



# MEMORANDUM

Date: April 15, 2022

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: Jan Leshner   
County Administrator

Re: **Property Tax Scenarios for Fiscal Year 2022/23**

During the April 5, 2022, Board of Supervisors Meeting, Supervisor Christy asked staff to provide various property tax scenarios for Fiscal Year 2022/23. Below please find the scenarios created.

***Finance Tax Rate and Levy Scenario Table and Descriptions***

<b>Tax Group</b>	<b><i>Adopted Budget FY 2021/22</i></b>	<b><i>Scenario 1 - Recommended Budget FY 2022/23</i></b>	<b><i>Scenario 2 - Cost Shift 1 FY 2022/23</i></b>	<b><i>Scenario 3 - Cost Shift 2 FY 2022/23</i></b>
<b>General Fund Primary (including PAYGO)</b>	<i>\$3.8764</i>	<i>\$3.8901</i>	<i>\$3.9371</i>	<i>\$4.0490</i>
<b>Library District</b>	<i>0.5353</i>	<i>0.5453</i>	<i>0.5494</i>	<i>0.5494</i>
<b>Debt Service</b>	<i>0.4500</i>	<i>0.3200</i>	<i>0.3225</i>	<i>0.3225</i>
<b>Regional Flood Control District (RFCD)</b>	<i>0.3335</i>	<i>0.3235</i>	<i>0.3254</i>	<i>0.3254</i>
<b>Total</b>	<b><i>\$5.1952</i></b>	<b><i>\$5.0789</i></b>	<b><i>\$5.1344</i></b>	<b><i>\$5.2463</i></b>

## Descriptions

Scenario 1– The property tax rates included within the current version of the Recommended Budget were calculated in accordance with [Board of Supervisor’s Policy D 22.12, General Fund Capital Improvement Fund Pay-As-You-Go Program](#). This scenario continues to reduce the overall property tax rate, funds the PAYGO program and absorbs the State cost shifts. The overall \$3.8901 General Fund Primary Tax Rate consists of a \$3.5716 tax rate for general expenses and a \$0.3185 PAYGO tax rate. It also includes a \$0.0100 decrease in the Regional Flood Control District and a \$0.0100 increase in the Library District to begin to fund the Pima Early Education Program (PEEP) in future years without increasing the overall tax rate. The overall tax rate decrease is \$0.1163.

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Scenario 2– The property tax rates included in this scenario were calculated in accordance with [Board of Supervisor’s Policy D 22.12, General Fund Capital Improvement Fund Pay-As-You-Go Program, D 22.12](#) and [Board of Supervisor’s Policy D 22.13 General Fund Neutralization of State Legislature Cost Shifts and Disclosure of the Cost Shifts to Taxpayers](#). This scenario includes the Scenario 1 calculation plus a provision to recoup \$5.6M in State cost shifts attributable to the reduced Class 1 assessment ratio and juvenile corrections payments to the state. This scenario was discussed in my [February 15, 2022 Memo, State Cost Shift Increases and the Need to Adjust Property Tax Rates for the Fiscal Year 2022/23 Recommended Budget](#). This scenario was not included in the Recommended Budget as we were able to continue to absorb these costs within our projected fund balance and therefore include the entire \$0.1163 tax rate reduction noted in Scenario 1. The overall net decrease in property tax rates in this scenario is \$0.0608.

Scenario 3– The property tax rates included in this scenario were calculated in accordance with [Board of Supervisor’s Policy D 22.12, General Fund Capital Improvement Fund Pay-As-You-Go Program, D 22.12](#) and [Board of Supervisor’s Policy D 22.13 General Fund Neutralization of State Legislature Cost Shifts and Disclosure of the Cost Shifts to Taxpayers](#). This scenario includes Scenario 2 plus a provision for \$11.4 million in additional state cost shifts, which includes \$9.2 million in additional Arizona Long-Term Care System costs, \$1.5 million in Superior Court salary increases, \$0.3 million in Justice of the Peace salary increases, \$0.3 million in Arizona Department of Revenue Tax System costs, and \$0.1 million in Budget Neutrality Compliance Fund costs, for a combined total cost of approximately \$17.0 million. The overall tax rate for this scenario increases by \$0.0511. This scenario was not included in the Recommended Budget as we were able to continue to absorb these costs within our projected fund balance and therefore include the entire \$0.1163 tax rate reduction noted in Scenario 1.

Currently within the Recommended Budget, Scenario 1 is included. This scenario allows the County to continue to fund existing programs and PAYGO while absorbing the State cost shifts.

JKL/mp

- c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
- Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer, Health and Community Services
- Michelle Campagne, Director, Finance and Risk Management
- Andrew Welch, Deputy Director, Finance and Risk Management
- Xavier Rendon, Budget Manager, Finance and Risk Management