



MEMORANDUM

Date: August 18, 2011

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "C.H. Huckelberry", is written over the typed name of the County Administrator.

Re: **County Tax Levy from 2002/03 to 2011/12**

The attached material represents the total property tax levy of Pima County from 2002/03 to 2011/12. The difference in the levies results in an increase over this approximate 10-year period of \$146 million, or 57 percent. During this same period, the total assessed value of the County increased approximately 78 percent for the primary levy. In essence, we are taxing less today than we did 10 years ago based on the change in assessed value.

Another way to look at the \$146 million increase is to remove certain items that increased the tax levy during this 10-year period for very specific reasons. Based on the attached, this total levy would be reduced for the Library District levy by \$19 million due to our assumption of full funding responsibility. Further, voters authorized bonds during the period and expected the bond projects to be implemented. This accounts for a \$26.5 million increase. In addition, the Fire District Assistance Levy is not the responsibility of the County. If just these items were removed from our levy, the 57 percent increase would decrease to approximately 38 percent.

Over the 10 year period, population increased by 11.6 percent, and inflation accounts for a 22.7 percent increase over the period. Adjusting for population and inflation increases would compare the previously adjusted levy increase of 38 percent to roughly a 34 percent increase, which is the combination of population and inflation increases over the same period of time.

Another way to look at the levy is to also remove those cost increases beyond the control of the Board. Our required contributions to the Arizona Health Care Cost Containment System (AHCCCS) and the Arizona Long Term Care System (ALTCS) for the period increased by \$11.2 million. In addition, the County has been the recipient of state budget cost and revenue shifts totaling \$35 million. Adding these numbers together, along with the previously discussed Library District and bond costs, equals \$93 million. Again, adjusting for inflation and population would yield almost no increase.

If we simply look at the primary property tax levy increase over the same period, this levy increased \$94 million. Over this same period, the largest single component of our General

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Fund – Justice and Law Enforcement – increased \$78.5 million. If this amount is then added to the AHCCCS and ALTCS payment increases, and then the General Fund state cost and revenue shifts, the levy would actually be \$19 million less than all of the previous levies.

No matter how you look at the data, our increase in tax levy is reasonable and easily explained as a rational response to our operating environment.

CHH/mjk

Attachments

Pima County
Changes in Tax Levies FY 2002/03 through FY 2011/12

	FY 2002/03	FY 2011/12	Increase	Percent Increase
Primary	190,135,349	284,023,289	93,887,940	49.4%
Library District	10,270,732	29,231,054	18,960,322	184.6%
Debt Service	39,409,824	65,896,596	26,486,772	67.2%
Flood Control District	14,746,316	20,116,215	5,369,899	36.4%
Fire District Assistance	2,214,687	3,545,455	1,330,768	60.1%
Total Levy	256,776,908	402,812,609	146,035,701	56.9%

-18.9 million increase in Library District Levy attributable to assumption and funding of entire District by Pima County.

-26.5 million increase in Secondary Debt Service Levy attributable to the sale of Voter approved bonds.

-1.3 million increase in Fire District Assistance Tax Levy driven by Statute and is beyond the Board of Supervisors' control.

After subtracting out these adjustments, the growth in the total County Levy is reduced to 38.7% as calculated below:

	FY 2002/03	FY 2011/12	Difference	Percent Increase
Total Levy	256,776,908	402,812,609	146,035,701	56.9%
Less: Library District Increase		<u>(18,960,322)</u>		
Adjusted Levy	256,776,908	383,852,287	127,075,379	49.5%
Less: Increase in Voter Approved Bonds		<u>(26,486,772)</u>		
Adjusted Levy	256,776,908	357,365,515	100,588,607	39.2%
Less: Increase in Fire District Assistance Tax as required by Statute		<u>(1,330,768)</u>		
Adjusted Levy	256,776,908	356,034,747	99,257,839	38.7%

During the last 10 years, Inflation and Population grew as follows:

Population Growth	881,530	983,419	101,889	11.6%
Inflation	1.8685%	2.2930%	0.4245%	22.7%

