



PIMA COUNTY BOARD OF SUPERVISORS
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ALLY MILLER
SUPERVISOR

MEMORANDUM

Date: **October 31st, 2019**

To: Julie Castaneda, Clerk of the Board

From: Ally Miller, District 1 Supervisor
Pima County Board of Supervisors
AM

Re: **Agenda/Addendum**

Please place the following item on the **November 5th, 2019** Board of Supervisors **Agenda**:

Discussion and possible action related to District 1 Property Tax error for the Foothills School District.

OCT 31 19 10 14 PM CLK DE PD

AM



MEMORANDUM

Date: October 23, 2019

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

From: C.H. Huckelberry 
County Administrator

Re: **Catalina Foothills Unified School District No. 16 Secondary Property Tax**

Pima County was recently made aware of an error that impacts the Fiscal Year 2019/20 secondary property tax levy for the Catalina Foothills Unified School District No. 16 (District).

Property tax billing statements sent to taxpayers in the District contained a line item for a secondary property tax levy for the District entitled *Override Election K-3* (corrected to *Override Capital Outlay*). The amount was calculated using a secondary property tax rate of \$0.0316 per \$100 of taxable net assessed value.

Staff recently noted this was incorrect. The tax amount should have been calculated using a secondary property tax rate of \$0.3161 per \$100 of taxable net assessed value. This error results in the District receiving \$1,800,000 less in property taxes than was originally budgeted for FY 2019/20.

The Pima County Schools Superintendent's Office and County Finance Staff are working with the District's Superintendent to ensure the District does not experience negative impacts for the unbilled amount during the current tax year. Notifications will be sent to the taxpayers within the District to explain the error. The \$1,800,000 for the 2019 Tax Year will be included on the 2020 property tax billing statements mailed in September 2020.

CHH/lab

c: The Honorable Dustin Williams, Pima County School Superintendent
Jan Leshar, Chief Deputy County Administrator
Michelle Campagne, Director, Finance and Risk Management
Robert W. Johnson, Deputy Director, Finance and Risk Management
Patrick McGee, Budget Manager, Finance and Risk Management

From: [REDACTED]
To: [District1](#)
Subject: Concern regarding Catalina Foothills School District taxation error
Date: Wednesday, October 30, 2019 10:46:19 AM

This message and sender come from outside Pima County. If you did not expect this message, proceed with caution. Verify the sender's identity before performing any action, such as clicking on a link or opening an attachment.

Ms. Miller,

I am a constituent of Supervisor Miller and a taxpayer/homeowner in the Catalina Foothills School District. I recently learned about an error in Pima County's property tax notice, which resulted in homeowners only being taxed 3.1 cents per \$100 vs. 31 cents. This effectively means that the school district will lose approx. \$2 million in taxpayer approved bond money this year.

It is unacceptable to me that this error occurred and I want you to be aware that there are consequences of this error beyond the money to the school district. I would also like to know what the County will do to correct this issue.

Many taxpayers pay their property taxes through their mortgage escrow account. As a result of this error, this additional money (on average \$1500/per homeowner) remains sitting in our mortgage escrow account unused this year. Because there are limitations on how much can be maintained in an escrow account, it is my understanding that the law will require mortgage companies to refund an overage. This means three things: 1) homeowners will get a refund from their mortgage company, 2) at the mortgage annual escrow account review, mortgage companies either will likely reduce monthly escrow payments for the following year (thinking that too much money was taken out the prior year in an effort to avoid another overage), and 3) this potentially could result in a significant escrow shortfall the following year when the County tries to correct the error the following year.

Moreover, with the new tax regulations that went into effect last year, the federal government limits deductions for state and local taxes to \$10,000 per calendar year. There is a possibility that some homeowners next year will not be able to deduct the full amount of their property taxes next year if this additional est. \$1500 sum is deducted next year (i.e., if this additional sum results in an excess of \$10,000). In other words, taxpayers may lose the benefit of being able to fully deduct their property taxes this year as a result of this error.

I can only hope that there is some mechanism that will allow the County to revise its property tax notice. I understand that taxes are due November 1st, but I question why the County cannot reissue a revised tax bill and give an extension for homeowners to pay that missing amount. This would alleviate the two problems mentioned above and would also allow the school district full access to the money it was promised by the voter-approved bond.

I appreciate your taking the time to read this email and would be happy to clarify my concerns with you and/or provide additional information. I look forward to hearing from you on this issue.

Thanks, [REDACTED]

[REDACTED]