

Truth in Taxation

FY 2018-2019

Primary Property Tax

Yavapai County Community College District

May 2018

What Does My Property Tax Pay For?

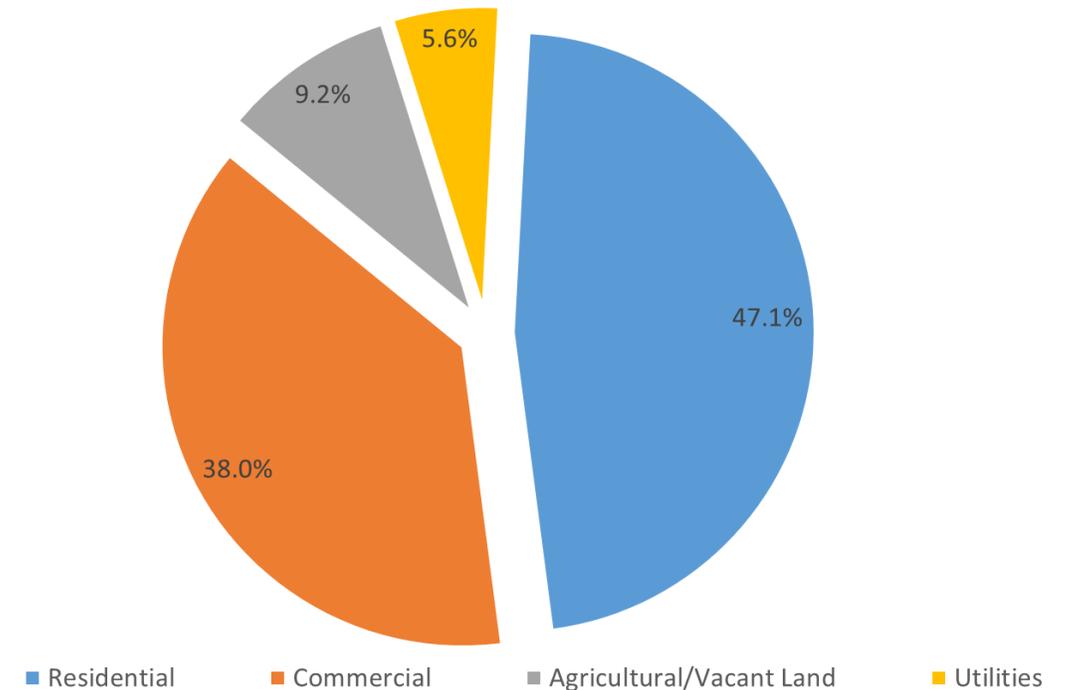
- ▶ Property tax revenues help fund (Primary):
 - State and Local Governments
 - Schools
 - Law Enforcement
 - Library

- ▶ Special Improvements (Secondary):
 - Sewer, Wastewater and Sanitary, Domestic Water
 - Fire Districts
 - Parks
 - Street Lights
 - Other Capital Projects

Terminology

- ▶ County Assessor estimates Full Cash Value (FCV) every year
 - i.e. Market Value
- ▶ FCV growth is limited to 5% per year = Limited Property Value
- ▶ Property classification & Rate
 - Commercial, industrial, utilities, mines(18.5%)
 - Agriculture and vacant land (16%)
 - Residential (10%)
 - Etc.
- ▶ $LPV \times \text{class assessment rate} = \text{Net Assessed Value (NAV)}$
- ▶ $NAV \times \text{Primary Tax Rate} = \text{Primary Taxes Owed}$

Yavapai County Property Tax by Type 2017



Example Calculation

Homeowner Property Tax

Full Cash Value \$200,000

LPV \$180,000

Classification rate: 10%

LPV x Class = NAV= \$18,000

Primary Tax Rate \$1.7584 (per \$100)

NAV x Tax rate / 100 = \$316.51

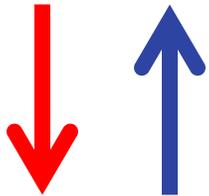
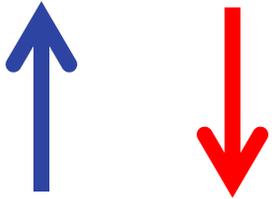


Calculating Property Levy in Most States

↑ ↓ Constant ↑ ↓

$$\text{Assessed Value} \times \% \text{ Tax Rate} = \text{Property Tax Levy \$}$$

