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Item 26

Date: June 16, 2026
To: Honorably Mayor Lisa Borowsky and Members of the City Council
From: Scott Selin, Budget Director
Subject: Updated Meeting Materials for Agenda Item 26

The City Council Report and Ordinance for Agenda Item 26 in the June 23, 2026 Council Meeting have been updated to reflect the motion adopted by Council at the June 9, 2026 meeting to forego the statutorily permitted 2% increase in primary property taxes for FY 2026/27.

After adjusting for this motion, the updated proposed primary property tax rate for FY 2026/27 is \$0.4708 and the proposed primary property tax levy is \$40.49 million. When combined with the secondary property tax, the new proposed combined property tax rate for FY 2026/27 is \$0.8975 and the proposed combined property tax levy is \$77.19 million.

Please direct any questions regarding this presentation or the Proposed FY 2026/27 Budget to Scott Selin, Budget Director, at 480-312-2603 or sselin@scottsdaleaz.gov.

CITY COUNCIL REPORT



Meeting Date: 06/23/2026
Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
Objective: *Adopt Budgets*

ACTION

Fiscal Year 2026/27 Property Tax Levies. Adopt Ordinance No. 4714 assessing the City of Scottsdale FY 2026/27 primary and secondary property tax levies and fixing the primary and secondary property tax rates.

BACKGROUND

A Truth in Taxation hearing and a public hearing were held by City Council following a staff presentation on property taxes and prior to the final adoption of the FY 2026/27 budget on June 9, 2026, to solicit public input on the City's property tax levy. By roll call vote, City Council approved a motion to levy the proposed property taxes.

As required by A.R.S. § 42-17107 related to the Truth in Taxation hearing, the City:

- 1) Published a Truth in Taxation hearing Notice in the *Arizona Republic* on two separate dates:
 - Saturday, May 23, 2026
 - Saturday, May 30, 2026
- 2) Issued a Truth in Taxation press release prior to the June 9, 2026 hearing and posted the press release to the City's website.

Additionally, as required by A.R.S. § 42-17103 related to Final Budget Adoption (including Proposed Tax Levies), the City published estimates of FY 2026/27 revenues and expenses and a Public Hearing Notice regarding the tax levies in the *Arizona Republic* once a week for two consecutive weeks on Saturday, May 23, 2026 and Saturday, May 30, 2026.

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 2026/27 with 2) the schedule of property tax levies and tax rates and written report of possible increase in primary property tax levy for FY 2026/27, that supports the proposed decreased tax rate and increased tax levy on April 22, 2026, which is at least sixty (60) days before today's City Council meeting to consider whether to adopt the ordinance fixing the levy.

Action Taken _____

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 Truth in Taxation hearing and public hearing, the City Council established the primary tax rate at \$0.4708 per \$100 of assessed valuation to include the following primary levy adjustments:

- 1. Include reimbursement for tort claims paid in calendar year 2025 of \$568,735.

City Council declined to assess the allowable 2% levy increase on the primary property taxes.

City Council also accepted staff recommendation to set the secondary tax rate at \$0.4267 per \$100 of assessed valuation to provide for debt service and reserves for General Obligation Bonds.

The Truth in Taxation Hearing and 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 23, 2026 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.

ANALYSIS & ASSESSMENT

As approved by City Council on June 9, 2026, the proposed FY 2026/27 primary property tax rate of \$0.4708 per \$100 of assessed valuation represents a \$0.0183 decrease from the FY 2025/26 adopted rate of \$0.4891 per \$100 of assessed valuation. The proposed FY 2026/27 secondary property tax rate of \$0.4267 per \$100 of assessed valuation is a \$0.0034 increase from the FY 2025/26 adopted rate of \$0.4233 per \$100 of assessed valuation.

