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City Council

Public Hearing on the 2024 Ad Valorem Tax

Agenda Date: 10/30/2023
Agenda Item Number: 5.B
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Title

Public Hearing on the 2024 Ad Valorem Tax

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Hold a public hearing and receive testimony on 2024 Ad Valorem Tax collections.

Report

Issue:

Whether to hold a public hearing and receive testimony on the 2024 Ad Valorem Tax.

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, 2023. If no certification is filed, the County Assessor will levy the same amount as 2023. 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 3.67% for 2023. As such, the city is allowed to levy the full 1% increase on the highest lawful levy.

The 2024 general levy budget is based on a 1% increase over the previous year's highest lawful levy, plus allowable add-ons above the 1% limitation for collection in 2024. Should the County Assessor's Office adjust any levy amounts which impact revenue as they finalize their valuation process, the ordinance will be presented with those adjustments.

The regular levy for collections in 2024 totals \$21,115,373.02, this includes 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 \$11,200,868,233 and revenue budget of \$21,115,373.02, the estimated levy rate per \$1,000 of assessed valuation is \$1.89.

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 2024 will be \$1,075,863.19, which includes a refund levy of \$24,613.19. The estimated excess levy rate per \$1,000 of assessed value is a little less than \$0.10. The tax levy is used to pay the debt service on the fire bonds.

Climate Analysis:

This agenda item is expected to result in no impact to greenhouse gas emissions.

Equity Analysis:

One of the goals of the City's budget process is to ensure that city services are provided equitably to our residents and business communities, as well as the greater Olympia community. This agenda item is not expected to further impact known disparities in our community.

Neighborhood/Community Interests (if known):

Members of the community may have an interest in this agenda item as it deals with City finances and fiscal governance.

Financial Impact:

There is no financial impact resulting from this discussion. The current budget assumes \$21,115,373.02 in regular property tax collections and \$1,075,863.19 in collections for the fire station debt.

Options:

1. Hold a public hearing on the 2024 Ad Valorem Tax.
2. Do not hold a public hearing on the 2024 Ad Valorem Tax.
3. Reschedule the public hearing to another meeting.

Attachments:

None