

# Budget Update

Maricopa County  
Office of Management and Budget  
March 8, 2012

# Comparison of General Fund On-Going Revenue Sources

## State

### Income Tax (41%)

Increasing

Foreclosures positively impact due to less deductions

Forecasting 6% growth in FY 2013

### Sales Tax (50%)

Slowly and steadily increasing for all sectors

\$.01 additional sales tax

Forecasting 4% growth in FY 2013

## County

### Property Tax (45%)

Declining

Foreclosures negatively impact by lowering property values

Forecasting \$52 million (11%) less in FY 2013

### Sales Tax (35%)

Slow and steady increase, slightly lagging the base (base at 7.5% YTD; Maricopa County 6.1% YTD)

Forecasting 4% growth in FY 2013

# Legislative Changes to Property Tax Base

- ▶ Compound the decline in valuation
- ▶ Lengthen the time for rebound
- ▶ Limit growth
- ▶ Shrink base by reducing or eliminating classes of personal property or by impacting property classification
- ▶ Shift to Residential

# Summary of Legislation and Other Proposals

## ▶ **Growth/Limits**

- SCR 1025 – Limits increase in valuations (ATRA)
- Prop 13 – Limits tax and limits increase in valuation

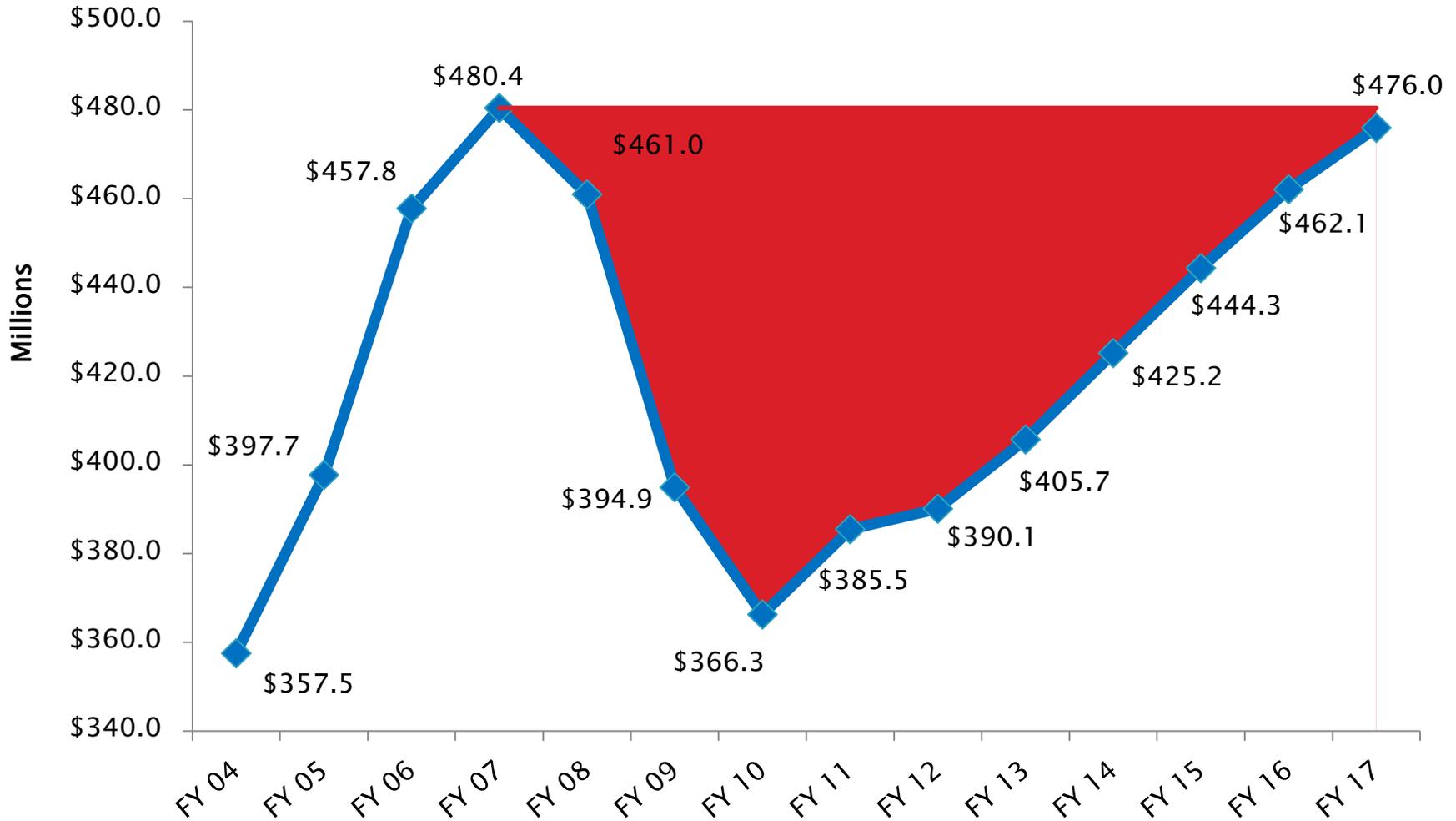
## ▶ **Personal Property**

- SCR 1012/HCR 2009 – Exemption of business personal property of \$2.4 million
- SB 1367 – Personal Property exemption

## ▶ **Classification/Valuation**

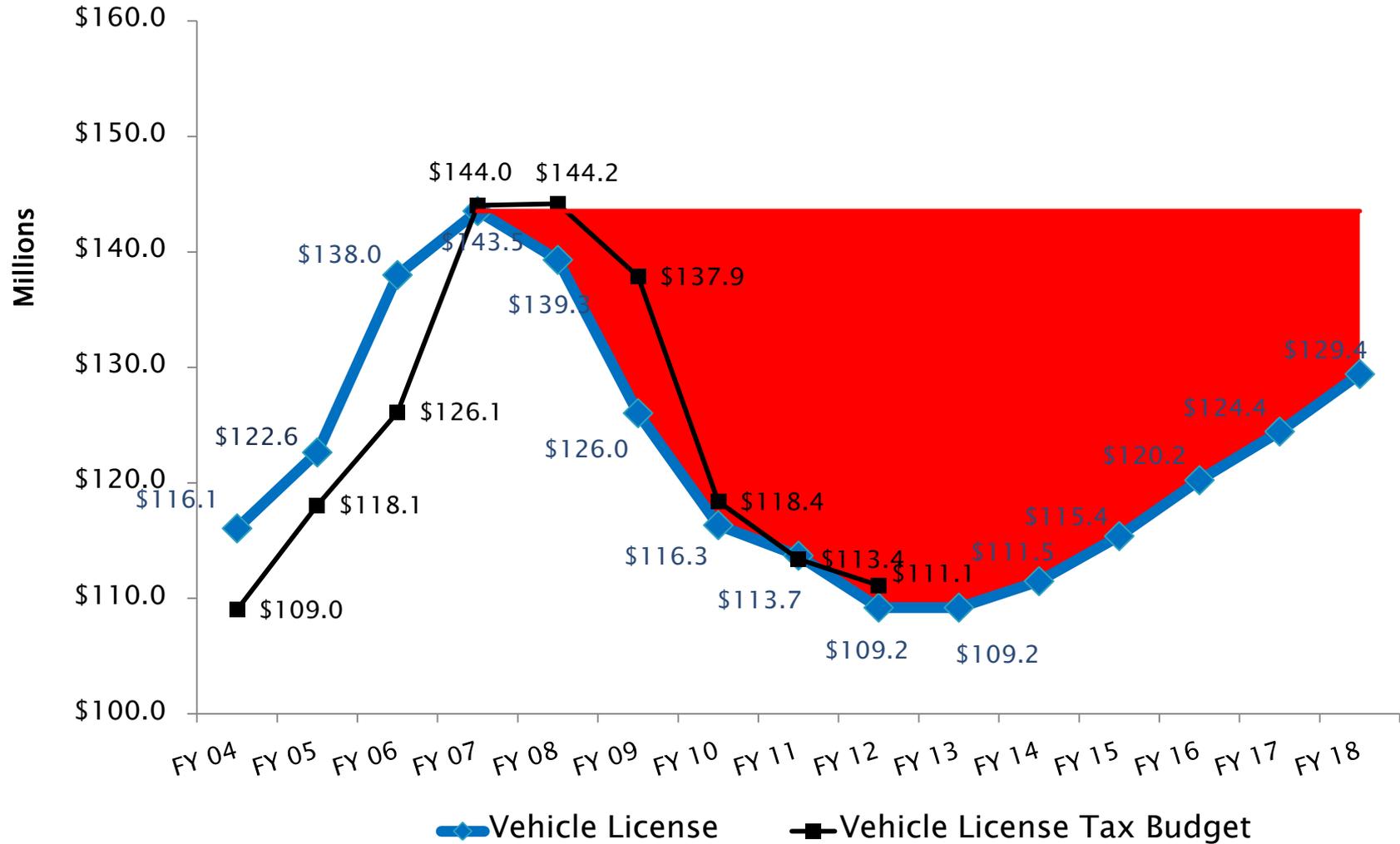
- SB 1279 – Computer Software
- SB 1416 – Property Tax Agricultural
- HB 2226 – Property Tax Agriculture

