



City of Olympia

City Council

Approval of 2015 Ad Valorem Tax Ordinance

Agenda Date: 11/25/2014
Agenda Item Number: 4.E
File Number: 14-1088

Type: ordinance **Version:** 2 **Status:** 2d Reading-Consent

Title:

Approval of 2015 Ad Valorem Tax Ordinance

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager's Recommendation:

Move to approve on 2nd reading the 2015 Ad Valorem Tax Ordinance

Report

Issue:

Shall the ordinance be approved?

Staff Contact:

Dean Walz, Fiscal Services Director, Administrative Services Department, 360.753.8465

Presenter(s):

Dean Walz, Fiscal Services Director, Administrative Services Department,

Background and Analysis:

The City is required to adopt a property tax levy ordinance and file a levy certification with the County by November 30, 2014. If no certification is filed, the County will levy the lesser of the amount levied for 2014 or any other legal limit which may be applied to the levy.

A public hearing on General Fund revenues sources, including property tax, is required prior to the adoption of the property tax levy (RCW 84.55.120). Schedule of proposed 2015 General Fund revenues is attached. Notice of the hearing was published on November 4 and November 11, 2014.

The 2015 general levy is based on a 1% increase over the previous highest legal levy, plus estimated amounts for new construction, a contingency, and a refund levy to be collected in 2015. To increase the levy beyond these limits requires voter approval (levy lid lift).

A contingency of \$25,000 is included because the final values and changes in State assessed properties (utilities) are not known at this time. The maximum the City can collect in property taxes is

limited to the lesser of the legal limit or the amount specified in the authorizing ordinance.

Once a levy is set there may be adjustments made which lower the amount of taxes to be collected, e.g. lower assessed valuations. The amount not collected due to adjustments can be added to the next year's levy as a refund levy.

Estimated Regular Levy for 2015 Collections -

The estimated regular levy for 2015 collections is \$13,490,486.36 including new construction, a refund levy, and contingency. The estimated rate per \$1,000 of assessed valuation is \$2.3820. The current rate is \$2.4839. The decrease in rate is due to an assessed value increase of 6.6% and an increase of 2.2% in taxes including new construction, refund levy and the contingency. Assessed value for 2015 tax collections is estimated at \$5.66 billion - an increase of \$350 million. Preliminary estimated increase in assessed valuation from new construction (included in above) is \$55.86 million.

The maximum regular levy rate is \$3.325, assuming the Timberland Library District levied its full levy capacity of \$0.50 per \$1,000 of assessed value. The current levy rate of the District is \$0.416.

Additionally, the City will collect property tax to pay debt service on bonds issued with voter approval to fund fire facilities and equipment. (In 2008 voters approved an excess levy to pay for a fire station, fire training facility, and equipment. Bonds were issued in 2009.) This levy for 2015 will be \$1,191,510. Estimated levy rate is \$0.210. The 2014 levy for the fire bonds is \$0.228. The tax levy to pay the debt service on the fire bonds is not part of the public hearing.

The ordinance approving the levy must include the amount and percentage of change compared to the prior year levy (2014). The comparison is based on the highest legal levy.

\$13,151,328.80	Highest legal levy (provided by Assessor's Office)
13,282,842.09	101% of above
<u>Less 13,198,050.52</u>	2014 levy
84,791.57	Increase of 0.64256% (amount provided by Assessor's Office)

Neighborhood/Community Interests (if known):

N/A

Options:

Approve or do not approve the ordinance.

Financial Impact:

The proposed ordinance will provide an increase in the general levy of \$267,394:

\$13,282,842.09	1% increase over highest legal levy.
\$ 138,761.87	New construction
\$ 43,882.27	Refund levy
<u>\$ 25,000.00</u>	Contingency pending final values from the County.
\$13,490,486.23	

<u>\$13,198,050.52</u>	2014 levy
\$ 292,435.71	Increase

