




MEMORANDUM

Date: August 20, 2021

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

From: C.H. Huckelberry
County Administrator 

Re: **Differential Water Fees and Tax Equity**

City of Tucson Councilmember Paul Cunningham, in his justification of differential water fees, addressed what he believed was a property tax equity issue associated with the County's Pay-as-you-Go (PAYGO) program. We have previously provided information to the Board regarding the reason the PAYGO program for transportation and road repair in the unincorporated area is not inequitable until these expenditures reach approximately \$300 million.

What is now apparent is that there is a property tax and tax equity issue associated with differential water fees being charged to Tucson Water's unincorporated customers. These inequitable fees include:

- The unincorporated area paying more than half of the property tax levied by the Central Arizona Water Conservation District even though the unincorporated Tucson Water customers only makes up 29 percent of their customers and Tucson Water received 80 percent of the Central Arizona Project CAP municipal water allocation in Pima County.
- The unincorporated Tucson Water customers pay 42 percent of the CAP fees assessed by Tucson Water even though the unincorporated customers only make up 29 percent of Tucson Water customers.
- The unincorporated Tucson Water customer pays a City of Tucson 2.5 percent sales tax even though they live in the unincorporated area where there is no sales tax.

These property and other tax and fee inequities should give the City of Tucson pause in implementing the differential water fee system they have now put in place.

CHH/anc

c: Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer,
Health and Community Services
Yves Khawam, PhD, Assistant County Administrator for Public Works