

TITLE 15. REVENUE

CHAPTER 12. DEPARTMENT OF REVENUE
PROPERTY TAX OVERSIGHT COMMISSION

(Authority: A.R.S. §§ 42-105 and 42-306)

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ARTICLE 1. GENERAL PROVISIONS

R15-12-101. Definitions

Unless the context requires otherwise, the following definitions shall apply:

1. "Excess collections" means the amount collected during the previous fiscal year in excess of the previous fiscal year's maximum allowable primary property tax levy.
2. "Excess expenditures" means the amount under A.R.S. § 42-17051(C) that is certified by the Auditor General's office.
3. "Quorum" means a majority of the members of the Commission.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
 Amended by final rulemaking at 6 A.A.R. 4114, effective October 4, 2000 (Supp. 00-4). Amended by final rulemaking at 12 A.A.R. 1096, effective May 13, 2006 (Supp. 06-1).

R15-12-102. Principal Office of the Property Tax Oversight Commission

The principal office of the Property Tax Oversight Commission shall be the Department of Revenue Building, 1600 West Monroe, Phoenix, Arizona 85007. All inquiries, correspondence, and filings shall be delivered to the Property Tax Oversight Commission at this

location. All meetings and hearings shall be held at this location unless designated in writing by the Commission.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-103. Quorum

The Commission shall have a quorum for making orders and decisions or transacting other official business, as delineated in A.R.S. § 42-17003.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
 Amended by final rulemaking at 6 A.A.R. 4114, effective October 4, 2000 (Supp. 00-4).

R15-12-104. Hearings

A quorum of the Commission shall directly conduct all hearings regarding contested cases before the Commission.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3). Section repealed; new Section adopted effective October 10, 1997 (Supp. 97-4).

R15-12-105. Voting

- A. A Commission member may vote on decisions if:
1. The member was present at all hearings during which the matter being voted on was discussed;
 2. The member was not present at all hearings but the member reviewed the evidence submitted at the hearings and attended or listened to tape recordings of all hearings during which the matter being voted on was discussed; or
 3. The parties submitted the matter for a decision based on a joint stipulation of facts.
- B. Any member who dissents may state the reasons for the member's dissent.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3). Section amended effective October 10, 1997 (Supp. 97-4).

R15-12-106. Decisions

- A. A Commission decision is rendered when signed by the Chairman.
- B. Decisions of the Commission shall be sent to the affected political subdivision and the affected County Board of Supervisors.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-107. Copying and Recording Costs

- A. The costs of copying shall be paid by the person making the request.
- B. Court reporting arrangements and costs shall be the responsibility of the person employing the court reporter.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

ARTICLE 2. PROPERTY TAX LEVY LIMITS

R15-12-201. Primary Property Tax Calculations

- A. The Commission shall calculate the maximum allowable primary property tax levy limits for political subdivisions as follows:

1. The maximum allowable primary property tax rate shall equal the resulting value of the following rounded to four decimal places:
 - a. 102% of the sum of the previous fiscal year's maximum primary property tax levy divided by;
 - b. the sum of the values provided by the County Assessor's office and the Department for the current year's value of the previous year's centrally assessed, locally assessed real, locally assessed secured personal, and locally assessed unsecured personal property, divided by 100.
 2. The maximum allowable primary property tax levy limit shall equal the sum of the current value of the current year's property as provided by the County Assessor and the Department including centrally assessed, locally real, locally assessed secured personal, and locally assessed unsecured personal property, divided by 100 and multiplied by the maximum allowable primary property tax rate.
 3. Political subdivisions may request that a specific alternative methodology be considered by the Commission. If the Commission determines the alternative methodology will more accurately calculate the levy limit of the political subdivision, such alternative methodology shall be used.
- B.** The Commission shall calculate the allowable primary property tax levy limit by reducing the maximum allowable primary property tax levy limit by the sum of the amount of excess levies, excess collections and excess expenditures.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-202. Involuntary Tort Judgments

