

COUNCIL DECISION REQUEST

SUBJECT: Public Hearings for Primary Tax Rate for Fiscal Year 2012/2013 Budget

MEETING DATE: June 21, 2012

PAYSON GOAL: NEW: EXISTING:

ITEM NO.:

TENTATIVE SCHEDULE:

SUBMITTED BY: Hope Cribb
Finance Manager *Hac*

AMOUNT BUDGETED: \$0.00

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

EXPENDITURE REQUIRED: \$0.00

CONT. FUNDING REQUIRED: \$0.00

DAC
EXHIBITS (If Applicable, To Be Attached):

Schedule B; Preliminary 2012 Levy Worksheet; TOP Worksheet to calculate Maximum Primary Tax Levy for Fiscal Year 2012/2013.

POSSIBLE MOTION

Not applicable – Public Hearing

SUMMARY OF THE BASIS FOR POSSIBLE MOTION:

The Fiscal Year 2012/2013 Budget proposes that the Primary Tax rate be set at \$0.3502 per \$100/assessed value to levy an amount equal to \$623,792 for the Fiscal Year Budget 2012/2013. This tax rate is \$0.0437 more than last year and tax levy is \$11,120 higher due to new construction. There is no secondary property tax due this year.

BACKGROUND INFORMATION:

Primary Tax Levy: The Town received the Preliminary 2012 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 formula calculates the maximum tax rate, and the other one calculates the maximum tax levy.

The maximum amount the Town can assess is \$642,416. The maximum assessable rate, without exceeding the Truth in Taxation hearing statute, is 0.3607 per \$100/assessed value or \$642,416.

The adoption of the Tax Ordinance is scheduled for the July 5, 2012 Special Town Council meeting. It must be adopted prior to the third Monday in August (August 20, 2012.)

PROS: N/A

CONS: N/A

PUBLIC INPUT (if any):

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

FUNDING:

Acct: Budget: Available: Expense: Remaining:

BA: _____ Date: _____

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TOWN OF PAYSON
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2013

	2012	2013
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ 618,441	\$ 642,416
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	\$ 612,672	\$ 623,792
B. Secondary property taxes	61,921	
C. Total property tax levy amounts	\$ 674,593	\$ 623,792
4. Property taxes collected*		
A. Primary property taxes		
(1) Current year's levy	\$ 601,600	
(2) Prior years' levies	30,000	
(3) Total primary property taxes	\$ 631,600	
B. Secondary property taxes		
(1) Current year's levy	\$ 61,900	
(2) Prior years' levies	10,000	
(3) Total secondary property taxes	\$ 71,900	
C. Total property taxes collected	\$ 703,500	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	0.3065	0.3502
(2) Secondary property tax rate	0.0313	
(3) Total city/town tax rate	0.3378	0.3502

B. Special assessment district tax rates
 Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating _____ no _____ 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.

2012 LEVY LIMIT WORKSHEET

GILA COUNTY - TOWN OF PAYSON

MAXIMUM LEVY	2011
A.1. Maximum Allowable Primary Tax Levy	\$624,951
A.2. A.1 multiplied by 1.02	\$637,450

CURRENT YEAR NET ASSESSED VALUE SUBJECT TO TAXATION IN PRIOR YEAR	2012
B.1. Centrally Assessed	\$6,360,968
B.2. Locally Assessed Real Property	\$166,374,681
B.3. Locally Assessed Personal Property	\$4,014,019
B.4. Total Assessed Value (B.1 through B.3)	\$176,749,668
B.5. B.4. divided by 100	\$1,767,497

CURRENT YEAR NET ASSESSED VALUES	2012
C.1. Centrally Assessed	\$6,451,276
C.2. Locally Assessed Real Property	\$167,635,968
C.3. Locally Assessed Personal Property	\$4,015,256
C.4. Total Assessed Value (C.1 through C.3)	\$178,102,500
C.5. C.4. divided by 100	\$1,781,025

