



Armando Ruiz  
Coconino County  
Assessor

# What does the Assessor Do?

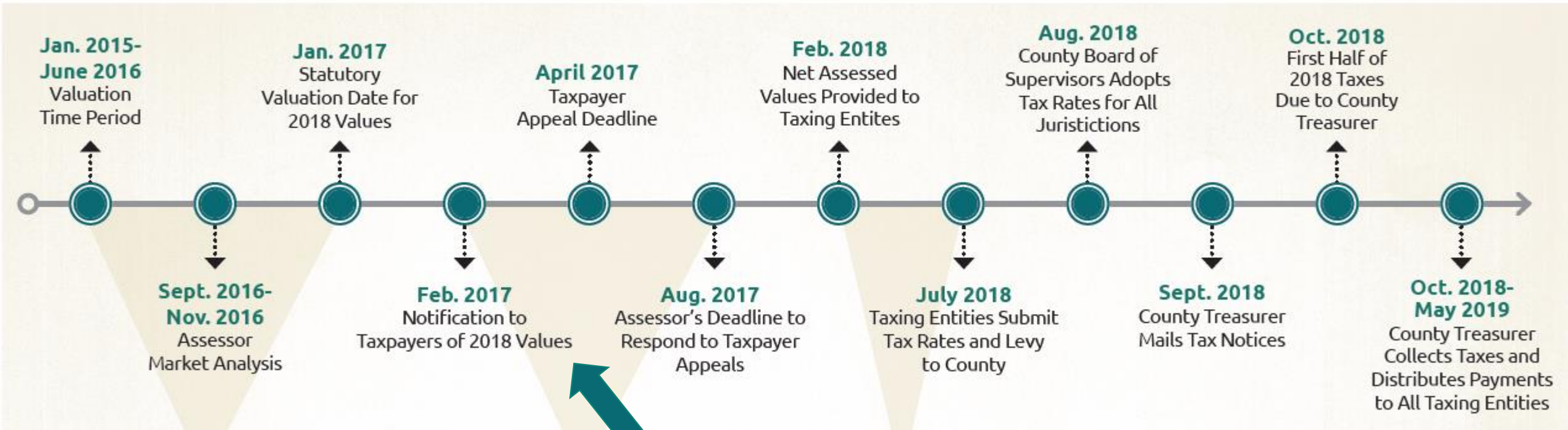
- Locate, Identify, and Value all property for *Ad Valorem* taxation.
- In AZ, property is placed on 3 separate tax rolls.
  - Locally Assessed-Valued by the Assessor
    - Real Property-Homes, Commercial Buildings, Vacant Land.
    - Personal Property-Consists of business equipment, Manufactured Homes not affixed to the land, etc.
  - Centrally Valued Properties (CVP) –Valued by the Department of Revenue
    - Utilities, Railroads, Telecommunications, Mines
    - Example: APS, SRP, BNSF, and Cable One

# What is the Property Valuation and Tax Process in Arizona?

## Timeline Overview for the 2017 taxes:

1. Market Analysis: Sept 2014 – Dec 2015
2. 18 month Data Window: Jan 2014 – Jul 2015
3. Annual Notice of Value: Jan 2016 (Coconino)
4. Appeals Process: 60 days from date of mailing
5. Jurisdictional Values: Feb 2017
6. District Budgeting Process: Jul 2017
7. Tax Rates Adopted at Public Meeting: Aug 2017
8. Treasurer Collects/Distributes Taxes
  - First Half: Oct 2017
  - Second Half: Oct 2017 - May 2018

# Tax Year 2018 Timeline



We are here



Judd Simmons  
Yavapai County  
Assessor

Presentation by  
David Beau Boisvert  
Chief Deputy



# Proposition 117



What does this mean to me?



## Brief Summary

- The market exploded from 2004 through 2006
- The Bubble Burst in 2007
- The market went on a downhill run through 2012
- The tax formula still raised the property taxes.
- The tax rates dropped for many jurisdictions.
- The public became frustrated with the system.



## Taxation Calculations

- The primary tax rates are applied to the assessed limited property value.
- The secondary tax rates are applied to the assessed full cash value.
- Typically, the primary tax rate is approximately 60% to 75% of the over all taxes.





## The New Formula

- The property tax rates will remain separate for identification purposes. (Primary & Secondary)
- This rate will be applied to the Limited Property Value.
- The Limited Property Value can only increase to a maximum of 5%.



## The New Calculations

Last years FCV = \$100,000

Last years LPV = \$ 80,000

New FCV = \$125,000

New LPV calculation

\$80,000

X 1.05

\$84,000



## Tax Calculation

The market  
increases

### Previous tax year

Primary tax rate = 12.56%

Secondary Tax Rate = 2.8%

FCV

\$100,000

LPV

$80,000 \times .10 = 8,000$

$8,000 \times .1536 = \$1,228$

**Total Taxes = \$1,228**

### Current tax year

Primary tax rate = 12.56%

Secondary Tax Rate = 2.8%

FCV

\$125,000 (25% increase)

