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## Initiative would bar AZ tax on home sale

**By Howard Fischer**

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PHOENIX — Hoping to bury the idea forever, the Arizona Association of Realtors wants to bar the state from ever taxing the sale of homes.

An initiative drive launched this week would put a provision in the Arizona Constitution to make it illegal "to impose any tax, fee, stamp requirement or other assessment, direct or indirect" on the sale, transfer or purchase of real property. Backers have until July 3 to gather the 230,047 valid signatures necessary to put the measure on the November ballot.

Tom Farley, lobbyist for the Realtors, acknowledged that the late start will require the use of paid petition circulators. He declined to say how much the group intends to spend to qualify for the ballot, saying only that the group already has the cash.

Arizona does not impose any sort of real estate transfer tax now, but Farley pointed out that the concept comes up from time to time as governors, lawmakers and others look for ways to revamp Arizona's tax structure.

A panel put together to study meeting the state's future financial needs and how best to fund them issued a 1990 report with various ideas, including broadening the list of what is subject to state sales taxes beyond the purchase of goods. Most of the panel's recommendations never took effect.

The Citizens Finance Review Committee, formed more than a decade later by Gov. Janet Napolitano, also looked at a real estate transfer tax, among other methods of raising more money, or at least reducing the volatility of Arizona tax revenues. But she ignored the major tax-law changes her panel proposed.

This year, Rep. Rick Murphy, R-Glendale, is proposing to scrap the state income tax in favor of a broad-based sales tax. That would include not just services, which generally are exempt, but also a levy on the sale of land and homes.

Farley said home and land sales should not be lumped into other financial transactions that now are exempt from the sales tax.

"You already have a property tax," he said, based on the value of the building and land. That levy is adjusted based on the annual change in value.

That, he said, makes it different from any other kind of sale.

"When you purchase a candy bar at the store, you don't annually pay a tax on it," he said. "You pay it at the time you buy it."

Farley also said there already are taxes levied, at least on new homes. Contractors pay a tax on the value of the raw materials. And many communities impose "impact fees" on each new home to pay for additional services that will be required.

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