

APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER 22
SECRETARY OF STATE

Secretary of State
1700 W. Washington Street, 7th Floor
Phoenix, AZ 85007

2007 AUG -8 PM 6:07

The undersigned intends to circulate and file an INITIATIVE or a REFERENDUM (circle the appropriate word) petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Pursuant to Arizona Revised Statutes § 19-111, attached hereto is the full text, in no less than eight point type, of the MEASURE or CONSTITUTIONAL AMENDMENT (circle appropriate word) intended to be INITIATED or REFERRED (circle appropriate word) at the next general election.

SUMMARY: A description of no more than one hundred words of the principal provisions of the proposed law, constitutional amendment or measure that will appear in no less than eight point type on the face of each petition signature sheet to be circulated.

Many homeowners have seen valuations and tax bills increase in some cases doubling or tripling based on unrealized gains in value, and under the present system next year it could be your turn. The solution, reinforce the existing 1% maximum residential tax rate, establish a baseline valuation system to benefit both current and future property owners, and rollback valuations in 2010 reversing valuation increases due to real estate price inflation throughout your county since 2003. Thereafter annual increases, in the valuation used for computing real property taxes, are limited to 2% plus the 2003 baseline valuation of new improvements.



Signature of Applicant
Marc Goldstone

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Telephone Number

Arizona Tax Revolt

Name of Organization (if any)
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Marc Goldstone

Name of Officer and Title
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Address

Date of Application August 8th, 2007

Signatures Required 230,047

Deadline for Filing July 3rd, 2008

Serial Number Issued C-14-2008

FOR OFFICE USE ONLY

Revised 11/92

CF #200802904

OFFICIAL TITLE

AN INITIATIVE MEASURE

PROPOSING AMENDMENTS TO ARTICLE IX, SECTION 18 OF THE ARIZONA CONSTITUTION, RELATING TO THE ARIZONA TAX REVOLT – PROPERTY TAX VALUATION ROLLBACK, RESIDENTIAL AD VALOREM TAX LIMITS, BASELINE VALUATION SYSTEM, REAL PROPERTY VALUATION LIMITATIONS, DISCLOSURE REQUIREMENTS, PROCEDURAL TIMELINE, EXCEPTIONS, DEFINITIONS.

TEXT OF PROPOSED MEASURE

Be it enacted by the People of the State of Arizona:

Sec. 1. **Short title.**

This measure shall be known as the Arizona Tax Revolt – Property Tax Valuation Rollback.

Sec. 2. **Purpose.**

The purpose of this measure is to redefine a system of real property taxation to correct for the recent run-up in valuations and the resultant tax increases. Effective in 2010 and applicable to all real property, the measure will among other things, strengthen the existing one percent maximum residential property tax cap while benefiting both current and future real property owners with a valuation rollback. The rollback, to the 2003 full cash valuation, establishes the 2003 valuation baseline to which new improvements, other parcels, and future purchases are valued. Annual increases in the taxable value are limited to 2%, or the 2003 baseline valuation of new improvements. To improve uniformity of taxation all real property valuations and tax billing statements are computed for, applicable to, and mailed in the same calendar year.

Sec. 3. **Article IX, Section 18, Arizona Constitution, is amended as follows.**

18. VALUATION ROLLBACK; BASELINE VALUATION SYSTEM; residential ad valorem tax limits; limit on increase in value; DISCLOSURE REQUIREMENTS; PROCEDURAL TIMELINE; EXCEPTIONS; 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 FOLLOWING ARE THE ONLY ITEMS THAT 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) BEGINNING IN 2010, AND SUBJECT TO APPEAL, except as otherwise provided by subsections (5), (6) and (7) of this section the value of ALL real property and improvements and the value of mobile homes CLASSIFIED BY LAW AS REAL PROPERTY AND used for all ad valorem taxes ~~except those specified in subsection (2)~~ shall be KNOWN AS THE UNIFORM PROPERTY VALUE, WHICH SHALL NEVER EXCEED ~~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 plus one-fourth of the difference between such value and The COMPUTATIONS PRESCRIBED BY THIS SUBSECTION ARE APPLICABLE TO AND BASED ON ALL SUCH PARCELS WITHIN THE GEOGRAPHIC AREA OF THE COUNTY AND, TO THE EXTENT THAT EACH PARAGRAPH IS APPLICABLE, MUST BE CALCULATED SEQUENTIALLY PURSUANT TO PARAGRAPHS (a) THROUGH (d) OF THIS SUBSECTION.~~

