

# ATRA OPPOSES HB 2530

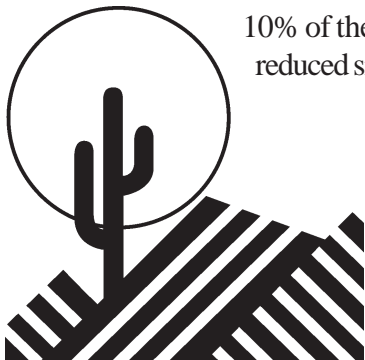
## Does Maricopa County need another special district to finance the County Hospital?

Existing statutes governing county finances already provide for Maricopa County solving the problems surrounding the county hospital 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 considerable taxing authority available under their levy limit without even the need for voter approval. In 2002, the county had the authority to levy an additional \$18.3 million without voter approval.

Maricopa County also has the authority, similar to that requested with the special health care district, to seek approval for general obligation (GO) bonds. Currently, Maricopa County's debt capacity for GO bonds is \$3,668,557,092. Their current outstanding debt is \$39,515,000, less than 2% of the debt capacity they are currently provided.

## Specific problems with HB 2530

1. The \$40,000,000 property tax levy is considerably higher than the amount the county now subsidizes for the hospital. According to county staff, the current subsidy is close to \$13 million.
2. The growth on the levy limit should be based on inflation as opposed to the growth in the county primary levy limit.
3. The maintenance of effort provision in Section 27 (\$5 million each year) should be modeled after the maintenance of effort provisions in previous special districts provided for the county. General fund expenditures for the hospital in the year prior to the creation of the district should be the maintenance of effort requirement. That level should be adjusted each year for inflation.
4. The question of establishing a new secondary property tax to fund the district should be a separate question on the ballot — in addition to the vote to create the district.
5. Instead of providing reimbursement to the county for the costs of formation, the legislation should preclude the county from charging the special district for services in A.R.S. §11-251.06.
6. HB 2530 requires that any GO bonds the district might sell be voter approved. However, HB 2530 also provides revenue bonding authority that is not voter approved. All debt financing of the district will ultimately effect the property tax and should require voter consent.
7. The existing special health care district statute that is amended provides a GO debt limit of 10% of the secondary value (\$2.4 billion for Maricopa County). That limit needs to be reduced significantly.



**ARIZONA TAX RESEARCH ASSOCIATION**

1814 West Washington Street, Phoenix, Arizona 85007

(602) 253-9121

[www.arizonatax.org](http://www.arizonatax.org)

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