

PROPOSITION 117

OFFICIAL TITLE

SENATE CONCURRENT RESOLUTION 1025
A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA; RELATING TO PROPERTY TAX ASSESSED VALUATION.

TEXT OF PROPOSED AMENDMENT

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

1. 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.

(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), (6) and (7) of this section:

(a) THROUGH TAX YEAR 2014, 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 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.

(b) FOR THE PURPOSES OF TAXES LEVIED BEGINNING IN TAX YEAR 2015, THE VALUE OF REAL PROPERTY AND IMPROVEMENTS, INCLUDING MOBILE HOMES, USED FOR ALL AD VALOREM TAXES SHALL BE THE LESSER OF THE FULL CASH VALUE OF THE PROPERTY OR AN AMOUNT FIVE PER CENT GREATER THAN THE VALUE OF PROPERTY DETERMINED PURSUANT TO THIS SUBSECTION FOR THE PRIOR YEAR.

(4) The legislature shall by law provide a method of determining the value, subject to the provisions of subsection (3), of new property.

(5) The limitation on increases in the value of property prescribed in subsection (3) does not apply to equalization orders 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 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.

(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. To be eligible for the property valuation protection option, the resident shall make application and furnish documentation required by the assessor on or before September 1. If the resident fails to file the application on or before September 1, the assessor shall process the application for the subsequent year. If the resident files an application with the assessor on or before September 1, the assessor shall notify the resident whether the application is accepted or denied on or before December 1. 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(b)(1) 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(b)(1) 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 VALUATION DETERMINED PURSUANT TO SUBSECTION (3) THAT IS 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.

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

(9) For THE purposes of this section:

PROPOSITION 117

(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, OR townhouse or an owner occupied mobile home and that is used for residential purposes.

2. 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 117 would amend the Arizona Constitution to cap the annual increase in the value of real property used to calculate property taxes to 5% over the value of the property for the previous year, beginning with the 2015 tax year. Currently, there is no limit on full cash value. This limitation would apply to property values used in determining all property taxes on the real property.

ARGUMENTS "FOR" PROPOSITION 117

Vote YES on Prop 117 – Limit Growth in Property Valuations & Exposure to Tax Increases

The Arizona Tax Research Association (ATRA) urges your support of Prop 117 because it will protect property taxpayers from dramatic increases in property valuations that often lead to significant tax increases. **Prop 117 will limit annual assessed value growth to 5%.**

In addition, Prop 117 will simplify one of the most complicated property tax systems in the country. Currently, property in Arizona is taxed on two values: full cash, or market value (FCV) and the limited property value (LPV). The Constitution requires that FCV represent the market value, which is unlimited in the amount it can increase each year. In contrast, the LPV is required to annually increase by the greater of 10% or 25% of the difference between the current year FCV and the previous year's LPV. That doesn't just sound complicated – it is.

Prop 117 limits the taxation of property to the LPV and the FCV will no longer be taxable. **Eliminating the tax on market value will prevent a repeat of the dramatic increases in property taxes that occurred between 2004 and 2009 when real estate values skyrocketed.**

ATRA strongly believes that the 5% limit is fair for taxpayers and Arizona state and local governments. A reasonable limit will not only provide greater predictability for taxpayers, it will bring much needed stability to future local government budgets. Had the 5% limit been in place over the last decade, it would have prevented \$33 billion in value from being added to the tax rolls that was ultimately removed when the market collapsed.

David L. Minard, Treasurer, Arizona Tax Research Association, Peoria

Kevin J. McCarthy, President, Arizona Tax Research Association, Gilbert

Paid for by Arizona Tax Research Association

I am in full support of Proposition 117. I have worked in the Assessor's Office since 1977 and witnessed, first hand, the installation of the current property tax formula in 1980. At the time, it was a welcome relief from the runaway taxation that was occurring due to rising property values. However, the current system is flawed with many complicated formulas that are outdated and no longer are applicable to the times we live in. For many years I have been advocating that the Limited Value formula needed to be simplified and that property taxes needed to be more predictable. This measure does both. Having all ad-valorem property taxes calculated from the Limited Property Value and simplifying the LPV formula to a simple 5% calculation will greatly assist Arizona assessors in explaining tax bills to the property owner. Please join me and vote Yes on Proposition 117.

