



## COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER  
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C.H. HUCKELBERRY  
County Administrator

March 9, 2015

Craig Sullivan, Executive Director  
County Supervisors Association of Arizona  
1905 W. Washington, Suite 100  
Phoenix, Arizona 85009

**Re: Arizona State Budget Transfers**

Dear Mr. Sullivan:

As you know, the recently adopted State budget continues to transfer significant costs to counties. This is nothing new, but it has accelerated dramatically in the recent past.

Enclosed is a document that indicates Pima County, for this year's budget, will send the State nearly \$83 million of our primary property taxes. Next year, this is anticipated to increase to over \$94 million.

Given the State cost transfers to counties enacted in the budget, including State juvenile detention, Department of Revenue reimbursement, one-percent cost to property tax cap liability, several smaller programs and the Presidential Preference Election, for Fiscal Year 2015/16, Pima County will issue a property tax statement that allows the County to delineate these hidden State property tax levies imposed on counties. With this latest cost transfer, nearly one third of our primary property tax is transferred to the State. In the interest of budget transparency and Truth in Taxation, it is appropriate the County inform our taxpayers of the various entities and functions their property taxes support. In the past, the State has been a hidden beneficiary. It is now appropriate, given the most recent dramatic increase, particularly in Pima County, that our taxpayers have a clear picture of who is causing their property taxes to be increased.

Please feel free to distribute our tax disclosure plan to other counties, as they may wish to consider a similar public service disclosure to their taxpayers.

Mr. Craig Sullivan  
Re: **Arizona State Budget Transfers**  
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Sincerely,

A handwritten signature in black ink, appearing to read "C.H. Huckelberry". The signature is written in a cursive style with a long, sweeping tail that extends downwards and to the right.

C.H. Huckelberry  
County Administrator

CHH/anc

Enclosure

c: The Honorable Chair and Members, Pima County Board of Supervisors  
Michael Racy, Racy Associates, Inc.

**THE COUNTY LEVIES PROPERTY TAXES FOR THE STATE**  
**STATE BUDGET IMPACTS ON COUNTY PROPERTY TAXES**

The County's primary property tax is \$4.2779 per \$100 of assessed value and supports all County operations, including \$1.1411 per \$100 of assessed value for State-mandated transfer payments to support State programs.

Total Present County Property Tax Support to the State

**Table 1: Current (and Recommended Continuing) State-mandated Cost Transfers.**

Description	Amount Required from Pima County	Portion of Pima County Primary Property Tax Rate
Arizona Health Care Cost Containment System	\$17,488,764	\$0.2409
Arizona Long-term Care System	39,730,100	0.5473
State Behavioral Health System	3,064,936	0.0422
Restoration to Competency	1,998,099	0.0275
Sexually Violent Persons	1,217,566	0.0168
Superior and Juvenile Court Salaries and Benefits*	19,336,822	0.2664
<b>Totals</b>	<b>\$82,836,287</b>	<b>\$1.1411</b>

*\*See Table 3 on Page 2 for additional information.*

Proposed FY 2015/16 State Budget New Cost Shifts

**Table 2: FY 2015/16 Proposed State Budget – New Cost Shifts.**

Description	Amount Required from Pima County	Portion of Pima County Primary Property Tax Rate
State Juvenile Corrections	\$1,700,000	\$0.0232
Homeowner Tax Rebates <sup>1</sup>	7,850,548	0.1070
Homeowner Rebate Cap <sup>2</sup>	Pending	Pending
Restoration of ALTCS Dental	141,000	0.0019
AZDOR Operating Cost	644,070	0.0088
2016 Presidential Preference Election (Net)	1,100,000	0.0150
<b>Totals</b>	<b>\$11,435,618</b>	<b>\$0.1559</b>

<sup>1</sup>Based on the approved legislation, this liability will likely be more due to "peer" comparisons.

<sup>2</sup>The State pays a portion of residential homeowners' school district primary property taxes via a homeowner's rebate included on individual property tax statements, to a maximum of \$600 per parcel. The rate floats and is currently at 43.6 percent of the Qualifying Tax Rate used to calculate the reimbursement. The Governor proposes to cap this at 44 percent in the future. This change will impact Pima County and its taxpayers. The State has not quantified the impacts to counties at this time.

If the proposed cost shifts in Table 2 above are enacted, **approximately \$94.3 million – nearly 30 percent of the County's total primary property tax levy – will go to State-mandated transfer payments to support State programs.**

Proposed One-time Transfers and Other Budget Reductions that would Adversely Affect Economic Development

- \$4.5 million reduction from the Department of Tourism’s marketing budget (100 percent of General Fund marketing support);
- \$75 million from the Arizona Competes Fund, which is used by the Arizona Commerce Authority to incentivize new employers to move to Arizona;
- \$25 million from the Workforce Recruitment and Job Training Fund, which is used to provide training for new employers who may move to Arizona;
- \$20 million from the Highway Expansion Loan Program, which is used for critical infrastructure; and
- \$15 million from the State Aviation Fund, which is used for regular maintenance to areas such as runways and taxiways.

**Table 3: County Costs for Superior and Juvenile Court Salaries and Benefits.**

<b>Description</b>	<b>FY 2014/15 General Fund Salaries and Benefits Costs</b>
Superior Court Judges and Commissioners	\$ 6,495,647
Superior Court Probation and Surveillance Officers	4,553,493
Juvenile Court Probation and Surveillance Officers	6,262,610
Justices of the Peace (Net of Reimbursements)	1,178,463
Constables	846,609
<b>Total General Fund Cost</b>	<b>\$19,336,822</b>