# State Shared Sales Tax



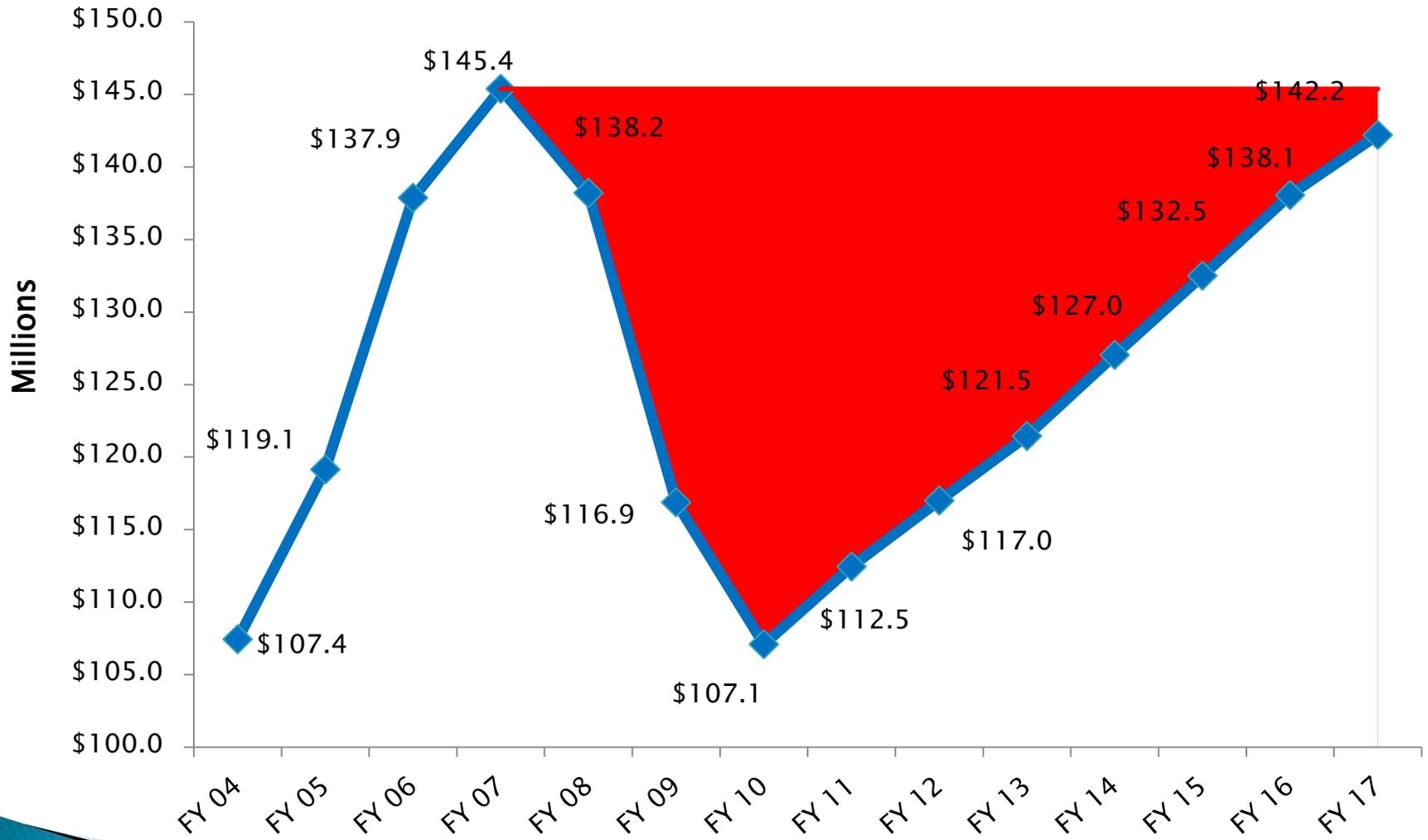
January 2012 pessimistic forecasted growth rate Elliott D. Pollack and Co.

