STATE OF ARIZONA

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May 8, 2007

The Honorable Jim Weiers
Speaker of the House
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Re: HB 2434: residential property tax; homesite area

Dear Speaker Weiers:

Today I vetoed House Bill 2434, related to the size of a homesite area for residential property tax purposes.

This bill was originally drafted in a narrow manner that was less objectionable. It would have increased to ten the number of acres of a homesite eligible for class three property tax categorization. Unfortunately, the bill was amended late in the process to allow an uncapped number of acres to also qualify as a class three homesite, so long as the owner submits an "initial" affidavit stating that the parcel will not be subdivided or used for other purposes. This loophole would have allowed any developer or landowner to convert their vacant lands from class two (subject to taxation at 16% of the property's full cash value) to class three (subject to taxation at 10% of the property's full cash value and eligible for a homeowner rebate) simply by placing a temporary residence (such as a mobile home) somewhere on the property and filing the affidavit.

More disturbingly, the amended bill would impose no consequence whatsoever on an owner who later renounces his initial affidavit and proceeds to subdivide the property or develop it for purposes consistent qwith other property tax categories. Such an owner could simply renounce the "initial" affidavit, proceed accordingly, and pocket the tax savings achieved while the affidavit was in effect. Such a result is not in the best interest of our counties or our state.

For these and other reasons, I have vetoed House Bill 2434.

Yours very truly,

Janet Napolitano
Governor

JN:TAN/jm

cc: The Honorable Tim Bee
The Honorable Nancy Barto