




MEMORANDUM

Date: August 12, 2009

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

From: C.H. Huckelberry
County Administrator 

Re: **Property Tax Burden Transfer by Actions of the Arizona State Legislature**

Substantial and continual concern has historically been expressed regarding property taxes not only in Arizona, but also in Pima County. The property tax structure in Arizona is extremely complicated and controlled by a series of laws enacted by the Arizona Legislature. In addition, property taxes are constrained by voter initiative related to property tax limitations. The latest amendment by initiative to property tax constitutional control occurred in the November 2006 election with the passage of Proposition 101.

As a result of numerous changes enacted by the State Legislature, there has been a very steady and significant shift in the property tax burden in Arizona and Pima County from the various classes of property, including utilities, railroads, mines, commercial, and industrial properties, to residential property taxpayers. This shift has been gradual over the last 30 years; however, it has been significant. The total tax burden as represented by valuation of the tax base has increased on residential property from approximately 33 percent of the total tax burden in fiscal year 1978 to 66 percent in fiscal year 2009, a nearly doubling of the tax burden for residential property, which includes owner-occupied as well as residential rental.

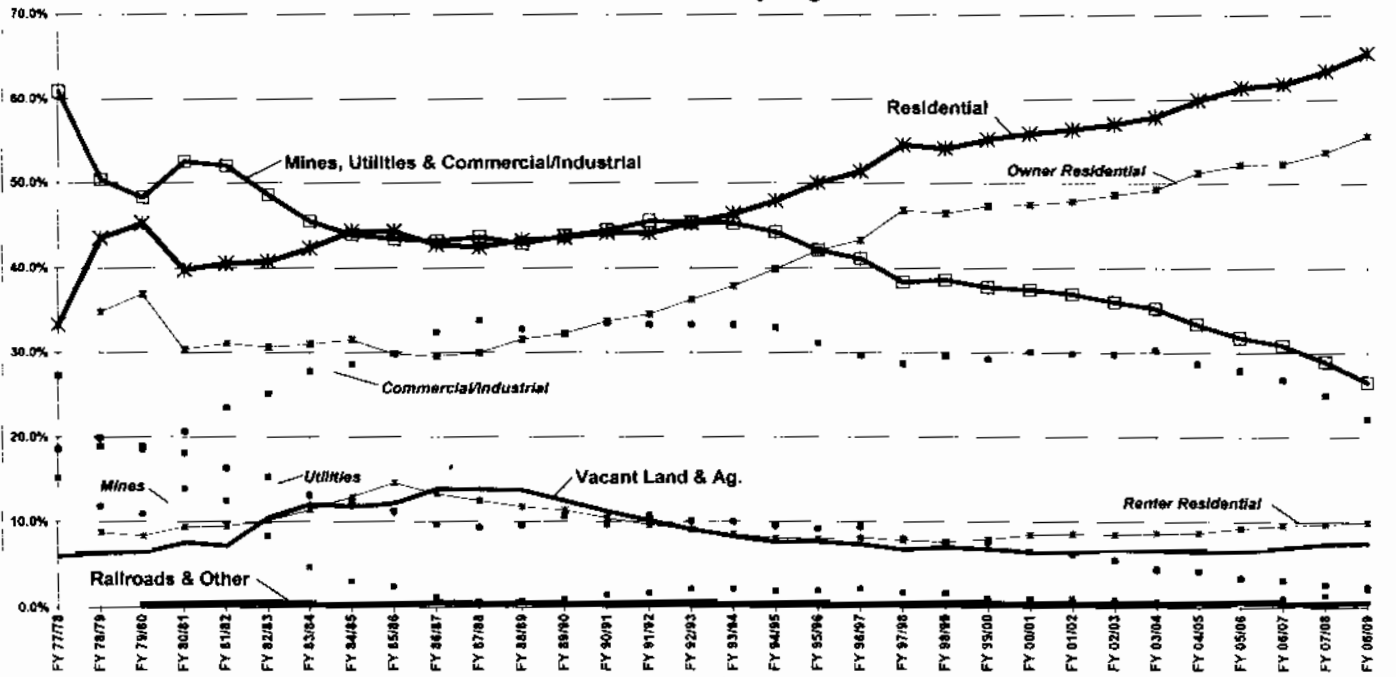
During this same period of time the tax burden for mines decreased from 15 percent to 2.1 percent, for utilities from 19 percent to 2.3 percent, and for commercial properties from 27 percent to 22 percent. The majority of the property tax burden in Pima County has been shifted from business to residential homeowners.

I have asked our financial forecasting staff to conduct a series of inquiries and studies regarding property taxation and this historical shift in property tax burden as I anticipate there will be continuing efforts to shift the property tax burden from mines, utilities, commercial and industrial properties to homeowners in the future. The information provided in the attachment is simply to advise the Board of ongoing scrutiny regarding this matter, as well as to illustrate the rather gradual yet substantial shift in property tax burden over the last 30 years from mines, utilities and businesses to residential owner-occupied and rental properties.

