



# FY 22-23 PRIMARY PROPERTY TAXES

Town Council Strategic Planning Session  
February 26, 2022

# PURPOSE OF PRESENTATION

Receive Direction re. the Annual Amount of Primary Property Taxes to be Received in FY 22-23





# EMERGENCY MANAGEMENT SERVICES (EMS) FUND OVERVIEW AND PROPERTY TAXES

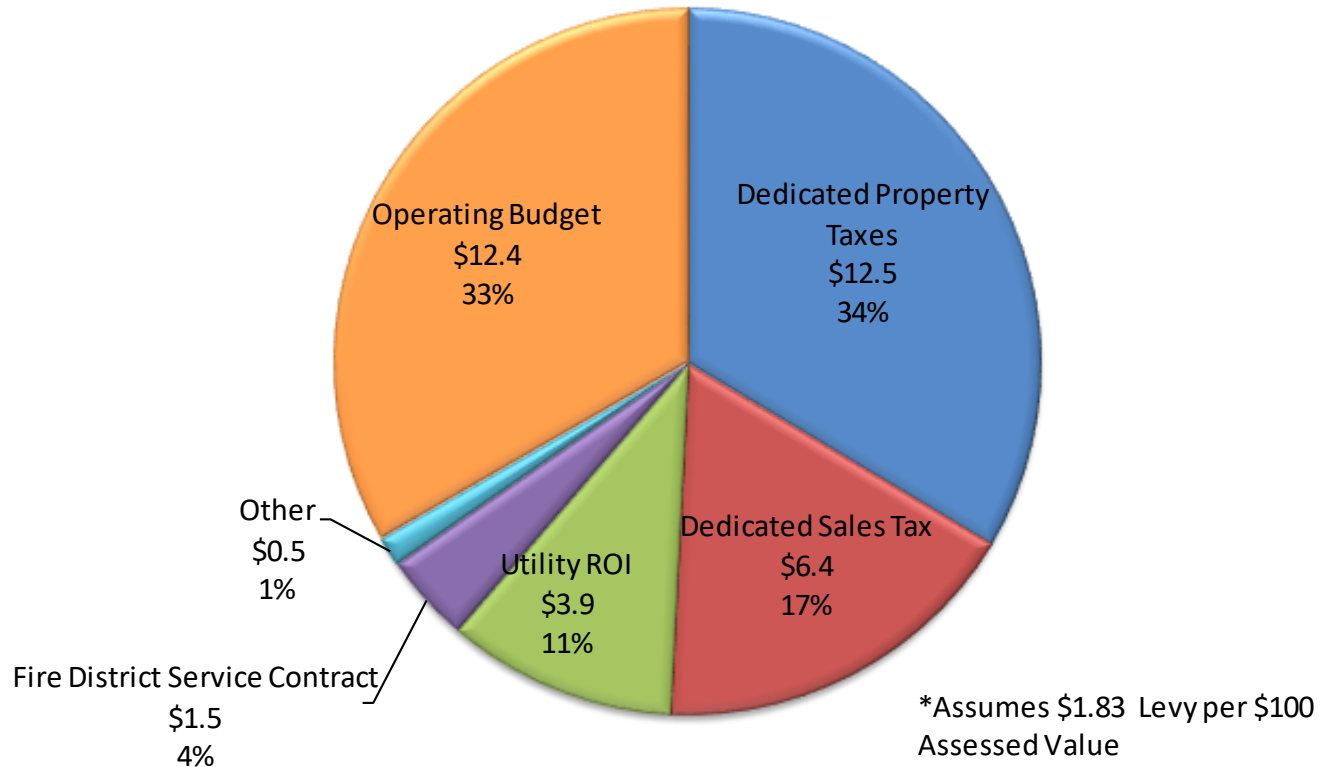
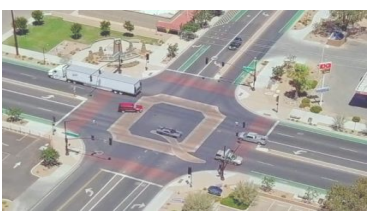
# EMS FUNDING STRATEGY

