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# MEMORANDUM

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Date: February 12, 2015

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **County Budget Transfers and Levied Property Tax to the State**

Following my January 23, 2015 memorandum regarding the proposed state budget that would transfer another \$10 million of State costs to the County, there was concern and in some cases disbelief, that the State would require the County to transfer our property tax in support of State programs. This is and has been an ongoing activity, and property taxes for state transfers have been worse in the recent past.

Attached for your information is a table showing these transfers to State programs from Fiscal Year (FY) 2004/05 to FY 2014/15. Over this 10-year period, approximately \$863 million has been transferred to support State programs imposed on the County.

The table below shows the history of the County's primary property tax levy from FY 2009/10 to FY 2013/14.

**Table 1: Five-year Primary Property  
Tax Levy History**

<b>Fiscal Year</b>	<b>Total Primary Property Tax Levy</b>
2009/10	\$297,723,590
2010/11	296,197,333
2011/12	284,023,289
2012/13	275,951,044
2013/14	277,155,468

Please note our property tax levied and collected declined from \$297.7 million in FY 2009/10 to \$284 million in FY 2011/12. During this same period, State-mandated transfers increased from \$72 million to \$84.4 million. Also, please note the category entitled State Mandated County Contributions on the attachment. This number is set by the Arizona Legislature as a transfer from the County to the State to balance their budget.

The Honorable Chair and Members, Pima County Board of Supervisors  
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It is interesting that we do not often receive taxpayer complaints about the State due to property tax increases, nor is there much discussion about the four-year period when County property taxes declined. It is only when the County exhausted our fund balance and faced service cuts, primarily to justice and law enforcement functions, that the County was forced to raise our property tax rate and levy for the FY 2015/16 budget.

CHH/anc

Attachment

c: Tom Burke, Director, Finance and Risk Management  
Robert Johnson, Budget Manager, Finance and Risk Management

**FY 2004/05 Actuals through FY 2014/15 Adopted Budget  
State Required Payments and Transfers from the Pima County General Fund**

	FY 2014/15 Adopted	FY 2013/14 Actual	FY 2012/13 Actual	FY 2011/12 Actual	FY 2010/11 Actual	FY 2009/10 Actual	FY 2008/09 Actual	FY 2007/08 Actual	FY 2006/07 Actual	FY 2005/06 Actual	FY 2004/05 Actual
AHCCCS *	\$17,488,764	\$17,460,889	\$17,425,973	\$16,154,690	\$17,382,208	\$17,329,999	\$17,265,693	\$17,199,100	\$17,135,352	\$17,077,792	\$17,023,321
ALICS	\$39,730,100	\$39,129,200	\$39,609,350	\$39,360,450	\$28,140,821	\$30,800,200	\$45,065,100	\$41,054,700	\$40,304,200	\$41,127,000	\$36,806,800
Behavioral Health System-State Contribution	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936	\$3,064,936
Restoration to Competency-ASH payments	\$0	\$0	\$0	\$0	\$93,269	\$53,009	\$187,310	\$1,578,233	\$2,395,165	\$2,000,000	\$2,000,000
Restoration to Competency - Local Costs*	\$1,998,099										
Sexually Violent Persons	\$1,217,566	\$471,684	\$964,081	\$838,127							
Superior /Juvenile Court Salaries and Benefits (Budgeted)**											
Judges/Commissioners	\$6,495,647	\$6,000,704	\$6,567,525	\$5,461,065	\$5,416,011	\$5,379,824	\$5,502,270	\$5,050,745	\$4,998,055	\$4,565,105	\$3,977,407
Superior Court Probation	\$4,553,493	\$4,464,038	\$4,470,337	\$4,373,450	\$4,377,364	\$4,170,915	\$4,624,352	\$4,648,217	\$3,432,367	\$3,288,535	\$3,035,115
Juvenile Court Probation	\$6,262,610	\$6,732,258	\$6,694,438	\$6,540,681	\$6,708,219	\$6,453,979	\$6,651,507	\$6,511,491	\$5,627,253	\$5,369,305	\$5,005,000
Justice Courts - JP Salaries and Benefits (net of reimbursements)	\$1,178,463	\$1,232,897	\$1,031,685	\$1,089,176	\$1,041,006	\$1,056,572	\$857,127	\$771,231	\$783,528	\$762,378	\$480,061
Constables Salaries and Benefits	\$846,609	\$860,636	\$841,475	\$783,508	\$747,188	\$741,420	\$682,218	\$643,949	\$651,825	\$627,341	\$478,706
Other											
State Mandated County Contribution			\$6,775,700	\$6,000,000		\$2,985,400					
<b>Total State Payments</b>	<b>\$82,836,287</b>	<b>\$79,417,242</b>	<b>\$80,669,800</b>	<b>\$84,441,783</b>	<b>\$72,971,022</b>	<b>\$72,036,254</b>	<b>\$83,897,513</b>	<b>\$80,522,602</b>	<b>\$78,392,681</b>	<b>\$77,882,392</b>	<b>\$71,871,346</b>