Joe Wehrle, Yuma County Assessor, Yuma

Paid for by Committee to Re-elect Joe Wehrle

Proposition 117 is good for the taxpayers of Arizona. It creates a limitation for valuations of locally assessed taxpayers. The provision would not shift tax burdens from commercial properties to residential properties (homeowners). The original two tiered system of Full Cash Value and Limited value was to protect the taxpayers from rising values and uncontrolled spending by the taxing jurisdictions. History has shown that as property tax values grow, the impulse by government to "keep the tax rates steady", thus generate more revenue, increases. This proposal is timely as in most areas of the state; Full Cash and Limited Values are identical. Additionally, the administrative and judicial appeal systems will remain intact. I support Proposition 117 to provide more predictability and stability to the taxpayers of Arizona.

James R. Brodnax, Glendale

Farm Bureau Supports a "Yes" Vote on Proposition 117

Prop. 117 seeks to simplify one of the most complex property tax systems in the country and provide stability to property owners and taxing jurisdictions alike. By taxing property owners on one value rather than the current method that uses two different valuations, everyone, including farmers and ranchers, will be better able to predict their property tax burden. In addition, reasonable limits on the growth of property valuations subject to taxation will ensure short term spikes in property value, like those experienced during the housing bubble, do not result in exorbitant, unsustainable tax bills for property owners.

The stability of the property tax system should have a positive effect on the economy as capital thrives on stability and predictability and attracting capital equates to attracting jobs. Passage of proposition 117 would provide clarity, simplicity and predictability for all taxpayers.

Kevin G. Rogers, President, Arizona Farm Bureau Federation, Gilbert

James W. Klinker, Chief Administrative Officer, Arizona Farm Bureau Federation, Gilbert

Paid for by Arizona Farm Bureau Federation

VOTE YES ON PROP 117 – SIMPLIFY AND LIMIT YOUR PROPERTY TAXES

As the largest commercial real estate trade association in the state with a vital interest in reducing property taxes for all our citizens, we urge your support of Prop 117. Arizona has one of the most complicated property tax systems in the country. We believe this property tax reform proposal will **simplify** Arizona's property tax system.

Arizona's property tax system, which employs multiple sets of taxable values, has been the subject of considerable criticism for decades. The two sets of taxable values (secondary and primary) largely serve to confuse property taxpayers. For the first time in decades, these two taxable values are now almost identical due to the dramatic decline in the real estate market. As a result, Arizona citizens have a rare opportunity to limit the taxation of property to just one value without negatively impacting local government budgets.

Currently, there is no limit on the annual growth in secondary values. The lack of any limit in the growth of secondary values added considerably to the volatility that characterized Arizona's property tax system over the last decade. **Prop 117 will limit the taxation of property to one value (primary), which will be limited to 5% annual growth.** This measure will not only increase the stability of Arizona's property tax system but also provide greater predictability for both government and taxpayers.

We strongly encourage you to take advantage of the opportunity to **SIMPLIFY AND LIMIT** this system that has been in place since 1980.

Tim Lawless, President, Arizona Chapter of NAIOP, Commercial Real Estate Development Association, Phoenix

Keaton Merrell, Vice Chairman of the Board, Arizona Chapter of NAIOP, Commercial Real Estate Development Association, Phoenix

Paid for by Arizona Chapter of NAIOP Commercial Real Estate Development Association

Keep Your Home Affordable – Yes on 117!

Keeping home prices affordable is essential to the recovery of Arizona's housing market. A key variable impacting affordability is the property taxes paid by a homeowner. For every dollar of new taxes the ability of a buyer to afford a home is diminished. Prior to the recent downturn, Arizona homeowners experienced dramatic increases in their property tax bills because of the major increases in their property values. Supporting Prop. 117 will prevent these dramatic increases from happening in the future, by placing a reasonable limit on the increase in property value that the government can use, while ensuring the tax revenues are stable for necessary government services. Keeping your property taxes more predictable and stable will help ensure that you will not be taxed out of your current home or priced out of buying your next home.

