



City Council

Approval of an Ordinance Setting the 2019 Ad Valorem Tax

Agenda Date: 11/27/2018
Agenda Item Number: 4.F
File Number: 18-1078

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

Title

Approval of an Ordinance Setting the 2019 Ad Valorem Tax

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to approve the ordinance setting the 2019 Ad Valorem Tax in the amount of \$18,183,944.79 for the City's Regular Levy (including refunds) and \$1,187,039.00 for the Excess Levy on the Fire bonds (including refunds) on second reading.

Report

Issue:

Whether to approve the ordinance setting the 2019 Ad Valorem Tax in the amount of \$18,183,944.79 for the City's Regular Levy (including refunds) and \$1,187,039.00 for the Excess Levy on the Fire bonds (including refunds) on second reading.

Staff Contact:

Nanci Lien, Fiscal Services Director, Administrative Services, 360.753.8465

Presenter(s):

Nanci Lien, Fiscal Services Director, Administrative Services

Background and Analysis:

Background and analysis has changed from first reading 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, 2018. If no certification is filed, the County will levy the same amount as 2018.

A public hearing on General Fund revenue sources, including property tax, is required prior to adopting the property tax levy (RCW 84.55.120). The schedule of proposed 2019 General Fund revenues is attached. The hearing occurred on November 13, 2018.

The 2019 general levy is based on a 1% increase over the previous year's levy, plus allowable add on items and a refund levy to be collected in 2019. This year the levy includes an additional \$241,177 of banked capacity from the Public Safety Levy Lid Lift passed in 2017. The additional revenue will cover the inflationary increases of the public safety base program, a half-time prosecutor to enhance Community Court, and three police vehicles for Neighborhood Liaison Officers.

Once a levy is set there may be adjustments made which lower the amount of taxes to be collected (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 2019 Collections

The maximum regular levy rate is \$3.325 assuming the Timberland Regional District levied its full levy capacity of \$0.50 per \$1,000 of assessed value. The current levy rate of the District is \$0.38215.

The estimated regular levy for the City's 2019 collections is \$18,028,950.68 plus a refund levy of \$154,994.11. The estimated rate per \$1,000 of assessed valuation is \$2.5439. The current rate is \$2.6004. Assessed value for 2019 tax collections is estimated at \$7,147,962,073 - an increase of \$415,152.69. Estimated increase in assessed valuation from new construction (included in above) is \$76,843,810. The increase in state assessed utility valuation (included in above) is \$6,308,669. Combined, these two assessment increases will generate about \$199,824 and \$16,405, respectively, in property tax revenue

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 2019 will be \$1,187,039 including a refund levy of \$13,639.05. The estimated levy rate is \$0.17. The 2018 levy for the fire bonds is \$1,200,420. The tax levy to pay the debt service on the fire bonds is not part of the public hearing.

Neighborhood/Community Interests (if known):

None

Options:

1. Move to approve the ordinance on second reading.
2. Move modify the ordinance.
3. Direct staff to present the ordinance at a future Council meeting. If the ordinance is not delivered to the County by November 30, then the amount of taxes to be levied for 2019 may be limited.
4. Do not pass the ordinance. The County will levy property taxes at the same level as 2018.

Financial Impact:

General Expense Levy

\$17,571,544.65	1% increase over last year's levy*
\$ 199,824.02	New construction
\$ 16,405.01	State Assessed Utilities

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\$ 241,177.00	Additional for Public Safety
\$ 154,994.11	Refund Levy - General Expense
\$18,183,944.79	Total General Expense Levy

*Includes the 1% for last year's Public Safety Levy Lid Lid

Fire Bond Levy

\$1,173,399.95	Base Levy
<u>\$13,639.05</u>	Refund Levy
\$1,187,039.00	Total Fire Bond Levy

Attachments:

Ordinance

Estimated 2019 General Fund Revenue by Type