

**PROPOSITION 101**

**OFFICIAL TITLE**

**HOUSE CONCURRENT RESOLUTION 2056**

Proposing an amendment to the Constitution of Arizona; amending article IX, section 19, Constitution of Arizona; relating to local property tax levies.

**TEXT OF PROPOSED AMENDMENT**

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

1. Article IX, section 19, Constitution of Arizona, is proposed to be amended as follows if approved by the voters and on proclamation of the Governor:

19. Limitation on annual increases in local ad valorem tax levies: exceptions

Section 19. (1) The maximum amount of ad valorem taxes levied by any county, city, town or community college district shall not exceed an amount two per cent greater than the amount levied in the preceding year.

(2) The limitation prescribed by subsection (1) does not apply to:

(a) Ad valorem taxes or special assessments levied to pay the principal of and the 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 and community college districts.

(c) Ad valorem taxes levied by counties for support of ~~common, high and unified~~ school districts.

(3) This section applies to all tax years beginning after December 31, 1981.

(4) The limitation prescribed by subsection (1) shall be

increased each year to the maximum permissible limit, whether or not the political subdivision actually levies ad valorem taxes to such amounts, EXCEPT THAT BEGINNING IN 2007 THE LIMITATION PRESCRIBED BY SUBSECTION (1) SHALL BE COMPUTED FROM THE ACTUAL TAX LEVY OF THE COUNTY, CITY, TOWN OR COMMUNITY COLLEGE DISTRICT IN 2005.

(5) The voters, in the manner prescribed by law, may elect to allow ad valorem taxation in excess of the limitation prescribed by this section.

(6) The limitation prescribed by subsection (1) of this section shall be increased by the amount of ad valorem taxes levied against property not subject to taxation in the prior year and shall be decreased by the amount of ad valorem taxes levied against property subject to taxation in the prior year and not subject to taxation in the current year. Such amounts of ad valorem taxes shall be computed using the rate applied to property not subject to this subsection.

(7) The legislature shall provide by law for the implementation of this section.

**2. Short title**

This measure shall be known as and may be cited as the "2006 Taxpayer Protection Act".

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**

The Arizona Constitution limits the amount of primary property tax that a county, city, town or community college district may levy. Each taxing entity's limit was established in 1980, and that limit has increased by 2% each year, plus any new construction. Counties, cities, towns and community college districts not at their levy limit may increase primary property taxes to the maximum levy limit without voter approval.

Proposition 101, known as the "2006 Taxpayer Protection Act", would amend the Arizona Constitution to remove unused taxing capacity and reset each taxing entity's limit to the actual tax levy of that county, city, town or community college district in 2005. Beginning in 2007, the new levy limit would increase by 2% per year, plus any new construction.

**ARGUMENTS "FOR" PROPOSITION 101**

**Limit Property Tax Increases NOW!**

A "Yes" on Proposition 101, the 2006 Taxpayer Protection Act, is a vote to protect Arizona homeowners and property taxpayers from runaway tax increases. Local governments annually raise property taxes without a public vote. These tax increases can be large and difficult for individuals on fixed incomes or small business employers to endure.

This proposition furthers the intent of the voters who passed limits on the annual tax increases of counties, municipalities, and community college districts. Since then these local governments have built up taxing capacity and the potential to levy large property tax increases. Passage of this proposition will reset the system and limit these governments to reasonable annual tax increases unless they obtain voter approval for larger increases. It is critical that this occur now before these taxing entities can take advantage of explosive property tax growth to disguise huge tax increases.

Nothing in this measure will result in cuts to the budgets of counties, cities, or community colleges. State-ments claiming otherwise are misleading. The budgets of local governments will continue to grow with the addition of new construction and the annual growth allowed by law. If a critical need arises these jurisdictions retain the right to go to their voters for new tax increases above the voter approved limits.

Furthermore, Arizona employers and commercial landowners are disproportionately threatened by annual property tax increases. It is these businesses that are responsible for Arizona's top ranking for new job creation

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

and for our vibrant economy. The taxes that a business pays to feed the appetite of new spending by local governments are dollars that are unavailable to create new jobs, provide health benefits, or invest in new facilities and equipment.

