

Understanding Property Taxes

Arizona Revised Statutes [§ 42-17151](#) provides Pima County Community College District (PCC) with the authority to levy taxes on property in Pima County. PCC may levy two types of property taxes: primary and secondary. The primary property tax levy supports PCC’s general operations while the secondary property tax levy funds voter-approved general obligation debt service (bonds). Bond proceeds are primarily used to acquire land or construct or upgrade facilities (buildings, land improvements, etc.).

Each year before March 1, the [Pima County Assessor’s Office](#) notifies property owners of their property valuations with a notice that indicates the upcoming year’s property valuation as well as the valuation for the following year. Pima County provides a [property tax information website](#) that provides answers to common questions that taxpayers may have about property taxes and how property taxes are calculated. In addition, the [Pima County Treasurer’s Office](#) provides an additional list of [frequently asked questions](#) that provides answers to common questions that taxpayers have about paying property taxes.

In September of each year the Pima County Treasurer’s Office mails a tax statement to the name and address that appears on the Assessment and Tax Roll provided by the Assessor’s office. The tax statement is for the full tax year and includes the amount of tax due, property assessment, and other useful information.

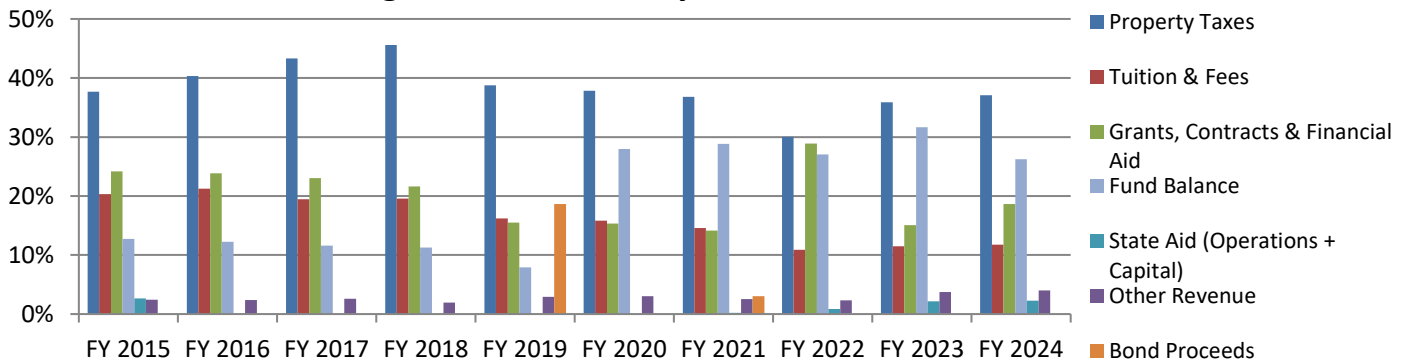
Changes in the amount of property tax that an individual taxpayer pays are driven by a number of factors including changes in the tax rate, the valuation of the property being taxed, and the assessment ratio.

In 2019, PCC issued revenue bonds of \$65 million that were secured with revenue from tuition and fees. These revenue bonds will be paid back over 20 years and will not be repaid using secondary tax, so PCC’s secondary property tax rate has been zero since 2015.

Pima Community College Revenue

As the accompanying chart shows, property taxes are a major source of revenue for PCC. For Fiscal Year 2024, they comprise approximately thirty seven percent of PCC’s total budgeted revenue.

All Funds Budgeted Revenue Sources as a percent of Total Budgeted Revenue, 10 years, FY 2015-2024



Historically, there have been three major sources of budgeted revenue for PCC’s operations: primary property tax, tuition and fees, and state aid. However, the share of revenue from state aid for fiscal years 2016-2019 was zero. For

fiscal year 2024, state aid for PCC includes funding for STEM and Workforce Development of approximately \$1.8 million, whereas in fiscal years 2021 through 2023 state aid was less than 1% of revenues.

