

PROPOSITION ____
C-07-2010; Prop 13 Arizona

ANALYSIS BY LEGISLATIVE COUNCIL

1 Beginning January 1, 2011, Proposition ____ would amend the Arizona
2 Constitution to limit the amount of property tax that may be levied on a parcel of property
3 to 0.5 % of the "baseline value" for residential property and 1% of the "baseline value"
4 for all other property. This limitation would apply to all property taxes for all
5 jurisdictions, including those levied for maintenance and operation and for voter-
6 approved items, including school district budget overrides and repayment of bonded
7 indebtedness. For property purchased before January 1, 2004, the "baseline value" is the
8 full cash value shown on the 2003 tax bill; for property purchased on or after January 1,
9 2004, the "baseline value" is the appraised value of the property when purchased, when
10 newly constructed or when a change of ownership occurs. The baseline value may
11 include an annual inflationary adjustment of not to exceed 2% as shown in the consumer
12 price index or other comparable data.

13 The current limit on property taxes of 1% of residential property's limited
14 property value would be repealed. The current limit on annual increases in the "limited
15 property value" would be repealed. All distinctions between primary and secondary
16 property taxes would be repealed. The exceptions to the current limits on property taxes
17 would be repealed. The current 2% limits on annual increases in county, city, town and
18 community college district property tax levies would be repealed. The ability of the
19 voters to override property tax levy limits would be repealed. Proposition ____ would
20 retain the current property valuation protection option for residents 65 years of age and
21 older.

22 In compliance with these changes, the Legislature would be required to enact a
23 complete revision of the property tax law in Arizona to take effect for the 2011 tax year.
24 Additional legislation would be required to make conforming changes to other laws,
25 including those related to school finance.