



City Council

Approval of a Resolution Declaring Substantial Need for the Purposes of the Setting Property Tax Levy for 2020 for 2021 Collections

Agenda Date: 11/10/2020
Agenda Item Number: 6.A
File Number:20-0922

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

Title

Approval of a Resolution Declaring Substantial Need for the Purposes of the Setting Property Tax Levy for 2020 for 2021 Collections

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Approve a resolution declaring a substantial need and authorize the use of a limit factor of 101% for setting the property tax levy for 2020 to be collected in 2021.

Report

Issue:

Whether to approve a resolution declaring a substantial need and authorize the use of a limit factor of 101% for setting the property tax levy for 2020 to be collected in 2021.

Staff Contact:

Nanci Lien, Finance Director, Finance, 360.753.8465

Presenter(s):

Nanci Lien, Finance Director, Finance

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, 2020. If no certification is filed, the County will levy the same amount as 2020.

Under state law, the City is limited to increasing the regular property tax levy to the lesser of 1% of last year's levy or the rate of the implicit price deflator (IPD), plus any allowable add-ins. The IPD is a figure used to measure inflation and is calculated by the State Department of Revenue. As of August 2020, the IDP is 0.60152%.

When the IPD rate falls below 1%, the City may adopt a resolution of “substantial need” allowing to increase the levy up to the full 1% increase by approval of a majority of Council plus one. In not levied, the excess capacity can be “banked” to be available for a future levy.

The Preliminary 2021 general levy is based on a 1% increase over the previous year’s levy. The additional 0.3985% would levy approximate \$75,629 in taxes for 2021.

Neighborhood/Community Interests (if known):

None

Options:

1. Move to approve the substantial need resolution for purposes of setting the property tax levy for 2020 for 2021 collections.
2. Direct staff to present the resolution at a future Council meeting. If the associated property tax ordinance is not delivered to the County by November 30, 2020, then the amount of taxes to be levied for 2021 may be limited.
3. Do not pass the resolution. The City will levy property tax based on the IDP limitation.

Financial Impact:

The substantial need resolution would provide \$75,629 in property taxes for general and public safety purposes.

Attachments:

Resolution