



What are Special Districts?

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Special Districts



Special District Definition according to Merriam-Webster:

a political subdivision of a state established to provide a single public service (such as water supply or sanitation) within a specific geographic area

Arizona Revised Statutes, Title 48 – Special Taxing Districts, Chapter 22 provides for CAWCD's enabling legislation

Multi-county water conservation district is a tax-levying public improvement district of the state and a municipal corporation to the extent of the powers and privileges conferred by this chapter or granted generally to municipal corporations by the constitution and statutes of the state, including the immunities and exemptions provided by article 13, section 7, of the Constitution of Arizona.

A.R.S. §48-3701, et seq



Special Districts



The purposes for which the district may be formed:

1. *To levy an ad valorem tax of not to exceed ten cents per one hundred dollars of assessed valuation against all taxable property within the boundaries of such counties in order to pay administrative costs and expenses of the district and to assist in repayment of central Arizona project costs undertaken to be repaid by the district to the United States in accordance with the terms of contractual obligations of the district and to authorize payment of the tax so collected to the United States as a contribution to the discharge of such contractual obligations. A.R.S. §48-3703(1)*
2. *To contract with the secretary for the repayment of the cost and for the delivery of water supply in accordance with the provisions of PL 90-537, and to subcontract for such water supply. A.R.S. §48-3703(2)*



Special Districts



Arizona House Bill 333 signed into law on April 13, 1971, provided for the formation of a tax levying public improvement district for the purpose of entering into contracts with the U.S. for water from the Central Arizona Project and authorizing levy of taxes on property within the district boundaries.

The 3 counties of Pima, Pinal and Maricopa formed CAWCD on June 16, 1971, when their petition was approved and an order was issued by the Arizona Water Commission, the predecessor to the Arizona Department of Water Resources.

In 1993, replenishment obligations were added in A.R.S. § 48-3771 *et seq.* and are commonly known as the CAGRD.



CAWCD Tax Authority

Two taxes authorized:

- General Ad Valorem Tax not to exceed 10 cents per \$100 of assessed valuation
- “Water Storage” Ad Valorem tax not to exceed 4 cents per \$100 of assessed valuation

A.R.S. §48-3715

A.R.S. §48-3715.02

CAWCD property taxes are based on Limited Property Value (LPV) as a result of Proposition 117



General Ad Valorem Tax

General Ad Valorem Tax may be used for any authorized purpose *except as a pledge towards repayment of revenue bonds*

Uses have included:

- ✓ creation of reserves
- ✓ operations & maintenance
- ✓ repayment
- ✓ capital spending
- ✓ working capital for recovery and system use agreements

Historical General Ad Valorem Tax rates:

1987/1988 through 1999/2000	10 cents
2000/2001 through 2002/2003	9 cents
2003/2004 through 2006/2007	8 cents
2007/2008 through 2012/2013	6 cents
2013/2014 through 2024/2025	10 cents



Water Storage Tax



3 decisions:

1. Does the Tax need to be levied?
2. If so, at what rate?
3. What is tax to be used for?

Authorized uses under current statute if retained which must be recorded by resolution:

- ✓ Federal Repayment
- ✓ CAWCD OM&R, which Includes items like drought mitigation programs, Extraordinary Cost projects, and other CAWCD delivery costs
 - Under current statute, cannot be used for recovery

Balance determined to not be needed for federal repayment or CAWCD OM&R must be transferred to the Arizona Water Banking Authority

Tax has been retained at 4-cents since 1996

General Tax Information

1¢ of property tax currently generates approximately \$7.2 million in revenue

1¢ of property tax applied to federal repayment results in a reduction to M&I customer Capital Charges by approximately \$8.50/AF

1¢ of tax costs the owner of a \$200,000 LPV property home \$2.00 a year



Special Districts: Key Take-Aways

- Special Districts are political subdivisions of a state established to provide a single public service
 - In CAP's case: to operate and maintain our canal system
- CAWCD was created with taxing authority to repay Arizona's portion of the cost of constructing the CAP system and as additional source of revenue for operations
- The current combined Ad Valorem tax rate is 14 cents per \$100 of assessed property valuation





Thank you!

Email Questions to:
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