



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

City Council

Approval of Resolution Declaring a Substantial Need for Property Tax

Agenda Date: 11/15/2016
Agenda Item Number: 4.C
File Number: 16-1218

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of Resolution Declaring a Substantial Need for Property Tax

Recommended Action

Council Committee Recommendation:

Not referred to committee.

City Manager Recommendation:

Move to approve the Resolution Declaring a Substantial Need for Property Tax.

Report

Issue:

Whether the Council should approve a resolution of substantial need to allow for a one percent increase in property tax levy for 2017 tax collections?

Staff Contact:

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

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

An increase in the property tax levy is limited to the lower of one percent or the rate of inflation as measured by the implicit price deflator (IPD) plus new construction. The IPD affecting 2017 tax assessment is 0.953 percent. This is the second year in a row and the third time in eight years the IPD has been less than one percent. By comparison, the Consumer Price Index for Seattle is 2.33 percent for the same time period. To increase the levy beyond the IPD requires the council to pass a resolution of substantial need with a super majority of the Council present to voting in the affirmative.

The 2017 preliminary budget is based on a one percent increase. A one percent increase provides \$138,588 in revenue and an increase of 0.953 percent provides \$132,075, a difference of \$6,513.

This is the base increase over levy for 2016 collections. The City will also receive increases from assessed valuation increase due to new construction, annexations and changes in state assessed

valuation of utilities.

The Council will be presented with an ordinance later on today's council meeting agenda to set the levy for 2017 collections.

Neighborhood/Community Interests (if known):

None.

Options:

- 1) Approve the resolution
- 2) Do not approve the resolution.

Financial Impact:

Would allow for an additional \$6,513 in property tax to be assessed. The amount by which the levy increase would exceed the IPD limit.

Attachments:

Resolution