Pima County
Historical Information FY 2002/03 versus FY 2011/12

Changes in Net Assessed Values - Primary and Secondary:

	FY 2002/03	FY 2011/12	Increase	Increase
Primary	4,669,335,684	8,310,120,212	3,640,784,528	78.0%
Library District	4,835,561,219	8,448,281,586	3,612,720,367	74.7%
Debt Service	4,835,561,219	8,448,281,586	3,612,720,367	74.7%
Flood Control District	4,158,577,495	7,634,237,253	3,475,659,758	83.6%
Fire District Assistance	4,835,561,219	8,481,950,795	3,646,389,576	75.4%

Increases in Justice and Law Enforcement Expenditures (General Fund only):

	FY 2002/03 Budget	FY 2011/12 Budget	Increase	Percent Increase
Justice and Law Enforcement				
Clerk of Superior Court	8,299,950	10,187,755	1,887,805	22.7%
Constables	513,364	1,086,631	573,267	111.7%
County Attorney	14,866,094	19,502,037	4,635,943	31.2%
Indigent Defense	10,534,423	15,931,892	5,397,469	51.2%
Contract Attorneys	7,413,838	8,270,611	856,773	11.6%
Justice Court Ajo	499,768	669,425	169,657	33.9%
Justice Court Green Valley	354,579	485,298	130,719	36.9%
Justice Courts Tucson	4,427,643	6,655,613	2,227,970	50.3%
Office of Court Appointed Counsel	0	584,234	584,234	100.0%
Photo Traffic Enforcement	0	1,674,245	1,674,245	100.0%
Office of Children's Counsel	0	893,789	893,789	100.0%
Juvenile Court	19,465,228	22,445,147	2,979,919	15.3%
Public Fiduciary	1,780,629	2,465,170	684,541	38.4%
Sheriff	72,299,994	121,876,768	49,576,774	68.6%
Superior Court (Includes Mandated Svcs)	23,744,728	29,976,880	6,232,152	26.2%
Total Justice and Law Enforcement	164,200,238	242,705,495	78,505,257	47.8%

Increase in Health Care Costs:

Arizona Health Care Cost Containment System (AHCCCS)-Includes Prop 204 costs	16,926,036	17,436,457	510,421	3.0%
Arizona Long Term Care System (ALTCS)	35,418,316	42,302,468	6,884,152	19.4%
Adult/Juvenile Correctional Healthcare	6,981,270	10,796,754	3,815,484	54.7%
Behavioral Health	10,352,487	8,173,045	(2,179,442)	-21.1%
Total Health Care Costs	69,678,109	78,708,724	9,030,615	13.0%

State Transfers/Cost Shifts
Fiscal Year 2009/10 through Fiscal Year 2011/12

Expense Shifts

	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>Cumulative FY09/10 to FY11/12</u>
Eliminate Summer Youth	206,250			206,250
Reduce State share of JP salaries	195,097	243,897	243,897	682,891
Cash transfer to the State	2,985,400	6,000,000	6,775,700	15,761,100
Pay 25% cost of Sexually Violent Prisoners	600,000	596,695		1,196,695
Pay 50% cost of Sexually Violent Prisoners			1,217,566	1,217,566
Move Restoration to Competency costs		170,783	53,009	223,792
Totals	<u>3,986,747</u>	<u>7,011,375</u>	<u>8,290,172</u>	<u>19,288,294</u>

Revenue Shifts

	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>Cumulative FY09/10 to FY11/12</u>
Reduction in lottery receipts	25,298	249,772		275,070
HURF State Sweep to DPS	2,438,175	2,438,175	3,799,058	8,675,408
HURF Shift to MVD			2,980,620	2,980,620
Eliminate Prop 204 Hold Harmless		3,817,800		3,817,800
Totals	<u>2,463,473</u>	<u>6,505,747</u>	<u>6,779,678</u>	<u>15,748,898</u>

Total Expense Plus Revenue Shifts	6,450,220	13,517,122	15,069,850	35,037,192
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