## Five Primary Revenue Sources:

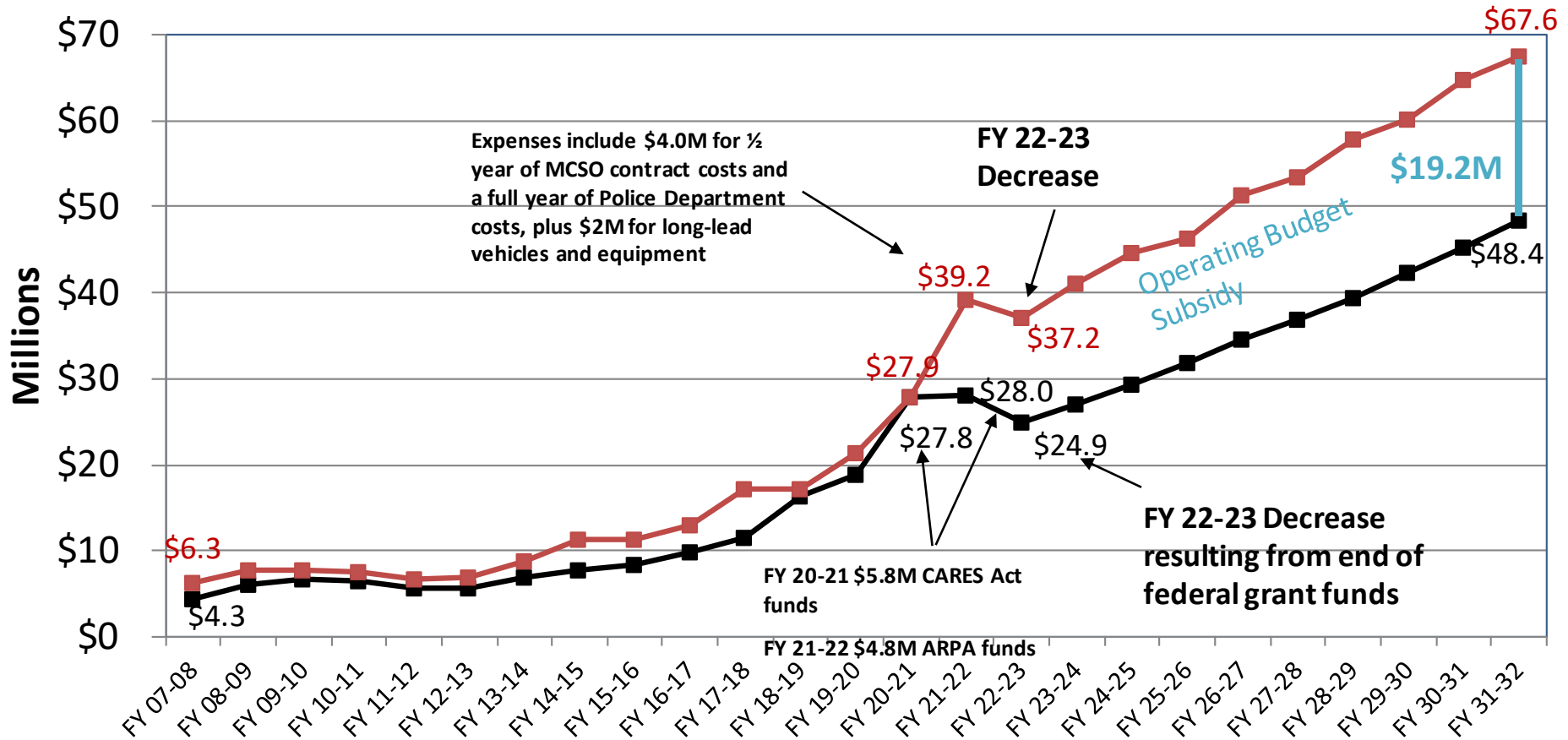
1. Primary Property Tax
2. 0.25% Dedicated Sales Tax
3. Return on Investment (ROI) from Water and Wastewater Utility Funds
4. Queen Creek Fire District Contract
5. Operating Budget (Difference to Cover Expenses)



# FY 22-23 EMS SOURCES: \$37.2M



# EMS FUND REVENUES AND EXPENSES



# PRIMARY PROPERTY TAX HISTORY

- Voter Approved in 2007
  - Dedicated for Fire/EMS and Police Services
  - Created to Provide a Stable Revenue Source to Pay for Expenses
  - “Not to Exceed to \$1.95 Levy Rate”
- Council Approved Primary Property Tax Rate of \$1.83 for FY 21-22
  - Rate was \$1.95 since inception until it was reduced to \$1.83 in FY 20-21



# Preliminary Property Tax Allocation in Queen Creek (Maricopa County)



Higher Government  
3¢ State  
11¢ County  
**14¢**



Municipal Government  
14¢ Town – QC  
**14¢**

\$1.83 per \$100 AV for EMS



Education  
57¢ Local School District  
10¢ Community College  
**67¢**



County-Wide Special Districts  
2¢ Healthcare  
1¢ Flood Control  
1¢ CAWCD  
1¢ Other – Library, Fire  
**5¢**

Allocations subject to change annually based on other taxing jurisdictions' levies



# HOW IS PROPERTY TAX CALCULATED?

Property Taxes are the Result of Two Components:

