

CITY COUNCIL REPORT



Meeting Date: June 09, 2026
Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
Objective: *Adopt Budgets*

ACTION*

Truth in Taxation Hearing and Public Hearing on the Proposed FY 2026/27 Property Tax Levy

- 1) SOLICIT public testimony on the proposed fiscal year 2026/27 property tax levy; and
- 2) By a roll call vote, approve a motion to levy the proposed property taxes, with taxes to be assessed by ordinance on June 23, 2026.

BACKGROUND

The Arizona State Constitution and State law specify a two-tiered property tax system consisting of a primary property tax levy and a secondary property tax levy. The primary property tax levy is imposed by cities and towns for general municipal purposes, while the secondary property tax levy is used only to retire the principal and interest or redemption charges on bond indebtedness.

Pursuant to Arizona Revised Statutes (A.R.S.) § 42-17104, a public hearing on any tax levy must be held at least 14 days prior to the actual levy of the tax. In addition, pursuant to A.R.S. § 42-17107 and the City Charter, if the proposed primary property tax levy (excluding growth) exceeds the prior year's primary property tax levy, a Truth In Taxation (TNT) hearing with more stringent guidelines substitutes for the regular property tax hearing. Since the FY 2026/27 proposed primary property tax levy (excluding growth) exceeds the FY 2025/26 primary property tax levy, a TNT hearing and regular property tax hearing is required.

Primary Property Tax Levy (General Fund and Risk Management Fund Revenue) – Rate Expected to Decrease:

The FY 2026/27 proposed primary property tax levy will support General Fund activities such as police and fire protection, operation and maintenance of parks and libraries, and other general governmental functions. The primary property tax levy also includes a repayment to the Risk

Management Fund reserve of \$568,735 for tort liability claim payments made during calendar year 2025.

For FY 2026/27, the city's total proposed primary property tax levy of \$41.29 million is an increase of \$1.02 million over the current fiscal year levy of \$40.27 million. This increase consists of a \$681,884 increase due to the two-percent statutory adjustment, partially offset by the decreased tort liability claim payment compared to FY 2025/26 and a \$339,535 increase due to new construction. However, because of increases to the net assessed limited property values, the current primary property tax rate of \$0.4891 is projected to decrease by \$0.0090 to \$0.4801 per \$100 of assessed valuation in FY 2026/27, consistent with the public notice.

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, a Public Hearing Notice, and Truth in Taxation information in the Arizona Republic once a week for two consecutive weeks on Saturday, May 23, 2026 and Saturday, May 30, 2026.

Additionally, as required by A.R.S. § 9-499.15, the city posted and filed with the City Clerk notice of the proposed tax levy increase with the schedule of the proposed increase and a written report supporting the proposed increase by April 24, 2026, which is 60 days before City Council will consider whether to adopt the ordinance fixing the levy (scheduled for June 23, 2026).

Secondary Property Tax Levy (GO Bond Debt Repayment) – Rate Expected to Increase:

Under state law, cities and towns may levy a secondary property tax for the sole purpose of retiring the principal and interest or redemption charges on general obligation bonded indebtedness. A city or town may levy whatever amount of secondary property taxes is necessary to pay general obligation debt service (and fees related to the debt issuances). Secondary property tax is subject to limitations under the Arizona Constitution related to bonded indebtedness.

For FY 2026/27, the City's proposed secondary property tax levy is forecast to increase by \$1.85 million, from \$34.85 million in FY 2025/26 to \$36.70 million, due to increased debt service payments. However, due to increases in net assessed limited property values, the current secondary property tax rate of \$0.4233 is expected to increase by only \$0.0034 to \$0.4267 per \$100 of assessed valuation in FY 2026/27.

The FY 2026/27 secondary property tax levy was calculated to ensure the reserve meets the limitation prescribed in A.R.S. § 35-458(A), requiring that the levy be net of all cash in excess of 10 percent of the annual payments of principal and interest in the current fiscal year from the previous year remaining in the fund or funds prescribed by A.R.S. § 35-458(B).

Combined Property Tax Levy and Taxpayer Impact:

The combined property tax levy is the aggregate of the primary and secondary levies. For FY 2026/27, the City's total proposed combined property tax levy is forecast to increase by approximately \$2.87 million, from \$75.12 million in FY 2025/26 to \$77.99 million in FY 2026/27.

In FY 2026/27, property owners' tax bills will reflect a combined property tax rate of \$0.9068, which is \$0.0056 less than the FY 2025/26 combined rate of \$0.9124. Limitations to the combined property tax rate is included in the City's adopted financial policies for debt management, which state that the combined tax rate will not exceed \$1.50 per \$100 of assessed value.

