Budget Hearings Board Inquiry Form

Request/Question: Provide detail on the FY 2013-14 Adopted Supplemental Taxes amount shown during the presentation.

Response Prepared by: Joseph Toney, Fiscal and Policy Analyst

Response:
The FY 2013-14 Estimated year end amount for Supplemental Property Taxes is $3.1M. The FY 2013-14 Adopted amount was $2.2M. The increase in the Estimated is from unanticipated property tax revenue during the current fiscal year. See explanation below.

As noted on page B-15 of the budget book:

“The supplemental assessment roll contains a listing of all property that has undergone a change in ownership or experienced new construction. The amount of each supplemental assessment is the difference between the property’s new base year value, determined as of the date of change in ownership or completion of new construction, and the existing taxable value. This tax source generally rises as property sales accelerate and sales prices increase. In periods of decreasing sales activity and/or decreasing sales prices supplemental taxes tend to fall. Supplemental taxes are expected to jump to $3.1 million for a growth of 93.8% ($1.5 million) in current FY 2013-14 estimates over the FY 2012-13 Actual. This amount will remain relatively consistent with $2.9 million in FY 2014-15 and $3.3 million in FY 2015-16.”

Therefore, the increase in the Estimated over the Adopted is due to an improving housing market. The FY 2014-15 Recommended is assuming an increase over FY 2012-13 Actuals and FY 2013-14 Adopted. The Recommended and Proposed are assuming stability in the housing market for the next two years.