

## Primary Property Tax Levy & Rate

### **Recommendation:**

Staff recommends setting the primary property tax levy below the maximum amount, which does not require a Truth in Taxation hearing. The Truth in Taxation Analysis shows this levy at \$15,955,424 based on a rate of \$1.7505. This represents a levy increase of \$229,260 from the prior year associated with new construction.

Staff is also recommending the district not pursue recovery of the Transwestern Pipeline judgment from property taxpayers.

### **Summary of Primary Property Taxes:**

The college realizes that even with the stimulus payments and relaxing COVID-19 restrictions for business, Navajo County taxpayers continue to deal with the economic downturn related to the pandemic. It may be years before the Navajo County sees any economic improvement and reduction in unemployment. As such, the college does not want to burden local taxpayers any further and recommends setting the property tax levy below the maximum allowed.

The Navajo County Assessor provides the Levy Limit Worksheet by February 10<sup>th</sup> of each year in accordance with Arizona Revised Statute §42-17052. The Truth in Taxation Analysis is used to calculate the Truth in Taxation Hearing Notice pursuant to Arizona Revised Statute §42-17107. The information from both sources are used to develop the budget options.

### Options:

- Option 1 - The attached 2021 Levy Limit worksheet lists the maximum allowable levy as \$17,018,207 with a maximum allowable tax rate of \$1.8671. In accordance with Arizona Revised Statute §15-1461.01, this option would require a Truth in Taxation hearing along with publication of notices.
- Option 2 - The 2021 Truth in Taxation Analysis shows the calculation of the levy set at \$15,955,424 with a rate of \$1.7505. This levy amount and rate would not require a hearing. The increase in the levy amount is associated with new construction.

Final action on the primary property tax levy will be taken at a Special Meeting on May 18, 2021. The levy can be decreased but not increased at that time.

Graphs providing historical property tax levy and rate information are included.



**Northland Pioneer College**

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**Summary of Transwestern:**

The judgment for Transwestern Pipeline Company (Transwestern) litigation will result in the district issuing a refund of \$402,204, excluding interest, in accordance with Arizona Revised Statute §42-16214. The district anticipates the refund will be covered by state appropriations (SB1603), interest covered by Navajo County, and any balance covered from contingency. Therefore, the district does not recommend recovery of the refund from local taxpayers.

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## 2021 LEVY LIMIT WORKSHEET

Date: 2/10/2021

NAVAJO COUNTY - NORTHLAND PIONEER COLLEGE

| MAXIMUM LEVY                            | 2020         |
|---|--------------|
| A.1. Maximum Allowable Primary Tax Levy | \$16,445,192 |
| A.2. A.1 multiplied by 1.02             | \$16,774,096 |

| CURRENT YEAR NET ASSESSED VALUE<br>SUBJECT TO TAXATION IN PRIOR YEAR | 2021          |
|--|---------------|
| B.1. Centrally Assessed  | \$198,022,926 |
| B.2. Locally Assessed Real Property                                  | \$684,743,460 |
| B.3. Locally Assessed Personal Property                              | \$15,614,890  |
| B.4. Total Assessed Value (B.1 through B.3)                          | \$898,381,276 |
| B.5. B.4. divided by 100   | \$8,983,813   |

| CURRENT YEAR NET ASSESSED VALUES            | 2021                 |
|---|----------------------|
| C.1. Centrally Assessed                     | \$200,661,019        |
| C.2. Locally Assessed Real Property         | \$695,202,180        |
| C.3. Locally Assessed Personal Property     | \$15,614,890         |
| C.4. Total Assessed Value (C.1 through C.3) | <b>\$911,478,089</b> |
| C.5. C.4. divided by 100                    | \$9,114,781          |

