



Truth in Taxation

FY 2023-2024

Primary Property Tax

Yavapai County Community College District

May 2023

Yavapai College Vision

Making Yavapai County a premier place to learn, work, and live.



Truth in Taxation Public Hearing

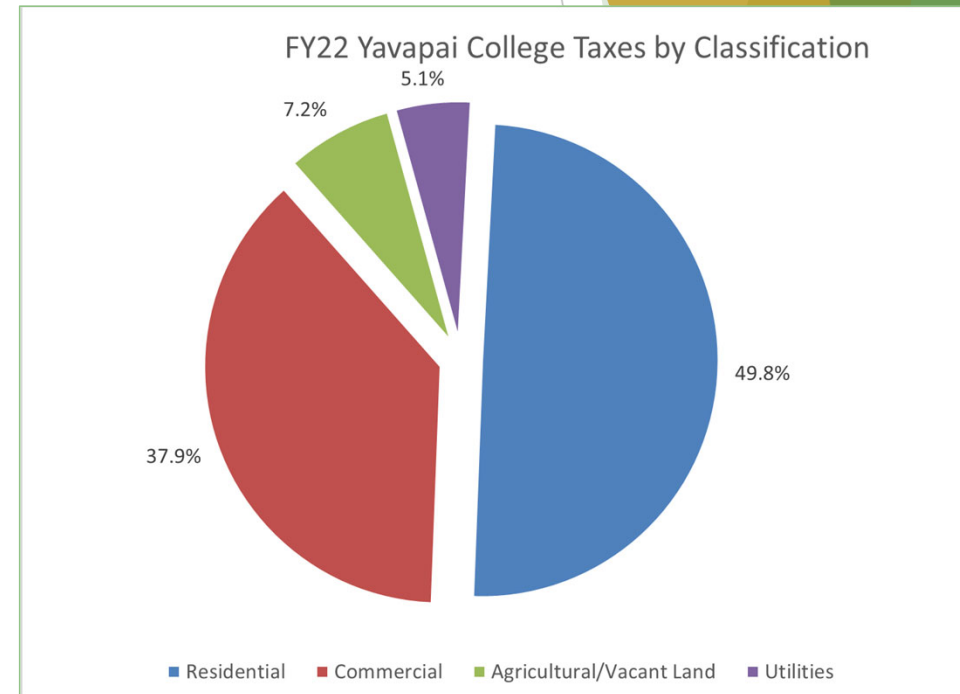
What Does My Property Tax Pay For?

- ▶ 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

Formula

- ▶ County Assessor estimates Full Cash Value (FCV) every year
 - i.e. Market Value
- ▶ Starting in 2012, 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.
- ▶ $LPV \times \text{class assessment rate} = \text{Net Assessed Value (NAV)}$
- ▶ $NAV \times \text{Primary Tax Rate} = \text{Primary Taxes Owed}$



