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IMPORTANT INFORMATION FOR CITY OF SOUTH TUCSON PROPERTY OWNERS AND RESIDENTS

INTRODUCTION:

In accordance with Arizona Revised Statute 41-11001 (51), "Secondary Property" Taxes are imposed by municipalities in order to pay the principal of and the interest and redemption charges on bonded indebtedness.

In 2007 the City of South Tucson incurred a debt for bonds, these bonds were not financed through a Secondary Property Tax, rather they were financed through the City Excise Tax (sales tax). Consequently, the City did not impose a Secondary Property Tax at that time.

In the 2011-2012 Fiscal Year past administration recommended to the City Council that they impose a Secondary Property Tax, supposedly, to pay for the 2007 bonds. That Secondary Property Tax was more than \$2.50 for each \$100.00 of assessed property valuation. The City Council that was in office in 2011-2012 in fact did impose a Secondary Property Tax on every property within the City of South Tucson. Council Member Anita Romero voted "no" on this proposal. Council Member and now Mayor Paul Diaz opposed the proposal and was not present for this vote. This action began a procedure where this Secondary Property Tax was imposed for the next three years in addition to the small primary property tax that was already in place.

THE PROBLEM:

During this year's 2014-2015 budget process, the current City Council learned that the previous City council in 2011-2012 improperly imposed Secondary Property Tax, thus leaving in excess of \$600,000.00 (Six Hundred Thousand dollars) in Secondary Property Tax revenue, unavailable for the current city

budget, for the Fiscal Year starting July 1, 2014. In effect, the City finds itself with \$600,000.00 less revenue.

The reason that this current Secondary Property Tax is improper is because Arizona State Law provides that the voters of the jurisdiction where the taxes are to be imposed must vote on and approve the imposition of those Secondary Property Taxes. In fact, the electors were never asked to vote on the matter by the previous council, an election was not held, consequently the electors were never allowed a voice to approve or disapprove the imposition of a secondary property tax on the property owners of the City of South Tucson as dictated by Arizona Law.

Accordingly, it is the opinion of the current City Council that the initial imposition of the secondary property tax in 2011-2012 by the previous Mayor and Council, at the recommendation of the previous administration, was improper and perhaps even illegal.

The current City Council, through the budget process, intends to eliminate the secondary property tax, thereby offering every South Tucson property owner, much needed relief. For example; a home owner with a property value of \$89,000.00 will save approximately \$242.00 per year, a home owner with a property value of \$100,000.00 will see a savings of approximately \$272.00 in annual property taxes.

ACTION:

This current City Council realizes that the past City Council and administration three years ago, erroneously or intentionally imposed an improper secondary tax on the property owners of South Tucson, these are residents and business owners who are the backbone of the city's financial stability.

We cannot and will not sit idly by and allow such an unfair and possibly illegal tax scheme to continue. Our residents deserve better and our city deserves better. The City of South Tucson is prepared to seek every legal remedy available in order to resolve this unfortunate situation. People responsible for this blunder must be held accountable.