

# PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



Douglas A. Ducey  
Governor

Neeraj Deshpande  
Chairman

Minutes of Meeting  
August 9, 2021  
Virtual meeting held on Google Meets

Jim Brodnax      Kevin McCarthy  
Member            Member

Chris Kelling      Vacant  
Member            Member

**Members Present (Virtually)**

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

**Staff Present (Virtually)**

Darlene Teller, Staff

**Call to Order**

Chairman Neeraj Deshpande called the meeting to order at 3:03 p.m. and asked Commission Members and staff to state their name for the record.

**Approval of Minutes**

The minutes of the December 15, 2020 meeting were reviewed. No additions or deletions were recommended. Jim Brodnax made a motion to approve the minutes as distributed and Chris Kelling seconded the motion. Members unanimously approved the minutes.

**Review County School Superintendent's Annual Estimates of Monies for School Districts**

Darlene Teller presented the materials prepared for the Member's review to summarize the documents received from the County School Superintendents. This was the fifth year of using the new formula for adopting tax rates and the third year for the updated school district budget schedules. A few common errors in the school district's budgets include entering last year's values, missing student count resulting in no calculation for District Additional Assistance (DAA) and no prior year Transportation Revenue Control Limit (TRCL).

The Auditor General's Office issued a preliminary budget package before the State budget was finalized. The budget forms included the updated QTR but last year's base level support of \$4,305.73 (compared to the FY 2022 actual increase to \$4,390.65) and excluded the 3 cent increase for state support level per route mile. Districts are able to revise their budgets by September 15, 2021 for changes in law that impact budget calculations from their adopted budget. Some districts with a tax rate below the Qualifying Tax Rate (QTR) of \$1.7694 or \$3.5388 used the updated base level amount but others did not. Overall, several districts reported a drop in their Transportation Support Level (TSL) due to a decline in the approved miles and eligible students compared to last year.

In Apache County, Alpine Elementary #7 has an actual TSL of \$269,455 but reduced the allowable levy by \$250,000.

In Cochise County, nine districts have frozen tax rates. Six districts adopted the same tax rate as last year and three districts (Bowie Unified #14, McNeal Elementary #55 and Pomerene Elementary #64) adopted a lower tax rate.

In Coconino County, Flagstaff Unified #1 reported \$2,241,322 for desegregation expenses that are included in their primary tax levy. Grand Canyon Unified #4 has a fixed tax rate and adopted the same rate as last year. Chevelon Butte Elementary #5 will add the missing student count in their next budget revision to correct the DAA calculation.

In Gila County, three districts have frozen tax rates. Tonto Basin Elementary #33 and Hayden-Winkelman Unified #41 will adopt the same rate as last year and the rate for Young Elementary #5 will fall below last year's tax rate.

In Graham County, Klondyke Elementary #9 is a transportation district with no TSL but they only levied for \$7,500. Bonita Elementary #16 has a frozen tax rate and levied at the same tax rate as last year.

In Greenlee County, Blue Elementary #22 and Eagle Elementary #45 reduced or eliminated their allowable levy for the difference in TRCL and TSL.

In La Paz County, Wenden Elementary #19 has a fixed tax rate and adopted a rate the same as last year.

In Maricopa County, 13 districts have desegregation levies that were reported as a primary levy. Three districts have cash deficit levies approved by the Board of Supervisors on July 29, 2020. Isaac Elementary #5 has an \$8.9 million cash deficit levy but due to the capped tax rate, the cash deficit only adds \$0.2225 to the tax rate. Osborn Elementary #8 was approved for a total cash deficit levy of \$3,843,940 with \$1,350,000 levied in FY 2021 and FY 2022. A total of \$760,000 was approved for Nadaburg Unified #81 with \$510,000 levied last year and \$250,000 for the current year. Four districts have cash deficit levies approved by the Board of Supervisors on July 14, 2021. They include Buckeye Elementary #33 for \$288,232, Roosevelt Elementary #66 for \$353,582, Cartwright Elementary #83 for \$1,831,425.63 and Queen Creek Unified #95 for \$539,079. Two districts have fixed tax rates. Isaac Elementary #5 levied the same as last year and Mobile Elementary #86 levied a lower amount than last year.

In Mohave County, this is the first year GPLET values were reported for Colorado River Union #2 and Bullhead City Elementary #15. Peach Springs Unified #8 has no TSL but this levy is offset by impact aid. Kingman Unified #20 and Valentine Elementary #22 will reduce their TRCL/TSL levy by \$300,000 and \$5,000 respectively.

In Navajo County, this is the first year GPLET values were reported for Holbrook Unified #3.

In Pima County, Tucson Unified #1 has a frozen tax rate of \$5.6429 which includes their desegregation levy of \$63.7 million (or \$3.9489 for the primary tax levy and \$1.6940 for the desegregation levy for a total of \$5.6429). Amphitheater Unified #10 has a desegregation levy of \$4,025,000. Catalina Foothills Unified #16 will revise their budget to adjust their TSL. Redington Elementary #44 will revise their adopted budget to add the missing tuition out of \$26,100 and will levy for the same frozen tax rate of \$7.3742.

In Pinal County, GPLET levies for Casa Grande Elementary #4 and Casa Grande Union High #82 were not offset by prior year collections. The amount was considered an immaterial difference and no adjustment was made. The county will revise their procedures to include this step for next year. Maricopa Unified #20 has a desegregation levy of \$1,291,000 included in their primary tax rate.

In Santa Cruz County, two districts have frozen tax rates. Both Sonoita Elementary #25 and Santa Cruz Elementary #28 adopted the same tax rate as last year. Santa Cruz Valley Unified #35 has a TSL of \$432,024 but they will not levy for the TRCL/TSL difference.

In Yavapai County, the Board of Supervisors approved the lapsing of Walnut Grove Elementary #7 effective July 1, 2021. The current boundary will move to Kirkland Elementary and Wickenburg Unified.

In Yuma County, Hyder Elementary #16 has a frozen tax rate and levied the same rate as last year. On July 19, 2021, the Board of Supervisors approved cash deficit levies for Hyder Elementary #16 and Antelope Union High #50.

The calculation worksheets for the minimum school tax rates includes an expected budget revision for Chevelon Butte Elementary #5 in Coconino County to add the prior year student count to increase the DAA from zero to \$7,891. The three year history reflects a total of 14 districts with a minimum school tax rate for \$19.2 million (compared to 19 districts and \$14.9 million last year).

A summary was provided of districts with desegregation tax levies. All districts were included in the primary tax rates just reviewed similar to last year.

Twenty-three school districts had frozen tax rates per § 42-17151. All 23 were in compliance (seven districts adopted tax rates below last year's tax rate and 16 districts adopted the same tax rate as last year).

Kevin McCarthy indicated a ruling by the Court of Appeals had just been issued in favor of the State and the desegregation levy should be a secondary and not a primary levy. Also noted was the importance of the timing of this decision since the counties will be adopting tax rates next Monday or August 16, 2021. Darlene Teller stated we would reach out to our legal staff and counties regarding the ruling.

Kevin McCarthy made a motion to accept the review of the primary property tax rate calculations for school districts as presented by staff. Motion was seconded by Jim Brodnax. Motion passed unanimously.

### **Adjourn**

With all agenda items complete, Chairman Deshpande asked if there was a motion to adjourn. Kevin McCarthy made a motion to adjourn and it was seconded by Chris Kelling. The motion passed unanimously. The meeting adjourned at 3:38 p.m.