

ACTION ITEM

Governing Board Agenda

Meeting Date: June 9, 2009

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
II.A.1	Truth in Taxation Hearing: Notice and Approval of Tax Increase	Ms. Debra Thompson Ms. Gaye Murphy

Recommendation

In accordance with relevant statutory and Constitutional provisions, the MCCD is proposing to increase primary property taxes on existing property. This proposed increase is 2%, which equals \$7,554,364 in additional property tax revenues. Through a roll call vote (as required by statute), it is recommended that the Governing Board approve the District's proposed increase in primary property taxes on existing property in FY 2009 - 2010.

Justification

In the 1996 legislative session, a Truth in Taxation statute was passed (ARS 15-1461.01). It requires political subdivisions to publish notice of and to hold public hearings on proposed tax increases on existing property. This law is intended to increase public awareness of proposed tax increases. A 1999 amendment to ARS 15-1461.01 requires the political subdivisions to also issue a press release. In compliance with this statute, a Truth in Taxation notice was published in the Arizona Republic on May 26 and June 1, 2009 and a press release was issued on May 25, 2009.

The Truth in Taxation tax levy rate assumes that the District will not increase taxes on existing property by the maximum increase permitted by the State Constitution and statute. A comparison of the effects of calculated Truth in Taxation rate (\$.7246) to the proposed tax rate (\$.7398) reveals that the primary property taxes levied by the Maricopa County Community College District on a \$100,000 home will rise from \$72.46 to \$73.98--a \$1.52 increase per year, or 2%. The revenues that result from this increase are \$7,554,364. In addition to increased tax support from existing property, new property that has been added to the tax roll will provide the District with additional tax revenues. The total change in property taxes for new and existing property over the FY 2008 - 2009 Adopted Budget is \$21.8 million, of which \$14.2 million is new property and \$7.6 million is the 2%, if the latter is approved.

This recommendation is consistent with information previously provided in budget presentations to the Governing Board. Property tax increases and growth in other revenues provide funding to meet a wide variety of needs, allowing the Maricopa Community College District to better meet increased community demand for additional courses and programs. The priority needs in FY 2009 - 2010 have been detailed in the proposed budget and allow the District to fund the costs of continuing enrollment growth, cover varied costs increases and fund a few significant district-wide initiatives. Specific examples of priorities include additional faculty, student scholarships, operating costs for new facilities, and inflationary cost increases.

Moreover, the 2% is recommended to add to the availability of resources over a multi-year period of time in which resources are likely to more and more limited due to increased costs related to enrollment growth as well as diminished resources due to declines in new property. This will help us bridge this period and meet the demands for service that exist.

<u>Funding</u>	<u>Approvals/Certifications</u>
<p><u>Source:</u> Primary Tax Levy <u>Account Identification:</u> General Fund</p>	<p>Chancellor _____ Academic & Student Affairs _____ Business Services _____ Human Resources _____ ITS _____ Res Dev & Cmty Relations _____ College President _____</p>