

PROPOSITION 102
OFFICIAL TITLE

HOUSE CONCURRENT RESOLUTION 2038

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

TEXT OF THE PROPOSED AMENDMENT

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

(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 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 purposes of this section:

(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.

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

In 2000, a majority of the voters approved a ballot measure which amended the Arizona Constitution to allow qualifying senior citizens to freeze the value of their primary residences for property tax purposes. To qualify for the property valuation protection option, the property owner must be an Arizona resident who is at least sixty-five years old, must have lived in the residence for at least two years, and must have an income that does not exceed 400% of the supplemental security income (SSI) benefit rate. If two or more persons own the property, the owners' combined income may not exceed 500% of the SSI benefit rate. Qualifying property owners must reapply for the protection option

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

GENERAL ELECTION NOVEMBER 5, 2002

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every three years.

Since the implementation of the 2000 ballot measure, there has been some confusion over the proper income level to use when two or more persons own a property. The Social Security Act prescribes two SSI benefit rates: a benefit rate for individuals and a benefit rate for two or more persons. Under the 2000 ballot measure, it was unclear whether the qualifying income level of multiple owners should be 500% of the SSI benefit rate for individuals or 500% of the SSI benefit rate for two or more persons. In 2002, the qualifying income limit for multiple owners is \$32,700 when using the SSI benefit rate for individuals and \$49,020 when using the SSI benefit rate for two or more persons. By specifically referring to section 1611(b)(1) of the Social Security Act, Proposition 102 clarifies that the qualifying income limit for multiple owners would be determined by using 500% of the SSI benefit rate for individuals. Therefore, under Proposition 102, multiple owners who have an income that exceeds \$32,700 would not be eligible for the property valuation protection option.

Proposition 102 also clarifies that property owners must apply or reapply to the county assessor for the property valuation protection option on or before September 1 of the applicable year. The assessor must notify the resident whether the application is accepted or denied by December 1. If the property owner files the application after September 1, the assessor shall process the application for the following year.

ARGUMENTS “FOR” PROPOSITION 102

Proposition 102 is a welcome correction to a law that has unintended consequences. These changes protect the taxpayers and eliminate the confusion of eligibility by clearly defining which seniors qualify for a freeze of their property tax assessment.

Low-income seniors will be able to stay in their homes where they are more secure and comfortable. It is a savings for taxpayers as these people will not become a burden on the county or state welfare systems.

Mike Gleason, Representative, Sun City West

Paid for by “Elect Gleason Corporation Commission 2002”

ARGUMENTS “AGAINST” PROPOSITION 102

The Secretary of State did not receive any arguments “against” Proposition 102.

BALLOT FORMAT

PROPOSITION 102

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

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HOUSE CONCURRENT RESOLUTION 2038
PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA; RELATING TO RESIDENTIAL PROPERTY TAX VALUATION.

DESCRIPTIVE TITLE

CLARIFIES THAT ELIGIBLE SENIOR CITIZENS MAY QUALIFY FOR PROPERTY TAX VALUATION FREEZE IF COMBINED INCOMES OF MULTIPLE OWNERS DOES NOT EXCEED 500% OF THE SOCIAL SECURITY SUPPLEMENTAL INCOME BENEFIT RATE FOR INDIVIDUALS; APPLICATION REQUIRED BY SEPTEMBER 1 TO QUALIFY FOR CURRENT YEAR OR APPLICATION WILL APPLY TO FOLLOWING YEAR.

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<p>A "yes" vote shall have the effect of clarifying that eligible senior citizens may qualify for a property tax valuation freeze if multiple owners' income does not exceed 500% of the social security supplemental income benefit rate for individuals and that applications are required by September 1 to qualify for the current year.</p>	<p>YES <input type="checkbox"/></p>
<p>A "no" vote shall have the effect of not clarifying the eligibility requirements for the property tax valuation freeze.</p>	<p>NO <input type="checkbox"/></p>