

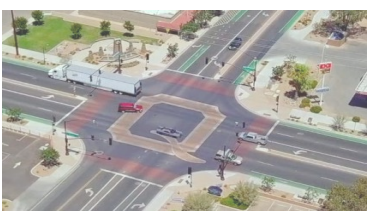
FY 2023-24 PRIMARY PROPERTY TAX ADOPTION

Town Council

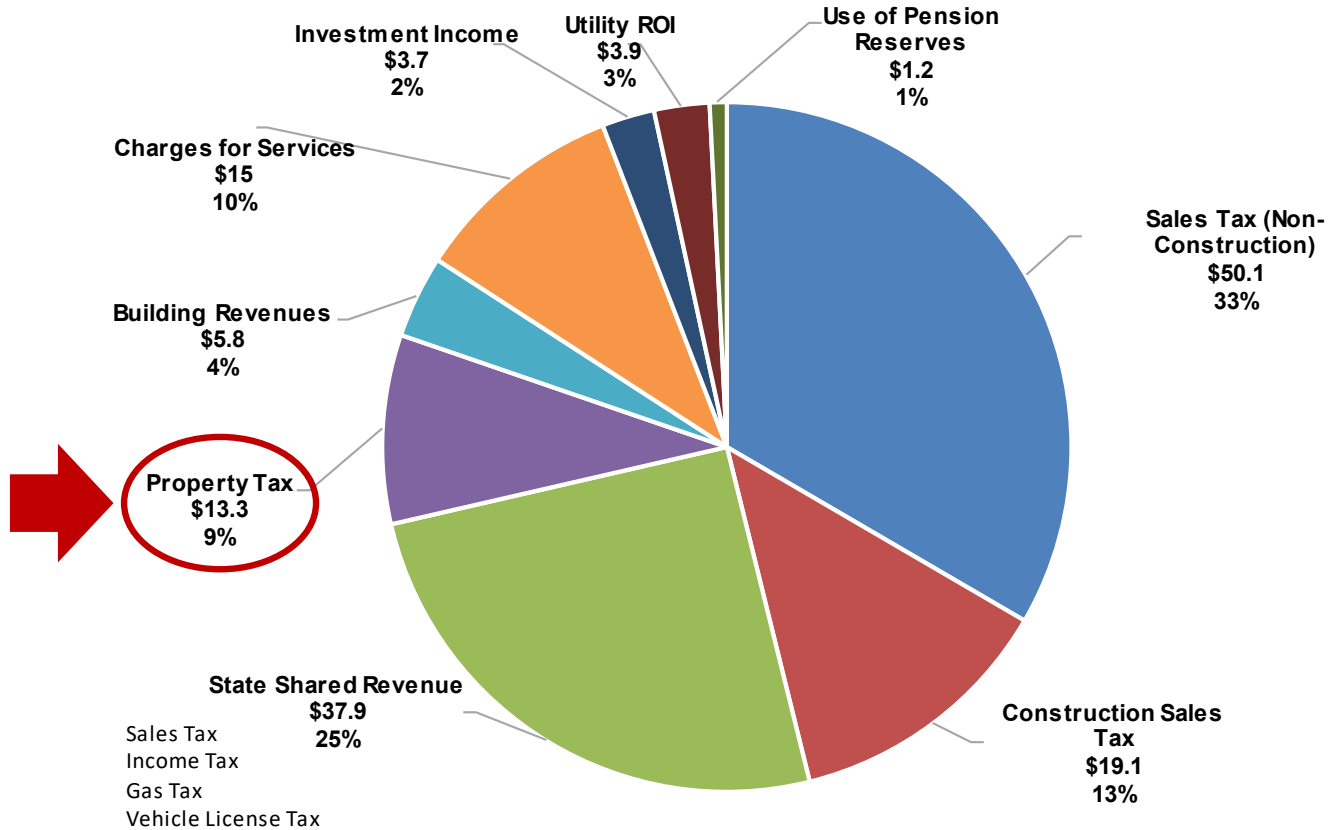
June 7, 2023

PURPOSE OF PRESENTATION

Consider a Motion to Adopt Ordinance 813-23 to Fix, Levy and Assess the Town's Primary Property Tax Levy for FY 2023-24 in the Amount of \$13.3M



FY 23-24 OPERATING REVENUES/SOURCES: \$150M (9 MAJOR REVENUES)



QUEEN CREEK PROPERTY TAX: 15% ALLOCATION (MARICOPA COUNTY)



Higher
Government
0¢ State
11¢ County

11¢



\$1.72 per
\$100 AV for
EMS

Municipal
Government
15¢ Town – QC

15¢



Education

58¢ Local School District
11¢ Community College

69¢



County-Wide
Special Districts

2¢ Healthcare
1¢ Flood Control
1¢ CAWCD
1¢ Other – Library, Fire

5¢

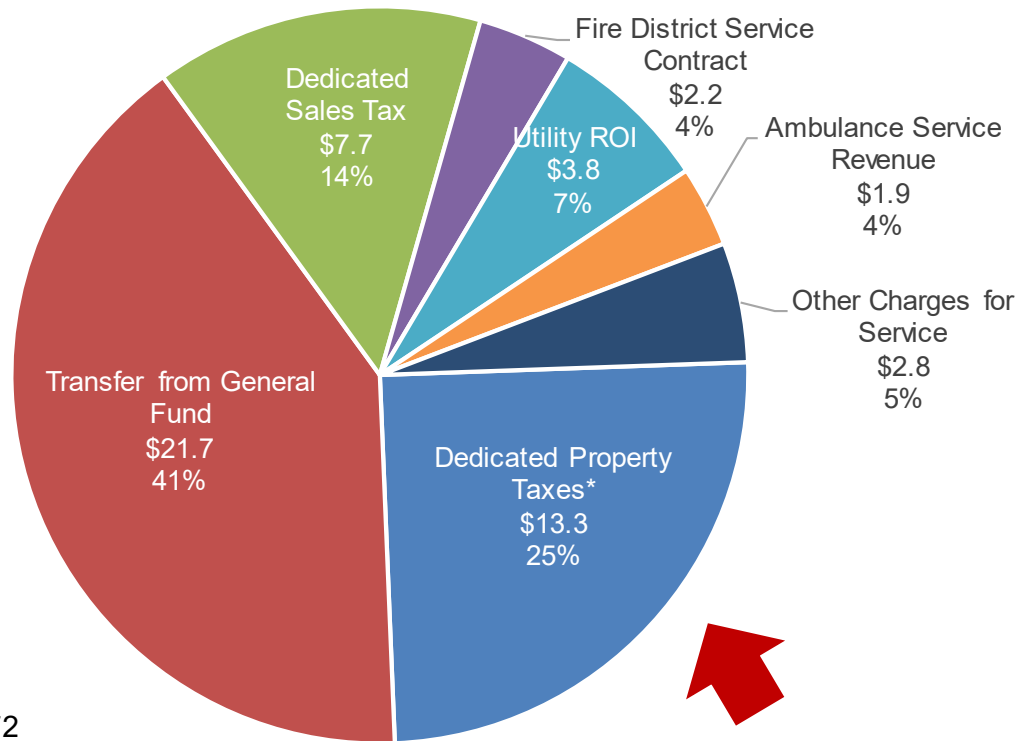
Allocations subject to change annually based on other taxing jurisdictions' tax levies