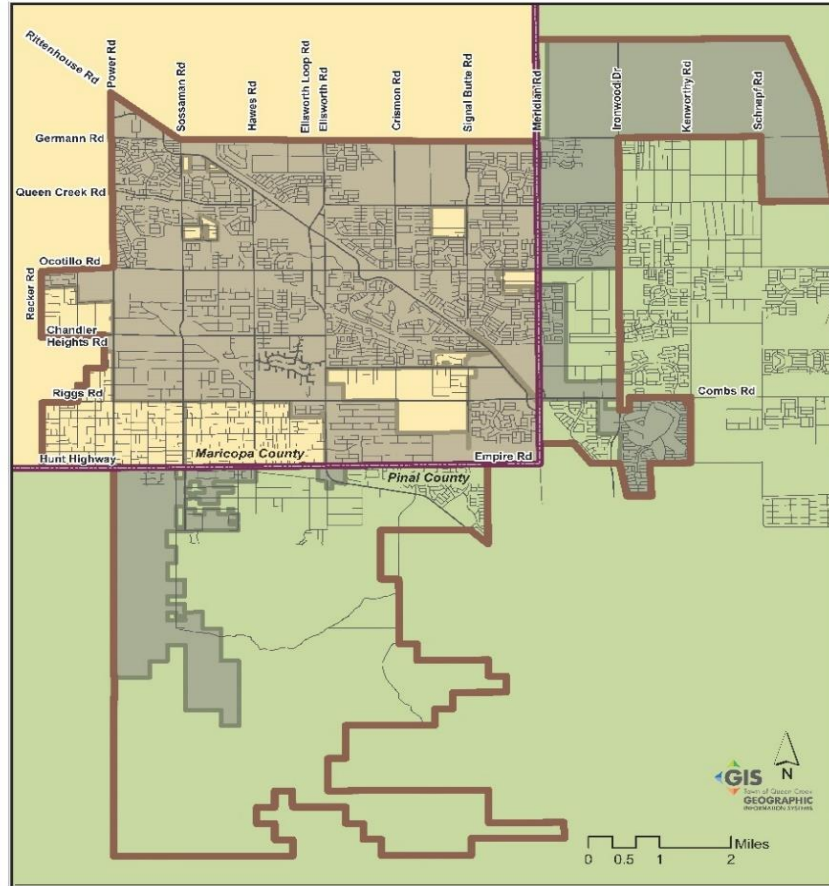
1. Property Valuations (County Determined)
  - Limited Property Value (LPV)
2. Revenue Amount (Council Determined)
  - Levy Rate is applied to each \$100 of Assessed LPV





# TOWN OF QUEEN CREEK ARIZONA

 TOWN LIMITS 
  PLANNING AREA 
  MARICOPA COUNTY 
  PINAL COUNTY



Map Date: 2/4/21 The Town of Queen Creek makes no warranties, written or implied, regarding the information on this map.

# AGGREGATE ASSESSED VALUE BREAKOUT\*

## (PRELIMINARY)



Property Class	Maricopa County Assessed LPV	Pinal County Assessed LPV	Total Assessed LPV	Total FY 21-22 LPV	\$ Increase	% Increase
Single Family Residential	\$449.6M	\$107.2M	\$556.8M	\$489.4M	\$67.4M	14%
Commercial	\$77.4M	\$8.7M	\$86.1M	\$77.3M	\$8.8M	11%
Vacant Land	<u>\$33.3M</u>	<u>\$6.9M</u>	<u>\$40.2M</u>	<u>\$38.3M</u>	<u>\$1.9M</u>	<u>5%</u>
Total	\$560.3M	\$122.8M	\$683.1M	\$605.0M	\$78.1M	13%

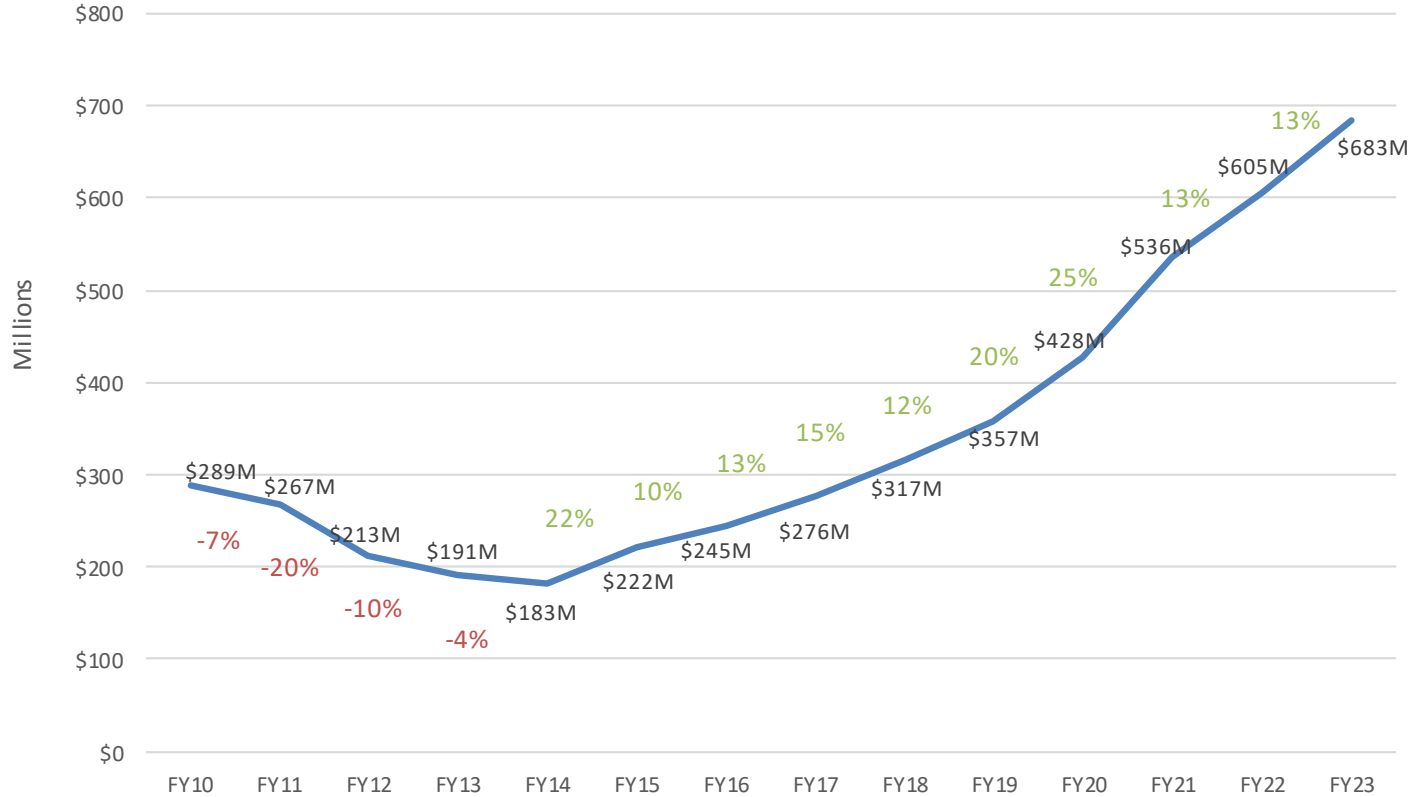
\*Assessed Value is not the total property tax revenue, but the basis upon which property tax is calculated.

