



MEMORANDUM

Date: September 7, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors
Presiding Judge, Superior Court
Elected Officials
Appointing Authorities

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Budget Philosophy for Fiscal Year 2018/19**

I know it is very early to start preparing for next year's budget; however, the process will begin again shortly. Each year, the Finance Department allows departments, agencies and Elected Officials to assess priorities and request programmatic and annual funding from the Board of Supervisors.

As you know, the County has been forced into a property tax option for local road repair, which will require a property tax increase for this fiscal year. During formulation of this year's budget, we were able to mitigate the impact of a \$0.25 per \$100 taxable net assessed value property road tax increase by reducing the primary property tax rate by \$0.08 per \$100 taxable net assessed value and secondary taxes by \$0.03 per \$100 taxable net assessed value.

Next year's [Fiscal Year (FY) 2018/19] budget priority will be to make this property road tax increase fiscally neutral to the greatest possible extent. This means reducing the primary property tax rate by \$0.17 per \$100 taxable net assessed value, which will also restore the temporary reduction in secondary property tax rates that were imposed this fiscal year, resulting in a \$13.3 million reduction in primary property tax revenues. Hence, it is unlikely any County department, agency or Elected Official will receive any funding for FY 2018/19 in excess of what was received this fiscal year.

Therefore, please plan accordingly when preparing your FY 2018/19 budget.

CHH/anc