

ATRA SUPPORTS SB1218

Creates Equitable Treatment under the Fire District Assistance Tax

Background:

The fire district assistance tax (FDAT) is a countywide secondary property tax that is distributed to fire districts based on 20% of their district property tax levy. Currently, the maximum distribution that each fire district can receive is \$300,000, except in the case of merged fire districts. Prior to legislation that passed in 2009, merged fire districts were held harmless from the cap and would receive the collective amount in FDAT distribution that each district received in the year prior to the merger.

Consequently, a merger in Pima County in 2008 brought to light the types of abuses that could occur in the existing system. La Canada, Heritage Hills, and North Ranch Linda Vista merged to form Mountain Vista Fire District. As part of their written merger agreement, each district tripled their local levies to \$1.5 million in order to maximize their FDAT distributions from \$350,000 to \$900,000 under the merger hold-harmless provision. The \$900,000 in FDAT that is distributed to Mountain Vista is by far the largest distribution that any district receives in the state. The year following the merger, Mountain Vista reduced its local property tax rate down to the level that the tax rates were prior to the superficial tax increase.

There are currently only eight districts that receive FDAT distributions in excess of the current cap and their distributions range from approximately \$350,000 to \$900,000.

Basis for ATRA's Support:

The amendment adopted in the House Ways & Means Committee to SB1218 includes the language from SB1279, which passed out of the Senate 26-3-1. As amended, SB1218 maintains the existing 10-cent tax rate cap and updates the current FDAT distribution cap that has been in effect for more than 20 years since the tax was first created. The new FDAT cap of \$400,000 will apply to all districts, including merged districts. There are currently 158 fire districts statewide and roughly 40 of those districts are currently at the \$300,000 cap.

Placing a cap on FDAT for all fire districts deters future abuse, but more importantly, reinserts equity into the system.

ATRA ASKS LAWMAKERS TO VOTE YES ON SB1218



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