# FY 22-23 ASSESSED VALUE INCREASE



	Assessed Value	% Change
FY 21-22	\$605.0M	
FY 22-23 Increases:		
Existing Property	\$33.1M	+5%
New Construction	<u>\$45.0M</u>	+8%
<b>FY 22-23 Increase</b>	<b>\$78.1M</b>	
<b>FY 22-23</b>	<b>\$683.1M</b>	<b>+13%</b>

# ASSESSED VALUE HISTORY



# PROPERTY TAX REVENUE FORMULA

Assessed  
Value (AV)

**\$683M**

Maricopa /  
Pinal  
County

X

Levy Rate  
(per \$100 AV)

**\$1.83**

=

Annual  
Revenues

**\$12.5M**

Town  
Council



# HOW IS PROPERTY TAX CALCULATED?



- To get to the “Assessed” LPV a Ratio is Applied depending on Property Type
  - A Property Owner is not taxed on the entire LPV, just a portion (assessment ratio) of the LPV
  - Common Assessment Ratios
    - Residential = 10%
    - Vacant Land = 15%
    - Commercial = 18%
- Property Tax Formula:  
 $(LPV \times \text{Assessment Ratio}) / \$100 \times (\text{Levy Rate})$

# HOW IS INDIVIDUAL PROPERTY TAX CALCULATED? (CONCLUDED)



Single Family Residential Example	Amount
<b>A) Limited Property Value (LPV) FY 21-22 Median Example</b>	<b>\$242,347</b>
<b>B) Residential Assessment Ratio</b>	<b><u>10%</u></b>
<b>C) Assessed Value at 10% of LPV (A x B)</b>	<b>\$24,235</b>
<b>D) Conversion to a “per \$100” (C/\$100)</b>	<b><u>\$242</u></b>
<b>E) Property Tax Rate per \$100 of Assessed Value</b>	<b>\$1.83</b>
<b>F) Primary Property Tax Assessment (D x E)</b>	<b>\$442</b>



# FINANCIAL IMPACTS

1. Aggregate Impact
2. Individual Parcel Impacts



# AGGREGATE IMPACT

	Annual Revenue	Total Increase from FY 21-22	Increase From New Properties	Change from Existing Properties	Levy Rate*	% of EMS Funded
FY 21-22 Amount	\$11.0M				\$1.83	28%
FY 22-23 Options:						
A. Same <u>Revenue</u> as Current Year	<b>\$11.0M</b>	\$0	+\$0.7M	<b>-\$0.7M</b>	\$1.62	30%
B. Same <u>Revenue</u> as Current Year from Existing Properties and Additional Revenue from New Properties Only	<b>\$11.8M</b>	+\$0.8M	+\$0.8M	\$0	\$1.73	32%
C. Same Levy Rate as FY 21-22	<b>\$12.5M</b>	+\$1.5M	+\$0.8M	+\$0.7M	\$1.83	34%
D. Maximum Revenue Amount	<b>\$13.3M</b>	+\$2.3M	+\$0.9M	+\$1.4M	\$1.95	36%

\* Ballot language stated “Under no circumstances shall the primary property tax rate exceed \$1.95 per \$100 of assessed valuation”

# INDIVIDUAL PARCEL IMPACT

- About 30K Parcels as of October 2021
- Property Taxes Paid by Each Parcel Could Increase, Decrease, or Have No Change from the Prior Year
  - The Individual Parcel Appreciation Increase is Limited by State Statute to 5% (Assuming Land Use Remains the Same)



