal of and interest and redemption charges on bonded indebtedness or other lawful long-term obligations issued or incurred for a specific purpose.

(b) Ad valorem taxes or assessments levied by or for property improvement assessment districts, improvement districts and other special purpose districts other than counties, cities, towns, school districts and community college districts.

(c) Ad valorem taxes levied pursuant to an election to exceed a budget, expenditure or tax limitation.

(3) Except as otherwise provided by subsections (5), ~~and~~ (6) AND (7) of this section the value of real property and improvements and the value of mobile homes used for all ad valorem taxes except those specified in subsection (2) shall be the lesser of the full cash value of the property or:

~~(a) For tax year 1980, an amount ten per cent greater than the full cash value determined for tax year 1979.~~

~~(b) For tax years 1981 and 1982, an amount ten per cent greater than the value of property determined pursuant to this subsection for the prior year.~~

~~(c) For tax year 1983 and each tax year thereafter, an amount ten per cent greater than the value of property determined pursuant to this subsection for the prior year or an amount equal to the value of property determined pursuant to this subsection for the prior year plus one-fourth of the difference between such value and the full cash value of the property for current tax year, whichever is greater.~~

(4) The legislature shall by law provide a method of determining the value, subject to the provisions of subsection (3), of new property, ~~and of property changed since or not taxed in 1979, which results in value for tax purposes for such property, equivalent to the value for tax purposes for similar property which was in existence and unchanged since 1979.~~

(5) The limitation on increases in the value of property prescribed in subsection (3), ~~paragraphs (a), (b) and (c)~~ does not apply

to equalization orders ~~which~~ THAT the legislature specifically exempts by law from such limitation.

(6) Subsection (3) does not apply to:

(a) Property used in the business of patented or unpatented producing mines and the mills and the smelters operated in connection with the mines. ;

(b) Producing oil, gas and geothermal interests. ;

(c) Real property, improvements thereto and personal property used thereon used in the operation of telephone, telegraph, gas, water and electric utility companies. ;

(d) Aircraft ~~which~~ THAT is regularly scheduled and operated by an airline company for the primary purpose of carrying persons or property for hire in interstate, intrastate or international transportation. ;

(e) Standing timber. ;

(f) Property used in the operation of pipelines. ~~;~~ and

(g) Personal property regardless of use except mobile homes.

(7) A RESIDENT OF THIS STATE WHO IS SIXTY-FIVE YEARS OF AGE OR OLDER MAY APPLY TO THE COUNTY ASSESSOR FOR A PROPERTY VALUATION PROTECTION OPTION ON THE PERSON'S PRIMARY RESIDENCE, INCLUDING NOT MORE THAN TEN ACRES OF UNDEVELOPED APPURTENANT LAND. THE RESIDENT MAY APPLY FOR A PROPERTY VALUATION PROTECTION OPTION AFTER RESIDING IN THE PRIMARY RESIDENCE FOR TWO YEARS. IF ONE PERSON OWNS THE PROPERTY, THE PERSON'S TOTAL INCOME FROM ALL SOURCES INCLUDING NONTAXABLE INCOME SHALL NOT EXCEED FOUR HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611 OF THE SOCIAL SECURITY ACT. IF THE PROPERTY IS OWNED BY TWO OR MORE PERSONS, INCLUDING A HUSBAND AND WIFE, AT LEAST ONE OF THE OWNERS MUST BE SIXTY-FIVE YEARS OF AGE OR OLDER AND THE OWNERS' COMBINED TOTAL INCOME FROM ALL SOURCES INCLUDING NONTAXABLE INCOME SHALL NOT EXCEED FIVE HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611 OF THE SOCIAL SECURITY ACT. THE ASSESSOR SHALL REVIEW THE OWNER'S INCOME QUALIFICATIONS ON A TRIENNIAL BASIS AND SHALL USE THE OWNER'S AVERAGE TOTAL INCOME DURING THE PREVIOUS THREE YEARS FOR THE REVIEW. IF THE COUNTY ASSESSOR APPROVES A PROPERTY VALUATION PROTECTION OPTION, THE VALUE OF THE PRIMARY RESIDENCE SHALL REMAIN FIXED AT THE FULL CASH VALUE IN EFFECT DURING THE YEAR THE PROPERTY VALUATION PROTECTION OPTION IS FILED AND AS LONG AS THE OWNER REMAINS ELIGIBLE. TO REMAIN ELIGIBLE, THE COUNTY ASSESSOR SHALL REQUIRE A QUALIFYING RESIDENT TO REAPPLY FOR THE PROPERTY VALUATION PROTECTION OPTION EVERY THREE YEARS AND SHALL SEND A NOTICE OF REAPPLICATION TO QUALIFYING RESIDENTS SIX MONTHS BEFORE THE THREE YEAR REAPPLICATION REQUIREMENT. IF TITLE TO THE PROPERTY IS CONVEYED TO ANY PERSON WHO DOES NOT QUALIFY FOR THE PROPERTY VALUATION PROTECTION OPTION, THE PROPERTY VALUATION PROTECTION OPTION TERMINATES, AND THE PROPERTY SHALL REVERT TO ITS CURRENT FULL CASH VALUE.