Example Calculation

Homeowner Property Tax

Full Cash Value \$480,000

LPV \$360,000

Classification rate: 10%

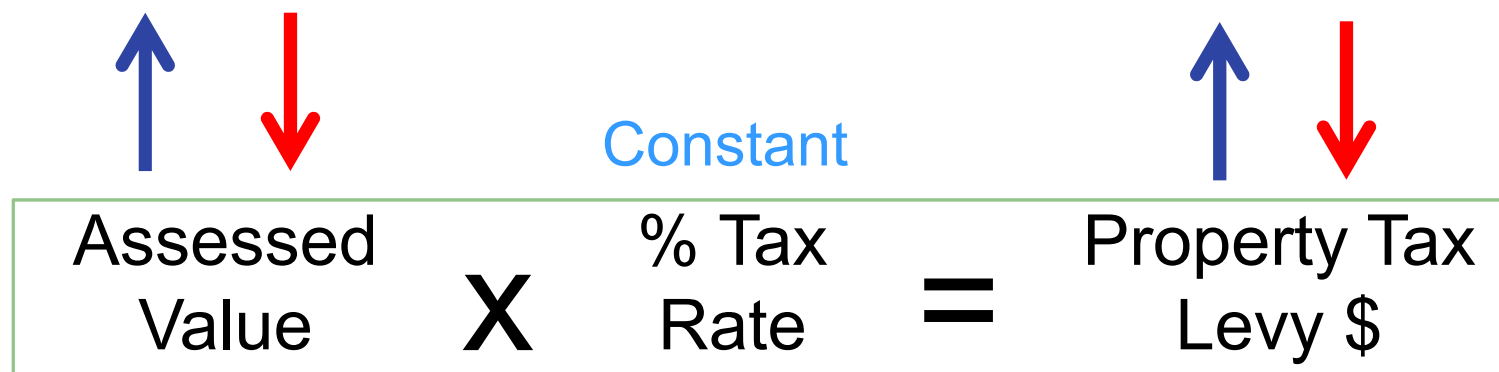
$LPV \times Class = NAV = \$36,000$

Primary Tax Rate \$1.5084 (per \$100)


$NAV \times Tax\ rate / 100 = \543.02



Calculating Property Levy in Most States


$$\begin{array}{ccccc} \begin{array}{c} \uparrow \\ \downarrow \end{array} & & & & \begin{array}{c} \uparrow \\ \downarrow \end{array} \\ \text{Assessed} & & \text{Constant} & & \text{Property Tax} \\ \text{Value} & \times & \% \text{ Tax} & = & \text{Levy \$} \\ & & \text{Rate} & & \end{array}$$

Calculating Property Levy in Arizona


$$\begin{array}{ccccc} \uparrow & \downarrow & & \downarrow & \uparrow \\ \text{Assessed} & & \% \text{ Tax} & & \text{Property Tax} \\ \text{Value} & \times & \text{Rate} & = & \text{Levy \$} \\ & & & & \text{Constant} \end{array}$$

Splitting the Check



Split the Town's budget: \$1,000



\$480,000



\$480,000



\$480,000



\$480,000

\$250



Split the Town's budget: \$1,000



\$500,000



\$500,000



\$500,000



\$500,000

\$250



Split the Town's budget: \$1,000



\$450,000



\$450,000



\$450,000



\$450,000

\$250

Split the Town's budget: \$1,000



\$450,000
(\$243)



\$420,000
(\$227)



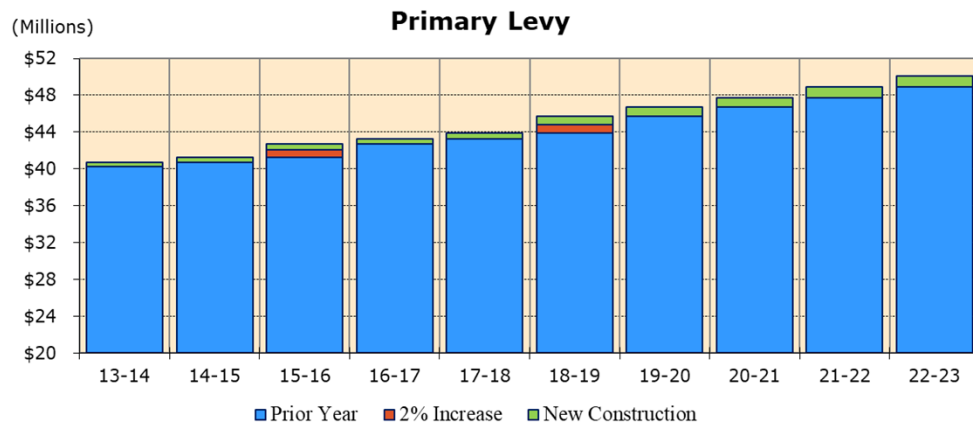
\$500,000
(\$270)



\$480,000
(\$260)