Calculating Property Levy in Arizona

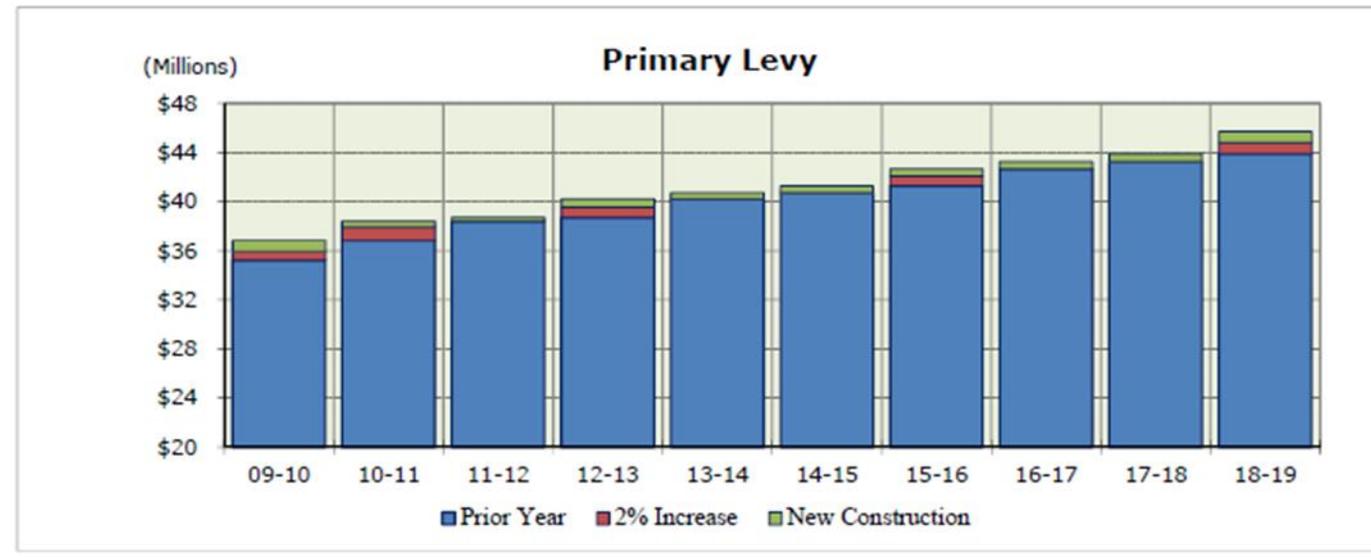


Constant

$$\begin{array}{ccccccc} \text{Assessed} & & \% \text{ Tax} & & \text{Property Tax} \\ \text{Value} & \times & \text{Rate} & = & \text{Levy \$} \end{array}$$

Increasing Property Tax Levy in Arizona

- ▶ New Construction
- ▶ Tax District may increase levy 2% per year
 - Cumulative



Truth in Taxation (TNT) Calculation

Primary Property Tax Rate

- ▶ **TNT Tax Rate =**
Previous year's actual primary property tax levy/
((current year's Net Assessed Values-value of new construction)/\$100)
- ▶ **TNT Tax Rate =**
 $\$43,910,300 / ((\$2,599,537,842 - \$52,388,561) / \$100) = \$1.7239$
- ▶ If above this rate, we hold a Truth in Taxation public hearing

Proposed Primary Property Tax Levy

► **Proposed FY 2018-2019 Tax Levy :**

Total Levy for FY 2017-2018	\$43,910,500
FY 2018-2019 New Construction	<u>903,100</u>
Levy amount without TNT Hearing	\$44,813,600

FY 2018-2019 Additional Levy (2%).	<u>896,100</u>
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Total Proposed FY2018-2019 Tax Levy. . .	<u>\$45,709,700</u>	(1.7584%)
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(Total Maximum Allowable Tax Levy FY 2018-19.....	\$50,607,803)
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Average Cost of Proposed Primary Property Tax Levy Increase

▶ **Effect on \$100,000 home:**

- FY 2018-2019 without increase.	\$172.39
- FY 2018-2019 with 2% Levy increase	<u>\$175.84</u>
	\$3.45/ year

▶ **Effect on \$199,300 home***

- FY 2018-2019 without increase.	\$343.57
- FY 2018-2019 with 2% Levy increase	<u>\$350.44</u>
	\$6.87/ year

* Median Yavapai County home value based on [census.gov/quickfacts](https://www.census.gov/quickfacts)

Fiscal Stewardship at YC

- ▶ Arizona has some of lowest property tax rates in the nation
- ▶ YC has not raised its tax levy since FY16
- ▶ Per Arizona statute, current Yavapai College expenditures per student are at or below the inflation-adjusted 1980 expenditures per student
- ▶ Yavapai College expenditures per student average 5% below community colleges across the country
- ▶ Yavapai College facilities are some of the best-maintained
- ▶ Yavapai College prices allow residents affordable access to classes

Questions & Discussion