~~(7)~~ (8) The legislature shall provide by law a system of property taxation consistent with the provisions of this section.

(9) FOR PURPOSES OF THIS SECTION:

Spelling, grammar, and punctuation were reproduced as submitted in the "for" and "against" arguments.

(a) "OWNER" MEANS THE OWNER OF RECORD OF THE PROPERTY AND INCLUDES A PERSON WHO OWNS THE MAJORITY BENEFICIAL INTEREST OF A LIVING TRUST.

(b) "PRIMARY RESIDENCE" MEANS ALL OWNER OCCUPIED REAL PROPERTY AND IMPROVEMENTS TO THAT REAL PROPERTY IN THIS STATE THAT IS A SINGLE FAMILY HOME,

CONDOMINIUM, TOWNHOUSE OR AN OWNER OCCUPIED MOBILE HOME AND THAT IS USED FOR RESIDENTIAL PURPOSES.

3. The Secretary of State shall submit this proposition to the voters at the next general election as provided by article XXI, Constitution of Arizona.

**ANALYSIS BY LEGISLATIVE COUNCIL**

Proposition 104 would amend the Arizona Constitution relating to residential property tax valuation. Under current law, all similarly classified property is taxed in a uniform manner.

Proposition 104 would provide an exception to this uniform method of property taxation by allowing the value of the primary residence of qualifying owners to remain at a fixed amount. An owner could request that the value of their primary residence, including a single family home, condominium, townhouse or mobile home and up to 10 acres of undeveloped accompanying land, remain fixed by applying for a "property valuation protection option" with the county assessor. The county assessor would grant the option if all of the following requirements are met:

1. The owner is an Arizona resident.
2. At least one of the owners of the primary residence is at least 65 years old.
3. The property is the primary residence of the owner.
4. The owner has resided at the property for at least two years before applying for the property valuation protection option.
5. The owner's total income from all sources, including nontaxable income, shall not exceed 400% of the Supplemental Security Income (SSI) benefit rate. If two or more persons own the property, the owners' combined total income from all sources cannot exceed 500% of the Supplemental Security Income benefit rate. (The current annual SSI benefit rate is \$6,144.)

If the county assessor grants the option, the value of the owner's primary residence would remain fixed at the full cash value that was in effect when the option was filed. The owner would be required to renew the option every three years. If ownership of the property transfers to a person who does not qualify for the option, the option would terminate and the property would be revalued.

Proposition 104 would only freeze the property value of qualifying owners. Proposition 104 would not freeze property tax rates or the actual amount of taxes that are paid.

**ARGUMENTS "FOR" PROPOSITION 104**

I urge a YES vote on Proposition 104 so no Arizona senior citizens lose their homes to property taxes.

I have worked hard as a State Senator to keep taxes low and to make the tax system fairer. I drafted the repeal of the State property tax rate and sponsored legislation changing the rules for property tax valuation appeals.

Proposition 104 is before the voters because we must amend the State Constitution to address the problem of senior citizens on fixed incomes dealing with inflated property tax assessments.

No one should lose their home for taxes, especially those who worked their entire lives to own a home free and clear of any mortgage. Proposition 104 will prevent that from occurring with no negative impact on the State general fund.

Proposition 104 is good for Arizona, and I urge a YES vote on November 7.

Marc Spitzer, Phoenix

To the Voters of Arizona

Yuma County has a large population of retired people and I am frequently asked the question: "Does Arizona have a tax exemption for senior citizens?" My response is: "I am sorry, there is not. Arizona has a tax deferral program for the elderly, but I do not recommend it." The tax deferral program can accrue a lien of up to 80% of the value of the home. At that time the lien must be paid or the County will foreclose on the property. For most of us, our home is our single largest asset and the deferral program has the effect of confiscating that asset.