Based on the proposed combined rate, homeowners will pay approximately \$90.68 for every \$100,000 of net limited property assessed value in City property taxes. The Maricopa County Assessor's Office, not the City of Scottsdale, determines the limited property assessed values used to calculate property tax bills. According to the Maricopa County Assessor's Office, the median limited property assessed value for a single family residence in Scottsdale is \$421,283.

About \$0.15 of every dollar in property taxes paid by Scottsdale property owners goes to City government and City general obligation debt repayment. The remaining \$0.85 goes to public schools, Maricopa County, community colleges, and various special districts.

RESOURCE IMPACTS

For FY 2026/27, the proposed combined property tax rate is \$0.9068, and the combined levy of \$77.99 million is detailed by tax tier and fund below:

Property Tax Levy Summary (in millions)

Tax Tier	Estimated Tax Rate	General Fund*	Risk Management Fund*	Debt Service Fund*	Total Property Tax Levy*
Primary	\$0.4801	\$40.72M	\$0.57M	-	\$41.29M
Secondary	\$0.4267	-	-	\$36.70M	\$36.70M
Combined	\$0.9068	\$40.72M	\$0.57M	\$36.70M	\$77.99M

For comparison, the current FY 2025/26 property tax rate and levy and the FY 2026/27 proposed property tax rate and levy are below:

* Note: This is a preliminary report for A.R.S. § 9-499.15 posting purposes only and may be updated for the final City Council Report in advance of the June 23, 2026, City Council meeting.

Tax Tier	FY 25/26 Tax Rate	FY 25/26 Tax Levy*	FY 26/27 Est. Tax Rate	FY 26/27 Est. Tax Levy*	Change in Levy
Primary	\$0.4891	\$40.27M	\$0.4801	\$41.29M	2.54%
Secondary	\$0.4233	\$34.85M	\$0.4267	\$36.70M	5.30%
Combined	\$0.9124	\$75.12M	\$0.9068	\$77.99M	3.82%

*Note: \$ in millions; rounding differences may occur.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Staff recommends that City Council hold a public hearing and receive public testimony on the proposed levy and property tax rates, approve a motion to levy the proposed taxes and fix the levy by ordinance at the June 23, 2026 Council meeting (Arizona State law requires a period of at least fourteen days between the public hearing on the tax levy and adoption of the tax levy).

RESPONSIBLE DEPARTMENT(S)

City Treasurer Division

STAFF CONTACT(S)

Scott Selin, Budget Department Director, 480-312-2603, SSelin@ScottsdaleAZ.gov

APPROVED BY

Sonia Andrews

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

5/26/26 11:35 MST

Date

ATTACHMENTS

1. Schedule B from FY 2026/27 Tentative Budget

CITY OF SCOTTSDALE
Summary of Property Tax Levy and Property Tax Rate Information
Fiscal Year 2026/2027
Schedule B

	Fiscal Year 2025/2026	Fiscal Year 2026/2027
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	39,592,037	40,723,413
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	-	-
3. Property tax levy amounts		
A. Primary property taxes (includes tort judgments)* <u>Property tax judgement</u>	40,270,725	41,292,148
B. Secondary property taxes <u>Property tax judgement</u>	34,851,032	36,697,999
C. Total property tax levy amounts	75,121,757	77,990,147
4. Property taxes collected**		
A. Primary property taxes		
(1) 2025/2026 levy	40,270,725	
(2) Prior years' levies	407,234	
(3) Total primary property taxes	40,677,959	
B. Secondary property taxes		
(1) 2025/2026 levy	34,851,032	
(2) Prior years' levies	-	
(3) Total secondary property taxes	34,851,032	
C. Total property taxes collected	75,528,991	
5. Property tax rates		
A. City tax rate		
(1) Primary property tax rate <u>Property tax judgement</u>	0.4891	0.4801
(2) Secondary property tax rate <u>Property tax judgement</u>	0.4233	0.4267
(3) Total city tax rate	0.9124	0.9068
B. Special assessment district tax rates		

Secondary property tax rates - As of the date the Adopted budget was prepared, the city was operating 357 special assessment districts (streetlight improvement districts) for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact

* Does not include an additional \$437,234 in expected FY 2026/27 property tax revenue from preceding years; this anticipated revenue increases total FY 2026/27 property tax revenue to \$41,699,382.

