

Property Taxes

**Summary:** Residential property taxes are calculated by applying the tax rate adopted by the County Board of Supervisors, based on annual levy requirements, per \$100 to the property’s assessed valuation. If a property has a full cash value of \$100,000 the assessed valuation for residential property would be 10% or \$10,000 and since the tax rate is \$2.5288 then the current calculation for the County residential property tax would be:

$$(\$100,000 \times 10\%) / 100 \times \$2.5288 = \mathbf{\$252.88}$$

An increase or decrease in assessed valuation alone does not equate to higher or lower liabilities. The tax year is the calendar year in which the tax is levied rather than the government’s fiscal year. For example: Tax year 2019 is the tax levied in calendar year 2019 (August 2019) for the fiscal year 2019-2020 budget (beginning July 1, 2019 and ending June 30, 2020).

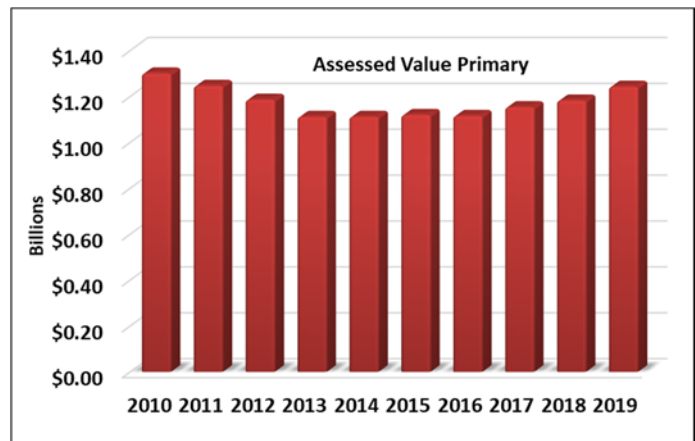
**Analysis:**

**Assessed Valuation:**

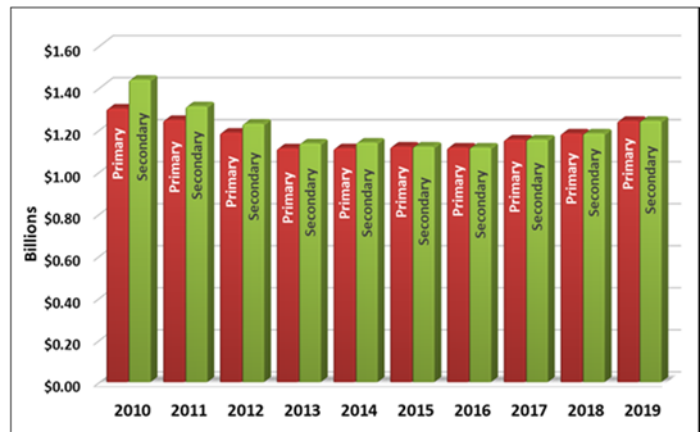
**Primary:** The primary assessed valuation is a legislated valuation, which is part of the formula when assessing taxes for general operations (general fund). In tax year 2019 (fiscal year 2019/20), the net primary assessed valuation increased by \$60,245,426 to \$1.243 billion, new construction included, with 2.48%, or \$30,832,451, attributed to new construction.

**Secondary:** The secondary assessed valuation is the basis for the County’s debt service (if applicable), and the Library and Flood Control District levies. The net secondary assessed valuation also increased by \$60,245,426 to \$1.243 billion new construction included as compared to tax year 2018.

The graph below shows a ten year history of the county’s net primary assessed valuations (general fund) by Tax Year.



The graph to the right shows a ten year history of the County’s net primary and secondary assessed valuations (in billions). The graph shows that current tax year values for primary and secondary are below as compared to tax year 2011 by -0.30% and -5.26% respectively.



Tax Rates:

**Primary:** The County levies property taxes for the general fund on primary assessments and the taxes are used for general governmental services. The rate history over the last nineteen (19) years has been as follows: from fiscal year 1997/98 through 2004/05 the County had a consistent tax rate of \$2.318 per \$100 assessed valuation. In fiscal year 2005/06 through 2010-11, the County has reduced the tax rate each year arriving to a \$1.7397 per \$100 assessed valuation. Fiscal Year 2011/12 marked the first year in more than fifteen (15) years the County has increased the tax rate to \$1.8798.

In fiscal year 2012/13, despite the increase in the cost of services, the Board of Supervisors opted to maintain same tax rate of \$1.8798 per \$100 assessed valuation. However, this trend was not sustainable on an annual basis and for fiscal year 2013/14, the Board opted to increase the rate to \$2.0606 per \$100 assessed valuation to maintain the fiscal year 2012/13 levy, exclusive of new construction. For fiscal year 2014/15, the Board increased the primary rate to \$2.1608 to maintain the fiscal year 2013/14 levy, exclusive of new construction. For fiscal year 2015/2016, the Board increased the primary rate to \$2.4132. For fiscal year 2016/17, the Board increased the primary rate to \$2.4684. For fiscal year 2017/18, the Board increased the primary rate to \$2.5016 and the primary rate was increased to \$2.5288 for fiscal year 2018/19. For fiscal year 2019/20 the Board elected to maintain the primary rate at \$2.5288.

