

AGENDA ITEM #: \_\_\_\_\_

DATE: June 26, 2017

COAC #: 17-5996

**CITY OF GOODYEAR  
CITY COUNCIL ACTION FORM**

**SUBJECT: PUBLIC HEARING FOR  
TRUTH AND TAXATION (TNT) AND  
FY18 FINAL BUDGET**

**STAFF PRESENTER:** Lauri Wingenroth,  
Budget & Research Manager

**CASE NUMBER:** N/A

**OTHER PRESENTER:** N/A

**PROPOSED ACTION:**

1. Conduct a public hearing on the proposed increase of \$170,157 in the primary property tax levy and Resolution No. 17-1786 which adopts the final estimates by the city of Goodyear for the fiscal year beginning July 1, 2017 and ending June 30, 2018.
  - a. Open public hearing
  - b. Staff presentation
  - c. Receive public comments
  - d. Close public hearing
2. Approve the Truth in Taxation (TNT) increase of \$170,157 for fiscal year 2017-18 (FY18) by a roll call vote.

**BACKGROUND AND PREVIOUS ACTIONS:**

In accordance with Arizona Revised Statute (A.R.S.) § 42-17107, when the municipal primary property tax levy, excluding any increases due to the value of new construction, is greater than the amount levied in the previous year, actions must be taken to inform residents.

As part of that requirement, this public hearing will be regarding the proposed levy increase of \$170,157 in the primary property tax levy above the Truth in Taxation levy limit of \$8,485,749. Any taxpayer may appear and be heard in favor of or against any proposed expenditure or property tax levy. Final action to set the primary and secondary property taxes for the City of Goodyear is scheduled for July 10, 2017, during a regular meeting of the City Council.

Maximizing the primary property tax levy is part of an overall financial strategy that encourages the maximization of the City's stable revenue source. The combination of the primary and secondary tax rate is not to exceed \$1.7349 per \$100 of assessed valuation.

Related to compliance with the Truth in Taxation legal requirements, the City-issued press release was distributed on June 9, 2017 with information regarding the Truth in Taxation public hearing. Additionally, the City's public hearing advertisements were published in the Southwest Valley Republic (a local newspaper of general circulation) on the indicated dates:

Friday, June 9, 2017

Truth in Taxation public hearing notice

(Required 14 to 20 days prior to the public hearing)

Friday, June 16, 2017

Truth in Taxation public hearing notice

(Required 7 to 10 days prior to the public hearing)

Following the legally required Truth in Taxation public hearing, the Council will be asked to consider adoption of the City's FY18 final budget. Additionally, at the July 10, 2017 Council meeting, final action is scheduled to set the primary and secondary property taxes for the City of Goodyear.

***FY18 Budget Development Discussion:***

Council was updated on the FY17 Beginning Balance during the December 19, 2016 Council work session. The increase in that beginning balance becomes the first input of one-time resources for the FY18 budget. At the February 6, 2017 work session, staff presented the General Fund Five Year Forecast & Initial Revenue estimates for FY17 and FY18. These sessions provided information on FY18 ongoing and one-time resources for the General Fund and a sense of budget capacity. At the March 20, 2016 work session, staff presented the CIP & Supplementals Funding Requests and provided initial recommendations and categorizations of items for funding consideration. At the April 10, 2017 work session, staff presented the Enterprise Funds-Draft FY18 Budgets and 10-Year CIP. At the April 17, 2017 work session, staff presented the Budget Process Overview and General Fund FY18 Draft Budget and CIP Projects. At the May 22, 2017 Council meeting, staff presented and the City Council approved the Tentative \$320.3 million FY18 Budget and revisions to Financial Policies which both include the maximization of the Primary Property Tax Levy at two percent (2%) above the prior year.

A summary of the approved Tentative budget, the Truth in Taxation calculation, and information on the required public hearing for FY18 budget adoption were also published in the Southwest Valley Republic twice in two consecutive weeks on June 7, 2017 and June 14, 2017.

The property tax levies of \$8,655,906 for Primary and \$13,237,686 for Secondary are scheduled to be set July 10, 2017.

***Truth in Taxation and Property Tax Discussion:***

As specified by the Arizona State Constitution and State law, the City of Goodyear has a two-tiered property tax system. The first tier is a "limited" tax and is known as the primary property tax. The primary property tax may be imposed by the City to fund general government operations. The second tier is an "unlimited" tax, known as the secondary property tax, which may only be used by the City to retire the principal and interest or redemption charges on voter-approved general obligation bonds.

As a general fund revenue, the FY18 primary property tax levy will be used to support general fund operations and maintenance activities including police and fire protection, parks and recreation, development services and many other general government functions. The Truth in Taxation legislation is applicable only to the primary or "limited" portion of the two-tiered

property tax system and there is a specific legal limit on how much the City can levy on the primary property tax.

The primary tax levy is limited to an annual increase of two percent over the previous year's maximum allowable primary levy, plus an increased dollar amount attributable to a net gain in property not taxed in the previous year (i.e. new construction value).

If the City proposes to increase the primary property tax levy by anywhere up to two percent over the previous year's maximum allowable primary levy, certain legal requirements must be met to notify property taxpayers. The City has met these requirements to date, by completing this Council report and holding the Truth in Taxation public hearing, distributing a Truth in Taxation press release, and publishing the "Truth in Taxation Hearing Notice of Tax Increase" in compliance with the publication requirements set forth in A.R.S. § 42-17107 (A)(1).

### **STAFF ANALYSIS:**

The Finance Department staff reviewed the proposed Truth in Taxation increase and FY18 Final Budget and assert they are in compliance with state law and city policies. They are in support of the proposed action.

### **FISCAL ANALYSIS:**

If approved, \$170,157 will be available as planned in the FY18 budget. If rejected, the proposed total and general fund portion of the FY18 budget must and will be reduced by \$170,157.

### **RECOMMENDATION:**

Approve the Truth in Taxation (TNT) increase of \$170,157 for fiscal year 2017-18 (FY18) by a roll call vote.

### **ATTACHMENTS:**

1. Property Taxes and Truth in Taxation analysis
2. Truth in Taxation hearing notice of tax increase
3. Truth in Taxation press release
4. Presentation