Vote "Yes" on Proposition 101, the 2006 Taxpayer Protection Act.

Tim Lawless, President, Arizona Chapter of  
NAIOP, Phoenix

Fred Stiles, Chair-elect, Arizona Chapter of  
NAIOP, Scottsdale

*Paid for by "Arizona Chapter of NAIOP"*

### **Support Reasonable Property Tax Limitations**

The Arizona Tax Research Association (ATRA), Arizona's only statewide taxpayer organization, strongly supports Proposition 101. In an effort to ensure that skyrocketing property valuations do not translate into huge property tax increases, Proposition 101 will ensure that reasonable limits are placed on local government property tax levies. The Taxpayer Protection Act of 2006 will limit the growth in annual operating property tax levies of counties, cities, towns, and community college districts to two percent. These jurisdictions would receive growth in excess of two percent for any taxes attributable to new construction.

In 1980, Arizona voters placed constitutional property tax limits on counties, cities, towns, and community colleges of two percent plus any growth in the tax base associated with new construction. For 26 years, these limitations have served taxpayers relatively well. However, for some jurisdictions, their maximum levy limit capacity greatly exceeds their actual operating levies. These jurisdictions currently have the ability to dramatically raise property taxes without the consent of the voters.

The Taxpayer Protection Act of 2006 will ensure that voter approval will be required for any county, city, town, or community college district to raise property taxes in excess of two percent over their levies in 2005. While Proposition 101 will reduce the non-voter approved levy **capacity** of these jurisdictions by \$173 million, it will not force any jurisdiction to reduce taxes below existing levels.

History tells us that when property valuations increase, property taxes often climb along with them. By ensuring that all jurisdictions' levies are capped at their current levels, Proposition 101 will protect property taxpayers when the valuations climb.

Gretchen Kitchel, Chairman, ATRA, Scottsdale

Kevin McCarthy, President, ATRA, Gilbert

*Paid for by "Arizona Tax Research Association"*

The Arizona Cattlemen's Association strongly supports Proposition 101. This measure will help ensure that increasing property valuations do not translate into huge property tax increases. It ensures that we as voters will be granted the opportunity to participate when property taxes are proposed to be raised in excess of 2 percent over their levies in 2005.

It takes large parcels of land to raise food in Arizona – with these large parcels we have great tax exposure and Proposition 101 will protect property taxpayers when the valuations climb.

Bill Brake, ACGA President, Arizona  
Cattlemen's Association, Scottsdale

Scott Shill, ACFA President, Arizona  
Cattlemen's Association, Welton

*Paid for by "Arizona Cattlemen's Association"*

### **Vote YES on Proposition 101: Vote to Limit Property Taxes**

Escalating property values are great news when you are trying to sell your home or business. However, for individuals, families and businesses that want to stay in Arizona, increased property valuations often mean a higher tax bill. **The Proposition 101: The 2006 Taxpayer Protection Act puts reasonable limits on the ability of local governments to raise taxes.** Proposition 101 fixes an aging property tax system that needs reform and updating.

The current property tax system can hurt taxpayers because it has not kept up with the tremendous growth rates and property valuation increases. Under the current system, the areas of the state that are growing the quickest and that already have higher than normal tax rates have the greatest potential to raise property tax rates even more.

Proposition 101 will provide a measure of restraint and predictability to local property taxes. If passed by the voters, it will reset tax levies to their 2005 levels. By doing so, it will remove much of the excess taxing capacity that certain jurisdictions have accumulated since 1980. By updating the system, local governments will not be able to make substantial increases to property taxes without earning voter approval.

Keeping Arizona businesses competitive, creating good jobs, restraining the growth and appetite of government and making the state a top choice location for starting or expanding a business are priorities for the Arizona Chamber of Commerce and Industry. The 2006 Taxpayer Protection Act is a critical piece of these efforts.