LPV

$84,000 \times .10 = 8,400$

$8,400 \times .1536 = \$1,290$

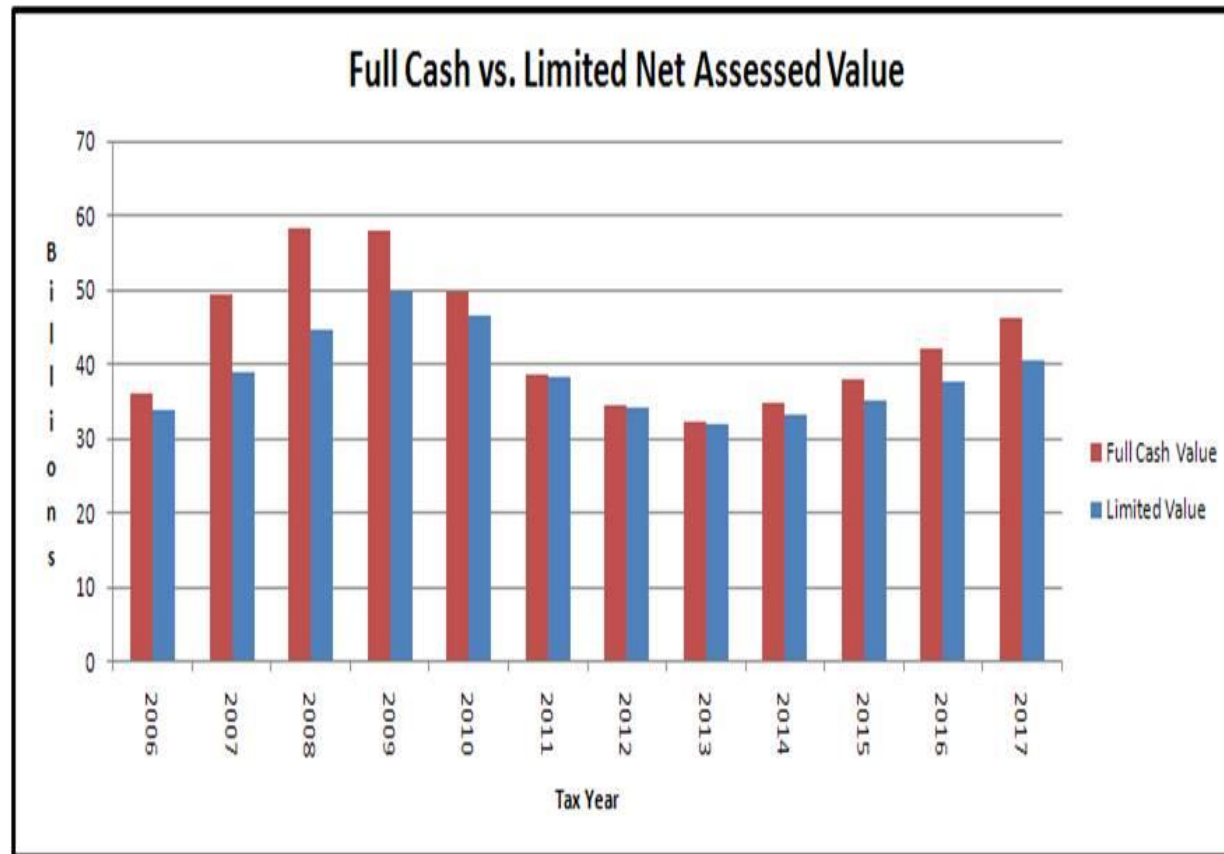
**Total Taxes = \$1,290**

(5% increase)

