

December 14, 2010

OPEN LETTER TO CITY OF MCCALL PROPERTY TAX PAYERS

The City of McCall did not increase property taxes. That simple statement may surprise property owners who have recently received a larger tax bill. Because of the way that property taxes are calculated, some property owners have seen an increase in the McCall portion of their tax bill. In general, properties whose assessed value dropped less than 25.5% may see a City of McCall property tax increase. Properties whose assessed value dropped more than 25.5% may see a property tax decrease.

To the property tax payer who receives a larger bill, it is very frustrating: “My assessed value went down, the City did not increase property taxes, but my tax bill went up?!” The way property taxes are levied on individual properties can be confusing. Here’s how it works.

State law does not limit the increase in the property taxes on an individual property but does limit the total amount taxing districts can collect. Most taxing districts can increase property tax collections by no more than 3% over the greatest of the three previous years, plus any taxes collected on new development or annexed properties, and taxes foregone in previous years. For FY11 (October 2010 – September 2011) the City of McCall did not take the allowable 3% property tax increase.

In FY10 the City budgeted to receive a total of \$4.26 million of property taxes. In FY11 the City budgeted a total of \$4.35 million of property taxes. The increase of \$95,583 is taxes collected on new growth – improvements that did not exist in the prior tax year. There were no increased property taxes from existing development. As an interesting aside, there was nearly \$29 million of new development added to the tax rolls within the city limits. It is from that new development that the City will receive the \$95,583.

The taxable market value of all properties in McCall declined by 25.5%, from \$1.3 billion to \$956 million. Because the assessed value declined and the property taxes to be collected remained flat, the levy rate increased. The levy rate is simply the result of dividing the property taxes to be collected by the total assessed value. The 3% cap applies to the property taxes to be collected, but not to the levy rate.

The City’s complete budget, monthly financial statements, and annual audit reports are available at <http://www.mccall.id.us/government/departments/finance/finance.html>. Additional details about the way property taxes are levied can also be found there. Please contact me at lirkpatrick@mccall.id.us 634-1003 or if you would like more information about the City’s budget or property tax collections.

Sincerely,



Lindley Kirkpatrick, AICP
City Manager