

PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



Douglas A. Ducey
Governor

Grant Nülle
Chairman

Minutes of Meeting
September 10, 2020
Virtual meeting held on Google Meets

Members Present (Virtually)

Grant Nülle, Chairman
Jim Brodnax, Member
Kevin McCarthy, Member
Chris Kelling, Member

Jim Brodnax Member	Kevin McCarthy Member
Chris Kelling Member	Vacant Member

Staff Present (Virtually)

Darlene Teller, Staff

Call to Order

Chairman Grant Nülle called the meeting to order at 4:17 p.m. and asked Commission Members and staff to state their name for the record.

Approval of Minutes

The minutes from the August 11, 2020 meeting were reviewed. No additions or deletions were recommended. Jim Brodnax made a motion to approve the minutes as distributed and Kevin McCarthy seconded the motion. Members unanimously approved the minutes.

Truth in Taxation

Darlene Teller presented the materials prepared for the Member's review to summarize the jurisdictions that held truth in taxation (TNT) hearings. The City of Sierra Vista approved a 1.1% increase without holding a truth in taxation hearing. Although they planned to levy at the maximum allowable rate without the need to publish a notice and hold a hearing, they calculated the TNT rate using the levy included in their budget of \$368,260 instead of last year's actual adopted levy of \$364,370. The penalty for not holding a TNT hearing is they cannot levy for an increase next year.

Last year, there were two TNT violations. Both Coolidge and Florence adopted the TNT rate to satisfy the penalty. Of the 78 jurisdictions, 35 held a TNT hearing (11 counties, four community colleges and 20 cities or towns). No jurisdiction adopted an increase greater than 15% that must be approved by a unanimous roll call vote. The City of Tucson had the largest percentage increase of 10.2% due to the levy for involuntary tort claims.

Chris Kelling made a motion to accept the truth in taxation review with the violation for the City of Sierra Vista. Motion was seconded by Jim Brodnax. Motion passed unanimously.

Primary Levy Limits and Excess Collections

Darlene stated all jurisdictions were in compliance. The actual collections for Tolleson were \$11,562 more than their actual levy for the prior year but still below their maximum allowable levy limit. Accepted involuntary torts are included in the maximum allowable levy limit for the City of Scottsdale (of \$1.8 million) and the City of Tucson (of \$1.6 million).

Kevin McCarthy made a motion to accept the review of primary levy limits and excess collections as presented by staff. Jim Brodnax seconded the motion. The motion passed unanimously.

County Special District Truth in Taxation

All counties are in compliance. Of the 30 county special districts, 17 held a TNT hearing (eight flood control districts, eight library districts and one public health services district).

Chris Kelling made a motion to accept the review of county special district truth in taxation hearing requirements as presented by staff. Jim Brodnax seconded the motion. The motion passed unanimously.

Fire District Secondary Levy Limits and Excess Collections

Darlene presented the worksheets prepared for the Commission's review. Two districts collected more than last year's maximum allowable levy limit. Ganado's maximum allowable levy limit for tax year 2020 was reduced by \$955 to satisfy a penalty for excess collections in tax year 2017. Their actual collections for tax year 2019 was \$299 over this reduced levy limit. Thus, the maximum allowable levy limit for next year will be reduced by \$299. Secondly, Parker Fire District in La Paz County levied to the maximum allowable last year but over collected by \$5,774. Thus, their maximum allowable levy limit for next year will be reduced by \$5,774. Letters will be sent to Ganado and Parker Fire Districts to notify them of the excess collections and the reduced levy limit for next year.

Four districts adopted tax rates based on the \$3.50 voter approved budget overrides. The four districts are Pinewood and Tusayan (in Coconino County), Pine-Strawberry (in Gila County), Avra Valley (located in Pima and Pinal Counties) and Superstition (located in Maricopa and Pinal Counties).

In Maricopa County, Sun Lakes and Tonopah Valley merged to form South County for tax year 2020. In Yavapai County, Camp Verde and Montezuma – Rimrock merged to form Copper Canyon for tax year 2020.

Kevin McCarthy asked about the time needed to determine the over collections compared to the small variances over the past several years. He recommended review of this issue for discussion at the next meeting. Darlene indicated some counties do not have standard reports that separate a fire district's general operating collections from a debt service levy. This requires additional research by the County Treasurer's Office to report collections excluding the debt service levy. An over collection would be the result of higher values on the rolls when tax bills are printed compared to the February 10 values used for the official calculation of the tax rate and maximum allowable levy limit. Darlene indicated the issue would be researched further and added to the agenda for December.

Jim Brodnax made a motion to accept the review of secondary levy limits for fire districts as presented by staff with notices for over collections sent to Ganado and Parker Fire Districts. Kevin McCarthy seconded the motion. The motion passed unanimously.

School District's Annual Estimates of Monies by County School Superintendents

The August meeting reviewed the expected tax rates for school districts in detail based on the data provided by the County School Superintendents. Worksheets were updated based on the actual adopted tax rates. The only difference from what was expected is for Young Elementary District in Gila County. They revised their small school adjustment from \$736,000 to \$781,725 on August 17, 2020. This maintains their fixed tax

rate of \$6.5216. In the past, the Department of Education has not allowed district's to increase their small school adjustment over the amount that was included in their adopted budget.

There were 19 districts with a minimum school tax rate for \$14.9 million. A summary was provided for school districts that adopted a desegregation levy. Of the 26 districts with fixed tax rates per § 42-17151, all were in compliance (with seven districts adopting a lower tax rate than last year).

Chris Kelling made a motion to accept the review of school districts as presented by staff. Jim Brodnax seconded the motion. The motion passed unanimously.

School District Truth in Taxation

Darlene presented data for those school districts that were required to hold a truth in taxation (TNT) hearing based on information provided by the Department of Education. Forty school districts were required to hold a TNT hearing. The worksheet distributed in advance of the meeting shows that six districts that had not provided a copy of their published notice and affidavit of publication. However, Liberty Elementary submitted their TNT documents earlier today leaving five outstanding. Letters will be sent to these five districts (Cartwright Elementary, Deer Valley Unified, Fowler Elementary, Joseph City Unified and Mohawk Valley Elementary). There is no penalty for non-compliance per A.R.S. § 15-905.01.

Kevin McCarthy made a motion to accept the review of school district TNT hearings and to send letters to the school districts noted. Jim Brodnax seconded the motion. The motion passed unanimously.

Adjourn

With all agenda items complete, Chairman Nülle asked if there was a motion to adjourn. Chris Kelling made a motion to adjourn and it was seconded by Jim Brodnax. The motion passed unanimously. The meeting adjourned at 4:47 p.m.