Please **Vote YES on 117!**

Connie Wilhelm, President, Home Builders Association of Central Arizona, Phoenix

Spencer Kamps, Vice-President of Legislative Affairs, Home Builders Association of Central Arizona, Phoenix

Paid for by Home Builders Association of Central Arizona

Arizona Chamber of Commerce & Industry Supports Proposition 117

The Arizona Chamber supports a tax system that is globally competitive, fair, consistent, and equitable. Proposition 117 moves Arizona toward such a system by capping the annual growth in locally assessed property values at 5% and simplifying one of the most complicated property tax systems in the country.

The 5% cap will protect taxpayers from dramatic increases in tax bills due to real estate market volatility. This is especially important during a real estate bubble such as the one Arizona experienced during the last decade. Had the 5% cap been in place during that time, over \$30 billion in property value that was added during the bubble and subsequently lost during the recession would never have been added to the tax rolls in the first place.

In addition to providing taxpayers with greater property tax stability and predictability, the 5% cap also provides greater stability and predictability to governments. Highly volatile revenue streams make it difficult for elected officials to consistently match revenues with expenditures. Proposition 117 will enhance the ability of governments to confidently budget and plan for the future by increasing the stability of property tax revenues.

Finally, Proposition 117 greatly simplifies Arizona's property tax system by using one value to calculate all property taxes. Instead of using one value to determine the tax that funds maintenance and operations of local governments and another that funds voter approved bonds and overrides, Proposition 117 creates a system where one value is used for all purposes.

We urge voters to support Proposition 117.

Glenn Hamer, President & CEO, Arizona Chamber of Commerce & Industry, Phoenix

Doug Yonko, Chairman, Arizona Chamber of Commerce & Industry, Phoenix

Paid for by Arizona Chamber of Commerce & Industry

Sensible property tax reform is not a partisan issue

I am proud to have sponsored the legislation, SCR 1025, that referred Proposition 117 to the ballot for consideration by Arizona voters. Furthermore, I was pleased by the bipartisan support the measure received at the Legislature. Legislators from both sides of the political aisle recognized the need to simplify and restrain our current property tax system.

Proposition 117 will have real benefits for Arizona homeowners and businesses. This measure will provide predictability to a system that has been extremely volatile. This volatility has placed significant burdens on homeowners who have experienced significant tax increases and businesses seeking to plan for new investments in hiring and capital. Proposition 117 will also simplify the property tax system by using a single limited value for the calculation of all property taxes. Now is an ideal time to remove some of the unnecessary complexity from our property tax system.

Please join me in supporting Proposition 117.

Thank you,

Steve Yarbrough, State Senator, Arizona State Senate, Chandler

Paid for by Yes on 117 Committee

Agriculture supports a simpler and more stable property tax system

As farmers in Arizona we have enough challenges without having to deal with the rollercoaster ride of our state's overly complex property tax system. Proposition 117 would simplify our current property tax system and smooth out some of the bumps. Farmers will still have to deal with weather, changing market conditions, and pests; but at least we will know what to expect when it comes to our property taxes.

Proposition 117 will cap annual increases in the assessed value of property to 5% and use just one value for the calculation for all property taxes. These are good things and are welcome changes to our current property tax system.

With one less thing to worry about we can focus more attention on the success of our farms, the people we employ, and the food we bring to your table.

Please support Proposition 117.

Velma Wright Townsend, Yuma

Paid for by Yes on 117 Committee

YOUR PROPERTY TAX IS ABOUT TO SKYROCKET UP, and only you can stop it.

Your property value on average has dropped more than 30 percent. Has your tax dropped that much? No, it has not. Here is why: **GOVERNMENT HASN'T GIVEN YOU THE WHOLE TRUTH.** Read on... If nothing changes in Arizona tax law and/or government behavior, you can expect another expensive property tax shock on your family home and small business – and very soon.

