



FY 2024-25 Adoption of Property Taxes

Town Council Meeting

June 5, 2024

Budget Calendar

Date	Item
February 7	Economic Overview and FY 24-25 Revenue Projections
February 24-25	Council Strategic Planning Session
March 28	Town Manager Recommended Budget Released
April 1 - 4	Budget Briefings with Town Council
April 8 and 9	Budget Committee Meetings (Full Council)
May 1	Tentative Budget Adoption
May 15	Adoption of Final Budget, Corporate Strategic Plan, and Updated Financial / Procurement Policies
June 5	Property Tax Levy Adoption and Elimination of 0.25% Town Center Sales Tax



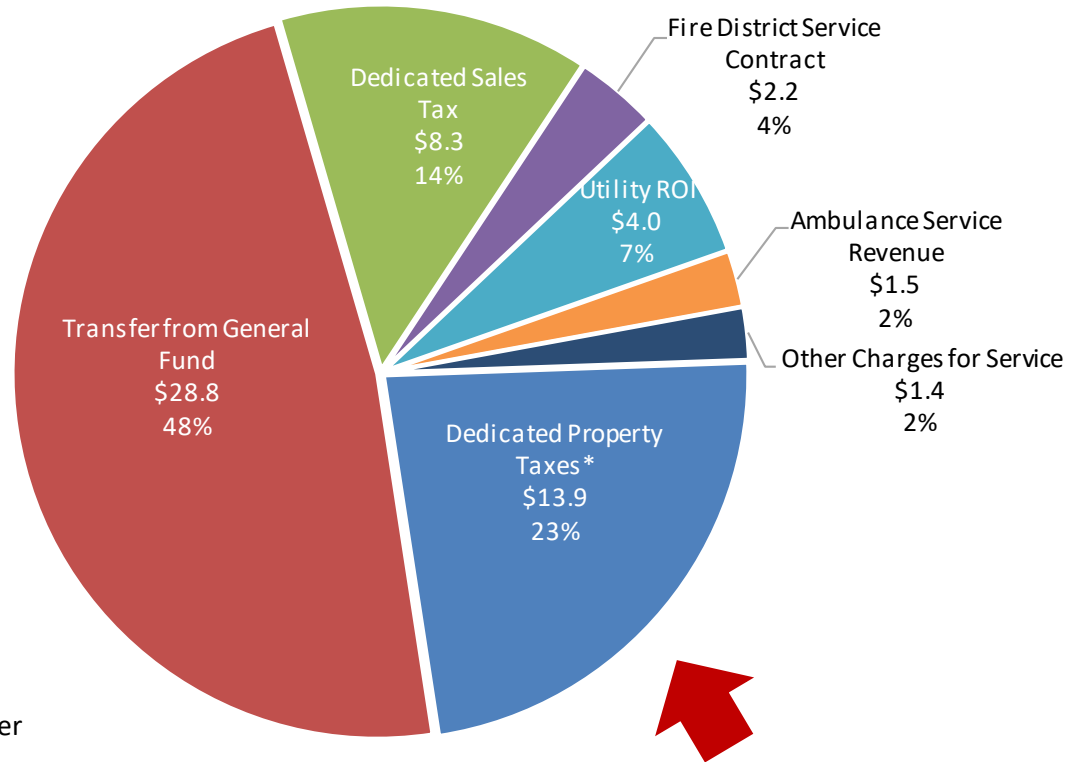
QC Property Taxes

- 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 ~23% 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 2024-25 Public Safety Funding: \$60.1M



*Assumes Levy Rate at \$1.63 per \$100 Assessed Value

Assessed Value Growth Remains Strong: +11%



	Assessed Value	% Change
FY 23-24 Total	\$771.0M	
FY 24-25 Increase:		
Existing Property	\$43.4M	+6%
New Construction	<u>\$38.9M</u>	+5%
FY 24-25 Increase	\$82.3M	
FY 24-25 Total	\$853.3M	+11%

5-Year Property Tax “Freeze”

