

PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



Meeting Minutes August 14, 2025 Virtually meeting held on Google Meets

Katie Hobbs
Governor

Neeraj Deshpande
Chairman

Chris Kelling
Member

Otto Shill
Member

Kevin McCarthy
Member

Vacant
Member

Members in Attendance:

Chris Kelling, Member
Kevin McCarthy, Member
Otto Shill, Member

Staff:

Karen Jacobs
Alexandra Kusen
Craig McPike
Trisha Mitobe
Elaine Smith

1. Call to Order

Acting Chairman Kevin McCarthy called the meeting to order at 1:08 p.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 20, 2025. Mr. Kelling made a motion to approve the minutes as distributed and it was seconded by Mr. Shill. The motion passed unanimously.

3. Coconino Community College Levy Limits

On September 15, 2023, the Commission issued a Notice of Violation to the District for exceeding its levy limit. The disagreement in levy limit calculation concerned the application of the 2% growth and new construction increases to the levy limit for years during which a voter-approved base limit increase was being phased in. The District objected to the Notice of Violation. After a hearing on May 22, 2024, the Commission affirmed its Notice of Violation and issued its decision on June 11, 2024. The District then appealed the Commission's decision to the Arizona Tax Court. On June 3, 2025, the tax court issued its decision, ruling in favor of the District's levy limit calculation.

Although the Commission is not in agreement with the tax court's decision and has appealed that decision to the Arizona Court of Appeals, the Commission must nonetheless respect that decision unless and until it is overruled by the Court of Appeals. Accordingly, before you are the levy limits for tax years 2022 through 2025 as calculated by both the Commission and the District, consistent with the tax court's decision. Going forward, the Commission will calculate the District's levy limit consistent with the tax court's decision as long as such decision stands.

4. Review County School Superintendents' Annual Estimates of Monies for School Districts

Staff presented annual estimates from superintendents. The minimum QTR and additional tax in a Type 03 district are excluded 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 Greenlee County, Blue Elementary District is categorized as a type 03 district but operates as a K-12 in practice (as allowed by ADE) and serves the high school students within the district. Last year, there was no additional tax levied under 15-992(F) in this district because it operates as a unified district. In June, the Department of Education provided the county with the high school student count in this district, as required by statute. Since these students are all served by Blue Elementary and the tax was not required to be levied last year, the County will not be levying a new tax this year.

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 2024, 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.

Mr. Kelling made a motion to approve the minutes as distributed and it was seconded by Mr. Shill. 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. Shill made a motion to adjourn and it was seconded by Mr. Kelling. The motion passed unanimously. The meeting adjourned at 1:26 p.m.