| LEVY LIMIT CALCULATION   | 2021                |
|--|---------------------|
| D.1. LINE A.2  | \$16,774,096        |
| D.2. LINE B.5  | \$8,983,813         |
| <b>D.3. D.1/D.2 (MAXIMUM ALLOWABLE TAX RATE)</b>                 | <b>1.8671</b>       |
| D.4. LINE C.5  | \$9,114,781         |
| <b>D.5. D.3 multiplied by D.4 = MAXIMUM ALLOWABLE LEVY LIMIT</b> | <b>\$17,018,207</b> |
| D.6. Excess Collections/Excess Levy                              |                     |
| D.7. Amount in Excess of Expenditure Limit                       |                     |
| <b>D.8. ALLOWABLE LEVY LIMIT (D.5 - D.6 - D.7)</b>               | <b>\$17,018,207</b> |

|                       |              |
|-----------------------|--------------|
| 2021 New Construction | \$13,096,813 |
|-----------------------|--------------|

## 2021 LEVY LIMIT WORKSHEET

|  |
|--|
| <b>NAVAJO COUNTY - NORTHLAND PIONEER COLLEGE</b> |
|--|

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|---|--------------|
| A.1. Maximum Allowable Primary Tax Levy | \$16,445,192 |
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|--|---------------|
| B.1. Centrally Assessed  | \$198,022,926 |
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|---|----------------------|
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| <b>LEVY LIMIT CALCULATION</b>                                    | <b>2021</b>         |
|--|---------------------|
| D.1. LINE A.2  | \$16,774,096        |
| D.2. LINE B.5  | \$8,983,813         |
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| D.6. Excess Collections/Excess Levy                              |                     |
| D.7. Amount in Excess of Expenditure Limit                       |                     |
| <b>D.8. ALLOWABLE LEVY LIMIT (D.5 - D.6 - D.7)</b>               | <b>\$17,018,207</b> |

|                              |                     |
|------------------------------|---------------------|
| <i>2021 New Construction</i> | <b>\$13,096,813</b> |
|------------------------------|---------------------|

|  |               |
|--|---------------|
| <i>Prior year actual levy (from line F.1 of the 2020 worksheet)</i>      | \$15,726,233  |
| <i>Divided by current values excluding new construction per line B.5</i> | \$8,983,813   |
| <b>Truth in Taxation Rate</b>  | <b>1.7505</b> |

If the proposed tax rate is greater than the Truth in Taxation Rate noted above, a truth in taxation hearing must be held. If the proposed levy, excluding new construction, is equal to 15% or more, the motion to levy the increase must be approved by a unanimous roll call vote. (see A.R.S. § 15-1461.01 )

