



MEMORANDUM

Date: February 22, 2019

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: **Assessor's Call to the Public Statement at the February 19, 2019 Board of Supervisors Meeting**

I was quite surprised that the Assessor made certain invalid claims regarding the budget and Truth in Taxation compliance in an address the Board of Supervisors at Call to the Public.

Attached is a verbatim statement of the Assessor's statement. (Attachment 1) It is inaccurate as well as misleading. The Assessor attempts to assert that the Board is raising taxes, not the Assessor himself, even though the Assessor has been involved in numerous litigations that he has lost regarding valuation; hence, ultimately, taxation. Taxpayers pay the cost of his litigations.

Regarding the Assessor's statement relating to Truth in Taxation, attached is a table of the primary property tax rate by fiscal year compared to the Truth in Taxation rate. (Attachment 2) What is surprising is that the County, through the Board of Supervisors, has adopted budgets, that have on a vast majority of occasions, been below the Truth in Taxation tax rates. Since Fiscal Year (FY) 2010/11, the Board has adopted primary property tax rates that were below the Truth in Taxation standards in six fiscal years. There are only three years where this standard was not met.

The question then becomes, why was the Truth in Taxation standard unmet for the particular fiscal years? This answer is quite simple and should have been known by the Assessor.

An exceedance occurred in FY 2014/15. It should be remembered this was the last year of The Great Recession when the primary property tax base decreased by nearly 17 percent. In previous fiscal years, the Board wisely budgeted a sufficient high fund balance to carryover the County budget over four years, beginning in 2010, without increasing taxes during the recession. This was the primary reason the Truth in Taxation statute was met in FY 2011/12, FY 2012/13 and FY 2013/14. Unfortunately, the budgeted fund balance did not outlast The Great Recession; hence, the need to increase the primary property tax rate in FY 2014/15. It should also be noted that in this increase are two components of importance. During that year, we attempted to address road repair by including \$5 million in the General

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Fund as well as provide significant financial assistance to the Sheriff of nearly \$3 million. It is for these main reasons the County exceeded the Truth in Taxation property tax rate for the primary rate.

The County also exceeded the Truth in Taxation rate in FY 2015/16. The only reason the County exceeded the rate in this fiscal year was due to the State Legislature adopting legislation that transferred the liability of the traditionally State paid one-percent exceedance State Aid to Education to the County. This issue was litigated and, the County won this litigation in the following fiscal year. State Legislation transferring this liability to the County was the only reason the County exceeded the Truth in Taxation primary property tax rate in FY 2015/16.

Finally, the County exceeded the Truth in Taxation rate in FY 2017/18, but it was only because of the Board's desire to make a significant investment in road repair. This is the fiscal year in which the Board adopted the \$0.25 road repair tax rate increase as allowed by statute. This road repair tax rate is included in the primary property tax rate and is the only reason the County exceeded the Truth in Taxation rate for FY 2017/18.

Perhaps the Assessor should concentrate his work on assessing the value of County properties rather than lecturing the Board on tax rates.

CHH/anc

Attachments

c: The Honorable Bill Staples, Pima County Assessor

ATTACHMENT 1

Board of Supervisors – Call to the Public – February 19, 2019

Bill Staples, Pima County Assessor

Mr. Chairman, Board Members, I will try and keep my comments brief. This coming Friday the 22nd we are going to mail out our 2020 valuation notices. Attached to the handout I just gave you is the department of revenue's review of our data files for equalization purposes and no equalization action is necessary. One year ago, we mailed the 2019 valuation notices. The difference, - - we have already conveyed the 2019 roll that was conveyed in December 2018. The difference between the '18 and '19 roll is almost 5%, 5.75%. Approximately 1% of that is growth. The truth in taxation notices that I just handed out are going to require you folks to lower your primary rate by 14.4 cents to avoid publishing a public notice that you were raising taxes. If you reduce your rate by 18.5 cents that will allow you to collect that same amount in primary taxes this coming year '19, as you did in '18. Okay, I am pausing for effect on that because leaving the tax rate the same as Supervisor Valadez likes to talk about, you are going to increase your collection by \$16 million. Okay, you are raising taxes, leaving the rate the same. Stores that increase prices then have a sale are not having a sale. They are being misleading and that is what is what Supervisor Bronson and County Administrator Mr. Huckelberry did, stating that we're lowering our rates by historic amounts before the 2018 tax bills went out. I think you've heard enough from your constituents that said no, our taxes does not go down, and I'm here to point out that it's February of '19. You are not going to set your rates until August of '19. But those rates are already known and they are in those legal notices - - the notices that I'm required to publish every year per statute. So I know you can't ask any questions. So thank you very much for your time.

ATTACHMENT 2

Table 1: Budget Years Requiring a Truth in Taxation Hearing

CATEGORY	FISCAL YEAR	ADOPTED TAX RATE		TRUTH IN TAXATION RATE	TNT HEARING REQUIRED
Primary	FY 10/11	3.3133		3.3870	NO
	FY 11/12	3.4178		3.6118	NO
	FY 12/13	3.4178		3.5480	NO
	FY 13/14	3.6665		3.7191	NO
	FY 14/15	4.2779		3.7633	YES
	FY 15/16	4.3877		4.3025	YES
	FY 16/17	4.2896		4.3581	NO
	FY 17/18 *	4.4596		4.2119	YES
	FY 18/19	4.0696		4.4014	NO

Reasons for exceeding primary property Truth in Taxation tax rate:

1. Great Recession fund balance depletion as well as road repairs and Sheriff funding.
2. Attempted State cost transfer of 1% property tax limitation.
3. \$0.25 road repair tax.