

PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



Douglas A. Ducey
Governor

Neeraj Deshpande
Chairman

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

Jim Brodnax Member	Kevin McCarthy Member
Chris Kelling Member	Vacant Member

Members Present (Virtually)

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

Staff Present (Virtually)

Darlene Teller, Staff
Elaine Smith, Staff
Elizabeth St. Clair, Staff

Call to Order

Chairman Neeraj Deshpande called the meeting to order at 3:06 p.m. and asked Commission Members and staff to state their name for the record.

Approval of Minutes

The minutes from the August 9, 2021 meeting were reviewed. No additions or deletions were recommended. Chris Kelling 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 adopted the TNT rate for the current year to satisfy the penalty for not holding a hearing last year. The Coconino County Board of Supervisors approved the correction for the City of Flagstaff to revise their tax rate to the TNT rate of \$0.7186 on August 24, 2021. The Town of Hayden adopted a 19.7% increase (from a TNT rate of \$10.8608 to \$13.00). The increase passed by a unanimous roll call vote. The Town of Miami originally adopted a tax rate of \$5.1687 or a 15.8% increase. The Gila County Board of Supervisors approved lowering the tax rate to \$4.4639 on August 31, 2021 since no TNT hearing was held.

All jurisdictions are in compliance. Of the 78 jurisdictions, 34 held a TNT hearing (7 counties, 6 community colleges and 21 cities or towns.)

Jim Brodnax made a motion to accept the truth in taxation review as presented by staff. Motion was seconded by Chris Kelling. Motion passed unanimously.

Primary Levy Limits

Darlene presented the worksheets prepared for the Commission's review. All jurisdictions were in compliance. Accepted involuntary torts are included in the maximum allowable levy limit for the City of

Scottsdale of \$290,000 for the current year compared to \$1.8 million last year. The City of Tucson levied for \$513,012 in involuntary torts compared to \$1.6 million last year.

Kevin McCarthy made a motion to accept the review of primary levy limits 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, 15 held a TNT hearing (seven flood control districts, seven 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. Kevin McCarthy 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. In Cochise County, Elfrida Fire District reported values of \$7,052,588 for a levy of \$229,209 based on a tax rate of \$3.25. Based on the February 10, 2021 values per the levy limit worksheet of \$7,053,588, the properly calculated levy is \$229,242. A reminder letter will be sent to the district that the February 10 values must be used for the purpose of adopting tax rates.

Several districts have a voter approved temporary budget override with a tax rate of \$3.50 for five years. The elections could be held over a two year period so for some districts this is their final year. Districts in their final year of the budget override is Pinewood (in Coconino County), Pine-Strawberry (in Gila County), and Superstition (located in Maricopa and Pinal Counties). Districts in their fourth year of the budget override is Tusayan (in Coconino County) and Avra Valley (located in Pima and Pinal Counties).

Senate Bill 1828 reduces the assessment ratio for Class 1 property from 18% to 16% over four years. As permanent law, the maximum tax rate for fire districts will increase from \$3.25 for tax year 2021 to \$3.375 for tax year 2022 and \$3.50 for tax year 2023 and thereafter.

In Yuma County, Martinez Lake Fire District has been in existence for several years but never levied for a property tax until last year. Last year was also the first year Yuma County levied a fire district assistance tax. Rural Metro, a private fire department that previously serviced the district through a subscription service left the area effective July 2020.

Kevin McCarthy made a motion to accept the review of secondary levy limits for fire districts as presented by staff. Jim Brodnax 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 and were reviewed. Flagstaff Unified moved the desegregation levy from a primary to a secondary levy as approved by the Coconino County Board of Supervisors on August 24, 2021. In Gila County, Young Elementary revised their small school adjustment from \$781,725 to \$829,000 on August 10, 2021. This change increases their tax rate from the \$6.2914 expected in August to the frozen tax rate of \$6.5216. Gila County originally reported the small school adjustment tax rate of \$2.6508 for Pine

Strawberry Elementary as a minimum school tax levy instead of part of the district's primary tax levy. The Board of Supervisors approved the correction on August 31, 2021. Maricopa Unified in Pinal County moved the desegregation levy from a primary to a secondary levy. However, when they made the change, the schedule reflected a subtotal of \$5.9440 which still included the desegregation tax rate of \$0.3515. The Pinal County Board of Supervisors corrected the primary tax rate to \$5.5925 on August 25, 2021.

Compared to the August review, there was a minor change to the minimum school tax rate for Continental Elementary (from \$0.1011 to \$0.1014) based on an expected budget revision. 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. Coconino and Pinal County moved their desegregation levy from a primary to secondary levy. Of the 23 districts with fixed tax rates per § 42-17151, all were in compliance with six districts adopting a lower tax rate than last year.

Kevin McCarthy asked the reason Maricopa County provided for not reporting desegregation as a secondary levy. Darlene indicated she did not reach out to Maricopa County until after tax rates were adopted and perhaps they believed Pima County would appeal the decision.

Kevin McCarthy 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. Thirty-six school districts were required to hold a TNT hearing. The worksheet presented for review reflected seven districts that had not yet provided the TNT published notice or affidavit of publication. The seven pending districts include Agua Fria Union High, Fowler Elementary, Glendale Elementary, Joseph City Unified, Roosevelt Elementary, Willcox Unified and Young Elementary.

Saddle Mountain Unified held a hearing and had reached out to the newspaper to publish the notice but failed to follow through when the newspaper did not respond to their email request. The district acknowledged this was their mistake for not following through and issuing a purchase order for the publication. A violation letter will be sent to Saddle Mountain Unified and staff will continue to follow-up with the seven districts to collect the pending TNT notices. There is no penalty for non-compliance per A.R.S. § 15-905.01.

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

Adjourn

With all agenda items complete, Chairman Deshpande asked if there was a motion to adjourn. Jim Brodnax made a motion to adjourn and it was seconded by Chris Kelling. The motion passed unanimously. The meeting adjourned at 3:44 p.m.