\*Pima County has its own Restoration to Competency Program and sends few patients to the Arizona State Hospital. Past year's costs still being determined.

Primary Property Tax Rate Impact

Increase in State Required Payments and Transfers for FY 2006/07 to FY 2014/15 = \$1.1410

**Property Tax Information**

Primary Property Tax Levy	\$321,633,141	\$277,155,468	\$275,951,044	\$284,023,289	\$296,197,333	\$297,723,590	\$279,136,768	\$264,866,986	\$248,469,882	\$238,193,628	\$220,399,039
Secondary Property Tax Levy	106,345,683	105,786,995	110,906,464	115,243,865	121,505,458	119,488,013	116,093,495	114,528,192	97,270,134	78,787,069	75,142,975
<b>Total Primary and Secondary Levy</b>	<b>427,978,824</b>	<b>382,942,463</b>	<b>386,857,508</b>	<b>399,267,154</b>	<b>417,702,791</b>	<b>417,211,603</b>	<b>395,230,263</b>	<b>379,395,178</b>	<b>345,740,016</b>	<b>316,980,697</b>	<b>295,542,014</b>
Year to Year Change in Primary Levy - Increase/(Decrease)	\$44,477,673	\$1,204,424	(\$8,072,245)	(\$12,174,044)	(\$1,526,257)	\$18,586,822	\$14,269,782	\$16,397,104	\$10,276,254	\$17,794,589	
Year to Year Change in Secondary Levy - Increase/(Decrease)	558,688	(\$5,119,469)	(4,337,401)	(6,261,593)	2,017,445	3,394,518	1,565,303	17,258,058	18,483,065	3,644,094	
<b>Year to Year Change in Primary Levy - Increase/(Decrease)</b>	<b>45,036,361</b>	<b>(3,915,045)</b>	<b>(12,409,646)</b>	<b>(18,435,637)</b>	<b>491,188</b>	<b>21,981,340</b>	<b>15,835,085</b>	<b>33,655,162</b>	<b>28,759,319</b>	<b>21,438,683</b>	
Primary Property Tax Rate	\$4.2779	\$3.6665	\$3.4178	\$3.4178	\$3.3133	\$3.3133	\$3.3913	\$3.6020	\$3.8420	\$4.0720	\$4.0720
Secondary Property Tax Rates	1.4388	1.4188	1.3895	1.3895	1.3235	1.2378	1.2378	1.4271	1.4571	1.3471	1.3820
<b>Total Primary and Secondary Tax Rate</b>	<b>\$5.7167</b>	<b>\$5.0853</b>	<b>\$4.8073</b>	<b>\$4.8073</b>	<b>\$4.6368</b>	<b>\$4.5511</b>	<b>\$4.6291</b>	<b>\$5.0291</b>	<b>\$5.2991</b>	<b>\$5.4191</b>	<b>\$5.4540</b>
<b>Total County Adopted Budget</b>	<b>\$1,188,464,252</b>	<b>\$1,266,899,617</b>	<b>\$1,233,496,441</b>	<b>\$1,302,402,322</b>	<b>\$1,431,897,069</b>	<b>\$1,387,871,873</b>	<b>\$1,377,529,268</b>	<b>\$1,482,714,496</b>	<b>\$1,279,658,041</b>	<b>\$1,202,422,077</b>	<b>\$1,097,721,546</b>

Seconday Levy = Regional Flood Control District+ Pima County Library District+Debt Service (excludes Fire District Assistance Tax).