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ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS HB2515

Improves Transparency in Bond & Override Elections

In most elections to pass a bond or budget override, political subdivisions are required to mail an informational pamphlet to voters. Importantly, these pamphlets contain statutory language intended to inform voters about the debt service and other tax implications of the debt if approved. Under HB2515, residential properties will use both \$100,000 and \$400,000 valuation figures for calculating the tax impact, while commercial properties will use \$1 million and \$2 million valuation figures in both informational pamphlets and Truth-in-Taxation (TNT) notices.

As real property values have grown considerably in recent years, a residential property valued at \$100,000 no longer accurately reflects a typical home in urban Arizona. Accordingly, tax estimates calculated based on that value will often not provide taxpayers an accurate idea of what they might owe in future property taxes when they vote on a bond or override. Accordingly, HB2515 includes both \$100,000 and \$400,000 in required valuations for tax calculations to capture a broader range of properties in both urban and rural parts of the state. TNT notices, published by local governments when they raise property taxes above the current level, also include similar home value-based tax calculations and will receive the same update under HB2515.

Currently, a ballot with a measure to authorize the sale of general obligation (G.O.) bonds must include the following language: “the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on bonds.” HB2515 would add the following language to the same area of the ballot:

“Principal of and interest on the bonds will be payable from a continuing, direct, annual, ad valorem tax levied against all taxable property located within the boundaries of the (name of district or jurisdiction). The bonds will be payable from the tax without limit as to rate or amount.”

This language is identical to that found in bond prospectuses to describe the security and repayment structure of the G.O. bonds. This addition is critical, as some districts have falsely argued that their bond sales would not increase taxes in the official district statement of their publicity pamphlets. In addition to misleading voters, if challenged in court, these statements could jeopardize the sale of the bonds.

ATRA Urges Lawmakers to Vote YES on HB2515!