QC PROPERTY TAXES



- 2007: Voter Approved Primary Property Tax
 - Dedicated for Public Safety
 - Created to Provide a Stable Revenue Source to Assist in Paying for Public Safety Expenses
 - Covers ~25% of Public Safety Expenses
 - Included a “Not to Exceed \$1.95 Levy” Provision
- QC **Does Not Have** a Secondary Property Tax (Voter Approved for Infrastructure)

FY 2023-24 PUBLIC SAFETY FUNDING: \$53.5M



*Assumes Levy Rate at \$1.72 per \$100 Assessed Value

HOW ARE PROPERTY TAXES CALCULATED?

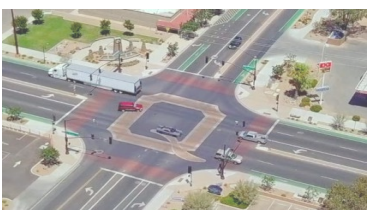
Property Taxes are the Result of Two Components:

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



HOW IS PROPERTY VALUED?

- Full Cash Value (FCV)
 - Represents the Market Rate of the Property
- Limited Property Value (LPV)
 - Basis for Property Tax
 - Increases annually by 5% (except if property use changes)
 - Can never be greater than FCV
- Spread between FCV and LPV
 - FY 23-24 Spread is 82% (Record High)
 - If FCV were to stop growing, this spread allows LPV to continue to increase until LPV equals FCV on a parcel by parcel basis



PROPERTY TAX REVENUE FORMULA



Assessed
Value (AV)

\$771M

Maricopa /
Pinal
County

X

Levy Rate
(per \$100 AV)

\$1.72

=

Annual
Revenues

\$13.3M

Town
Council

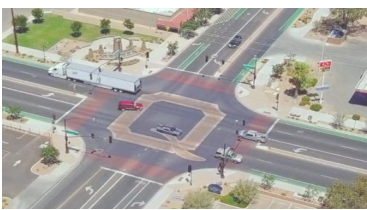
HOW IS INDIVIDUAL PROPERTY TAX CALCULATED?



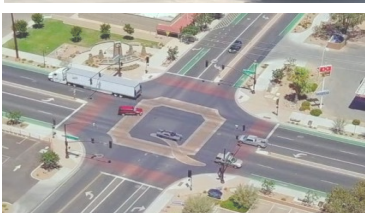
Single Family Residential Example	Amount
A) Limited Property Value (LPV) FY 22-23 Median Example	\$255,997
B) Residential Assessment Ratio	<u>10%</u>
C) Assessed Value at 10% of LPV (A x B)	\$25,600
D) Conversion to a “per \$100” (C / \$100)	<u>\$256</u>
E) Property Tax Rate per \$100 of Assessed Value	\$1.72
F) Primary Property Tax Assessment (D x E)	\$441

5-YEAR PROPERTY TAX “FREEZE”

- Approved in November 2022
- Resolution No. 1500-22
- FY 23-24 is the First Year of the “Freeze”



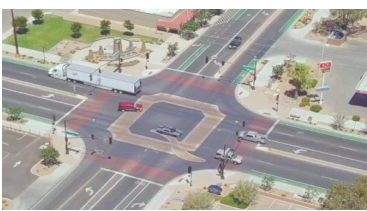
WHAT DOES THE “FREEZE” POLICY ACCOMPLISH?



- Affirms Public Safety is the Town Council’s #1 Priority
 - Does Not Restrict Increasing Public Safety Expenses
- Creates Certainty for Taxpayers (Existing and New)
 - No Increase for 5 Years Beginning FY 23-24
 - The Taxpayer Is Paying About the Same Amount of Taxes as in 2009 (14 Years Ago)
 - Savings on a \$256K Median Value House as Compared to the Voter Approved Maximum:
 - **\$166 in 5th Year of “Freeze”**
 - **\$553 Over 5 Years of “Freeze”**
- Property Tax Revenues Increase Only by New Construction
- A Shift in the Funding of Public Safety Costs
 - More of the Town’s General Revenue Sources Will Be Used
 - As Compared to the Voter Approved Maximum:
 - **\$5.9M in 5th Year of “Freeze”**
 - **\$18.6M Over 5 Years of “Freeze”**

HOW IS THE “FREEZE” POSSIBLE?