- Approved in November 2022
- Resolution No. 1500-22
- FY 24-25 is the Second Year of the “Freeze”
- The “Freeze” is Performing as Expected
 - 2-Year Cumulative Actual Savings: \$4.5M
 - 5-Year Cumulative Expected Savings: \$19.8M

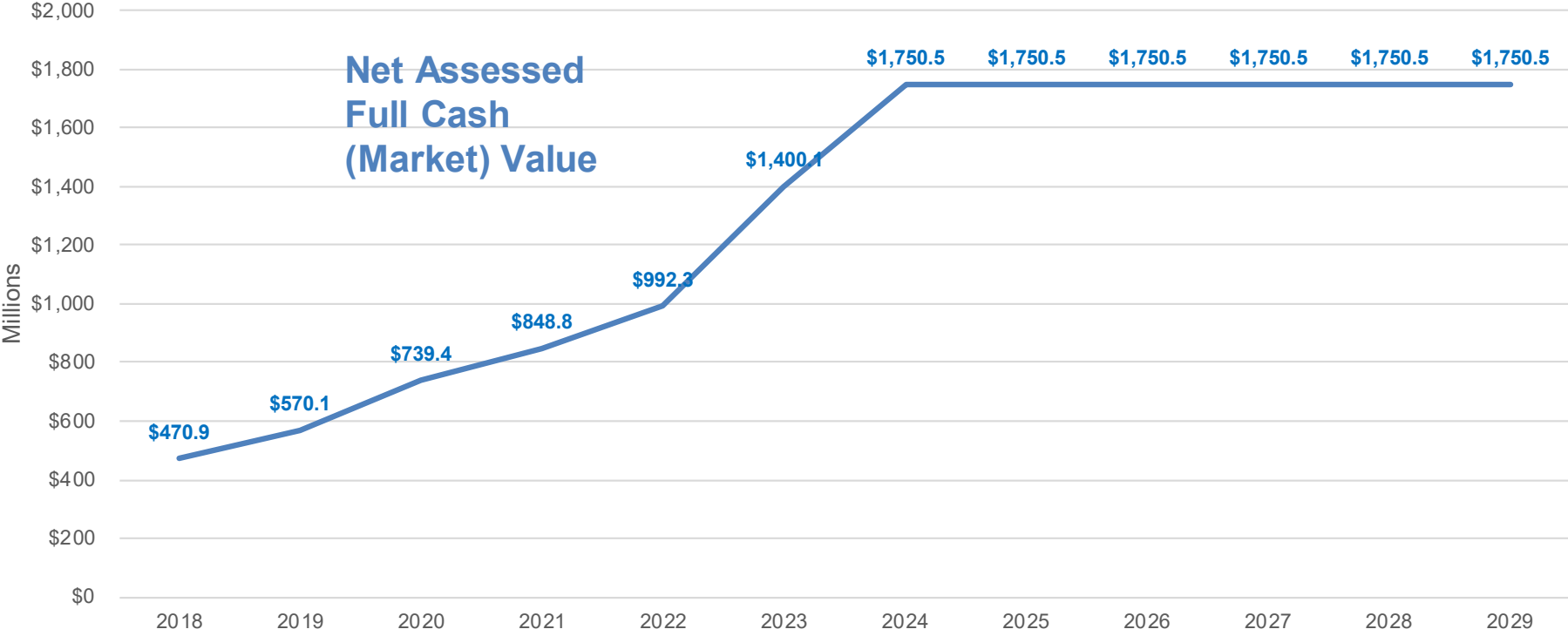


How is the “Freeze” Possible?

