

Finance Committee

Funding Options: Voted and Non-voted



Unknown Operating Budget Impacts

- Police needs
 - 2018 -\$2 to \$3 million
- General Fund gap
 - 5 year – (\$500k-\$3 million)
- Technology needs Citywide
- Large revenue loss from car dealership
- Pension costs/ health care costs
 - Replacement of ACA
- Flat private utility taxes
- Jail renovations/expansion
- Long term funding for community court
- Administrative cost for expanding services

FUNDING GAPS – Capital Budget

- Percival repairs
 - \$15+ Million Replacement
- Pavement management
- Fire equipment replacement
- Building repair/replacement sufficient only for high priority projects
- Sidewalks – repair/new/replacement
- Insufficient funding for bike improvements
- Technology infrastructure
- Lack of sustainable funding for hazardous trees
- Dedication of full 1% NVUT for parks
- ADA plan update and improvements

REVENUE OPTIONS

Not in Priority Order

- Utility tax
 - Voted (private utilities)
 - Municipal Utility Tax (MUT) on public utilities
- Bonds
 - Voted excess levy
- Sale of City-owned assets
- Grants
- TBD Increase in 2019
- Uncollected debt (parking and utilities)
- Sales tax (ESHB 2263)
- Property tax for housing

REVENUES (continued)

- Marijuana tax revenue for local jurisdictions
- LIDs
- Annexations
- Levy LID Lift
- Economic development growth in the base
- Tax capacity
 - B & O
 - Gambling
- Efficiencies
- Red light cameras

COUNCIL REVENUE OPTIONS

Option	Approximate Revenue Generated	Date	Effective Date	Comments	Impact
Utility Tax – Public	1% = \$475,000	Anytime, typically done as part of budget	Waste ReSources requires 45 day notice if charges to customer are increased	Current Rates: Drinking Water 10% Waste Water 10% Storm Water 10% Waste ReSources 10%	Average Residential \$13.50 per year Increase
Business & Occupation Tax	Varies by category \$2,600,000 if increased to maximum	Anytime	Quarterly Revenue recommend starting first day of calendar quarter	Maximum rate 0.2%. Services currently at 0.2%. All other categories at 0.1%.	If increased by 0.1% tax generated would be \$100 per \$100,000 of taxable activity.
Gambling Taxes	Varies by category \$100,000 if charge maximum rate	Anytime	“Primarily for enforcement”	Rates: Current Max Bingo & Raffle 5% 5% Pull Tabs 3% 5% Card Rooms 3% 20%	Estimated additional tax by type if increased to maximum Pull Tabs \$100,000 Card Rooms \$200
Local Improvement District (LID)	Depends on the project	Anytime	Property owners have 30 days after Public Hearing to protest. If 60% of property owners protest, the LID fails.	Requires a lot of administration and public involvement	Currently there is no demand for LIDs in the financial market

COUNCIL REVENUE OPTIONS continued

Option	Approximate Revenue Generated	Date	Effective Date	Comments	Impact
TBD	\$400,000 \$10/vehicle	Beginning of any month after 12/31/19	Must give DOL 180 day notice	Law allows council to go to a maximum of \$50/vehicle after the \$40/vehicle rate has been in place for 2 years	This increase would take the fee to \$50/vehicle

VOTER APPROVED OPTIONS

Option	Approximate Revenue Generated	Ballot Dates	Effective Date	Comments	Impact
Levy Lid Lift Requires 50% approval	\$0.25 = \$1,600,000	Primary or General Only	April following election	If the election is held prior to AV being known and the value decreases the amount generated could be less than estimated. Current levy rate per \$1,000 of assessed value is \$2.2641.	\$0.25/\$1000 assessed value = \$62.50 per year from a home assessed at \$250,000 Approximately 70% of property tax is generated from residential property and 30% from commercial
Utility Tax – Private Requires 50% approval	1% = slightly less than \$1,000,000	Any election date	90 days after passage and only on first day of calendar quarter	Current Rate 9% for electric natural gas and telecommunication and 6% on cable TV	Additional tax generated would be \$1 for each \$100 of service charges.
TBD fees for Transportation Use Only	\$20/vehicle = \$700,000 - May go up to \$100/vehicle 0.2% sales tax \$2,550,000	Primary or General	Must give 180 days to establish new rate	Sales tax authorization may not be in effect for longer than 10 years. It can be reauthorized by voters.	Annual sales tax paid at 0.2% sales tax approximately \$30/pp No nexus between tax and usage
Excess Levy Requires 60% approval	Revenue is tied to project (e.g. new fire station)	Feb, April, Aug. or Nov.	The calendar year following the vote.	Very difficult to attain 60% approval Property taxes can be itemized on federal taxes	Depends on the amount of levy

VOTER APPROVED OPTIONS

Option	Approximate Revenue Generated	Ballot Dates	Effective Date	Comments	Impact
Housing Levy (RCW 84.52.105)	Depends on the rate levied. May charge up to 50 cents per \$1000/AV	Primary or General Only	April following election Levy is for a maximum of 10 years	Prior to election council must declare a housing emergency and develop a financing plan This is a junior tax levy and could impact OMPD levy	\$0.25/\$1000 assessed value = \$62.50 per year from a home assessed at \$250,000 Approximately 70% of property tax is generated from residential property and 30% from commercial
Sales Tax ESHB 2263	Difficult to estimate	Any election date	Initial revenue begins 75 days after notice to DOR and only on the beginning of a quarter (except Oc1) Initial levy is for 7 years but may be reauthorized	Revenue is for mentally ill, developmental disabilities and other vulnerable populations	Revenue may not be used to supplant existing funding