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ARIZONA TAX RESEARCH ASSOCIATION

Argument for Proposition 101

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 attributable to 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. In some instances, these jurisdictions could 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 \$186 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.