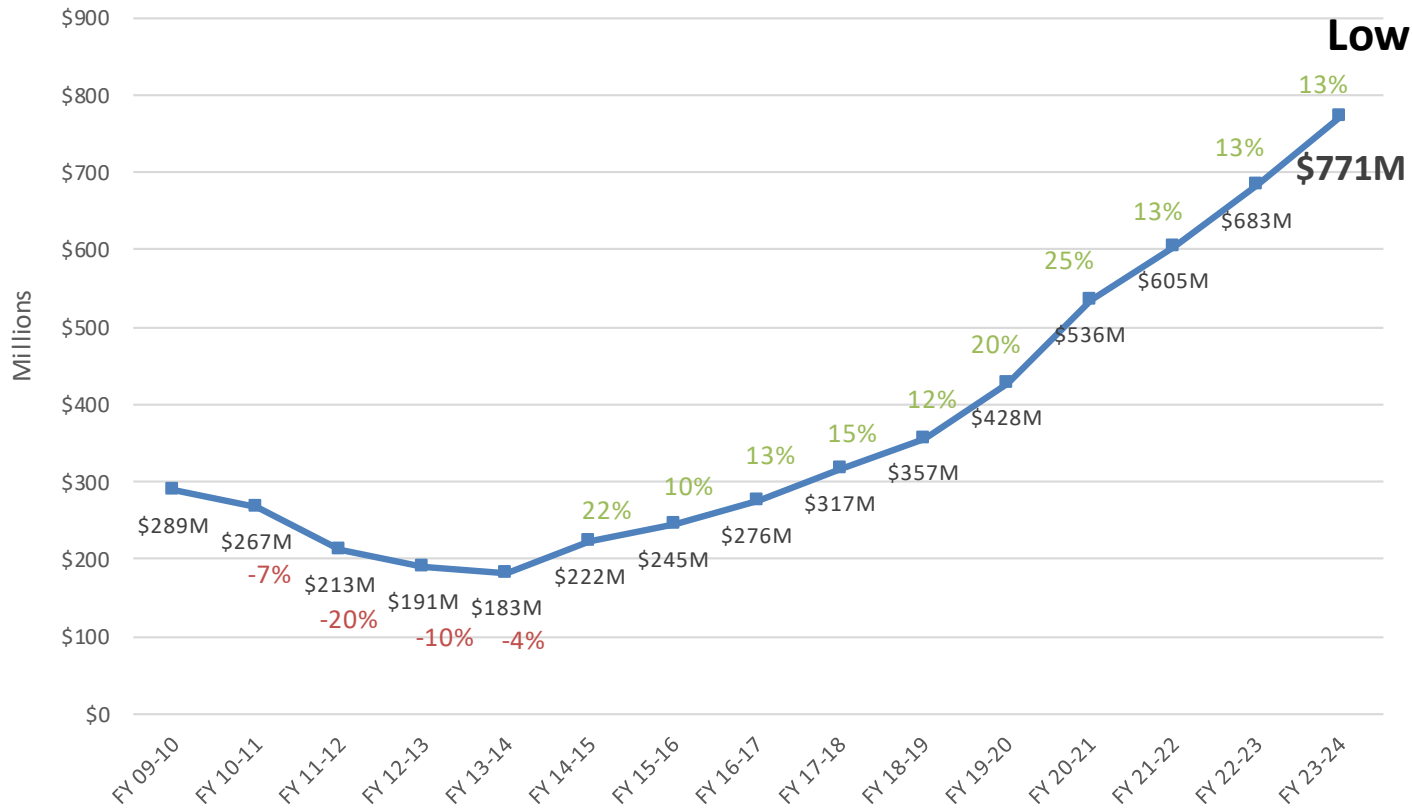
- QC’s Growth is the Cumulative Effect of Town Council’s Policy Decisions
- QC Has Experience Significant Growth
 - Several Metrics Show QC’s Growth
 - Population, Size of Budget, Property Assessed Value
- Assessed Value Reflects the Financial Investment in QC
 - Assessed Value has Increased \$588M (321%) since the Low of FY 2013-14
- Full Cash Value (Market) is Far in Excess of Limited Cash Value (Used for Property Taxes)
- QC is a Solid Investment ... and It’s Paying Off



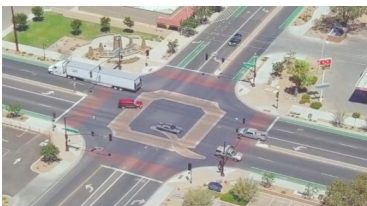


ASSESSED VALUE HISTORY

+321%
from
FY 13-14

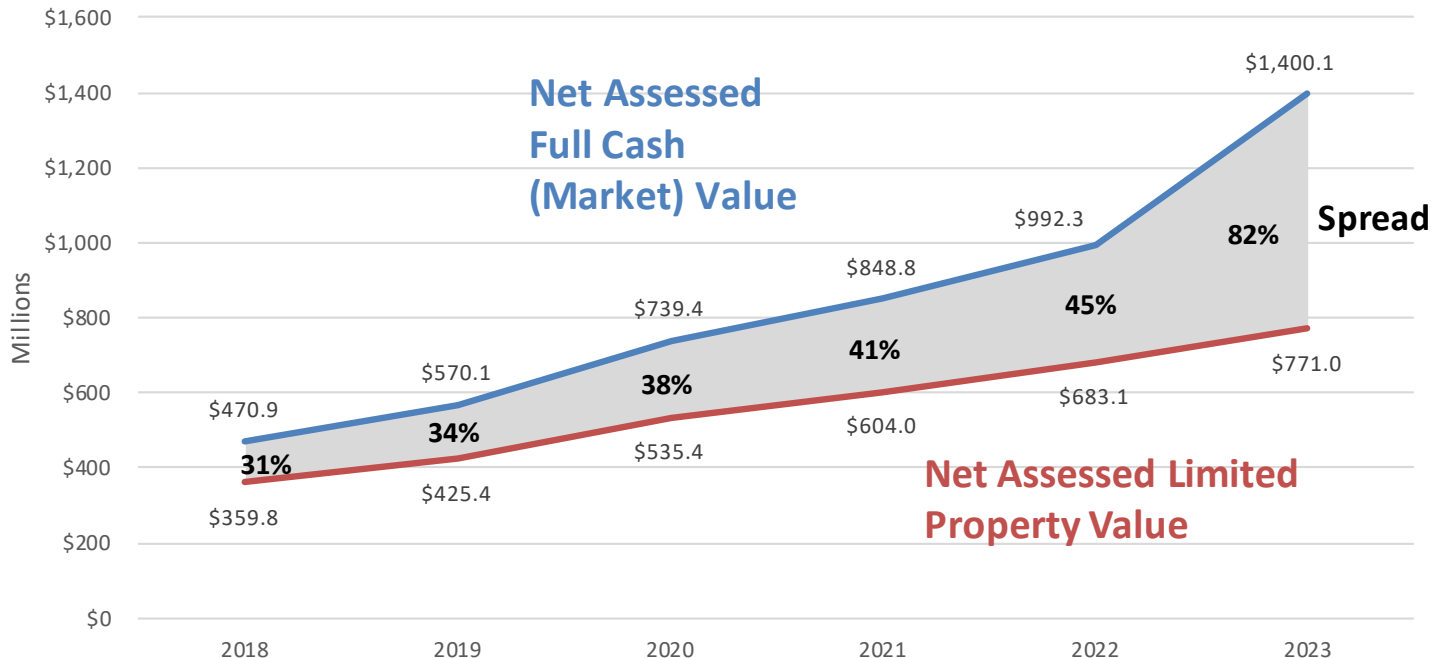
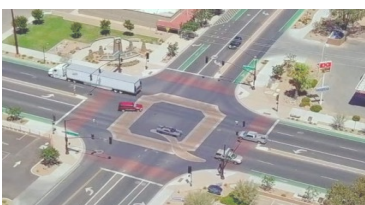


