



## City Council

### Approval of an Ordinance Setting the 2022 Ad Valorem Tax

**Agenda Date:** 11/16/2021  
**Agenda Item Number:** 4.G  
**File Number:**21-1068

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**Type:** ordinance **Version:** 2 **Status:** Passed

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#### **Title**

Approval of an Ordinance Setting the 2022 Ad Valorem Tax

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee

##### **City Manager Recommendation:**

Adopt an ordinance on second reading 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 adopt an ordinance on second reading setting 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 Department

##### **Background and Analysis:**

Background and Analysis did not change from first to second reading.

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.

**Neighborhood/Community Interests (if known):**

This action will authorize a tax obligation on property owners.

**Options:**

1. Move to adopt the ordinance on second reading.
2. Move to adopt ordinance on second reading with changes as identified by the Council.
3. Direct staff to present the ordinance at a future Council meeting. Bearing in mind the November 30 deadline to deliver an approved Ordinance to the County Assessor's Office.

**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)
\$ 111,739.55	Refund Levy
\$19,914,982.67	Total General Expense Levy

**Excess Fire Bond Levy**

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

**Attachments:**

Ordinance

