

# CITY COUNCIL REPORT



Meeting Date: 06/25/2024  
Charter Provision: *Provide for the orderly government and administration of the affairs of the City*  
Objective: *Adopt Budgets*

## ACTION

**Fiscal Year 2024/25 Property Tax Levies.** Adopt Ordinance No. 4640 assessing the City of Scottsdale FY 2024/25 primary and secondary property tax levies and fixing the primary and secondary property tax rates.

## BACKGROUND

A public hearing was held by City Council following a staff presentation on property taxes and prior to the final adoption of the FY 2024/25 budget on June 4, 2024, to solicit public input on the city's property tax levy and, by a roll call vote, City Council approved a motion to levy the proposed property taxes.

As required by A.R.S. § 42-17103 related to Final Budget Adoption (including Proposed Tax Levies), the city published estimates of FY 2024/25 revenues and expenses and a Public Hearing Notice regarding the tax levies in the Arizona Republic once a week for two consecutive weeks on Monday, May 20, 2024 and Tuesday, May 28, 2024.

Also, as required by A.R.S. § 9-499.15, the city posted and filed with the City Clerk: 1) a Notice of Proposed Tax Increase for FY 2024/25 with 2) the schedule of property tax levies and tax rates and written report of possible increase in primary property tax levy for FY 2024/25, that supports the proposed decreased tax rate and increased tax levy on April 26, 2024, which is at least sixty (60) days before today's City Council meeting to consider whether to adopt the ordinance fixing the levy.

Finally, the city posted a notice of intent to decrease the tax rate and increase the tax levy on the city's website and distributed the notice of intent through its social media or other electronic communication tools at least fifteen (15) days prior to Council's consideration of this ordinance.

Prior to the public hearing, the City Council accepted staff recommendation to establish the primary tax rate at \$0.4958 per \$100 of assessed valuation to include the following primary levy adjustments:

1. Increase the primary levy by the two (2) percent statutory adjustment for FY 2024/25.
2. Include reimbursement for tort claims paid in calendar year 2023 of \$1,255,832.

City Council also accepted staff recommendation to set the secondary tax rate at \$0.4358 per \$100 of assessed valuation to provide for debt service and reserves for General Obligation Bonds.

The public hearing concluded with a City Council roll call vote to approve a motion to levy the proposed primary and secondary property taxes and to assess the levies at the June 25, 2024, City Council meeting. State law requires a period of at least fourteen (14) days between the public hearing on the tax levy and adoption of the tax levy.

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## **ANALYSIS & ASSESSMENT**

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As approved by City Council on June 4, 2024, the proposed FY 2024/25 primary property tax rate of \$0.4958 per \$100 of assessed valuation represents a \$0.0192 decrease from the FY 2023/24 adopted rate of \$0.5150 per \$100 of assessed valuation. The proposed FY 2024/25 secondary property tax rate of \$0.4358 per \$100 of assessed valuation is a \$0.0306 decrease from the FY 2023/24 adopted rate of \$0.4664 per \$100 of assessed valuation.

Therefore, Scottsdale citizens' tax bills will reflect a combined property tax rate of \$0.9316 per \$100 of assessed valuation in FY 2024/25, which is a decrease of \$0.0498 from the combined FY 2023/24 rate of \$0.9814. These amounts are summarized in the table below:

	FY 23/24	FY 24/25	Change	Change in Rate
Primary Tax Rate	\$0.5150	\$0.4958	-\$0.0192	- 3.7%
Secondary Tax Rate	\$0.4664	\$0.4358	-\$0.0306	-6.6%
Combined Tax Rate	\$0.9814	\$0.9316	-\$0.0498	-5.1%

The following table compares the property tax levy for FY 2023/24 and FY 2024/25, with the dollar amounts in millions (rounding differences may occur):

	FY 23/24	FY 24/25	Change	Change in Levy
Primary Taxes	\$39.30	\$39.64	\$0.34	0.9%
Secondary Taxes	\$35.59	\$34.84	-\$0.75	-2.1%
Total Taxes	\$74.89	\$74.48	-\$0.41	-0.5%

Property tax rates are applied to the Limited Property Value to determine property taxes. By law, Limited Property Values can increase by no more than 5% per year. The Maricopa County Assessor's Office, not the City of Scottsdale, sets the Limited Property Assessed Values used to calculate property tax bills.

Property taxes are paid to schools, county, special districts and the city. About fifteen cents of every dollar in property taxes paid by Scottsdale property owners goes to city government and City General Obligation Bond repayment, and the remainder goes to public schools, the county,

community colleges and various special districts.

## **RESOURCE IMPACTS**

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Adoption of Ordinance No. 4640 by City Council assesses the city's property tax levy and rate needed to support the Adopted FY 2024/25 Budget.

The FY 2024/25 primary property tax levy of approximately \$38.38 million supports General Fund activities such as police and fire protection, operation and maintenance of parks and libraries, and many other general governmental functions and the tort recovery of approximately \$1.26 million will support the Risk Management Fund.