(a) THE full cash value of the property for THE current tax year, ~~whichever is greater~~ INCLUDING THE VALUE OF IMPROVEMENTS MADE AND NOT PREVIOUSLY REFLECTED IN THE VALUATION OF EACH PARCEL, SHALL BE COMPUTED TO REFLECT THE PARCEL'S CURRENT MARKET VALUE USING APPRAISAL METHODS PRESCRIBED BY AND IN CONFORMANCE WITH ALL STATUTORY REQUIREMENTS, ALL SUCH COMPUTATIONS SHALL BE COMPLETED WITHIN EACH COUNTY PRIOR TO COMPUTING THE UNIFORM PROPERTY VALUE OF ANY PARCEL IN THAT COUNTY.

(b) IN TAX YEAR 2010, IF THE FULL CASH VALUE SHOWN ON THE PARCEL'S 2003 TAX BILL WAS DEEMED BY THE ASSESSOR TO HAVE BOTH MET THE STATUTORY REQUIREMENTS APPLICABLE IN THAT YEAR, AND TO HAVE INCLUDED THE VALUE OF ALL IMPROVEMENTS AS OF THE 2003 VALUATION DATE, AND THE PARCEL WAS NOT SUBSEQUENT TO THE 2003 VALUATION AND PRIOR TO JANUARY 1, 2010, EITHER SPLIT, COMBINED, SUBDIVIDED OR HAD A CHANGE OF LEGAL CLASSIFICATION OR LEGAL SUBCLASSIFICATION, OR AN ALTERATION, DELETION, OR NEW CONSTRUCTION THAT AFFECTED THE MARKET VALUE OF THE PARCEL, THE UNIFORM PROPERTY VALUE OF EACH SUCH PARCEL SHALL BE COMPUTED AS THE LESSER OF THE FULL CASH VALUE SHOWN ON THE PARCEL'S 2003 TAX BILLING STATEMENT, AND THE FULL CASH VALUE COMPUTED FOR THIS PARCEL IN THE CURRENT TAX YEAR PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION. THE FOREGOING PARCEL STATUS SHALL BE DETERMINED USING ALL AVAILABLE HISTORICAL PROPERTY VALUATION DATA AND TO THE EXTENT POSSIBLE BY RECALCULATING NECESSARY DATA. IF INSUFFICIENT HISTORICAL DATA IS AVAILABLE TO DETERMINE THAT ONE OR MORE OF THE FOREGOING ITEMS HAD AFFECTED MARKET VALUE, THOSE ITEMS ARE PRESUMED TO NOT HAVE OCCURRED.