**If the tax rate increases or decreases, then the difference maybe more than 5%**

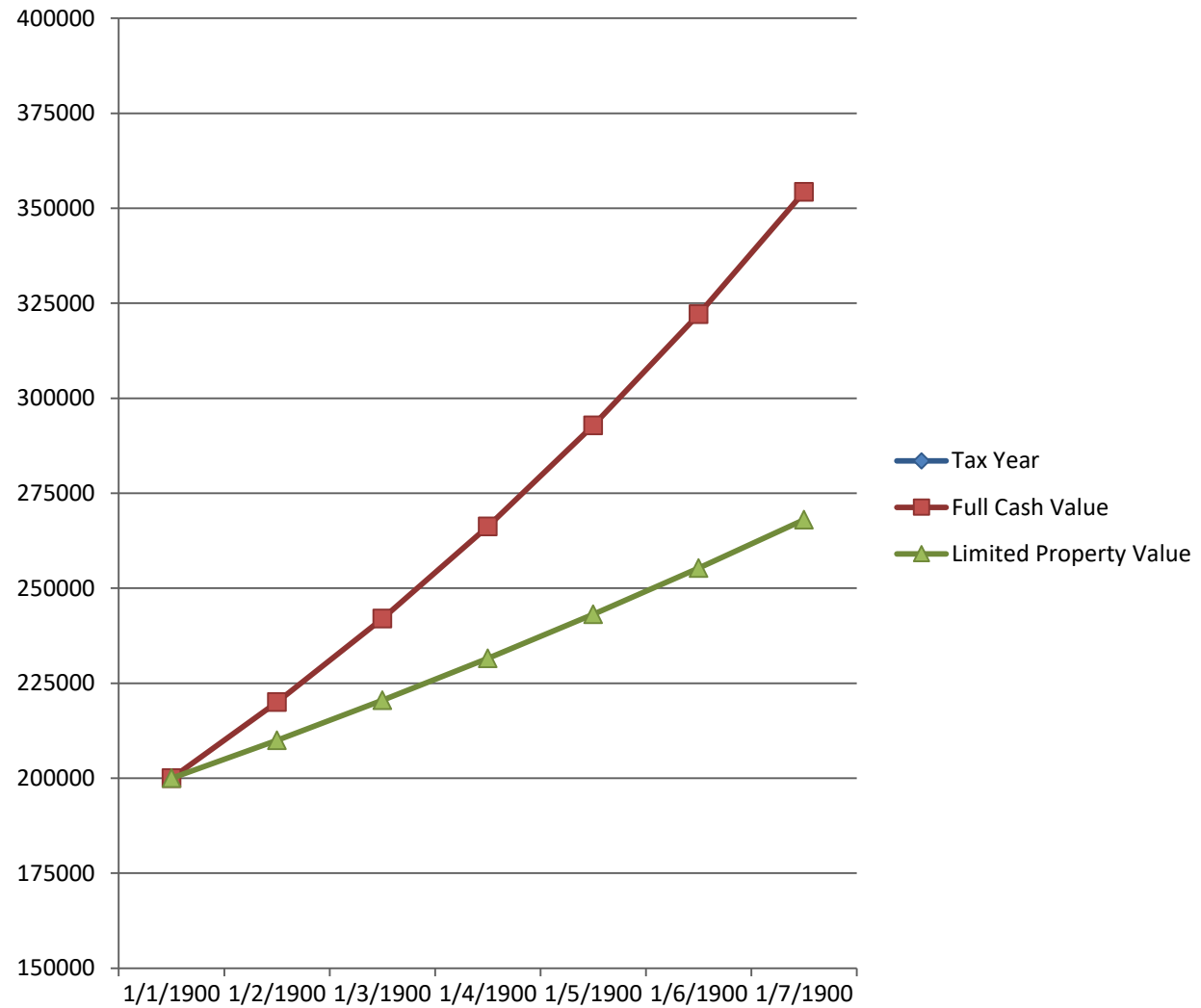


Historical ratios last 9 years



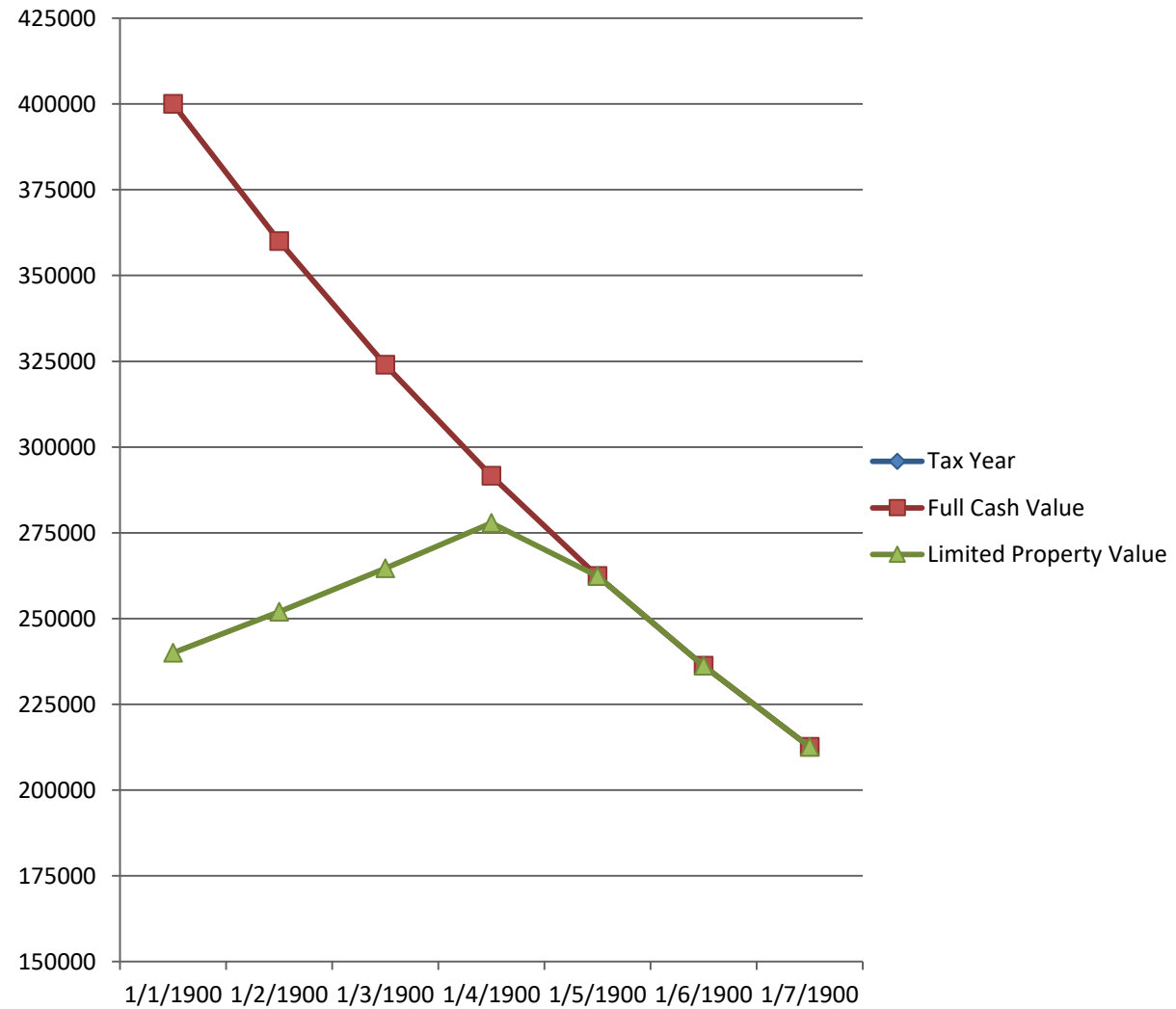


# The gap increase in a Positive Market





# The gap decrease in a Negative Market





## Exceptions to Proposition 117

- The Centrally Valued Properties
- Business Personal Property
- Senior Freeze Properties (frozen at the 2014 value)
- New Construction (additions and deletions)



## Title 42-13302

- Erroneously omitted in whole or partial from the previous tax year.
- A change in use has occurred since the preceding year.
- A Property that has been modified by construction, destruction or demolition from the preceding year.
- Property that has been split or consolidated from January 1 to September 30 and not due to an action by a government entity.





