

# ATRA OPPOSES HB 2355

*Expanding access to the sales tax is a bad idea*

## **Background**

Hospital districts are established for the maintenance and operation of healthcare facilities. Currently, hospital districts are given the authority to levy a secondary property tax and issue bonds, both of which require voter approval.

HB 2355 would expand the powers of a hospital district by allowing the board of directors to levy a half-cent sales tax without voter approval.

## **Basis for ATRA's opposition**

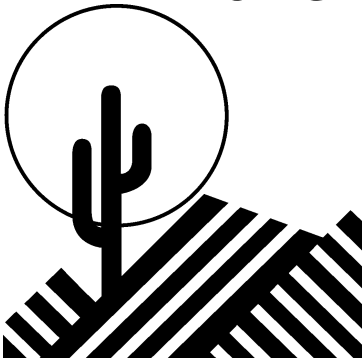
ATRA believes financing hospital districts through the secondary property tax and the issuance of bonds, both of which require voter approval, makes sense from both a financial and administrative standpoint. In this instance, expanding access to the sales tax to a hospital district sets a dangerous precedent.

As the attached chart shows, not long ago, Arizona sales tax rates were approximately 5% on average. Today those rates approach 10% as the Legislature has granted greater access to the sales tax base. For instance, counties now levy a sales tax for transportation purposes, capital projects, construction and maintenance of jails, as well as general operations. In addition, many city sales tax rates have climbed as high as 3% over the last two decades.

The Legislature should be extremely cautious about allowing greater access to the sales tax for any purpose. Arizona sales tax rates, and therefore collections, have climbed dramatically over the last decade. Arizona now ranks in the top five in sales tax collections nationwide according to the U.S. Census Bureau.

While the sales tax is unquestionably more popular than the property tax, there is a limit to how many government services we can expect the sales tax to fund.

## **ATRA URGES YOU TO VOTE *NO* ON HB 2355**



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