FY 23-24 ASSESSED VALUE INCREASE



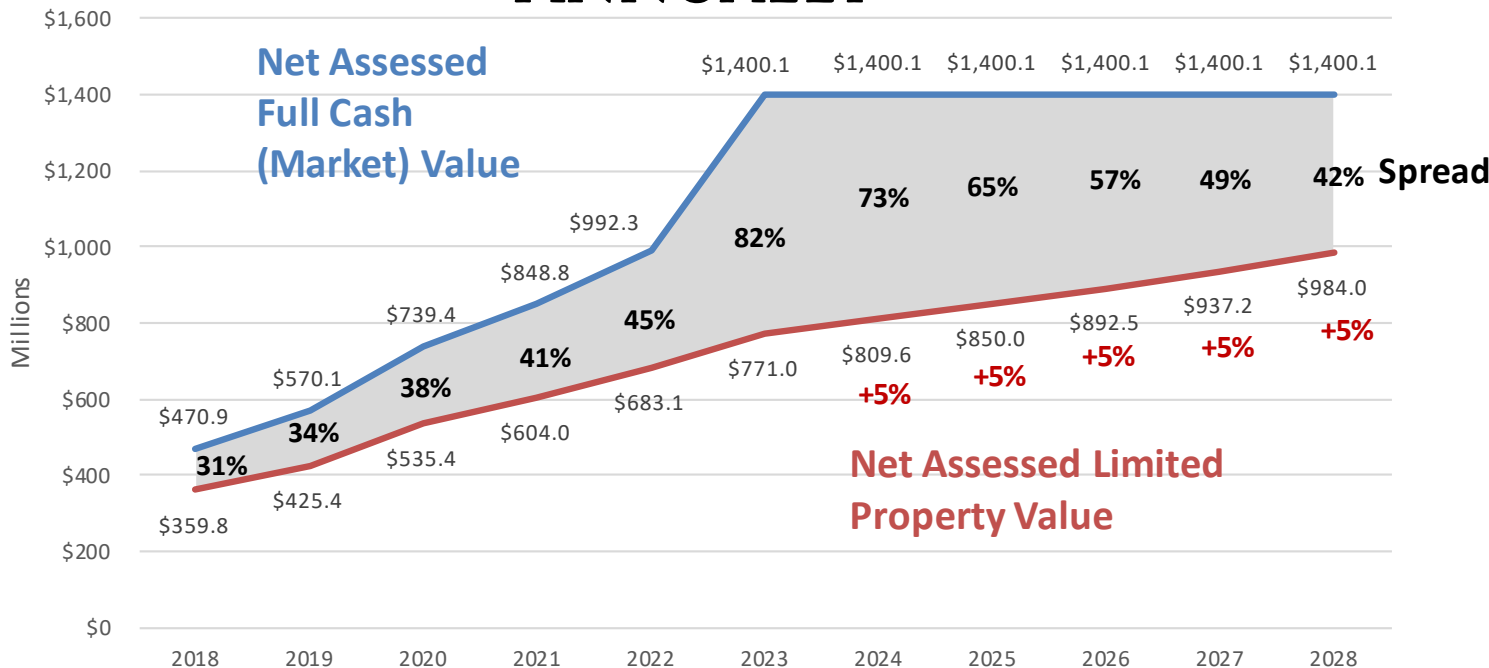
	Assessed Value	% Change
FY 22-23 Total	\$683.1M	
FY 23-24 Increase:		
Existing Property	\$40.7M	+5%
New Construction	<u>\$47.3M</u>	+8%
FY 23-24 Increase	\$88.0M	
FY 23-24 Total	\$771.0M	+13%

HISTORICAL SPREAD BETWEEN FULL CASH VALUE (MARKET) AND LIMITED PROPERTY VALUE (PROPERTY TAXES)



Based on Tax Year 2023, if FCV stopped growing, LPV could increase for 11 years

PROPERTY TAX ASSESSED VALUATION WILL CONTINUE TO INCREASE AT 5% ANNUALLY

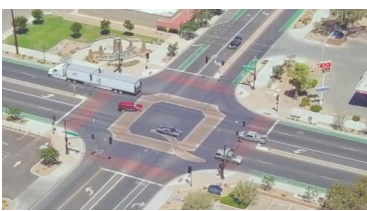


Excluding new construction, LPV grows by 5% even if FCV remains unchanged

“FREEZE” POLICY

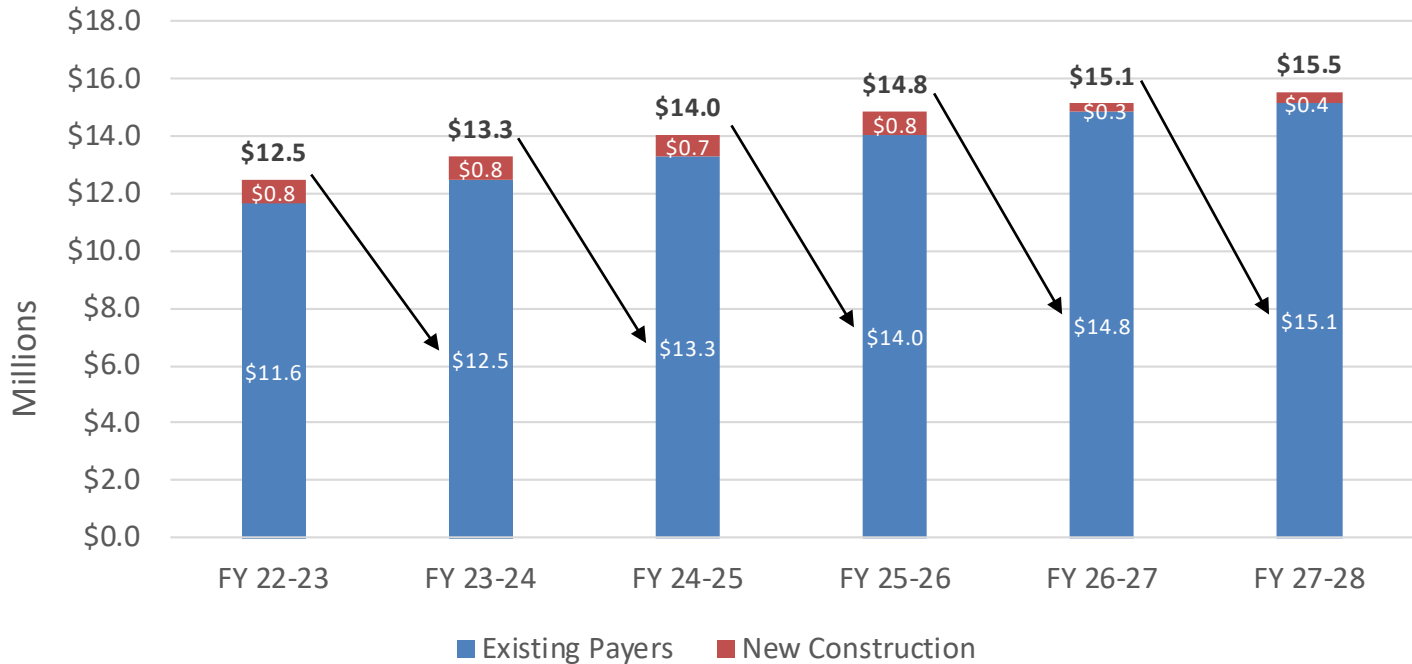
Effective July 1, 2023, Created a New Primary Property Tax Policy