Proposition 101 helps ensure you won't be taken to the cleaners just because property values are going up in your neighborhood. **Vote YES on Proposition 101.**

Steve Twist, Chairman of Board of Directors,  
Arizona Chamber of Commerce and Industry,  
Scottsdale

James J. Apperson, President & CEO, Arizona  
Chamber of Commerce and Industry,  
Scottsdale

*Paid for by "Arizona Chamber of Commerce"*

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

*Issued by: Secretary of State Jan Brewer*

I strongly support this Ballot Measure that has been presented to the voters of Arizona by our State Legislature. It has become increasingly apparent that government at all levels has an insatiable appetite for tax dollars. If this greed is not checked by Constitutional Law, the property owners of this state will be at risk of outrageous tax increases. We have a special responsibility to protect our senior citizens who are on a fixed income. Government should not present the primary risk to our greatest generation.

I ask you to vote for this common-sense measure that will protect all Arizona property owners from the government that is supposed to be protecting them. The protection of your rights will be the hallmark of my administration, when you elect me as your next governor. If you have any questions about my position on this and other issues facing Arizona, please go to my website: [www.goldwaterforgovernor.org](http://www.goldwaterforgovernor.org) \*\*Paid for by Goldwater for Governor Committee.\*\*

Don Goldwater, Goldwater for Governor, Laveen

This year, many Arizona residents experienced tremendous property value increases. Unless something is done, these value increases will result in automatic property tax increases.

Many Arizonans, especially those on fixed incomes, could be forced out of their homes if the government is allowed to reap a windfall of higher property taxes just because home values increased. This year, I sponsored property tax reforms, including Proposition 101, to make sure that government cannot increase your property taxes without your permission (a public vote).

Proposition 101 will reset the property tax limits to 2005 (before the latest jump in property values). Prop 101 prevents government from collecting more property taxes just because home values increase.

Government will be required to lower property tax rates by the amount of the property value increase. Under Prop 101, if home values double, the tax rates are REQUIRED to be cut in half; therefore, your tax bill will NOT change.

Government should not profit from automatic higher property taxes just because the value of your property increased. Prop 101 allows for normal inflation, as well as new property to come onto the tax rolls at its appropriate value.

The last time that Arizona enacted this type of property tax reform was 1980. Now, due to the recent tremendous property value increases, it's time to do it again. Don't listen to the scare tactics by opponents of Prop 101. Arizona did not come to a screeching halt after the 1980 property tax reform, and it will not happen now either.

Prop 101 simply prevents government from collecting a windfall of automatic property tax increases. Vote YES on Prop 101 to stop government from raising your property tax bill without your permission.

Sen. Dean Martin, Chairman, Senate Finance Committee, Phoenix

#### **ARGUMENTS "AGAINST" PROPOSITION 101**

The Secretary of State's office did not receive any arguments "against" Proposition 101.

**BALLOT FORMAT**

**PROPOSITION 101**

PROPOSED AMENDMENT TO THE CONSTITUTION  
BY THE LEGISLATURE

**OFFICIAL TITLE**

HOUSE CONCURRENT RESOLUTION 2056  
PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 19, CONSTITUTION OF ARIZONA; RELATING TO LOCAL PROPERTY TAX LEVIES.

**DESCRIPTIVE TITLE**

BEGINNING 2007: REMOVES UNUSED TAXING CAPACITY OF COUNTIES, CITIES, TOWNS, AND COMMUNITY COLLEGE DISTRICTS AND REQUIRES CALCULATION OF PROPERTY TAX LEVY LIMITS BASED ON ACTUAL PROPERTY TAX LEVIED IN 2005; NEW LEVY LIMIT INCREASES TWO PERCENT PER YEAR, PLUS ANY NEW CONSTRUCTION.

**PROPOSITION 101**

A "yes" vote shall have the effect of requiring counties, cities, towns, and community college districts to calculate property tax levy limits based on the actual property taxes levied in 2005, and beginning in 2007 the new levy limit would increase by two percent per year plus any new construction.	YES <input type="checkbox"/>
A "no" vote shall have the effect of maintaining current property taxing capacity for counties, cities, towns or community college districts.	NO <input type="checkbox"/>

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