## Example of New Construction

- A residential home has 1,800 square feet living area.
- The quality is of construction is Good.
- There is an attached 2-car garage.
- The Full Cash Value (FCV) is \$225,000 (\$125/sqft)
- The Limited Property Value (LPV) is \$202,500 (90%)
- The Tax Year is 2016



## Example of New Construction

- There is a permit for adding a new bedroom and increase the family room.
- The permit states the value for the additional living space is \$56,000.
- The new construction is completed for 2017 tax year.
- The increase in value at minimum is \$281,000
- The ratio of the LPV to FCV for the 2017 is 87%



# The Estimated 2017 Taxes

## Rule A Calculation

New FCV \$281,000

New LPV \$212,625

(202,500 X 1.05)

Estimated Taxes

\$212,625 X .10 =

21,263 X .1256 =

**\$2,670.57**

## Rule B Calculation

New FCV \$218,000

New LPV \$244,470

(\$281,000 X .87)

Estimated Taxes

\$244,470 X .10 =

24,447 X .1256 =

**\$3,070.54**



## Conclusion

- The taxes are focused on only one value for 2015 and forward. (The Limited Property Value)
- The duties of the Assessor's office has not changed.
- The Office has experienced less appeals.
- The focus will be on canvassing the county.

# The Levy Limit Worksheet



Armando Ruiz  
Coconino County  
Assessor

## 2017 FIRE DISTRICT LEVY LIMIT WORKSHEET

### COCONINO & YAVAPAI COUNTIES - SEDONA FIRE DISTRICT

	COCONINO	YAVAPAI	COMBINED
	2016	2016	2016
<b>ADJUSTMENTS FOR ANNEXED PROPERTY</b>			
A.1. Net Assessed Value of Property Annexed for TY 2017	\$0	\$0	\$0
A.2. A.1. divided by 100	\$0	\$0	\$0
A.3. Prior Year Actual Tax Rate (excluding debt service tax rate)	\$2.4470	\$2.4470	\$2.4470
A.4. Adjustment for Annexed Property (A.2. multiplied by A.3.)	\$0	\$0	\$0
<b>MAXIMUM ALLOWABLE LEVY LIMIT</b>			<b>2017</b>
B.1. Prior Year Maximum Allowable Levy Limit (B.4 from prior year)			\$24,281,781
B.2. Line B.1. multiplied by 1.08			\$26,224,323
B.3. Plus amount attributable to annexed property (Line A.4.)			\$0
B.4. <b>MAXIMUM ALLOWABLE LEVY LIMIT</b> (Line B.2. + B.3.)			<b>\$26,224,323</b>
<b>CURRENT YEAR NET ASSESSED VALUES</b>			
	<b>2017</b>	<b>2017</b>	<b>2017</b>
C.1. Centrally Assessed Property	\$4,349,734	\$9,361,798	\$13,711,532
C.2. Locally Assessed Real Property	\$129,655,870	\$389,511,950	\$519,167,820
C.3. Locally Assessed Personal Property	\$2,091,771	\$3,664,221	\$5,755,992
C.4. Total Net Assessed Values (C.1. through C.3.)	<b>\$136,097,375</b>	<b>\$402,537,969</b>	<b>\$538,635,344</b>
C.5. C.4. divided by 100	\$1,360,974	\$4,025,380	\$5,386,353
<b>CURRENT YEAR TAX RATE / LEVY LIMIT CALCULATION</b>			
	<b>2017</b>	<b>2017</b>	<b>2017</b>
D.1. Current Year Net Assessed Values / 100 (Line C.5.)			\$5,386,353
D.2. Maximum Allowable Levy Limit (Line B.4.)			\$26,224,323
D.3. Tax Rate (D.2. divided by D.1.; rounded to 4 decimals)			\$4.8687
D.4. Maximum Tax Rate (lesser of D.3. or \$3.25)			\$3.2500
D.5. <b>Current Year Allowable Tax Rate</b> <sup>1)</sup>	<b>\$3.2500</b>	<b>\$3.2500</b>	<b>\$3.2500</b>
D.6. <b>Current Year Allowable Levy Limit</b> (D.5. multiplied by D.1.)	<b>\$4,423,165</b>	<b>\$13,082,484</b>	<b>\$17,505,649</b>
D.7. Prior Year Excess Collections			
D.8. Prior Year Excess Levy			
D.9. <b>Current Year Allowable Levy Limit</b> (D.6. - D.7. - D.8.)	<b>\$4,423,165</b>	<b>\$13,082,484</b>	<b>\$17,505,649</b>

<sup>1)</sup> Adjusted D.5. to avoid a levy that exceeds the maximum allowable levy limit (Line B.4.)

