

2016/2017 Assessor Budget



- Annual Revenue generated
- \$24,000 Sale of Office Documents
 - ✦ V.
- \$24,000,000 Property Tax Revenue (Actual rate)
- \$34,188,000 Property Tax Revenue (Maximum rate)

Expense / Decision Package 1, 2, 3



- **\$8500** Harris Contract Increase – Data Processing
 - (\$95,500 → \$107,800)
- #1 Decision Package -- **\$71,500** Salary Adjustment
 - (64 % of classified staff @ entry level salary range)
 - (annual salary savings have been systematically swept from budget)
 - (Assessor request comprehensive desk audit to establish parity with other comparable department pay grades) **Current Incentive Award System is not working!**
- #2 **\$33,000** Half Year funding early hire replacement
 - (Technical Support Administrator – CAMA Administrator)
- #3 Floor Covering repair/replacement – Bisbee Office
 - (Unknown Cost \$ at this point)

GOALS / ACCOMPLISHMENTS



- ✓ Res. Re-Canvass Market Area 3 (Sierra Vista)
- ✓ Res. Re-Canvass Market Area 4 (Benson)
- ✓ Res. Re-Canvass Market Area 5 (Willcox)
- 2016 Re-Canvass Market Area 7 (Douglas)
- 2016 Re-Canvass Market Area 1 & 2 (Tombstone & Bisbee)
 - Aerial Photography, MapView, Googlem, Google Street View major asset in assessment work.
 - Agricultural activity, vineyards, tree crops, expansion of dairy ongoing assessment focus.
 - Systematic review of commercial & specialty properties is ongoing.
 - Re-establish audit team for personal property accounts and to monitor CVP assessments.
 - Redaction / internet access to assessment rolllegal issue.

Cochise County Assessed Value



<u>Tax Year</u>	<u>FCV</u>	<u>LPV</u>	
• <u>2008</u>	<u>\$8,317,226,278</u>	<u>\$7,312,766,909</u>	
•			
• <u>2010</u>	<u>\$9,170,232,226</u>	<u>\$8,630,036,695</u>	<u>+ 18%</u>
• <u>2012</u>	<u>\$9,071,530,286</u>	<u>\$8,875,926,254</u>	<u>+ 2.8%</u>
• <u>2014</u>	<u>\$8,316,032,735</u>	<u>\$8,280,926,389</u>	<u>- 6.7%</u>
• <u>2016</u>	<u>\$8,201,817,835</u>	<u>\$8,147,810,573</u>	<u>- 1.6%</u>

Loss of Assessed Value



- Decline in Real Estate Market
- Systematic reduction in legislative assessment rates
- Loss of 85% of all Business Personal Property accounts due to legislative exemptions
- Loss of value gain due to Prop 117 (5% cap on LPV)

Cochise County Property Tax



HISTORICAL PERSPECTIVE

1980



▪ Mines, Gas & Electric, Pipelines, Water utility Telecommunications	60%
▪ Railroads	16%
▪ Commercial	27%
▪ Agriculture, Vacant land	16%
▪ Residential rental	18%
▪ Residential	15%
▪ COUNTY TAX RATE.....	\$2.31

1990



▪ Mines, Gas & Electric, Pipelines, Water utility Telecommunications	25%
▪ Railroads	26%
▪ Commercial	25%
▪ Agriculture, Vacant land	16%
▪ Residential rental	12%
▪ Residential	10%
▪ County Tax Rate.....	\$2.93

2000



▪ Mines, Gas & Electric, Pipelines, Water utility Telecommunications	25%
▪ Railroads	21%
▪ Commercial	25%
▪ Agriculture, Vacant land	16%
▪ Residential rental	10%
▪ Residential	10%
▪ COUNTY TAX RATE.....	2.93

2010



▪ Mines, Gas & Electric, Pipelines, Water utility Telecommunications	21%
▪ Railroads	17%
▪ Commercial	21%
▪ Agriculture, Vacant land	16%
▪ Residential rental	10%
▪ Residential	10%
▪ COUNTY TAX RATE.....	\$2.62

2017



- Mines, Gas & Electric,
Pipelines, Water utility
Telecommunications 18%
 - Railroads 15%
 - Commercial 18%
 - Agriculture, Vacant land 15%
 - Residential rental 10%
 - Residential 10%
- COUNTY TAX RATE.....\$2.62?

