



MEMORANDUM

Date: July 13, 2007

To: Chair, Vice Chair and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: Per Capita Debt Service Levy of Pima County

The County is conducting a number of studies related to property taxes, growth, and service demands. One recent analysis of 20 years of debt service should be of some interest to the Bond Advisory Committee. While the County has used general obligation bonding to meet many of our larger capital needs, recent bond issues have been significantly larger than those in the past.

In approximately 1997, the Bond Advisory Committee began recommending that the Board cap the property tax rate associated with bonding. The first cap was \$1 per \$100 of assessed value; in 2004 the cap was lowered to 85 cents per 100 of assessed value. Today the rate is 68.5 cents per \$100 of assessed value. Hence, there has been and continues to be a steady decline in the property tax rate due to increased valuation.

An important measure of reasonable bond tax capacity, which is shown in the attached table, is tax burden per capita over time adjusted for inflation. The attached information indicates that the actual tax burden of bonding per capita has decreased in the last 20 years from a high of \$84 per capita in 1989 to a projected per capita burden of \$56 in 2007. This measure of secondary debt service or bonding tax burden is appropriate since almost all bond facility requirements are based on per capita demand rates.

Given the number of bond issues that have passed, one may have assumed that the per capita tax burden caused by bonding would have been greater than it was 20 years ago. The attached data indicates that the burden is actually 33 percent less than in 1989.

CHH/jj

Attachment

c: Nicole Fyffe, Executive Assistant to the County Administrator

PIMA COUNTY DEBT SERVICE TAX LEVY PER CAPITA IN FY2007/08 DOLLARS

Fiscal Year	Debt Service Tax Levy in Nominal Dollars	Debt Service Tax Rate in Nominal Dollars per \$100 SNAV	Inflation Index (CPI-U Western Region)	Population (July 1)	Debt Service Tax Levy per Capita in FY2007/08 Dollars	% Change
FY1988/89	28,910,403	0.9294	121.775	654,566	77	
FY1989/90	33,107,673	1.0661	127.650	655,251	84	9.13%
FY1990/91	31,768,695	1.0433	134.817	663,179	76	-10.23%
FY1991/92	33,253,248	1.1091	139.675	674,075	75	-0.60%
FY1992/93	33,068,032	1.1048	144.283	686,426	71	-5.47%
FY1993/94	32,808,154	1.1031	147.767	702,315	67	-5.32%
FY1994/95	32,134,217	1.0201	151.750	723,199	62	-7.38%
FY1995/96	32,835,832	1.0201	155.358	744,004	60	-2.98%
FY1996/97	31,504,115	0.9701	159.600	767,144	55	-9.42%
FY1997/98	37,002,183	1.0000	162.892	784,784	62	12.49%
FY1998/99	37,177,339	0.9650	166.492	802,501	59	-3.87%
FY1999/00	37,405,835	0.9350	171.517	824,852	56	-4.98%
FY2000/01	39,607,255	0.9350	178.383	848,385	56	-1.01%
FY2001/02	40,197,988	0.8950	183.067	870,610	54	-3.63%
FY2002/03	39,409,824	0.8150	186.850	890,545	50	-6.10%
FY2003/04	42,553,359	0.8150	190.400	911,160	52	3.57%
FY2004/05	45,804,274	0.8150	195.558	931,835	53	2.48%
FY2005/06	43,264,293	0.7150	202.558	957,635	47	-11.27%
FY2006/07	49,120,182	0.7150	208.050	981,280	51	7.87%
FY2007/08	56,420,016	0.6850	212.500	1,003,918	56	9.92%

Pima County Debt Service Tax Levy per Capita in FY2007/08 Dollars