**Enter data in yellow-shaded cells only.**

**Calculated data in tan should be used in published notice.**

**Reference updated language for published notice per Chapter 198 (HB 2286, Laws 2017).**

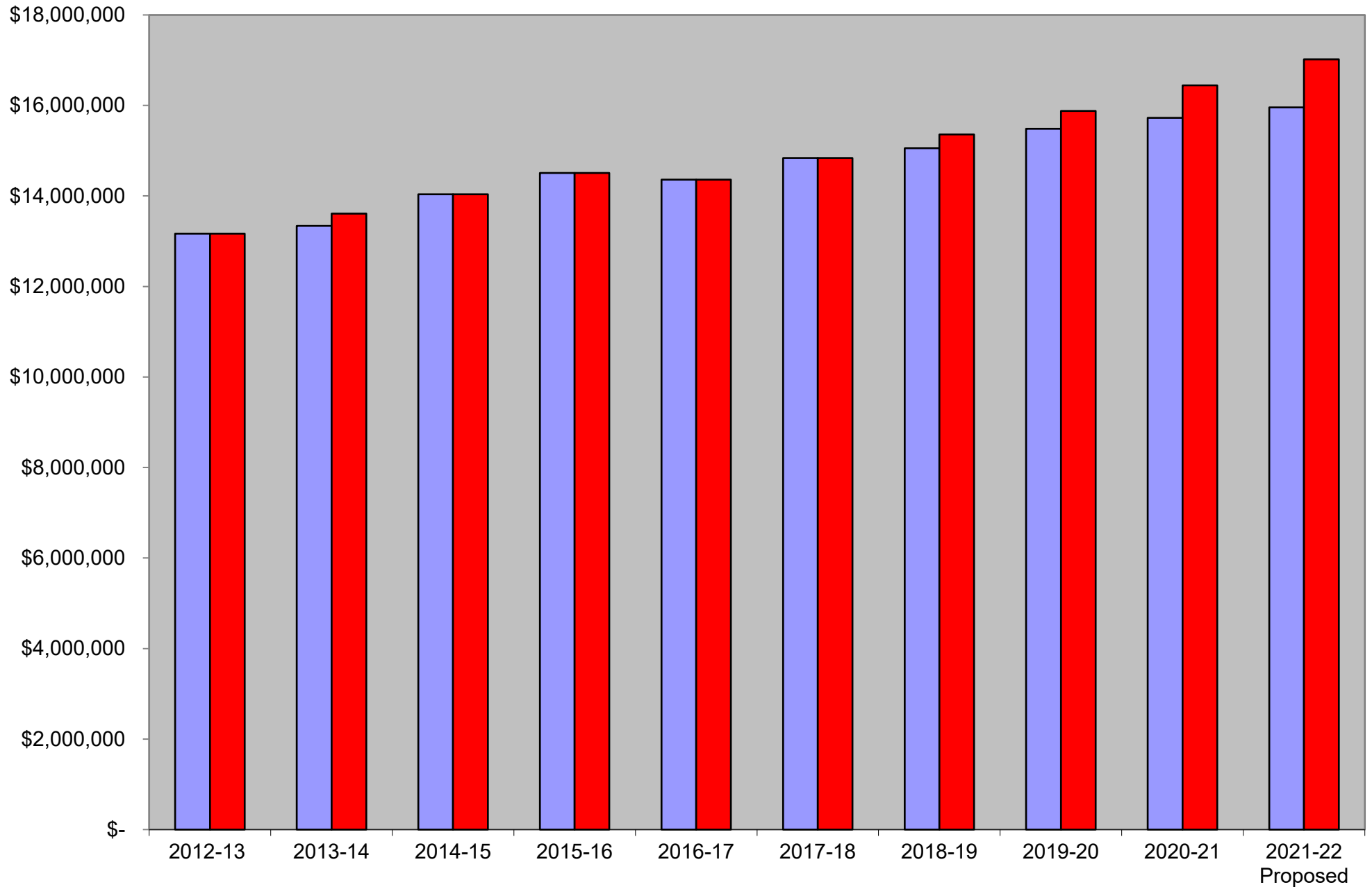
## Truth in Taxation Analysis

Calculation for Truth in Taxation Hearing Notice pursuant to A.R.S. § 42-17107

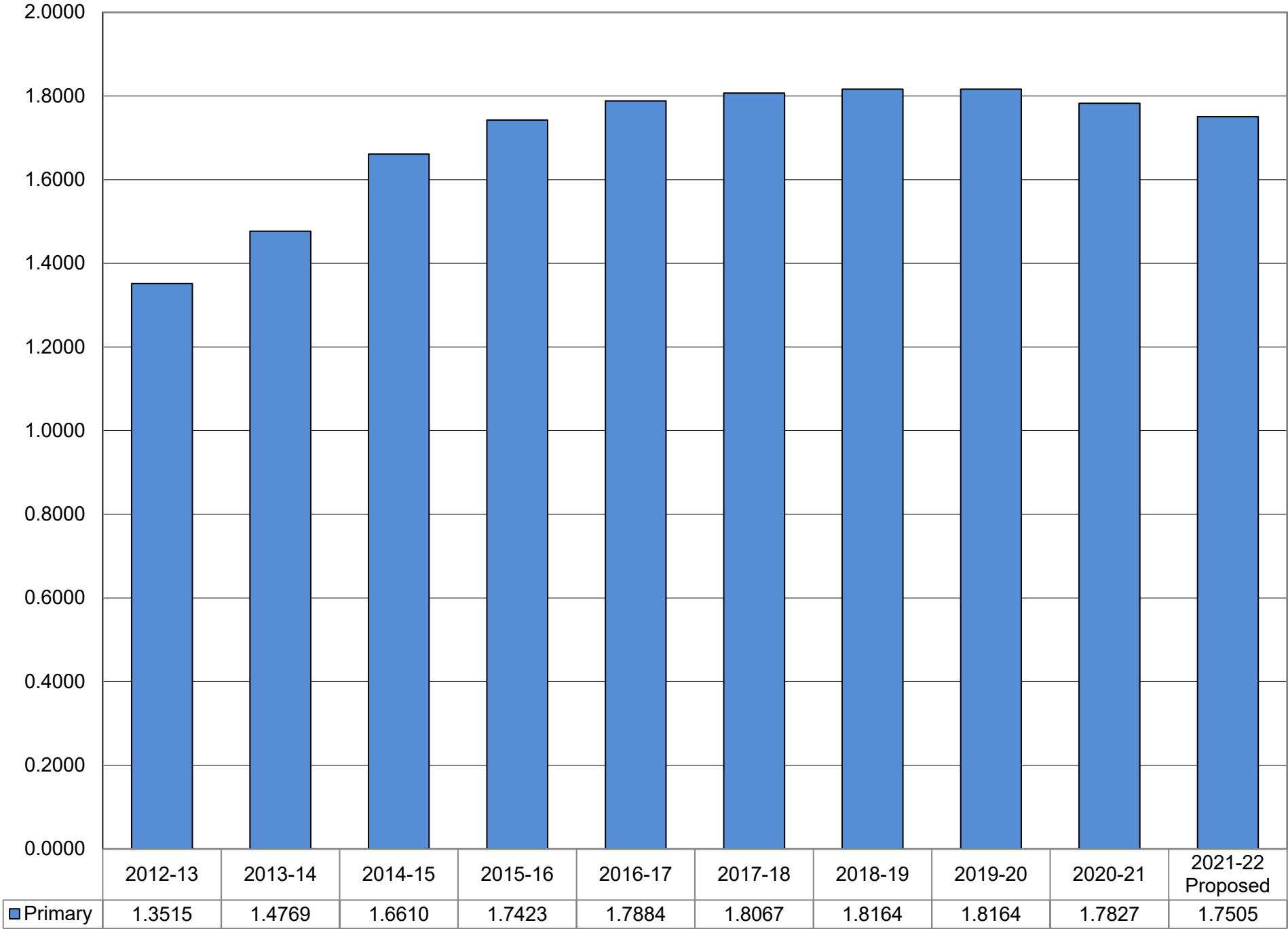
|   | Maximum        | TNT Rate       |
|---|----------------|----------------|
| Actual current primary property tax levy:<br>(line F.1. actual levy from prior year's final levy limit worksheet) | \$ 15,726,233  | \$ 15,726,233  |
| Net assessed valuation: (line C.4. from current year's worksheet)   | \$ 911,478,089 | \$ 911,478,089 |
| Value of new construction:  | \$ 13,096,813  | \$ 13,096,813  |
| Net assessed value minus new construction:<br>(line B.4. from current year's levy limit worksheet)                | \$ 898,381,276 | \$ 898,381,276 |
| MAXIMUM TAX RATE THAT CAN BE IMPOSED<br>WITHOUT A TRUTH IN TAXATION HEARING:                                      | \$ 1.7505      | \$ 1.7505      |
| Growth in property tax levy capacity associated<br>with new construction:   | \$ 229,260     | \$ 229,260     |
| MAXIMUM PRIMARY PROPERTY TAX LEVY<br>WITHOUT A TRUTH IN TAXATION HEARING:   | \$ 15,955,424  | \$ 15,955,424  |
| Proposed primary property tax levy:   | \$ 17,018,207  | \$ 15,955,424  |
| Proposed increase in primary property tax levy,<br>exclusive of new construction                                  | \$ 1,047,512   | -              |
| Proposed percentage increase in primary<br>property tax levy:   | 6.66%          | 0.00%          |
| Proposed primary property tax rate:   | \$ 1.8671      | \$ 1.7505      |
| Proposed increase in primary property tax rate:   | \$ 0.1166      | \$ 0.0000      |
| Proposed primary property tax levy<br>on a home valued at \$100,000   | \$ 186.71      | \$ 175.05      |
| Primary property tax levy on a home valued<br>at \$100,000 if the tax rate was not raised:                        | \$ 175.05      | \$ 175.05      |
| Proposed primary property tax levy increase<br>on a home valued at \$100,000:                                     | \$ 11.66       | \$ 0.00        |

