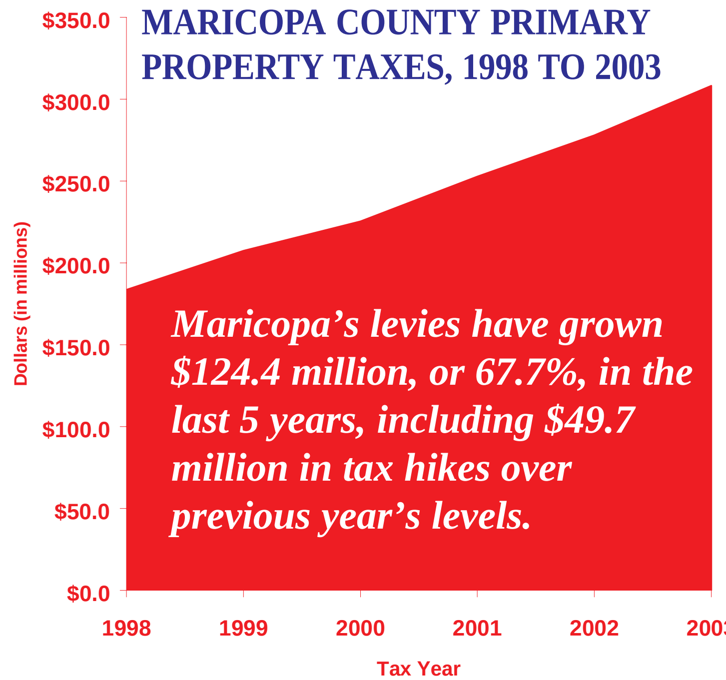
ATRA OPPOSES PROP 414

Questions taxpayers should be asking about the creation of a new taxing authority for the county hospital

Has Maricopa's property tax growth provided funding for the county's priorities?

Maricopa's property tax levies for operations increased from $183.7 million in 1998 to $308.1 million in 2003. During the five years since 1998, levies have grown $124.4 million (67.7%). Of those increased levies, $74.6 million can be attributed to new construction in the county. The remaining $49.7 million resulted from property tax increases on existing taxpayers.

Maricopa County taxpayers have seen significant growth in their property taxes in recent years to fund the county's priorities, including the hospital.



Is a new layer of government necessary?

Existing statutes governing county finances already provide Maricopa County with adequate tools to meet the county hospital's needs without creating a special district. Specifically, the county is provided additional property taxing authority, if it so desires, by going to the voters for a levy limit override. Interestingly, the county has taxing authority available under their levy limit without the need for voter approval. This year, the county had the authority to levy an additional $12.7 million without going to voters.

Maricopa County also has the authority, similar to that requested with the special health care district, to seek approval for general obligation (G.O.) bonds. Currently, the County's debt capacity for G.O. bonds is $4.1 billion. Their current outstanding debt is $39.5 million, less than 1% of the debt capacity they are currently provided.

Since the constitutional levy and expenditure limits were approved by voters in 1980, the creation of special districts has been a popular approach for not only raising taxes for specific areas of county government but also for relief of the general fund. The Legislature has created flood control districts, library districts, jail districts, health service districts, and now, if Prop. 414 passes, a special health care district.

How much authority will this new layer of government have to increase property taxes?

The $40 million property tax levy is considerably higher than the county's subsidy to the hospital in the last two years. The subsidy in FY 2004 is approximately $11 million, down from the $13 million that was provided to the hospital last year. The $40 million, which is just for district operations, could grow to $60 million in just five years. There could also be levies for capital expenses if voters approve G.O. bonds for the district. The debt limit for the district this year would have been over $2.7 billion. However, statute would also allow the district to go into debt with revenue bonds that would be paid for through the district's operating property tax levy without voter approval. Lastly, these new taxation powers would be controlled by a new layer of bureaucracy involving five new elected board members and an undetermined number of new administrative staff.

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