

BALLOT PROPOSITION #100
Protect Our Homes

FISCAL ANALYSIS

Description

Proposition 100 would amend the Arizona Constitution to prohibit the imposition of a tax or fee on the sale or transfer of real property by the state, counties, cities, or any other political subdivision of the state. Proposition 100 would not apply to any tax or fee in existence prior to December 31, 2007.

Estimated Impact

Proposition 100 is not estimated to have a direct state or local fiscal impact. The proposition prohibits the imposition of new fees or taxes on the sale or transfer of real property after December 31, 2007. No such new fee or tax has been enacted since that date. The level of foregone revenues cannot be predicted in advance as it would depend on the specific details of a particular tax proposal.

Analysis

Currently, 35 states assess a tax on real estate sales or transfers. Tax rates range from 0.01% in Colorado to 2% in Delaware with a median rate of 0.36%. In 2004, average per capita revenues were \$55 per 1% of tax.

In Arizona, the forgone revenue would depend on the specific details of a transfer tax. If Arizona were to levy a transfer tax at the national median rate of 0.36% and it generated the national average of per capita revenues, the state would collect approximately \$126 million in revenues.

Local Government Impact

County recorders are currently required to collect a \$2.00 fee for a deed or contract relating to the sale or transfer of real property before recording the deed or contract. Since this proposition only applies prospectively, this fee will not be affected.

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This estimate was prepared by Blake Riley (602-926-5491).