



MEMORANDUM

Date: May 1, 2013

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

From: C.H. Huckelberry
County Administrator

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

Re: ***Arizona Daily Star* May 1, 2013 Headline: "County wants 5% property tax hike"**

The headline "County wants 5% property tax hike" appeared in today's edition of the *Arizona Daily Star (Star)* over a report on the County's Fiscal Year 2013/14 Recommended Budget. This headline is incorrect. It left out one key word – "rate."

Attached please find an Op-ed I prepared in response, which will appear in the Sunday, May 5, 2013 edition of the *Star*. The Recommended Budget is actually based on a 1.1 percent reduction in property taxes collected by Pima County.

I have also attached a response I am providing to constituents who have contacted my office expressing their concern over the *Star's* report. Please feel free to share this information with your constituents.

CHH/mjk

Attachments

May 1, 2013

By Chuck Huckelberry, Pima County Administrator

Headline writers have a tough job. I understand that. There's no room for context or nuance when you have six words to encapsulate a story.

But the headline on the story introducing Pima County's recommended 2013/14 budget – "County wants 5% property tax hike" – was pure fantasy.

In actuality, we are building a budget based on a premise of a 1.1 percent *reduction* in the amount of property taxes collected throughout the County.

A little explanation is in order. Property taxes are contingent on two things: The tax rate and the value of your property.

Market values are beginning to recover, but there's a lag time for those assessments to be reflected in the values set by the Pima County Assessor's Office.

Next fiscal year, property values throughout the County as a whole are expected to decrease 8 percent.

If the primary tax rate stayed the same, it would mean a nearly \$18 million hit to the budget next fiscal year.

Instead, we have recommended that the primary tax rate bump up from \$3.41 per \$100 of assessed valuation to \$3.65. That will essentially keep the total amount of primary property taxes for next year the same as we collected this year.

People may ask why Pima County can't just absorb the loss. We have.

Our General Fund departments have been cut 11.5 percent since Fiscal Year 2007/08. The County workforce has been cut nearly 13 percent in that same time and pay has remained static.

Our proposed budget is lower by 14.6 percent, or \$216 million, than it was then.

But the reality is that while we continue looking for efficiencies, there is a set number of needs. Our deputies have the same area to patrol, whether there is a recession or not. People still need health services and workforce training. They still visit the libraries and turn in stray dogs and use the parks and expect their documents to be recorded on time.

In fact, in many of these areas, we've seen service demands go up as a result of the economic downturn.

But at some point, we cannot just continue trying to do more with less.

Bringing the budget into some state of equilibrium will mean we can keep the Sheriff's and County Attorney's offices intact despite federal and state budget cuts. It will allow us to fix and maintain 100 miles of County roads, over and above what we already spend every year.

That doesn't mean, as the headline suggested, that we're looking to increase taxes.

The tax levy – which is the entire amount of property taxes we collect, including primary and secondary – will be \$4.3 million less than we collected in the current fiscal year.

There are always exceptions, but as a whole, homeowners still should see taxes go down next year.

Consider the average home, with a 2012 value of \$155,834. A 7 percent drop in value would bring the home to \$144,835. That homeowner's \$749 tax bill would drop to \$735 – a reduction of 1.8 percent.

My skills are best adapted to running a County government, but I'll take a shot at writing a headline. "County proposes 5% tax rate hike; but overall taxes to go down."

To review the proposed County budget for yourself, please visit:
<http://www.pima.gov/finance/RecBdgt/2013-2014/index.html>

Dear [Name of Constituent]:

Thank you for contacting me regarding your concerns over the recent media report of a proposed 5 percent increase in property taxes. This is not correct, and the report requires clarification.

Your primary property tax is calculated based on the tax rate and the value of your property. Property values are beginning to recover, but there is a lag time before increased property values are reflected in the value assessments made by the County Assessor.

In the next fiscal year, property values throughout the County are expected to decrease by 8 percent. This means that the tax levy, which is the entire amount of property taxes the County collects, will be \$4.3 million less next year than we collected in the current fiscal year.

There will be exceptions, but the majority of property owners should see their property taxes decrease next year. This is because the total taxes collected next year will be \$4.3 million less than this year.

It is also important to note that the County's recommended budget for the next fiscal year is \$216 million less than it was in Fiscal Year 2007/08 when the Great Recession began. While the County's budget during this timeframe has been decreasing, demands for services continue to increase, forcing the County to do more with fewer resources.

I hope this information addresses your concerns about property taxes. Please do not hesitate to contact me if you have other questions or would like more information regarding this issue.

Sincerely,

Chuck Huckelberry
Pima County Administrator