



## **TRUTH IN TAXATION NOTICE**

### **Street Light Improvement Districts Notice**

In connection with the adoption of the City Budget, including the Street Light Improvement Districts (SLIDs), notice is hereby given that the ad-valorem property taxes levied by the City to support its budget expenditures may increase. A Public Hearing is scheduled to be held by the Mayor and Council of the City of Buckeye on Monday, June 18, 2019 at 6:00 P. M. in the City of Buckeye City Hall, 530 East Monroe Street, Buckeye, Arizona 85326.

#### **City of Buckeye's written report in support of the proposed increase in the FY 19-20 property tax levies which are used to provide services to the residents of Buckeye.**

The City Of Buckeye, as part of its FY 19-20 budget, proposes to levy a primary property tax of \$8,929,846, an amount \$1,150,022 greater than the prior year's levy. The primary property tax rate is estimated to remain the same as the prior year's rate of \$1.8000. It is the City's intention that the City's primary property taxes on a \$100,000 valued home will not exceed \$180.00, the same as the last six (6) years.

The Arizona Constitution, beginning with the 1980 tax year, divided property tax levies into a primary property tax levy and a secondary property tax levy. A secondary property tax may only be levied to pay the principal and interest charges on voter approved General Obligation bonds/loans. The primary property tax levy is for all other purposes. There are no limits on the amount of secondary property taxes, while there are strict limits placed on the primary property tax.

The primary property tax levy is limited to an increase of 2% over the previous year's allowable levy (base levy being the FY 79-80 levy, if the community had a primary property tax levy in FY 79-80) plus an increased dollar amount due do to a net gain in property not taxed the previous year. **The Arizona State Legislature in 2006 enacted HB 2876 which changed the primary property tax levy's legal limit calculation.** The FY 06-07 legal levy was limited to the lesser of a 2% increase over the prior year's levy, or the Arizona Constitutional legal limit. **Further, in November 2006, the voters elected to reset the "base year" from which the legal limit is calculated from FY 79-80 to FY 05-06.**

Any city or town which wants to initiate a primary property tax must submit the proposed amount to be raised from the tax to the voters at an election to be held on the third Tuesday in May. The amount approved by the voters will constitute the base on which future limitations on levies will be determined. If the voters approve the levy, the city or town council may levy the tax in the fiscal year immediately

following the election. The cities or towns currently have no authority to override the limit once it is established.

The Property Tax Oversight Commission was formed in 1988 to review the primary property tax levy limitations of each city, town, county and community college district in the State. The county assessor is required to transmit and certify to the Property Tax Oversight Commission and the city or town council the values necessary to calculate the levy limit. Those values are to be transmitted on or before February 10 of the tax year. Each city or town is required to notify the Property Tax Oversight Commission in writing within ten days of its agreement or disagreement with the final levy limit. After adoption of the levy, the Property Tax Oversight Commission will review the primary property tax levy to determine the adequacy of compliance.

The Arizona State Legislature, in a 1996 special session on property taxes, approved the Truth in Taxation (TNT) legislation requiring cities to hold a public hearing, publish a notice of that hearing, and have a roll call vote if the city's proposed primary property tax levy, excluding amounts attributable to new construction, is greater than the property tax levied the year before. The TNT provision does not change the Arizona Constitution's legal levy limit. TNT requires the above stated Council actions, if cities or towns wish to adopt the Arizona Constitutional primary property tax levy limit.

The City Of Buckeye, as part of its FY 19-20 budget, proposes to levy a primary property tax less than the amount authorized by the Arizona State Constitution. The proposed levy amount is \$543,271.00 greater than the TNT amount (see attached Truth in Taxation Analysis). The proposed levy amount increases the primary property taxes above the TNT amount by \$10.95 per each \$100,000 of assessed value for a home. It is the City's intention that the City's primary property taxes on a \$100,000 valued home will not exceed \$180.00, the same as the last six (6) years.



City Of Buckeye				
Truth in Taxation Analysis for FY 19-20 Proposed Levy				
Line	Data Source	Formula	Line	Calculation
1	Actual current primary property tax levy:		1	\$ 7,779,824
2	Net assessed valuation:	Levy Limit Worksheet Line C.5	2	\$ 496,102,577
3	VALUE OF NEW CONSTRUCTION:	Line 2 - Line 4	3	\$ 35,891,971
4	Net assessed value minus new construction:	Levy Limit Worksheet Line B.5	4	\$ 460,210,606
5	MAXIMUM TAX RATE THAT CAN BE IMPOSED WITHOUT A TRUTH IN TAXATION HEARING:	(Line 1 ÷ Line 4) x 100	5	\$ 1.6905
6	GROWTH IN PROPERTY TAX LEVY CAPACITY ASSOCIATED WITH NEW CONSTRUCTION:	(Line 5 x Line 3) ÷ 100	6	\$ 606,751
7	MAXIMUM PRIMARY PROPERTY TAX LEVY WITHOUT A TRUTH IN TAXATION HEARING:	Line 1 + Line 6	7	\$ 8,386,575
8	Proposed primary property tax levy:	Levy Limit Worksheet Line D.8	8	\$ 8,929,846
9	PROPOSED INCREASE IN PRIMARY PROPERTY TAX LEVY, EXCLUSIVE OF NEW CONSTRUCTION:	Line 8 - Line 7	9	\$ 543,271
10	PROPOSED % INCREASE IN PRIMARY PROPERTY TAX LEVY:	Line 9 ÷ Line 7	10	6.48%
11	PROPOSED PRIMARY PROPERTY TAX RATE:	(Line 8 ÷ Line 2) x 100	11	\$ 1.8000
12	PROPOSED INCREASE IN PRIMARY PROPERTY TAX RATE:	Line 11 - Line 5	12	\$ 0.1095
13	PROPOSED PRIMARY PROPERTY TAX LEVY ON A HOME VALUED AT \$100,000:	(Line 11 x 10,000) ÷ 100	13	\$ 180.00
14	PRIMARY PROPERTY TAX LEVY ON A HOME VALUED AT \$100,000 IF THE TAX RATE WAS NOT RAISED:	(Line 5 x 10,000) ÷ 100	14	\$ 169.05
15	PROPOSED PRIMARY PROPERTY TAX LEVY INCREASE ON A HOME VALUED AT \$100,000:	Line 13 - Line 14	15	\$ 10.95