Primary Property Tax Rates

Primary Property includes different property types that are assessed at different rates, known as assessment ratios or valuation percentages. The legal classes of property and assessment ratios are described in A.R.S. § 42-12001-12009 and § 42-15001-15009. For example, owner-occupied residential property is assessed at 10 percent of the valuation of the property. As described in A.R.S. [§ 42-15001](#) and [42-12001](#), the valuation percentage for commercial property (class one) has been reduced from 25 percent in December 2005 to the tax year 2024 rate of 16.5 percent. By tax year 2027 this rate will be reduced to 15 percent. The accompanying table displays the most common property types with the associated assessment ratios by tax year.

Class	General Property Description	2016 to										2027 and future yrs.
		2005	2010	2015	2020	2021	2022	2023	2024	2025	2026	
1	Commercial and Industrial	25.0	21.0	18.5	18.0	18.0	17.5	17.0	16.5	16.0	15.5	15.0
2	Agricultural, Vacant, Other	16.0	16.0	16.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
3	Residential: Owner-Occupied	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
4	Residential: Rental or Leased	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

Please note that the tax year listed on Pima County property tax statements and PCC’s fiscal year are not the same time periods. The tax year is one year behind PCC’s fiscal year. For example, tax year 2023 is due to be paid during PCC’s fiscal year 2024, which starts July 1, 2023 and ends June 30, 2024.

For tax year 2023, which is PCC’s fiscal year 2024, the primary property tax assessed by PCC on a residential property with an assessed property value of \$100,000 is calculated as follows:

Assessed Property Value Tax Year 2023	X	Residential Property Assessment Ratio	=	Assessed Limited Value Tax Year 2023	X	PCC Primary Property Tax Rate Tax Year 2023 (per \$100 Net Assessed Value)	=	Primary Property Tax Due PCC
100,000	X	10.0	=	10,000	X	0.012802	=	\$128.02

