

18. Property taxes, property valuation

SECTION 18.

- A. THE MAXIMUM AMOUNT, INCLUSIVE OF ALL AD VALOREM AND NON-AD VALOREM TAXES FROM ANY SOURCE, THAT MAY BE COLLECTED FROM RESIDENTIAL REAL PROPERTY IN ANY TAX YEAR SHALL NOT EXCEED ONE PER CENT OF THE PROPERTY'S BASELINE VALUE AS DETERMINED PURSUANT TO THIS SECTION.
- B. THE MAXIMUM AMOUNT, INCLUSIVE OF ALL AD VALOREM AND NON-AD VALOREM TAXES FROM ANY SOURCE, THAT MAY BE COLLECTED FROM ALL OTHER REAL PROPERTY IN ANY TAX YEAR SHALL NOT EXCEED ONE AND ONE HALF PER CENT OF THE PROPERTY'S BASELINE VALUE AS DETERMINED PURSUANT TO THIS SECTION.
- C. BEGINNING ON JANUARY 1, 2017, A PROPERTY'S BASELINE VALUE SHALL BE DETERMINED AS FOLLOWS:
 - 1. FOR REAL PROPERTY PURCHASED PRIOR TO JANUARY 1, 2017, THE 2015 "LIMITED PROPERTY VALUE" SHOWN ON THE 2015 TAX BILL FROM THE COUNTY ASSESSOR SHALL BE THE BASELINE VALUE.
 - 2. FOR REAL PROPERTY PURCHASED ON OR AFTER JANUARY 1, 2017, THE APPRAISED VALUE OF REAL PROPERTY WHEN PURCHASED, NEWLY CONSTRUCTED, OR A CHANGE IN OWNERSHIP HAS OCCURRED SHALL BE THE BASELINE VALUE.
- D. THE BASELINE VALUE MAY REFLECT FROM YEAR TO YEAR THE INFLATIONARY RATE NOT TO EXCEED TWO PERCENT FOR ANY GIVEN YEAR, OR REDUCTION AS SHOWN IN THE CONSUMER PRICE INDEX OR COMPARABLE DATA FOR THE AREA UNDER TAXING JURISDICTION.
- E. WHEN THE VALUE OF REAL PROPERTY DECLINES BELOW BASELINE VALUE, A DECLINE IN VALUE APPEAL MAY BE FILED WITH THE COUNTY ASSESSOR. IF A REDUCTION IN BASELINE VALUE IS GRANTED, THE VALUE FOR PROPERTY TAX PURPOSES SHALL RISE AS THE MARKET RISES BUT SHALL NOT EXCEED THE BASELINE VALUE PLUS ANY INFLATIONARY RATE ADJUSTMENT SPECIFIED IN SECTION 18 (D).
- F. A RESIDENT OF THIS STATE WHO IS SIXTY-FIVE YEARS OF AGE OR OLDER MAY APPLY TO THE COUNTY ASSESSOR FOR A PROPERTY VALUATION PROTECTION OPTION ON THE PERSON'S PRIMARY RESIDENCE, INCLUDING NOT MORE THAN TEN ACRES OF UNDEVELOPED APPURTENANT LAND. TO BE ELIGIBLE FOR THE PROPERTY VALUATION PROTECTION OPTION, THE RESIDENT SHALL MAKE APPLICATION AND FURNISH DOCUMENTATION REQUIRED BY THE ASSESSOR ON OR BEFORE SEPTEMBER 1. IF THE RESIDENT FAILS TO FILE THE APPLICATION ON OR BEFORE SEPTEMBER 1, THE ASSESSOR SHALL PROCESS THE APPLICATION FOR THE SUBSEQUENT YEAR. IF THE RESIDENT FILES AN APPLICATION WITH THE ASSESSOR ON OR BEFORE SEPTEMBER 1, THE ASSESSOR SHALL NOTIFY THE RESIDENT WHETHER THE APPLICATION IS ACCEPTED OR DENIED ON OR BEFORE DECEMBER 1. THE RESIDENT MAY APPLY FOR A PROPERTY VALUATION PROTECTION OPTION AFTER RESIDING IN THE PRIMARY RESIDENCE FOR TWO YEARS. IF ONE PERSON OWNS THE PROPERTY, THE PERSON'S TOTAL INCOME FROM ALL SOURCES INCLUDING NONTAXABLE INCOME SHALL NOT EXCEED FOUR HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611(b)(1) OF THE SOCIAL SECURITY ACT. IF THE PROPERTY IS OWNED BY TWO OR MORE PERSONS, INCLUDING A HUSBAND AND WIFE, AT LEAST ONE OF THE OWNERS MUST BE SIXTY-FIVE YEARS OF AGE OR OLDER AND THE OWNERS' COMBINED TOTAL INCOME FROM ALL SOURCES INCLUDING NONTAXABLE INCOME SHALL NOT EXCEED FIVE HUNDRED PER CENT OF THE SUPPLEMENTAL SECURITY INCOME BENEFIT RATE ESTABLISHED BY SECTION 1611(b) (1) OF THE SOCIAL SECURITY ACT. THE ASSESSOR SHALL REVIEW THE OWNER'S INCOME QUALIFICATIONS ON A TRIENNIAL BASIS AND SHALL USE THE OWNER'S AVERAGE TOTAL INCOME DURING THE PREVIOUS THREE YEARS FOR THE REVIEW. IF THE COUNTY ASSESSOR APPROVES A PROPERTY VALUATION PROTECTION OPTION, THE VALUE OF THE PRIMARY RESIDENCE SHALL REMAIN FIXED AT THE BASELINE VALUE IN EFFECT DURING THE YEAR THE PROPERTY VALUATION PROTECTION OPTION IS FILED AND AS LONG AS THE OWNER REMAINS ELIGIBLE. TO REMAIN ELIGIBLE, THE COUNTY