Therefore, Scottsdale citizens’ tax bills will reflect a combined property tax rate of \$0.8975 per \$100 of assessed valuation in FY 2026/27, which is a decrease of \$0.0149 from the combined FY 2025/26 rate of \$0.9124. These amounts are summarized in the table below:

| | FY 25/26 | FY 26/27 | Change | Change in Rate |
|--------------------|----------|----------|-----------|----------------|
| Primary Tax Rate | \$0.4891 | \$0.4708 | -\$0.0183 | - 3.74% |
| Secondary Tax Rate | \$0.4233 | \$0.4267 | \$0.0034 | 0.80% |
| Combined Tax Rate | \$0.9124 | \$0.8975 | -\$0.0149 | -1.63% |

The following table compares the property tax levy for FY 2025/26 and FY 2026/27, with the dollar amounts in millions (rounding differences may occur):

| | FY 25/26 | FY 26/27 | Change | Change in Levy |
|-----------------|----------|----------|--------|----------------|
| Primary Taxes | \$40.27 | \$40.49 | \$0.22 | 0.55% |
| Secondary Taxes | \$34.85 | \$36.70 | \$1.85 | 5.30% |
| Total Taxes | \$75.12 | \$77.19 | \$2.07 | 2.76% |

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, the 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

Adoption of Ordinance No. 4714 by City Council assesses the City’s property tax levy and rate needed to support the Adopted FY 2026/27 Budget.

Of the FY 2026/27 primary property tax levy, approximately \$39.92 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 \$0.569 million will support the Risk Management Fund.

The secondary property tax levy of approximately \$36.7 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

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.

City Council Report | Adopt Ordinance No. 4714 assessing FY2026/27 property tax levy and rate

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. 4714 setting the FY 2026/27 property tax levy and rate will allow compliance with the City Charter and State legal requirements.

RESPONSIBLE DEPARTMENT(S)

City Treasurer Department

STAFF CONTACT(S)

Scott Selin, Budget Director, (480) 312-2603, sselin@scottsdaleaz.gov

APPROVED BY

Sonia Andrews

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

6/15/26 18:42 MST

Date

ATTACHMENTS

1. Ordinance No. 4714

ORDINANCE NO. 4714

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, 2027.

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, 2026, and ending June 30, 2027;

WHEREAS, 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 Truth in Taxation hearing and public hearing were held on June 9, 2026, and the City Council made the following policy decisions relating to the primary property taxes:

- a. Declined increasing the levy amount by the two percent (2%) allowance increase for fiscal year 2026/27; and
- b. Increased the levy amount to account for five hundred sixty-eight thousand, seven hundred thirty-five dollars (\$568,735) for tort claim payments for calendar year 2025; 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, 2027, and allowable tort liability claims. The total primary levy is forty million, four hundred ninety-two thousand, three hundred dollars (\$40,492,300), resulting in a tax rate of \$0.4708 per one hundred and no/100 dollars (\$100.00) of assessed valuation. If this exceeds the maximum levy allowed

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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 \$0.4267 per one hundred and no/100 dollars (\$100.00) of assessed valuation, which is a rate sufficient to raise the sum of thirty-six million, six hundred ninety-seven thousand, nine hundred ninety-nine dollars (\$36,697,999) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2027.

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 23rd day of June 2026.


CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Ben Lane, City Clerk

Lisa Borowsky, Mayor

APPROVED AS TO FORM:



Luis E. Santaella, City Attorney

By: Jennifer Fernandez, Assistant City Attorney

FY 2026/27
Property Tax Levy and Rate
Public Hearing

*City Council Meeting
June 23, 2026*



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

June 9

Public Hearing and Motion to Levy

June 23

Adoption of Property Tax Levies and
Fixing Rates

Proposed FY26/27 Property Tax Rate

(rates per \$100 of tax assessed value)

| | Current | Updated FY26/27 (no 2% adj.) | % Change |
|---------------------|----------|------------------------------------|-------------|
| Primary | 0.489 | 0.471 | -3.7% |
| Secondary | 0.423 | 0.427 | 0.9% |
| Total Combined Rate | \$ 0.912 | \$ 0.898 | -1.5% |

Maximum Combined Rate Allowed by City Policy 8.04(c) \$ 1.50
unless otherwise directed by the Council

Impact on Median Scottsdale Residential Property

| | Original FY 2026/27 (with 2% adj.) | Updated FY26/27 (no 2% adj.) |
|-------------------------------|--|------------------------------------|
| Median Limited Property Value | \$418,794 | \$418,794 |
| Property Taxes: | | |
| City (primary & secondary) | 379.76 | 375.87 |



Note: Proposed FY26/27 property tax rates for other taxing districts currently unavailable.

Proposed FY26/27 City Property Tax Rates



Note: Property assessed values for each city vary widely which affect property taxes paid.

Source: Tentative budgets from the various cities available online.

ACTION

- **ADOPT ORDINANCE 4714**
assessing the FY 2026/27 primary and secondary property tax levies and fixing the primary and secondary property tax rates