



MEMORANDUM

Date: January 13, 2012

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

From: C.H. Huckelberry
County Administrator 

Re: **Updated Property Tax Base Projections**

As the Board knows, we have entered a period of prolonged economic stagnation and contraction of the Pima County property tax base. Previous forecasting results were provided to the Board and indicated a period of decline until Fiscal Year (FY) 2014/15.

As always, our economic forecasts are updated annually in December of each year. We recently completed our economic forecast for the next five years and report that the economic slump and impact on our property tax base will be greater and longer than predicted a year ago. The table below provides a six-year fiscal year analysis of our forecast of the secondary assessed value property tax base in December 2010 and the updated forecast of December 2011. The table also indicates the percent change year-to-year in the 2010 forecast and the year-to-year change in the new 2011 forecast.

**Change in Secondary Assessed Values
from December 2010 Projection to December 2011 Projection**

Fiscal Year	As of December 2010	As of December 2011	Percent Change	Change from 2010 Projection
2011/12	\$8,448,281,586			
2012/13	7,985,315,755	7,846,536,956	-5.5	-1.7
2013/14	7,759,331,319	7,282,934,997	-2.8	-6.1
2014/15	7,834,596,833	7,118,674,135	1.0	-9.1
2015/16	7,971,702,278	7,220,080,996	1.8	-9.4
2016/17	8,131,136,323	7,319,290,727	2.0	-10.0

By examining the table, it is clear the new forecast indicates the decrease in the property tax base will be \$600 million greater than forecasted a year ago and will occur in FY 2014/15, rather than FY 2013/14.

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This continuing decline of the tax base will pose future challenges in the development of our budgets. The tax base decline from FY 2011/12 to FY 2012/13 will equal nearly 7.3 percent, an increase of nearly two percent from that previously forecasted.

These forecasts stress the need for conservative budgeting practices for the foreseeable future, where no new revenues will be available for program or service expansion.

As we enter the budget preparation process for FY 2012/13, all County elected officials, departments and agencies should be aware of the continual decline in our revenue base and plan accordingly.

CHH/mjk

c: The Honorable Sarah Simmons, Presiding Judge, Superior Court
Elected Officials
Martin Willett, Chief Deputy County Administrator
Hank Atha, Deputy County Administrator for Community & Economic Development
John Bernal, Deputy County Administrator for Public Works
Jan Leshner, Deputy County Administrator for Medical & Health Services
Appointing Authorities