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ARIZONA TAX RESEARCH ASSOCIATION

NEWS RELEASE

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ATRA OPPOSES MARICOPA COLLEGE DISTRICT'S BOND

The Board of Directors of the Arizona Tax Research Association (ATRA) voted on Friday, September 17, 2004, to oppose the Maricopa County Community College District's (MCCCD's) \$951 million bond proposal.

The bond question, which will appear on the November 2 ballot as Proposition 401, would cost Maricopa County taxpayers a total of \$1,436,881,730 in principal and interest if approved.

"ATRA opposed the district's bond proposals in 1992 and 1994 primarily because of questions about budgeting practices and priorities that create a dependency on debt for ongoing operational expenditures," said ATRA president Kevin McCarthy. "Nothing has changed with the current proposal, except that it is a whole lot bigger."

"In 1994 the district was requesting approximately \$9,000 in bonds for every full time student equivalent, or FTSE, that was accounted for in one of the district's 10 colleges," explained ATRA vice president Michael Hunter. "The current proposal is asking for \$14,000 per FTSE. That's 50% more on a per student basis."

An ATRA analysis estimates that a hypothetical residential taxpayer with property valued at \$150,000 in 2005 (assuming 4% annual average valuation growth) would pay a total of \$776.72 over the life of the proposed debt. The cumulative cost for a hypothetical commercial taxpayer whose property is assessed at \$1 million in 2005 (again assuming 4% annual average valuation growth) would be \$12,945.28.

ATRA points out that significant portions of this bond program are earmarked for technology and software upgrades and building maintenance.

"The district is asking taxpayers to repay a debt, with interest, part of which is intended to fund things like software upgrades and preventative maintenance. We think voters will have a problem with that," Hunter said.

ATRA also questions the enrollment projections MCCCD has used in their case for the bonds. "The growth rates the district claims they will have in the next several years simply do not match the average percentage increases historically," said Hunter.