

ATRA OPPOSES SB 1346

(Striker Amendment)

Tax Incentives; Biodiesel

The striker amendment to SB1346 revives a measure (HB 2711) that was defeated in the Senate Finance Committee. The striker would expand the current list of business property that qualifies for inclusion in the class six (5%) property tax classification to include property used to produce biodiesel fuel.

Current law taxes business property at 25% of the property's full cash value. Beginning in tax year 2006 that assessment ratio will decrease one-half of one percent a year for ten years. Properties that qualify for the 5% assessment ratio in class six not only receive an 80% reduction in property taxes, but that tax burden is shifted to other business taxpayers already paying some of the highest property taxes in the country.

The Arizona Tax Research Association (ATRA) believes that the property tax breaks provided in class six are bad policy and serve to exacerbate problems in Arizona's property tax system. The problem Arizona faces regarding high business property taxes should not be solved by targeting relief to select businesses.

ATRA strongly opposes the expansion of the property tax breaks provided in class six.

ATRA ASKS LAWMAKERS TO VOTE *NO* ON SB 1346



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