

# PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



Katie Hobbs  
Governor

Neeraj Deshpande  
Chairman

Jim Brodnax Member	Kevin McCarthy Member
Chris Kelling Member	Vacant Member

## Meeting Minutes August 13, 2024 Virtual meeting held on Google Meets

### **Members in Attendance:**

Neeraj Deshpande, Chairman  
Jim Brodnax, Member  
Kevin McCarthy, Member  
Chris Kelling, Member

### **Staff:**

Alexandra Kusen, PTOC  
Elaine Smith, PTOC  
Jolene Christopherson, DOR  
Karen Jacobs, DOR  
Craig McPike, DOR  
Trisha Mitobe, DOR  
Hsin Pai, DOR  
Megan Rebello, DOR  
Adrienne Sloat, DOR

### **Guests:**

Chase Houser, Arizona House of Representatives Research Staff  
Heather Mock, Maricopa County School Superintendent's Office  
Randie Stein, Stifel

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

Chairman Neeraj Deshpande called the meeting to order at 11:00 a.m. and asked 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 May 22, 2024. Mr. McCarthy made a motion to approve the minutes as distributed and it was seconded by Mr. Brodnax. The motion passed unanimously.

### **3. Review County School Superintendents' Annual Estimates of Monies for School Districts**

Staff presented annual estimates from superintendents. House Bill 2173 sets the levy for the additional tax in each Type 03 district at the lesser of a rate that is equal to the applicable qualifying tax rate (QTR) or the statewide average per-pupil equalization base for high school

pupils multiplied by the student count, rather than number, of the Type 03 district's resident high school pupils during the prior school year. It redirects the money collected from the additional tax in a Type 03 district from county aid for equalization assistance to the state General Fund; it also excludes the minimum QTR and additional tax in a Type 03 district from the criteria used by this Commission to determine if a school district's primary property tax rate exceeds the maximum permissible statutory primary property tax rate.

In prior years, the desegregation levy for Tucson Unified School District and Amphitheater Unified School District in Pima County was reported as a secondary levy but billed as a primary levy. In July of this year, the Supreme Court of the State of Arizona affirmed the opinion of the Court of Appeals, Division One that funding allocations for desegregation expenses authorized by Arizona Revised Statutes (A.R.S.) Title 15 Section 910(G)–(L) are not “primary property taxes.” Accordingly, desegregation expenses are not included in Title 15 Section 972(E) calculations, which only reimburse primary property taxes. Thus, the State is not required to reimburse desegregation expenses that otherwise would exceed the 1% Limit as additional state aid for education. In this case, the desegregation expenses paid by Pima County.

Mr. McCarthy asked if there was a review of the amounts owed by each of the school districts back to Maricopa County to pay for the Qasimyar judgments net of what the State is going to be paying for their share of it pursuant to House Bill 2909. Ms. Mock provided that Maricopa County received estimated State Aid recalculations on August 1, and then applied those against the estimated judgments. At the end of the year, the Arizona Department of Education will receive a final net change and net assessed value for each affected school district for tax years 2015 through 2023. Since high school districts were not included in the initial State Aid recalculations, updated estimated judgment amounts as of June 30, 2024, were provided to the PTOC on August 8, 2024. Judgment amounts by district will not be final until after all the judgments are paid since the judgments continue to accrue the eight percent annual interest apportioned monthly until paid and it is estimated to take the Maricopa Treasurer's Office up to December to process the volume of refunds. Ms. Mock worked with each of the school districts to determine if the districts were offsetting with tax anticipation notes or inaccessible cash. The calculated levies include not only the offset from the estimated State Aid recalculations, but also any cash that the district is using.

#### **4. House Bill 2909 (Laws, 2024, Ch. 221, §11): Proposed Motion**

The Chairman read a proposed motion into the record that seeks to rectify an issue caused by the lack of sufficient votes to enact the emergency clause of House Bill 2909, which is found in Laws 2024, chapter 221, section 11. The proposed motion as read into the record is as follows: “Consistent with A.R.S. Title 42 Section 17002(A)(3), to ensure a fair and equitable administration of the property tax laws of Arizona, the PTOC shall take appropriate action on or before August 30, 2024 to prospectively approve, as of September 14, 2024, certain actions that are to be taken by various stakeholders before the September 14, 2024 general effective date of House Bill 2909. By so doing, the PTOC would be effectuating the legislative intent of providing a measure of protection against inordinate increases in property

tax rates that would otherwise result from the judgment issued by the Court of Appeals in *Qasimyar v. Maricopa County*.

Mr. McCarthy made a motion to approve the proposed motion as it was read into the record by the Chairman, and it was seconded by Mr. Brodnax. The motion passed unanimously.

## **5. 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. McCarthy. The motion passed unanimously. The meeting adjourned at 11:26 a.m.