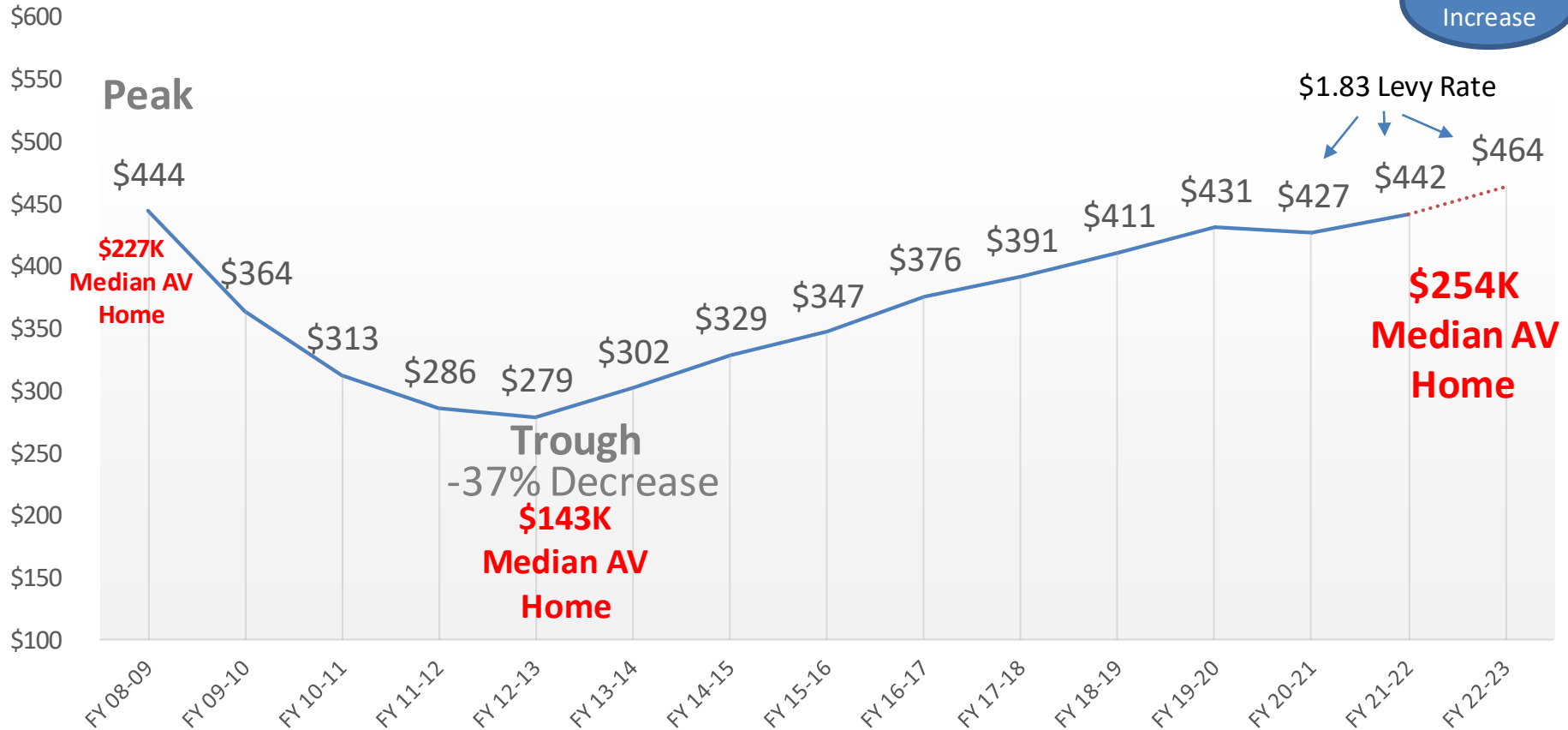
# INDIVIDUAL PARCEL IMPACT

(CONCLUDED)