I am very happy to endorse this proposition. This proposed program will allow "senior citizens" to freeze their property tax valuation and only be subject to tax changes that are a direct result of tax rate changes. Property values in Yuma County have been rising on the average 5% per year. During my 24 years of service in the Yuma County Assessor's Office I have seen property tax values rise over 100%, but the tax rates have stayed fairly constant. If approved, eligible property owners will be able to closely calculate their annual taxes and the only surprises they will receive will be from dramatic changes in tax rates.

The program will only be available to Arizona residents. I make this point only to illustrate that this program is not available to all and while the program will greatly benefit the eligible property owners, the overall impact to the taxing authorities will be minimal.

Please join me in approving this constitutional amendment and vote "Yes" for this proposition.

Joe Wehrle, Yuma County Assessor, Yuma

We strongly support Proposition 104, the freezing of property values for low-income seniors. This measure is a vital tool in helping needy seniors cope with the increased burden of property tax bills. More and more often, we're seeing senior citizens that are devastated by the effects of higher assessed property values. They simply do not have the means or income to maintain their households and still keep up with increased basic costs for food and medicine. In the most severe cases, seniors actually lose their homes or are forced out of retirement.

This measure would freeze the property values for low-income seniors and greatly assist in protecting their homes. Please join us in support of the "Senior Home Ownership Protection Act" by voting yes on Proposition 104.

Jan Brewer, Supervisor - District 4, Maricopa County, Glendale  
Paid for by Jan Brewer

Fulton Brock, Supervisor - District 1, Maricopa County, Chandler

**Vote "Yes" on Proposition 104**

Arizona AARP supports the Home Ownership Protection initiative as an effort to allow low-income seniors to remain in their households without having to relocate due to rising property valuation. Arizona AARP further believes that sufficient safeguards have been established to ensure that this is for primary residences of Arizonans.

AARP believes that property valuation relief should be provided in an equitable manner to low-income homeowners. A voluntary freeze

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on property valuations should allow low-income, elderly homeowners a more reasonable tax burden at a time when their incomes are most often at a fixed level.

Respectfully submitted by the authorized agents of Arizona AARP,  
David M. Mitchell, State Director, Phoenix  
Michael Donnelly, Advocacy Representative, Phoenix

Curtis D. Cook, Associate State Director, Phoenix  
Paid for by American Association of Retired Persons

Proposition 104 is a bipartisan attempt to protect our low-income seniors from the effects of escalating property tax bills during their Golden Years. This proposition provides a home valuation freeze to insure rising property values do not force fixed income seniors from their homes. Senior Home Ownership Protection promotes neighborhood and family stability. It helps to keep seniors in their homes and encourages independence while maintaining their dignity. I ask you to look within your own family and circle of friends and recognize the stabilizing effect senior households play within our neighborhoods. Protecting low income seniors from the effects of increased property tax burdens may have very little impact on your bill but, will mean a great deal to low income seniors wanting to remain in their homes. Proposition 104 make sense and creates sound social policy.

Join me in voting yes for the "Senior Home Owner Protection Act"- Proposition 104.

**"Remember, none of us are getting any younger."**

Kevin M. Ross, Maricopa County Assessor, Gilbert

TO ALL VOTERS IN ARIZONA:

The State Council of the Union Club and its affiliated Chapters respectfully urge all Arizona voters to support Proposition #104 (HCR2028). This legislation is intended to assist low-income elderly persons to continue to live in their homes and not become burdens on Society. Property Tax Valuations have been increasing sharply in recent years making it extremely difficult for low-income seniors to retain their homes.

Proposition 104 will enable these low-income seniors to have their property valuation frozen at a certain level thus easing their property tax burden.

It has been said that a Society is to be judged by the way it treats its most vulnerable members, namely the elderly and the very young. Arizona voters can express their concern that low-income seniors do not lose their homes by supporting Proposition 104.

Lawrence N. Spitz, President, Sun City  
Lucille Elmore, Treasurer, Sun City

Helen Sarocco, 1st Vice President, Sun City  
Paid for by The Union Club

I support HCR 2028. This amendment will bring a little tax relief to those on a fixed income. Real estate is an investment, it usually increases in value annually. This bill will allow the value of the property to remain the same year after year. Without this protection, the possibility of people losing their property exists. For example, when several entertainers from California purchased and built multimillion dollar homes in Aspen, Colorado this drove the market sky high. Those individual who lived in the surrounding areas value also increased dramatically, some could not afford the taxes and lost their family homes. I know of several people who would benefit from this amendment. So vote for the amendment to the Constitution of Arizona.

