Board of Supervisors
August 5, 2026
10:30 AM

The Board met in a Special Meeting at the Santa Cruz County Complex, 2150 N. Congress Drive, Room #120, Nogales, AZ. Present: John Fanning, Chairman; Luis Carlos Davis, Vice-Chairman; Rudy Molera, Member; Jesus Valdez, County Manager; Mauricio Chavez, Deputy County Manager; Chris Young, Deputy County Manager; Robert May, Civil Bureau Chief; Alma Schultz, Clerk of the Board.

PUBLIC HEARING

1. TRUTH IN TAXATION HEARING

Vice-Chairman Davis made a motion to convene into the Public Hearing seconded by Supervisor Molera; the motion carried unanimously. (Ayes: Davis, Fanning, Molera)

Deputy County Manager Mauricio Chavez presented the Truth-in-Taxation information required under A.R.S. §§ 42-17107 and 48-254. He reported that the Board's multi-year tax-rate reduction plan continues for FY 2026–2027, lowering the primary property tax rate by three cents from 4.0065 to 3.9465, and lowering the secondary (flood control) tax rate from 0.7953 to 0.7893. He explained that although rates are decreasing, some taxpayers may still see an increase in their total tax bill due to countywide increases in assessed property values.
Assessor Pablo Ramos provided an overview of valuation methods, describing how full cash value and limited property value are calculated using market data, cost components, and statutory formulas. He clarified the statutory 5% limited property value increase, noting its relationship to full cash value and the constraints placed on his office by state law. The Board asked questions about valuation procedures, market influences, statutory limits, and the appeal process. They also discussed the distinction between the County's authority to set its primary and secondary tax rates versus the independent tax rates set by school districts, fire districts, and other jurisdictions.
Chavez explained that the projected impact on an average home valued at $100,000 is an annual increase of approximately $5.41, driven by the rise in assessed values rather than the tax rates themselves. He also clarified why the state requires the $100,000 example for public notices and how higher-value homes can estimate their impact by simple multiplication.

- Primary tax rate reduced to 3.9465.
- Secondary (flood control) rate reduced to 0.7893.
- Countywide assessed values increased, causing higher bills for some taxpayers.
- Estimated impact of $5.41 per $100,000 in home value.
- Public concerns raised regarding statutory interpretation of the 5% LPV increase.

Public Comments
Members of the public shared concerns about rising tax bills despite the County's reduced tax rates. Several speakers questioned whether the statutory language regarding the 5% limited property value increase allows discretion or requires the increase, and asked the Board to seek legal clarification on the matter. Residents expressed concerns about affordability, citing impacts on homeowners, those on fixed incomes, and individuals choosing not to build new homes due to rising valuations and taxes. Some commenters also addressed broader topics, including delinquent parcels and Vatere properties, noting frustration with delayed action, though these issues are not directly part of the truth-in-taxation calculations. The Treasurer responded to clarify ongoing efforts, the legal complexities involved, and noted that certain matters require careful review before the County takes action.

The Board requested legal guidance from County Attorney May regarding authority related to the limited property value and voted unanimously to enter executive session for advice.

2. PRESENTATION OF THE SANTA CRUZ COUNTY FINAL BUDGET FOR FISCAL YEAR 2026-2027

Deputy County Manager Mauricio Chavez presented the FY 2026–2027 final budget, reporting a structurally balanced $155.8 million financial plan supported by an equal amount of available resources. The General Fund totals $47.1 million, funding 26 departments, with public safety functions accounting for about $13 million, or 29% of General Fund spending. Chavez noted that the budget maintains the Board's commitment to conservative practices, long-term stability, support for county operations, and continuation of the multi-year property tax rate reduction plan.

He summarized major revenue sources, stating that primary property tax provides roughly 49% of General Fund revenue, followed by state-shared revenues at about 20%, and local sales tax (the County's half-cent tax) at approximately 12%. Additional revenue is generated from vehicle license tax, federal Payment in Lieu of Taxes (PILT), lottery (county assistance) funds, and various reimbursements, fees, and fines. Chavez emphasized that while the total county budget is $155.8 million, only about 30% represents discretionary General Fund spending; the remaining 70% consists of restricted special revenue, capital, enterprise, and debt service funds.