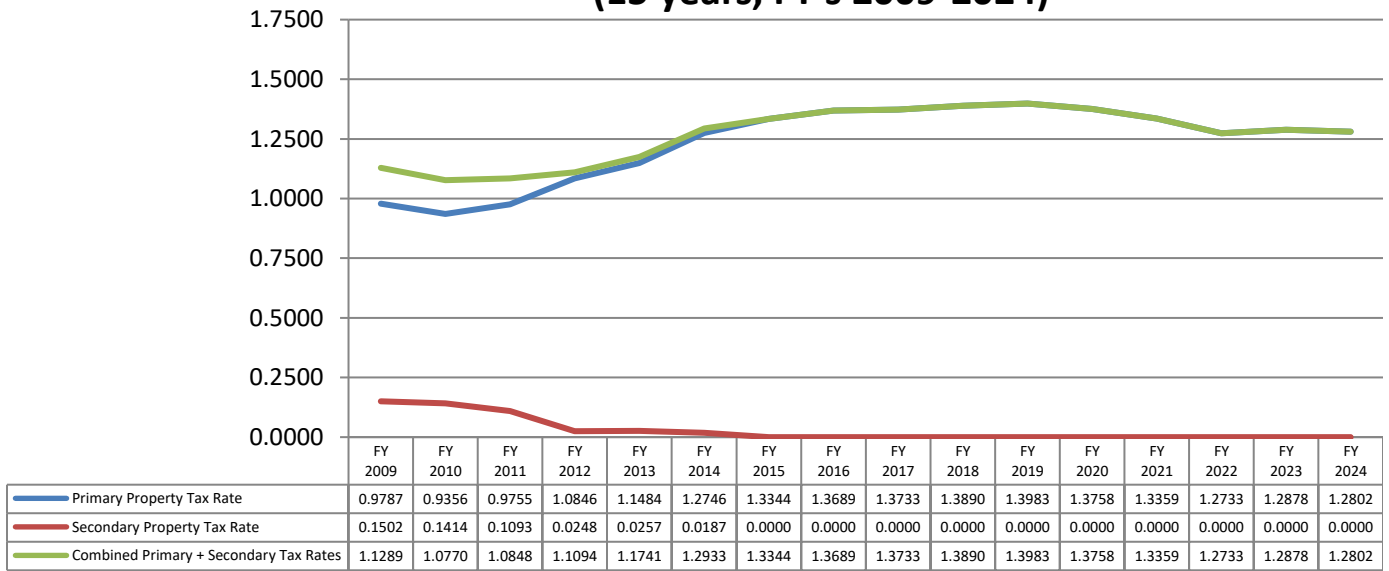
Setting the PCC Primary Tax Rate

PCC’s property tax levy is based on the maximum levy amount in the prior year plus the amount gained from new property. PCC’s Governing Board may also authorize up to an additional 2 percent maximum levy increase each year, following Truth in Taxation notices and public hearing legal requirements. The subsequent tax rate is then determined based upon the total property valuation by property class in the county as provided by the Pima County Assessor’s office. For example, for PCC fiscal year 2024 (tax year 2023), the primary property tax rate calculation was:

Maximum Allowable Primary Tax Levy for Tax Year 2023	X	Additional (3 percent) increase authorized by Board of Governors	=	Prior Tax Year 2022 Levy with authorized increase (A)	÷	Current Year Net Assessed Property Value subject to taxation in prior year divided by 100 (B)	=	Prior Tax Year 2022 Levy with increase divided by Current Year Net Assessed Property Value subject to taxation in prior year divided by 100 (A/B)
\$130,487,937	X	3.00	=	\$134,402,575	÷	\$104,989,543	=	\$1.2802

The chart below describes the Pima County Community College District primary and secondary tax rates from fiscal years 2009-2024 and demonstrates how both rates have changed during this time period. The primary tax rate has increased slightly from \$0.9787 to \$1.2802 while the secondary tax rate was reduced from \$0.1654 to zero. Over the same time period, if these tax rates are added together, PCC's combined tax rates have increased slightly from 1.1289 to 1.2802. This has led to a slight increase in the amount of taxes paid in support of PCC for a property with an assessed value that has remained constant or has declined over this same time period.

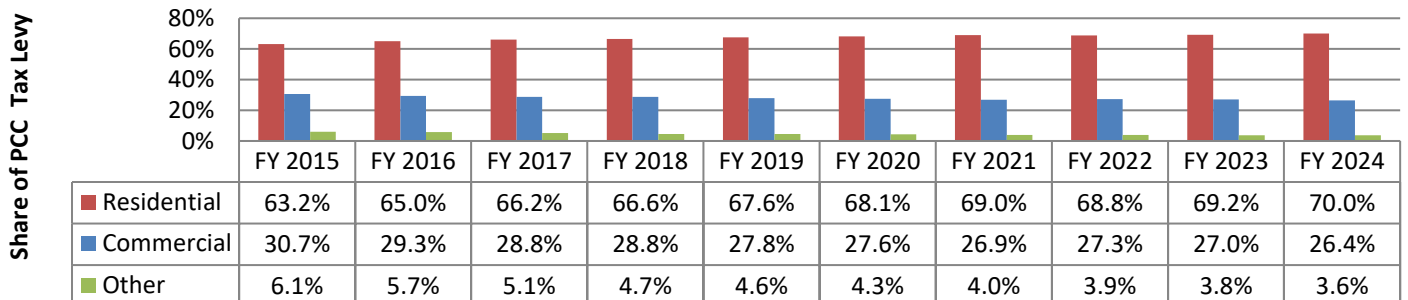
PCC Primary, Secondary, and Combined Property Tax Rates (15 years, FY's 2009-2024)



Change in Distribution of Taxes

Because changes in assessment ratios and valuations vary from year to year, different property class groupings constitute a different percentage of the total primary property tax levy for PCC. As shown in the accompanying chart, the percentage of the PCC primary property tax levy comprised by commercial property has varied from about 31 percent in fiscal year 2015 to about 26 percent in fiscal year 2024, while approximately 70 percent of the PCC primary tax levy now comes from residential property compared with about 63 percent in FY 2015.

