

Pima County Sales Tax Advisory Committee
Meeting

Friday, September 29, 2017
9:30 A.M.

Casas Church
10801 N. La Cholla Blvd.
Oro Valley, Arizona

SUMMARY OF MEETING

Committee Members Present

Wendell Long, Chair
Michael McDonald, Vice Chair
Sergio Arellano
Allan Cameron
Mark Clark
Larry Gibbons
Larry Hecker
Curt Lueck
Robert Medler
Dennis Minano
Karen Schutte
Anita Smith-Etheridge
Mark Van Buren*
Charles Wetegrove
*Alternative, not included in vote count

Committee Members Absent

Dan Eckstrom
Kelly Fryer
Bob Gugino
Rick Price

MOTIONS

MOTION: Curt Lueck moved, seconded by Robert Medler, to nominate Dennis Minano for Chair. Mr. Minano declined due to a lack of availability. A substitute motion was made. Sergio Arellano moved, seconded by Dennis Minano and Larry Hecker, to nominate Wendell Long as Chair. Motion approved 13-0.

MOTION: Dennis Minano moved, seconded by Larry Hecker, to nominate Michael McDonald as Vice-Chair. Motion approved 13-0.

MOTION: Sergio Arellano moved, seconded by Curt Lueck, to meet once per month until January, and then revisit or adjust meeting schedule. Motion approved 13-0.

MOTION: Sergio Arellano moved, seconded by Larry Gibbons, to adjourn the meeting at 11:11 a.m. Motion approved 13-0.

MEETING SUMMARY

1. Welcome

The meeting began at 9:33 a.m. with a quorum.

2. Pledge of Allegiance

3. Introductions

Each of the committee members present introduced themselves. County Administrator Chuck Huckelberry introduced himself and County staff.

4. Responsibilities of the Committee

Note: This agenda item also included agenda items 6 and 7, regarding the current state of road conditions and funding options, as well as future meeting schedule and topics. Memorandums were provided to the committee ahead of time.

Mr. Huckelberry reiterated the three tasks required of the committee:

1. Should the Board of Supervisors adopt a half-cent general sales tax?
2. Should the sales tax be used for road repair, property tax reduction, or some combination of both?
3. Should the sales tax be temporary or permanent?

Mr. Huckelberry emphasized that the only two funding sources the Board has the authority to approve for road repair, are the 25 cent property tax (approved by the Board for this current fiscal year) and a half-cent sales tax. Other topics addressed by Mr. Huckelberry included the inadequacy and inequity of state-shared Highway User Revenue Funds that currently fund the majority of Pima County's Department of Transportation activities; the \$1 billion backlog in road repair needs between the City of Tucson and Pima County and the inadequacy of current revenues to address even a small portion of this need (i.e. it would take approximately 35 years for Pima County to address its \$300 million road repair backlog if the only funding available is the 25 cent property tax); the State's backlog for highway repair is estimated to be \$128 million (news article to be sent to committee); the 1% State constitutional cap on property taxes (1% of assessed value), and how Pima County's high primary property tax rate combined with Tucson Unified School District (TUSD) high property tax rate, result in the State having to subsidize homeowners in TUSD; a half cent sales tax dedicated all to road repair for 10 years would fully address Pima County's road repair needs, as well as 70% of the City of Tucson's road repair needs; the possibility of a 20 year half-cent sales tax whereby the first 10 years is allocated to road repair and the second 10 years is allocated to property tax reduction; the need for the Board to have the committee's recommendation concerning the sales tax by March/April 2018 so that the Board can consider it as part of their budget deliberations for Fiscal Year 2018/19; whether the committee should consider delaying their next meeting as Supervisor Christy is apparently proposing a plan with regard to funding road repair; and the option for the committee to create subcommittees to hold public hearings in each district.

Questions/comments from committee members:

Wendell Long asked, with regard to the State subsidy to homeowners within certain high property tax areas, why we should be concerned about eliminating a state issue? Mr. Huckelberry responded that otherwise the State will continue to try to find ways to pass the cost back to Pima County and will eventually be successful.

Larry Gibbons remarked that the meeting materials included a cost estimate of \$90 a year to households if the half-cent sales tax was adopted, but asked what the cost to drivers is from not repairing roads? Mr. Huckelberry responded that the Texas Transportation Institute calculated that the cost to drivers in Pima County for repairs associated with potholes and poor pavements conditions, etc., is roughly \$800 a year.

Dennis Minano commented that it appears there is universal consensus about the poor conditions of our roadways. Mr. Huckelberry responded by stating that at the last Transportation Advisory Committee meeting, comments were made as to why the committee was bothering with funding that only addresses 3% of the road repair problem when they should be asking the Board to come up with a real solution. Mr. Huckelberry also noted that the State gas tax has been flat since 1990, but if it had of been indexed to inflation just as social security benefits are, that the gas tax would 68% higher today (30 cents vs 18 cents per gallon) and would have generated an addition \$200 million or so for Pima County.

Wendell Long asked if there was a difference between the new 25 cent transportation property tax recently adopted by the Board, versus funding transportation expenses from the County's existing primary property tax. Mr. Huckelberry responded that since state statutes allow for adoption of a separate property tax at a maximum of 25 cents per \$100 of assessed value for transportation, that it could be argued that counties should not be permitted to levy any type of property tax in excess of 25 cents for transportation expenditures. Furthermore, it would be inequitable to raise the County's primary property tax if the resulting revenues were not spent county-wide.

