



MEMORANDUM

Date: August 23, 2018

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH Huckelberry", is written over the printed name and title.

Re: **2018 Tax Bills**

There has been some confusion in recent media reports suggesting that taxpayers in Tucson Unified School District (TUSD) will see significant increases to their taxes. This is not accurate. In fact, there is no increase in total taxes caused by this change. The only change is the way the taxes are listed on the residential property owner's tax bills. For TUSD, the total tax levies, as shown in Resolution 2018-54, adopted on August 20, 2018, decreased from \$222,587,250 to \$216,646,040, a decrease of \$5,941,210, a 2.7 percent decrease.

On August 20, 2018, the Board of Supervisors levied the 2018 taxes for Pima County and for all jurisdictions. The 2018 tax bills will be mailed to property owners in mid-September. Since Pima County significantly reduced its tax rates this year, from \$5.9784 to \$5.6084, a net 37 cent decrease, all business properties and most residential properties in the County will see a decrease in their property taxes.

Residential property owners in Tucson Unified School District are impacted by taxes adopted by the district for court-ordered desegregation costs. Beginning with this year's tax bills, the residential property owners in the TUSD will see the desegregation taxes and other secondary taxes broken out separately as now required by recent legislation. In prior years, the desegregation costs have been included as part of the TUSD tax levies as part of the districts' primary tax levies.

In the final hours of this year's legislative session, the State legislators passed a new bill that required the desegregation taxes be levied as a secondary tax. This appears to have been an attempt to place the burden of the desegregation taxes on residential property owners within the district to eliminate most of the Additional State Aid to Education that has been paid by the state for almost four decades. TUSD adopted desegregation taxes as secondary taxes in accordance with the new law. The Board of Supervisors also adopted the levy for the desegregation taxes as a secondary levy on August 20, 2018 in accordance with the new law.

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At our May 22, 2018 meeting, however, the Board directed staff to calculate the residential property owners' rebate for taxes in excess of the one percent constitutional limit using the desegregation taxes in the same manner as prior years. Basically, we believe the constitutional provisions require the Board to include desegregation in the calculation of the rebate. This benefits the individual residential property owners by shifting part of the tax burden back to the State where it has always been. The County has levied the entire amount of the desegregation tax and has provided the traditional rebate to homeowners of approximately \$10.6 million. Had the County treated the desegregation taxes in the manner it appears the legislature wanted, then the residential property owners in TUSD areas would pay the additional \$10.6 million to TUSD.

The Board of the TUSD has authorized a lawsuit to be brought against either the State of Arizona or against Pima County regarding the collection of the additional \$10.6 million of taxes relating to the tax rebate to homeowners. Pima County believes this amount is due to TUSD from the State of Arizona as Additional State Aid to Education, as it has been for decades.

Attached is a section of a sample tax bill showing taxes for a home within TUSD boundaries with a value of \$270,733 comparing the tax levies for 2017 and 2018. There are five lines showing taxes for TUSD for the sample property totaling \$865.74 for 2017 and \$935.19 for 2018, an increase of \$ 69.45, or an 8 percent increase. Pima County taxes, shown on the sample tax bill, decreased by \$85.39, more than covering this shift of taxes. The total taxes to be collected for this property decreases by \$6.27. Thus, there is no increases in taxes as suggested by media reports.

CHH/mp

Attachment

c: Jan Leshar, Chief Deputy County Administrator
Tom Burke, Deputy County Administrator for Administration
Michelle Campagne, Director, Finance and Risk Management
Robert Johnson, Deputy Director, Finance and Risk Management
Patrick McGee – Budget Manager, Finance and Risk Management
Craig Horn, Finance Analyst Supervisor

PIMA COUNTY 2018 PROPERTY TAX STATEMENT ARIZONA

THIS IS THE ONLY STATEMENT YOU WILL RECEIVE

STATE CODE #			AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE
BOOK	MAP	PARCEL				
000	06	00A	150	12.5031	3.2491	

ASSESSMENT	TAXABLE NET ASSESSED VALUE	JURISDICTION	2017 TAXES	2018 TAXES	DIFFERENCE
REAL PROPERTY	23,077	PIMA COUNTY PRIMARY	971.45	939.14	-32.31
PERSONAL PROPERTY		COUNTY ROAD PRIMARY	57.69	0.00	-57.69
2018 TAX SUMMARY					
PRIMARY PROPERTY TAX	2,885.34	SCHOOL EQUALIZATION PRIMARY	112.50	109.41	-3.09
LESS STATE AID TO EDUCATION	577.60	PIMA COLLEGE PRIMARY	320.54	322.69	2.15
NET PRIMARY PROPERTY TAX	2,307.74	CITY OF TUCSON PRIMARY	104.28	105.28	1.00
SECONDARY PROPERTY TAX	749.81	TUCSON TORT PRIMARY	1.43	17.28	15.85
CAGR D MEMBER DUES		TUSD MAINTENANCE & OPERATIONS	708.09	539.44	-168.65
TOTAL TAX DUE FOR 2018	3,057.55	TUSD UNRESTRICTED CAPITAL	31.76	12.76	-19.00
		TUSD ADJACENT WAYS	0.00	1.75	1.75
		TUSD DESEGREGATION	0.00	259.99	259.99
		COUNTY BONDS SEC	161.54	159.23	-2.31
		CITY OF TUCSON SECONDARY	225.25	219.42	-5.83
		TUSD SECONDARY	125.89	121.25	-4.64
		JNT TECH ED SECONDARY	11.54	11.54	0.00
		LIBRARY DISTRICT	116.61	118.92	2.31
		PIMA CO FLOOD CONTROL SECONDARY	72.35	76.96	4.61
		CEN ARIZ WATER SECONDARY	32.31	32.31	0.00
		FIRE DIST ASSIST SECONDARY	10.59	10.18	-0.41
TOTALS			3,063.82	3,057.55	-6.27

123 W. PIMA COUNTY BLVD.
LOVE PIMA COUNTY ESTATES
LOT 1

PAYMENT INSTRUCTIONS
To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than **Nov. 1, 2018**. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than **May 1, 2019**. The minimum acceptable payment is \$10 or 10% of the payment due, whichever is greater

2018 FIRST HALF PAYMENT

Due
Amount Due 3,057.55
Delinquency Date First Half Payment

Please indicate the amount of your payment.

\$

Check here for receipt.

State Code:
Print the above State Code Payment in U.S FUNDS
Make check payable to Pima County Treasurer

Please fold on perforation
Return coupon with



THERE WILL BE A \$25 CHARGE FOR EACH RETURNED CHECK AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS

How to read your Pima County tax bill for TUSD homeowners

- These taxes are levied by the Board of Supervisors. The board lowered overall county taxes by 37 cents per \$100 of assessed value.
- These taxes formerly appeared on tax statements as "Tucson School District 1 primary." We have broken them into their component parts so taxpayers know the amount they are being assessed by TUSD for desegregation.
- The County will collect this amount which has been reduced by the amount of State Aid to Education relating to the Desegregation tax levy.
- This is the amount of property tax paid by the state to school districts including whenever combined total primary property taxes exceed 1 percent of a home's net assessed value.

This is a sample tax bill, actual amounts will depend on your property's assessed value.