



MEMORANDUM

Date: April 2, 2020

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

From: C.H. Huckelberry
County Administrator *CHH*

Re: **Treasurers Proposal to Delay the Collection of Second Half Property Taxes**

I believe you have received information that the County Treasurers are supporting a measure to delay the collection and/or delinquency date of the second half property taxes. This proposal, while well-intended, will have adverse fiscal consequences, primarily since the collection of property tax revenues occurs only twice per year, rather than sales taxes or state-shared sales taxes that are distributed on a monthly basis.

The delay of second half property tax collections will cause a significant cash flow problem for those entities who rely on property taxes. While the County collects property taxes, we also distribute them to a number of other jurisdictions. Approximately 50 percent of our collections are distributed to school districts, another 15 percent to fire districts, nearly 10 percent to Pima Community College and 30 percent to the County.

While the County may use a line of credit if property tax collections were delayed, other smaller jurisdictions, in particular fire districts may not be able to do so.

The primary issue is who would benefit from such a delay. It is likely, the benefit while real, is limited. In our particular case, the property tax base is over 65 percent of the property tax collections and come from residential property owners, most of whom have their property taxes impounded in a monthly mortgage payment. Therefore, any delay would not provide any appreciable benefit to this class of property taxpayers. Benefits would accrue to commercial properties, mines and utilities.

While the effort is commendable, it does not appear to be well thought out.

CHH/anc

c: The Honorable Beth Ford, Pima County Treasurer
Jan Leshner, Chief Deputy County Administrator
Michelle Campagne, Director, Finance and Risk Management
Craig Sullivan, Executive Director, County Supervisors Association of Arizona
Michael Racy, Racy Associates, Inc.