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City Council

Public Hearing on an Ordinance Setting the 2022 Ad Valorem Tax

Agenda Date: 11/9/2021
Agenda Item Number: 5.C
File Number: 21-1067

Type: public hearing **Version:** 1 **Status:** Filed

Title

Public Hearing on an Ordinance Setting the 2022 Ad Valorem Tax

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Hold a public hearing on an ordinance setting the 2022 Ad Valorem tax in the amount \$19,914,982.67 for the City's Regular Levy (including add-ons) and \$1,052,820.14 for the Excess Levy on the Fire bonds (including refunds).

Report

Issue:

Whether to hold a public hearing on an ordinance setting the 2022 Ad Valorem tax in the amount \$19,914,982.67 for the City's Regular Levy (including add-ons) and \$1,052,820.14 for the Excess Levy on the Fire bonds (including refunds).

Staff Contact:

Aaron BeMiller, Finance Director, 360.753.8465

Presenter(s):

Aaron BeMiller, Finance Director

Background and Analysis:

The City is required to adopt a property tax levy ordinance and file a levy certification with Thurston County by November 30, 2021. If no certification is filed, the County will levy the same amount as 2021.

Under state law, property tax revenue increases are limited to the lesser of 1% or the Implicit Price Deflator (IPD) on the highest lawful levy amount. State law allows for add-ons from new construction, state assessed property, annexations, and refunds to be added to property tax revenue above the 1% legal limit. The IPD, which is a measure of the rate of inflation for personal consumption, is 3.860 for 2022. As such, the city is allowed to levy the full 1% increase on the

highest lawful levy.

The 2022 general levy budget is based on a 1% increase over the previous year's levy, plus allowable add-ons above the 1% limitation for collection in 2022. Should the County Assessor's Office adjust any levy amounts which impact revenue as they finalize their valuation process, an amended ordinance will be presented at second reading.

Estimated Regular Levy for 2022 Collections

The City's maximum regular levy rate is \$3.325 per \$1,000 of assessed value. The estimated regular levy for the City's 2022 collections is \$19,914,982.67 including legally allowed add-ons for new construction, state assessed property, and refunds. Based on the current assessed value from the County Assessor's Office of \$8,993,974,419 and revenue budget of \$19,914,482.67, the estimated levy rate per \$1,000 of assessed valuation is \$2.21.

Additionally, the City will collect an excess levy 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 2022 will be \$1,052,820.14, which includes a refund levy of \$9,070.14. The estimated excess levy rate per \$1,000 of assessed value is \$0.12. The tax levy is used to pay the debt service on the fire bonds. The excess levy is not included as part of the public hearing.

Neighborhood/Community Interests (if known):

This action will authorize a tax obligation on property owners.

Options:

1. After closing the public hearing consider approval of the Ad Valorem Tax Ordinance as presented.
2. After closing the public hearing direct staff to make changes as identified by Council and bring the Ordinance back to a future meeting. Bearing in mind the November 30 deadline to deliver an approved Ordinance to the County Assessor's Office.

Financial Impact:

General Expense Levy

\$19,596,986.88	1% increase over highest lawful levy
\$ 189.487.89	New construction
\$ 16,768.34	State assessed property (estimate)
<u>\$ 111,739.55</u>	Refund Levy
\$19,914,982.67	Total General Expense Levy

Excess Fire Bond Levy

\$1,043,750.00	Base Levy
<u>\$ 9,070.14</u>	Refund Levy
\$1,052,820.14	Total Excess Fire Bond Levy

Attachments:

Ordinance

