

ATRA OPPOSES SB 1231

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.

SB 1231 provides a hospital district in a county with less than 45,000 people in which no more than 6% of the property is taxable, access to a voter-approved half-cent sales tax. This narrow language allows only the hospital district of La Paz County the privilege to levy a sales tax for the maintenance and operation of healthcare facilities.

Basis for ATRA's opposition

ATRA believes financing hospital districts through the secondary property tax makes sense from both a financial and administrative standpoint. In this instance, expanding access to the sales tax to special districts, specifically a hospital district in this case, sets a dangerous precedent.

The proponents of the bill argue that La Paz County levies some of the highest property taxes in the state and that there is not enough taxable property in the county to support the hospital district. The facts do not support their argument. La Paz actually ranks right in the middle when comparing the net assessed value (NAV) and average property tax rates of all fifteen counties, 7th and 8th, respectively.

Not long ago, Arizona sales tax rates were approximately 5% on average. Today those rates exceed 10% in some areas 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 now reach as high as 3.5%.

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 SB 1231

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