(c) TO QUALIFY FOR USE IN THE COMPUTATION OF THE RATIOS PRESCRIBED BY THIS PARAGRAPH, ALL SUCH PARCELS MUST HAVE A UNIFORM PROPERTY VALUE COMPUTED IN THE PRIOR TAX YEAR, MUST BE ON THE COUNTY VALUATION ROLL IN BOTH THE CURRENT TAX YEAR AND THE PRIOR TAX YEAR, AND DURING THIS PERIOD MUST NOT HAVE BEEN SPLIT, COMBINED, SUBDIVIDED, OR HAD A CHANGE OF LEGAL CLASSIFICATION OR LEGAL SUBCLASSIFICATION, OR AN ALTERATION, DELETION, OR NEW CONSTRUCTION THAT WOULD AFFECT THE MARKET VALUE OF THE PARCEL. FOR THE PURPOSES OF THIS PARAGRAPH, TWO VARIABLES ARE DEFINED: "A" IS THE SUM OF THE FULL CASH VALUE OF ALL PARCELS FROM THE PRIOR YEAR, AND "B" IS THE SUM OF THE UNIFORM PROPERTY VALUE OF ALL PARCELS FROM THE PRIOR YEAR, BEGINNING IN TAX YEAR 2011, AND APPLICABLE TO EACH PARCEL WITH A UNIFORM PROPERTY VALUE COMPUTED IN THE PRIOR TAX YEAR, THE UNIFORM PROPERTY VALUE OF THE PARCEL IN THE CURRENT TAX YEAR SHALL BE COMPUTED AS THE SUM OF TWO TERMS, THE FIRST TERM IS THE PARCEL'S UNIFORM PROPERTY VALUE FROM THE PRIOR TAX YEAR, THE SECOND TERM IS THE PRODUCT OF, THE AMOUNT COMPUTED BY SUBTRACTING THE PARCEL'S FULL CASH VALUE IN THE PRIOR YEAR FROM THE PARCEL'S FULL CASH VALUE IN THE CURRENT YEAR, AND THE RATIO OF VARIABLE B TO VARIABLE A, EXCEPT THAT:

(i) ANY INCREASE IN THE UNIFORM PROPERTY VALUE CALCULATED BY THE FOREGOING EQUATION, IS LIMITED TO THE GREATER OF EITHER TWO PER CENT, OR IF IMPROVEMENTS MADE ARE REFLECTED IN THE PARCEL'S FULL CASH VALUE IN THE CURRENT YEAR AND NOT THE PRIOR YEAR, THE 2003 BASELINE VALUATION OF SUCH IMPROVEMENTS. THE FOREGOING 2003 BASELINE VALUATION IS COMPUTED AS THE PRODUCT OF THE CURRENT MARKET VALUE OF SUCH IMPROVEMENTS AND THE RATIO OF VARIABLE B TO VARIABLE A.

(ii) THE UNIFORM PROPERTY VALUE CALCULATED PURSUANT TO THIS PARAGRAPH MAY BE DECREASED TO IMPROVE UNIFORMITY OF TAXATION WITH OTHER PARCEL'S LOCATED IN THE SAME COUNTY, AND EITHER HAVING THE SAME LEGAL SUBCLASSIFICATION OR IF A LEGAL SUBCLASSIFICATION IS NOT APPLICABLE HAVING THE SAME LEGAL CLASSIFICATION.

(d) THE UNIFORM PROPERTY VALUE OF EACH PARCEL, THAT COULD NOT BE COMPUTED EITHER IN TAX YEAR 2010 PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION, OR BEGINNING IN TAX YEAR 2011 PURSUANT TO PARAGRAPH (c) OF THIS SUBSECTION SHALL, IF THE ASSESSOR DEEMS THAT THERE ARE SUFFICIENT COMPARABLE PARCELS WITHIN THE SAME LEGAL CLASSIFICATION, OR INSTEAD WHENEVER APPLICABLE THE SAME LEGAL SUBCLASSIFICATION, HAVING BOTH A FULL CASH VALUE WITHIN TWENTY PER CENT OF THE FULL CASH VALUE OF THE PARCEL BEING VALUED, AND A UNIFORM PROPERTY VALUE COMPUTED IN THE CURRENT TAX YEAR BY THE PROVISIONS OF EITHER PARAGRAPHS (b) OR (c) OF THIS SUBSECTION, BE COMPUTED BASED ON SUCH COMPARABLE PARCELS, WITH A PREFERENCE FOR SELECTING COMPARABLE PARCELS LOCATED IN CLOSE PROXIMITY TO THE PARCEL BEING VALUED, AND USING A WEIGHTED MEAN METHOD SUCH AS LINEAR LEAST SQUARES REGRESSION TO COMPUTE THE PARCEL'S UNIFORM PROPERTY VALUE FROM THE COMPARABLE PARCEL VALUATIONS. IF INSUFFICIENT COMPARABLE PARCELS ARE AVAILABLE, THE PARCEL SHALL BE VALUED USING A CONSISTENT AND UNIFORM METHODOLOGY, IN THE MANNER PRESCRIBED BY LAW, TO THE 2003 VALUATION BASELINE ESTABLISHED IN THE CURRENT TAX YEAR BY ALL PARCELS THAT HAVE A UNIFORM PROPERTY VALUE COMPUTED IN THE CURRENT TAX YEAR PURSUANT TO EITHER PARAGRAPHS (b) OR (c) OF THIS SUBSECTION.

