

Navajo County Community College District Truth in Taxation Public Hearing Minutes

May 19, 2015 – 10:00 a.m.
Painted Desert Campus, Tiponi Community Center
2251 East Navajo Boulevard, Holbrook, Arizona

Governing Board Member Present: Ms. Ginny Handorf, Mr. Daniel Peaches, Mr. James Matteson, Mr. Prescott Winslow, Mr. Frank Lucero

Staff Present: President Jeanne Swarhout; Vice President Blaine Hatch; Vice President Mark Vest; Institutional Effectiveness Director Dr. Leslie Wasson; Recording Secretary to the Board Lisa Jayne.

Others Present: Stuart Bishop, Tamara Martin, Ann Hess, Maderia Ellison, Josh Rogers, Everett Robinson, Linda Kor, Sharon Hokanson, Shawntel Skousen, Jeremy Raisor, Judy McFarland, Peggy Belknap, Beulah Bob-Pennypacker, Margaret White, Gus Lundberg, Dave Smith, Brad Farber

Agenda Item 1: Call to Order

Chair Handorf called the meeting to order at 10:03 a.m.

Agenda Item 2: Truth in Taxation Publication

Vice President Hatch stated the Truth in Taxation notice we sent out as required by statute. The notice was published in The White Mountain Independent and The Holbrook Tribune. Statute requires that the notices be at least a quarter of a page. Statute requires the notice be published twice, but they were published three times. The notice was also posted on the college webpage. Also, as was discussed at the last meeting, an option for public comment was made available on the website. A press release also went out to all media outlets in the service area. The College has met and exceeded the statutory requirements for publication.

Agenda Item 3: Request of Proposed 2015-2016 Primary Property Tax – Vice President Hatch

Vice President Hatch stated there has also been correspondence from the Property Tax Oversight Commission concerning the levy limit worksheet and the Truth in Taxation information that was provided. Staff recommends the College implement the maximum allowable increase which, according to truth in taxation statutes, is a 2% increase. On the public comment form, staff attempted to clarify the various percentage increases that are shown both in the budget documents and the Truth in Taxation official document that is proscribed by statute as to how it should read.

The proposed property tax levy is \$14,509,315, compared to the current year tax levy of \$14,035,753, an increase of \$473,602, which is 3.4%. The proposed rate is 1.7423, per \$100 of net assessed valuation, compared to the current rate of \$1.6610, which is a rate increase of .01813 or 4.9%. Truth in Taxation statutes were originally put in place to quantify real changes



when assessed valuation was increasing. When increasing, the actual dollar amount on the levy and the rate would be decreasing at a lower rate than the Truth in Taxation would provide, but it has now switched and net assessed valuation is declining and therefore the increase is larger when actual is compared to Truth in Taxation levy statute. The proposed levy of \$14,509,355 is the same in both the actual and the Truth in Taxation statute computation. However, the current figure changes from the Truth in Taxation perspective because total assessed valuations went down. The levy, compared with the new assessed valuation, would bring in this year \$14,224,547, and that's the comparator the College is required to advertise and present in the hearing, that is an increase of \$284,208 or 2% which is the maximum increase possible.

Vice President Hatch stated the rate in both the actual and the Truth in Taxation is 1.7423. But also, the rate in Truth in Taxation statutes is 1.7081, which would be the rate if applied with the new assessed valuations, a .0342 increase or again 2 percent.

In the press release it was emphasized that the College consistently pays for things as resources are available. There is no funding by state for true capital improvements; the College sets money aside to meet the capital needs of the College.

Mr. Matteson asked Vice President Hatch if the College did not increase the assessed rate as recommended, how tuition and fees would be impacted.

Vice President Hatch stated the College would need to find approximately \$200,000. Under the current model, the College receives about \$50,000 per dollar in tuition increase, however when large changes in tuition occurs the overall enrollment decreases. A \$4 per credit hour increase would be needed to compensate for the loss of a rate increase.

Vice President Hatch stated there are three basic revenue streams, and tuition and fees is one. The State constitution states that colleges should attempt to keep tuition as close to free as possible as that was the intent of community colleges when they were formed. State aid is another revenue stream, and the college receives equalization aid as well as state aid based on enrollment, called state operating aid. This has been declining. The state cut 50% of this type of funding a few years ago. The upcoming state budget for the first time has two community college districts, Pima and Maricopa, which will receive no state aid. Equalization funding is at risk, and the College needs to do all that it can to maintain justification for why we need state equalization aid. If the College doesn't continue to raise as much property tax as allowed, and contribute to the operations of the College, the other option would be to reduce services.

Mr. Matteson stated the alternatives to raising taxes were to either increase tuition or to reduce services. Vice President Hatch stated that was the case.

Mr. Winslow stated he has hope the State legislature could restore some of the cuts made to the community college system as the state recovers. Also, the College does not directly impact economic development in the county and service area, but the College is a partial driver of community economic development in the area in terms of a more educated workforce and in training for particular career and technical education occupations and contributes towards



enhancing the workforce skills of the population. Navajo County and Apache are listed in the poorest counties in the country. This tax increase is responsible, good stewardship and helps provide important services to the citizens of the county.

Chair Handorf stated that the tax increase, in terms of the bottom line, for every \$100,000 of assessed valuation, a tax payer will pay \$3.42 for the year. This increase is only \$.28 1/2 cents of extra money a month.

Mr. Winslow stated the Board is aware of the tax burden the taxpayers bear and understands the impact of increasing taxes on the taxpayers.

Agenda Item 4: Call for Public Comment

Brad Farber addressed the Board in objection to the tax increase.
Judy McFarland addressed the Board in objection to the tax increase.
Carolyn Brewer addressed the Board in objection to the tax increase.
Joy Owens addressed the Board in objection to the tax increase.
Moylen Owens addressed the Board in objection to the tax increase.

Chair Handorf stated that the form of taxation is determined at a state level, and there are aspects of taxation the College has no control over.

Agenda Item 5: Adjournment

The meeting was adjourned at 10:47a.m. upon a motion by Mr. Winslow, a second by Mr. Matteson, and a unanimous affirmative vote.

Respectfully submitted,



Lisa Jayne
Recording Secretary to the Board