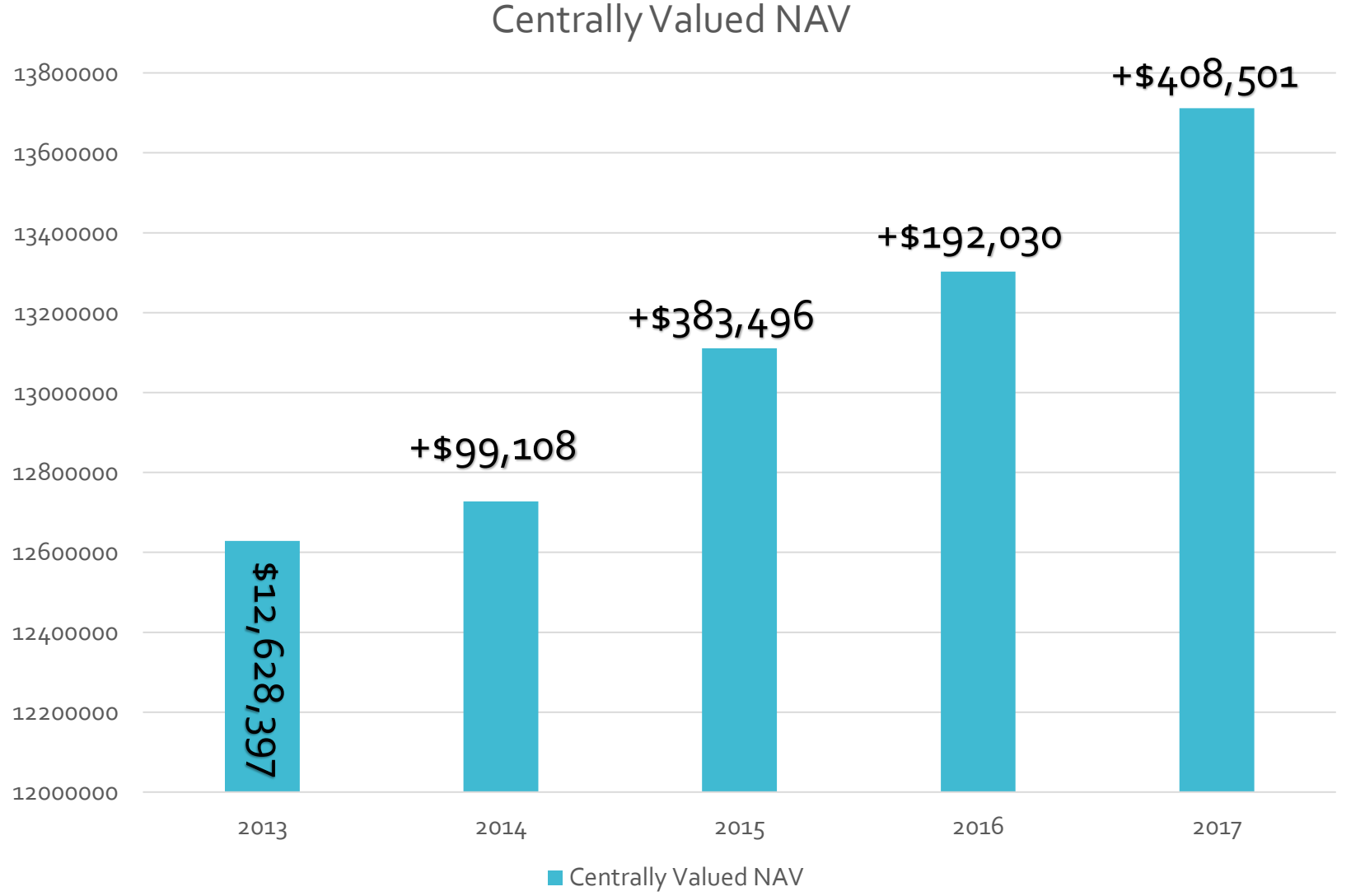
# 2017 Combined Levy Limit Worksheet

## CURRENT YEAR NET ASSESSED VALUES

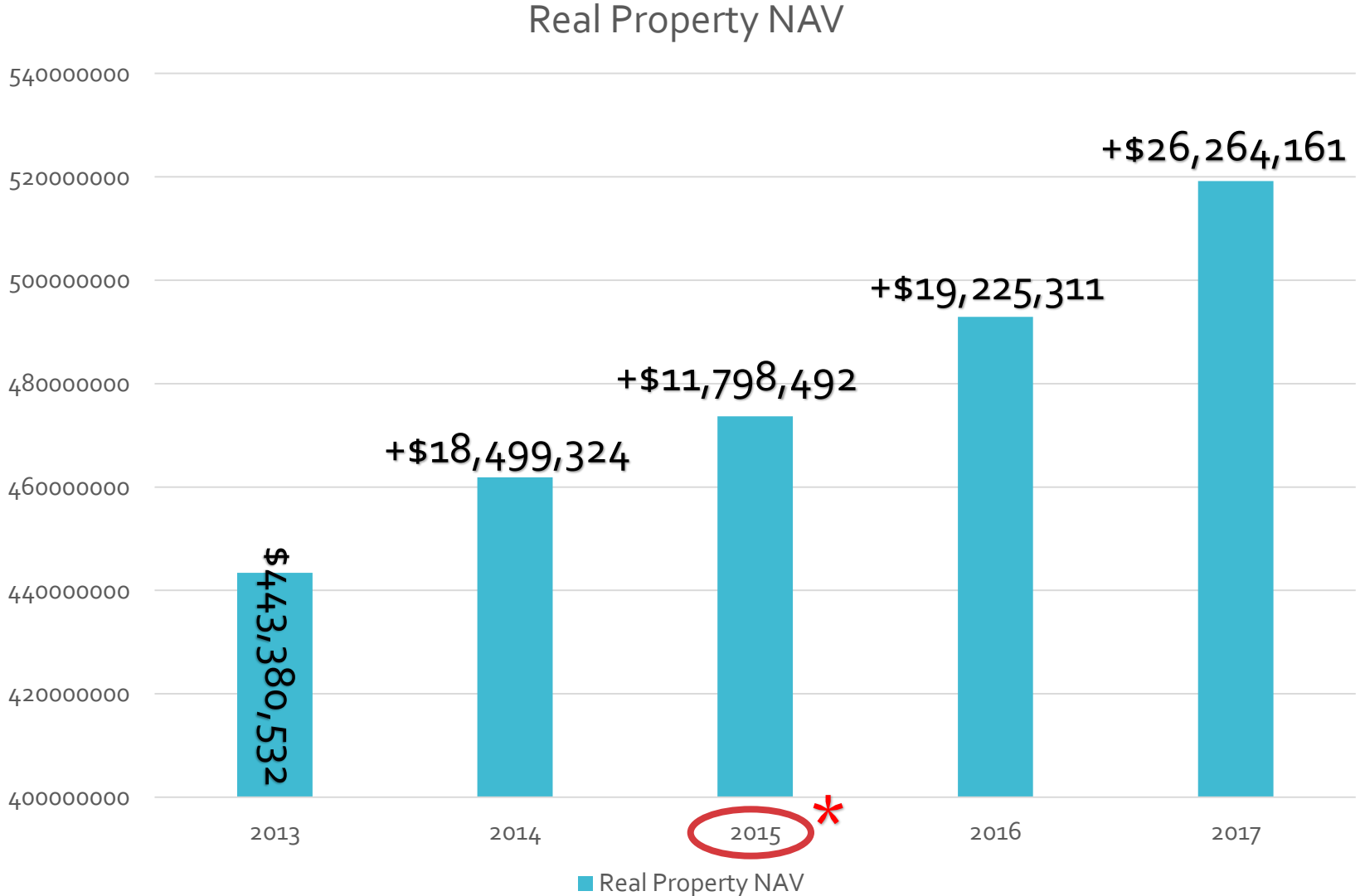
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- Net Assessed Value is the total property value after all property has been classified and all exempt property have been removed.
- Sedona Fire District contains property value from Coconino and Yavapai County because the district overlaps in two counties.
- The Net Assessed Values contain Locally Assessed Real Property, Locally Assessed Personal Property and Centrally Valued Property (valued by AZDOR)