1. Property Taxes Will be Received from New Construction
2. Maintains (Freezes) Primary Property Taxes for Existing Customers for Five Years
3. Property Taxes for Existing Taxpayers Will Be Set at the Truth and Taxation Levy Rate (TNT) Annually if Both of the Following Conditions Exist:
 - A. The Levy Rate Exceeds \$1.40 **AND**
 - B. The Amount of Property Taxes is 20% or Higher of Expenses



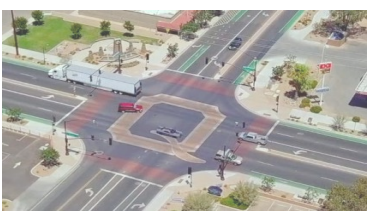
PROPERTY TAX PROJECTION UNDER “FREEZE” POLICY

*Property Tax Revenues Increase Only by New Construction,
Not from Existing Properties*

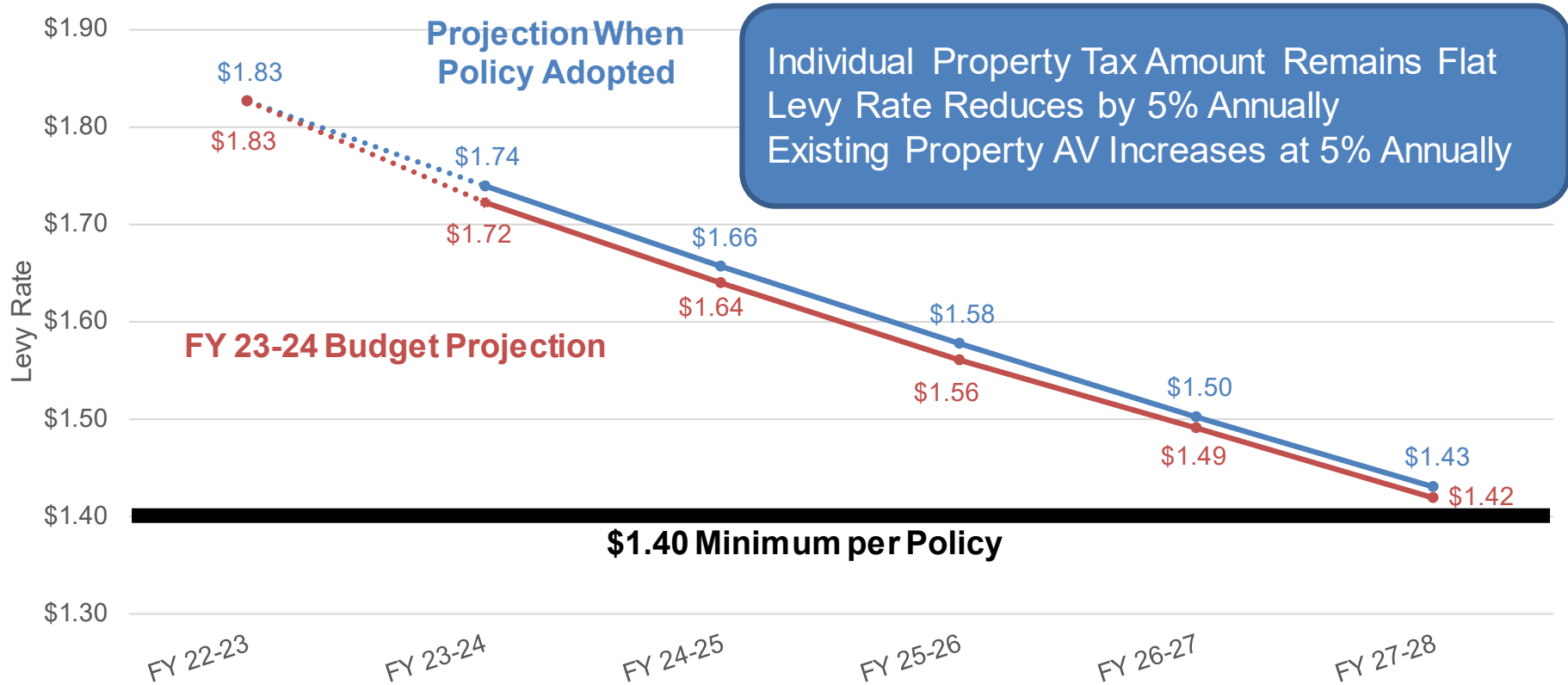


LEVY RATE HISTORY

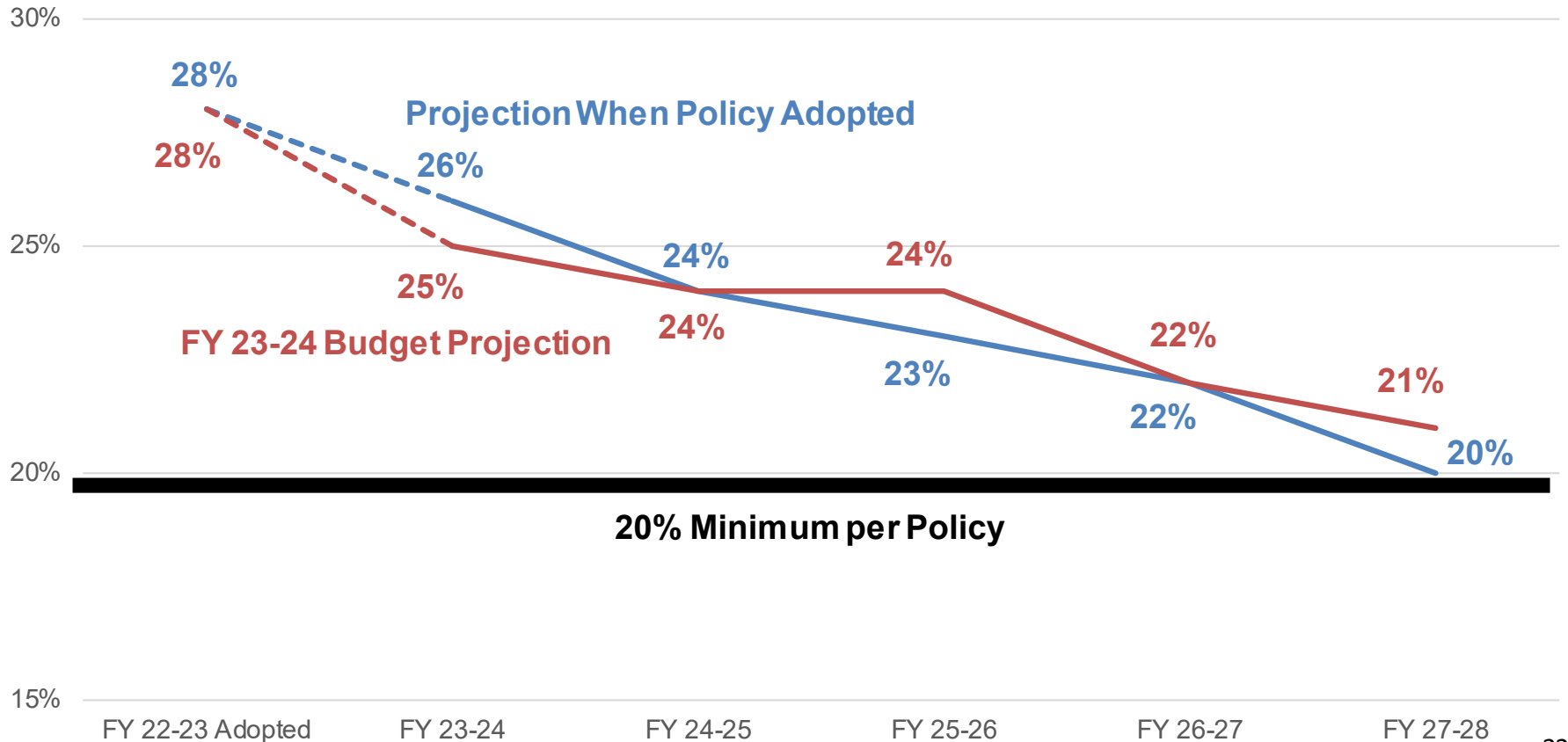
- FY 07-08 (Inception) to FY 20-21: \$1.95 (Legal Maximum)
- FY 20-21 to FY 22-23: \$1.83
 - 6% Less Than Legal Maximum
- FY 23-24 (“Freeze” Policy): \$1.72
 - 12% Less Than Legal Maximum
- FY 27-28 (Projected): \$1.42
 - 27% Less Than Legal Maximum