- A.** A political subdivision that paid an involuntary tort judgment may only use the judgment to:
1. Offset excess collections from the previous fiscal year; or
 2. Justify a primary property tax levy limit being set above the maximum allowable rate in the current fiscal year.
- B.** The Commission shall recognize an involuntary tort judgment if:
1. The judgment is pursuant to a court order or settlement agreement;
 2. The judgment is approved for payment by the political subdivision's governing board;
 3. The Attorney General certifies that the judgment is an involuntary tort judgment; and
 4. The political subdivision submits copies of the court order or settlement agreement and the minutes of the governing board's pay approval to the Commission on or before the 1st Monday of July.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Spelling of the word "tort" in subsection (A) corrected (Supp. 94-3). Amended effective October 10, 1997 (Supp. 97-4).

R15-12-203. Levy Limit Worksheets

- A.** The counties shall simultaneously submit copies of the final levy limit worksheets for all political subdivisions in their respective counties to the Commission and the affected political subdivision. The County Assessor shall verify that the copies are true and correct and, if so, certify the copies.
- B.** The counties shall deliver the worksheets to affected political subdivisions and the Commission on or before the 2nd Monday of August.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Amended effective October 10, 1997 (Supp. 97-4).

R15-12-204. Political Subdivision Agreement

- A.** If a political subdivision disagrees with the county's final levy limit worksheet calculations, the political subdivision shall, within 10 days of receipt of the county's calculations, file in writing with the Commission a statement of disagreement and the figures it deems appropriate. Failure to act within the 10 days shall be deemed agreement by the political subdivision.
- B.** Upon timely petition of the political subdivision for good cause shown, or on its own motion, the Commission may permit the political subdivision to present objections to specific items at a later date.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Amended by final rulemaking at 12 A.A.R. 1096, effective May 13, 2006 (Supp. 06-1).

R15-12-205. Actual Levies

The chief county fiscal officers shall certify and submit to the Commission the amount of the primary property tax levied for each political subdivision within their counties within three days after each levy is determined.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

ARTICLE 3. HEARING AND APPEAL PROCEDURE

R15-12-301. Notice of Violation

The notice of violation shall specify the violations found and the monetary amount in dispute. The notice shall inform the political subdivision of the right to petition on or before October 1 for a hearing on the Commission's finding of violation.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-302. Petition

- A.** All objections to the Commission's notice of violation shall be by written petition to the Commission. The petition shall include the following information:
1. Name, title, address, and phone number of the political subdivision's contact person;
 2. A particularized statement of the errors allegedly committed by the Commission in its findings;
 3. A statement of facts upon which the political subdivision relies to support the assignment of errors alleged to have been committed by the Commission;
 4. The relief sought; and
 5. Whether an oral hearing is requested.
- B.** The petition shall be addressed to the Chairman of the Commission.
- C.** The petition shall be in a form that can readily be duplicated on standard office equipment.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-303. Grounds for Petition

- A.** Objections to notices of violation shall be limited to disputing the factual findings and conclusions of law of the Commission.
- B.** The Commission shall refuse all petitions not based on a dispute of its factual findings or conclusions of law. Financial impacts on the political subdivision shall not be considered by the Commission in its decision-making.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-304. Manner of Filing

- A. An original and six copies of the petition and any supporting memoranda shall be filed with the Chairman.
- B. No fee shall be charged for the filing of any petition or supporting memoranda.
- C. Upon receipt of a petition, the Commission staff shall record the filing of the petition and supporting memoranda.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-305. Supplementing the Petition

The Commission may grant a political subdivision's request for an additional period of time, not to exceed 15 days, within which to supplement a timely filed petition. The Commission shall not consider a supplement to the petition that the political subdivision files after the additional period of time granted.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Amended effective October 10, 1997 (Supp. 97-4).