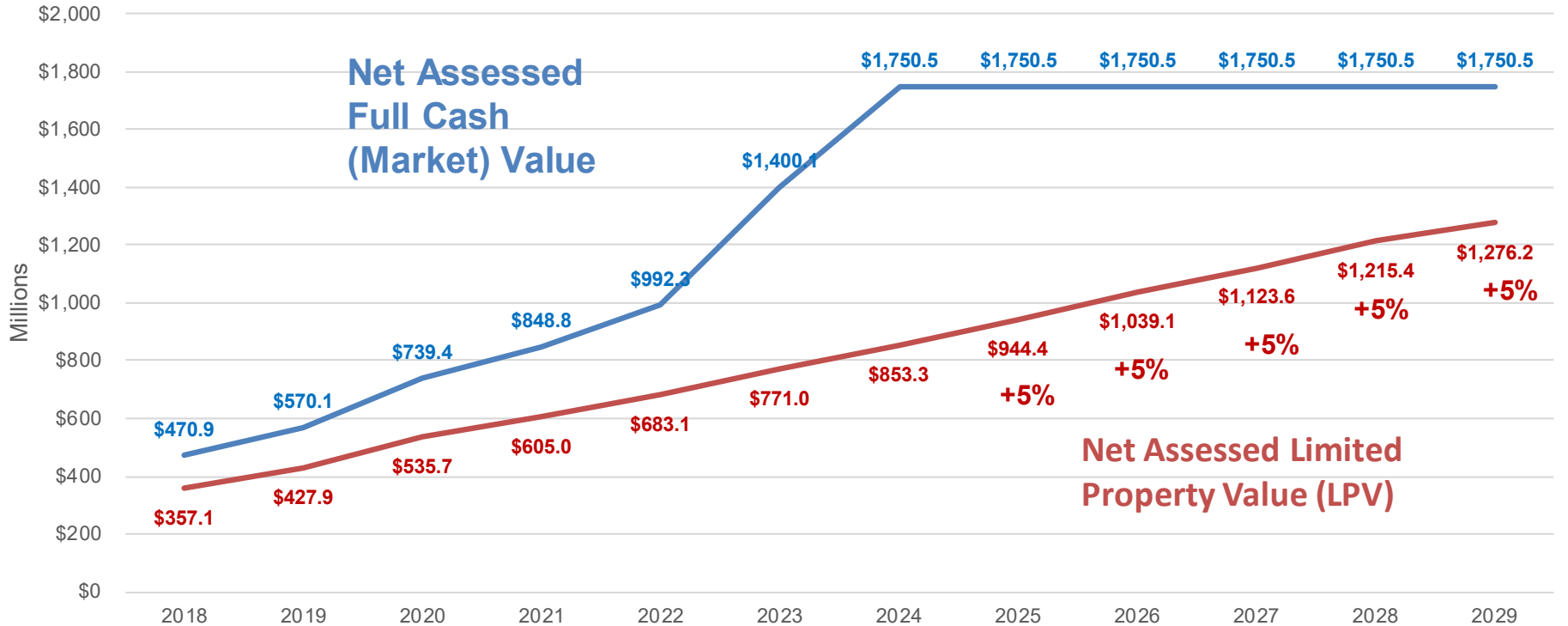
- Significant Assessed Value Growth Reflects the Financial Investment in QC
- Full Cash Value (Market) is Far in Excess of Limited Cash Value (Used for Property Taxes)
 - FY 24-25 Market Value is More than Double the Limited Cash Value
 - See Graph on Next Slide