LEVY RATE PROJECTION



PERCENT OF EXPENSES COVERED BY PROPERTY TAXES



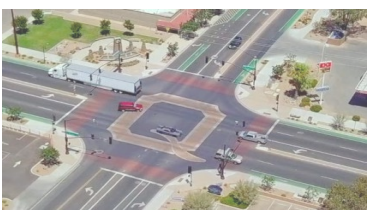
EXAMPLE: SAME PROPERTY TAX (MEDIAN VALUE HOME)



	Assessed Value (+5% Annually)	Levy Rate (-5% Annually)	Property Tax
FY 22-23 (Existing)	\$241K	\$1.83	\$441
FY 23-24	\$256K	\$1.72	\$441
FY 24-25	\$269K	\$1.64	\$441
FY 25-26	\$282K	\$1.56	\$441
FY 26-27	\$296K	\$1.49	\$441
FY 27-28	\$311K	\$1.42	\$441

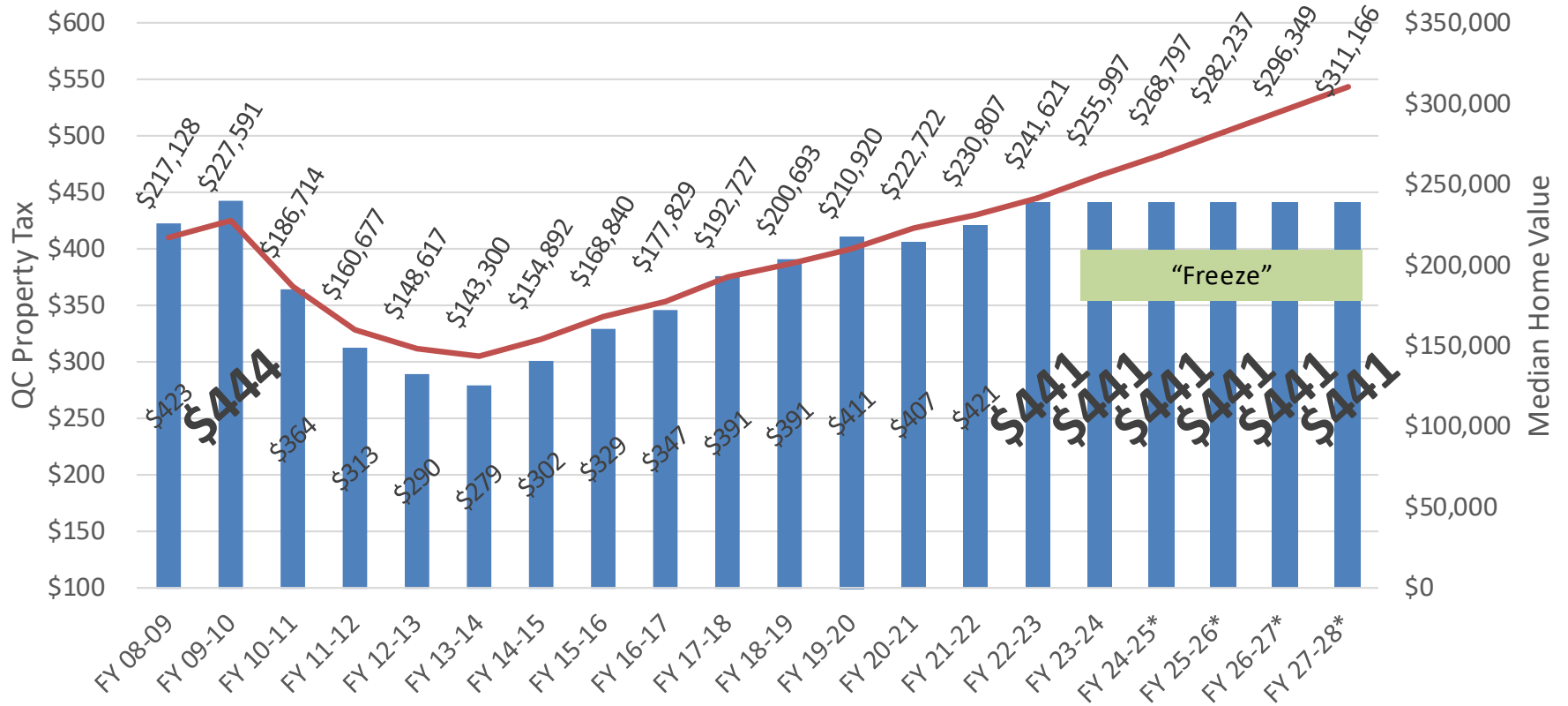
No
Change

EXAMPLE: FREEZE PROPERTY TAX (MEDIAN VALUE HOME)



	New Policy	Voter Approved Maximum	Annual Savings	Cumulative Savings
FY 22-23 (Existing)		\$441		
FY 23-24	\$441	\$499	\$58	\$58
FY 24-25	\$441	\$524	\$83	\$141
FY 25-26	\$441	\$550	\$109	\$251
FY 26-27	\$441	\$577	\$137	\$388
FY 27-28	\$441	\$606	\$166	\$553

PAYING ABOUT THE SAME PROPERTY TAXES AS A RESULT OF THE FREEZE AS COMPARED TO FY 09-10 (\$444 vs. \$441)*



*Median Value Home, Assuming a 5% Projected Assessed Valuation Increase.