# Vehicle License Tax



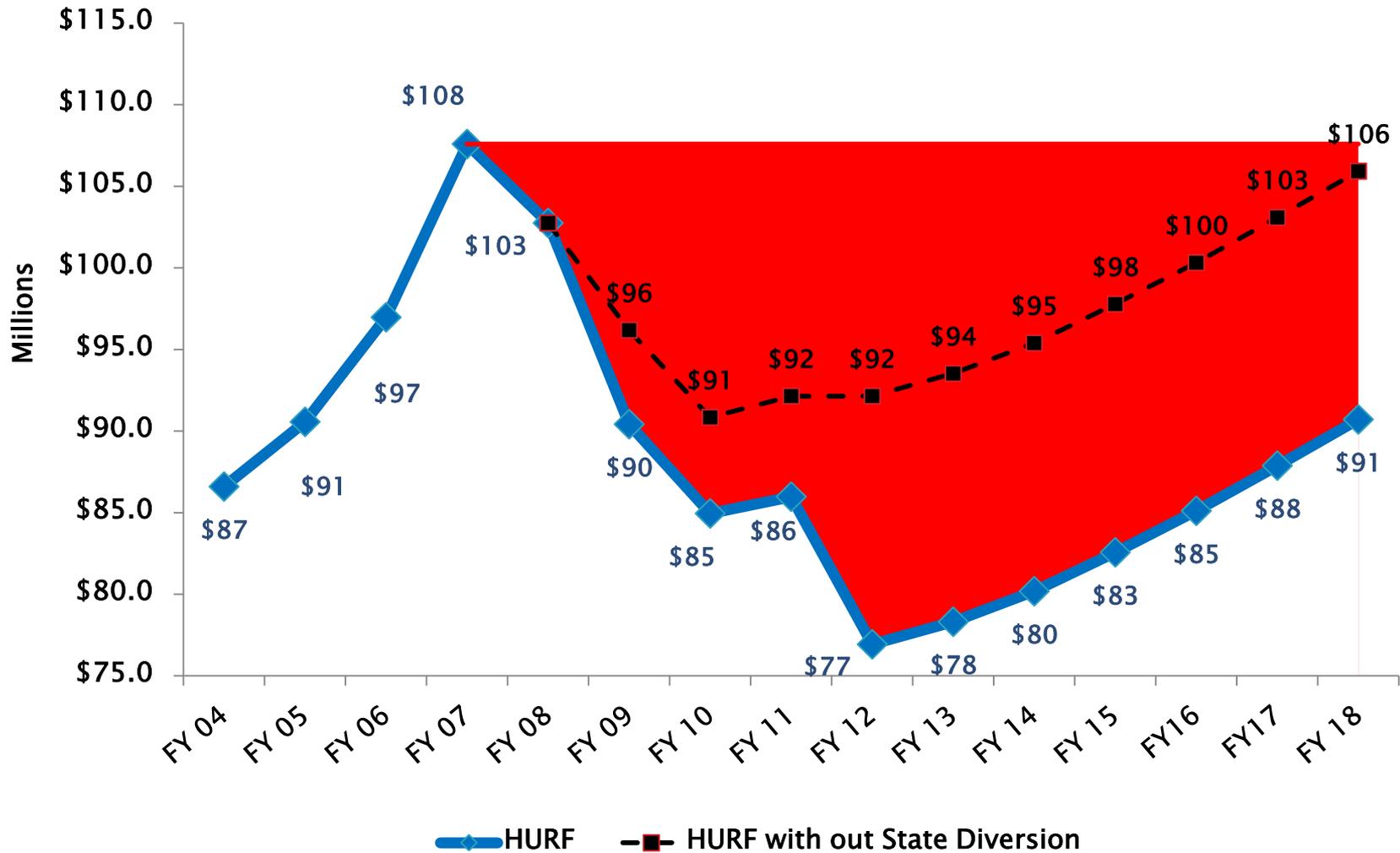
January 2012 pessimistic forecast, Elliott D. Pollack and Co.