# Combined CVP Trends



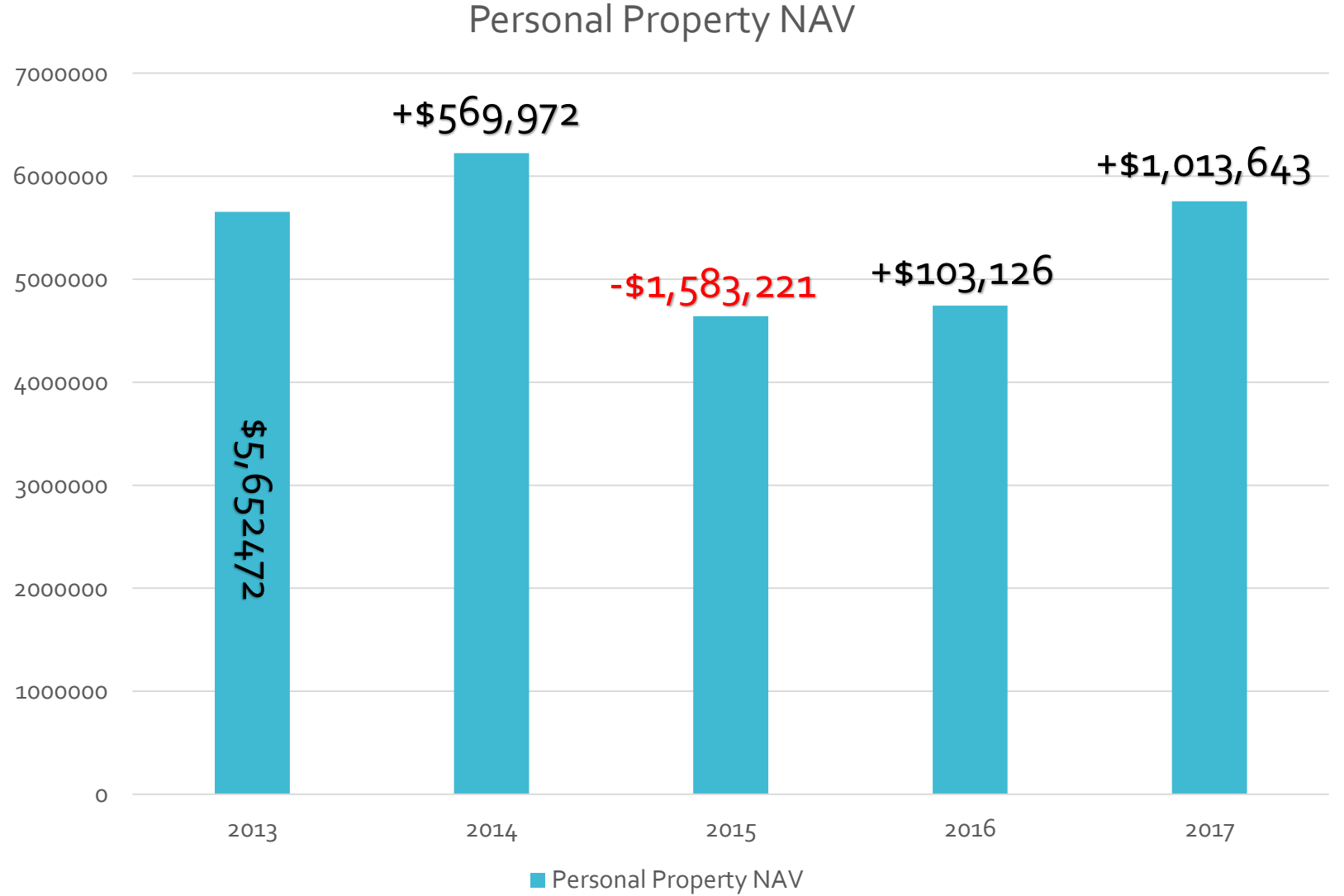
# Combined Real Property Trends



\* First year change from secondary to primary net assessed due to Prop 117

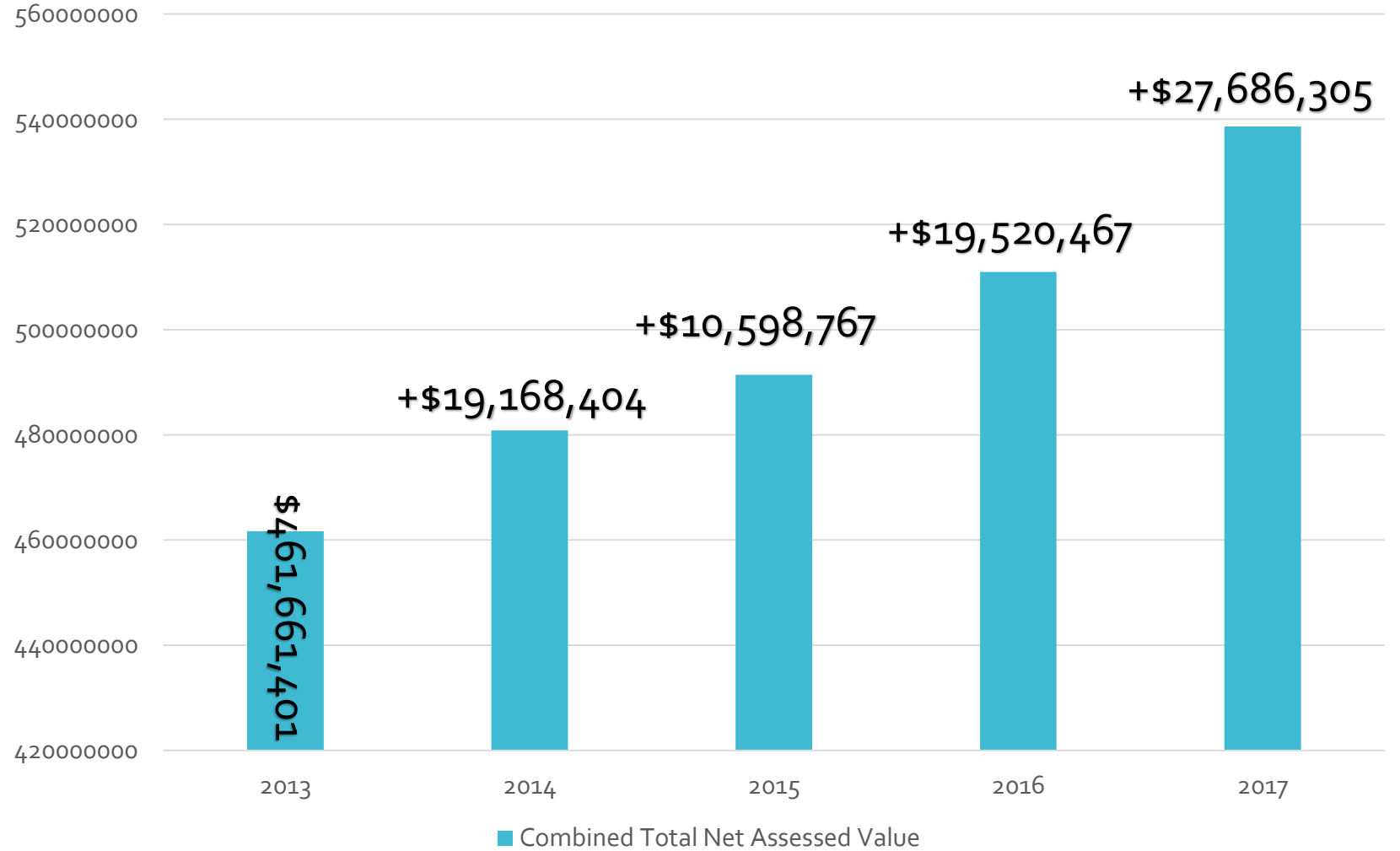


# Combined Personal Property Trends



# Combined Total NAV

## Combined Total Net Assessed Value



# Using NAV to calculate the max Tax Rate

<b>CURRENT YEAR NET ASSESSED VALUES</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
C.1. Centrally Assessed Property	\$4,349,734	\$9,361,798	\$13,711,532
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D.2. Maximum Allowable Levy Limit (Line B.4.)			\$26,224,323
D.3. Tax Rate (D.2. divided by D.1.; rounded to 4 decimals)			\$4.8687
D.4. Maximum Tax Rate (lesser of D.3. or \$3.25)			\$3.2500
D.5. Current Year Allowable Tax Rate <sup>1</sup>	\$3.2500	\$3.2500	\$3.2500
D.6. Current Year Allowable Levy Limit (D.5. multiplied by D.1.)	\$4,423,165	\$13,082,484	\$17,505,649
D.7. Prior Year Excess Collections			
D.8. Prior Year Excess Levy			
D.9. Current Year Allowable Levy Limit (D.6. - D.7. - D.8.)	\$4,423,165	\$13,082,484	\$17,505,649

- The 2017 NAV for Sedona Fire District is \$538,635,344
- This number is divided by 100 because the Tax Rate (Mil Rate) = tax per \$100 of net assessed value
- NAV/100 is used to calculate the max tax rate in section "D", that a fire district can use to levy taxes.

# Max Tax Rate

<b>CURRENT YEAR NET ASSESSED VALUES</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
C.1. Centrally Assessed Property	\$4,349,734	\$9,361,798	\$13,711,532
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- The formula provides for two methods of determining the MAX tax rate.
- By law, fire districts are required to use the lesser of the two methods that includes a cap of \$3.25 per 100.

