



MEETING OF: June 23, 2015

TITLE: Authorization of the Filing of an Amicus Brief in Pima County v. State of Arizona

ITEM #: 12

Information:

Study:

Action: X

PURPOSE:

Pima County has filed a special action in the Arizona Supreme Court seeking to enjoin the state Property Tax Oversight Commission (PTOC) from enforcing or administering the new ARS 15-972(K). District staff are seeking authorization to prepare and file a friend-of-the-court brief in the Arizona Supreme Court to ensure that the District's voice is heard, particularly with regard to the possible fiscal impact of either upholding or invalidating the newly revised statute.

DESCRIPTION AND JUSTIFICATION:

The Arizona Constitution caps primary property taxes for residential property at one percent of full cash value (the "One Percent Cap"). The cap applies to the total of all primary taxes assessed by overlapping jurisdictions, such as Pima County, TUSD, the Cities of Tucson/South Tucson, and Pima Community College. Since 1980, the state has provided additional support ("additional state aid") to districts that must lower their primary tax rate to stay under the 1% cap.

Under the new legislation, additional state aid is capped at \$1 million per county and the local taxing jurisdictions (such as Pima County) are to make up the difference. Pima County is challenging the legislation on several grounds including that the statute would make its taxpayers -- many of whom do not reside within TUSD boundaries -- responsible for the general support of the school district despite that county property taxation is for the general support of the county. The authority for determining how much other taxing authorities might need to pay to TUSD in additional aid is delegated to the PTOC.

The transfer (from state to county) of the obligation to provide aid under applicable equalization guidelines is itself revenue-neutral to TUSD but if the Arizona Supreme Court were to invalidate the authority of the PTOC to direct payment of additional aid to the District, the District may not be made whole unless the court simultaneously ensured that the state appropriated additional aid in accordance with the prior statute. Meanwhile, the 1% cap would preclude TUSD from generating additional revenues through the primary property tax. Accordingly, the District's interests are implicated by the pending litigation.

The Legal Department seeks authority to submit a brief on the District's behalf. The specific legal issues and strategies may be discussed in executive session and/or in open session, as appropriate.

Julie C. Tolleson, General Counsel, will be available to answer questions.

BOARD POLICY CONSIDERATIONS:

LEGAL CONSIDERATIONS:

For all Intergovernmental Agreements (IGAs), Initiator of Agenda Item provides the name of the agency responsible for recording the Agreement after approval:

For amendments to current IGAs, Initiator provides original IGA recording number:

Legal Advisor Signature (if applicable)

BUDGET CONSIDERATIONS:

_____	District Budget
_____	State/Federal Funds
_____	Other _____
<u>Budget Cost</u>	<u>Budget Code</u>

Budget Certification (for use by Office of Financial Services only):

Date _____
I certify that funds for this expenditure in the amount of \$ are available and may be:
Authorized from current year budget
Authorized with School Board approval
Code: Fund:

INITIATOR(S):

Julie C. Tolleson, General Counsel		6/16/2015
Name	Title	Date

DOCUMENTS ATTACHED/ ON FILE IN BOARD OFFICE:

<u>ATTACHMENTS:</u>
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No Attachments Available