Fiscal Year	General Fund	Library District	Debt Service	Flood Control	Total Tax Rate
2000/01	2.3180	0.5040	-	0.3500	3.1720
2001/02	2.3180	0.5040	-	0.3500	3.1720
2002/03	2.3180	0.5040	-	0.3500	3.1720
2003/04	2.3180	0.5040	-	0.3500	3.1720
2004/05	2.3180	0.5740	-	0.3500	3.2420
2005/06	2.2239	0.5740	-	0.3500	3.1479
2006/07	2.1429	0.5740	0.3400	0.3500	3.4069
2007/08	2.0192	0.5740	0.3400	0.3500	3.2832
2008/09	1.8825	0.5130	0.2541	0.3178	2.9674
2009/10	1.7548	0.5032	0.2309	0.2858	2.7747
2010/11	1.7397	0.5032	0.2309	0.2858	2.7596
2011/12	1.8798	0.5483	0.2526	0.2794	2.9601
2012/13	1.8798	0.5483	0.2708	0.2794	2.9783
2013/14	2.0606	0.5483	0.2941	0.2794	3.1824
2014/15	2.1608	0.5483	0.2934	0.2794	3.2819
2015/16	2.4132	0.5983	0.2995	0.2794	3.5904
2016/17	2.4684	0.6202	0.2773	0.2794	3.6453
2017/18	2.5016	0.6452	0.2582	0.2794	3.6844
2018/19	2.5288	0.6608	0.2426	0.2522	3.6844
2019/20	2.5288	0.6708	0.2429	0.2419	3.6844

**Secondary: Library District:** The Library District levies property taxes for the operation and maintenance of the libraries and library systems. The District levies on the secondary assessments. The rate history over the last nineteen (19) years has been as follows: from fiscal years 1997/98 through 2003/04, the District had a consistent rate of \$0.5040 per \$100 assessed valuation. In fiscal year 2004/05, the District increased the rate to \$0.5740 to coincide with the Library’s master plan. That rate stayed consistent until fiscal year 2008/09 when it was reduced to \$0.5130, the rate was reduced again in fiscal year 2009/10 to \$0.5032 and maintained at that rate in fiscal year 2010/11. Following the trend established by the General Fund due to the decrease in assessed valuation, the rate was increased to \$0.5483 for fiscal year 2011/12 and continued at that rate for fiscal year 2014/15. The rate increased to \$0.5983 for fiscal year 2015/16. For fiscal year 2016/17 the rate increased to \$0.6202. The rate increased to \$0.6452 for fiscal year 2017/18 and the rate increased to \$0.6608 for fiscal year 2018/19. In fiscal year 2019/20, the rate increased to \$0.6708.

**Library Debt:** The Library District also levies property taxes for a voter approved initiative to acquire and construct new library facilities. The District levies on the secondary assessments. This levy is identical to the amount necessary for the annual repayment of two bond issuances beginning in 2005. The rate was originally required at \$0.3400 for fiscal year 2006/07 and then gradually reduced to \$0.2309 through fiscal year 2010/11. Again mainly due to the decrease in property values and in order to meet the required payment the rate was increased to \$0.2526 in fiscal year 2011/12 and once more increased in fiscal year 2012/13 to \$0.2708 per \$100 of assessed value. In order to meet the yearly debt obligation the rate was once more increased to \$0.2941 per \$100 of assessed valuation for current fiscal year 2013/14. The rate was reduced to \$0.2934 for fiscal year 2014/15. For fiscal year 2015/16 the rate increased to \$0.2995. In 2016 the outstanding bond principal was reduced by using available cash and completing a second refunding of most remaining bonds decreasing the rate to \$0.2773 for fiscal year 2016/17. For fiscal year 2017/18 the rate once again decreased to \$0.2582 and the rate decreased again in fiscal year 2018/19 to \$0.2426. For fiscal year 2019/20, the rate increased slightly to \$0.2429.

**Flood Control District:** The Flood Control District levies property taxes for the acquisition, construction, operations and maintenance of Flood Control systems, this rate is currently set at \$0.2419 per \$100 assessed value. From fiscal year 2011/12 through fiscal year 2017/18, the tax rate stayed consistent at \$0.2794. For fiscal year 2018/19, the rate decreased to \$0.2522. The rate decreased again for fiscal year 2019/20 to \$0.2419. The decreases for fiscal years 2018/19 and 2019/20 were due to the shift in rate from Flood District to General Fund and Library District, respectively. The shift in rate was a decision from the Board of Supervisors to not increase the overall rate for the County for the past two fiscal years.

Levies

**Primary:** There is a strict limitation on how much a County can levy as a primary property tax. ARS 42-17051 states this levy shall be limited to an increase of 2% over the prior year’s maximum allowable primary levy, plus increases due to a net gain in property not taxed the previous year (new construction).

Even if the County does not adopt the maximum allowable primary levy from year to year, the 2% allowable increase will be based on the prior year’s maximum allowable primary levy. The net gain in property factor is included in the calculation to take into account all new construction and any additional property added within the County.