# Jail Excise Tax



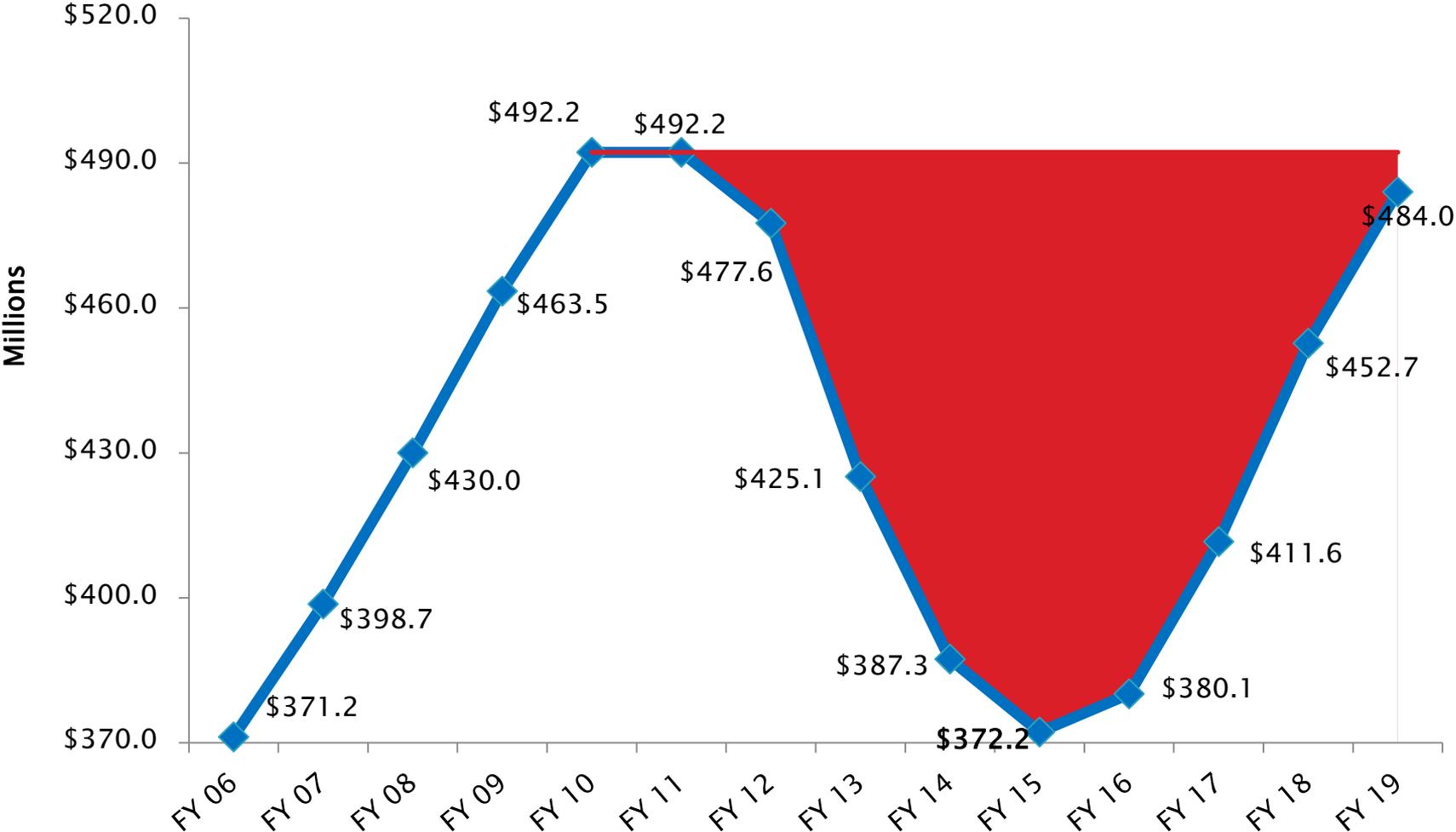
January 2012 pessimistic forecast, Elliott D. Pollack and Co.