Linda D. Durr, Greenlee County Assessor, Clifton

The "freezing" of primary home valuation for tax purposes is an important issue in Arizona. Even though residential property tax rates may not have increased recently, assessors throughout the state have artificially raised taxes by increasing the value of your home each year.

Proposition 104 will prevent tax collectors from forcing retired persons from their homes by raising property values.

Although I believe this "freezing" should be done for all homeowners, Proposition 104 is a good start, and fair for all Arizona homeowners. Please join me in voting **yes** on Proposition 104.

Jerry Overton, State Representative, Litchfield Park

Paid for by Elect Jerry Overton 2000

#### **ARGUMENT FOR "SENIORS' HOME OWNERSHIP PROTECTION ACT":**

As a legislator, I and others, have tried without success to reduce the tax burden of families by giving every homeowners the ability to freeze their home's assessed valuation until resold. This valuation is used to determine your property taxes. I've learned that some tax cuts have to be phased in. This year I was successful for low-income senior homeowners who are most at risk.

Our seniors greatest desire is to remain in their homes longer and continue to be independent, rather than lost their home and go on government welfare. Because of fixed incomes and increasing cost of living, many seniors are existing on the edge and some are hanging on by their fingernails. I have received hundreds of letters describing their plight. Typical examples:

"When my husband and I bought our house in 1989, our taxes were \$479 a year and now they are \$877. We are 66 and 76 years old and both of our social security is only \$1,350 a month. It's hard to make ends meet. Our home is not that good, but it's a roof over our head".

Mr./Mrs. C.O.S. Tucson

"The increase valuations, year after year, deplete our income excessively. Please give us some relief! Enough is enough! We gain nothing by have our homes increase in value. It's a burden to us, especially now since my wife of 60 years passed away thus stopping her Social Security check. I'm 83 years old." W.S. Phoenix

In our growing state, assessed valuations continue to increase. Example, in 1999, Maricopa County increased over 11%, in 2000 over 6% Social Security payments to our seniors, increasing 0- 2 1/2% each year, do not keep up with inflation and cost of living in Arizona. Vote "yes!"

Dean Cooley, State Representative, District 21, Mesa

#### **ARGUMENTS "AGAINST" PROPOSITION 104**

The Secretary of State did not receive arguments "against" Proposition 104.

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**BALLOT FORMAT**

**PROPOSITION 104**

**PROPOSED AMENDMENT TO THE CONSTITUTION  
BY THE LEGISLATURE**

**OFFICIAL TITLE**

HOUSE CONCURRENT RESOLUTION 2028  
PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTIONS 1 AND 18, CONSTITUTION OF ARIZONA; RELATING TO RESIDENTIAL PROPERTY TAX VALUATION.

**DESCRIPTIVE TITLE**

AMENDING ARIZONA CONSTITUTION RELATING TO RESIDENTIAL PROPERTY TAX VALUATION; FREEZES VALUE OF A QUALIFIED PERSON’S PRIMARY RESIDENCE FOR ARIZONA RESIDENT OVER AGE 65 WHO RESIDED AT PROPERTY AT LEAST 2 YEARS BEFORE APPLYING FOR EXEMPTION, AND INCOME DOES NOT EXCEED 400% OF SUPPLEMENTAL SECURITY INCOME BENEFIT RATE (500% FOR COUPLES).

**PROPOSITION 104**

<p>A “yes” vote shall have the effect of allowing qualified home owners to apply for a “property valuation protection option” that freezes the full cash value of the home owner’s primary residence if at least one owner is 65 years or older; property is the primary residence of the taxpayer; owner resided at the property for at least 2 years prior to applying for the option; and owner’s total income does not exceed 400 percent of the supplemental security income benefit rate (500 percent if the taxpayer is married).</p>	<p><b>YES</b> <input type="checkbox"/></p>
<p>A “no” vote shall have the effect of retaining the current Constitutional provisions that do not permit freezing the full cash value of a home owner’s primary residence for the purpose of calculating property taxes.</p>	<p><b>NO</b> <input type="checkbox"/></p>