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# MEMORANDUM

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Date: June 21, 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 be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Property Tax Reduction**

The Board of Supervisors, when adopting the Fiscal Year (FY) 2018/19 Final Budget, adopted the single largest property tax reduction in the history of the modern property tax system or 32 years. This will translate into an approximate 8.7 percent decrease in primary property taxes collected by the County. The primary property tax rate for FY 2018/19 is \$4.0696, a reduction from the rate of \$4.4596 last fiscal year. This reduction occurs for two reasons.

The first reason is the Board's significant efforts in economic development, which has expanded the tax base. Our tax base is growing at an approximate 3 to 4 percent rate per year. This is a significant change from the nearly 20 percent decrease that occurred during the Great Recession. Employment attractions and expansions in economic development activities associated with HomeGoods, Comcast, Accelerate Diagnostics, World View, Caterpillar, Raytheon, Amazon and many others have all led to this tax base expansion. I would like to thank the Board for your significant efforts in promoting economic development. It is clearly a fundamental principle of economics that an increasing tax base will decrease taxes on the individual. This has been and always will be our goal in economic development as well as to increase the wealth and living standards of our existing residents. A significant portion of this year's record tax reduction is a result of our economic development activities.

The second reason for this significant reduction in taxes is the Board's recognition that the County cannot piecemeal road repairs through a primary property tax rate increase. The 25-cent Transportation Road Primary Property Tax enacted in FY 2017/18 was one of the limited options available to address our local pavement preservation and road repair needs. Unfortunately, while the property tax raised nearly \$20 million annually, these funds were, basically, "a proverbial drop in the bucket" when it came to addressing our necessary road repairs. Continuing the Transportation Road Tax for road repair would not completely address our road repair needs for decades, if ever.

The voters will need to decide this November whether road repair is an important enough policy issue to consider approval of bonds for this purpose. As I have stated in our June 19, 2018 discussion, this is a choice the voters need to make based on all other options being exhausted.

The Honorable Chairman and Members, Pima County Board of Supervisors

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June 21, 2018

Page 2

Reducing property taxes is something that everyone should agree is positive. Repairing our roads within 10 years, holding our taxes constant and seeing a reduction in property taxes is, frankly, something everyone should also agree upon.

CHH/anc

c: Jan Leshar, Chief Deputy County Administrator  
Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Tom Burke, Deputy County Administrator for Administration