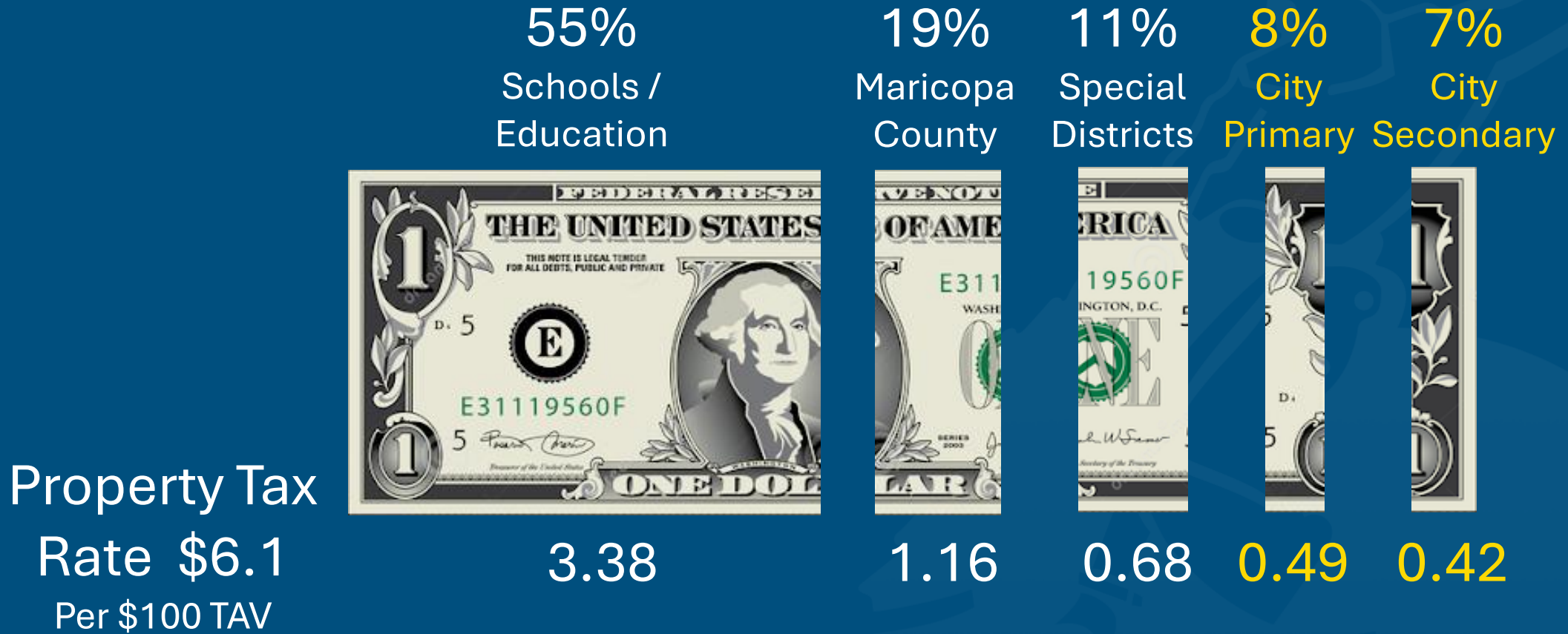
** Includes actual property taxes collected as of the date the tentative budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

FY 2026/27 Property Tax Levy and Rate Public Hearing

*City Council Meeting
June 9, 2026*

Property Tax Basics

FY25/26 Distribution of Property Taxes in Scottsdale



Distribution based on average FY25/26 property tax rates in Scottsdale. Rates may vary based on school district and special districts that property is in and classification of property. Rounding differences may occur.

Median LPV and Current Property Taxes

Scottsdale Residential
FY25/26 Median

LPV
\$398,851

Assessed Value
\$39,885



	Property Tax Rate (per \$100 assessed value)	FY 25/26 Property Taxes
Schools	3.38	1,348.11
County	1.16	462.67
City	0.91	362.95
Special Districts	0.68	271.22
Total Property Taxes	6.13	\$2,444.95



Notes: Median LPV per Maricopa County Assessor 2026 Single Family Residential by City. Rate for schools and special districts may vary based on districts the property is in and classification of property. Rounding difference may occur.

Property Taxes Are Based on Limited Property Value

Full Cash Value (FCV)

Market or Appraised
Value

VS

Limited Property Value (LPV)