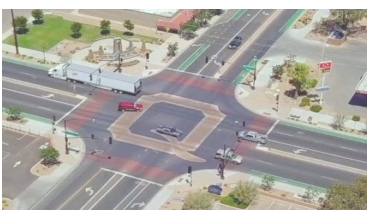
“FREEZING” PROPERTY TAXES

Breakout of FY 23-24 Taxes

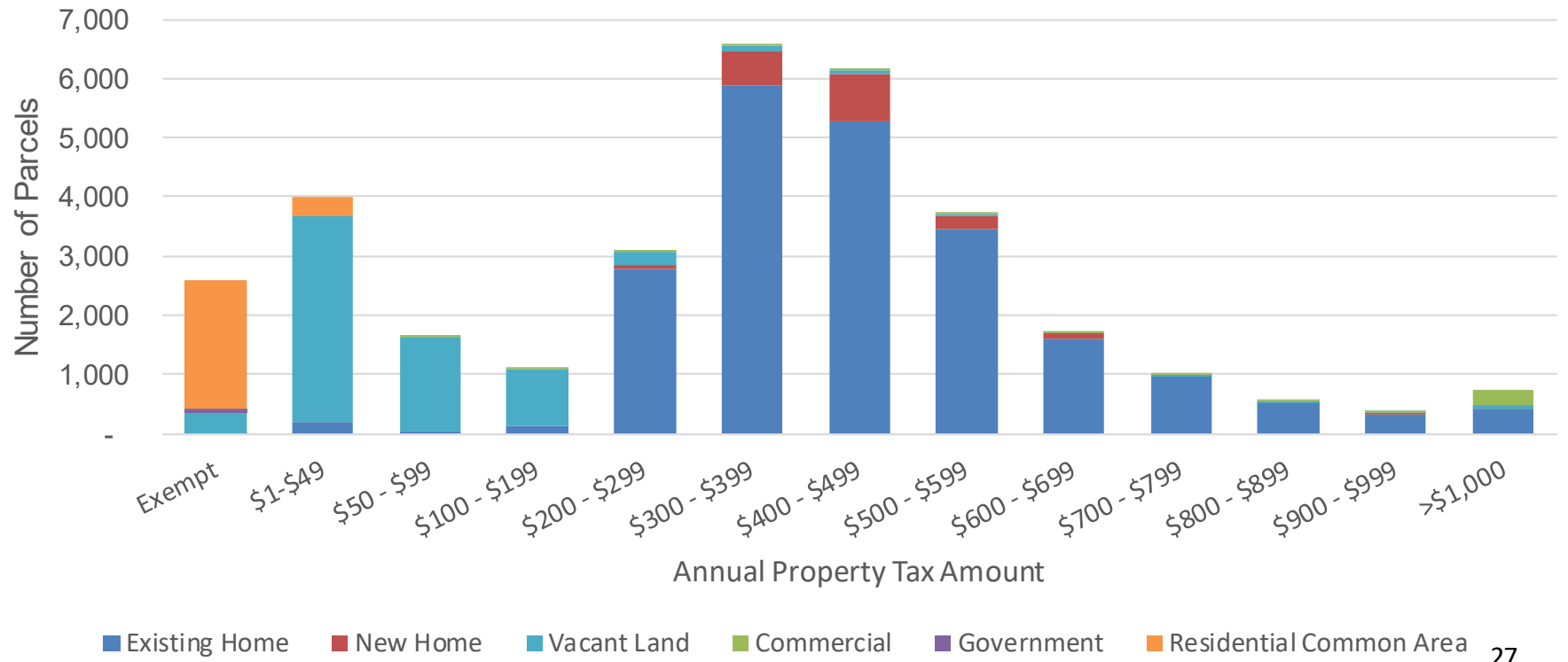
	Number of Taxpayers	FY 23-24 Taxes
FY 22-23 Taxpayers	~30K	\$12.5M (No Change)
New FY 23-24 Taxpayers	<u>~3K</u>	<u>\$0.8M (New)</u>
Total	~33K	\$13.3M

Estimated Taxpayer Savings (As Compared to Voter Approved Maximum)

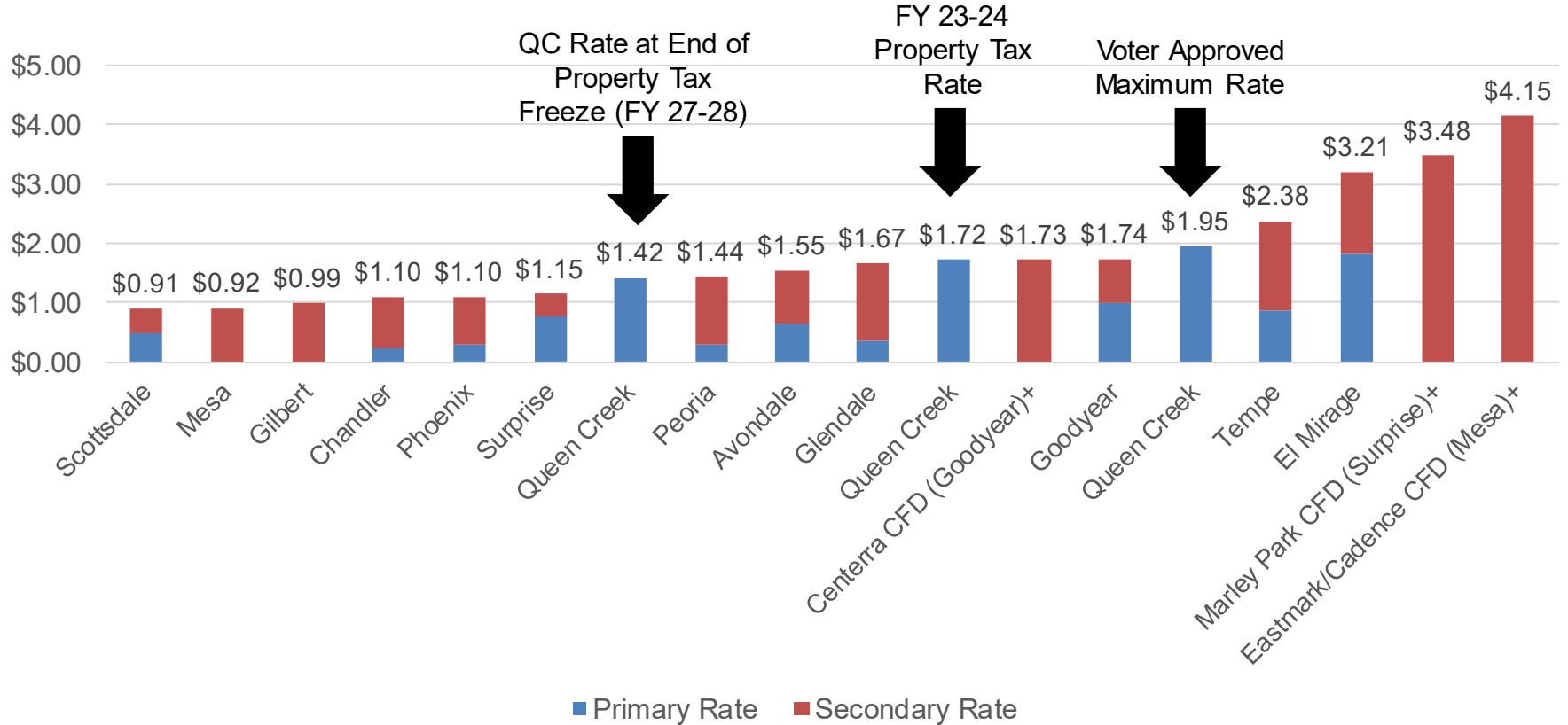
	Voter Approved Maximum	FY 23-24 Actual Amount	Savings \$ (-%)
FY 2023-24	\$15.0M	\$13.3M	\$1.7M (-12%)
FY 2027-28 (5 th Year)	\$21.4M	\$15.5M	\$5.9M (-27%)
5-Year Cumulative	\$91.4M	\$72.8M	\$18.6M (-20%)



