



MEMORANDUM

Date: July 22, 2016

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **July 20, 2016 Property Tax Oversight Commission Letter**

The County received the attached July 20, 2016 letter from the Property Tax Oversight Commission (PTOC). The letter nullifies their March 24, 2016 letter indicating Pima County had an approximate \$16 million property tax payment liability to certain school districts. The PTOC's March 24, 2016 letter is void based on the ruling of the Maricopa County Superior Court.

The County will continue to pursue reimbursement from the State for our attorney's fees in the amount of \$165,000 regarding this matter.

In addition, we believe the State should include any resolution of fiscal responsibility for the one-percent, owner-occupied residential property tax liability excess in school financing legislation, since the issue is solely related to education. Prior to enactment of the legislation that has now been declared unconstitutional, this excess has been the responsibility of the State and its school districts – not the property tax responsibility of the County, cities, towns or community colleges.

The State has until August 8, 2016 to file an appeal. If an appeal is filed, we will vigorously oppose same and will assert all of our unconstitutionality claims, not just the claim upon which the Maricopa Superior Court ruled.

CHH/anc

Attachment

c: Thomas Weaver, Chief Civil Deputy County Attorney
Regina Nassen, Deputy County Attorney
Joseph Kanefield, Attorney, Ballard Spahr LLP
Michael Racy, Racy Associates, Inc.

PROPERTY TAX OVERSIGHT COMMISSION



July 20, 2016

Douglas A. Ducey
Governor

David Briant
Chairman

The Honorable Sharon Bronson, Chairman
Pima County Board of Supervisors
130 W. Congress Street, 11th Floor
Tucson, AZ 85701

<i>Jim Brodnax</i> Member	<i>Kevin McCarthy</i> Member
<i>Jeff Lindsey</i> Member	<i>Chris Kelling</i> Member

RE: Pima County v. State of Arizona Judgment

Dear Supervisor Bronson:

The Property Tax Oversight Commission sent a letter on March 24, 2016 regarding the transfer of funds to certain school districts pursuant to A.R.S. § 15-972(K). Please reference the attached judgment signed and filed by the Maricopa County Superior Court of Arizona on July 8, 2016.

If you have any questions, please contact me at (602) 716-6436.

Sincerely,

A handwritten signature in cursive script that reads "Darlene Teller".

Darlene Teller
Property Tax Oversight Commission Staff

Attachment

cc: C. H. Huckelberry, Administrator, Pima County
Keith Dommer, Finance Director, Pima County
Craig Horn, Finance Analyst Supervisor, Pima County
Yousef Awwad, Chief Financial Officer, Tucson Unified District
Dan Contorno, Business Manager, Marana Unified District
Scott Little, Chief Financial Officer, Amphitheater Unified District
Lisa Cervantez, Business Manager, Vail Unified District
Charlotte Gates, Business Manager, Sahuarita Unified District
Ricardo Hernandez, Business Manager, San Fernando Elementary District
Tamie Jewell, Business Manager, Altar Valley Elementary District

SUPERIOR COURT OF ARIZONA
MARICOPA COUNTY

CV 2015-009739

07/08/2016

HONORABLE CHRISTOPHER WHITTEN

CLERK OF THE COURT
H. Bell
Deputy

PIMA COUNTY, et al.

JOSEPH KANEFIELD

v.

STATE OF ARIZONA, et al.

KAREN J HARTMAN-TELLEZ

PIMA COUNTY BOARD OF
SUPERVISORS
PIMA COUNTY TREASURER

JUDGMENT SIGNED

The Court has Plaintiffs' proposed form of judgment, filed May 25, 2016, Defendants' objection to the same and their own proposed form of judgment, filed May 31, 2016 and Plaintiffs' response to the same, filed June 3, 2016.

Having reviewed the above, the Court modified the Plaintiffs' proposed form of judgment filed May 25, 2016 to omit the proposed paragraph two. None of the Defendants' other objections to that proposed form of judgment were persuasive.

IT IS ORDERED approving and settling formal written Judgment signed by the Court on July 8, 2016 and filed (entered) by the Clerk on July 8, 2016.

7-8-16 3:39 pm
FILED
MICHAEL K. JEANES, Clerk
By H. Bell
H. Bell, Deputy

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12 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
13 IN AND FOR THE COUNTY OF MARICOPA

14 PIMA COUNTY, a body politic;
15 CLARENCE DOWNY KLINEFELTER,

NO. CV2015-009739

16 Plaintiffs,

JUDGMENT

17 vs.

(Assigned to the Honorable Christopher Whitten)

18
19 STATE OF ARIZONA; PROPERTY TAX
OVERSIGHT COMMISSION; DAVID
20 RABER, JIM BRODNAX, JEFF
21 LINDSEY, KEVIN MCCARTHY, and
22 FRED STILES, in their official capacities
as Members of the PROPERTY TAX
23 OVERSIGHT COMMISSION,

24 Defendants.

25
26 Pursuant to this Court's May 23, 2016 Minute Entry granting summary judgment to
27 Pima County and Clarence Downy Klinefelter ("Plaintiffs") and denying the Defendants'
28

1 cross-motion for summary judgment, final judgment is hereby entered pursuant to Rule
2 54(b), Ariz. R. Civ. P.

3 Entry of final judgment under Rule 54(b) on Plaintiffs' substantive claims is
4 appropriate because time is of the essence as Plaintiff Pima County is under an order to
5 transfer \$15,804,052.83 to seven school districts by June 30, 2016, as set forth in the
6 Property Tax Oversight Commission's ("PTOC") letter to Pima County dated March 24,
7 2016. Plaintiffs' claim for attorneys' fees is not as time sensitive and is subject to further
8 proceedings in this Court, at which time judgment will be entered on that remaining
9 claim.

10 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

11 1. For the reasons set forth in this Court's May 23, 2016 Minute Entry, A.R.S.
12 § 15-972(K) violates Article 3 and Article 9, § 1, of the Arizona Constitution by
13 impermissibly delegating the legislative power of taxation to PTOC.

14 2. PTOC's order dated March 24, 2016, which requires Pima County to
15 transfer to seven school districts \$15,804,052.83 no later than June 30, 2016, is null and
16 void.

17 3. Defendants are hereby enjoined from taking any further actions to allocate
18 funding responsibility under, or in any way implement or enforce, § 15-972(K).

19 4. This judgment is a final determination of the rights and liabilities of the
20 parties, except for Plaintiffs' claim for attorneys' fees and costs, which will be decided
21 by this Court at a later date. There is no just reason for delay, and therefore this
22 judgment is entered pursuant to Rule 54(b).

23
24 Dated: July 8, 2016



Honorable Christopher Whitten