# Highway User Revenues



January 2012 pessimistic forecast, Elliott D. Pollack and Co.

# Property Tax



January 2012 pessimistic forecast NAV Growth rates, Elliott D. Pollack and Co.

# Updated Property Tax

	FY 2012 Budget		FY 2013 with Flat Tax Rate		Variance
Primary Net Assessed Valuation	\$	38,492,098,635	\$	34,263,842,274	\$ (4,228,256,361)
Tax Rate	\$	1.2407	\$	1.2407	\$ -
Tax Levy	\$	477,571,468	\$	425,111,491	\$ (52,459,977)

Levy based on November estimated NAV and flat rate was \$45.0 Million less than FY 2012

Levy based on February 10<sup>th</sup> NAV and flat rate is \$52.5 Million less than FY 2012  
*(an additional \$7.5 million)*

# New Developments Since Budget Guidelines

- ▶ Governor's Budget and JLBC Baseline budget removes County contribution to State
  - ▶ Legislation introduced to reverse Inmate Shift
  - ▶ Court Decision and Proposed Legislation to Change to ASRS Cost Share back to 50%/50% (from 53%/47%)
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# Emerging Issues Since Guidelines

	General Fund	Detention Fund
Operating Revenue Reductions	\$ 13,400,000	\$ 200,000
Operating Expenditures Increases*	\$ 10,600,000	\$ 8,900,000
Operating Requests	\$ 7,200,000	\$ 200,000
<b>Total Operating</b>	<b>\$ 31,200,000</b>	<b>\$ 9,300,000</b>
Non Recurring Expenditure Increases*	\$ 11,500,000	
Non Recurring Requests	\$ 164,000,000	\$235,800,000
<b>Total Non Recurring</b>	<b>\$ 175,500,000</b>	<b>\$235,800,000</b>
<b>TOTAL</b>	<b>\$ 206,700,000</b>	<b>\$245,100,000</b>

\* Mandated/Necessary

# FY 2013 Budget Development

- ▶ FY 2013 Guidelines

*No call for reductions, but be prepared to submit up to 5% of operating budget to retain structural balance*

- ▶ All Baseline Budgets will be reviewed to achieve structural balance in all funds, including the General Fund

- Vacant Positions
- Reduced Demand
- Realistic Revenues
- Structural Balance

- ▶ Welcome ideas on ways to right-size *your* budget



## Office of Management and Budget