The graph below shows the County’s ten (10) year history of primary and secondary property tax levies.

Fiscal Year	General Fund	Library District	Debt Service	Flood Control	Total Tax Rate
2000/01	12.4	2.8	0.0	1.4	16.6
2001/02	12.7	2.9	0.0	1.5	17.1
2002/03	13.8	3.1	0.0	1.7	18.6
2003/04	14.6	3.3	0.0	1.8	19.7
2004/05	15.3	3.9	0.0	1.9	21.1
2005/06	15.8	4.2	0.0	2.0	22.0
2006/07	17.6	5.3	3.1	3.2	29.2
2007/08	18.9	6.8	3.3	3.4	32.4
2008/09	20.3	7.0	3.5	3.8	34.6
2009/10	21.5	7.4	3.4	3.8	36.1
2010/11	22.6	7.2	3.3	3.6	36.7
2011/12	23.4	7.2	3.3	3.2	37.1
2012/13	22.3	6.7	3.3	3.0	35.3
2013/14	22.9	6.2	3.3	2.7	35.1
2014/15	24.0	6.2	3.3	2.6	36.1
2015/16	27.0	6.7	3.4	2.5	39.6
2016/17	27.5	6.9	3.1	2.5	40.0
2017/18	28.9	7.4	3.0	2.6	41.9
2018/19	29.9	7.8	2.9	2.5	43.1
2019/20	31.4	8.3	3.0	2.5	45.2

This levy limitation was reset by the State’s legislative budget session in fiscal year 2006/07. A bill was passed that reset the base year used for the limitation calculation to tax year 2005 (fiscal year 2005/06). The maximum levy changed to equal the County’s prior year actual levy, plus 2%, plus new construction. If a community was at the maximum, there is no impact.

This only impacted those communities that were not already at the maximum. Yuma County had historically preserved its levy capacity through sound financial planning. For FY2019/20, the adopted primary property tax levy increased to \$31,440,775 compared to \$29,917,290 in fiscal year 2018/19. The levy adopted is 5.1% higher than last fiscal year (2018/19). The graph to the right shows the County’s primary property levies for the past ten (10) years.

**Secondary:** There is no statutory limitation on how much a County can levy as a secondary property tax. However, the County Board of Supervisors has recognized how maintaining a set rate can dramatically increase individual’s property taxes in times of assessed value appreciation. To better monitor this and maintain customer (the public) confidence, the Board has directed the County Administrator and both the Library and Flood Control Districts to bring a self-monitoring policy for County Board adoption to put local limitations on these taxes, similar to those of the primary property tax levy limitations.

The Library District levy had a net increase of \$672,483 dollars (Library debt service included); and the Flood Control District increased by 0.5% or 12,299 dollars.

**Revenue:** The Treasurer’s office is responsible for collecting and distributing property taxes for the county, cities and towns, community college, school and special districts within the County.

Property tax collections are estimated to be slightly lower than the historical average of 98.6%. For fiscal year 2019/20, the anticipated property tax revenue is derived from the following formula:

$$\text{Tax levy} \times 97.5\% \text{ collection rate} + \text{prior year collections}$$

Total property tax revenues of \$47.1 million account for 27.5% of total revenues. It is estimated to increase by 5.1% or \$2,301,973 compared to last fiscal year 2018/19 projected revenues.

The General fund property tax revenue collections are estimated to increase by 2.7% or \$815,808 compared to last fiscal year 2018/19 projected revenues. The Flood Control District property tax revenue collections are estimated to decrease by -1.7% or (\$42,107) as compared to last fiscal year 2018/19 projected revenue. The Library District property tax revenue collections for operations and debt service are estimated to increase by 8.6% or \$440,141 as compared to last fiscal year 2018/19 projected revenues. The chart below shows the County’s property tax revenue collections history of five (5) years (interest accrued not included).

County property tax collections - (Assessed Allowable)					
	2015/16	2016/17	2017/18	2018/19	2019/20
General fund - primary	\$ 26,905,363	\$ 27,414,975	\$ 27,639,378	\$ 29,826,372	\$ 30,642,180
Change from prior year	13.6%	1.9%	0.8%	7.9%	2.7%
Flood - secondary	2,455,585	2,461,909	2,531,215	2,448,496	2,406,389
Change from prior year	-1.3%	0.3%	2.8%	-3.3%	-1.7%
Lib operation - secondary	6,495,734	6,921,049	7,094,619	7,761,473	8,051,564
Change from prior year	7.0%	6.5%	2.5%	9.4%	3.7%
Lib debt - secondary	3,257,621	3,094,931	2,980,406	2,869,956	3,020,006
Change from prior year	0.1%	-5.0%	-3.7%	-3.7%	5.2%
<b>Total property tax</b>	<b>\$ 39,114,303</b>	<b>\$ 39,892,864</b>	<b>\$ 40,245,618</b>	<b>\$ 42,906,297</b>	<b>\$ 44,120,139</b>
<b>Change from prior year</b>	<b>10.2%</b>	<b>2.0%</b>	<b>0.9%</b>	<b>6.6%</b>	<b>2.8%</b>