

ATRA SUPPORTS SB1421

Placing reasonable levy limits on fire districts

Background

Secondary property taxes are levied against the secondary net assessed value, which tracks market value, and funds the operations of fire districts.

In 2007, statewide secondary net assessed values (SNAV) increased at the record rate of 32.1% and another 20% in 2008.

In tax year 2007, Arizona's fire districts increased their levies 26% (\$45.3 million) and another 19.4% (\$42.7 million) in tax year 2008. Despite the dramatic rise in property values, the majority of fire districts failed to reduce their tax rates, or did not reduce their rates enough, to offset the growth in value. Although the fire districts have a maximum rate cap of \$3.25 per \$100 of assessed value, that rate cap failed to protect taxpayers against huge tax increases.

ATRA's Recommendations:

The Senate engrossed version of SB1421 is a compromise agreement between ATRA and the fire district associations that places annual levy limits on fire districts at 8%, plus annexations.

In addition, fire districts have the authority, with voter approval, to override their levy limit in one of two ways: 1) a permanent override within the \$3.25 rate cap or 2) a five-year temporary override to exceed the \$3.25 rate cap if the total net assessed value (NAV) of the district decreases by more than 20% over two consecutive years.

SB1421 provides reasonable limits on fire district levies, while at the same time, providing flexibility to districts that experience a significant reduction in property value.



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