Market Value Compared to Limited Property Value

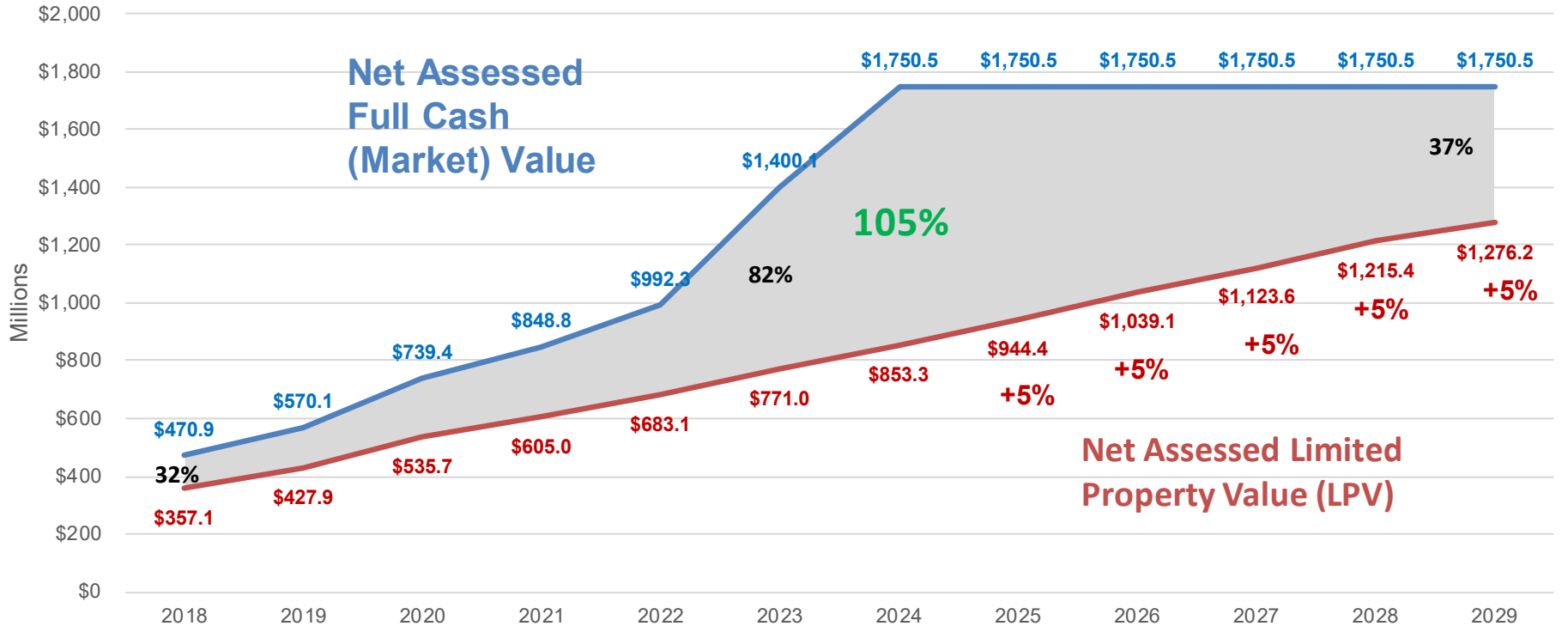


Market Value Compared to Limited Property Value



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

Market Value Compared to Limited Property Value



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

What Does the “Freeze” Policy Accomplish?



1. Reduces Property Taxes (Compared to Voter Approved Maximum)
 - **\$6.1M in 5th Year of “Freeze”**
 - **\$19.8M Over 5 Years of “Freeze”**
2. Creates Certainty for Taxpayers (Existing and New)
 - No Property Tax Increase for 5 Years Beginning July 1, 2023
 - Savings on a \$265K Median Value House as Compared to the Voter Approved Maximum:
 - **\$166 in 5th Year of “Freeze”**
 - **\$557 Over 5 Years of “Freeze”**
3. Property Tax Revenues Increase Only by New Construction
4. Shifts the Funding of Public Safety Costs
 - More of the Town’s General Revenues Pay for Public Safety

“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 In 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 Public Safety Expenses



“FREEZING” PROPERTY TAXES

Breakout of FY 24-25 Taxes

	Number of Taxpayers	FY 24-25 Taxes
FY 23-24 Taxpayers	~33K	\$13.3M (No Change)
New FY 24-25 Taxpayers	<u>~1K</u>	<u>\$0.6M (New)</u>
Total	~34K	\$13.9M

