

PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



Douglas A. Ducey
Governor

Grant Nülle
Chairman

Minutes of Meeting
August 11, 2020
Virtual meeting held on Google Meets

Jim Brodnax Member	Kevin McCarthy Member
Chris Kelling Member	Vacant Member

Members Present (Virtually)

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

Staff Present (Virtually)

Darlene Teller, Staff

Call to Order

Chairman Grant Nülle called the meeting to order at 2:07 p.m. and asked Commission Members and staff to state their name for the record.

Approval of Minutes

The minutes of the July 16, 2020 meeting were reviewed. No additions or deletions were recommended. Chris Kelling made a motion to approve the minutes as distributed and Jim Brodnax 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 fourth year of using the new formula for adopting tax rates and the second year for the updated school district budget schedules. A few common errors from school districts include entering duplicate values, missing student count used in calculating District Additional Assistance (DAA) and no prior year Transportation Revenue Control Limit (TRCL).

In Apache County, Alpine Elementary has an actual TRCL of \$677,025.60 but reduced the allowable levy by \$160,000.

In Cochise County, the Board of Supervisors are expected to approve cash deficit levies for two districts at a meeting held August 11, 2020. Elfrida Elementary reported a cash deficit levy of \$111,871 for a tax rate of \$1.3673 but with the frozen tax rate the tax rate the cash deficit is only \$0.2268. Douglas Unified reported a cash deficit of \$850,000 for a tax rate of \$1.1433. Ten districts have frozen tax rates (eight adopted the same tax rate as last year and two districts adopted a lower tax rate).

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

In Gila County, Young Elementary was planning to revise their small school adjustment from \$736,000 to \$781,725 to increase their tax rate to the maximum capped rate but the Department of Education does not allow a small school adjustment increase in a revised budget. Pine Strawberry Elementary will revise their budget to include a base support level adjustment. Their budget is missing last year's TRCL but they will not levy for the difference. Kevin McCarthy asked why the district had no tuition out. Darlene had no explanation other than there was none included in their budget. Three districts have capped rates. Tonto Basin and Hayden-Winkelman will adopt the same rate as last year and the rate for Young Elementary will fall below last year's tax rate.

In Graham County, Klondyke Elementary is a transportation district with no Transportation Support Level (TSL) but they only levied for \$14,600. Bonita Elementary has a frozen tax rate and levied at the same tax rate as last year.

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

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

In Maricopa County, 13 districts have desegregation levies that are reported as a primary levy. Four districts have cash deficit levies approved by the Board of Supervisors on July 29, 2020. Isaac Elementary has an \$8.9 million cash deficit levy but due to the capped tax rate, the cash deficit only adds \$0.2461 to the tax rate. Osborn Elementary has a \$1.35 million cash deficit levy for an additional tax rate of \$0.2809. Arlington Elementary has a cash deficit levy of \$658,427 for an additional tax rate of \$0.2503. Nadaburg Unified has a cash deficit of \$510,000 for an additional tax rate of \$0.6744. Two districts have fixed tax rates (Isaac Elementary and Mobile Elementary) that adopted the same tax rate as last year.

In Mohave County, Peach Springs has no TSL but this levy is offset by impact aid. Kingman Unified will revise their budget to adjust dropout prevention from \$76,208 to \$84,654. Valentine Elementary will revise their budget to lower their small school adjustment from \$12,500 to \$8,250.

In Navajo County, Show Low Unified will revise their enrollment numbers in a second proposed budget. The Auditor General's Office and the Department of Education are aware they missed key dates to adopt their budget. Their tax rate is based on a revised proposed budget.

In Pima County, Tucson Unified District's fixed tax rate of \$5.8229 includes their desegregation levy of \$63.7 million. Their adopted tax rate of \$5.6429 is below the capped rate. Marana Unified originally requested a \$1 million cash deficit levy for a tax rate of \$0.1045 but it was not approved by the Board of Supervisors in advance of the county adopting tax rates. San Fernando Elementary District's tax rate is based on corrections that will be included in their next budget revision. Empire Elementary and Redington Elementary are transportation districts with no TSL. Redington Elementary has a fixed tax rate and they adopted the same rate as last year.

In Pinal County, the Board of Supervisors approved cash deficit levies for seven districts on August 5, 2020. The districts include Florence Unified, Casa Grande Elementary, Maricopa Unified, Toltec Elementary, Apache Junction Unified, J.O. Combs Elementary and Casa Grande Union High. Maricopa Unified has a desegregation levy of \$1,291,000 included in their primary tax rate.

In Santa Cruz County, three districts have frozen tax rates. Patagonia Elementary lowered their tax rate (from \$4.2363 to \$4.0417), Sonoita Elementary lowered their tax rate (from \$4.627 to \$4.6050) and Santa Cruz Elementary adopted the same tax rate as last year.

In Yavapai County, two districts have frozen tax rates. Ash Fork Joint Unified lowered their tax rate (from \$8.3880 to \$7.4630) and Seligman Unified kept their tax rate the same as last year.

In Yuma County, the Board of Supervisors approved cash deficit levies on July 6, 2020 for Hyder Elementary and Antelope Union High. On August 3, 2020, the Board of Supervisors approved five additional cash deficit levies for Yuma Elementary, Somerton Elementary, Crane Elementary, Gadsden Elementary and Yuma Union High. Yuma Elementary District's budget reported no TSL but will be added in their next budget revision. The next budget revisions will add registered warrants of \$5,000 for Hyder Elementary and \$75,000 for Antelope Union High.

The detail calculation worksheets for the minimum school tax rates includes expected budget revisions for Chevelon Butte in Coconino County, Pine Strawberry Elementary in Gila County and San Fernando in Pima County. There are 19 districts with a minimum school tax rate per A.R.S. § 15-992 for \$14.9 million (compared to 17 districts and \$17.1 million last year).

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

Twenty-six school districts had frozen tax rates per § 42-17151. All 26 were in compliance (seven districts adopted tax rates below last year's tax rate and 19 districts adopted the same tax rate as last year).

Chris Kelling 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 Kevin McCarthy. Motion passed unanimously.

Adjourn

With all agenda items complete, Chairman Nülle asked if there was a motion to adjourn. Kevin McCarthy made a motion to adjourn and it was seconded by Jim Brodnax. The motion passed unanimously. The meeting adjourned at 2:37 p.m.