- Median LPV is 61% of FCV
- Annual increase limited to 5%



Property Taxes

LPV x 10% Assessment Ratio
x Property Tax Rate

Proposed FY26/27 Property Tax Rates

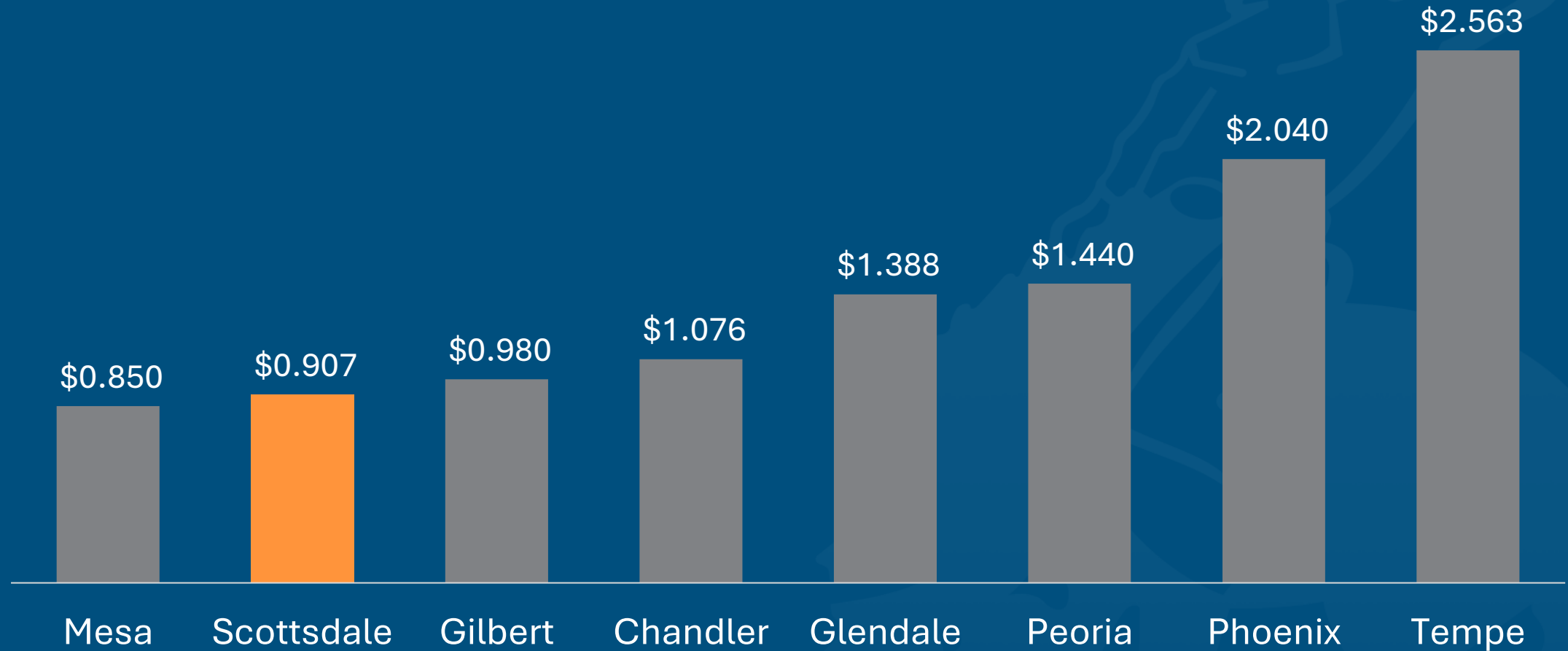
Proposed FY26/27 Property Tax Rate

(rates per \$100 of tax assessed value)

	Current	Proposed FY26/27	% Change
Primary	0.489	0.480	-1.8%
Secondary	0.423	0.427	0.9%
Total Combined Rate	\$ 0.912	\$ 0.907	-0.5%

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

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.

Change in Primary Property Tax

	Rate	Levy (in millions)
Current FY25/26	0.489	\$ 40.3
Appreciation in Assessed Value	(0.018)	
New Construction		0.3
2% Maximum Levy Increase	0.010	0.8
Reduction in City Tort Settlements	(0.001)	(0.1)
Proposed FY26/27	0.480	\$ 41.3

Change in Secondary Property Tax

	Rate	Levy (in millions)
Current FY25/26	0.423	\$ 34.9
Appreciation in Assessed Value	(0.014)	
New Construction		0.3
Increase in Amount Needed for Debt Service	0.018	1.5
Proposed FY26/27	0.427	\$ 36.7

Impact on Median Scottsdale Residential Property

	Current FY25/26	Proposed FY26/27	% Change
Median Limited Property Value	\$398,851	\$418,794	5.0%
Property Taxes:			
School/Education	1,348.11		
County	462.67		
City (primary & secondary)	362.95	379.76	4.6%
Special Districts	271.22		
Total Property Tax Bill	<u>\$2,444.95</u>		



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

Historical Primary/Secondary Property Tax Rates

Fiscal Year	Primary Rate	Secondary Rate	Combined Rate
FY 2022/23	.4970	.4101	.9071
FY 2023/24	.5150	.4664	.9814
FY 2024/25	.4958	.4358	.9316
FY 2025/26	.4891	.4233	.9124
FY 2026/27	.4801	.4267	.9068

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

ACTION

- **SOLICIT** public testimony on the proposed FY 2026/27 property tax levy
- **BY A ROLL CALL VOTE, APPROVE** a motion to levy the proposed property taxes, taxes to be assessed by ordinance on June 23, 2026.