- (4) (a) The legislature shall by law provide a method of determining the UNIFORM PROPERTY value OF PROPERTY, subject to the provisions of subsection (3) of new property.
- (b) BEGINNING IN CALENDAR YEAR 2010, A NOTATION IN AT LEAST TEN POINT TYPE, SHALL BE PRINTED ON EACH VALUATION NOTICE AND REAL PROPERTY TAX BILLING STATEMENT THAT IS VALUED PURSUANT TO SUBSECTION (3), STATING: "PURSUANT TO THE 'ARIZONA TAX REVOLT - PROPERTY TAX VALUATION ROLLBACK' CONSTITUTIONAL AMENDMENT, AD VALOREM TAXES ARE COMPUTED EXCLUSIVELY FROM THE PARCEL'S 'UNIFORM PROPERTY VALUE' WHICH REPRESENTS THE 2003 BASELINE VALUATION OF THIS PARCEL."
- (5) (a) 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.
- (b) FOR ALL PROPERTY NOT VALUED AS PRESCRIBED BY SUBSECTION (3):
- (i) AND APPLICABLE IN EITHER TAX YEAR 2010, OR FOR NEW PROPERTIES IN SUBSEQUENT YEARS, THE VALUATION USED FOR TAX COMPUTATION PURPOSES IS BASED ON THE CURRENT PHYSICAL CHARACTERISTICS OF THE PROPERTY, AND SUBJECT TO APPEAL, SHALL BE VALUED AS THE AMOUNT THAT WOULD HAVE BEEN COMPUTED IN 2003, EXCEPT THAT IN YEARS SUBSEQUENT TO 2010 THE FOREGOING VALUATION IS INCREASED BY TWO PER CENT SEQUENTIALLY FOR EACH SUCH YEAR.
- (ii) ANNUAL INCREASES TO THE VALUATION USED FOR TAX COMPUTATION PURPOSES FOR ALL SUCH PROPERTIES VALUED IN THE PRIOR YEAR AS PRESCRIBED EITHER IN ITEMS (i) OR (ii) OF THIS PARAGRAPH, AND SUBJECT TO APPEAL, SHALL NOT EXCEED THE GREATER OF TWO PER CENT, OR THE 2003 BASELINE VALUATION OF NEW IMPROVEMENTS. THE FOREGOING 2003 BASELINE VALUATION IS COMPUTED AS THE EQUIVALENT 2003 VALUE OF ANY IMPROVEMENT NOT INCLUDED IN THE PREVIOUS YEAR'S VALUATION PLUS TWO PER CENT ADDED SEQUENTIALLY FOR EACH YEAR BEGINNING IN 2011.
- (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, EXCEPT THAT THE VALUE OF THE PRIMARY RESIDENCE IN ANY YEAR SHALL BE REDUCED SO AS NOT TO EXCEED ITS CURRENT FULL CASH VALUE. 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) DEFINITIONS. For purposes of this section:
- (a) "IMPROVEMENTS MADE" MEANS THE CONSTRUCTION OF STRUCTURES, FIXTURES OR OTHER ITEM(S) ON OR PERMANENTLY ATTACHED TO REAL PROPERTY INCLUDING REASONABLE BUILDERS ENTREPRENEURIAL PROFIT, AND MANUFACTURED HOUSING AND ITS ASSOCIATED MOVING AND SETUP COSTS, EXCEPT:
- (i) REPAIRS OR RECONSTRUCTION USING MATERIALS OF SIMILAR QUALITY OR VALUE.
- (ii) RENEWABLE ENERGY SYSTEMS POWERED BY SOLAR ENERGY, WIND, OR MOVING WATER LOCATED ON A SINGLE PARCEL THAT, INCLUDING THE AVAILABLE RENEWAL RESOURCE, ARE CAPABLE OF GENERATING NO MORE THAN FIVE THOUSAND KILOWATT HOURS OF ELECTRICAL ENERGY PER MONTH.
