



City Council

Approval of an Ordinance Setting the 2018 Ad Valorem Tax

Agenda Date: 11/28/2017
Agenda Item Number: 4.E
File Number: 17-1189

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

Title

Approval of an Ordinance Setting the 2018 Ad Valorem Tax

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager's Recommendation:

Move to approve the ordinance on second reading to set the ad valorem tax for 2018 collections.

Report

Issue:

Whether to approve the ordinance on second reading to set the Ad Valorem Tax for 2018 collections.

Staff Contact:

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

Presenter(s):

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

Background and Analysis:

Background and analysis has not changed from first to second reading.

The City is required to adopt a property tax levy ordinance and file a levy certification with the County by November 30, 2017. If no certification is filed, the County will levy the lesser of the amount levied for 2017 or any other legal limit which may be applied to the levy.

A public hearing on General Fund revenues sources, including property tax, is required prior to the adoption of the property tax levy (RCW 84.55.120). The schedule of proposed 2018 General Fund revenues is attached. Notice of the hearing was published on November 7 and November 14, 2017. A public hearing was held November 21, 2017 and the ordinance was approved on first reading and forwarded to second reading.

The 2018 general levy is based on a 1% increase over the previous highest legal levy, plus allowable add on items and a refund levy to be collected in 2018 which would be the normal limit of the levy. This year the levy includes an additional \$2,800,000 to finance public safety, law enforcement, police training and recruitment, code enforcement, mental health and Community Court services. The additional \$2,800,000 is funded from the voter-approved levy lid lift approved by voters on November 7th, 2017.

Once a levy is set there may be adjustments made which lower the amount of taxes to be collected, e.g. lower assessed valuations. The amount not collected due to adjustments can be added to the next year's levy as a refund levy.

Estimated Regular Levy for 2018 Collections -

The estimated regular levy for 2018 collections is \$17,366,643.00 plus a refund levy of \$30,925.96. The estimated rate per \$1,000 of assessed valuation is \$2.6022. The current rate is \$2.264156. Assessed value for 2018 tax collections is estimated at \$6.686 billion, an increase of \$320 million. Preliminary estimated increase in assessed valuation from new construction (included in above) is \$64.5 million. This will generate about \$146,144 in property tax revenue from new construction.

The maximum regular levy rate is \$3.325, assuming the Timberland Library District levied its full levy capacity of \$0.50 per \$1,000 of assessed value. The current levy rate of the District is \$0.39926.

Additionally, the City will collect property tax 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 2018 will be \$1,200,420 including a refund levy of \$4,490. Estimated levy rate is \$0.18865. The 2017 levy for the fire bonds is \$0.18804. The tax levy to pay the debt service on the fire bonds is not part of the public hearing.

Neighborhood/Community Interests (if known):

N/A

Options:

- 1) Approve the ordinance on second reading.
- 2) Do not pass the ordinance. The County would levy property taxes at the same level as 2017.

Financial Impact:

General Expense Levy

\$14,418,919.00	1% increase over highest legal levy
\$ 146,144.00	New construction
\$ 1,580.00	Annexations
\$ 30,925.96	Refund Levy
<u>\$ 2,800,000.00</u>	Additional from Levy Lid Lift
\$17,397,568.96	

Fire Bond Levy

\$ 1,195,930.00	Base levy
<u>\$ 4,490.25</u>	Refund levy
\$ 1,200,420.25	

Attachments:

Ordinance

Estimated 2018 General Fund Revenue by Type