ATRA SUPPORTS HB2538

Increased Transparency in Countywide Special Taxing Districts

Background:
Arizona’s first Truth in Taxation (TNT) law was enacted in 1996. At that time, property values were growing dramatically yet local governments were not adjusting the tax rates downward to offset the growth in values. As a result, property taxes grew significantly, similar to the growth we experienced a few short years ago.

The TNT law requires counties, community colleges, cities and towns, and school districts to provide public notice if the entity intends to increase its primary property taxes over the previous year, exclusive of the growth in new construction. Primary property taxes fund the maintenance and operations of local governments. According to TNT, an entity must publish notice of a proposed increase in property taxes in a newspaper of general circulation twice prior to a public hearing to vote on the tax increase.

Over the years, countywide special taxing districts have been created by counties to provide funding for specific services, such as library, flood control, public health services, and jail facilities. The County Board of Supervisors (BOS) serves as the Board of Directors of those districts. The districts are funded with a secondary property tax to support their operations and there are minimal limits, if any, on their annual growth in property taxes. Although the BOS votes on the levies for their special taxing districts in the same public meeting that they are required to hold their TNT hearing for an increase to their primary property taxes, there is no TNT requirement for increases to the secondary property taxes that support the abovementioned special taxing districts.

Basis for ATRA’s Support:
HB2538 extends the TNT requirements to the operational levies of countywide special taxing districts, which is specific to library districts, flood control, public health services, and jail districts. The TNT requirements apply only to the operational levies of the special taxing districts and are exclusive of the levies for voter-approved bonds.

ATRA believes that public disclosure requirements of TNT is important in that it makes taxpayers aware of tax increases in a timely manner and allows taxpayers the opportunity to communicate with their elected officials.

ATRA ASKS FOR LAWMAKERS TO VOTE YES ON HB2538!