

# PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



## Meeting Minutes December 18, 2024 Virtually meeting held on Google Meets

Katie Hobbs  
Governor

Neeraj Deshpande  
Chairman

Jim Brodnax Member	Kevin McCarthy Member
Chris Kelling Member	Vacant Member

### **Members in Attendance:**

Kevin McCarthy, Member  
Jim Brodnax, Member  
Chris Kelling, Member

### **Staff:**

Alexandra Kusen, PTOC Staff  
Elaine Smith, PTOC Staff  
Karen Jacobs, PTOC Staff  
Craig McPike, PTOC Staff  
Hsin Pai, PTOC Staff

### **Guests:**

Randie Stein, Stifel

### **1. Call to Order**

Acting Chairman Kevin McCarthy called the meeting to order at 3:03 p.m. and asked Property Tax Oversight Commission ("the Commission) members and staff to state their names for the record.

### **2. Approval of Minutes**

No additions or deletions were recommended for the minutes of the meeting on September 13, 2024. Mr. McCarthy made a motion to approve the minutes as distributed and it was seconded by Mr. Kelling. The motion passed unanimously.

### **3. Truth in Taxation Compliance**

Staff reported that after violation notices were sent to school districts that did not hold a Truth in Taxation (TNT) hearing but adopted a rate over the TNT rate, documentation was received from five additional school districts, leaving six school districts that did not comply. Of the counties, community colleges, cities, and towns that were required to hold held a TNT hearing, six jurisdictions are still outstanding. Documentation was received from the special districts that were required to hold a TNT hearing.

### **4. Involuntary Tort Judgements Discussion**

The discussion regarding the Involuntary Tort Judgements for the cities of Scottsdale and Tucson was postponed to allow participation from the cities.

**5. Review school districts with primary property rates greater than 150% of the QTR and a combined tax rate that exceeds the 1% constitutional limit on at least half of the residential property pursuant to A.R.S. § 42-17151**

Staff presented the annual review of school districts that will have a frozen primary tax rate. Districts with a primary tax rate greater than 150% of the QTR and a combined primary tax rate of \$10 after the subtraction of the Additional State Aid to Education (or homeowner's rebate) for at least half of the residential properties in the district cannot increase their tax rate next August.

The Qualifying Tax Rate (QTR) for 2024 is \$1.5930 (or half the QTR) for a high school or an elementary district not offering instruction in high school or \$3.1860 (or the full QTR) for a unified district or a type 3 elementary district not within a high school district. 150% of half the QTR is 2.3895 and 150% of the full QTR is 4.7790.

The newly imposed tax for tuition per A.R.S. § 15-992(F) is excluded as part of the maximum rate, or "frozen rate" per A.R.S. § 42-17151(C). Eleven school districts met both criteria (two elementary school districts, three type 3 school districts, one high school district, and five unified school districts).

Detail by school district is the same format as previous years. Blue indicates a high school district or a common school district within a high school district which does not offer instruction in high school subjects. Red indicates a unified district or a common school district within a high school district which offers instruction in high school subjects. As an example, Elfrida Elementary School District in Cochise County has a tax rate of \$4.0329 (noted in blue). The total combined tax rate includes \$2.6898 for Valley Union High School plus \$5.1726 for the county, school equalization and community college. There is no city or town tax rate for this district and the homeowner's rebate is \$1.5930 for a total tax rate of \$10.3023. Each of the four tax area codes are listed and 100% of the district is over \$10.

In Apache County, Red Mesa Elementary School District has a total tax rate after ASAE of \$30.5944, but there are zero Class 3 property in that tax area code. It will not be frozen.

A three-year summary of the districts that met both criteria and had a frozen tax rate was presented, followed by the school districts that had a tax rate over 150% of the applicable QTR, but had a total tax rate after ASAE less than \$10.

Mr. Broadnax made a motion to accept the review of school districts that cannot increase their tax rate next year and it was seconded by Mr. Kelling. The motion passed unanimously.

**6. Review secondary property tax levies for counties, community college districts, cities, and towns**

Staff presented the secondary property tax levies. Statute allows for an annual levy not to exceed the net amount necessary to make the annual principal and interest payments, including projected payments on new debt planned for the year, a reasonable delinquency

factor, a correction on prior year shortages and up to 10% of the annual principal and interest payments. The schedules are the same as in previous years and include a summary of the values, debt service levy and tax rate for the current and previous year with a detail page on how the tax rate was calculated.

Central Arizona College in Pinal county and the City of Chandler in Maricopa County reported additional cash reserves up to 10% of principal and interest of 15.2% and 16%, respectfully. The City of El Mirage reported an estimated delinquency factor of 37.3%.

Mr. Kelling made a motion to accept the review of secondary property tax levies. Mr. Brodnax seconded the motion. The motion passed unanimously.

## **7. Adjournment**

With all agenda items for the meeting complete, the Chairman asked if there was a motion to adjourn. Mr. Brodnax made a motion to adjourn and it was seconded by Mr. Kelling. The motion passed unanimously. The meeting adjourned at 3:19 p.m.