# NPC Primary Maximum Property Tax Levy compared to Actual Levy

■ Levy - Assessed - set by NPC    ■ Levy Limit - Max



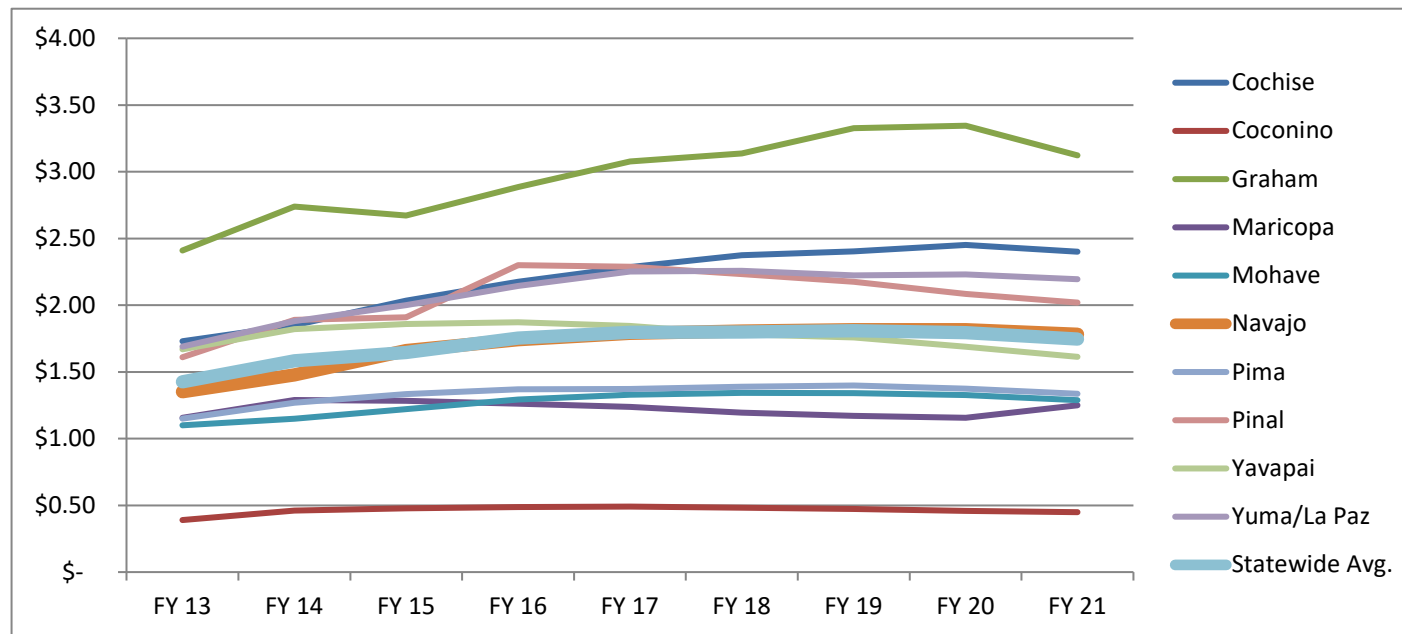
NPC Historical Property Tax Rates & Current Year Proposal



