




MEMORANDUM

Date: February 16, 2021

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

From: C.H. Huckelberry
County Administrator 

Re: **Attempted State Cost Shift of the One-percent Constitutional State-aid to Education Exceedance**

The Arizona Constitution provides that property owners shall not pay more than one percent in combined primary property taxes, which translates into generally a combined primary property tax rate for all taxing jurisdictions that would exceed \$10 per \$100 of assessed value.

Twice, the State has attempted to transfer this State obligation to Pima County through legislative efforts of Senator Vince Leach and Arizona Tax Research Association (ATRA). We have challenged both transfers in Court and on both occasions, the Courts have ruled in favor of Pima County. Hence, nullifying the legislation in this attempted tax transfer to Pima County.

As the County continues to decrease our primary property tax rate, this issue is becoming moot. The table below provides the total amount of tax liability from Fiscal Year 2014/15 through Fiscal Year 2020/21.

| Tax Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| Fiscal Year | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| Countywide Total Amount of Additional 1% Aid | \$18,391,008 | \$16,922,611 | \$13,796,085 | \$16,698,801 | \$8,139,322 | \$4,363,278 | \$1,718,349 |

This is an example of how the State shifts property tax burdens to the County.

Another bill that is pending before the Legislature is the Arizona Department of Juvenile Corrections cost transfer where the State arbitrarily decided that Maricopa and Pima Counties should pay 25 percent of the State's cost in providing this service. There is legislation now pending to either repeal cost shifts or defer it. In either event, this bill is also legally flawed. If this cost shift is imposed again this year, we will take appropriate action to challenge the transfer in the Courts.

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