

THE ARIZONA REPUBLIC

July 11, 2007

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Group seeks ballot measure to limit property taxes

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The Arizona Republic

Jul. 11, 2007 12:00 AM

Property owners would see tax breaks while Arizona cities, school districts and other taxing entities would face limits on the amount of money they raised if a ballot measure filed Tuesday won voter approval next year.

In reaction to steeply rising property valuations, a group calling itself Arizona Tax Revolt wants to push down the levy limit of any government body that collects property taxes, from cities and counties to school districts and fire districts.

"Why should taxes go up 30 percent if home values go up 30 percent?" asked Marc Goldstone, a Bullhead City resident who is chairman of the self-described grass-roots taxpayer group. "All the governments and taxing entities are reaping a major amount from the increase in values."

The ballot measure is similar to provisions of Proposition 13, a property-tax measure that changed

the real estate and taxation picture in California after voters approved it in 1978.

The Arizona measure, called the Property Tax Levy Rollback, would require taxing bodies to return to the levy amounts they used in 2005, unless they met certain spending restraints.

After that, they could increase the levy only by the percentage that new growth contributed to the taxing district, as well as up to 2 percent for inflation.

Levies are the basis on which tax rates are calculated.

Goldstone said such a move would cut taxes equally for all classes of property owners. Tuesday's filing was strategic, both to send an early signal to governments to curb their spending and to capitalize on taxpayer outrage when property-tax bills are sent out in late summer, Goldstone said.

But taxpayers should think twice before jumping aboard Arizona Tax Revolt's bandwagon, according to some business groups and government officials.

There is no direct link between valuation increases and taxes, said Ken Strobeck, executive director of the Arizona League of Cities and Towns. "If your valuations go up 40 percent, your taxes don't go up 40 percent," he said.

Goldstone concedes that there isn't always a direct correlation but argues that higher valuations usually result in higher taxes. Rolling back the levy limit would prevent that.

Strobeck said that is akin to using yesterday's paycheck to pay for tomorrow's needs.

"Would you like to go back to what you earned two years ago and then get raises of only 2 percent maximum?" he asked.

Besides, there are constitutional limits on property taxes.

For example, cities, counties and community college districts are limited to a 2 percent growth in their levy limit. The state limits primary property taxes to 1 percent of the full-cash value of a home, no matter how much the home's value increases. And voters just last fall approved Proposition 101, which holds governments to a 2 percent annual increase in primary-tax rates.

Similarly, schools face constitutional limits on their spending. Voters in 1980 approved a spending limit based on enrollment growth and inflation. The Legislature tries to buffer property owners from big jumps in school taxes by imposing a qualifying tax rate to equalize spending.

School districts could face tough spending decisions if the ballot measure becomes law, said Chuck Essigs, director of governmental relations for the Arizona Association of School Business Officers.

"Schools should be very fearful, based upon what happened to the school systems in California," Essigs said. Even groups that advocate for restraint in taxes and spending are taking a cautious approach. "It's not our style to drop huge bombs on the public finance system," said Kevin McCarthy, executive director of the Arizona Tax Research Association. "Putting in a Prop. 13-style initiative goes beyond what is needed."

McCarthy noted that lawmakers have suspended for three years the only property tax that the state levies: the county education tax, which is sent to the schools via county governments. Lawmakers are backfilling that tax with money from the General Fund.

Making that three-year repeal permanent would be a good step toward quelling fears about mounting property-tax bills, McCarthy said.

Tim Lawless of the Arizona chapter of the National Association of Industrial and Property Owners said the ballot measure should send a loud signal to policymakers statewide.

"This is just the first tremor that's coming," said Lawless, whose group has been advocating for property-tax relief for business. But he likened Goldstone's ballot measure to a "tsunami" and noted that "a tsunami causes damage."

It would be better if policymakers restrained spending without a constitutional mandate, Lawless said. "Policymakers need to wake up," he said.

A second pending measure with Proposition 13 hallmarks will seek to roll back property valuations to 2003 levels. Goldstone said he is hoping other taxpayer groups will lead the charge on that ballot initiative, although he said if they tarry, he will file his own ballot measure in the coming weeks.

Goldstone started a similar initiative last year but fell short of the needed signatures.

This measure, which would amend the state Constitution, needs the signatures of 230,047 registered voters by July 3 to qualify for the November 2008 ballot.

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Way overdue. Property tax on owner-occupied single family residences is too high. Those types of properties generate no income until they're sold and they require constant maintenance. I've paid more in property tax than the original purchase price of my home, and I've made no improvements. That's confiscatory.

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Was about time! Freaking robber Barron's schools. The waste in the school systems is just appalling. Pay the teachers nothing but having huge administrations challenging communist state apparatus.

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Ken Strobeck has an obvious bias to get and keep tax revenue as high as he can possibly get them, so of course he would not admit to the massive in tax increases built into the artificially increased valuations of homes. I paid under 120k for my house 20 years ago and now being taxed for a 300k house, even though the HIGHEST priced house in my neighborhood recently sold for 250k. Why should I be paying three times the taxes just because of greedy government officials saying they want (not necessarily need) so they get. The governments of Arizona actually owns our homes and businesses, we just rent them from them for an ungodly amount and have no way to protest. Oh I filed a protest on my valuation but have not heard a word, naturally. Why do we have to pay the president of our lousy college nearly a million a year when most people have to scrape by to pay taxes to that jerk?

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It may seem like we pay a lot in property taxes, but it is a fraction compared to other states, especially along the east coast. I do agree however, that I should not pay extra taxes because some weenies from out of state ran up the real estate prices to artificial highs so they could make a buck and run to the next hot market. Our tax pills this year are going to be based on last years high values and our properties are really worth 25% less right now.

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