

**BALLOT PROPOSITION # 102**  
**Senior Property Valuation Freeze**

*Fiscal Impact Summary*

Proposition 102 is estimated to have little impact on state revenues or spending. Proposition 102 clarifies the income eligibility requirements for a law passed by voters in 2000. The law freezes the value of homes of seniors below a certain income level for property tax purposes. Most counties already use the income level specified by this proposition.

	<b>FISCAL YEAR</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>STATE EXPENDITURES</b>			
State General Fund	\$-0-	\$-0-	Negligible

**FISCAL ANALYSIS**

**Description**

Proposition 102 amends the Arizona Constitution by clarifying the administration of the property valuation protection program for seniors. The measure, which was passed by the voters at the 2000 General Election, provides a “freeze” (for property tax purposes) on the assessed valuation of homes owned by qualifying seniors.

Because the measure omitted a reference to a specific paragraph in the Social Security Act, county assessors were unclear as to which income limit to use to establish eligibility for properties owned by two or more persons. Furthermore, the law was silent on the due dates for administering the valuation protection program. For these reasons, the counties interpreted and implemented this law differently. Proposition 102 adds language to the Arizona Constitution in an effort to remove such ambiguity and thus ensure a uniform implementation of this measure.

**Estimated Impact**

The fiscal impact of Proposition 102 is negligible, as this measure would only affect a minimal number of properties in Coconino and Graham counties.

**Analysis**

For a property owned by two or more persons (including a husband and wife) to qualify for the valuation protection option, the owners’ combined income cannot exceed 500% of the supplemental security income (SSI) benefit rate. However, as the law is currently written, it is not clear whether this percentage should be applied to the SSI benefit rate for individuals or couples. The difference between the two qualifying income levels is significant. For example, in 2002, the income limit is \$32,700 based on the SSI rate for individuals but \$49,020 based on the SSI rate for couples. Only two counties, Coconino and Graham counties, have interpreted the law to apply to the higher income limit, whereas the remaining 13 counties apply the lower income limit.

Since Proposition 102 clarifies that the lower income limit (i.e., 500% of the SSI benefit rate for individuals) should be used to establish eligibility, only properties in Coconino and Graham counties would be affected by this measure. The Coconino County Assessor’s Office informed us that approximately 100 properties are currently taking advantage of the valuation protection program, of which no more than 12 properties were believed to have been ineligible if this measure were in effect today. Graham County Assessor’s Office reported that only 28 applications for the valuation protection option were

approved in 2001. It was not known, however, how many of these applicants would have failed to meet the income requirements under this measure.

Assuming that the same percentage of homes would be precluded from the valuation freeze in Graham as in Coconino, we speculate that no more than 15 properties statewide would be affected by this measure. The increase in net assessed valuation from precluding such a small number of properties from the valuation protection program is minimal. For this reason, the impact on the state General Fund is also believed to be negligible.

**Local Government Impact**

The fiscal impact is negligible.

7/18/02

This estimate was prepared by Hans Olofsson (602-542-5491).