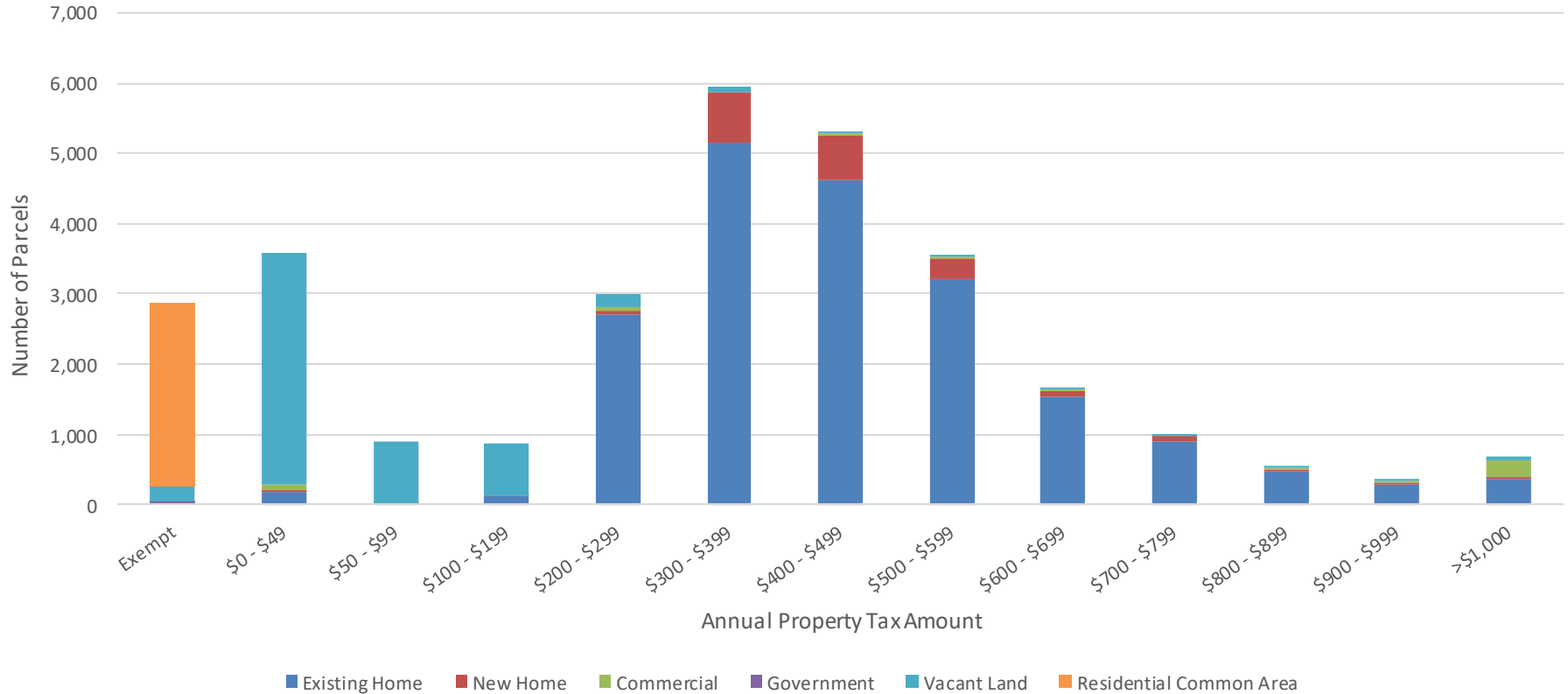
Single Family Residential	Median Home Value	Option A  Same Revenue as FY 21-22  \$1.62 Levy*	Option B  Same Revenue as FY 21-22 (plus new properties only)  \$1.73 Levy	Option C  Same Rate as FY 21-22  \$1.83 Levy	Option D  Maximum Revenue  \$1.95 Levy
FY 21-22	\$242K			\$442	
FY 22-23: AV +5%	\$254K	\$411 (-\$31)*	\$439(-\$3)	\$464 (+\$22)	\$495 (+\$53)

\* At \$1.62 levy rate, 19,500 Single Family Parcels (91%) would see a savings in QC property tax up to \$50

# QC PROPERTY TAX PAID ON A MEDIAN VALUE HOME



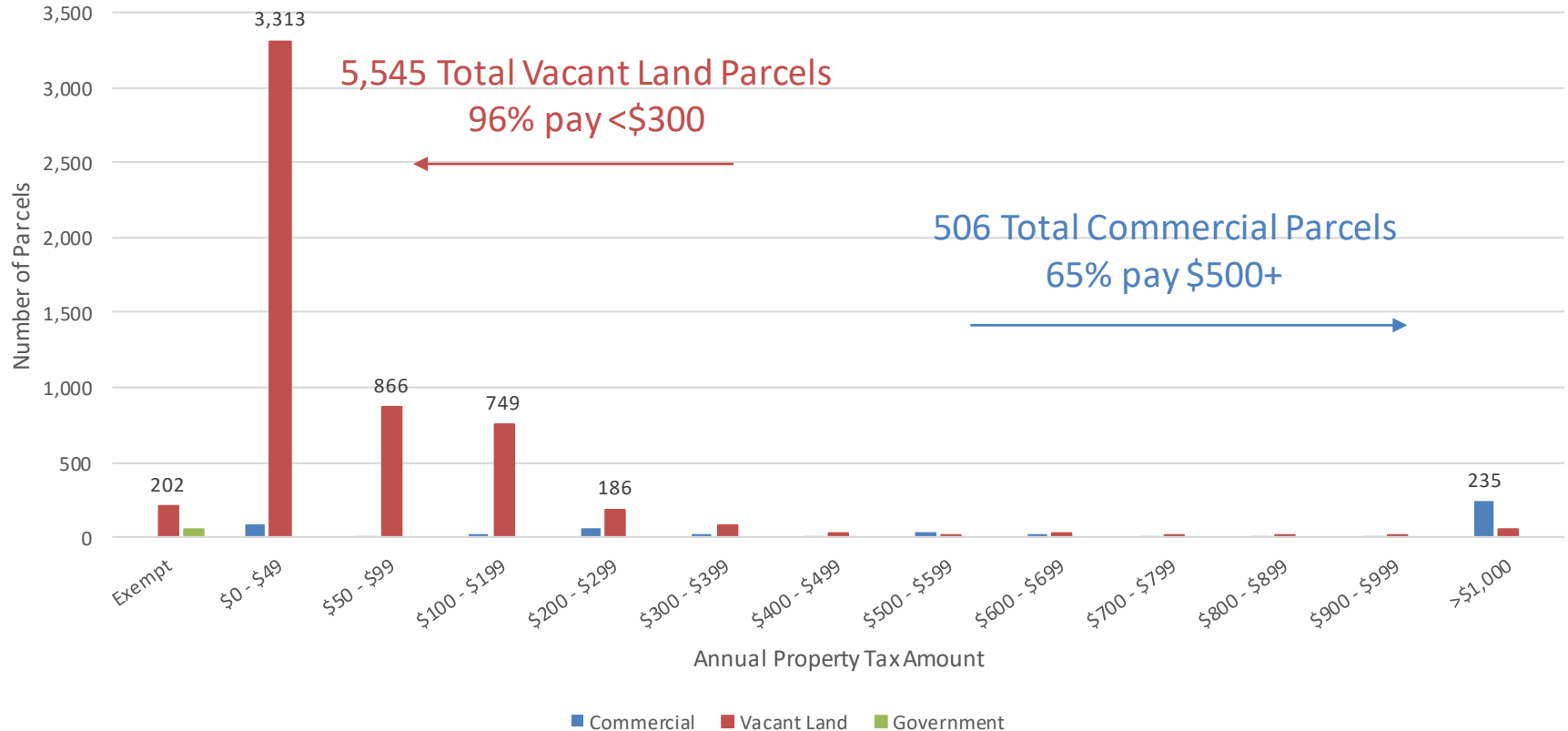
# PROPERTY TAXES: ALL PROPERTY TYPES, 30K PARCELS



