

AGENDA REPORT



Meeting Date: January 15, 2019
Agenda Item # 13
City Manager Approval: *RLC*

TO: Honorable Mayor and Members of the City Council

FROM: Sandy Ryan, Finance Director

SUBJECT: Report on Property Tax Revenue Update

RECOMMENDED COUNCIL ACTION:

City Council receives the Report on Property Tax Revenue Update.

SUMMARY:

Taxable property values increased approximately 6.8% for the 2018/19 fiscal year, compared to the prior year.

PREVIOUS COUNCIL ACTION:

Staff updates City Council bi-annually with preliminary and final property tax reports. The last staff report to City Council was on May 15, 2018.

DISCUSSION:

As part of the City's consultant agreement, HDL Companies monitor and project property tax revenue and motor vehicle fees and provide the City with preliminary and final property tax and vehicle license fee reports.

The taxable property values for 2018/19 are estimated to have increased 6.8% from the prior year. Prior year fluctuations are as follows: 2017/18 – 5.2% increase; 2016/17 – 5.6% increase; 2015/16 – 5.2% increase; 2014/15 – 1.1% increase; 2013/14 – 2.4% increase; 2012/13 – 4.5% decrease; 2011/12 – 2.2% decrease; 2010/11- 7.2% decrease; 2009/10- 3.8% decrease.

The main reasons for the 2017/18 increase are a failure to apply for exemption at 319 South Jackson, purchases at 2810 North Main & 750 David Avenue, and improvements to 2950 North Main & 925 Walnut. The main decrease is a decline in value at 2620 Montgomery as it was undergoing renovations.

The median sale price (the price between the low and highest sale) increased 4.07% in 2017, and is estimated to increase 15.63% in 2018. The average sale price also increased in 2017, up to \$160,888 from \$158,020 the prior year. The average sale price for 2018 is estimated to increase to \$181,304, however only 107 houses sold in through August 31, 2018, so this may not be a good representation of the entire year. In 2017, 186 houses we sold.

CITY FISCAL IMPACT:

Estimated property tax for 2018/19 by HdL is \$1,711,482, which increased \$41,300 from the prior estimate in May. This increase is mainly due to the Secured Improvements Revenue. This amount is divided into \$1,603,496 for the General Fund and \$107,986 for the Airport.

Estimated Vehicle license fees for 2018/19 by HdL is \$1,272,477, which increased \$31,353 from the prior estimate in May.

Changes to the overall budget for 18/19 will be a decrease of General Fund Property Tax Revenues of approximately \$40,746 and an increase of Airport Fund Property Tax Revenues of approximately \$37,986. There will be an increase of General Fund MVL Revenues of approximately \$40,800.

ATTACHMENTS:

- A. 2018-19 Preliminary Property Tax Reports