

VOLUNTARY CONTRIBUTIONS BY MUNICIPALITIES

DESCRIPTION

Voluntary contributions by municipalities refers to the requirement that cities and towns make “voluntary” contributions to a county in lieu of property tax payments on remote land owned by the municipality. Remote land is defined as property owned by a municipality but located in a different county and from which water is withdrawn, diverted, or transported. Contributions are based on the amount of property taxes that would have been paid to the county where the property is located. Through these contributions, the counties in which the remote property is located are compensated for their reduced taxing and bonding capacity due to the municipal-owned property being removed from their tax rolls.

DISTRIBUTION

The city or town pays the county treasurer of the county in which the property is located one-half of the voluntary contribution not later than the first Monday in November and the other one-half not later than the first Monday in May of the following year [A.R.S. § 9-433]. (Note that the state does not receive any monies from the voluntary contributions.)

Table 1			
COLLECTIONS FROM VOLUNTARY CONTRIBUTIONS BY MUNICIPALITIES			
<u>Fiscal Year</u>	<u>Net Collections</u>	<u>Fiscal Year</u>	<u>Net Collections</u>
FY 2001	\$633,303	FY 1996	\$543,718
FY 2000	\$611,293	FY 1995	\$588,341
FY 1999	\$611,021	FY 1994	\$588,341
FY 1998	\$574,086	FY 1993	\$143,513
FY 1997	\$545,506		

SOURCE: State Treasurer’s Office

WHO PAYS THE TAX

A city, town, or a successor political subdivision may make voluntary contributions of money in lieu of property taxes on its remote municipal property [A.R.S. § 9-432].

A “remote municipal property” means either [A.R.S. § 42-15251]:

- Property owned by a city, town, or successor political subdivision that is not located in the same county as such political entities and from which water may be withdrawn or diverted and transported, or
- Privately owned property that previously met the requirements as stated above.

Exception. A city or town may alienate all or part of its interests in the remote municipal property and thereby terminate its contributions for the alienated property [A.R.S. § 9-432].

TAX BASE AND RATE

The tax base is the assessed value of the remote municipal property. The amount of the contribution is equal to the property taxes that would otherwise have been levied by the taxing jurisdictions in which the property is located [A.R.S. § 9-432].

Voluntary Contributions by Municipalities

PAYMENT SCHEDULE

Each city, town, or successor political subdivision that elects to make voluntary contributions pays the county treasurer in which the remote municipal property is located one-half of the contribution not later than the first Monday in November and the other one-half not later than the first Monday in May of the following year [A.R.S. § 9-433].

Voluntary contributions that are not paid when due bear a simple interest rate of 16% per year [A.R.S. § 9-433].

IMPACT OF TAX LAW CHANGES

The following section is a summary by year of tax law changes that have been enacted by the Legislature since 1996. A listing of tax law changes prior to the 1996 legislative session is available on the JLBC web-site located at www.azleg.state.az.us/jlbc.htm.

There were no changes enacted to this tax in the period from 1996 to 2000 and 2002.

2001 TAX LAWS

Laws 2001, Chapter 117 made changes to conform with existing standards for State Treasurer language and provided various substantive changes to administrative policies within the State Treasurer's Office. Most notably, this act eliminated the Urban in Lieu Payment Fund as of July 1, 2002. (The bill contained various effective dates.)