COUNCIL DECISION REQUEST

SUBJECT: Public Hearings for Primary Tax Rate and Secondary Tax Rate for fiscal year 2008-09 budget

MEETING DATE: July 17, 2008 CSP ITEM: Yes ☐ No. X KRA#

ITEM NO.:

SUBMITTED BY: Doug Hill, CFO AMOUNT BUDGETED: N.A.

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER EXPENDITURE REQUIRED: N.A.

CONT. FUNDING REQUIRED: N.A.

EXHIBITS (If Applicable, To Be Attached): Schedule B; Preliminary 2008 Levy Worksheet; TOP Worksheet calculate Maximum Primary Tax Levy for fiscal year 2008/09

RECOMMENDED ACTION
Not applicable - Public Hearing

SUMMARY OF THE BASIS FOR RECOMMENDED ACTION:

SUMMARY: Town staff is proposing that the Primary Tax rate be set at $0.2230 per $100/assessed value to levy an amount equal to $497,200 for the Fiscal Year Budget 2008/2009. This tax rate is $0.0246 less than last year and tax levy is $1,007 higher due to new construction. The Secondary rate is to be set just high enough to raise $150,000 for Green Valley Park Debt Service.

BACKGROUND INFORMATION:

Primary Tax Levy: The Town received the Preliminary 2008 Levy Limit Worksheet from the Gila County Assessor's Office in February. The Preliminary Worksheet was used to calculate the maximum rate and amount that could be assessed. The maximum "increase" is calculated using two formulas. One calculates the maximum tax rate and one to calculate the maximum tax levy. If we were proposing to exceed either item, we would have to hold a special "Truth in Taxation" Public Hearing. This special hearing requires the special publication of notice of the hearing. The maximum amount we can assess without a special hearing is $551,020. The maximum assessable rate, without exceeding the Public Hearing statute, is 0.2471 per $100/assessed value or $500,723. This is a reduction in the Primary rate of $0.0246 (see the attached worksheet). The Primary tax levy will increase by $1,007 due to new construction

Secondary Tax Levy: The Secondary tax levy is necessary to fund the retirement of voter-approved debt to build the Green Valley Park Project. The Secondary Tax levy will be set at a level sufficient to raise $150,000. The actual rate will not be known until the County notifies the Town of the Secondary Assessed Value.

The adoption of the Tax Ordinance is scheduled for the August 7, 2008 Special Town Council meeting. It must be adopted prior to the third Monday in August (August 18, 2008.)

PROS: N.A.

CONS: N.A.

PUBLIC INPUT (if any):

BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes):

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TOWN OF PAYSON
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2009

	2008	2009
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	$ 732,529	$ 551,020
2. Amount received from primary property taxation in the **current year** in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	$	
3. Property tax levy amounts		
A. Primary property taxes	$ 498,207	$ 497,200
B. Secondary property taxes	205,000	150,000
C. Total property tax levy amounts	$ 703,207	$ 647,200
4. Property taxes collected*		
A. Primary property taxes		
(1) **Current** year's levy	$ 481,400	
(2) Prior years' levies	8,000	
(3) Total primary property taxes	$ 489,400	
B. Secondary property taxes		
(1) **Current** year's levy	$ 205,000	
(2) Prior years' levies	2,000	
(3) Total secondary property taxes	$ 207,000	
C. Total property taxes collected	$ 696,400	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	0.2476	0.2230
(2) Secondary property tax rate	0.0986	0.0598
(3) Total city/town tax rate	0.3462	0.2828

B. Special assessment district tax rates

Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating two special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

Town of Payson
Truth In Taxation Process
Calculation of Maximum Primary Tax Levy 2008/09
House Bill 2006

Fiscal Note: House Bill 2006 requires a county, city, town or community college district to hold a "Truth In Taxation" (TNT) public hearing if the entity intends to increase property taxes over the previous year's level. The maximum "increase" is calculated using two formulas: one to calculate the maximum tax rate and one to calculate the maximum levy. If an entity proposes to exceed either item, they must hold a TNT notice and hearing.

A) ***Maximum tax rate:***

Previous year's primary property tax levy
Current years NAV - minus new construction

* Previous year's primary property tax levy	=	$ 479,500		
* Current year's NAV = Preliminary	=	$ 202,666,423	$	194,076,429
* New construction = Preliminary	=	$ 8,589,994		

Maximum tax rate (Preliminary) = 0.0024707 **or** 0.24707 per $100/assessed value

B) ***Maximum Primary Levy:*** New construction $ times new maximum rate plus last year's primary levy.

$8,589,994 * .0024707=	$ 21,223
Last year's primary levy	$ 479,500
Maximum primary levy =	$ 500,723 ←

C)

Last year's primary rate:		0.24760	TNT Hearing required.
Maximum primary rate	**	(0.24707)	No TNT hearing required. ←
Variance		**0.00053**	(Exceeds Prior Year)

Maximum Levy 2007	**	$ **551,020**	TNT Hearing required.
Maximum primary levy (B)	**	$ (500,723)	No TNT hearing required. ←
Variance		**$ 50,297**	

SUMMARY COMMENT: Under the Revised Proposition 101 Levy, the Council can not leave the 2008 tax levy at 0.24760 or $498,207 as this would exceed the revised statutory maximum. **The Maximum allowable levy, assuming no further changes to the Net Assessed Value, would be $551,020 or .2455/$100 assessed value. This levy rate/amount would require a Truth in Taxation Hearing.**