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JUN 23 2016

Chandler • Arizona
Where Values Make The Difference

MEMORANDUM **Management Services Memo No. MS16-074**

DATE: JUNE 23, 2016

TO: MAYOR AND COUNCIL

THRU: MARSHA REED, CITY MANAGER MR
DAWN LANG, MANAGEMENT SERVICES DIRECTOR DL

FROM: GREG WESTRUM, BUDGET MANAGER GW

SUBJECT: ORDINANCE NO. 4703 ADOPTING THE FISCAL YEAR (FY) 2016-17 PROPERTY TAX LEVY

RECOMMENDATION

Staff recommends adoption of Ordinance No. 4703 adopting the FY 2016-17 property tax levy.

BACKGROUND

State law requires that the tax levy necessary for funding the adopted budget be established by ordinance and be adopted fourteen (14) days following the public hearing and the final adoption of the budget and not later than the third Monday in August (August 15, 2016). As this tax levy ordinance is an administrative method of setting apart funds necessary for use and maintenance, it does not require an extraordinary (3/4) vote to make it effective immediately. This determination is based on a Supreme Court decision and is fully explained in the Municipal Budget and Financial Manual provided by the Arizona League of Cities and Towns.

DISCUSSION

The City received notification of Chandler's 2016 Tax Values from the Maricopa County Assesor on February 10, 2016, as required by State law. The City's Net Assessed Value is $2,553,971,787, which is a 7.3% increase from the 2015 Net Assessed Valuation, and includes valuation changes to existing property as well as the value of new growth. Based on a legislative change implemented July 1, 2015, property owners are now assessed on the Limited Assessed Values versus Full Cash Value, and residential property values cannot increase more than 5% in a given year. In order to minimize the impact of the higher property values on taxpayers, the City Council has approved a reduction in the combined property tax rate from $1.1792 per $100 of Assessed Valuation to $1.16 per $100 of Assessed Valuation.

As part of the tax levy process, the County Assessor also establishes the maximum allowable primary tax rate, which allows a 2% increase in the maximum tax levy each year. Chandler's maximum primary tax rate for Tax Year 2016 is $0.6255 per $100 of assessed value. The FY 2016-17 Adopted Budget sets the rate at $0.29 per $100 of Assessed Valuation, which is

significantly less than the maximum. In addition, the State Property Tax Oversight Commission establishes a maximum primary rate that would require a Truth in Taxation, which requires special notice to citizens and a roll call vote to levy the increased property taxes. The rate calculated for FY 2016-17 is .2978 per $100 of assessed valuation. Again, since the Chandler rate for the FY 2016-17 Budget is $0.29 per $100 of Assessed Valuation, the City is not subject to the Truth in Taxation provisions this year.

Ordinance No. 4703 follows the prescribed form recommended for adoption, and establishes a tax levy of an estimated $29,626,020, as set forth in the FY 2016-17 Budget. In this ordinance, the Chandler City Council directs the County of Maricopa to levy the amount allowed by law. The total tax rate will be $1.1600 per $100 of assessed valuation. The property value estimates received from the County Assessor's office are available for public inspection in the City of Chandler office of the City Clerk and in the Management Services Department.

PROPOSED MOTION

Move for adoption of Ordinance No. 4703 adopting the FY 2016-17 property tax levy.

Attachment

ORDINANCE NO. 4703

AN ORDINANCE LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF CHANDLER, ARIZONA, SUBJECT TO TAXATION A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS ($100.00) OF ASSESSED VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES, ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2017.

WHEREAS, by the provisions of State law, the ordinance levying taxes for fiscal year 2016-17 is required to be finally adopted not later than the third Monday in August; and

WHEREAS, the County of Maricopa is the assessing and collecting authority for the City of Chandler, the Clerk is hereby directed to transmit a certified copy of this ordinance to the County Assessor and the Board of Supervisors of the County of Maricopa, Arizona.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

SECTION 1: There is hereby levied on each one hundred dollars ($100.00) of the assessed value of all property, both real and personal within the corporate limits of the City of Chandler, except such property as may be by law exempt from taxation, a primary property tax rate of $0.2900 for the fiscal year ending on the 30th day of June, 2017. If this tax rate exceeds the maximum levy allowed by law, the Board of Supervisors of the County of Maricopa is hereby authorized to reduce the levy to the maximum allowable by law after providing notice to the City.

SECTION 2: In addition to the rate set in Section 1 hereof, there is hereby levied on each one hundred dollars ($100.00) of the assessed value of all property, both real and personal within the corporate limits of the City of Chandler, except such property as may be by law exempt from taxation, a secondary property tax rate of $0.8700 but not more than the actual general obligation bond debt service due during the year for the purpose of providing a bond interest and redemption fund for the City of Chandler for the fiscal year ending June 30, 2017.

SECTION 3: It is the intent of the City Council of the City of Chandler, Arizona, to levy the primary property tax for operations, and levy the secondary property tax for bonded debt such that the combined property tax for the City of Chandler for fiscal year 2016-17 will equal $1.1600.

SECTION 4: Failure by the county officials of Maricopa County, Arizona, to properly return the delinquent list, any irregularity in assessments or omissions in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer or officers to timely perform any of the duties assigned to him or to them shall not invalidate any proceedings or any deed or sale pursuant thereto, the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Chandler upon such property for

the delinquent taxes unpaid thereon; overcharge as to part of the taxes or of costs shall not invalidate any proceedings for the collection of taxes or the foreclosure of the lien thereon or a sale of the property under such foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

SECTION 5: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 6: This ordinance shall be in full force and effect from and after its passage by the Council and approval by the Mayor.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this 23rd day of June, 2016.

ATTEST:

_____
MAYOR

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY *(kb)*

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4703 as duly passed and adopted by the City Council of the City of Chandler, at a regular meeting on the 23rd day of June, 2016, and that a quorum was present thereat.

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CITY CLERK