Larry Hecker noted that a 5-0 vote of the Board is necessary to adopt the half cent sales tax, and asked if the issue is therefore dead on arrival? Mr. Huckelberry responded that past Board votes regarding the sales tax have been 4-1 in support, but that the circumstances today are different and therefore there may be a chance for unanimous support. Mr. Huckelberry encouraged the committee to consider delaying future meetings until January when there may be more information concerning state legislation and other things that could impact the issue.

5. Election of Chair and Vice Chair

After discussion, the following motions were made:

MOTION: Curt Lueck moved, seconded by Robert Medler, to nominate Dennis Minano for Chair. Mr. Minano declined due to a lack of availability. A substitute motion was made. Sergio Arellano moved, seconded by Dennis Minano and Larry Hecker, to nominate Wendell Long as Chair. Motion approved 13-0.

MOTION: Dennis Minano moved, seconded by Larry Hecker, to nominate Michael McDonald as Vice-Chair. Motion approved 13-0.

6. Transportation Advisory Committee Update

Note: 5 members of Pima County's Transportation Advisory Committee (TAC) serve on the Sales Tax Advisory Committee. Sergio Arellano reported that TAC approved a motion to accept Pima County staff's recommendation to focus first on Paser 5 roads (a road condition signifying that the road is in danger of becoming a failed road) in unincorporated Pima County, but allow the opportunity for each Board District to tweak staff's recommendations if that Board District sees the need. In addition, TAC has approved recommendations from the other cities and towns. Curt Lueck reported the frustration shown at the last meeting regarding the small amount of revenues generated by the new 25 cent property tax in comparison to the much larger need, to the point that there was a call to disband the committee. However, TAC's role is much larger than just recommending how to spend the road repair funding, so they will continue as a committee. As for the shortfall in funding for road repair, that is where the Sales Tax Advisory Committee could come in.

7. Future Meeting Schedule and Topics

Mr. Huckelberry suggested waiting until January for the next meeting. Chairman Long requested a timeline from Mr. Huckelberry, along with when key data or information will be available. Robert Medler suggested the committee not waste time and perhaps hold informational meetings to hear from the public this fall. Chairman Long asked if there were organized groups against the sales tax proposal that the committee should hear from. Mr. Huckelberry replied, not really, but that there may be a group organized against one of the sales tax issues on the City of Tucson's ballot this November. Chairman Long requested that the committee be kept apprised of any groups or concerns from those not supportive of a sales tax so that the committee can consider other perspectives. Mr. Huckelberry said staff would provide the committee with a copy of a newsletter from Arizona Taxpayers Research Association (ATRA) that includes a front page article criticizing Pima County for raising its property tax rate for road repair. Mr. Huckelberry said ATRA would likely be in support of a sales tax if it reduced the County's property tax rate.

MOTION: Sergio Arellano moved, seconded by Curt Lueck, to meet once per month until January, and then revisit or adjust meeting schedule then. Motion approved 13-0.

It was decided that the next meeting would be held on Friday, October 27 at 9:30 a.m. at a location to be determined. The meeting will focus on organizational issues, developing a meeting schedule, etc.

8. Open Meeting Law Training

Deputy County Attorney Tobin Rosen provided an overview of Arizona's Open Meeting Law and how it applied to this committee and any possible subcommittees. A guidance document was also included in the committee's meeting materials. Committee members asked clarifying questions after the presentation. Note that this committee

includes a membership of 18 and therefore a quorum of members for this committee is 10.

9. Call to the Audience

Note: Speaker card is attached to these meeting minutes.

Steve Huffman, Tucson Association of Realtors: Mr. Huffman spoke in support of a sales tax. He noted that Pima county is the only county in Arizona without a sales tax, and that Pima County's exclusive reliance on property taxes also impacts low income residents because low income renters (as opposed to homeowners) do not receive the \$600 State subsidy for owner-occupied residences where as the sales tax is estimated to cost a household \$90 a year. He also stated that it will be a heavy lift if we have to go to the State legislature for legislative assistance. If the Board will not adopt a sales tax by unanimous vote and legislation is approved to allow the Board to adopt it by a simple majority vote, that legislation will come with conditions that may not be favorable.

10. Meeting Adjourned

MOTION: Sergio Arellano moved, seconded by Larry Gibbons, to adjourn the meeting at 11:11 a.m. Motion approved 13-0.

SPEAKER CARD

If you would like to address the Committee on any agenda item, please fill out the following and give to the Chairman.

I do wish to speak

I do not wish to speak but submit the following comments:

(Circle One) **OPPOSED**/SUPPORT/UNDECIDED

AGENDA ITEM NO.: 10

AGENDA ITEM DESCRIPTION:

CALL TO AUDIENCE

(Please Print)

NAME

STEVE HUFFMAN

ADDRESS

276 ~~RD~~ W SUGARLOAF

CITY

ON

STATE

AZ

ZIP

85777 RD

TELEPHONE NUMBER

5209542233

COMMENTS