CHH/jj

Attachment

**PIMA COUNTY
PERCENT OF TAX BASE: by Legislative Class**



Prop Class	FY 77/78	FY 78/79	FY 79/80	FY 80/81	FY 81/82	FY 82/83	FY 83/84	FY 84/85	FY 85/86	FY 86/87	FY 87/88
RESIDENTIAL	33.2%	43.4%	45.1%	39.7%	40.4%	40.6%	42.2%	44.2%	44.2%	42.6%	42.3%
Owner occupied	NA	NA	36.9%	30.3%	31.0%	30.6%	30.9%	31.4%	29.7%	29.5%	29.9%
Renter occupied	NA	NA	8.3%	9.4%	9.4%	10.1%	11.3%	12.8%	14.5%	13.2%	12.4%
COMMERCIAL	60.9%	50.3%	48.2%	52.4%	52.0%	48.5%	45.4%	43.8%	43.3%	43.1%	43.6%
Mines	15.1%	11.7%	10.8%	13.8%	12.4%	8.2%	4.7%	3.0%	2.4%	1.1%	0.5%
Utilities	18.5%	19.8%	18.5%	18.1%	15.3%	15.2%	13.0%	12.3%	11.1%	9.7%	9.3%
Commercial/Industrial	27.2%	18.8%	18.9%	20.6%	23.4%	25.1%	27.7%	28.5%	29.7%	32.3%	33.8%
VACANT LAND & AG.	5.9%	6.3%	6.4%	7.5%	7.2%	10.4%	12.0%	11.7%	12.1%	13.8%	13.7%
RAILROADS & OTHER	NA	NA	0.3%	0.4%	0.4%	0.5%	0.4%	0.3%	0.4%	0.5%	0.4%

Prop Class	FY 88/89	FY 89/90	FY 90/91	FY 91/92	FY 92/93	FY 93/94	FY 94/95	FY 95/96	FY 96/97	FY 97/98	FY 98/99
RESIDENTIAL	43.2%	43.5%	44.0%	44.0%	45.2%	46.3%	47.9%	50.0%	51.3%	54.5%	54.0%
Owner occupied	31.5%	32.2%	33.7%	34.4%	36.2%	37.8%	39.8%	42.0%	43.2%	46.7%	46.4%
Renter occupied	11.7%	11.3%	10.4%	9.5%	9.0%	8.5%	8.0%	8.0%	8.1%	7.8%	7.7%
COMMERCIAL	42.7%	43.7%	44.4%	45.5%	45.3%	45.2%	44.2%	42.1%	41.1%	38.3%	38.5%
Mines	0.6%	0.8%	1.3%	1.6%	2.1%	2.0%	1.8%	1.9%	2.1%	1.7%	1.6%
Utilities	8.5%	10.7%	9.7%	10.6%	10.0%	9.9%	9.5%	9.1%	9.4%	8.0%	7.4%
Commercial/Industrial	32.7%	32.2%	33.4%	33.2%	33.2%	33.2%	32.9%	31.1%	29.6%	28.6%	29.6%
VACANT LAND & AG.	13.6%	12.4%	11.2%	10.1%	9.0%	8.2%	7.8%	7.6%	7.3%	6.7%	7.0%
RAILROADS & OTHER	0.5%	0.4%	0.4%	0.4%	0.5%	0.3%	0.3%	0.3%	0.3%	0.5%	0.5%

Prop Class	FY 99/00	FY 00/01	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09
RESIDENTIAL	55.1%	55.8%	56.3%	57.0%	57.8%	59.8%	61.3%	61.8%	63.4%	65.5%
Owner occupied	47.2%	47.4%	47.8%	48.5%	49.2%	51.2%	52.1%	52.3%	53.7%	55.6%
Renter occupied	7.9%	8.4%	8.5%	8.5%	8.6%	8.6%	9.2%	9.5%	9.7%	9.9%
COMMERCIAL	37.7%	37.4%	36.8%	35.9%	35.1%	33.3%	31.7%	30.8%	28.8%	26.5%
Mines	1.0%	0.9%	0.9%	0.7%	0.5%	0.5%	0.5%	1.0%	1.3%	2.1%
Utilities	7.5%	6.5%	6.2%	5.5%	4.4%	4.2%	3.4%	3.1%	2.6%	2.3%
Commercial/Industrial	29.2%	30.0%	29.8%	29.7%	30.2%	28.6%	27.8%	28.7%	24.9%	22.1%
VACANT LAND & AG.	8.8%	8.4%	8.4%	8.7%	8.6%	8.5%	8.5%	8.9%	7.3%	7.5%
RAILROADS & OTHER	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.6%