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

You haven't been told the truth about property taxes. Government in Arizona quietly raised the tax rate as values plummeted, taking a higher percentage of your equity. **OUR MIDDLE CLASS FAMILIES** are about to be hit with yet **ANOTHER PROPERTY TAX INCREASE**, one that will pain those on fixed incomes and seniors the most.

As values start rising again, so will your tax bill, and now based on newer rates that in most cases are the highest they have been in years.

We must stop this before our families and in particular seniors once again have to choose between paying rising mortgage costs and daily staples like food and medicine, and the middle class has a greater burden imposed.

PROPOSITION 117 WOULD PUT A 5% CAP ON THE GROWTH OF LOCALLY ASSESSED PROPERTY. It would limit government from gorging on property owners in times of rapidly increasing valuations, which we might be facing again. It will limit government to more sustainable growth levels.

If you want predictable, reasonable and limited property tax increases, vote for Proposition 117.

Sal DiCiccio, Phoenix City Councilman, Phoenix

Paid for by Yes on 117 Committee

Please Vote Yes on 117!

As a homeowner on a fixed income, I can't wait to vote Yes on 117! When the real estate boom occurred, property values skyrocketed and tax bills increased. When the real estate crash occurred most of us did NOT see a decrease in our property taxes despite considerable reductions in our property value. That's just not right!!! With the real estate market starting to turnaround, we should not forget the hard lessons learned from the recent recession. We need to protect against unreasonable increases in our property taxes from happening again. As I read it, that's what Prop. 117 will do - it will protect homeowners from dramatic increases in their tax bills. Homeowners should vote **Yes on Prop. 117!**

JoAnne Sandquist, Retired, Sierra Vista

Vote YES on Prop 117 to Protect Taxpayers

Prop 117 will protect taxpayers from exorbitant increases in AZ property values. As most tax payers are aware, Arizona's property tax system is highly complicated for the average property owner. Our government's tax system uses two sets of value to tax, one is supposedly reflective of the market value of property (full cash value or FCV) and the other value (limited property value or LPV) stems and grows annually from a complicated technical statutory formula, typically no less than 10%.

When property values grow dramatically and local governments keep tax rates the same, taxes increase by the same rate as the growth. This is what happened to a majority of property taxpayers during the 2001-2008 real estate boom. During that time, 150 taxing jurisdictions tricked taxpayers into thinking our government was not increasing taxes because tax rates remained the same. Yet what happened was that as each property value grew the result was a tax increase.

Property values grew nearly 50% in the City of Phoenix between 2001 and 2008, and overall in the state, property taxes collected grew at an even greater rate of more than 60%. Why did the City of Phoenix stick to its policy of continuing the fixed combined tax rate of \$1.82 while ignoring the explosive growth in values? Because the City of Phoenix received extra-ordinary cash windfall simply by doing nothing (certainly not protecting the good business sense a city government should have towards its taxpayers). Prop 117 will protect taxpayers against dramatic increases in their property tax bill and require sensibility and business acumen for each jurisdiction entity.

Vote for Prop 117 which will help property owners limit the growth in taxes when they choose to keep tax rates the same during growth times.

Kurt Schneider, Phoenix

Ranching Families Support Prop 117

If only nature gave us rain like our government gives us property tax increases-we would be awash in green grass. Ranching families and all property owners should not have to be subject to such wide swings in values from one year to the next. Proposition 117 will provide for a more stable tax system without wide swings in property values from one year to the next. It's bad enough just waiting for the rain...

Please vote YES on Proposition 117!

Norman J. Hinz, President, Arizona Cattle Feeder's Association, Phoenix

Paid for by Arizona Cattlemen's Association

Patrick Bray, Executive Vice President, Arizona Cattlemen's Association, Phoenix

(Under Arizona's complicated property tax system, homeowners have seen unpredictable increases of 95 percent in property taxes between 2004 and 2009. To everyone's dismay, many of these unexpected *increases* in property taxes actually occurred during a time when the market value of homes was *decreasing*. Under Prop 117, the amount that the tax can increase will be limited to 5 percent per year. Tax rates will stabilize. Property tax rates for new construction will be calculated to harmonize with the rates of existing homes. Local governments will be able to reliably anticipate future tax revenue. Taxpayers will be shielded from the alarming increases in property taxes that have occurred in the past with real estate bubbles. There is no effect on state aid to schools. It somewhat limits the bonding capacity of local governments - not a bad thing. There is no downside to Proposition 117. It's a win-win for everyone. **VOTE "YES" ON PROP 117.**)

