

City of Flagstaff FY 2026-27 Budget and Property Taxes



June 16, 2026



Timeline



December
19th

February
5th

April
23rd

June
2nd

June
16th

July
7th

Council Budget
Retreat

Council Budget
Retreat

City Manager
Recommended
Budget Retreat

Tentative
Budget
Adoption

Property Tax
Levy Hearing

First Read
Property Tax
Adoption

Final Budget
Adoption

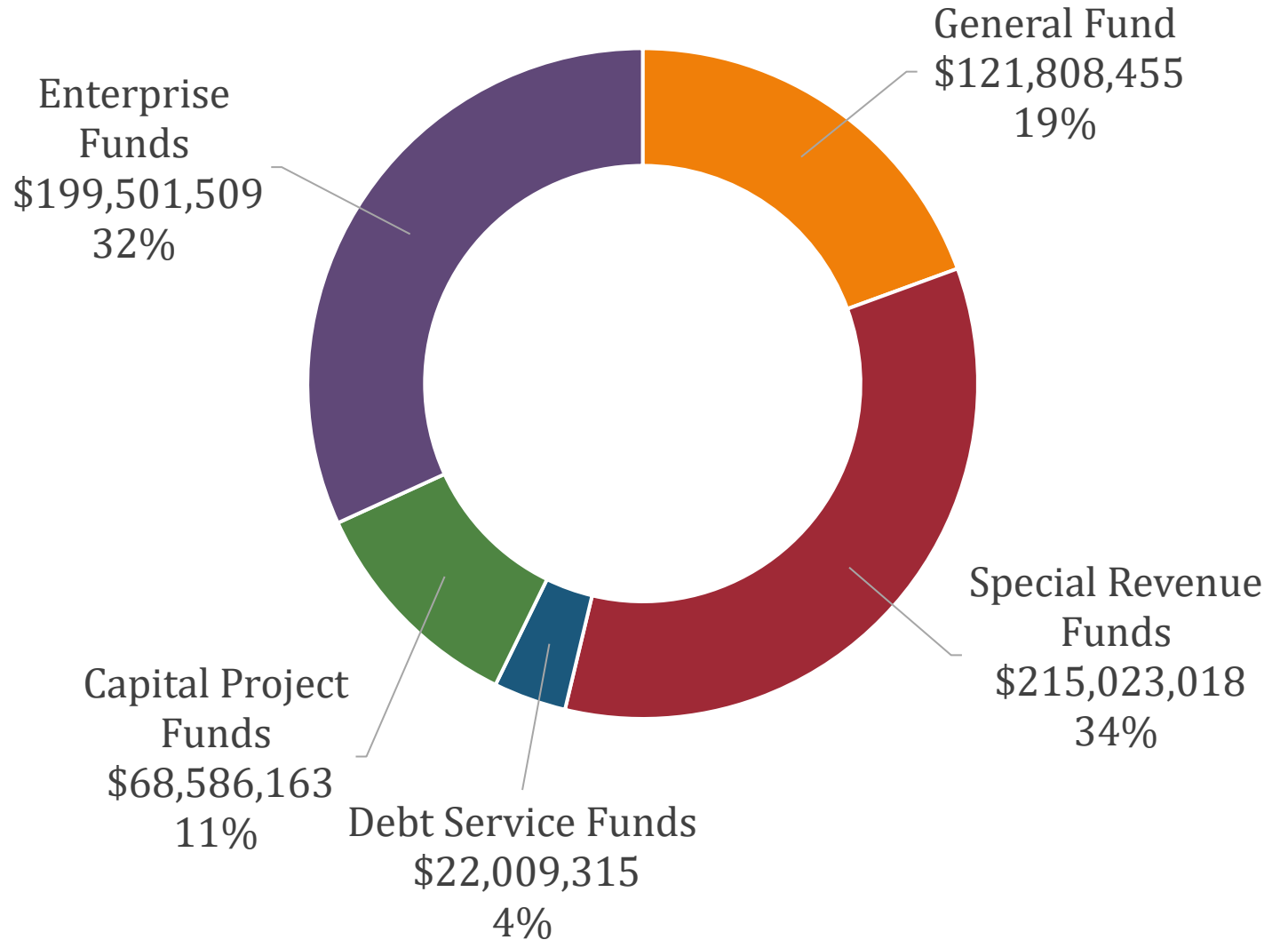
Second Read
Property Tax
Adoption



Legal Schedule A

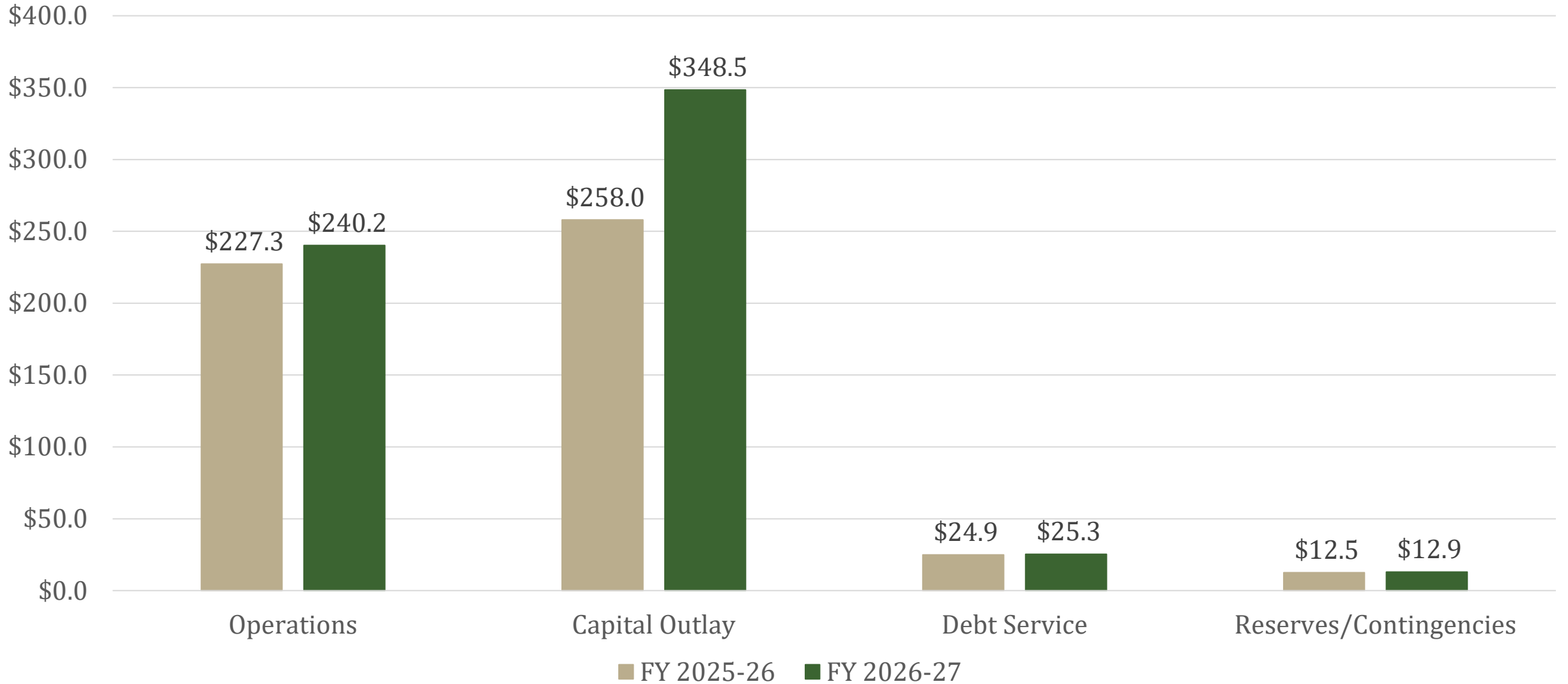
**Total
FY 2026-27
Budget:
\$626,928,460**

