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From: Phillips, Mike [mphillips@scottsdaleaz.gov]
Sent: Thursday, May 17, 2007 8:49 AM
To: Phillips, Mike
Subject: Release on Truth in Taxation notice

Thanks for publicizing this information ...



May 17, 2007

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Truth in Taxation notice published; city property taxes to remain a fraction of owners' total tax bill

Scottsdale this week is publishing a Truth in Taxation notice, as required by Arizona State law, and is publishing an accompanying notice to inform owners that the city's property tax rate will decrease next year.

About 11 cents of every dollar in property taxes paid by Scottsdale property owners goes to city government, and the remainder goes to public schools, the county, community colleges and various special taxing districts. The other taxing entities may also be required by law to publish "Truth in Taxation" notices to explain changes in the amount of property taxes they collect.

Scottsdale's notice also explains that two types of city property taxes affect owners' tax bills – primary and secondary – and the Truth in Taxation notice deals only with primary property taxes.

The City Council is set for final adoption of the fiscal year 2007-08 budget at 5 p.m. on Tuesday, June 5, in the City Hall Kiva, 3939 N. Drinkwater Blvd. A legally required public hearing on the proposed property tax levy will be held immediately prior to the final budget adoption.

Under Arizona's two-tiered property tax system, primary, or "limited," property taxes pay for government operations. Secondary, or "unlimited," property taxes pay for voter-approved bonds. The bonds fund construction of public facilities and infrastructure.

The Scottsdale Financial Services staff estimates that the current primary property tax rate of 42 cents will decrease to about 38 cents per \$100 of assessed valuation under the proposed 2007-08 budget. The secondary rate is proposed to drop from 55 cents to 41 cents per \$100 of assessed valuation in 2007-08. To simplify the calculation for property owners, Scottsdale officials often refer to a "combined" rate that includes both taxes. The Financial Services Department staff projects the city's combined rate will

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decrease from the current 97 cents to 79 cents for fiscal year 2007-08. The owner of a home valued at \$100,000, for example, would pay about \$79 in city property taxes.

The city's requirement to publish a Truth in Taxation notice is linked to the total amount of primary property taxes expected next year. Although the city's primary property tax rate is decreasing, the total amount of taxes the city will collect is expected to increase in 2007-08 because property values are higher and new construction has been added to the property tax rolls.

The Maricopa County Assessor's Office determines property values used to calculate tax bills -- not the City of Scottsdale. The effect of the lowered tax rate on each property depends on changes in its assessed value.

Citizens with questions regarding the city property tax rate or other budget issues may contact the Financial Services Department at (480) 312-2437.

The following is a complete text of the city's "Tax Notice Explained" and the legally required "Truth in Taxation" Hearing Notice:

Tax Notice Explained

The "Truth in Taxation" notice (below) is being published as required by Arizona State law.

The notice deals only with primary property taxes paid to the City of Scottsdale. About 11 cents of every dollar in property taxes paid by Scottsdale property owners goes to city government, and the remainder goes to public schools, the county, community colleges and various special taxing districts. The other taxing entities may also be required by law to publish "Truth in Taxation" notices to explain changes in the amount of property taxes they collect.

As the law requires, the notice only addresses the primary or "limited" portion of the City of Scottsdale's property tax levy. It does not consider changes in the secondary or "unlimited" portion of the levy. The primary portion of the property tax supports the city's General Fund and pays for services such as police and fire protection, parks and recreation programs, libraries and community centers, while the secondary portion of the property tax is restricted for the repayment of debt from voter approved bonds like the city's Bond 2000 Program. To simplify tax information for owners, Scottsdale usually states its tax rates as a "combined" rate that includes the primary and secondary levies.

The City of Scottsdale's proposed combined property tax rate is decreasing from 97 cents for the current year to 79 cents per \$100 of assessed valuation for 2007-08. The following table shows how the city's primary and secondary tax rates have changed over the last five years, with the proposed 2007-08 combined rate continuing to decrease to 79 cents.

Property Tax Rate per \$100 of Assessed Valuation

	Adopted <u>2003-04</u>	Adopted <u>2004-05</u>	Adopted <u>2005-06</u>	Adopted <u>2006-07</u>	Proposed <u>2007-08</u>
Primary	\$0.48	\$0.45	\$0.44	\$0.42	\$0.38
Secondary	<u>\$0.64</u>	<u>\$0.62</u>	<u>\$0.60</u>	<u>\$0.55</u>	<u>\$0.41</u>
Combined	\$1.12	\$1.07	\$1.04	\$0.97	\$0.79

Although the primary portion of the property tax continues to go down next year, the amount of money the city will receive from the levy will increase about \$1.1 million, because property values have increased and new construction has been added to the property tax rolls. Maricopa County, not the city, determines property values for tax purposes.

State law requires a “Truth In Taxation” notice anytime the city expects an increase in the total primary property tax levy – even if the city is proposing a budget that will result in a lower overall combined property tax rate.

For more information about this property tax notice, please call the City of Scottsdale’s Financial Services Department at (480) 312-2427.

Truth in Taxation Hearing Notice of Tax Increase

In compliance with section 42-17107, Arizona Revised Statutes, the City of Scottsdale is notifying its property taxpayers of Scottsdale’s intention to raise its primary property taxes over last year’s level. Scottsdale is proposing an increase in primary property taxes of \$1,100,109 or 5.5%.

The proposed tax increase will cause Scottsdale’s primary property taxes on a \$100,000 home to increase from \$41.92 (total taxes that would be owed without the tax increase) to \$44.23 (total proposed taxes including the tax increase) for an increase of \$2.31 per \$100,000 of assessed value or 5.5%.

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

All interested citizens are invited to attend the public hearing on the tax increase that will be held on Tuesday, June 5, 2007, at 5 p.m. at Scottsdale City Hall, 3939 N. Drinkwater Boulevard, Scottsdale, Arizona.

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