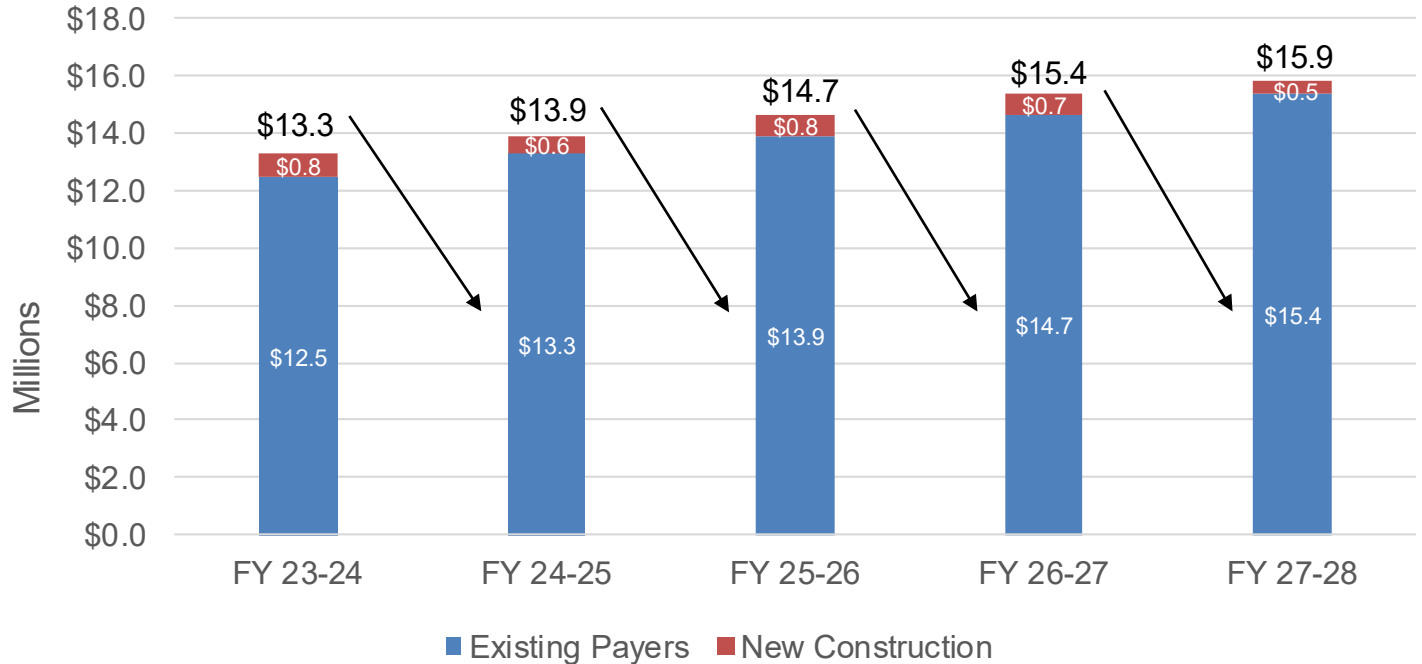
Estimated Taxpayer Savings (Compared to Voter Approved Maximum)

	Voter Approved Maximum	“Freeze” Amount	Savings \$ (%)
FY 2024-25	\$16.6M	\$13.9M	\$2.7M (-16%)
FY 2027-28 (5th Year)	\$21.9M	\$15.8M	\$6.1M (-28%)
5-Year Cumulative	\$92.3M	\$73.1M	\$19.8M (-21%)



Property Tax Projection Under “Freeze” Policy


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



PROPERTY TAXES: ALL PROPERTY TYPES (34K PARCELS) FY 24-25: \$13.9M



Property Tax Revenue Formula



Assessed Value (AV)

X

Levy Rate
(per \$100 AV)


=

Annual Revenues

Maricopa /
Pinal
County

Town
Council

Property Tax Revenue Formula



Assessed Value (AV)

\$853M

Maricopa /
Pinal
County

X


Levy Rate
(per \$100 AV)

=

Annual
Revenues

Town
Council

Property Tax Revenue Formula



Assessed Value (AV)

\$853M

Maricopa /
Pinal
County

X

Levy Rate
(per \$100 AV)


=

Annual
Revenues

\$13.9M

Town
Council

Property Tax Revenue Formula



Assessed Value (AV)

\$853M

Maricopa /
Pinal
County

X

Levy Rate
(per \$100 AV)

\$1.63

=

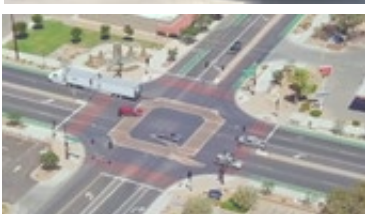
Annual Revenues

\$13.9M

Town
Council

Example: Property Tax “Freeze”