Sylvia Allen, State Senator, Arizona State Senate, Candidate for Navajo County Board of Supervisors District 3, Snowflake

Paid for by Committee to Elect Lester Pearce

Lester Pearce, Former Justice of the Peace, Candidate for Maricopa County Board of Supervisors District 2, Mesa

Arizona's current property tax system is too complex for the average property owner to understand. An ideal system is one that is simple, predictable and easily understood.

Under our current property tax system, property is taxed on two values: 1) the market value, which is unlimited in the amount it can grow each year, and 2) a statutorily set value that can increase each year based on a complicated formula. Both values are subject to tax and fund a wide variety of government services.

Prop 117 will limit the taxation of property to only one value and that value will be limited in annual growth of 5% (currently there is no limit). No longer will property be taxed at its market value.

Narrowing the taxation of property to one value that has a reasonable limit will simplify Arizona's property tax system and will provide greater predictability for both government and taxpayers.

Gary M. Gitlin, Paradise Valley

ARGUMENTS "AGAINST" PROPOSITION 117

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Property Tax Assessed Valuation –

Statement: The Tucson Hispanic Chamber of Commerce does not support capping property taxes and further impeding the ability for our elected officials to make fiscally responsible decisions to support core services that should be provided by the state government. Tax reform is necessary in the State of Arizona and the disparity between business and residential property tax limits our state's ability to attract new business and for existing businesses to grow.

Lea Marquez Peterson, President & CEO, Tucson Hispanic Chamber of Commerce, Tucson
Paid for by Tucson Hispanic Chamber of Commerce

Tannya Gaxiola, Chairwoman, Tucson Hispanic Chamber of Commerce, Tucson

Vote NO on Proposition 117, Property Tax Assessed Valuation.

Prop 117 does nothing to limit your property tax bill or annual tax increases.

Prop 117 just pretends to offer property tax relief or reform. It lacks any restraint on tax rate increases so does nothing to curb how much money taxing districts can collect from you. It still allows the addition of new taxing districts, more debt, and higher tax "overrides" to your bill.

The Legislature put Prop 117 on the ballot and at the same time came close to passing HB 2405. Passage would have allowed every school district in the state to double their bond debt capacity which would then double the 2nd largest item on your property tax bill. Many in the Legislature are working to raise your property taxes, not limit them.

Prop 117 is proof that property tax reform won't come from the Legislature. We must do it ourselves using the initiative process.

Prop 13 Arizona, a Citizens Initiative for the 2014 ballot, is the reform we need. It uses purchase price (or decline-in-value provisions) as your tax basis, limits valuation increases to no more than 2% per year, and caps your total tax rate at 0.5% for all residential property or 1% for all other real property. No parcel taxes, overrides or exceptions to the tax caps.

Prop 13 Arizona provides plenty of tax revenue for the government, just not unlimited tax increases as the current system allows. It puts family budgets first, not government's desire to tax and spend without limit.

Vote NO on Proposition 117. It does nothing to fix our broken tax system.

Lynne Weaver, Chairman, Prop 13 Arizona, Phoenix
Paid for by Prop 13 Arizona

Proposition 117 is confusing and will not prevent tax increases.

Vote no on Prop 117!

It does nothing to prevent taxing authorities from raising property taxes.

While Proposition 117 is touted as a truth in taxation measure, the truth is that its affect on the Arizona Constitution is not clear. It adds uncertainty to the taxing process and may cause litigation for proper interpretation.

Proponents of Prop 117, the Arizona Tax Research Association (ATRA), have conceded the fact that municipalities can, and most likely will, raise the tax rate on property owners to offset any loss in tax revenue. All Prop 117 does is reduce the current cap on Limited Property Values (LPV) from 10% to 5%. If the existing Constitutional cap of 10% is not working according to ATRA, why would 5% be effective? This is being marketed as a measure that reduces property taxes, which is not accurate.

