



***ARIZONA STATE SENATE***  
***Fiftieth Legislature, Second Regular Session***

FACT SHEET FOR S.C.R. 1012

personal property tax exemption amount

Purpose

Subject to voter approval, increases the exemption for commercial and agricultural business personal property initially acquired during or after TY 2013.

Background

Personal property includes all types of property considered to be movable and not permanently attached to real estate. All businesses (commercial, industrial, mining, utilities and agricultural) pay a personal property tax on the assessed value of their machinery and equipment. The business personal property tax is either self-reported to the Department of Revenue (DOR) or determined by the county assessor who applies depreciation tables for various types of personal property.

In 1996, the Legislature referred to the ballot, and the voters approved, a constitutional \$50,000 exemption for business personal property. This amount is adjusted for inflation each year; the exemption for 2012 is \$68,079.

Beginning in TY 2012, the GDP Price Deflator is replaced with the Employment Cost Index for purposes of calculating the inflation-adjusted exemption amount each year. Based on a recent forecast provided by Global Insight, the use of the new inflation factor would increase the personal property exemption amount for FY 2013 by about \$600. That small increase was expected to have a negligible impact on statewide NAV and hence the state General Fund.

Based on data furnished by the Maricopa County Assessor's Office and DOR, SCR 1012 is estimated to have a direct General Fund cost of \$8.2 million, beginning in FY 2015. The proposal would reduce net assessed valuation, which would result in an increase of the state's K-12 education formula cost.

Provisions

1. Increases the exemption for commercial and agricultural business personal property initially acquired during or after TY 2013, to an amount that is equal to the annual earnings of 50 workers in this state according to a designated national measure of earnings.
2. Limits the personal property exemption currently in place to property initially acquired before TY 2013.
3. Stipulates that the measure be known as the "Small Business Job Creation Act."

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4. Requires the Secretary of State to submit the proposition to the voters at the next general election.
5. Becomes effective if approved by the voters and on proclamation of the Governor.

Prepared by Senate Research

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