Chavez reviewed required General Fund operating transfers, including the state-mandated maintenance-of-effort contributions for the Jail District approximately $3.4 million for adult detention and $1.5 million for juvenile detention. Additional transfers support animal control, environmental health, debt service, and other essential operations. He reported that the county workforce includes 417 full-time equivalent positions, with total compensation of $38.1 million, including 239 positions supported by the General Fund. The budget provides a 3% cost-of-living adjustment (COLA) for employees, supported by inflationary trends, projected Social Security COLA increases, and an 8.7% rise in health insurance premiums. Chavez recommended that the County absorb the employee share of the premium increase to limit impacts on staff.

Chavez concluded by stating that the FY 2026–2027 final budget maintains fiscal responsibility, supports essential services, continues planned tax-rate reductions, and preserves the County's stable financial position.

Supervisor Molera made a motion to recess the Public Hearing to convene into Executive Session seconded by Vice-Chairman Davis; the motion carried unanimously. (Ayes: Davis, Fanning, Molera)

The Board adjourned the Executive Session and reconvened the Public Hearing. (Motion: Vice-Chairman Davis; second: Supervisor Molera; motion carried unanimously) (Ayes: Davis, Fanning, Molera)

Civil Bureau Chief, Robert May, clarified that the Truth-in-Taxation hearing is required by statute and pertains solely to the tax rate, not property valuations. He noted that Deputy County Manager Chavez provided a complete and appropriate explanation of the tax rate under consideration. May stated that the concerns raised by speakers were focused on their assessed property values, which are not before the Board in this hearing, and that property value challenges must follow the formal appeal process. He also confirmed that Assessor Ramos correctly interpreted and applied the statutory 5% limited property value calculation under A.R.S. § 42-13301. Ramos added that his office strictly follows state law and is available to assist any property owner with questions about valuation.

<u>SPECIAL MEETING</u>

1. DISCUSSION/POSSIBLE ACTION TO APPROVE RESOLUTION NO. 2026-09 TO ADOPT THE SANTA CRUZ COUNTY FINAL BUDGET FOR FISCAL YEAR 2026-2027

Vice-Chairman Davis made a motion to approve, seconded by Supervisor Molera; the motion carried unanimously. (Ayes: Davis, Fanning, Molera)

The Board thanked the Finance Department for their work and expressed disappointment regarding comments made suggesting the Board is responsible for setting property values, noting this information was incorrect. Chairman Fanning thanked Ms. Register for bringing her concerns forward and stated that this was the reason the Board entered Executive Session to ensure all matters related to Truth and Taxation were properly reviewed and in order.

2. DISCUSSION/POSSIBLE ACTION TO APPROVE RESOLUTION NO. 2026-10 DESIGNATING THE CHIEF FISCAL OFFICER FOR OFFICIALLY SUBMITTING THE FISCAL YEAR 2027 EXPENDITURE LIMITATION REPORT TO THE ARIZONA AUDITOR GENERAL

Supervisor Molera made a motion to approve, seconded by Vice-Chairman Davis; the motion carried unanimously. (Ayes: Davis, Fanning, Molera)

3. DISCUSSION/POSSIBLE ACTION TO ADOPT FISCAL YEAR 2026-2027 TAX RATES FOR JURISDICTIONS WITHIN SANTA CRUZ COUNTY

Vice-Chairman Davis made a motion to approve, seconded by Supervisor Molera; the motion carried unanimously. (Ayes: Davis, Fanning, Molera)

The Board briefly discussed the presentations, expressing appreciation for staff and noting the meeting's length. It was stated that the Board remains open to questions from the public at any time and that both the Assessor's Office and Board members are available to provide clarification when needed. The Board reiterated that it only sets the primary and secondary county tax rates, while schools, fire districts, and other taxing jurisdictions set their own rates, bonds, and overrides, which also affect tax bills. The Board thanked Mr. Chavez for his work on the presentation and encouraged any residents with remaining questions to contact their offices.

ADJOURNMENT

The meeting adjourned at 12:13p.m. (motion: Supervisor Molera; second: Vice-Chairman Davis; motion carried unanimously) (Ayes: Davis, Fanning, Molera)