



Legislation Text

File #: 17-234, **Version:** 1

FY17-18 PUBLIC HEARING AND APPROVAL OF FISCAL YEAR 2017-18 PROPERTY TAX LEVY

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Purpose and Policy Recommendation

This is a request for City Council to conduct a public hearing on the proposed Fiscal Year 2017-2018 (FY17-18) property tax levy and, by a roll call vote, approve a motion to adopt the property tax levy that will be assessed by ordinance on June 27, 2017.

Background

Arizona's property tax system consists of two tiers - Primary and Secondary. The primary property tax levy has state mandated maximum limits; however, it can be used by a city for any purpose. The primary property tax revenue is included in the General Fund's operating budget. The secondary property tax levy is not limited; however, it can be used only to retire the principle, interest, and related fees on voter authorized bonds used to finance the city's capital improvement plan. Arizona state law requires Council to set the property tax levy by the third Monday in August.

Analysis

City Council reviewed the FY17-18 Tentative Budget and adopted a resolution formally approving the tentative operating, capital, debt service, and contingency appropriation budget at the May 23, 2017 voting meeting. The tentative budget assumed the primary property tax rate would decrease from \$0.4792 per \$100 of assessed value for FY 2016-2017 (FY16-17) to \$0.4632 per \$100 of assessed value for FY 2017-2018 (FY17-18). In addition, the tentative budget assumed the secondary property tax rate would decrease from \$1.6698 per \$100 of assessed value for FY16-17 to \$1.6140 per \$100 of assessed value for FY17-18.

If Council approves this item, the total property tax rate will decrease from \$2.1490 to \$2.0772. The total of the levy will increase slightly but this is due only to the value of new construction added to the city during the prior year. This allows the city to reduce the tax rates slightly and does not require a truth in taxation hearing. Consideration of the adoption of an ordinance finalizing the FY17-18 property tax levy is scheduled for the June 27, 2017 City Council meeting. In compliance with State Budget Law, public notices regarding the public hearing and the property tax levy were published in the Glendale Star on May 25 and June 1, 2017.

Previous Related Council Action

City Council adopted a resolution formally approving the tentative operating, capital, debt service, and contingency appropriation budget at the May 23, 2017 voting meeting. At that time, Council also gave notice of the date for the June 13, 2017 Public Hearing on:

- The FY17-18 Final Budget,
- The FY17-18 Property Tax Levy, and
- The June 27, 2017 date the adoption of the FY17-18 Property Tax Levy.

On May 2, 2017, the final FY17-18 Budget Workshop included follow up presentations on the city's FY 2018-2027 Capital Improvement Plan and Department Operating budgets.

On April 28, 2017, the second of two all-day budget workshops included presentation on several city department operating budgets for the FY17-18 Budget.

On April 24, 2017, the first of two all-day budget workshops included presentation on several city department operating budgets for the FY17-18 Budget.

On April 4, 2017, the FY17-18 Budget Workshop included follow-up presentations on the City's Draft FY2018-2027 Capital Improvement Plan.

On March 21, 2017, the FY17-18 Budget Workshop included presentation of the Draft FY2018-2027 Capital Improvement Plan.

On March 7, 2017, a FY17-18 Budget Overview included revenues and other future discussion items were presented to the City Council at the second in a series of budget workshops.

February 7, 2017, a FY17-18 Budget Overview included the calendar, process, legal requirements, major budget components and future discussion items was presented to the City Council at the first in a series of budget workshops.

On December 20, 2016, the General Fund and Major Operating Funds Five-Year Financial Forecast was presented at Council Workshop and initiated the FY17-18 budget process.

Community Benefit/Public Involvement

The community benefit of the City's budget process, policy direction, and budgetary decisions demonstrates sound financial decisions are made through a transparent and public process where ultimate budgetary decisions align with the strategic direction of the City and provide the public with information on service provided and Council priorities.

Budget and Financial Impacts

If Council approves this item, the total property tax rate will decrease from \$2.1490 to \$2.0772 per \$100 of assessed value and the total property tax levy will increase only by the value of new construction added to the city during the prior year.