

CITY COUNCIL AGENDA TOPIC

Ordinance establishing the amount of property taxes to be levied for the year 2024, the second 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 2024 property tax levy and preserving banked capacity in accordance with Council direction (listed in order):

ACTION

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 one percent allowable increase for 2024.
This Ordinance is the first of the two property levy related actions.
2. **Preserve Banked Capacity** – Resolution preserving the full levy amount available to the city to ensure sufficient capacity to fund operating costs of new facilities and maintain current levels of service.

These actions are required to submit the City's certified property tax actions to King County by the November 30, 2023, deadline.

RECOMMENDATION

Move to adopt Ordinance No. 6763.

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 2023 and 2024 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 2024 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.

	2023	Preliminary 2024	\$ Change	% Change
Bellevue Assessed Valuation (In Billion \$)	\$98.79	\$92.39	-\$6.40	-6%
Regular Property Tax Rate*	0.47	0.53	\$0.06	12%
Per \$1,000 Assessed Valuation				
Parks Voted Property Tax Rate*	0.04	0.04	\$0.00	7%
Per \$1,000 Assessed Valuation				
2022 Parks Voted Property Tax Rate*	0.20	0.22	\$0.02	11%
Per \$1,000 Assessed Valuation				
Fire Facilities Voted Property Tax Rate*	0.07	0.08	\$0.01	12%
Per \$1,000 Assessed Valuation				
Transportation Voted Property Tax Rate*	0.09	0.10	\$0.01	12%
Per \$1,000 Assessed Valuation				
Total Regular & Voted Property Tax Levy Rates*	\$0.877	\$0.978	\$0.101	11%

*Rates rounded to the nearest hundredth

The most common property tax 2023 rate in Bellevue is \$7.07 per \$1,000 of assessed value with \$0.88 per \$1,000 of assessed value going to the City of Bellevue. The 2023 total property tax for a \$1,000,000 Bellevue home is \$7,070, with 13 percent or \$884 is returning to the city. The remaining 87 percent goes to many other jurisdictions.

The 2024 property tax levy components are shown below:

2023 Regular Property Tax Levy	\$47,078,832
Plus 2008 Parks & Natural Area Voted Levy	\$4,049,000
Plus 2016 Fire Facilities Voted Levy	\$7,408,374
Plus 2016 Transportation Voted Levy	\$8,890,049
Plus New Construction Levy	\$2,189,441
Plus Refund Levy	\$53,488
Plus 1% Annual Available*	\$872,507
<u>Plus 2022 Parks, Facility and Open Space Levy</u>	<u>\$19,824,423</u>
2024 Regular & Voted Levies	\$90,366,114
Change from 2023	\$3,115,436
% Change	3.6%

The 2024 regular and voted property tax levy is \$90,366,114. This amount, when combined with

existing and passed levy lid lifts, is \$8,223,830 less than that allowed under current law. The allowable increase from the prior highest allowable regular levy is limited to the lesser of 101 percent or 100 percent plus inflation, where inflation is measured by the percentage change in the Implicit Price Deflator.

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 2023 property tax rate of \$0.07 per \$1,000 of assessed value is included in the 2023-24 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 2023 property tax rate of \$0.09 per \$1,000 of assessed value is included in the 2023-24 Budget.

In November 2022, voters approved the Parks, Community/Recreation Facility and Open Spaces levy at a 2023 property tax rate of \$0.20 per \$1,000 of assessed value for collection in 2023 and for the nine years thereafter increases as allowed by chapter 84.55 RCW. The 2023 property tax rate of \$0.20 per \$1,000 of assessed value is included in the 2023-24 Budget.

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 2024 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 2024 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 that the City must certify its property tax levies by November 30.

Fiscal Impact

Bellevue's 2024 Regular and Voted property tax levies are estimated to generate a total of \$90,366,368 for the City.

OPTIONS

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

ATTACHMENTS

Proposed Ordinance No. 6763

AVAILABLE IN COUNCIL LIBRARY

N/A