- (iii) CONSTRUCTION MADE SPECIFICALLY TO FACILITATE OR IMPROVE HANDICAPPED ACCESSIBILITY TO RESIDENTIAL PROPERTY.
- (iv) MANUFACTURED HOMES BEING TAXED AS PERSONAL PROPERTY ON A PERSONAL PROPERTY TAX BILL.
- (v) ITEMS AS MAY BE EXEMPTED BY STATUTE.
- (b) "LEGAL SUB-CLASSIFICATION" MEANS A PORTION OF A LEGAL PROPERTY CLASSIFICATION CONTAINING ONLY PARCELS WITH A COMMON TYPE OF PROPERTY USE, AND AN IDENTICAL ASSESSMENT RATIO.
- (c) "LINEAR LEAST SQUARES REGRESSION" MEANS A MATHEMATICAL PROCEDURE FOR FINDING THE BEST-FITTING LINE TO A SET OF DATA POINTS.
- (da) "Owner" means the owner of record of the property and includes a person who owns the majority beneficial interest of a living trust.
- (eb) "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.
- (f) "TAXING ENTITY" MEANS THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, INCLUDING WITHOUT LIMITATION ANY GOVERNMENTAL BODY OR ENTITY AUTHORIZED TO LEVY A TAX, ASSESSMENT, OR SPECIAL ASSESSMENT, ON REAL PROPERTY.
- (g) "UNIFORM PROPERTY VALUE" MEANS THE VALUE OF REAL PROPERTY AS CALCULATED PURSUANT TO SUBSECTION (3).
- (10) VALUATION TIMELINE TO IMPROVE UNIFORMITY OF TAXATION: APPEALS
- BEGINNING IN 2010, BOTH REAL PROPERTY TAX BILLING STATEMENTS AND VALUATION NOTICES SHALL FOR EACH PARCEL, BE COMPUTED, APPLICABLE TO, AND MAILED IN THE SAME CALENDAR YEAR, AND THE FULL CASH VALUE MUST IN EACH YEAR REFLECT MARKET VALUE CHANGES NOT INCLUDED IN THE PRIOR YEAR'S VALUATION. APPEALS MAY ONLY BE INITIATED AT THE REQUEST OF ONE OR MORE OF THE OWNERS, OR THEIR DESIGNATED AGENT, OF THE PARCEL OR OTHER PROPERTY BEING VALUED PURSUANT TO THIS SECTION. THE LEGISLATURE SHALL ESTABLISH A TIMELINE FOR VALUATIONS, APPEALS, AND BILLING CONSISTENT WITH THE PROVISIONS OF THIS SUBSECTION.
- (11) THE PROVISIONS OF THIS SECTION SHALL BE LIBERALLY CONSTRUED AND SHALL APPLY NOTWITHSTANDING ARTICLE IX SECTION 23 AND ARTICLE XII SECTION 7 OF THIS CONSTITUTION.
- Sec. 4. **Severability.**
- If any provision of this amendment or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the amendment that can be given effect without the invalid provision or application; and to this end the provisions of this amendment are severable.
- Sec. 5. **Legislative Authority.**
- Subject to the provisions of this amendment if adopted, the Legislature or any other taxing entity so empowered may enact any measure designed to further the purpose of this amendment.
- Sec. 6. **Submission to Voters.**
- The Secretary of State shall submit this proposition to the voters at the next general election as provided by Article XXI of the Arizona Constitution.