## Community College Primary Property Tax Rates

| CC District    | FY 13   | FY 14   | FY 15   | FY 16   | FY 17   | FY 18   | FY 19   | FY 20   | FY 21   |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cochise        | \$ 1.73 | \$ 1.85 | \$ 2.03 | \$ 2.18 | \$ 2.29 | \$ 2.37 | \$ 2.40 | \$ 2.45 | \$ 2.40 |
| Coconino       | \$ 0.39 | \$ 0.46 | \$ 0.48 | \$ 0.49 | \$ 0.49 | \$ 0.48 | \$ 0.47 | \$ 0.46 | \$ 0.45 |
| Graham         | \$ 2.41 | \$ 2.74 | \$ 2.67 | \$ 2.89 | \$ 3.08 | \$ 3.14 | \$ 3.33 | \$ 3.35 | \$ 3.12 |
| Maricopa       | \$ 1.16 | \$ 1.29 | \$ 1.28 | \$ 1.26 | \$ 1.24 | \$ 1.20 | \$ 1.17 | \$ 1.16 | \$ 1.25 |
| Mohave         | \$ 1.10 | \$ 1.15 | \$ 1.22 | \$ 1.29 | \$ 1.33 | \$ 1.34 | \$ 1.34 | \$ 1.33 | \$ 1.29 |
| Navajo         | \$ 1.35 | \$ 1.48 | \$ 1.66 | \$ 1.74 | \$ 1.79 | \$ 1.81 | \$ 1.82 | \$ 1.82 | \$ 1.78 |
| Pima           | \$ 1.15 | \$ 1.27 | \$ 1.33 | \$ 1.37 | \$ 1.37 | \$ 1.39 | \$ 1.40 | \$ 1.38 | \$ 1.34 |
| Pinal          | \$ 1.61 | \$ 1.89 | \$ 1.91 | \$ 2.30 | \$ 2.29 | \$ 2.23 | \$ 2.18 | \$ 2.08 | \$ 2.02 |
| Yavapai        | \$ 1.67 | \$ 1.82 | \$ 1.86 | \$ 1.87 | \$ 1.84 | \$ 1.78 | \$ 1.76 | \$ 1.69 | \$ 1.61 |
| Yuma/La Paz    | \$ 1.69 | \$ 1.88 | \$ 2.00 | \$ 2.14 | \$ 2.25 | \$ 2.26 | \$ 2.22 | \$ 2.23 | \$ 2.19 |
| Statewide Avg. | \$ 1.43 | \$ 1.58 | \$ 1.65 | \$ 1.75 | \$ 1.80 | \$ 1.80 | \$ 1.81 | \$ 1.79 | \$ 1.75 |

Majority of colleges are **not** proposing tax increases; two plan to recoup the Transwestern judgement from taxpayers





**Transwestern Settlement Refund Estimates**

| A                        | B        | C                               | D                                 | E  | F  | G                    | H                     | I                              |
|--------------------------|----------|---------------------------------|-----------------------------------|--|--|----------------------|-----------------------|--------------------------------|
| Tax Jurisdiction<br>Name | Tax Year | Primary<br>Property Tax<br>Rate | Secondary<br>Property<br>Tax Rate | Transwestern NAV<br>(Original Valuation) | Transwestern NAV<br>(Settlement<br>Revision) | Original Tax<br>Owed | Revised Taxes<br>Owed | Refund<br>(Before<br>Interest) |
| NPC                      | 2020     | \$1.7827                        | \$0.0000                          | 12,986,456                               | 8,237,771                                    | \$231,510            | \$146,855             | (\$84,655)                     |
| NPC                      | 2019     | \$1.8164                        | \$0.0000                          | 12,433,250                               | 7,907,560                                    | \$225,838            | \$143,633             | (\$82,205)                     |
| NPC                      | 2018     | \$1.8164                        | \$0.0000                          | 10,868,763                               | 8,107,094                                    | \$197,420            | \$147,257             | (\$50,163)                     |
| NPC                      | 2017     | \$1.8067                        | \$0.0000                          | 12,919,391                               | 7,924,232                                    | \$233,415            | \$143,167             | (\$90,248)                     |
| NPC                      | 2016     | \$1.7884                        | \$0.0000                          | 13,553,961                               | 8,245,625                                    | \$242,399            | \$147,465             | (\$94,934)                     |
|                          |          |                                 |                                   |  |  |                      | NPC                   | (\$402,204)                    |