However, Prop 117 is a potential inhibitor to community bonding capacity, which affects the ability to provide public services to every community.

One way or another, cities, towns, counties and other municipalities make-up for lost revenues. Prop 117 does not prevent property tax increases.

Constitutional changes must be clean and clear.

Vote no on Prop 117!

T. F. Naifeh, Phoenix

ARGUMENT AGAINST PROP 117

PROP 117 will change the constitution to allow unfair and inequitable taxation. If PROP 117 passes, there will be no cap on tax rates and no cap on government spending – there will only be a cap on appraisal values. The right way is to cap tax rates or cap government budgets. Studies show that appraisal caps are bad public policy – rather than reduce property taxes, they shift property taxes away from developers and large land owners over to owners of houses in medium and low income neighborhoods. This is not even a step in the right direction. **Vote NO on PROP 117.**

Chris Glidewell, Mesa

ARGUMENT AGAINST PROP 117

For 100 years the Arizona constitution has required that all property's taxes "be uniform upon the same class of property" to ensure equitable taxation. Passage of PROP 117 changes the constitution to allow unfair and inequitable taxation. PROP 117 also makes the tax laws more complex and less understandable. There is a loophole in PROP 117. If PROP 117 passes it only caps appraisal values. Therefore, governmental bodies can merely increase the tax rates to make up the difference – they have done it to you before. Because the implementation of appraisal caps always shifts taxation away from higher appreciating property to lower appreciating property, developers and large land owners will have some of their tax burden shifted over to owners of houses in medium and low income neighborhoods.

Arizona citizens deserve better. The right way to limit Arizona property taxes is to cap tax rates or cap government budgets – not pass PROP 117 with all of its flaws instead. Studies show that appraisal caps are bad public policy. "House Committee on Local Government Ways & Means, Interim Report 2004", "Study of Alternative Tax Plans for Public Education in Texas," Texas A&M Real Estate Center, "Appraisal Limits: A Wrong Turn on the Road to Property Tax Relief?" Moak Casey & Associates, The Myth of Property Value Caps: Do They Really Control Taxes?" Foy Mitchell; Chief Appraiser; Dallas Central Appraisal District. And remember, its best to not change the constitution unless you fully understand and agree with the change. **Vote NO on PROP 117. If you let them change the constitution you will legalize unfair and inequitable taxation.**

Daniel T. Garrett, J.D., C.P.A, Former Arizona Department of Revenue General Counsel, Former Chief Tax Administrative Law Judge – City of Phoenix, Mesa



PROPOSITION 117 ~ BALLOT FORMAT



PROPOSITION 117

PROPOSED AMENDMENT TO THE CONSTITUTION BY THE LEGISLATURE RELATING TO PROPERTY TAX ASSESSED VALUATION [SCR 1025]

<p><u>PROPOSITION 117</u> PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA; RELATING TO PROPERTY TAX ASSESSED VALUATION.</p>
<p><u>DESCRIPTIVE TITLE</u> BEGINNING IN 2014, SETS A LIMIT ON THE ANNUAL PERCENTAGE INCREASE IN PROPERTY VALUES USED TO DETERMINE PROPERTY TAXES TO NO MORE THAN 5% ABOVE THE PREVIOUS YEAR, AND ESTABLISHES A SINGLE LIMITED PROPERTY VALUE AS THE BASIS FOR DETERMINING ALL PROPERTY TAXES ON REAL PROPERTY.</p>

<p>A “yes” vote shall have the effect of setting a limit on the annual percentage increase in property values used to determine property taxes to no more than 5% above the previous year, and establishes a single limited property value as the basis for determining all property taxes on real property, beginning in 2014.</p>	<p>YES <input type="checkbox"/></p>
<p>A “no” vote shall have the effect of keeping current constitutional law related to calculating property values and taxes.</p>	<p>NO <input type="checkbox"/></p>

BALLOT FORMAT FOR PROPOSITION 117