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ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS SB1470

City Parcel Tax Prohibition/Dedicated Property Tax

Background

Last year, the Town of Paradise Valley proposed legislation that would have allowed cities and towns to levy a new parcel tax on property for the payment of fire services to be collected by the County Treasurer in the same manner as other ad valorem taxes. Thankfully, that legislation did not pass; however, the city proceeded with the parcel tax anyway, which went into effect in January, 2013.

ATRA has been told by the Town that the primary reason for seeking the legislation last year was to avoid the stigma of having a "property tax" and that the current council didn't trust future councils with the appropriation authority of the property tax. ATRA believes those arguments do not justify the extraordinarily bad precedent set with its new property tax.

Currently, municipalities may only levy a property tax under the state's property tax regime, which is deeply embedded in the Constitution and throughout state statute.

Basis for ATRA's Support

SB1470 prevents a bad precedent of allowing cities to levy or assess a property tax or fee outside of the existing property tax structure based on the size or value of an owner's property. A municipality that has assessed a parcel tax or fee after January 1, 2010 dedicated for police, fire, and emergency medical services must submit a ballot measure to the voters to authorize the levy of a *dedicated* primary property tax as long as the municipality does not already levy a primary property tax. In any case, any municipal-wide fee for such services terminates at the earlier of the approval by the voters of a dedicated property tax or July 1, 2016.

SB1470 does not create any additional tax levy authority beyond what is already authorized under the Constitution and state statute. The Town already has the authority to enact a primary property tax that is subject to the constitutional levy limits upon voter approval. This legislative proposal merely allows a city council to *dedicate* the primary property tax for police, fire, and emergency medical services and prohibits a municipality from implementing a parcel fee outside of our existing property tax regime in the future.

ATRA ASKS FOR YOUR SUPPORT OF SB1470!