ASSESSOR SHALL REQUIRE A QUALIFYING RESIDENT TO REAPPLY FOR THE PROPERTY VALUATION PROTECTION OPTION EVERY THREE YEARS AND SHALL SEND A NOTICE OF REAPPLICATION TO QUALIFYING RESIDENTS SIX MONTHS BEFORE THE THREE YEAR REAPPLICATION REQUIREMENT. IF TITLE TO THE PROPERTY IS CONVEYED TO ANY PERSON WHO DOES NOT QUALIFY FOR THE PROPERTY VALUATION PROTECTION OPTION, THE PROPERTY VALUATION PROTECTION OPTION TERMINATES, AND THE PROPERTY SHALL REVERT TO ITS BASELINE VALUE DETERMINED PURSUANT TO THIS SECTION.

- G. STARTING ON JANUARY 1, 2017, PERSONAL PROPERTY TAX WILL BEGIN PHASE OUT BY REDUCING THE TAX RATE BY 1/3 IN TAX YEAR 2017 AND 1/3 IN TAX YEAR 2018. AS OF JANUARY 1, 2019, PERSONAL PROPERTY SHALL NOT BE SUBJECT TO TAXATION AND ARTICLE 9, SECTIONS 2, 2.1, 2.2 AND 2.3 SHALL BE STRUCK FROM THE ARIZONA CONSTITUTION.
- H. THE LEGISLATURE SHALL PROVIDE BY LAW A SYSTEM OF PROPERTY TAXATION CONSISTENT WITH THIS SECTION.
- I. FOR THE PURPOSES OF THIS SECTION:
 - 1. "OWNER" MEANS THE OWNER OF RECORD OF THE PROPERTY AND INCLUDES A PERSON WHO OWNS THE MAJORITY BENEFICIAL INTEREST OF A LIVING TRUST.
 - 2. "RESIDENTIAL REAL PROPERTY" INCLUDES ALL OWNER OCCUPIED RESIDENTIAL REAL PROPERTY AND IMPROVEMENTS, ALL REAL PROPERTY AND IMPROVEMENTS USED AS LEASED OR RENTED PROPERTY PRIMARILY FOR RESIDENTIAL PURPOSES.
 - 3. "PERSONAL PROPERTY" IS DEFINED AS ALL TYPES OF PROPERTY EXCEPT REAL ESTATE. IT USUALLY CAN BE REMOVED WITHOUT CAUSING DAMAGE TO EITHER THE REAL ESTATE FROM WHICH IT IS REMOVED OR THE ITEM OF PROPERTY ITSELF.
- J. THIS SECTION SHALL BE SELF-EXECUTING AND EFFECTIVE ON JANUARY 1, 2017.
- K. IF ANY PORTION OF THIS SECTION IS HELD INVALID FOR ANY REASON, THE REMAINING PORTIONS OF THIS SECTION SHALL NOT BE AFFECTED BUT WILL REMAIN IN FULL FORCE AND EFFECT.

Section 4. The Secretary of State shall submit this proposition to the voters at the next general election as provided by Article XXI, Constitution of Arizona.