The secondary property tax levy of approximately \$34.84 million, by law, is limited solely to supporting the debt service payments of voter-approved general obligation bonds issued to construct capital infrastructure such as police and fire facilities, parks, libraries, recreational facilities, streets, and drainage improvements. The secondary property tax levy is budgeted within the city's Debt Service Fund.

## **OPTIONS & STAFF RECOMMENDATION**

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### **Recommended Approach**

Adopting the proposed property tax levy and tax rate will allow the city to continue supporting the current service levels for citizens and to pay debt service on voter-approved bonds.

Maricopa County is the property tax assessing and collecting authority for the City of Scottsdale. Per State law, the County Board of Supervisors must receive a certified copy of the city's tax levy ordinance by the date on which the Board of Supervisors levies the county tax.

Staff recommends adopting the ordinance to allow the city to continue supporting the current service levels for citizens and pay debt service on outstanding voter approved bonds. Adoption of Ordinance No. 4640 setting the FY 2024/25 property tax levy and rate will allow compliance with the City Charter and State legal requirements.

## **RESPONSIBLE DEPARTMENT(S)**

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City Treasurer Division

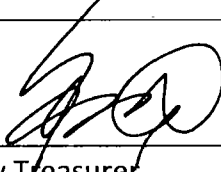
## **STAFF CONTACT(S)**

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Ana Lia Johnson, Acting Budget Director, (480)312-7892, [anjohnson@ScottsdaleAZ.gov](mailto:anjohnson@ScottsdaleAZ.gov)

**APPROVED BY**

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Sonia Andrews, City Treasurer  
(480) 312-2364, [SAndrews@ScottsdaleAZ.gov](mailto:SAndrews@ScottsdaleAZ.gov)

Date

6/4/2024

**ATTACHMENTS**

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1. Ordinance No. 4640

ORDINANCE NO. 4640

AN ORDINANCE OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF SCOTTSDALE 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; FIXING THE PRIMARY PROPERTY TAX RATE AND SECONDARY PROPERTY TAX RATE; PROVIDING FUNDS FOR THE VARIOUS BOND REDEMPTIONS FOR THE PURPOSE OF PAYING PRINCIPAL OF AND INTEREST ON BONDED INDEBTEDNESS; AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2025.

WHEREAS, by the provisions of the City Charter, an ordinance is required to set the property tax levy for the fiscal year beginning July 1, 2024, and ending June 30, 2025;

WHERE, State law requires the property tax levy to be finally adopted not later than the third Monday in August;

WHEREAS, the County of Maricopa is the assessing and collecting authority for the City of Scottsdale;

WHEREAS, the required public hearing was held on June 4, 2024, and the City Council made the following policy decisions relating to the primary property taxes:

a. Accepted increasing the levy amount for the two percent (2%) maximum legal amount for fiscal year 2024/25; and

b. Increased the levy amount to account for one million, two hundred fifty-five thousand, eight hundred thirty-two dollars (\$1,255,832) for tort claim payments for calendar year 2023; and now, therefore,

BE IT ORDAINED by the Council of the City of Scottsdale as follows:

Section 1. The foregoing recitals are incorporated as if fully set forth herein.

Section 2. There is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be, by law, exempt from taxation, a primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending June 30, 2025,

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and allowable tort liability claims. The total primary levy is thirty-nine million, six hundred forty thousand, one hundred ninety-five dollars (\$39,640,195), resulting in a tax rate of \$0.4958 per one hundred and no/100 dollars (\$100.00) of assessed valuation. If this exceeds the maximum levy allowed by law, the Maricopa County Board of Supervisors is hereby authorized to reduce the levy to the maximum allowable by law after providing notice to the City.

Section 3. In addition to the rate set in Section 2 above, there is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be, by law, exempt from taxation, a secondary property tax rate of \$0.4358 per one hundred and no/100 dollars (\$100.00) of assessed valuation, which is a rate sufficient to raise the sum of thirty-four million, eight hundred thirty-nine thousand, six hundred seventeen dollars (\$34,839,617) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2025.

Section 4. Failure by the county officials of Maricopa County, Arizona, to properly return the delinquent list, any irregularity in assessments or omission 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(s) to timely perform any of the assigned duties 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 Scottsdale upon such property for the delinquent taxes unpaid thereon, and no overcharge as to part of the taxes or of costs shall invalidate any proceedings for the collection of taxes or the foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

Section 5. The City Clerk or designee is hereby authorized and directed to transmit a certified copy of this ordinance to the Maricopa County Assessor and the Maricopa County Board of Supervisors.

Section 6. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 25th day of June 2024.

CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

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Ben Lane, City Clerk

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David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney

By: Kimberly Campbell, Senior Assistant City Attorney

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# FY 2024/25 Property Tax Levy and Rate

*City Council Meeting  
June 25, 2024*

# 2-Step Process for Property Tax Adoption Required by State Law

June 4                      Public Hearing and Presentation

June 25                    Adoption of Property Tax Levies



# Proposed FY24/25 Property Tax Rates and Levy

(rates per \$100 of assessed value)

		Rate	Levy
Primary	General Fund and Tort Claims	0.4958	\$39.64M
Secondary	Voter Approved Bonds	0.4358	\$34.84M
<b>Total Combined</b>		<b>0.9316</b>	<b>\$74.48M</b>

# Change in Combined Property Tax Rate

(rates per \$100 of tax assessed value)

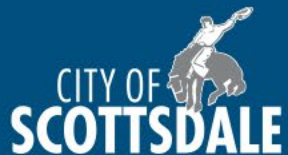
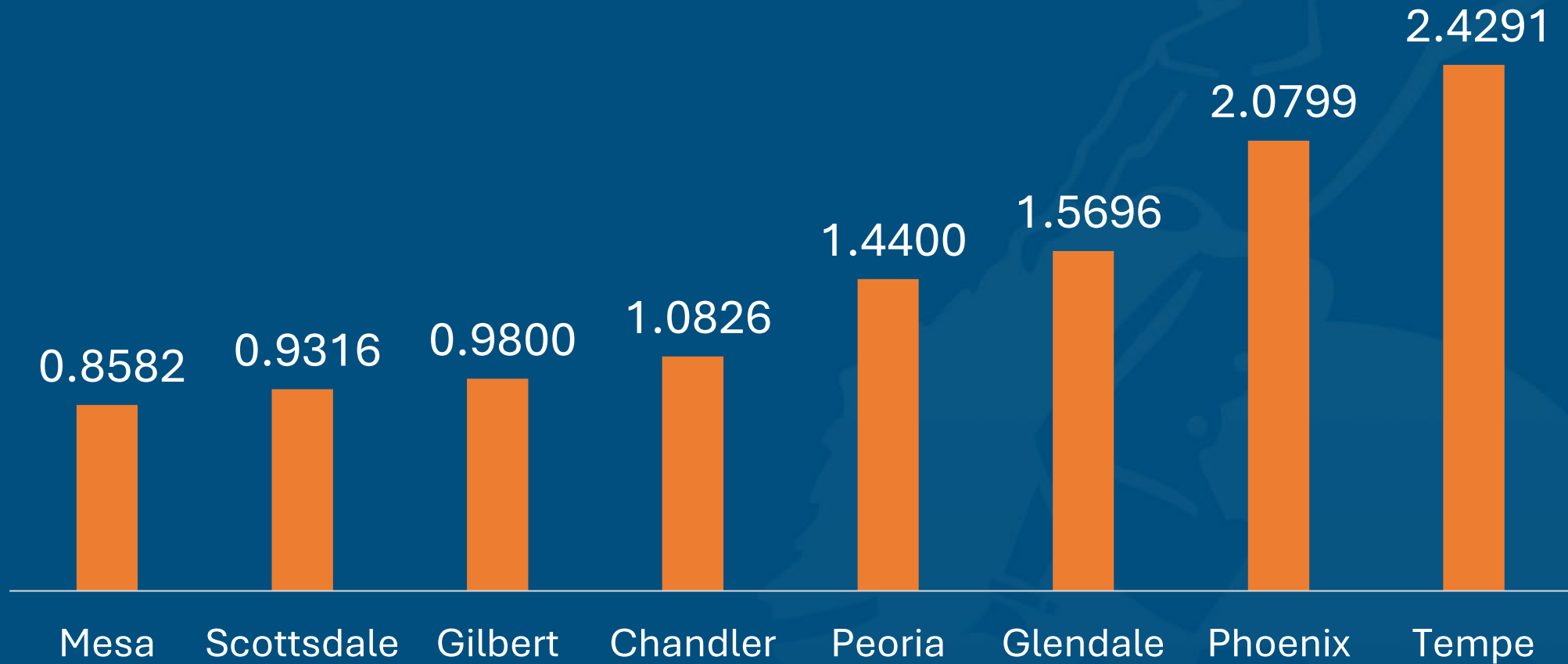
	Current	Proposed	% Change
Primary	0.5150	0.4958	-3.7%
Secondary (voter approved bonds)	0.4664	0.4358	-6.6%
<b>Total Combined</b>	<b>0.9814</b>	<b>0.9316</b>	<b>-5.1%</b>

Maximum Combined Rate Allowed by City Policy 1.5000

# Impact on Median Scottsdale Residential Property

	Current FY23/24	Proposed FY24/25	% Change
Median Limited Property Value	\$378,679	\$397,613	5.0%
Property Taxes:			
School/Education	1,497.64		
County	456.80		
City (primary & secondary)	371.64	370.42	-0.3%
Special Districts	260.27		
Total Property Tax Bill	<u>\$2,585.63</u>		

# Proposed FY24/25 Property Tax Rates (city portion)



Note: Property assessed values for each city vary widely which affect property taxes paid. Property tax rate shown for Mesa represents 2023 secondary rate as the 2024 rate is currently unavailable.

# ACTION

- **ADOPT ORDINANCE NO.4640**  
assessing the FY 2024/25 primary and secondary property tax levies and fixing the primary and secondary property tax rates.