Increasing Property Tax Levy in Arizona



- ▶ New Construction
- ▶ Tax District may increase levy 2% per year
 - ▶ Cumulative
 - ▶ Collect \$50.1M
 - ▶ Allowable \$60.0M

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 =**
 $\$50,055,100 / ((\$3,556,683,080 - \$72,511,625) / \$100) = \$1.4366$
- ▶ If above this rate, we hold a Truth in Taxation public hearing

Proposed Primary Property Tax Levy

► Proposed FY 2023-2024 Tax Levy :

Total Levy for FY 2022-2023 \$50,055,100

FY 2023-2024 New Construction \$ 1,041,700

Levy amount without TNT Hearing \$51,096,800

FY 2023-2024 Additional Levy (5%). \$2,553,300

Total Proposed FY2023-2024 Tax Levy. . . \$53,650,100

(1.5084%)

(Total Maximum Allowable Tax Levy FY 2023-2024..... \$62,462,500)

Average Cost of Proposed Primary Property Tax Levy Increase

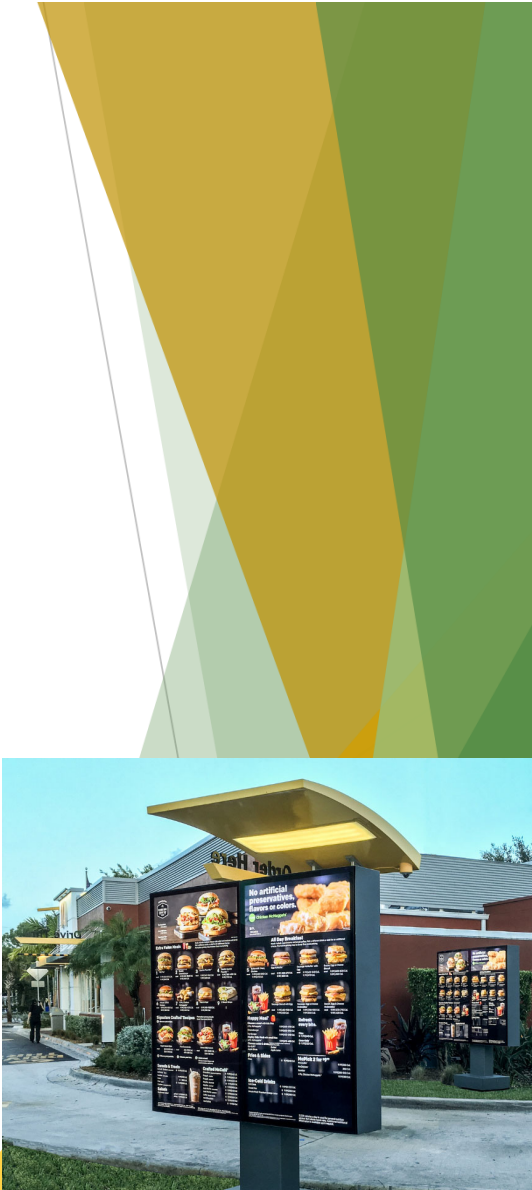
► **Effect on \$100,000 home:**

- FY 2023-2024 without increase. \$143.66
- FY 2023-2024 with 5% Levy increase \$150.84
\$7.18/ year

► **Effect on \$480,000 home***

- FY 2023-2024 without increase. \$689.57
- FY 2023-2024 with 5% Levy increase \$724.05
\$34.48/ year

* Estimated Yavapai County home value based on Zillow Home Value Index 03/23



Fiscal Stewardship at YC

- ▶ 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 are at the national community college average
- ▶ Yavapai College facilities are some of the best-maintained in higher education
- ▶ Yavapai College prices allow residents affordable access to classes
- ▶ Per Taxfoundation.org, Arizona has some of lowest property taxes in the nation
 - 12th lowest Residential
 - 11th lowest Business
- ▶ YC has not raised its tax levy since FY19
- ▶ Arizona receives \$7.20 ROI for every dollar invested in Yavapai College

Questions & Discussion