R15-12-306. Withdrawal of Petition

- A. The petition may be withdrawn at the written request of the political subdivision before a final decision by the Commission is issued.
- B. When the petition is withdrawn, the Commission's finding shall be deemed final and shall not be subject to any further appeal.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-307. Rescheduling of Hearing

The Commission may postpone or recess the hearing for good cause shown. The Commission shall specify the date, time, and place for the hearing to continue.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

R15-12-308. Evidence

- A. The political subdivision and the Commission may:
 1. Call and examine witnesses,
 2. Introduce exhibits,
 3. Cross-examine opposing witnesses on any matter relevant to the issues, even though the matter was not covered in the direct examination,
 4. Impeach any witness regardless of which party first called the witness to testify,
 5. Rebut the evidence against it, and
 6. Call and examine as if under cross-examination a party or its employees, agents, or officers.
- B. The Commission shall be liberal in admitting evidence, but the Commission shall consider objections to the admission of and comments on the weakness of evidence in assigning weight to the evidence.
- C. The Commission shall take oral evidence only on oath or affirmation.
- D. Legible copies may be admitted into evidence or substituted in place of the original documents.
- E. The original records and files of the Commission or the Department of Revenue shall not be removed from their offices for use as evidence or for other purposes.
- F. The Commission may take official notice of the records maintained by the Department of Revenue.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Amended effective October 10, 1997 (Supp. 97-4).

R15-12-309. Subpoena

The Commission may, on request of a party or on its own initiative, issue subpoenas.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Amended effective October 10, 1997 (Supp. 97-4).

R15-12-310. Post-Hearing Memoranda

If the Commission desires the submission of post-hearing memoranda or information, the Commission shall, at the time of the hearing, direct the parties to submit the post-hearing memoranda or information within a period of time set by the Commission.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Amended effective October 10, 1997 (Supp. 97-4).

R15-12-311. Prehearing Issue Resolution

If the Commission and a political subdivision agree as to the resolution of some or all of the issues prior to the hearing, the Commission shall stipulate to the agreed issues in the record and shall consider those issues withdrawn. The Commission shall then issue an order of partial resolution that becomes part of the Commission's record. The Commission shall forward copies of the order to the political subdivision, County Assessor and the Department of Revenue.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).
Amended effective October 10, 1997 (Supp. 97-4).

R15-12-312. Rehearing

- A. Any party in a contested case before the Commission may file a petition for rehearing or review with the Commission within 30 days after receiving the final decision. The party shall attach a supporting memorandum, specifying the grounds for the petition.
- B. The party who filed the petition for rehearing or review may amend it at any time before the Commission rules. Any other party to the original hearing may file a response within 5 days after the Commission's receipt of the petition for rehearing or review. The party shall support the response with a memorandum discussing the legal and factual issues. Either party or the Commission may request oral argument.
- C. The Commission may grant a rehearing or review of the decision for any of the following causes that materially affect a party's rights:
 1. Irregularity in the administrative proceedings, or any order or abuse of discretion which deprived a party of a fair hearing;
 2. Misconduct of the Commission, its staff, or the prevailing party;
 3. Accident or surprise which could not have been prevented by ordinary prudence;
 4. Newly discovered material evidence which could not with reasonable diligence have been discovered and produced at the original hearing;
 5. Error in the admission or rejection of evidence or other errors of law occurring at the hearing or during the progress of the proceeding; or
 6. The decision is not justified by the evidence or is contrary to law.
- D. The Commission shall not consider the financial impact to the political subdivision as a cause for rehearing.

- E. The Commission may grant a rehearing or review within 15 days after its receipt of the petition for rehearing or review. The Commission may grant a petition for rehearing or review for a reason not stated in the petition. An order modifying a decision or granting a rehearing shall specify the ground or grounds for the order, and any rehearing shall only cover those matters. If the Commission fails to take action on a petition for rehearing or review within 15 days of the Commission's receipt of the petition, the petition shall be deemed denied.
- F. The Commission may on its own initiative order a rehearing or review within 15 days after its decision is rendered for any reason set forth in subsection (C) of this rule. The order shall specify the grounds for rehearing or review.
- G. The petitioner shall include all affidavits with the petition for rehearing or review when the petition for rehearing is based upon affidavits. An opposing party may, within 5 days after the petition for rehearing or review is filed, submit opposing affidavits. The Commission may extend this period for an additional period of time not to exceed 5 days for good cause shown. Reply affidavits may be permitted.

Historical Note

Adopted effective September 14, 1990 (Supp. 90-3).

Amended effective October 10, 1997 (Supp. 97-4).