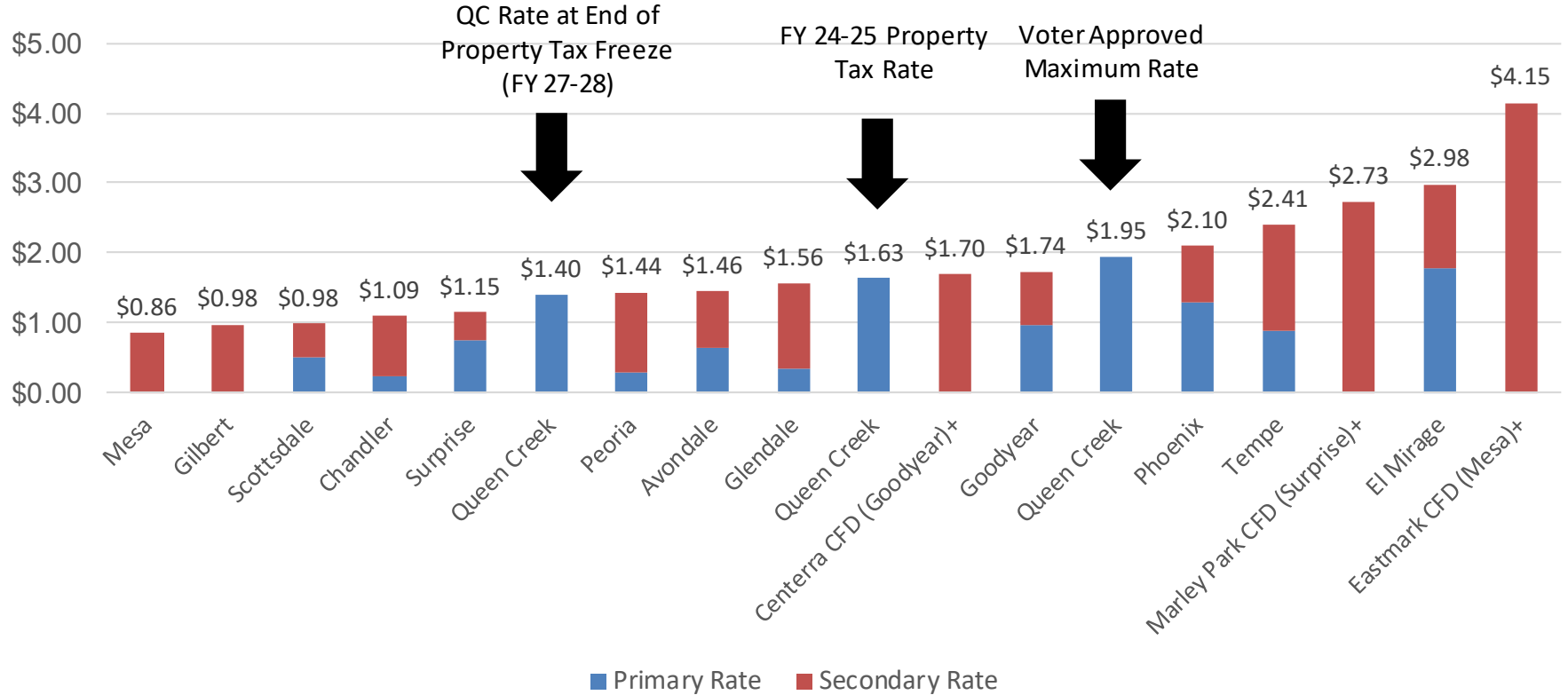
(Median Value Home)



	Assessed Value (+5% Annually)	Levy Rate (-5% Annually)	Property Tax
FY 24-25	\$265K	\$1.63	\$434
FY 25-26	\$279K	\$1.55	\$434
FY 26-27	\$293K	\$1.48	\$434
FY 27-28	\$307K	\$1.41	\$434

No Change

FY 24-25 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 24-25 rates and this represents the most updated information available.