1980 - 2017



▪ Mines, Gas & Electric, Pipelines, Water utility Telecommunications	60% → 18%	< 70% >
▪ Railroads	16% → 15%	< 6% >
▪ Commercial	27% → 18%	< 33% >
▪ Agriculture, Vacant land	16% → 15%	< 6% >
▪ Residential rental	18% → 10%	< 45% >
▪ Residential	15% → 10%	< 33% >
▪ COUNTY TAX RATE	\$2.31 → \$2.62 ?	+ 13%

ADDITIONAL CHANGES SINCE 1980



- **CATTLE/LIVESTOCKFULLY EXEMPTED**
- **BUSINESS PERSONAL PROPERTY.....FIRST \$152,900 EXEMPTED (removed 80% of the personal property accounts from assessment roll)**
- **CENTRALLY VALUED PROPERTIES HAVE ALL NEW CONSTRUCTION DISCOUNTED BY 90% UNTIL COMPLETE**
- **PROP 117 NOW LIMITS VALUATION PROPERTY TAX LEVY TO LPV AND LIMITS INCREASE TO 5% ANNUALLY (greatly reduces ability to capture value increase due to aggression in real estate property values)**

CALCULATED VALUE LOSS



- 2017 NET ASSESSED VALUE \$903,002,278
 - (2016 values using 2017 assessment rates)
- 2017 w/1980 NET ASSESSED VALUE \$1,501,925,722
 - (2016 values using 1980 assessment rates)
- LOSS FROM LEGISLATIVE CHANGES \$598,923,444 <40%>
- Reduction in assessment rates
- Increase in Business PP exemptions
- Centrally Valued Property - Major utilities, mines, telecommunications largest benefactor!
- What has caused this shift?

Locally Assessed v. Centrally Valued



- Locally assessed -- County Assessor
- Locally assessed – Physical appraisal
- Locally assessed – Part. const @ 100%
- Locally assessed – Sept 30 of Value Year
- Centrally Valued– Dept of Revenue
- Centrally Valued– Self Reported value
- Centrally Valued– Part. Const @ 10%
- Centrally Valued – Jan 1 of Value Year
- Locally assessed new construction = \$ 10,000,000 Jan 2 → Sept 30, 2016.....will be added to assessment roll with \$1,800,000 assessed value and **\$225,000** tax bill Sept 2017
- Centrally Valued new construction = \$10,000,000 Jan 2 → Sept 30, 2016.....will be added to assessment roll for 2018; **“0”** value added for 2017
- Centrally Valued new construction + \$10,000,000 Jan 1, 2016 (less than 100% complete).....will be added to assessment roll with \$180,000 assessed value and \$22,500 tax bill for 2017 (partial complete centrally valued property @10% of value)
- **Locally assessed business \$225,000 Centrally Valued business “0” → \$22,500**

WHY?



- All CVP property is self reported
- No physical inspections occur
- Four (4) DOR appraisers assigned to all CVP in all 15 counties
- Little/No Audit process takes place
- State has no property tax rate.....no motivation or “dog in the fight”
- ATRA = Legislative powerhouse

ATRA



- Arizona Tax Research Association
- Meet the Board of Directors :
- <http://www.arizonatax.org/committees/board-of-directors>

ATRA



- Net Assessed Values (tax base) systematically gutted
- Tax jurisdictions lose tax base – must adjust rates
- Systematic shift to vacant land and homeowner

Local Government Services Suffer



- Counties need a powerful voice @ Legislature to offset ATRA influence!
- More aggressive monitoring of CVP assessments
- Educate the public as to the steady & systematic reductions in assessment rates by legislature (tax shifts are being promoted as tax cuts)
- Adjusting the county tax rate may need to be considered to offset gutting of assessment roll by legislature/stop the bleeding and maintain requisite services.