

# PROPERTY TAX OVERSIGHT COMMISSION

Arizona Department of Revenue Building



## September 13, 2023 Meeting Minutes

*Katie Hobbs*  
**Governor**

### Members Present

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

*Neeraj Deshpande*  
**Chairman**

<i>Jim Brodnax</i> <b>Member</b>	<i>Kevin McCarthy</i> <b>Member</b>
<i>Chris Kelling</i> <b>Member</b>	<i>Vacant</i> <b>Member</b>

### Staff Present

Alexandra Kusen, PTOC Staff  
Elaine Smith, PTOC Staff

### Guests

Karen Jacobs, Arizona Department of Revenue

### Call to Order

Chairman Neeraj Deshpande called the meeting to order at 8:00 a.m. and asked Commission members and staff to state their names for the record.

### Approval of Minutes

No additions or deletions were recommended for the minutes of the meeting on August 14, 2023. Mr. Brodnax made a motion to approve the minutes as distributed and it was seconded by Mr. McCarthy. The motion passed unanimously.

### Truth in Taxation

Staff presented the detail of the Truth in Taxation ("TNT") rate and the actual tax rate that was adopted for each jurisdiction. Of the 78 jurisdictions, 45 were required to hold a TNT hearing (ten counties, nine community colleges and 26 cities or towns). Jurisdictions that adopted an increase greater than 15% of the TNT rate that must be approved by a unanimous roll call vote include Coconino Community College, the town of Hayden in Gila County, and La Paz County.

Violation letters will be sent to jurisdictions that did not hold a TNT hearing but adopted a rate over the TNT rate. That will include Cochise County with a rate 2.7% over the TNT rate, the City of Miami in Gila County, the City of Pima in Graham County, the City of Tempe in Maricopa County with a rate 2.0% over the TNT rate. Yavapai College with a rate 5.0% over the TNT rate, and the City of Somerton in Yuma County with an adopted rate 4.3% over the TNT rate.

Mr. Kelling made a motion to accept the review of the truth in taxation hearing requirements. Mr. McCarthy seconded the motion. The motion passed unanimously.

### Primary Levy Limits

Staff presented the detail worksheet, which includes the values, actual tax rate and levy, the current year maximum allowable levy limit for the current and prior year. The worksheet also reviews last year's actual collections.

Coconino Community College is over the maximum allowable levy by \$348,497 and the City of Somerton on the third page by \$17,754. The maximum allowable levy for the City of Scottsdale includes \$2,201,944 for accepted torts (compared to \$536,000 for the prior year). The maximum allowable levy for City of Tucson includes \$1,098,509 for accepted torts (compared to \$4,113,459 for the prior year). The City of Somerton is scheduled to adopt a property tax rate of \$1.5713 for a maximum tax levy of \$799,328 at the City Council meeting on September 19<sup>th</sup>. The Yuma Board of Supervisor will ratify the correction by the first board meeting in October. It is currently over the maximum allowable rate of \$1.5713 at \$1.6062.

Mr. McCarthy made a motion to accept the review of the primary levy limits. Mr. Broadnax seconded the motion. The motion passed unanimously.

#### County Special Districts Truth in Taxation

Staff presented the 30 county special districts, the TNT rate, and the actual tax rate. 19 districts were required to hold a TNT hearing (nine flood control, eight library and two public health service district). We did not receive published notices for Cochise County, Navajo County, and Santa Cruz County special districts.

Staff recommended providing report on the status of TNT submissions after violation notices were sent. Mr. McCarthy made a motion to accept the review of truth in taxation hearing requirements for county special districts. Mr. Kelling seconded the motion. The motion passed unanimously.

#### Fire District Secondary Levy Limits

County Island Fire Districts are not subject to levy limits prescribed in A.R.S. § 48-807. Quartzsite Fire District in La Paz over collected by \$10,312. Their maximum allowable levy limit for next year will be reduced by \$10,312. A letter will be sent to this Fire District to notify it of the excess collections and the reduced levy for next year.

Mr. Kelling made a motion is needed to accept the review of the secondary levy limits for fire district. Mr. McCarthy seconded the motion. The motion passed unanimously.

#### County School Superintendents' Annual Estimates of Monies for School Districts

The Property Tax Oversight Commission ("the Commission") approved the proposal from the Legislature to levy for grades 9-12 an amount equal to the lesser of the applicable QTR in A.R.S. § 15-971 or the amount calculated in A.R.S. § 15-992(F).

Staff presented annual estimates from superintendents. Tucson Unified's tax rate includes the desegregation levy (or \$3.5970 total primary levy plus \$1.5644 for the desegregation levy), and Amphitheater Unified's tax rate includes the desegregation levy (or \$3.4961 total primary levy plus \$0.2137 for the desegregation levy). The desegregation levy for both school districts is reported as a secondary levy but billed as a primary levy.

The summary page for school districts with a minimum school tax rate shows that there were 13 districts with the additional tax rate for \$25.3 million. Pine-Strawberry Elementary in Gila County did not have the additional tax last year, but now it has the tax. The next two pages show how the rates were calculated. The summary page for school districts with the newly imposed rate for tuition shows that there were 37 districts with the additional tax rate for \$12.1 million. The next three pages show how the rates were calculated and adjusted to a rate no greater than the applicable QTR (or \$1.6549).

Staff presented a summary of districts that have a desegregation levy and adopted tax rates. All 16 districts are in compliance with 7 districts adopting a lower tax rate and 9 adopting the same tax rate as last year.

Mr. McCarthy made a motion to accept the review of the primary property tax calculations. Mr. Broadnax seconded the motion. The motion passed unanimously.

#### School District Truth in Taxation

35 school districts were required to hold a truth in taxation hearing based on information provided by the Department of Education and the district's budget. Letters will be sent to the districts with missing truth in taxation hearing documentation (TNT hearing notice, publisher's affidavit of publication, and requisite notice of Council's vote). However, there is no penalty for non-compliance.

Mr. Broadnax made a motion to accept the review the truth in taxation hearing requirements for school district. Mr. McCarthy seconded the motion. The motion passed unanimously.

#### Adjournment

With all agenda items for the meeting complete, the Chairman asked if there was a motion to adjourn. Mr. McCarthy made a motion to adjourn and it was seconded by Mr. Broadnax. The motion passed unanimously. The meeting adjourned at 8:26 a.m.