PCC Primary Tax Levy Share by Property Type 10 years, FY 2015-2024

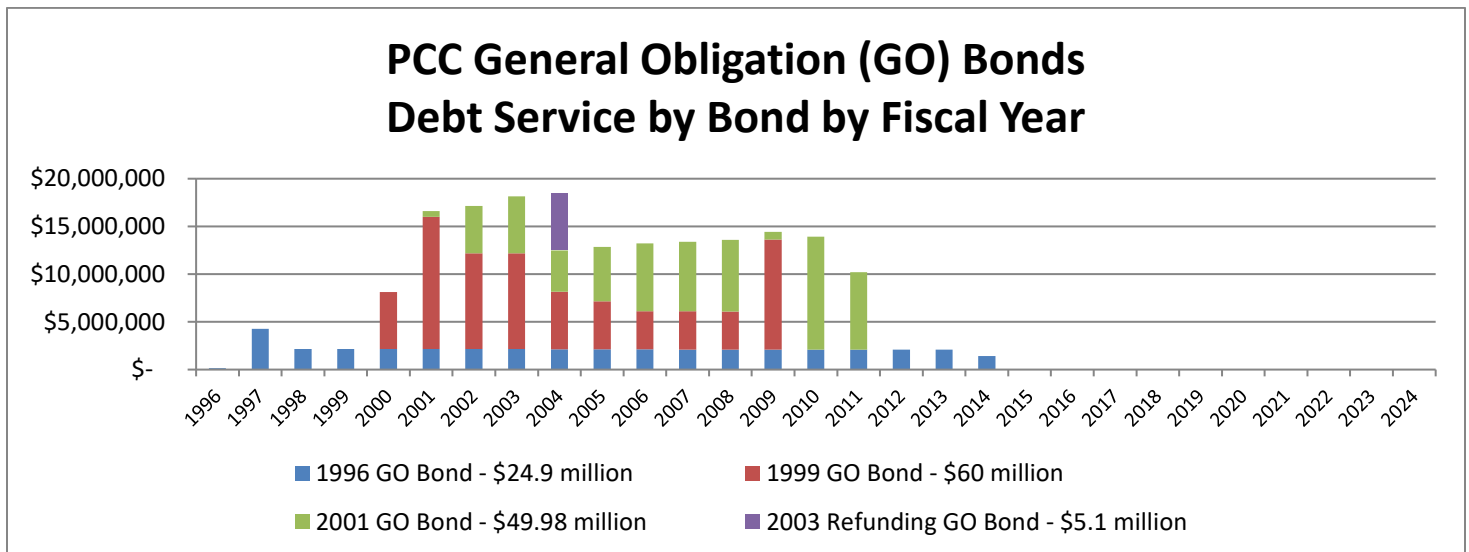


Secondary Property Tax Rates

As indicated previously, the secondary tax levy is the voter approved general obligation debt service for each fiscal year. The calculation of secondary tax is similar to primary tax, but instead is based on the total full cash value (Total FCV) of the assessed property as opposed to the limited value. For tax year 2023 (PCC fiscal year 2024), the secondary property tax rate assessed by PCC is \$0.00. A residential property with an assessed full cash property value of \$100,000 would be calculated as follows:

Full Cash Assessed Property Value Tax Year 2022	X	Residential Property Assessment Ratio	=	Full Cash Assessed Value Tax Year 2022	X	PCC Secondary Tax Rate Tax Year 2022 (per \$100 Net Assessed Value)	=	Secondary Tax Due PCC
100,000	X	10.0	=	10,000	X	0.0000	=	\$0.00

For tax years 2015-2023, (PCC’s fiscal years 2016-2024) PCC’s secondary tax rate was zero. The chart below shows the amount of general obligation debt service by year for PCC since fiscal year 1996.



Truth in Taxation

PCC is required to comply with Arizona Revised Statutes [§ 15-1461.01](#) in order to increase taxes beyond the “levy neutral” amount. If the levy that PCC plans to assess is greater than the levy neutral amount, then this statute requires PCC to perform certain tasks including: publish a notice (in a form required by Statute) in a general circulation newspaper (or mail a notice to registered voters in the district), and, issue a press release containing the truth in taxation notice to all general circulation newspapers in the district, and after approval by PCC’s Governing Board, mail information regarding this process to the Property Tax Oversight Commission.

