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**FOR IMMEDIATE RELEASE**

**Pima County sues state over Additional State Aid to Education cost shift**

*Special action filed today with state Supreme Court seeking immediate relief*

PIMA COUNTY – Pima County filed a special action today in the Arizona Supreme Court to prevent implementation of a new budget provision that would make Pima County taxpayers pay the costs of other jurisdictions.

“The Legislature and Gov. Doug Ducey, in their rush to pass a budget this year, included a provision that forces Pima County taxpayers to pay a portion of the taxes of Tucson Unified School District. That is not only unfair, it’s unconstitutional,” said Board of Supervisors Chair Sharon Bronson.

“It is unfortunate the county has had to resort to legal action to insure fair and constitutional treatment of our taxpayers,” she said.

Pima County has petitioned the Supreme Court directly, rather than file suit first in Superior Court, because the county must set its budget by June 30 and levy the taxes necessary to fund the budget by Aug. 17. In order to pay for the cost of the new state law, the county will have to raise property taxes. The state, TUSD and other jurisdictions in Pima County affected by this new law also face impending fiscal deadlines causing a need for urgent relief from the state Supreme Court on this constitutional issue.

At issue is a 1980 state constitutional amendment that capped the primary property tax for a residential property at 1 percent of its full cash value. However, in some parts of the state, overlapping jurisdictions that are funded with primary property taxes create total tax rates that exceed the 1 percent cap for some residential properties. When this cap affects school districts, the state, in order to hold school districts harmless, has paid to schools the amount over the 1 percent. The state has made these payments for 34 years.

Now, the state will only pay up to \$1 million per county. If the amount over the 1 percent cap exceeds the \$1 million, the state, with no clear direction in the original legislation, has delegated to the Property Tax Oversight Commission the right to determine which taxing jurisdictions have to make up the difference.

The commission, which Pima County also is suing, has yet to give Pima County a definitive amount it must pay, but the county estimates it might be between \$8 million and \$18 million.

“This law is simply the Legislature trying to avoid raising a tax by forcing local governments to raise theirs,” said District 2 Supervisor Ramón Valadez. “I served in the Legislature for seven years, and we never played these kinds of taxation shell games.”

In its petition to the court, the county argues that section 7 of Senate Bill 1476 is unconstitutional because it is an improper delegation of authority and violates the separation of powers doctrine by giving an administrative entity controlled by the legislature, the Property Tax Oversight Commission, authority to implement taxing authority. The county also argues the section is unconstitutional because it forces one jurisdiction to levy a tax to benefit another; yet the voters and taxpayers of the first jurisdiction have no say and no vote over how the money is spent by the second jurisdiction. That is taxation without representation and violates constitutional principles of due process.

“As a fiscal conservative, I understand the intent of the Legislature and Gov. Ducey to try to balance the state’s budget without raising taxes. I’ve voted against every tax increase that’s come before the Board of Supervisors since I joined the board in 1997. But transferring up to \$18 million of former state costs onto Pima County simply because the state doesn’t want to pay it anymore is wrong,” said District 4 Supervisor Ray Carroll. “That’s not fiscal conservatism. That’s punitive to the taxpayers of Pima County and that’s why I support this legal action by the county.”

The county believes there is a lot more wrong with SB1476, but it has limited its petition to the Supreme Court to the two most glaring constitutional offenses. If the court chooses not to accept jurisdiction, the county will then file for relief in Superior Court. If so necessary, the county also will argue that the new law:

- Violates the state constitution’s requirement that increases in state revenue be passed by a two-thirds majority of the Legislature.
- Violates the state constitution’s requirement that proposed laws be restricted to a single subject.
- Improperly delegates legislative authority to the oversight commission.
- Is an illegal taking of private property for other-than-public purposes.

Despite having filed this petition, the county has not given up on trying to find an equitable legislative solution.

“We have been and continue to work with the governor and legislative leadership to find a constitutionally appropriate solution. If we prevail in this legal action, the Legislature will have to resume making these aid to education payments for which it hasn’t budgeted. It is in both the county’s and the state’s best interest to find a legislative solution that is fair to both the state’s and the county’s taxpayers,” Valadez said.

“We implore the governor and legislature to call a special session to address the unintended inequities created by the new budget provision,” he said.