



**2017/2018 Property Tax Rates**  
**Finance, Audit and Power Committee**

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## CAWCD Property Taxes

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- Authorized under A.R.S. Title 48, Chapter 22 "Multi/County Water Conservation Districts"
- Two taxes authorized:
  - General *Ad Valorem* Tax not to exceed 10 cents per \$100 of assessed valuation
  - Tax "for Water Storage" not to exceed 4 cents per \$100 of assessed valuation
- CAWCD property taxes are based on Limited Property Value (LPV) as a result of Proposition 117

## CAWCD General Ad Valorem Property Tax

- General Ad Valorem Tax may be used for any authorized purpose except as a pledge towards repayment of revenue bonds
  - Uses have included creation of reserves, Operations & Maintenance, Repayment and capital expenditures
- Historical General Ad Valorem Tax rates:
  - 1987/1988 through 1999/2000 10 cents
  - 2000/2001 through 2002/2003 9 cents
  - 2003/2004 through 2006/2007 8 cents
  - 2007/2008 through 2011/2012 6 cents
  - 2013/2014 through 2019/2020 10 cents

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## Sources and Uses of Funds (General Fund)

### CAP Sources and Uses of Revenue

		USES				
		Repayment	Federal OM&R	M&I OM&R	Ag Pool OM&R	Reserves
SOURCES	Power & Basin Fund Revenues	✓	✗	✗	✗	✗
	M&I Capital Charges	✓	✗	✗	✗	✗
	Water Delivery Charges - Federal	✗	✓	✗	✗	✗
	Water Delivery Charges - M&I	✗	✗	✓	✗	✗
	Water Delivery Charges - Ag Pool	✗	✗	✗	✓	✗
	Property Taxes & Interest	✓	✓	✓	✓	✓
	Reserves	✓	✓	✓	✓	

- ✓ Must Do - Primary Source
- ✗ Cannot do
- ✓ Can do - discretionary
- ✓ Can do - some is committed

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## General *Ad Valorem* Property Tax

- Value of one cent of tax collection to CAWCD:
  - \$5 million in 2017/2018
- At a rate of 10 cents, CAP Ad Valorem tax on a \$150,000 home is \$15.00 per year
- Currently, the General *Ad Valorem* Property Tax rate is at 10 cents per \$100 of assessed value
  - 2.5 cents is placed in a designated Extraordinary Cost reserve separate from Strategic Reserves
  - ~5 cents of the remaining 7.5 cents is consumed by the cost of the Ag Consideration (Fixed OM&R) and Ag Incentive Program
  - remainder remains in strategic reserves

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## CAWCD “Water Storage” Tax (4-cent tax)

- Authorized mid-1996 to replace the State Demonstration Project 4-cent tax
- Each year the CAP Board must determine how much of the tax is needed for OM&R or Repayment, including AWBA M&I firming
  - Balance, if any, goes to Arizona Water Banking Fund
- Historically:
  - Tax rate has been set at maximum 4 cents since inception
  - 100% of the tax was deposited in the Arizona Water Banking Fund through 2002
  - The tax has been retained by CAWCD since 2003
    - 2003-2008 “OM&R for AWBA M&I firming”
    - 2009 “OM&R for underground storage”
    - 2010-2011 “OM&R”
    - 2012 -2017 “OM&R or Repayment”

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## CAWCD “Water Storage” Tax (4-cent tax)

- There is a single tax rate for all three counties
  - Amounts collected in Pima and Pinal counties are consumed as quickly as they are realized for M&I firming by AWBA
  - A balance has built up from amounts collected in Maricopa county in excess of M&I firming needs
  - Interest income is available and is used to help fund AWBA operating costs
- The restriction to expend funds for the benefit of the county in which collected only applies to funds transferred to the Arizona Water Banking Fund
- In 2014, a bill was passed in the Arizona Legislature authorizing the AWBA to purchase long-term storage credits

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## CAWCD “Water Storage” Tax (4-cent tax)

- In conjunction with the AWBA long-term storage credit authorization, the CAWCD Board approved an amendment to the IGA with AWBA and ADWR that governs the way in which water storage taxes can be used to help pay for such purchases
  - The CAWCD Board will continue to establish the Water Storage Tax rate and use each June under the existing statutory authority
  - Later in the year, AWBA may make a request for some amount of the Water Storage tax levied for purchasing long-term storage credits
  - AWBA has requested \$14.7 million for the Phoenix AMA and \$2.86 million for the Tucson AMA for 2017

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## CAWCD “Water Storage” Tax (4-cent tax)

- Authorized uses under current statute if retained
  - Federal Repayment
  - CAWCD OM&R, which Includes items like drought mitigation programs, Ag Consideration and Ag Incentive and other CAWCD delivery costs
- Under current statute, cannot be used for recovery infrastructure
  - Recovery language was specifically removed from statute in 1996 revision
- Proposing to use 2 cents (starting in calendar 2018) to cover costs of the Ag program, which is part of OM&R
  - This action will free up general ad valorem taxes for recovery infrastructure, Colorado River programs and other uses

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