The truth in taxation notice that PCC published for FY 2024 is shown below. Note that this example has been resized to fit this document. The truth in taxation notice describes an increase in the District’s primary tax rate compared to keeping the primary tax levy unchanged (or levy neutral), and does not describe a change in taxes compared to the previous year. In addition, the verbiage and other parameters are specified in this Arizona Revised Statute may not be modified.



TRUTH IN TAXATION HEARING

NOTICE OF TAX INCREASE

In compliance with section 15-1461.01, Arizona Revised Statutes, Pima County Community College District is notifying its property taxpayers of Pima County Community College District's intention to raise its primary property taxes over last year's level. The Pima County Community College District is proposing an increase in primary property taxes of \$3,916,110 or 3.0%.

For example, the proposed tax increase will cause Pima County Community College District's primary property taxes on a \$100,000 home to be \$128.02 (total proposed taxes including the tax increase). Without the proposed tax increase, the total taxes that would be owed on a \$100,000 home would have been \$124.29.

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

A public hearing on the tax increase is scheduled for Wednesday, June 14, 2023 5:00 p.m. at the District Office of Pima Community College, 4905 E. Broadway Blvd., Tucson, Arizona 85709-1005. The hearing can also be watched through www.youtube.com/PCCTVSTREAM and the registration link for public comment closes one day earlier at 5 p.m.

<https://pima.edu/about-pima/leadership-policies/governing-board/board-meetings/public-comment.html>



PimaCommunityCollege

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Pima Community College is an equal opportunity, affirmative action employer and educational institution committed to excellence through diversity. Upon request, reasonable accommodations will be made for individuals with disabilities to support access to all programs and services. Every effort will be made to provide reasonable accommodations in a timely manner. For student, public and employee accommodation requests and for information related to the ADA compliance process, please contact ADAhelp@pima.edu, 520-206-6688, or West Campus Room 030, 2302 W. Aridam Road, Tucson, AZ 85709-0056.

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PimaCountyCommunityCollegeDistrict

Definitions and additional sources of information:

General Obligation (GO) Bonds: The College may issue GO bonds for capital outlay, including the purchase of land, the purchase, construction, and remodeling of buildings, and the purchase of equipment and facilities for educational and auxiliary purposes. GO bonds are generally meant for large multiyear capital projects that require a large amount of funds. The bonds are usually secured by the full taxing authority of the College district. Generally, GO bonds are repaid through a secondary tax assessment on the net limited property assessed valuation, which serves as security for the bondholders. GO bonds are generally the least expensive source of borrowing but most difficult to obtain because they require affirmative vote by the electorate. Further, the College is responsible for the election costs.

Revenue Bonds: Revenue bonds carry a promise to repay from an identified revenue source or sources. The identified revenue generally serves as security for the bondholders.

Tax Levy: The total amount of money a taxing jurisdiction needs to raise through property taxation.

Tax Rate: The tax levy (budget set by each taxing jurisdiction) divided by the total equalized assessed valuation of that taxing jurisdiction.

Tax: A compulsory contribution legally exacted from persons, corporations, and other organizations by a government, for the support of government and the maintenance of public services.

Valuation: The Full Cash Value or Limited Property Value that is determined for Real or Personal Property.

The Pima County Assessor's Office website: <https://www.asr.pima.gov/> provides additional information including:

- Frequently asked questions about residential property
- Glossary that lists definitions of additional terms
- Business Personal Property Valuation FAQ
- Business/Agricultural Personal Property Reporting FAQ
- Exemption Information

The Pima County Treasurer's Office website: <https://www.to.pima.gov/> provides additional information including:

- General Taxpayer Information
- Payment Information
- Frequently asked questions

Arizona Tax Research Association: <http://www.arizonatax.org/>

Arizona Revised Statutes: <https://www.azleg.gov/arstitle/>