

CITY COUNCIL REGULAR SESSION

Ordinance establishing the amount of property taxes to be levied for the year 2023, the first year of the City of Bellevue's 2023-2024 fiscal biennium.

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Finance and Asset Management Department

EXECUTIVE SUMMARY

Staff will present an Ordinance and a Resolution related to the 2023 property tax levy and preserving banked capacity in accordance with Council direction (listed in order):

1. **Property Tax Increase** – Levies the regular and voted property tax including new construction and other increases allowed under RCW 84.55.010 and refund amounts, including the statutorily available 1 percent allowable increase for 2023 and 1 percent Banked Capacity for a total of 2 percent.
2. **Preserve Banked Capacity** – Resolution preserving the levy amount available to the City to ensure sufficient capacity to fund operating costs of new facilities and maintain current levels of service (to be presented following this action).

This Ordinance is the first of the two property levy related actions.

RECOMMENDATION

Move to adopt Ordinance No. 6697

BACKGROUND/ANALYSIS

By state law, the City is required to adopt property taxes annually. The amount of this new revenue source is established on an annual basis through the passage of the city's property tax levy. The regular property tax levy is an unrestricted revenue source and can be used to support any governmental service.

The City's 2022 and 2023 regular property tax rates and assessed valuation figures are shown in the following table:

Property Tax Levy Rates

Note: The King County Assessor's Office establishes property tax rates based on levy amounts submitted by cities and towns. The following table reflects rates based on information from King County. Should King County determine the actual amounts of the 2023 assessed property valuation and/or Property Tax Levy to be more or less than the amounts estimated herein, the City Manager or his designee is authorized to adjust the budget to reflect the same.

	2022	Preliminary 2023	\$ Change	% Change
Bellevue Assessed Valuation (In Billion \$)	\$77.0	\$98.8	\$21.8	28%
Regular Property Tax Rate*	0.587	0.477	-0.110	-19%
Per \$1,000 Assessed Valuation				
Parks Voted Property Tax Rate*	0.053	0.041	-0.012	-22%
Per \$1,000 Assessed Valuation				
Fire Facilities Voted Property Tax Rate*	0.093	0.075	-0.018	-19%
Per \$1,000 Assessed Valuation				
Transportation Voted Property Tax Rate*	0.111	0.090	-0.021	-19%
Per \$1,000 Assessed Valuation				
Total Regular & Voted Property Tax Levy Rates*	\$0.843	\$0.683	-\$0.160	-19%

*Rates rounded to the nearest hundredth

The most common property tax 2022 rate in Bellevue is \$8.20 per \$1,000 of assessed value with \$0.84 per \$1000 of assessed value going to the City of Bellevue. The 2022 total property tax for a \$1,000,000 Bellevue home is \$8,200, with 10 percent or \$820 is returning to the City. The remaining 90 percent goes to many other jurisdictions.

The 2023 property tax levy components are shown below:

2022 Regular Property Tax Levy	\$45,179,877
Plus 2008 Parks & Natural Area Voted Levy	\$4,049,000
Plus 2016 Fire Facilities Voted Levy	\$7,118,983
Plus 2016 Transportation Voted Levy	\$8,542,780
Plus New Construction Levy	\$1,173,630
Plus Refund Levy	\$129,023
Plus 1% Annual Available*	\$648,906
Plus 1% Banked Capacity	\$648,906
2023 Regular & Current Voted Levies	\$67,491,107
Plus Pending election certification Parks, Facility and Open Space Levy	\$19,759,571
2023 Regular & Voted Levies	\$87,250,678
Change from 2022	\$22,360,037

The 2023 regular and voted property tax levy is \$67,491,107 which, is \$8,223,830 less than what is available to the City to assess. This amount is noted in the Banked Capacity Resolution action which

follows this action on tonight's agenda.

Voter Approved Levies

In November 2008, voters approved a levy lid lift for the parks and natural area programs. The levy lid lift provides \$3,389,000 annually to fund the parks capital program over 20 years and \$660,000 annually for ongoing maintenance and operations funding, for an annual total of \$4,049,000.

In November 2016, voters approved the Fire Facilities levy to fund improvements to fire facilities at a 2017 property tax rate of \$0.125 per \$1,000 of assessed value for collection in 2017 and for 19 years thereafter as allowed by chapter 84.55 RCW. The 2022 property tax rate of \$0.09 per \$1,000 of assessed value is included in the Budget.

Also in November 2016, voters approved the Neighborhood Safety, Connectivity and Congestion levy to fund neighborhood projects at a 2017 property tax rate of \$0.15 per \$1,000 of assessed value for collection in 2017 and for 19 years thereafter as allowed by chapter 84.55 RCW. The 2022 property tax rate of \$0.11 per \$1,000 of assessed value is included in the Budget.

Subject to the election certification on November 29, 2022, a potential voter-approved Parks, Community/Recreation Facility and Open Space measure would be in effect which would levy \$0.20 per \$1,000 of assessed value for collection in 2023 (and for 8 years thereafter increases as allowed by Chapter 84.55 RCW) as passed by the voters in the November 8, 2022 general election.

NOTE: Final assessed value to establish the property tax levy and banked capacity information is not yet available from the King County Assessor's Office. As a result, the 2023 assessed value, property tax levy and banked capacity amounts are based on preliminary numbers provided by the County. Should King County determine the actual amounts of the 2023 assessed property valuation and/or Property Tax Levy to be more or less than the amounts estimated herein, the City Manager or his designee is hereby authorized to adjust the budget to reflect the same.

POLICY & FISCAL IMPACTS

Policy Impact

RCW 85.52.020 specifies that all optional code cities must certify their property tax levies to their respective county government. By law (RCW 35A.34.230 and RCW 84.55.092), Council is required to adopt property tax levies.

King County Council advised staff in October that the City must certify its property tax levies by November 30.

Fiscal Impact

Bellevue's 2023 Regular and Voted property tax levies are estimated to generate a total of \$67,491,107 for the City. If the pending certification of the parks levy passes, then the total is \$87,250,678.

OPTIONS

1. Adopt the Ordinance establishing the amount of property taxes to be levied for the year 2023, the first year of the City of Bellevue's 2023-2024 fiscal biennium.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

Proposed Ordinance No. 6697

AVAILABLE IN COUNCIL LIBRARY

N/A