# Max Tax Rate

<b>MAXIMUM ALLOWABLE LEVY LIMIT</b>			
	<b>2017</b>		
B.1. Prior Year Maximum Allowable Levy Limit (B.4 from prior year)			\$24,281,781
B.2. Line B.1. multiplied by 1.08			\$26,224,323
B.3. Plus amount attributable to annexed property (Line A.4.)			\$0
<b>B.4. MAXIMUM ALLOWABLE LEVY LIMIT (Line B.2. + B.3.)</b>			<b>\$26,224,323</b>

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- Method 1, takes the maximum allowable levy from last year and allows it to increase by 8%.
- This is used to calculate one method of the max tax rate (D.2. – D.3.)
- If this is more than \$3.25 then this calculation is not used and the max tax rate is defaulted to \$3.25

# What does the \$3.25 Max Tax Rate mean for Levy Capacity?

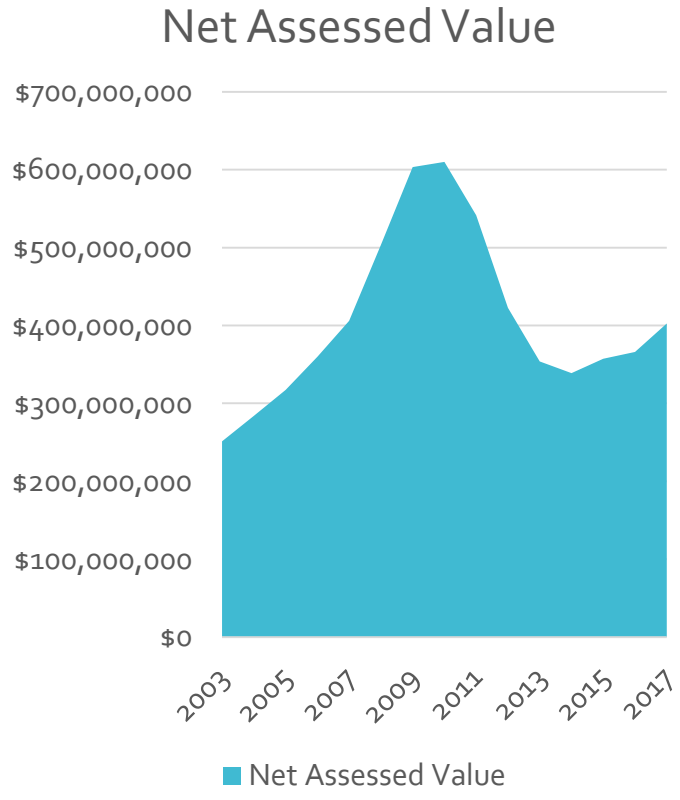
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- Drastically limits the ability to increase the levy particularly if a district is already levying the max \$3.25.
- Growth or loss in levy capacity is directly tied to a fire district's Total Net Assessed Value.
  - Real Property growth will be limited because of Prop 117.
  - Some Property Types can be volatile

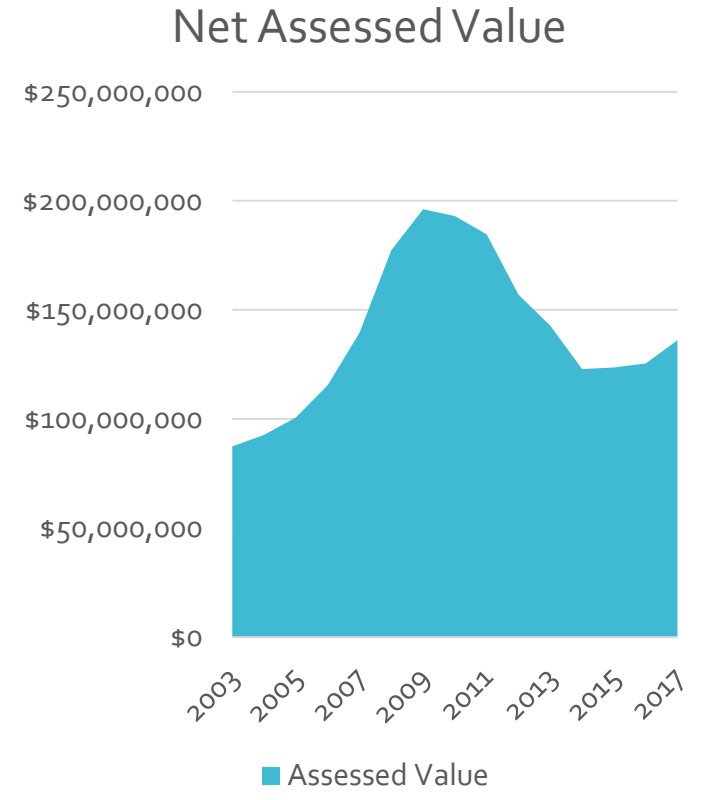
# 10 Year Comparison of Net Assessed Values

## 15 Year Historical Perspective of Each County's Net Assessed Value Property for the Sedona Fire District

### Yavapai County



### Coconino County



# Sedona Fire District Numbers by County

	Yavapai	Median FCV	Coconino	Median FCV
Agricultural	6	\$165,042	0	-
Commercial	754	\$249,738	314	\$357,247
CVP	72	\$55,940	35	\$38,036
Exempt	152	\$268,236	57	\$178,144
Personal Property	115	\$29,734	116	\$2,159
Residential	9327	\$287,575	2023	\$399,800
Vacant	2409	\$103,032	631	\$108,800
<b>Total</b>	<b>12,835</b>		<b>3,176</b>	



# Fire Chief's Home in Yavapai County

Assessed Value = \$229,724

(Tax comparison if it were located in Coconino)

Where do my tax dollars go?

	Yavapai	Coconino
County	\$437.10	\$132.96
School District #9 (all lines)	\$823.20	\$823.20
State School Equalization	\$115.08	\$115.09
Sedona Fire District	\$562.12	\$562.12
Fire Dist Assistance fund	\$22.96	\$22.97
Community College	\$472.34	\$142.75
Library District	\$43.82	\$58.72
Flood Control District	\$45.38	\$91.89
JTED Valley Academy	\$11.50	\$11.49
Public Health District	-	\$57.43
	<b>\$2,533.50</b>	<b>\$2,018.62</b>