# PROPERTY TAXES: HOMES ONLY



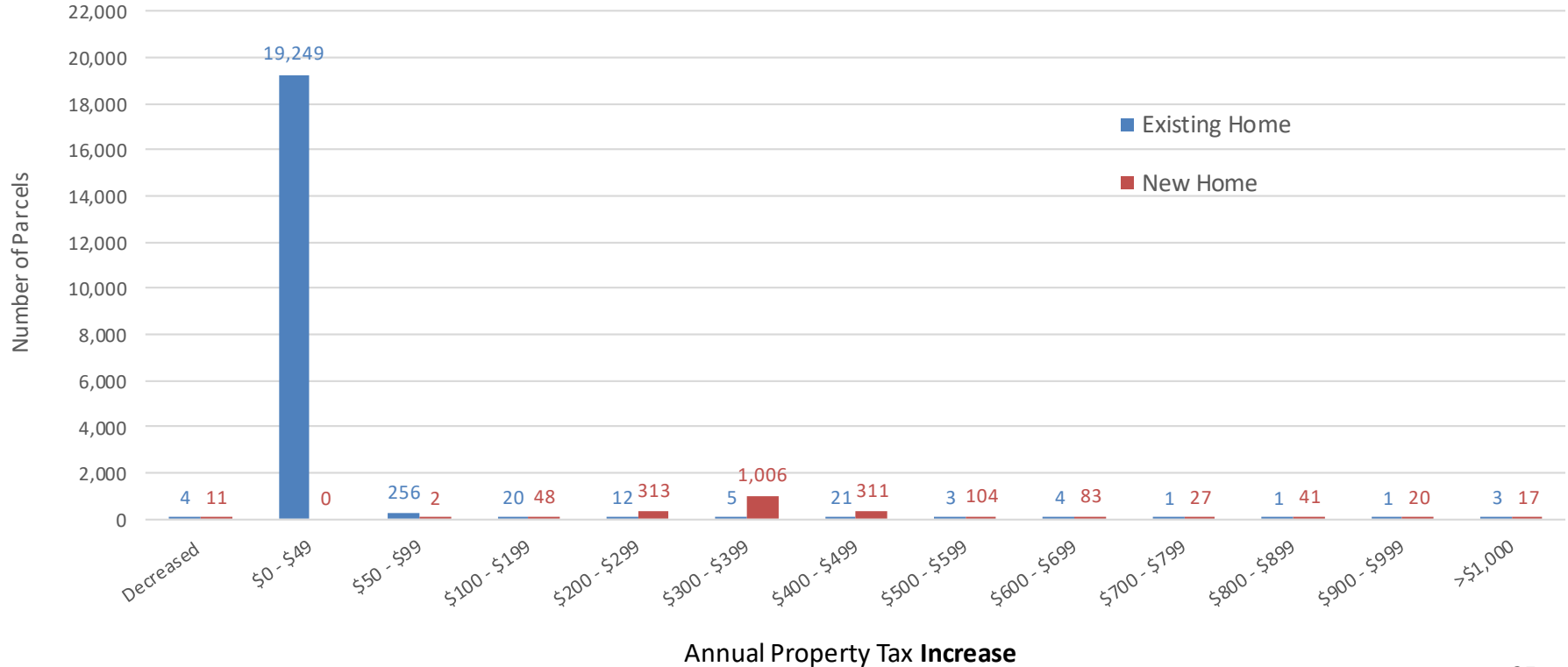
# PROPERTY TAXES: NON-RESIDENTIAL





# HOME PROPERTY TAX INCREASE @ \$1.83 LEVY RATE

Increase Results from Increase in Assessed Value Only

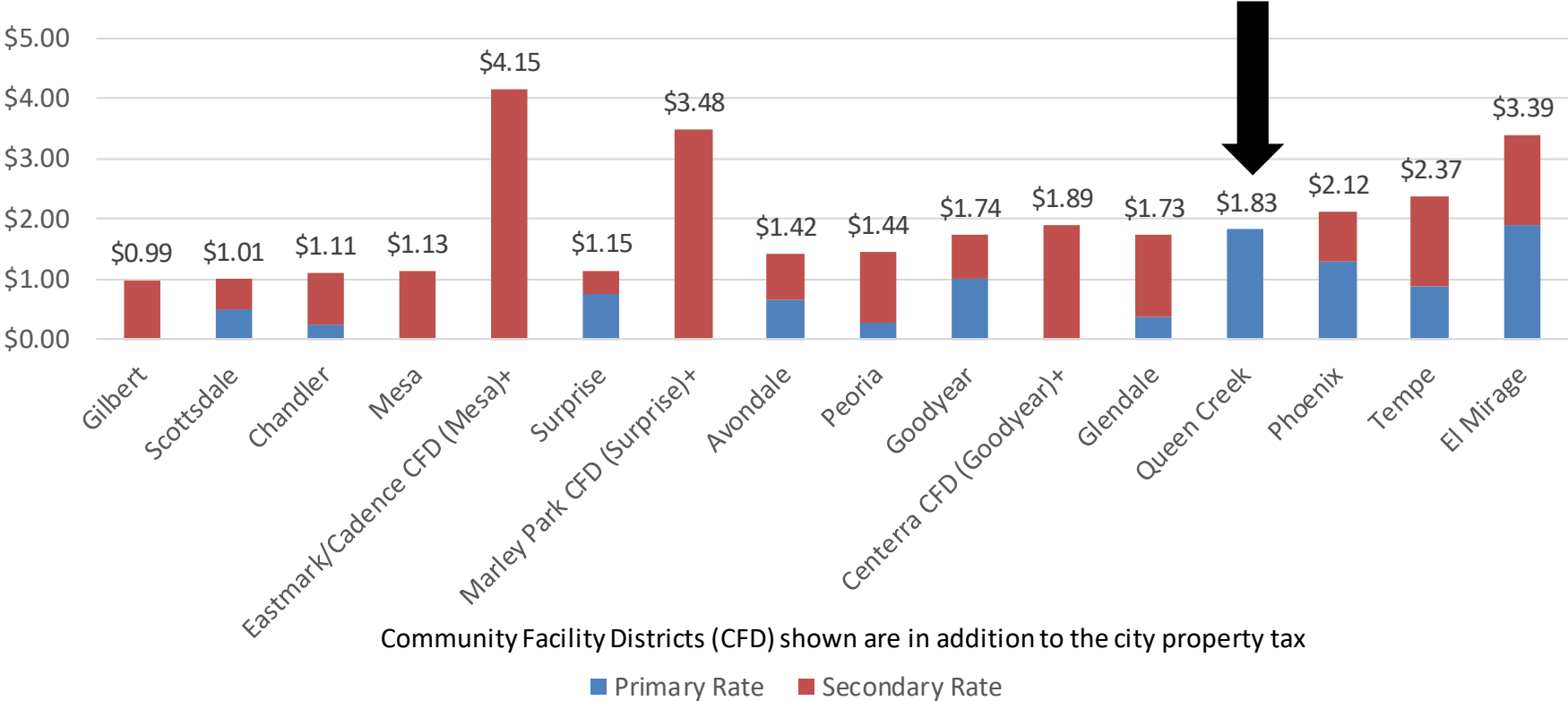


# NON-RESIDENTIAL PROPERTY TAX INCREASE @ \$1.83 LEVY RATE

Increase Results from Increase in Assessed Value Only



# PROPERTY TAX COMPARISONS (FY 21-22 RATES)\*



\*All cities are currently in the process of setting the FY 22-23 rates.

# POSSIBLE OPTIONS

	Annual Revenue	Total Increase from FY 21-22	Increase From New Properties	Change from Existing Properties	Levy Rate*	% of EMS Funded
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# INCREASING FUTURE LEVY RATES (PRELIMINARY)

1. Majority Roll Call Vote of the Town Council if the Annual Revenue (Levy) Increase is Less than 15% for Existing Properties
  - Increasing rate back to \$1.95 from \$1.83 in FY22-23 is a 13% increase
2. Unanimous Roll Call Vote of the Town Council if the Annual Revenue (Levy) Increase is Equal to 15% or more for Existing Properties
  - If levy rate is reduced to \$1.73 in FY22-23, moving to \$1.95 in FY 23-24 is a 18% increase