LEVY LIMIT CALCULATION	2012
D.1. LINE A.2	\$637,450
D.2. LINE B.5	\$1,767,497
D.3. D.1/D.2 (MAXIMUM ALLOWABLE TAX RATE)	0.3607
D.4. LINE C.5	\$1,781,025
D.5. D.3 multiplied by D.4 = MAXIMUM ALLOWABLE LEVY LIMIT	\$642,416
D.6. Excess Collections/Excess Levy	
D.7. Amount in Excess of Expenditure Limit	
D.8. ALLOWABLE LEVY LIMIT (D.5 - D.6 - D.7)	\$642,416

<i>Prior year actual levy (from line F.1 of the 2011 worksheet)</i>	\$619,054
<i>Divided by current values excluding new construction per line B.5</i>	\$1,767,497
Truth in Taxation Rate	0.3502

If the tax rate a political subdivision intends to levy is greater than the Truth in Taxation Rate noted above, a truth in taxation hearing must be held. (A.R.S. § 42-17107.A)

Note: Per A.R.S. § 42-17051.A, the values certified by the County Assessor cannot be changed after February 10 without the approval of the Property Tax Oversight Commission. Therefore, the total net assessed values per line C.4 must be used when adopting a primary property tax levy and tax rate.

If you have any questions regarding the Levy Limit Worksheet or the Truth in Taxation hearing requirements, contact Darlene Teller at (602) 716-6436 or dteller@azdor.gov.

Truth In Taxation Process Calculation of Increased Primary Tax Levy 2012/13

INTRODUCTION:

Arizona Revised Statutes (42.17051) requires the Town to compute a primary tax levy each year. The total tax levy is computed adding an estimate for the assessed value of new construction to the current assessed value.

Arizona Revised Statutes (42.17107) requires the Town to hold a "Truth In Taxation" (TNT) public hearing if the primary tax levy will be increased above the previous year's levy. The following procedures are used to determine if the levy will increase enough to require a TNT public hearing.

The assessed value (AV) for the property in Payson is determined by the Gila County Assessor's Office and sent to the Town in February. The amounts used in the procedures below come from the Assessor's data.

PROCEDURES:

1) Section A takes the AV (as determined by the Assessor) and removes the estimated AV for new construction from the total assessed value to determine the base primary levy rate for the 2012 fiscal year.

A) *Maximum tax rate:* Previous year's primary property tax levy
2012 AV - minus estimated new construction AV

* Previous year's primary property tax levy	=	\$ 619,054			
* 2012 AV = Preliminary	=	\$ 176,749,668			
* 2012 estimated new construction AV	=	\$ 1,352,832			
			\$		175,396,836

2012 tax rate (Preliminary) = 0.0035024 or 0.35024 per \$100/assessed value

1) Section B uses the levy rate established above to determine the levy for 2012 estimated new construction that can be added to the primary levy from last year.

B) *2012/2013 Primary Levy:* New construction AV \$ times new levy rate plus last year's primary levy.

\$1352832 * .0035024 =		\$ 4,738			
Last year's primary levy		\$ 619,054			
2012/2013 primary levy =		\$ 623,792	←		

1) Section C compares the new levy rate to the levy rate imposed in 2011/2012. It also compares the maximum levy for 2012/2013 (as determined by the Assessor) to the maximum levy rate as established by these procedures.

2) If the levy amount for 2012/2013 (primary levy LESS amount for new construction) is higher than last year's levy, a TNT hearing is required.

C) 2011/2012 primary rate: 0.30650
 2012/2013 primary rate: (0.35024)
Variance (0.04374)

<i>2011/2012 Maximum Levy (Assessor)</i>	\$ 624,951	TNT Hearing required.	629,734
Maximum primary levy (from B)	\$ (623,792)	No TNT hearing required.	(4,738)
Variance	\$ 1,159	(Exceeds Prior Year)	624,996