PROPERTY TAXES: ALL PROPERTY TYPES (33K PARCELS) FY 23-24: \$13.3M



FY 23-24 PROPERTY TAX COMPARISONS*



Community Facility Districts (CFD) shown are in addition to the city property tax

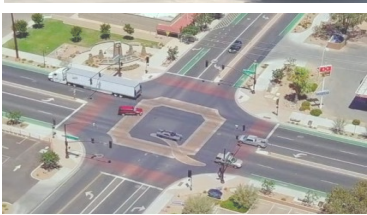
*Many cities are currently in the process of setting the FY 23-24 rates and this represents the most updated information available.

MOTION

Approval of Ordinance 813-23 as Presented to Collect \$13.3M in Primary Property Taxes for FY 23-24

- \$12.5M From FY 22-23 Property Taxpayers (No Increase)
- \$0.8M From New Property Taxpayers





APPENDIX

FY 23-24 ASSESSED VALUE (AV) BREAKOUT*

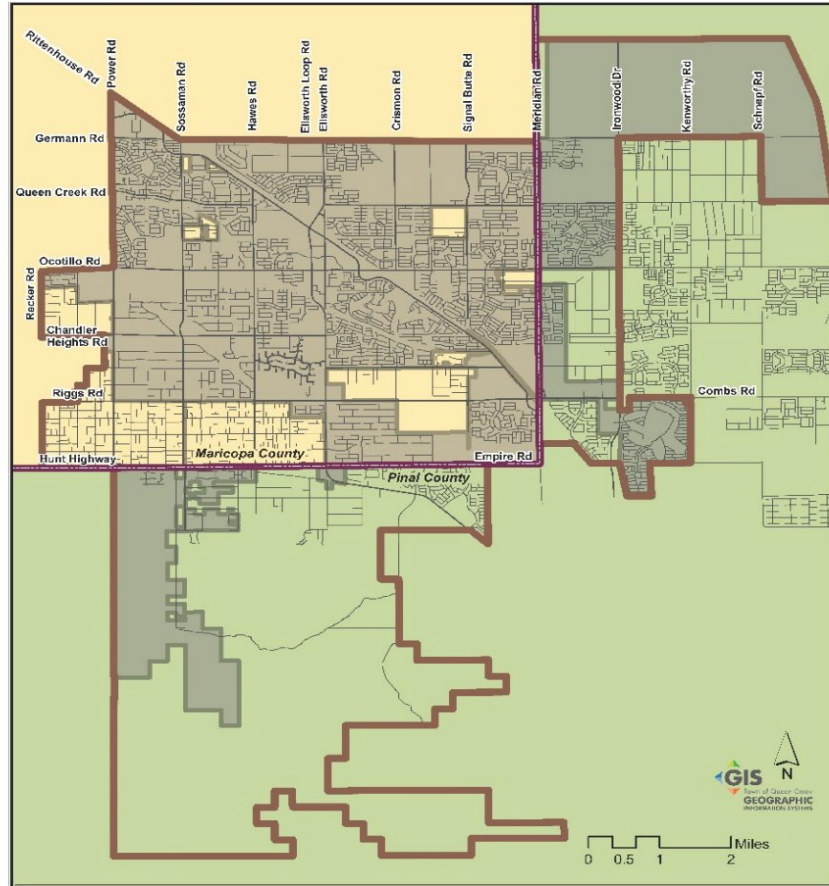
Property Class	Total LPV	% of Total LPV	Total Net Assessed LPV	% of LPV Classification	Property Taxes	% of Property Taxes
Single Family Residential	\$6,415.3M	81%	\$641.3	10%	\$11.1M	83%
Commercial	\$ 707.0M	9%	\$91.2	17%	\$ 1.6M	12%
Vacant Land	<u>\$ 818.9M</u>	<u>10%</u>	<u>\$38.5</u>	15%	<u>\$ 0.6M</u>	<u>5%</u>
Total	\$7,941.2M	100%	\$771.0		\$13.3M	100%

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



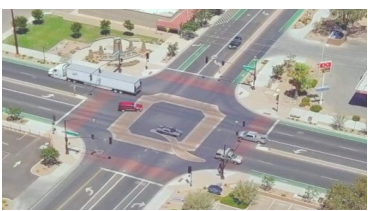
TOWN OF QUEEN CREEK ARIZONA

 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.

ASSESSED VALUE BREAKOUT BY COUNTY AND PROPERTY CLASS*



Property Class	Maricopa County Assessed LPV	Pinal County Assessed LPV	Total Assessed LPV
Single Family Residential	\$528.0M	\$113.3M	\$641.3M
Commercial	\$82.5M	\$8.7M	\$91.2M
Vacant Land	<u>\$31.2M</u>	<u>\$7.3M</u>	<u>\$38.5M</u>
Total	\$641.7M	\$129.3M	\$771.0M

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