“Freeze” Evaluation Issues

- State Land Additions to Assessed Value
 - LGES and LGEES
 - Other Properties
- Growth of Police Expenses
- Growth of Fire Expenses
- Growth of 0.25% Dedicated Public Safety Sales Tax
- Fire District Contract



Recommended Motion

Approve Resolution No. 840-24

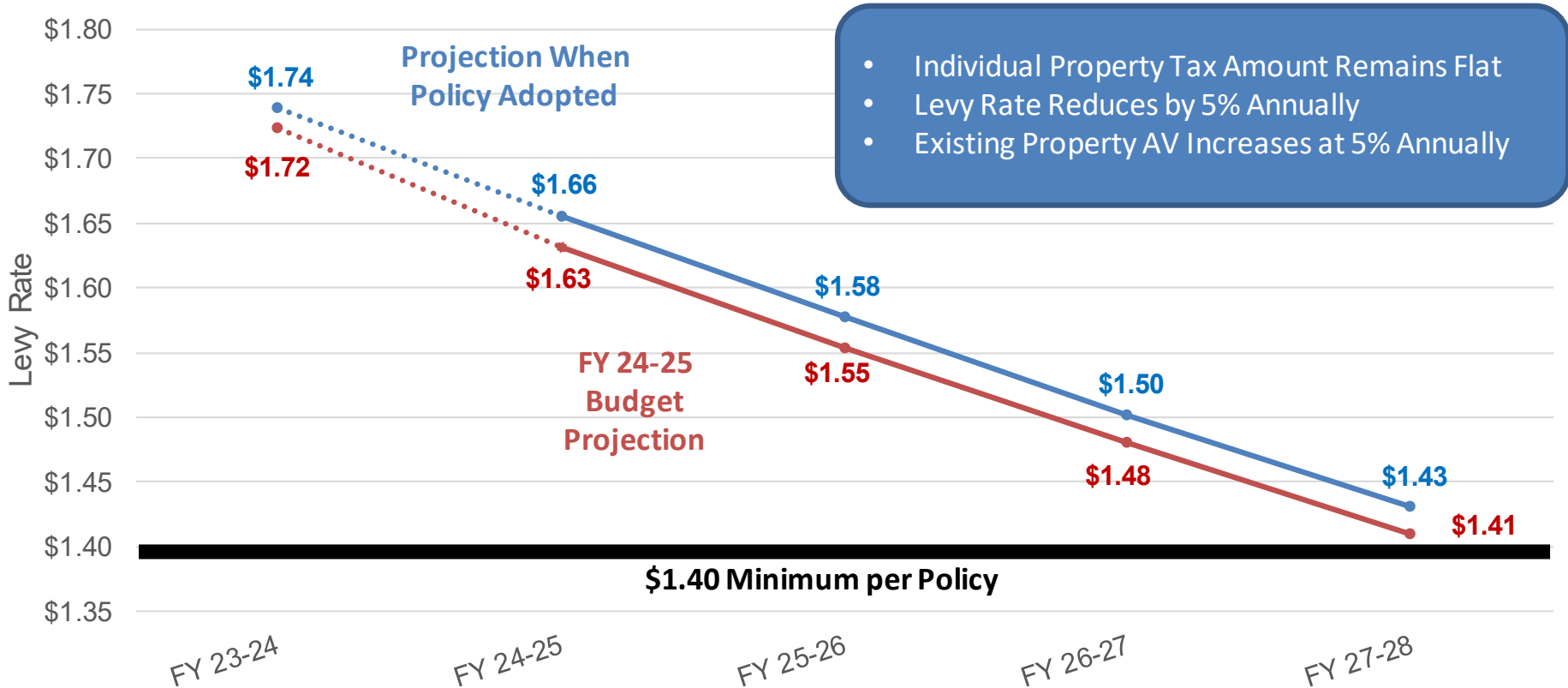




Appendix

1. Levy Rate Projection
2. Percent of Expenses Projection

Levy Rate Projection*



*Voter Approved Legal Maximum is \$1.95

Percent of Expenses Covered by Property Taxes

