Property Taxes in Vail

By the Incorporate Vail AZ committee

A very common misconception is that municipal incorporation will automatically increase our property taxes. Part of this misconception is simply not understanding what is included in the property tax and how it's calculated. It appears so complicated that it is scary, and we all know that anything scary is automatically suspect! Fear of the unknown!

There are 180 different property tax rate areas in Pima County, fifteen of those are in the greater Vail community. The tax rate in Rancho del Lago is different than in Rocking K or New Tucson. It's not necessarily by neighborhood but it is a simple way to think about it. The reason for so many different tax rate areas is because property tax is comprised of multiple components. Each component has its own tax rate and service area, but one house may be in a fire district and another might not.

To add to the complexity, there are two types of property tax rates -- primary and secondary. Both must be approved by voters; neither can be unilaterally implemented by city/town councils. Primary rates are set to pay for the basic maintenance and operation of government entities such as counties, cities, towns, and school districts. Secondary rates are set to pay for bonded debt, special district taxes, and school overrides. For example, the Vail Unified School District has both a primary tax rate to cover operations and a secondary tax rate to cover debt and overrides.

Arizona state law allows many different types of special districts. Under the law, Pima County has created the flood control district, the library district, Pima Community College, and JTED (Joint Technical Education District). A more recent local example is the Community Facilities District (CFD) that borrowed \$40m to extend Valencia Road to Old Spanish Trail. It is backed by tax assessments to every homeowner in Rocking K and "guaranteed" by Pima County if tax assessments fall short.

Why have a property tax? It is the beginning of everything because it takes money to run governments. The cost of police, transportation, courts, and administration is about the same for all states. While it may be appealing to move to states that have no sales tax or no income tax, it's evident that funding must be collected from somewhere else. For example, oil states tax oil and tourist states tax tourists to make up for funding from a sales tax or income tax. Other states might have a low sales tax rate but a high property tax rate. While the expense side is about the same, the revenue sources can be quite different from state to state. The same thing is true for local governments.

The chart below shows the different tax rates for communities in the Vail area as well as comparable incorporated communities such as Sahuarita, Marana, and Oro Valley. In the chart below, Sahuarita has the lowest tax rate and Rocking K has the highest. Sahuarita doesn't tax for fire service but rather contracts fire service out to a private vendor, Rural Metro, which bills separately. Rocking K includes the tax bill for the CFD which increases the tax bill to those residents.

Tax Rates	Vail (uninc	orporated Pir	na County)		Tucson	Sahuarita	Marana	Oro Valley
	New Tucson	Rancho Del Lago	Coyote Creek	Rocking K (new)	Esmond Station	Rancho Sahuarita	Gladden Farms	Rancho Vistoso
Pima Co.	6.403	6.403	6.403	6.403	6.403	6.403	6.403	6.403

City/Town	0	0	0	2.8*	1.4292	0	0	0
Schools	6.8087	6.8087	6.8087	6.8087	6.8087	7.1594	5.4689	5.1627
Fire	3.0884**	2.9527	2.9527	2.9527	.0384 ***	.0384***	3.2079	2.6084
Water	.14	.14	.14	.14	.14	.14	.14	.14
Total	16.4401	16.3044	16.3044	19.1044	14.8193	13.7408	15.2198	14.3141

- * CFD Community Facilities District to cover the cost of the Valencia Road extension.
- ** Assumes the Corona de Tucson Fire District.
- *** Included in City of Tucson tax rates.
- **** Fire service provided by Rural Metro. This is billed directly, not paid through taxes.

If you look at the chart, you'll notice that Pima County's tax rate is the same across all areas. If Vail and other unincorporated communities annex or incorporate, Pima County expenses will decrease resulting in a potential decrease in the Pima County tax rate. If you look at the City/Town line, you'll notice that only Rocking K and the City of Tucson have a specific tax rate. None of the other communities, including incorporated Sahuarita, Marana, and Oro Valley, have implemented a property tax. With this new understanding, there is no automatic property tax that would be imposed through incorporation. It is more likely we would see a small Pima County property tax reduction for all Pima County residents. Wouldn't that be great!