**\$104.2M (20%) increase
over FY 2025-26**





Total Appropriations Comparison





Property Tax Shift

- Staff proposed a shift of 0.0400 tax rate from Secondary to Primary Property Tax
- Received Council direction for the tax shift at the April retreat
- Secondary Property Tax Rate
 - Reduced from 0.8000 to 0.7600
- Primary Property Tax Rate
 - Increased from 0.5807 to 0.6207
- Total increase for Primary Property Tax Levy is \$537,089
 - Designated to support Fire and Police operations



Proposed Primary Property Tax

Total Proposed Primary Tax Levy: \$7,801,497

- New construction revenue totals \$34,014
- Assessed values increased 4.10% on average
- Proposed tax rate of 0.6207 per \$100/AV
- Rate increase from 0.6045 in the prior year
- Adopting \$581,939 below maximum allowed
- Unrestricted revenue per state statutes



Proposed Secondary Property Tax

Total Proposed Secondary Tax Levy: \$9,552,341

- Proposed tax rate of 0.7600 per \$100/AV
- Rate decrease from 0.8000 in the prior year
- 0.64% levy decrease
- Cannot exceed the estimated general obligation debt service payments for FY 2026-27



Property Tax Rate History

Property Tax	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27 Proposed
Primary	0.6954	0.6634	0.6363	0.6045	0.6207
Secondary	0.8000	0.8000	0.8000	0.8000	0.7600
Total	1.4954	1.4634	1.4363	1.4045	1.3807

- **Primary Property Tax Rate**

- Flat Levy: 0.5807 per \$100/AV
- Proposed: 0.6207 per \$100/AV (includes 0.0400 rate shift)
- Maximum: 0.6670 per \$100/AV

- **Secondary Property Tax Rate**

- Current: 0.8000 per \$100/AV
- Proposed : 0.7600 per \$100/AV



Property Assessed Values

	Budget FY 2025-26 (Tax Year 2025)	Budget FY 2026-27 (Tax Year 2026)	% Increase
Limited Net AV	\$ 1,201,721,829	\$ 1,256,886,978	4.6%
Full Cash Net AV	\$ 1,877,253,380	\$ 1,918,216,290	2.2%

- Determined by the County Assessor's Office
- New construction .5%, \$5.9M assessed value
- Values based on valuation done in late 2024 for Tax Year 2026
- Limited assessed value is used to calculate both the primary and secondary property tax per State Statutes
- Limited assessed value is limited to maximum 5% increase per year for most real property



City Property Tax Impact

Residential Example:

	\$100,000 Property in 2025		\$100,000 Property in 2026	
City Taxing Authority	Rate	Taxes ⁽¹⁾	Rate	Taxes ⁽¹⁾
Primary Property Tax	0.6045	\$ 60.45	0.6207	\$ 62.07
Secondary Property Tax	0.8000	\$ 80.00	0.7600	\$ 76.00
Total: City Taxing Authority	1.4045	\$ 140.45	1.3807	\$ 138.07
			Change	\$ (2.38)

In FY 2025-26, City property taxes were approximately 20% of the total residential property tax bill

(1) Assessment ratio of 10.0%



City Property Tax Impact

Commercial Example:

	\$1,000,000 Property in 2025		\$1,000,000 Property in 2026	
City Taxing Authority	Rate	Taxes ⁽¹⁾	Rate	Taxes ⁽²⁾
Primary Property Tax	0.6045	\$ 967.20	0.6207	\$ 962.09
Secondary Property Tax	0.8000	\$ 1,280.00	0.7600	\$ 1,178.00
Total: City Taxing Authority	1.4045	\$ 2,247.20	1.3807	\$ 2,140.09
			Change	\$ (107.11)

(1) Assessment ratio of 16.0%

(2) Assessment ratio of 15.5%

Questions

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